



GIBRALTAR ASSET MANAGEMENT
STOCKBROKERS & INVESTMENT MANAGERS

Core Defensive Options

The objective is to sell quarterly out-of-the-money calls/puts on core defensive blue chip stocks with good earnings visibility, reasonable p/e ratios and decent dividend yields that will support the share price. Any option that is in-the-money at any time will be rolled forward to a suitable series. Risk rating = High. Timescale = 3 months.

BAE Systems Aerospace & Defence **318p** **Dividend to factor in: 20/04/11 10.5p**

BAE Systems is a premier global defence, security and aerospace company delivering a full range of products and services for land, sea and air.

Recommended option series: June 340 calls 3p strike price above 200 day moving average
June 280 puts 4p strike price below five year low

British American Tobacco Tobacco **2352p** **Dividend to factor in: None**

Global tobacco company with a rock solid dividend. Defensive sector with additional benefit of exposure to emerging markets.

Recommended option series: June 2500 calls 28p strike price at all time high
June 2200 puts 29p strike price below 200 day moving average

Diageo Beverages **1144p** **Dividend to factor in: None**

Global drinks company producing such premier brands as Smirnoff, Johnnie Walker, Baileys, Jose Cuervo and Guinness.

Recommended option series: Calls not recommended - stock at a technical low
June 1100 puts 23p strike price below 200 day moving average

GlaxoSmithKline Pharmaceuticals **1152p** **Dividend to factor in: 04/05/11 ~20p**

GlaxoSmithKline is one of the world's leading pharmaceutical research companies. A highly defensive company in an ageing population.

Recommended option series: Calls not recommended - stock at a technical low
June 1100 puts 24p strike price below lower bollinger band

Royal Dutch Shell B Oil & Gas Producers **2189p** **Dividend to factor in: 11/05/11 ~42cts**

Global oil giant with a diversified business including upstream exploration and downstream production. Well covered dividend and low p/e ratio.

Recommended option series: June 2300 calls 29p strike price above two year high
June 2000 puts 24p strike price below lower bollinger band



GIBRALTAR ASSET MANAGEMENT
STOCKBROKERS & INVESTMENT MANAGERS

Core Defensive Options - Continued

Scottish & Southern Energy Electricity **1201p** **Dividend to factor in: None**

Scottish & Southern Energy is the UK's second largest generation business, with an ownership interest in over 100 thermal and renewable power stations.

Recommended option series: Calls not recommended - takeover target
June 1100 puts 8p strike price at bottom of trading range

Tesco Food & Drug Retailers **374p** **Dividend to factor in: 27/04/11 ~10p**

Defensive growth story with 30% of the UK grocery market along with significant exposure to emerging markets.

Recommended option series: Calls not recommended - stock at a technical low
June 340 puts 5p strike price below lower bollinger band

Unilever Food Producers **1814p** **Dividend to factor in: 28/04/11 ~18p**

Supplier of fast moving consumer goods across Foods, Home and Personal Care categories. Large exposure to emerging markets.

Recommended option series: June 1900 calls 22p strike price above upper bollinger band
June 1700 puts 21p strike price below lower bollinger band

United Utilities Gas, Water & Multiutilities **576p** **Dividend to factor in: 22/06/11 ~24p**

Utility company involved in the supply of water and the treatment and disposal of sewage. Good earnings visibility following recent regulatory review.

Recommended option series: June 600 calls 9p strike price at upper bollinger band
June 540 puts 5p strike price below lower bollinger band

Vodafone Mobile Telecommunications **173p** **Dividend to factor in: 01/06/11 ~6p**

Vodafone is the largest mobile tele-communications network company in the world by turnover and has operations in thirty one countries.





