



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 **305p** **Dividend to factor in: None**

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: Calls recommended - stock at a technical low
September 280 puts 4p strike price below five year low

British American Tobacco Tobacco **2653p** **Dividend to factor in: 18/08/10 33.2p**

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

Recommended option series: September 2800 calls 29p strike price at all time high
September 2400 puts 30p strike price below 200 day moving average

Diageo Beverages **1250p** **Dividend to factor in: 08/09/10 23.5p**

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

Recommended option series: September 1300 calls 21p strike price at two year high
September 1100 puts 9.5p strike price below 200 day moving average

Astrazeneca Pharmaceuticals **3023p** **Dividend to factor in: 04/08/10 70cts**

A world-leading pharmaceutical group with a strong presence in the key US market and major products to treat disease in cancer, cardiovascular, gastrointestinal, infection, neuroscience and respiratory.

Recommended option series: Calls not recommended - stock at a technical low
September 2600 puts 28p strike price below recent low

Royal Dutch Shell B Oil & Gas Producers **2115p** **Dividend to factor in: 10/08/11 ~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: Calls not recommended - stock at a technical low
September 1900 puts 24p strike price below 200 day moving average



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Core Defensive Options - Continued

Scottish & Southern Energy Electricity **1368p** **Dividend to factor in: 27/07/11 52.6p**

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
September 1200 puts 10p strike price below 200 day moving average

Tesco Food & Drug Retailers **395p** **Dividend to factor in: None**

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
September 380 puts 7.25p strike price at recent low

Unilever Food Producers **1939p** **Dividend to factor in: 10/08/11 ~20p**

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

Recommended option series: September 2100 calls 10p strike price above recent high
September 1800 puts 23p strike price at recent low

United Utilities Gas, Water & Multiutilities **565p** **Dividend to factor in: None**

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: Calls not recommended - stock at a technical low
September 520 puts 4.5p strike price below recent low

Vodafone Mobile Telecommunications **163p** **Dividend to factor in: None**

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





Recommended option series: Calls not recommended - stock at a technical low
September 150 puts 2.25p strike price below lower bollinger band



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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).

