

20+ Year Treasury Options ETP

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


June 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

Generates income

Since inception on 27 June 2025, TLTY has produced an average monthly yield of 11.83%, annualised, from selling call options on TLT. These distributions have provided a steady cash flow for investors.

Monthly income on \$100,000 investment, based on distribution yields since inception:

| Month | Distribution yield | Monthly yield | Income on \$100,000 |
|--------------|--------------------|---------------|---------------------|
| Jul | 10.68% | 0.89% | \$ 890 |
| Aug | 12.38% | 1.03% | \$ 1,032 |
| Sep | 12.96% | 1.08% | \$ 1,080 |
| Oct | 11.86% | 0.99% | \$ 988 |
| Nov | 10.28% | 0.86% | \$ 857 |
| Dec | 12.00% | 1.00% | \$ 1,000 |
| Jan | 12.00% | 1.00% | \$ 1,000 |
| Feb | 12.00% | 1.00% | \$ 1,000 |
| Mar | 12.00% | 1.00% | \$ 1,000 |
| Apr | 12.00% | 1.00% | \$ 1,000 |
| May | 12.00% | 1.00% | \$ 1,000 |
| Total | | | \$ 10,847 |

Higher risk-adjusted returns

From inception to 31 May 2026, TLTY delivered a higher total return than the iShares 20+ Year Treasury Bond ETF (TLT), with similar daily volatility and a higher Sharpe ratio. The covered-call overlay added monthly option income that helped improve return consistency.

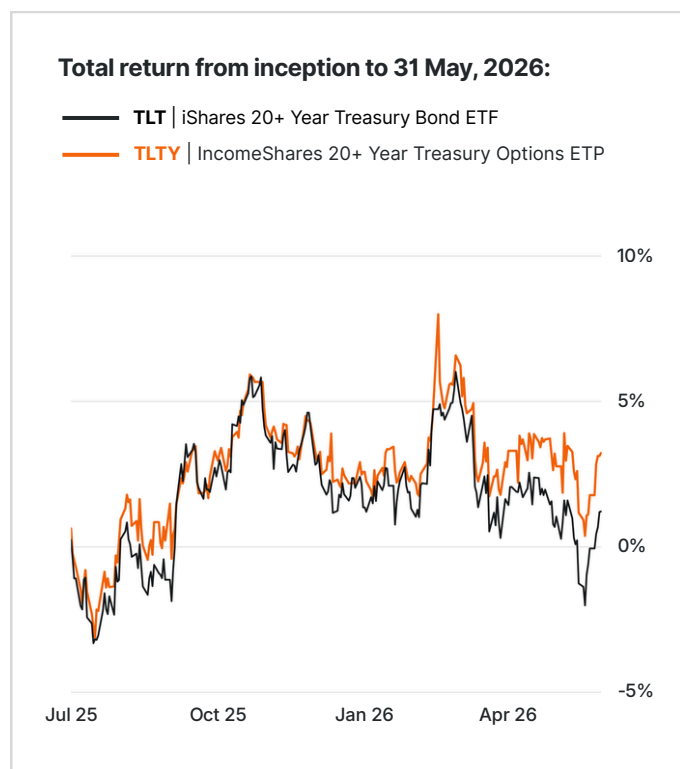
Strong correlation to TLT

The correlation to TLT over this period, based on weekly returns, is 0.86 – consistent with core long-dated US Treasury exposure plus an option-income 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 slightly higher total return than TLT while paying monthly options income. On a risk-adjusted basis, TLTY has outperformed TLT over the period.



| Metric | TLT | TLTY |
|----------------------------|--------|---------------|
| Cumulative return | 1.22% | 3.22% |
| Volatility (daily st.dev.) | 0.59% | 0.63% |
| Annualised Sharpe | -0.20 | 0.02 |
| Max drawdown | -7.58% | -7.06% |
| Correlation to TLT | 1 | 0.86 |

Sources: Bloomberg, IncomeShares, and Federal Reserve Bank of St. Louis (FRED). Total return data for TLT and TLTY include reinvested distributions. TLTY total return assumes reinvestment of monthly income. Sharpe ratios calculated using the 3-month U.S. Treasury yield (US03MY) of 3.60% as of 31 May 2026. Distribution yields from IncomeShares. Figures based on USD returns. Data as of 31 May 2026. **Past performance is not a reliable indicator of future results.**

Potential benefits

Maintains core Treasury exposure

Price participation up to the strike.

Higher risk-adjusted total returns

Comparable volatility and a higher Sharpe ratio.

Adds a steady income stream

From option premiums.

Retains ETF 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.
- Since late 2022, TLT has consolidated in a narrow trading range. Covered-call strategies tend to benefit in these conditions by turning sideways price action into income.
- US interest rates have moved lower since 2024. While long-term yields remain elevated, the shift away from peak rates may support long-dated bonds over time.
- 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 | RIC | WKN | Listing date |
|---------|-----------------------|---------------|------------------|---------------|--------------|---------|------------|---------|--------|--------------|
| UK | London Stock Exchange | USD | USD | TLTY | XS3068771271 | BP7M070 | TLTY LN | TLTY.L | N/A | 27 Jun 2025 |
| UK | London Stock Exchange | USD | GBP | TLTI | XS3068771271 | BP6WQR3 | TLTI LN | TLTI.L | N/A | 27 Jun 2025 |
| DE | Deutsche Börse Xetra | USD | EUR | TLTY | XS3068771271 | BP7M081 | TLTY GY | TLTY.DE | A4AN04 | 15 Jul 2025 |
| NL | Euronext Amsterdam | USD | EUR | TLTY | XS3068771271 | BR4ZXP5 | TLTY NA | TLTY.AS | N/A | 15 Oct 2025 |

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