Recommended option series: June 180 calls 3.5p strike price at two year high
June 160 puts 4.5p strike price below 200 day moving average



GIBRALTAR ASSET MANAGEMENT
STOCKBROKERS & INVESTMENT MANAGERS

Core Defensive Options - Continued

Chart Legend:

	20 day moving average	(signifies the short-term direction of the security. prices tend to gyrate around their 20 day m/a)
	50 day moving average	(signifies the medium-term direction of the security)
	200 day moving average	(signifies the long-term direction of the security - whether it is in a bull or bear market)
	bollinger bands	(an indicator that measures 2 standard deviations away from the 20 day m/a)

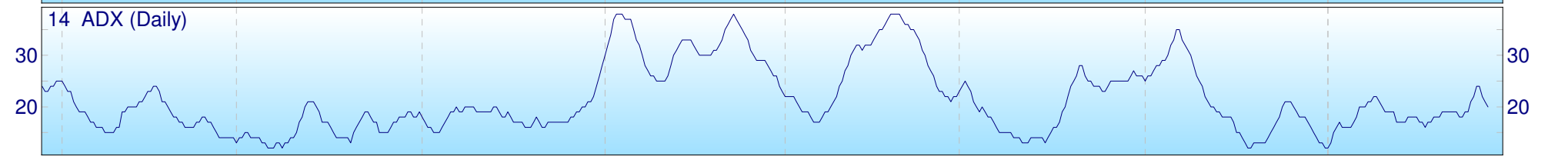
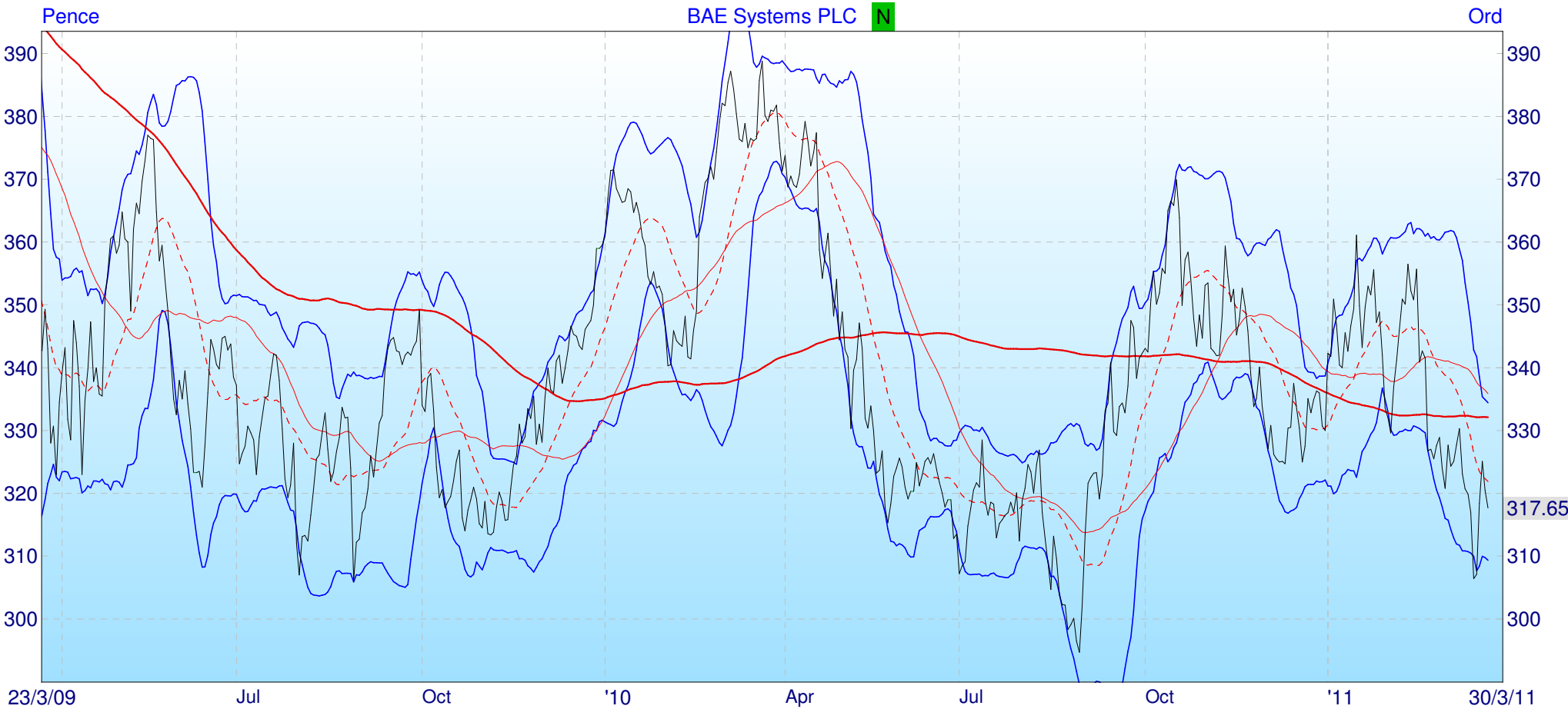
Technical Analysis Guide:

RSI (relative strength index) - indicates whether a security is overbought (above 70) or oversold (below 30). Also when the RSI moves above 50 that is considered bullish (or vice versa).