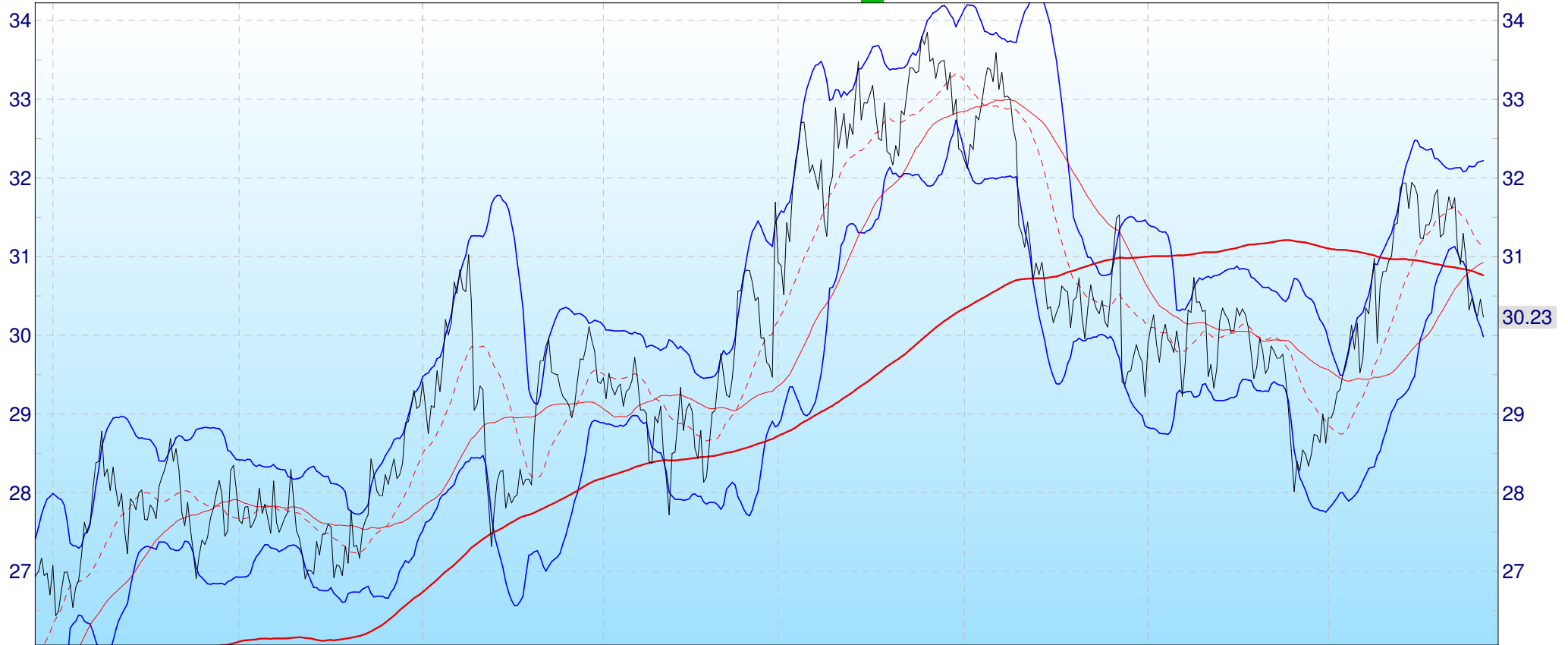
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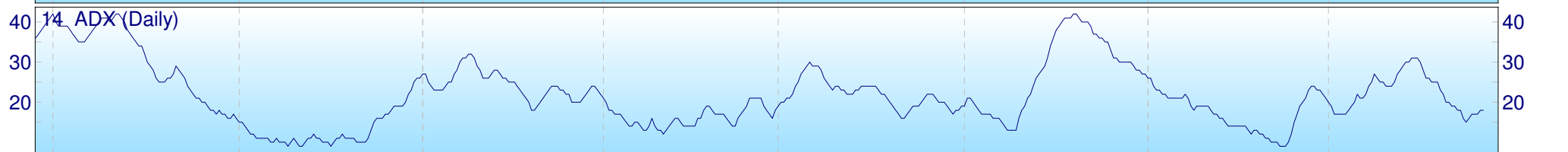
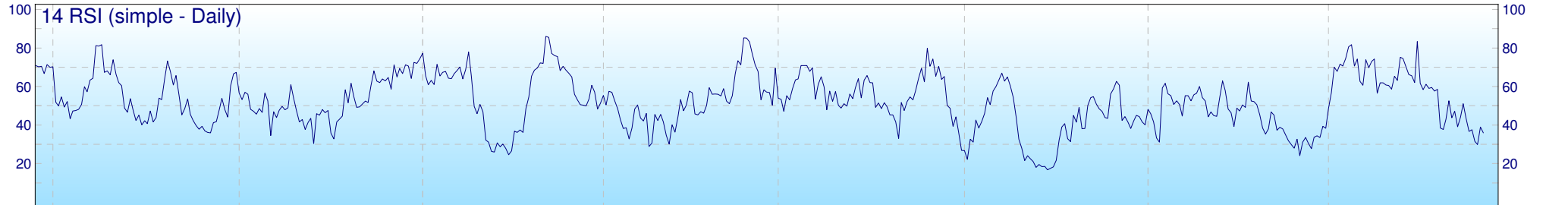
AstraZeneca PLC N

Pounds

Ord



23/6/09 Oct '10 Apr Jul Oct '11 Apr 30/6/11



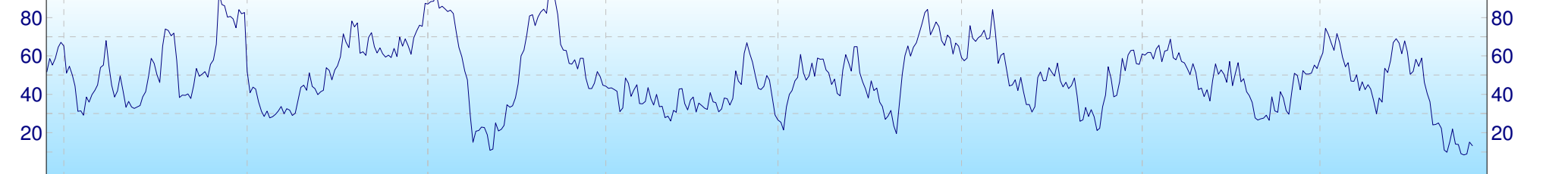
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BAE Systems PLC N

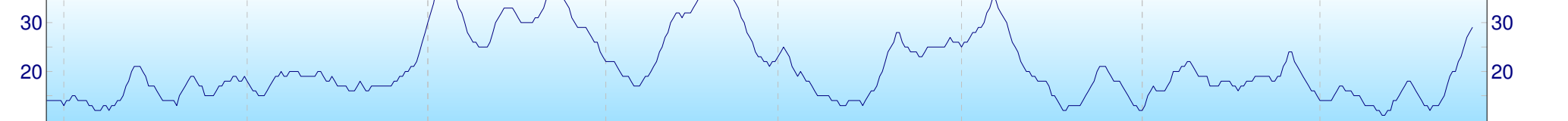
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14 RSI (simple - Daily)



