



IncomeShares
by Leverage Shares

IncomeShares Guidebook



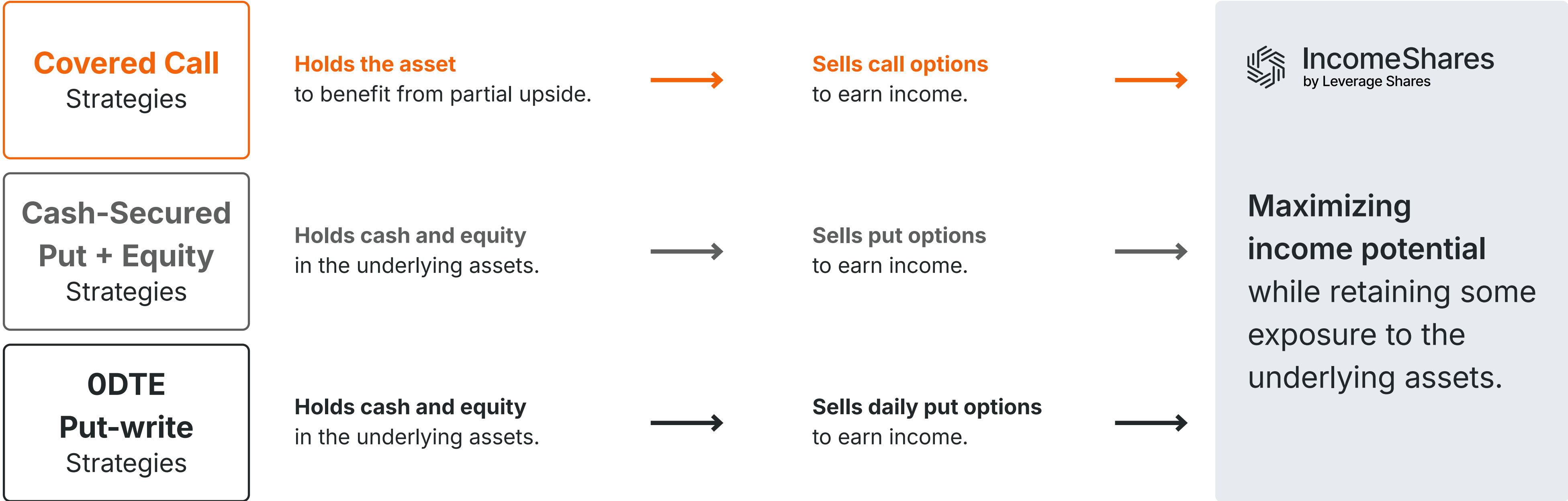
Income as the Outcome

IncomeShares exchange-traded products (ETPs) aim to generate monthly income by selling options on popular investments, while maintaining some upside exposure to those assets. With dividends under pressure and bond yields unpredictable, consistent income has become harder to find.



Introducing IncomeShares

Access to strategies that blend core exposures with an actively managed options strategy, potentially offering lower volatility and high income.



What are **options**?

Options give the buyer the right – but not the obligation – to buy (call) or sell (put) an asset at a fixed price, called the **strike price**.

The buyer can exercise the option **on or before the expiration date** *.