ADX (average directional index) - indicates whether a security is in a trend (above 20) or not in a trend (below 20). For trending markets moving averages work best when considering lines of support/resistance. For non-trending markets bollinger bands work best (sell at upper band, buy at lower band).

Research Disclaimer

Gibraltar Asset Management is a trading name of Gibraltar Asset Management Limited, is a member firm of the London Stock Exchange and is authorised and regulated by the Financial Services Commission. Research: Neither the information nor the expressed opinions in this document constitute or intend to be an offer, or a solicitation of an offer, to buy or sell relevant securities (i.e. securities mentioned herein and options, warrants, or rights to or interests in any such securities). The information and opinions contained in this document have been compiled from, and based upon generally available information and independent research undertaken by ourselves which has been qualified and reviewed by our portfolio managers for suitability or appropriateness. However, the accuracy or completeness of the analysis cannot be guaranteed. Confidentiality: The information in this document and any attachments may contain proprietary information some or all of which may be legally privileged. It must not be disclosed to or used by persons other than the intended recipient. If received in error, please notify us immediately and then delete this document. Content: Please note that the content of this document may be e-mailed and may be intercepted, monitored or recorded for compliance purposes. Copyright: Copyright in this document and any attachments created by Gibraltar Asset Management Limited belongs to Gibraltar Asset Management Limited unless otherwise stated. Care: Gibraltar Asset Management Limited shall not be liable to the recipient or any third party for any loss or damage howsoever arising from this document and / or its content, including if e-mailed, loss or damage caused by virus. It is the responsibility of the recipient to ensure that the opening or use of this document and any attachments shall not adversely affect systems or data. Contact: Telephone +350 200 75181 Mail: gam@gam.gi Website: www.gam.gi



Pounds

British American Tobacco PLC

Ord



23/3/09

Jul

Oct

'10

Apr

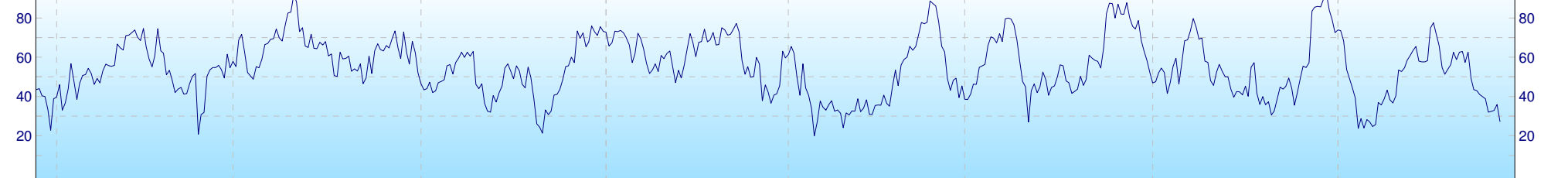
Jul

Oct

'11

30/3/11

14 RSI (simple - Daily)



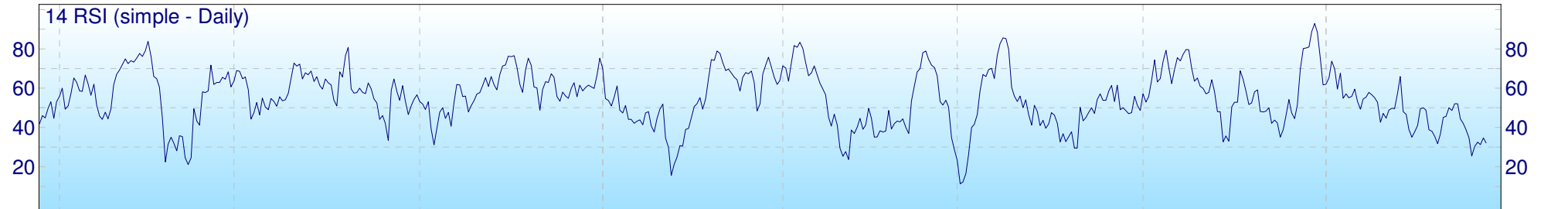
14 ADX (Daily)



