IncomeShares

20+ Year Treasury Options ETP

The case for switching from long-dated US Treasury ETFs.

November 2026

Core US Treasury exposure with monthly options income

Long-dated Treasury ETF challenges

Investors use long-dated US Treasury ETFs to express views on long-term yields, diversify portfolios, and add defensiveness in risk-off markets.

But **these ETFs still have two key drawbacks** that limit their efficiency:

High rate sensitivity

Long-dated Treasuries move more when yields change, which can increase drawdowns.

Low income efficiency

Bond income alone may not offset long-duration moves, which can reduce efficiency.

Options ETP solution

The **IncomeShares 20+ Year Treasury Options ETP (TLTY)** holds long-dated US Treasury exposure with a systematic covered-call overlay.

This approach:

- Adds options income to long-dated US Treasury exposure.
- Aims to improve risk-adjusted returns in range-bound or choppy markets.
- Harvests volatility premium systematically.
- Retains typical ETP features – liquidity, transparency, and daily pricing.

How TLTY works

The IncomeShares 20+ Year Treasury Options ETP (TLTY) holds exposure to the iShares 20+ Year Treasury Bond ETF (TLT) and sells call options on that exposure to generate income from option premiums.

These premiums are distributed monthly to investors as ETP dividends. The trade-off is capped upside during strong rallies, while the steady income can help smooth returns when long-dated Treasuries consolidate or trade sideways.

Stay in long-duration Treasuries. Earn income more efficiently.



TLT exposure | **Sells call options** | **TLT exposure with monthly option income**

Capital at risk. For professional investors only.

TLTY Performance

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Generates income

Over the past 12 months, TLTY has produced an average monthly yield of 11.9%, annualised, from selling call options on TLT. These distributions have provided a steady cash flow for investors.

Monthly income estimate on $100,000 investment, based on distribution yields over the past 12 months:

Month	Distribution yield	Monthly yield	Income on $100,000
Nov	10.3%	0.9%	$ 900
Dec	12.0%	1.0%	$ 1,000
Jan	12.0%	1.0%	$ 1,000
Feb	12.0%	1.0%	$ 1,000
Mar	12.0%	1.0%	$ 1,000
Apr	12.0%	1.0%	$ 1,000
May	12.0%	1.0%	$ 1,000
Jun	12.0%	1.0%	$ 1,000
Jul	12.0%	1.0%	$ 1,000
Aug	12.0%	1.0%	$ 1,000
Sep	12.0%	1.0%	$ 1,000
Oct	12.0%	1.0%	$ 1,000
Ave.	**11.9%**	**Total**	**$ 11,900**

Higher risk-adjusted returns

From launch to 30 October 2026, TLTY delivered a higher total return than TLT, with slightly lower daily volatility and a smaller maximum drawdown.

Correlation to TLT

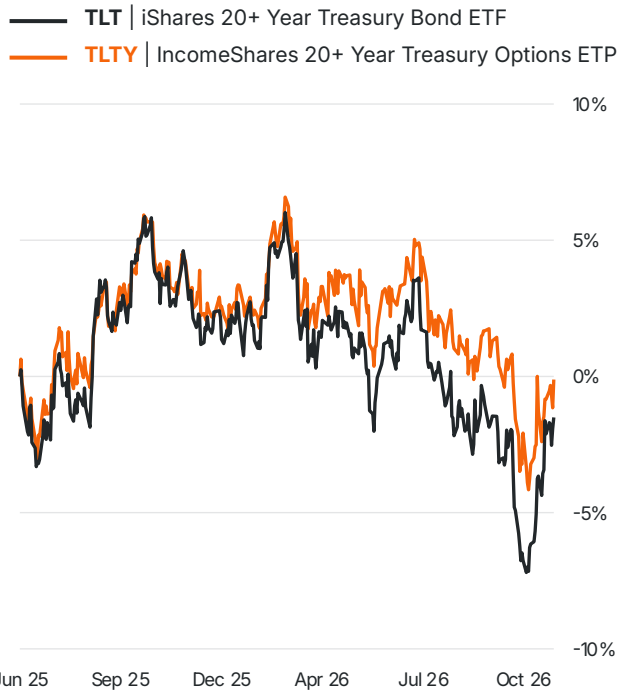
The correlation to TLT over this period, based on weekly returns, is 0.89 – consistent with core long-dated US Treasury exposure plus a covered-call overlay.

Tracks TLT's path

TLTY has moved closely with the iShares 20+ Year Treasury Bond ETF (TLT) since launch. The chart shows total returns to highlight the directional tracking between the two.

Over this period, TLTY has delivered a higher total return than TLT while paying monthly options income. On a risk-adjusted basis, TLTY has outperformed TLT over the period.

Total return from launch to 30 October 2026:



Metric	TLT	TLTY
Cumulative return	-1.51%	**-0.11%**
Volatility (daily st.dev.)	0.62%	**0.60%**
Annualised Sharpe	-0.49	**-0.40**
Max drawdown	-12.47%	**-10.08%**
Correlation to TLT	1	**0.89**

Sources: Bloomberg, IncomeShares, and Federal Reserve Bank of St. Louis (FRED). Total return data for TLTY and TLT include reinvested distributions. TLTY total return assumes reinvestment of monthly income. Sharpe ratios calculated using the 3-month U.S. Treasury yield (DGS3MO) of 4.16% as of 30 October 2026. Distribution yields from IncomeShares. Figures based on USD returns. Data as of 30 October 2026. ***Past performance is not a reliable indicator of future results.***

Why switch now?

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Potential benefits

Maintains core Treasury exposure
Price participation up to the strike.

Higher risk-adjusted total returns
May outperform in flat or rangebound markets.

Adds a steady income stream
From option premiums.

Retains exchange-traded benefits
Liquidity and transparency.

Why the timing could make sense

- Long-dated US Treasuries are down over 40% from their 2020 peak, while US equities and gold have rallied considerably over the same period. That leaves long-duration exposure comparatively overlooked.
- TLT traded in a range from late 2022 before moving lower in 2026, then recovered 6% from its 5 October low. If prices steady, covered-call strategies tend to turn sideways price action into income.
- Long-dated yields are near multi-decade highs. Option premiums aim to add income on top of that yield.
- Rotating from a plain Treasury ETF into TLTY keeps long-duration exposure while potentially adding yield through systematic option income.
- If long-dated Treasuries rise, TLTY returns participate up to the strike. If they range, income dominates. If they fall further, option income may help offset part of the downside.

Stay in long-duration Treasuries. Earn income more efficiently.

Listings & Tickers

Country	Exchange	Base currency	Trading currency	Exchange code	ISIN	SEDOL	BBG ticker	WKN	Listing date
UK	London Stock Exchange	USD	USD	TLTY	XS3068771271	BP7M070	TLTY LN	N/A	27 Jun 2025
UK	London Stock Exchange	USD	GBP	TLTI	XS3068771271	BP6WQR3	TLTI LN	N/A	27 Jun 2025
DE	Deutsche Börse Xetra	USD	EUR	TLTY	XS3068771271	BP7M081	TLTY GY	A4AN04	15 Jul 2025
NL	Euronext Amsterdam	USD	EUR	TLTY	XS3068771271	BR4ZXP5	TLTY NA	N/A	15 Oct 2025

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