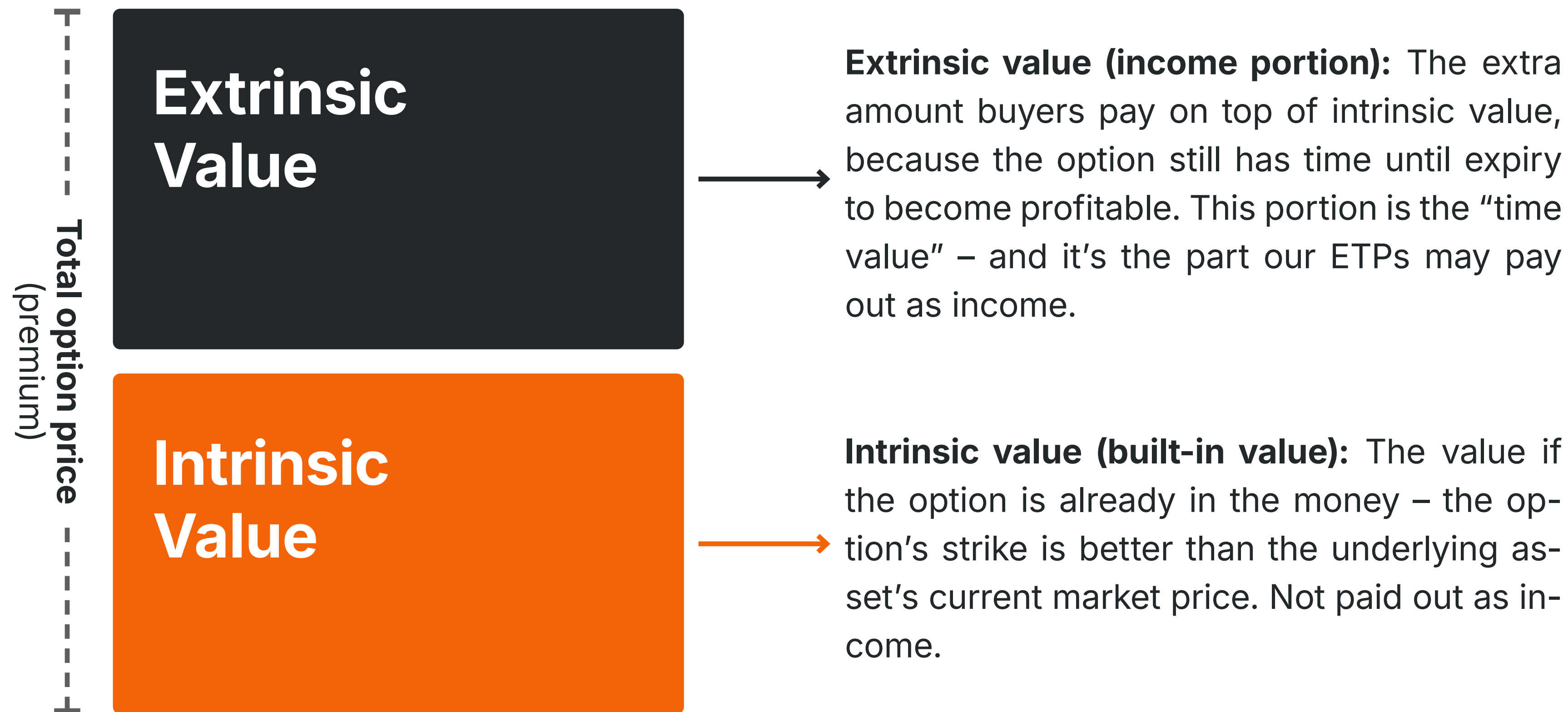
If they do, the option seller must complete the transaction.

Options are commonly used to:

- Hedge against price movements
- Speculate on market direction
- Earn income by selling options (to collect option premiums)

***American style options**

Intrinsic vs extrinsic value – and options income

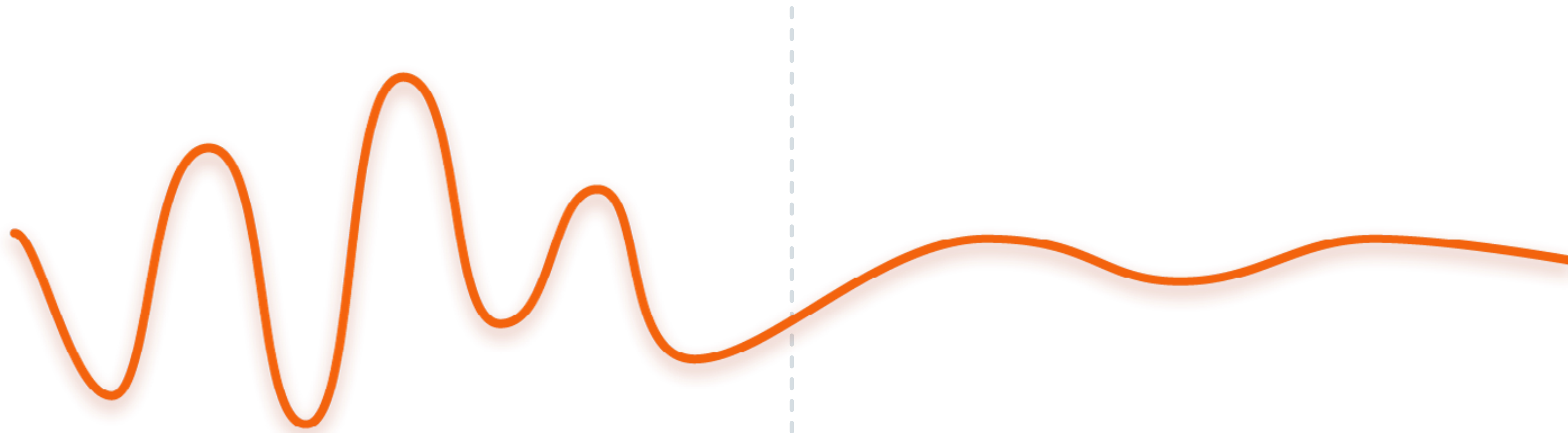


In IncomeShares ETPs, only extrinsic value is paid out as income to investors. Intrinsic value is tied to the asset price and does not contribute to the income you keep.

What affects the **income generated** by the ETP?