Pounds

Diageo PLC N

Ord

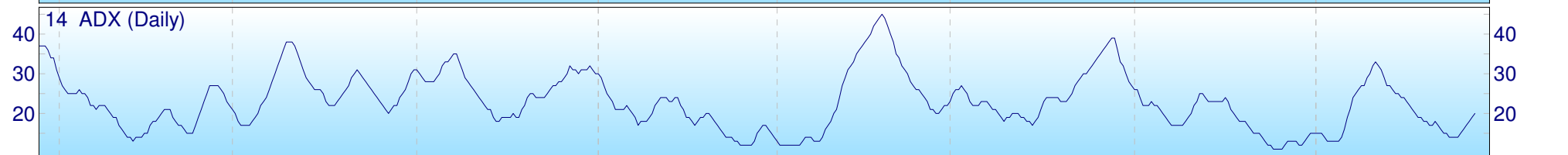
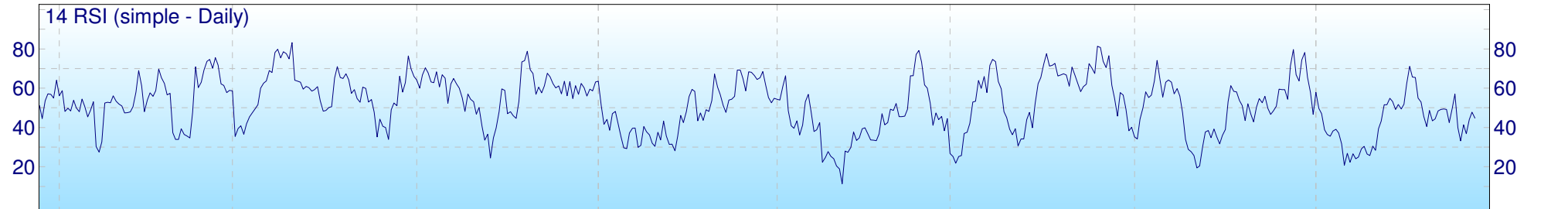


Pounds

GlaxoSmithKline PLC

N

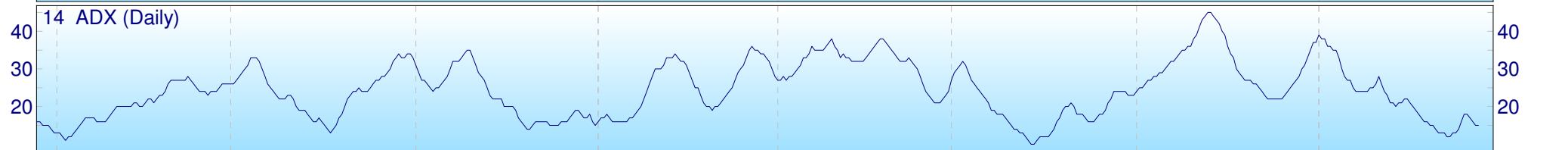
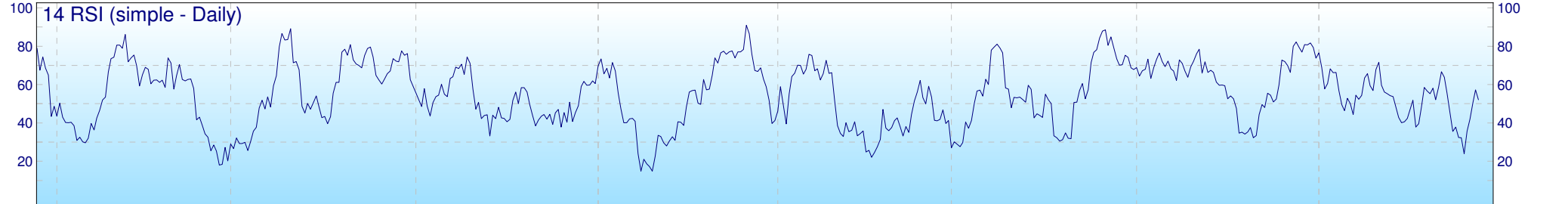
Ord