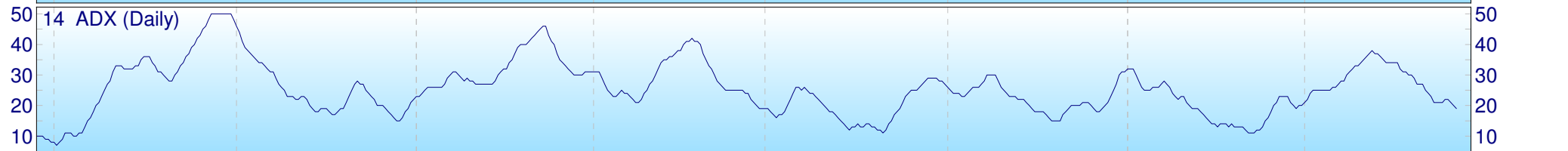
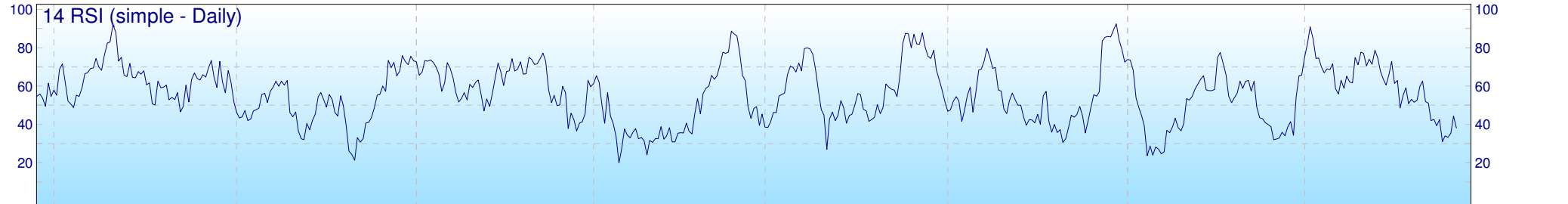
14 ADX (Daily)



Pounds

British American Tobacco PLC

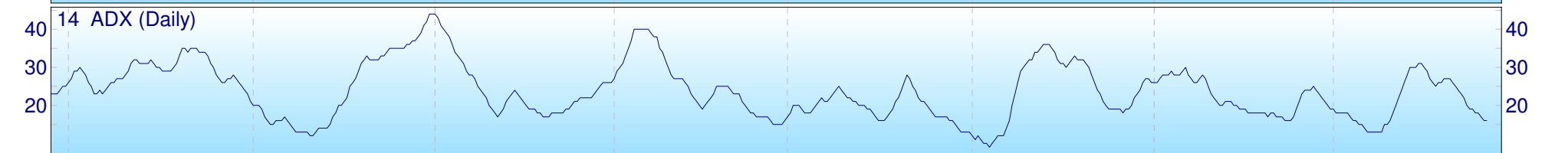
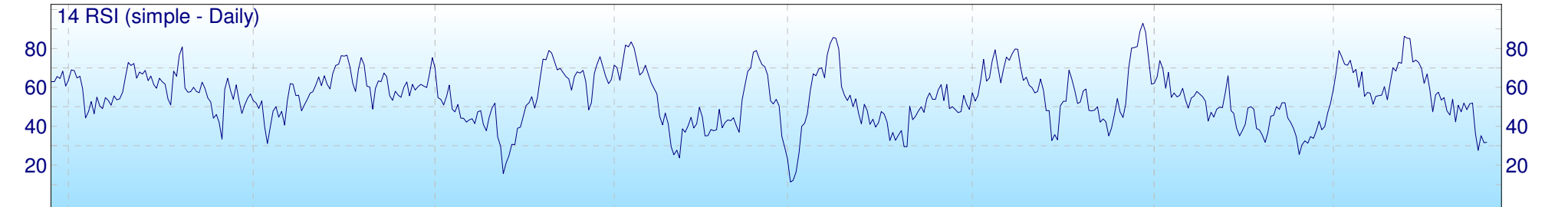
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Pounds