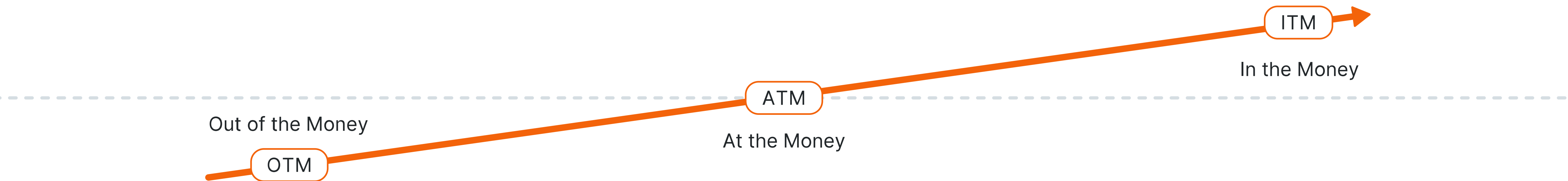
HIGHER VOLATILITY = HIGHER PREMIUMS

LOWER VOLATILITY = LOWER PREMIUMS



More volatile assets tend to generate higher premiums – but may have greater downside risk.

Option **moneyness**



Moneyness	PREMIUMS	REASON
Out of the Money OTM	Lower premiums than ATM or ITM options.	Highest chance of the option expiring worthless.
At the Money ATM	Higher premiums than OTM but lower than ITM.	Equal chance of the option expiring worthless or ITM.
In the Money ITM	Higher premiums than ATM or OTM.	Option is already above the strike price (call) or below the strike price (put) and can be exercised.

Percentage of portfolio **covered**

Higher coverage



Maximum
premium income.



Lower
participation in stock upside.

Lower coverage



Minimum
premium income.



Higher
participation in stock upside.

IncomeShares ETPs aim to maximise income by selling call or put options. They also aim to retain some upside participation in the underlying assets – depending on market conditions.



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Covered Call Strategies

Capital at risk. For professional investors only

What is a **covered call** options strategy?

Also known as a “buy–write” strategy, a covered call is a two-part options strategy:



Buy asset

Buy the asset or already own it.



Write (sell) call option

Sell call options on the asset.

What are the potential **benefits**?

1

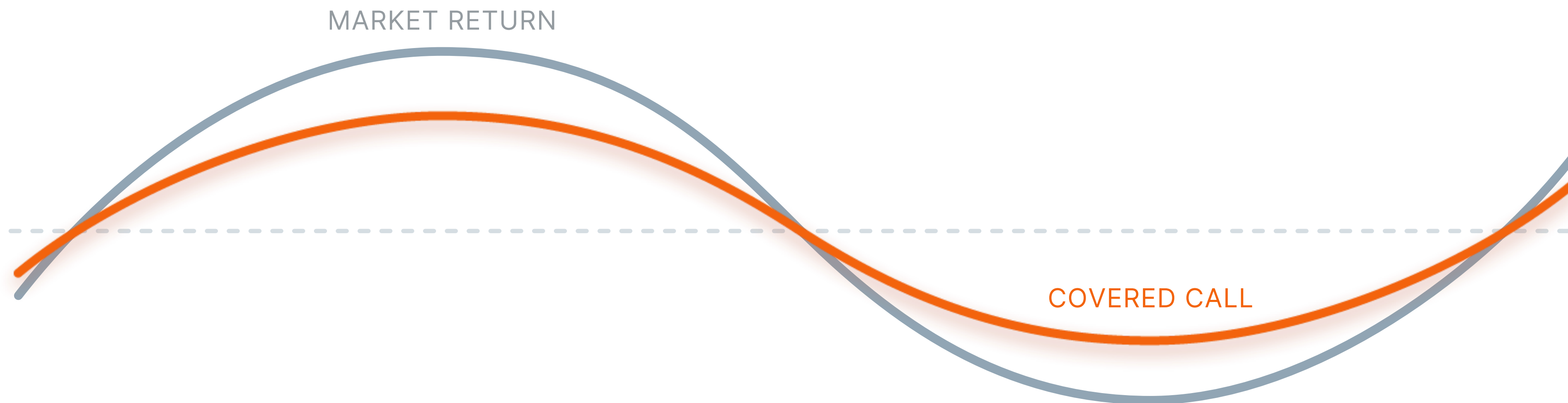
Earn income from selling call options.

2

Keep upside if the asset rises – up to the strike price.

3

Reduce downside risk using the premium received.