Pounds

Royal Dutch Shell PLC N

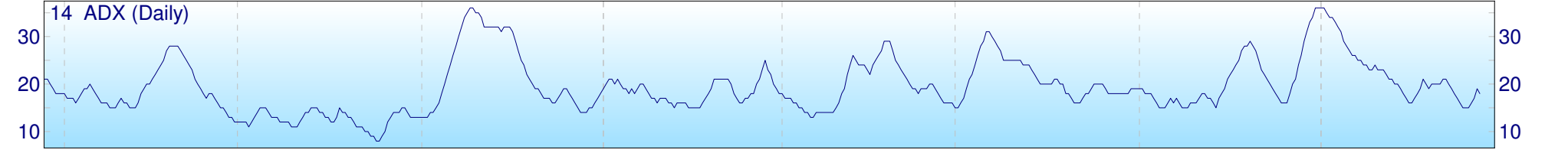
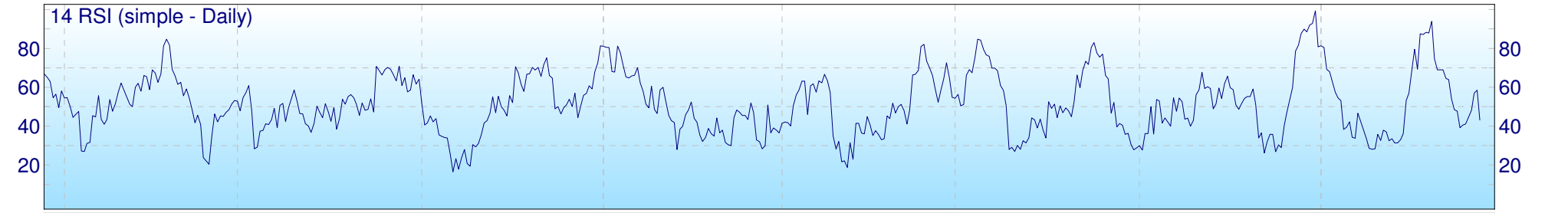
Ord