Diageo PLC N

Ord



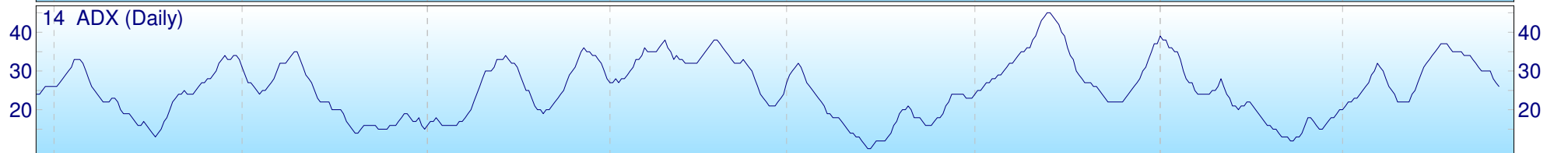
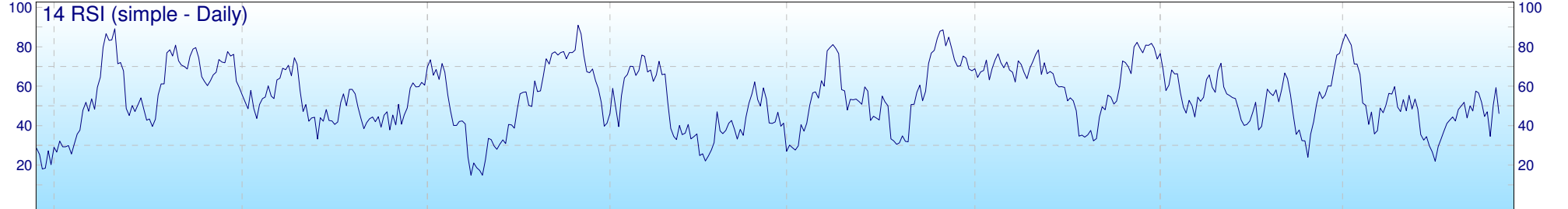
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Royal Dutch Shell PLC N

Ord



23/6/09 Oct '10 Apr Jul Oct '11 Apr 30/6/11



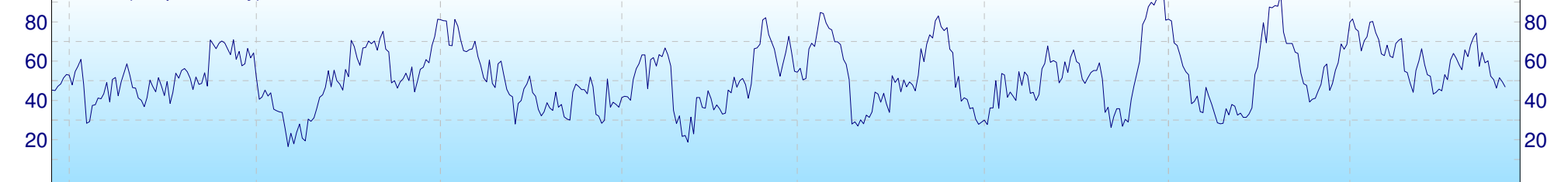
Pounds

Scottish & Southern Energy PLC

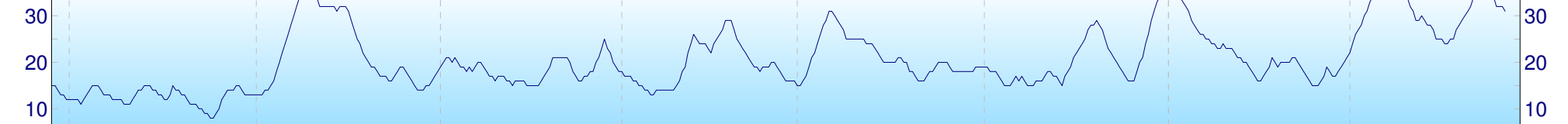
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14 RSI (simple - Daily)



14 ADX (Daily)



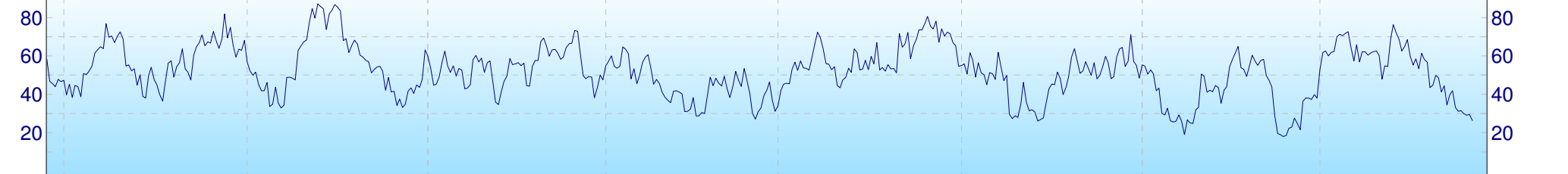
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Tesco PLC N