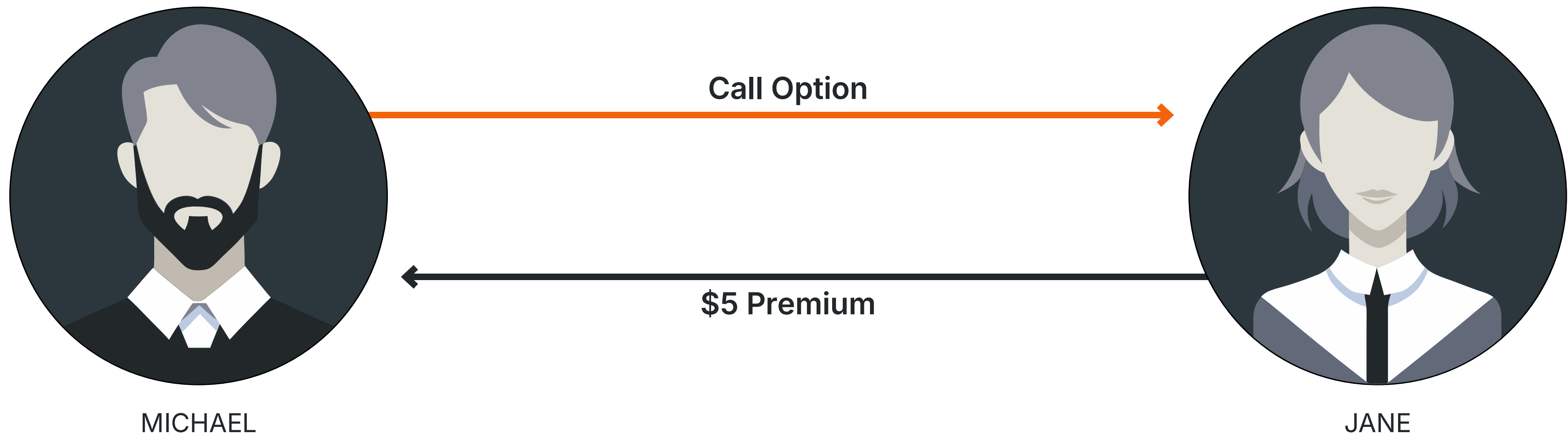


Covered call example: At contract **initiation**

ASSUMPTION:

GLD (SPDR® Gold Shares)
is currently trading at **\$300**.

Jane buys a GLD call option from Michael
for a **premium of \$5** per share, with a **strike price of \$310**.



Covered call example: At contract **expiration**

Strike price: \$310

Potential scenarios



MICHAEL



JANE

GLD price
rises above \$310

Must sell his GLD shares for the \$310 strike price, which is less than the market price. He gives up any upside above the strike – **but keeps the \$5 option premium received up front** from selling the call.

Has the right to buy Michael's GLD shares at \$310. She exercises her option and pockets the difference between the strike price and the market price.

GLD price
is exactly at \$310

Keeps the \$5 premium regardless of whether Jane exercises the option to buy Michael's GLD shares.

No incentive to exercise the option – she can buy the shares at the same price in the open market.

GLD price
falls below \$310

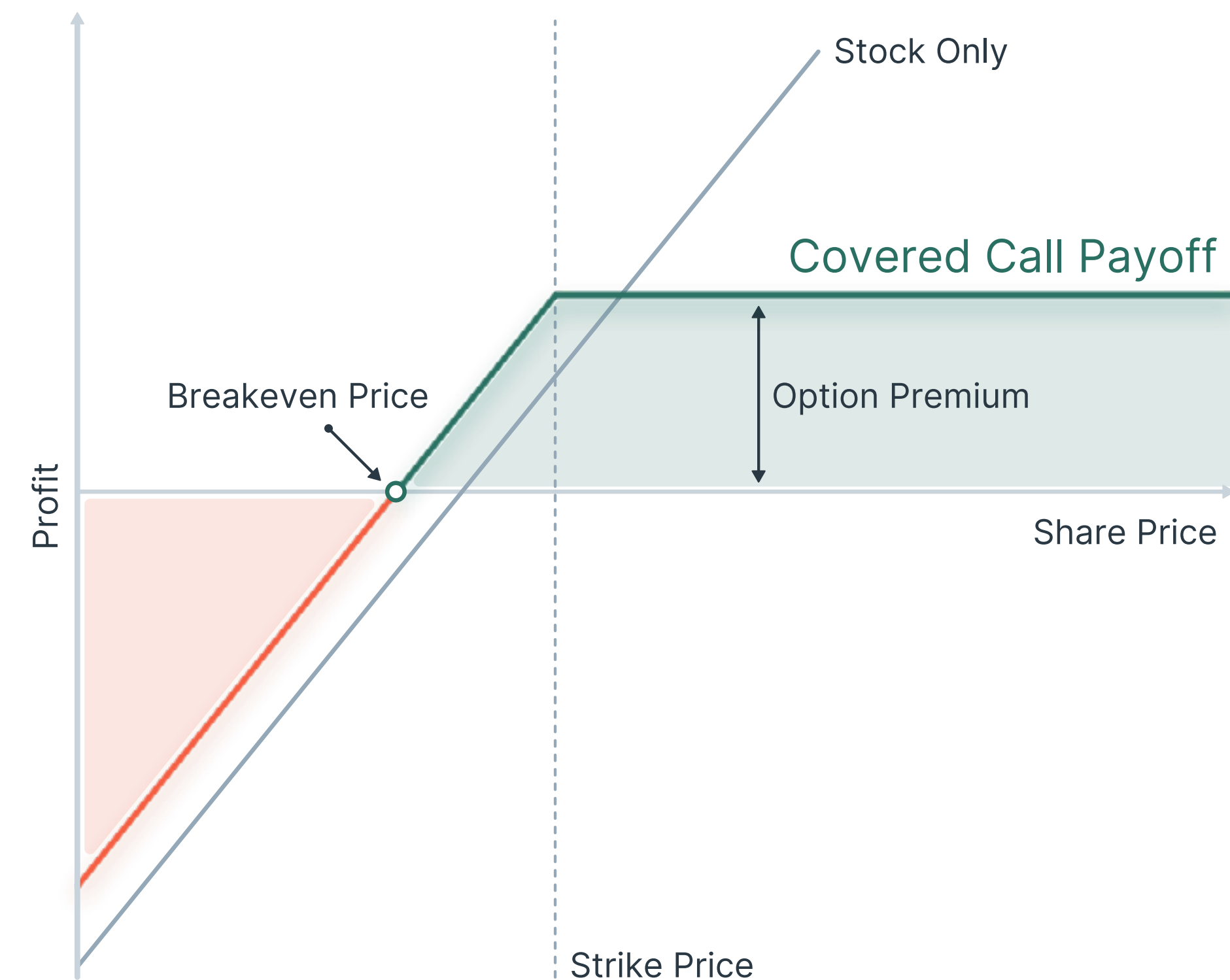
Keeps both his GLD shares and the \$5 premium.