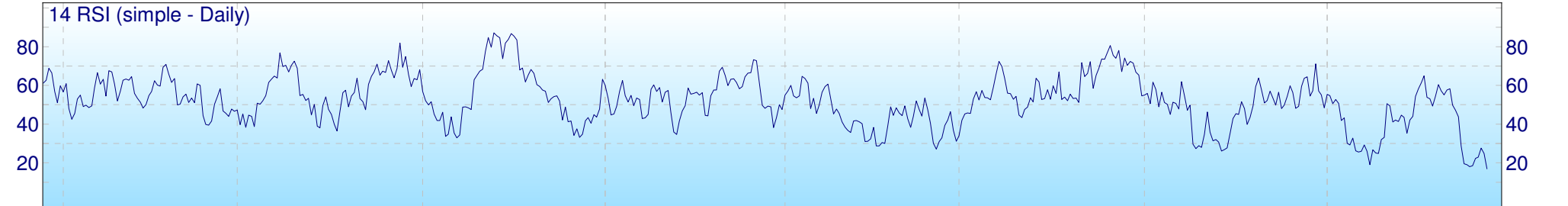


Scottish & Southern Energy PLC N

Pounds

Ord





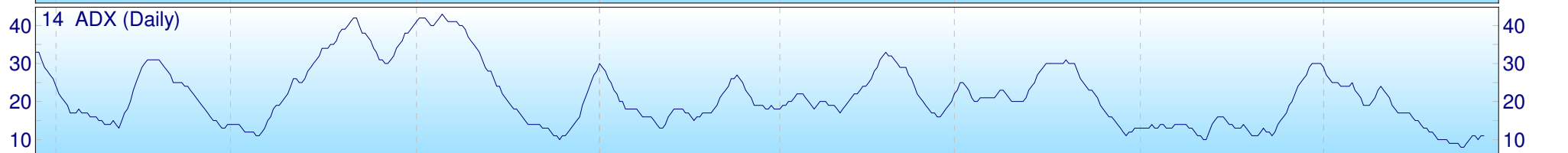
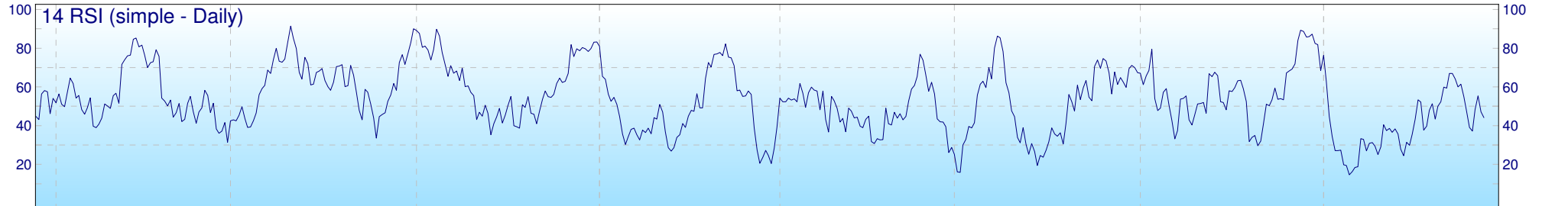
Pounds

Unilever PLC N

Ord



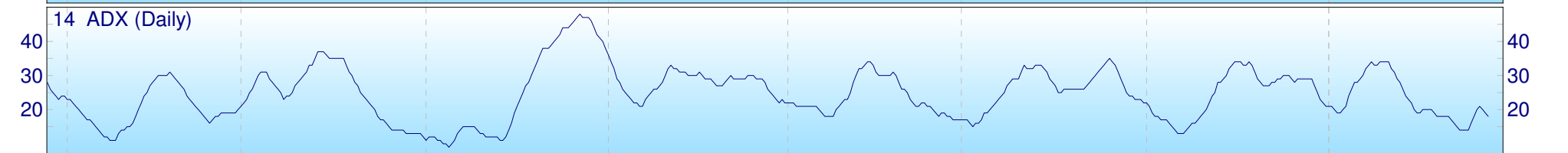
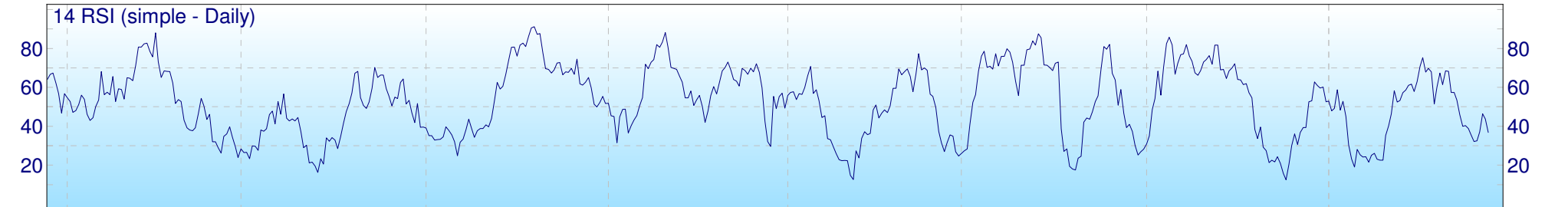
23/3/09 Jul Oct '10 Apr Jul Oct '11 30/3/11



Pence

United Utilities Group PLC

Ord



Pence

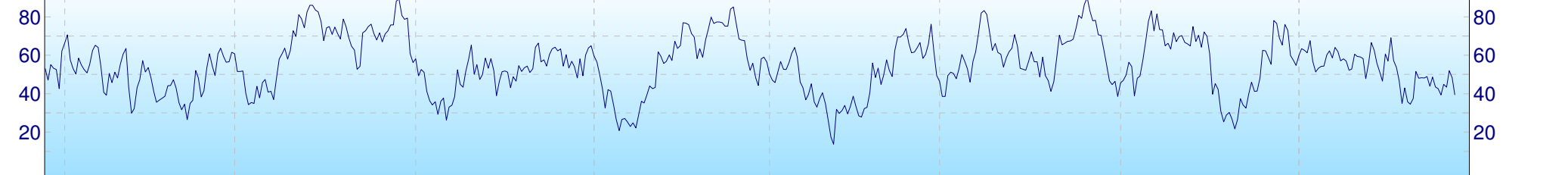
Vodafone Group PLC

N

Ord



14 RSI (simple - Daily)



14 ADX (Daily)

