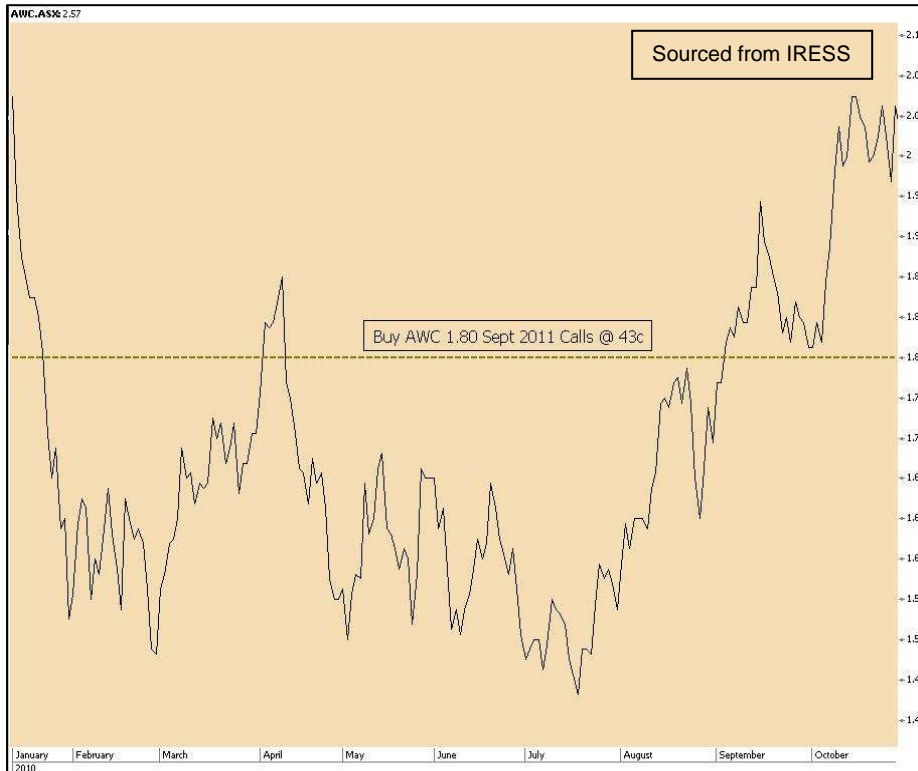


tradealert



Portfolio Options Strategy



Alumina Limited (AWC)

AWC is a very appealing takeover target in the current environment where we would expect to see a lot more merger and acquisitions activity emerge in the coming months. The replacement cost alone values the company at approximately \$4.00 per share.

Having undertaken a large capital expenditure program over the last few years it is set to reap the benefits of longer term earnings upside. For these reasons, along with the strong fundamentals behind this company, the time is right to buy now.

The option purchased has almost 1 year in duration and is deep in the money. It gives sufficient time for a move to develop and replicates a holding of shares for a fraction of the investment outlay, giving excellent upside potential with limited risk.

Alumina Limited (AWC) is involved in bauxite mining, alumina refining and smelting of aluminium. Alumina's primary asset is its 40% interest in Alcoa World Alumina and Chemicals (AWAC).

The Portfolio Options Strategy involves buying a long term call option that is deep in the money. You can then write call options with limited time to expiry to receive income on a regular basis. The strategy closely resembles a share covered call write strategy but with a much lower investment outlay. It seeks to benefit from rapid time decay of out of the money short term call options.

Portfolio Option Strategy Details - AWC

Buy AWC 1.80 Sept 2011 Calls @ approx. 43c (\$430 per contract).

Risk:	Limited to net premium paid.
Profit Potential:	Unlimited.
Margin Requirement:	Nil.
Delta:	75% or equivalent to holding 750 shares per contract.

For all trade enquiries, please contact Nick via his direct contact details below or on 1300 733 300.

Nick Katiforis: (03) 8660 7388

nick.katiforis@stonebridgegroup.com.au



Important Notice

This publication has been prepared by StoneBridge Securities Limited (ABN 92 067 161 755) (**StoneBridge**) (AFSL 238148) or StoneBridge Futures Pty Limited Pty Ltd (ABN 001 255 116) (AFSL 238 156) StoneBridge makes the statements in this Important Notice Section for itself and on behalf of each of its related bodies corporate and their respective officers, agents and employees from time to time (collectively, the **StoneBridge Group**). This publication is provided only on the following basis. If you retain and use this publication, each member of the StoneBridge Group relies on your acceptance on this basis.

Information in this publication

References in this publication to data may rely on third parties over which StoneBridge has no control and for which StoneBridge accepts no responsibility. Whilst all of the information and statements contained in this publication have been prepared with all reasonable care, no responsibility or liability is accepted by any member of the StoneBridge Group for any errors or omissions or misstatements however caused or arising.

Any opinions, forecasts or recommendations reflect the judgment and assumptions of StoneBridge on the basis of information as at the date of publication and may later change without notice.

This publication is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. This information contains unsolicited general information only, without regard to any investor's individual objectives, financial situation or needs. StoneBridge is not aware that any recipient intends to rely on this publication and StoneBridge is not aware of the manner in which a recipient intends to use it. In preparing this publication, it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual recipient. Investors must obtain specific individual financial advice from their investment advisor to determine whether recommendations contained in this publication are appropriate to their personal investment objectives, financial situation or particular needs before acting on any such recommendations.

Investment in securities and derivatives involves risk. Past performance is no assurance of future performance. Investors should take advice on the basis of current information relevant to their particular circumstances, and have regard to the risk that the future performance of investments will differ from past performance.

This publication is not for public circulation or reproduction whether in whole or in part and is not to be disclosed to any person other than the intended recipient, without obtaining the prior written consent of StoneBridge.

Liability for this publication

Each member of the StoneBridge Group excludes to the full extent permitted by law all liability of whatever kind, whether in negligence, tort, contract or under fiduciary duties strict liability or otherwise, for any loss or damage of any kind (including without limitation indirect, incidental or consequential loss or damage, whether reasonably foreseeable or not) however arising in relation to the publication of this document, including any reliance on it or making any transaction in respect of any securities or strategy mentioned in it.

StoneBridge's Interest

Each member of the StoneBridge Group may, from time to time hold positions in any securities included in this report (or derivatives of them) and may buy or sell such securities or derivatives or engage in other transactions involving such securities or derivatives, as principal or as agent for clients. A member of the StoneBridge Group from time to time may earn brokerage, fees or other benefits from securities mentioned in this publication or derivatives of them. These will be disclosed, as required, in the ordinary course of providing financial services.

No member of the StoneBridge Group has, or will receive, whether directly or indirectly, any commission, fee, benefit or advantage, whether pecuniary or otherwise in connection with making any recommendation contained in this report. A member of the StoneBridge Group or a consultant to it may, from time to time perform paid services for the companies whose securities are the subject of recommendations in this report. Under no circumstance, however, has any member of the StoneBridge Group been influenced, either directly or indirectly, in making any recommendation contained in this report.

All intellectual property rights in this report are, and at all times remain, the property of StoneBridge, unless otherwise attributed.

Other important information

This Important Notice must be read in conjunction with the Legal Notice which can be located at <http://www.stonebridgegroup.com.au>. Further information is available on request.

© StoneBridge Securities Limited 2010