No incentive to exercise the option – she can buy the shares in the open market for a lower price.

Covered call **risk profile**

The seller of a covered call **limits the upside potential** of their stock position in exchange for collecting the premium received from selling the call option.

A covered call is also considered a defensive strategy, as **stock losses are partially offset by the premium received**.



Covered call **market scenarios**

Bull Market

Investor likely underperforms the market as they keep the option premium but give up some of the upside.

Bear Market

Investor likely outperforms from the premium received, which slightly offsets some of the stock's decline.

Flat/Choppy Market

Investor likely outperforms as the market remains flat, while the investor keeps the premium from selling the call option.



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Cash-Secured Put + Equity Strategies

Capital at risk. For professional investors only

What is a cash-secured put + equity **strategy**?

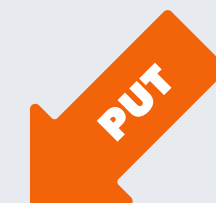
A cash-secured put + equity strategy aims to generate income from selling put options, while holding some upside exposure to the underlying asset.

If the asset price drops, the put seller may need to buy more shares – at an effective discount. If the price rises, the seller keeps the option premium, which adds income on top of any equity gains.



Hold cash and shares

Keep some equity exposure, with cash on hand to buy more if the price falls.



Write (sell) put options

Sell puts to collect option premiums.

What are the potential **benefits**?

1

Earn income from selling put options.

2

Keep some upside if the underlying asset price rises.

3

Reduce downside risk using the premium received.

Cash-secured put + equity market **scenarios**

Bull Market

Investor likely underperforms the market. Holds some stock and earns income from selling puts – but won't benefit from all the upside if they don't hold a full position.

Bear Market

Investor likely outperforms. Income from selling puts helps cushion losses on the shares held.