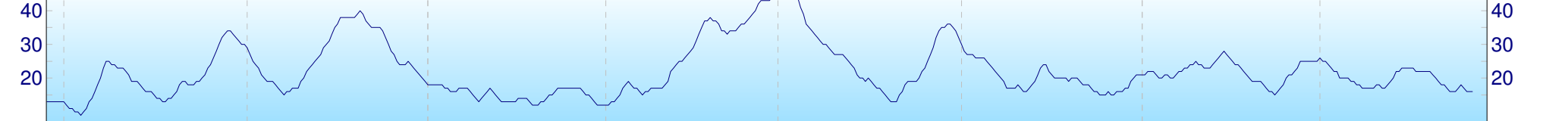
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14 RSI (simple - Daily)



14 ADX (Daily)



Pounds

Unilever PLC N

Ord



23/6/09

Oct

'10

Apr

Jul

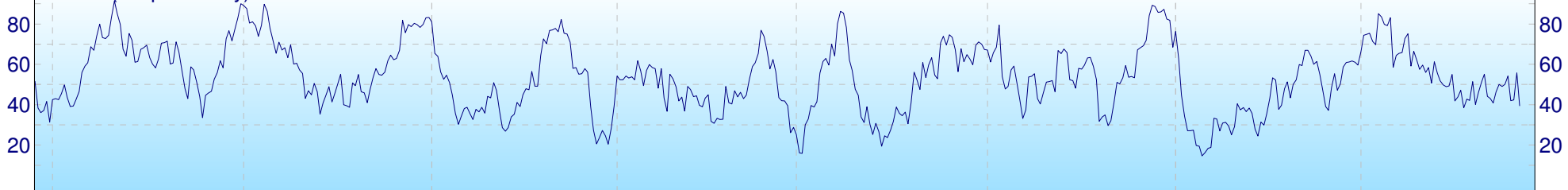
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'11

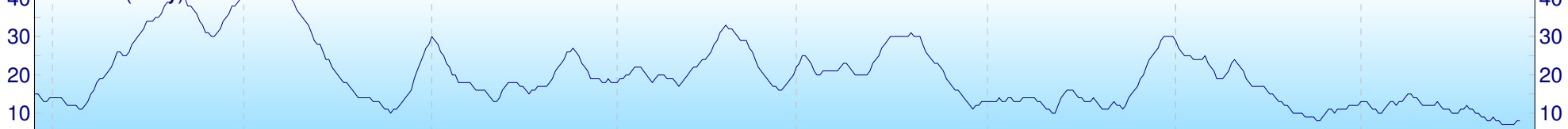
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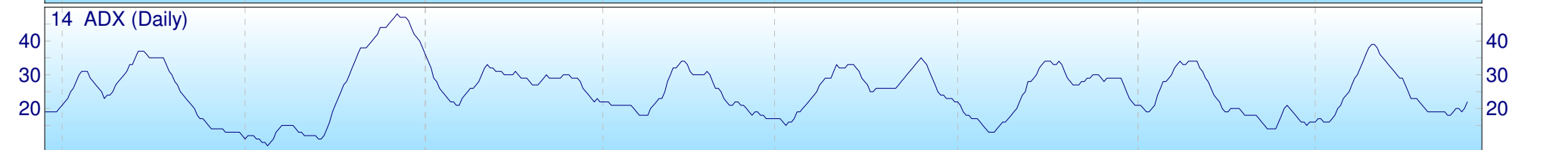
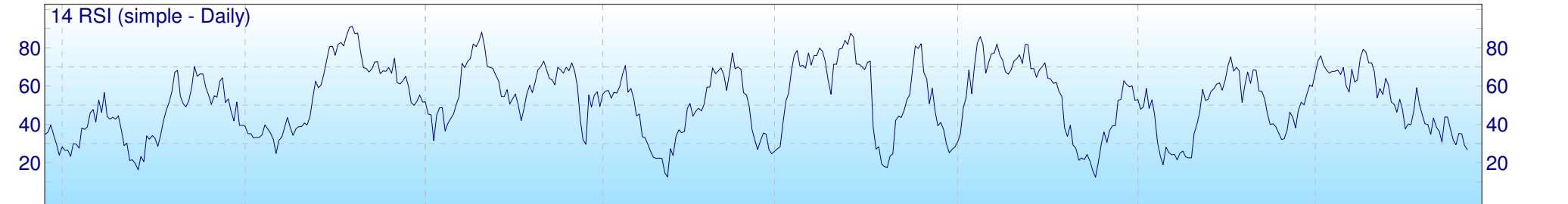
30/6/11

14 RSI (simple - Daily)



14 ADX (Daily)





Pence

Vodafone Group PLC N

Ord