Flat/Choppy Market

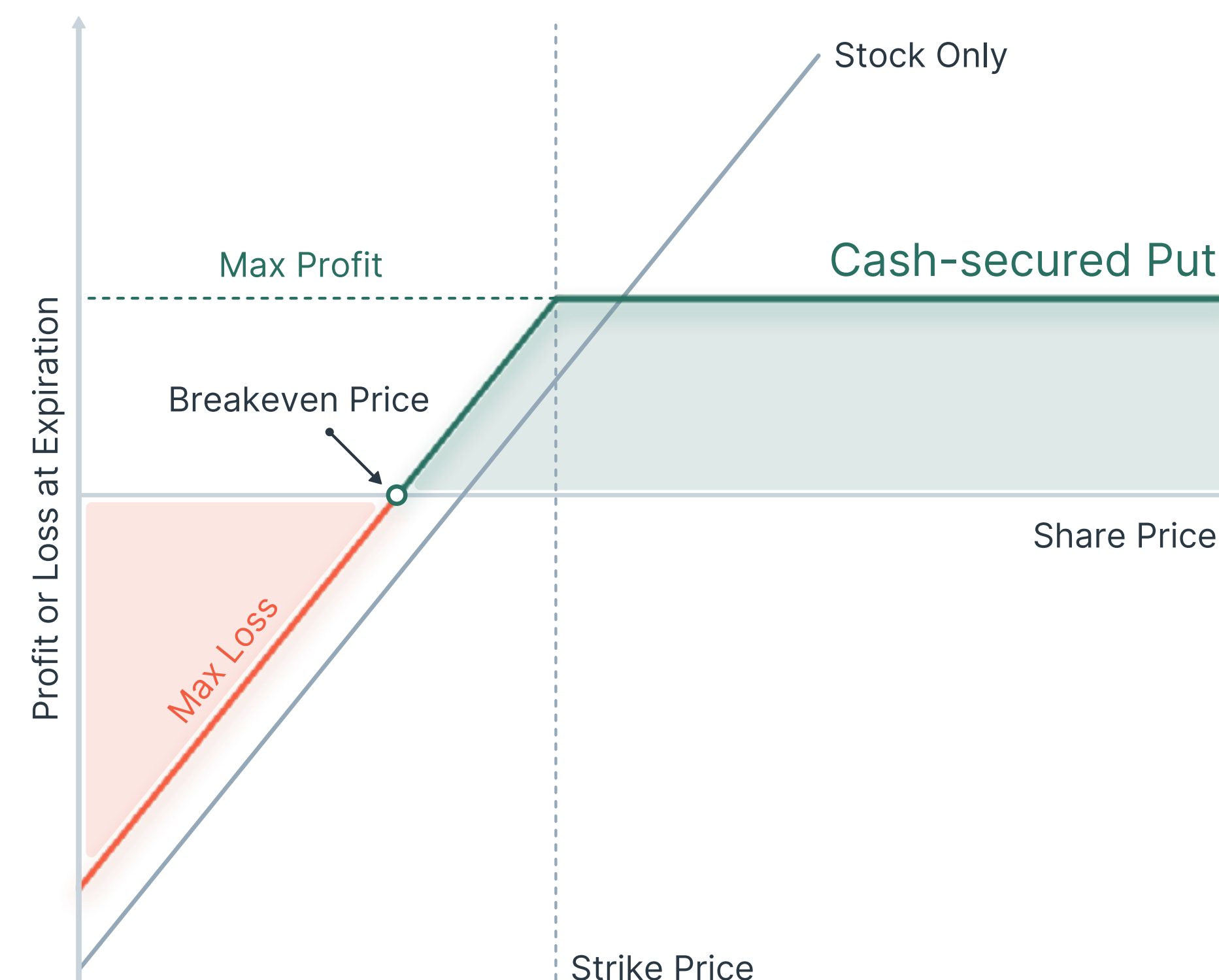
Investor likely outperforms. The stock doesn't move much, but income from selling puts boosts overall return.

Cash-secured put risk profile

Selling put options using cash as collateral is considered a conservative income strategy. The premiums received provide a buffer against potential price declines – reducing the effective purchase price if the option is exercised.

This strategy allows investors to earn income while preparing to buy the asset at a potentially lower, pre-agreed price.

Note: Some strategies also include holding a portion of the asset for upside exposure.



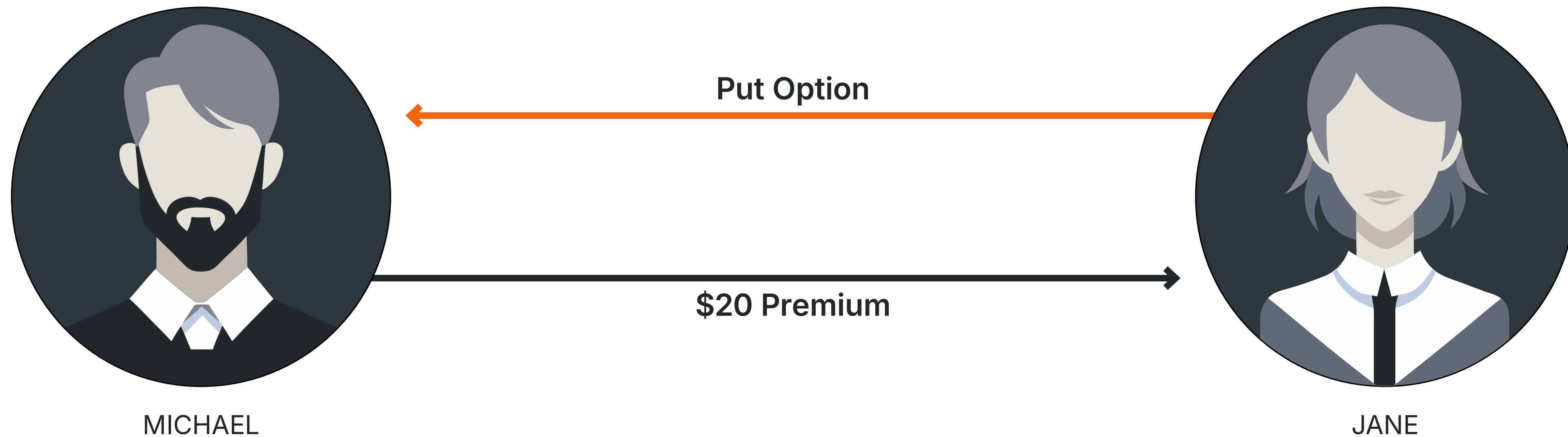
In IncomeShares ETPs, the puts sold are in-the-money (ITM). This provides partial equity exposure and generates income, with a payout profile similar to an out-of-the-money covered call.

Cash-secured put example: At contract **initiation**

ASSUMPTION:

Tesla (TSLA) stock
is currently at **\$300**.

Jane sells a put option with a **strike price of \$310**, which is just above the current market price. Michael buys this put option, paying Jane a **\$10 premium per contract**. Jane holds cash set aside to buy the stock if the price falls below the strike price.



Cash-secured put example: At contract **expiration**

Strike price: \$310

Potential scenarios



MICHAEL



JANE

Tesla stock
remains at **\$300**

Exercises the put option, selling Tesla stock to Jane at \$310 – gaining the difference between the strike price and market price, minus the \$10 premium paid.

Jane purchases Tesla at \$310, but the \$10 premium reduces her effective purchase price to \$300.

Tesla stock
rises above **\$310**

Does not exercise the put option since the market price is above the strike price. The option expires worthless, and Michael loses the \$10 premium paid.

Put option expires worthless. Jane pockets the \$10 premium and **does not have to buy** the stock.

Tesla stock
falls to **\$290**

Exercises the put option, selling Tesla stock to Jane at \$310, which is higher than the market price of \$290.

Jane purchases Tesla at the strike price. After accounting for the premium, her unrealised loss is the difference between \$300 and the current market value of \$290.



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ODTE Put-Write Strategies

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IncomeShares Strategies Compared

Feature	Covered Call Strategy	Cash-Secured Put + Equity Strategy	ODTE Put-Write Strategy
Income strategy	Sell call options	Sell put options	Sell daily put options
Equity exposure	Holds some shares	Holds some shares, plus cash to buy more if needed	Holds some shares, plus cash to buy more if needed
Upside potential	Fully capped above strike price	Not capped (equity may keep rising)	Not capped (equity may keep rising)
If stock falls	Call income may help offset share losses	Put income may help offset losses. May buy more shares and benefit if price rebounds	Put income may help offset losses. May buy more shares and benefit if price rebounds
Product offered	Gold, Silver, US Treasury Bonds	Tesla, Nvidia, Amazon, Apple, Alphabet, Coinbase, Meta, Microsoft, Alibaba, Palantir, MicroStrategy, AMD, Broadcom, Magnificent 7 basket	S&P 500, Nasdaq 100

What is a **ODTE put-write** strategy?

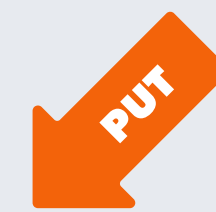
A zero days to expiration (ODTE) put-write strategy aims to generate income from selling put options that expire the same day.

If the asset price drops, the put seller may be required to buy the asset at a discount. If the asset price rises, the income from the options adds to the overall return.



Hold cash & shares

Keep some equity exposure, with cash on hand to buy more if the price falls.



Write (sell) put options

Sell put options on the asset to earn income, with the options expiring the same day.

What are the potential **benefits**?

1

Earn income by selling short-term put options that expire quickly, while keeping some upside exposure to the stock.



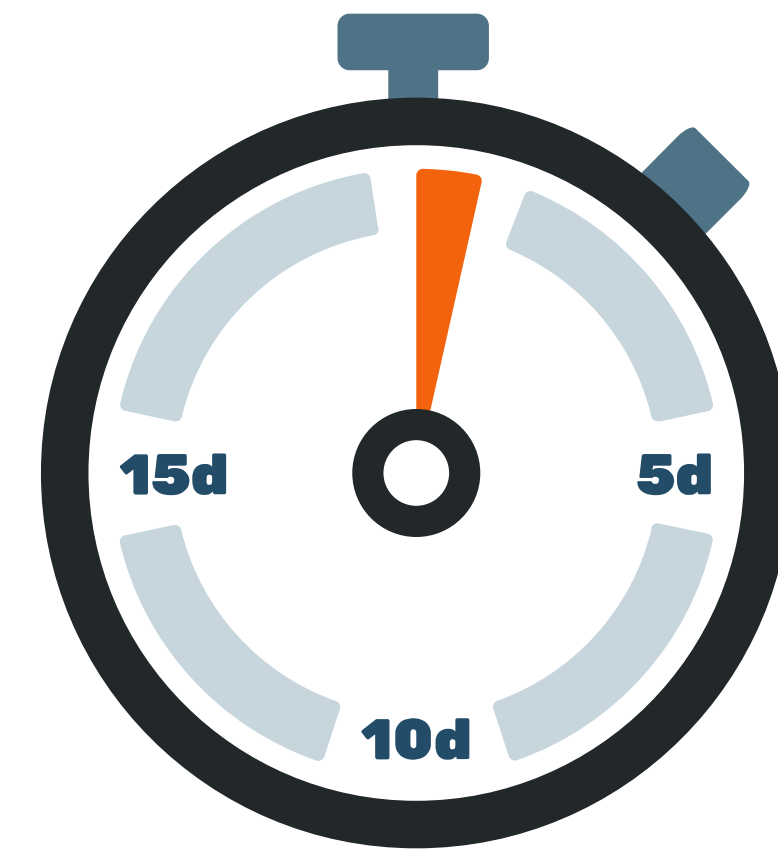
2

Minimize exposure to the market by holding options for a very short period.



3

Generate income quickly by selling options that lose value rapidly as time passes.



Why **consider** IncomeShares ETPs?

IncomeShares ETPs are Europe's first option-based ETPs targeting individual assets.

Income

Generate additional income on your existing stock holdings. This strategy may be appealing in flat or slightly bullish market conditions where the stock price might not significantly appreciate on its own.

Downside Protection

The premiums received from selling call or put options may provide a cushion against stock price declines. This creates a slightly defensive position, allowing you to hold onto stocks through volatile periods.

Diversified Yield

Aims to deliver attractive yield with a lower correlation to traditional sources of income and their risks.

IncomeShares ETPs

	ETP	Ticker \$	Ticker £	Ticker €	Strategy	Expense Ratio
Single Stocks	IncomeShares Tesla (TSLA) Options ETP	TSLI	TSLD	TSLI	Cash-secured put + equity	0.55%
	IncomeShares NVIDIA (NVDA) Options ETP	NVDI	NVDD	ONVD	Cash-secured put + equity	0.55%
	IncomeShares Amazon (AMZN) Options ETP	AMZI	AMZD	OAMZ	Cash-secured put + equity	0.55%
	IncomeShares Apple (AAPL) Options ETP	AAPY	AAPI	AAPY	Cash-secured put + equity	0.55%
	IncomeShares Alphabet (GOOG) Options ETP	GOOI	GOOO	IGOG	Cash-secured put + equity	0.55%
	IncomeShares Coinbase (COIN) Options ETP	COIY	COII	COIY	Cash-secured put + equity	0.55%
	IncomeShares META Options ETP	METY	METI	METY	Cash-secured put + equity	0.55%
	IncomeShares Microsoft (MSFT) Options ETP	MSFY	MSFI	YMSF	Cash-secured put + equity	0.55%
	IncomeShares Alibaba (BABA) Options ETP	BABY	BABI	BABY	Cash-secured put + equity	0.55%
	IncomeShares Palantir (PLTR) Options ETP	PLTY	PLTI	PLTY	Cash-secured put + equity	0.55%
	IncomeShares MicroStrategy (MSTR) Options ETP	YMST	MSTI	MSTI	Cash-secured put + equity	0.55%
	IncomeShares AMD Options ETP	YAMD	AMDI	YAMD	Cash-secured put + equity	0.55%
	IncomeShares Broadcom (AVGO) Options ETP	AVGY	AVGI	YAVG	Cash-secured put + equity	0.55%
Diversified Stocks	IncomeShares Magnificent 7 Options ETP	MAGO	MAGD	7MAG	Cash secured put + equity	0.45%
Commodity	IncomeShares Gold+ Yield ETP	GLDI	GLDE	YGLD	Covered call	0.35%
	IncomeShares Silver+ Yield Options ETP	SLVY	SLVI	YSLV	Covered Call	0.35%
Bonds	IncomeShares 20+ Year Treasury (TLT) Options ETP	TLTY	TLTI	TLTY	Covered Call	0.55%
Indices	IncomeShares Nasdaq 100 Options (ODTE) ETP	QQQY	QQQO	QQQY	ODTE put-write	0.45%
	IncomeShares S&P500 Options (ODTE) ETP	SPYY	SPYO	DSPY	ODTE put-write	0.45%

Risk Disclosure

The value of an investment in ETPs may go down as well as up and past performance is not a reliable indicator of future performance.

Securities issued by the Issuer are products involving a significant degree of risk and may not be suitable for all types of investor. Any decision to invest should be based on the information contained in the prospectus of the Issuer (or any supplements thereto) which includes, inter alia, information on certain risks associated with an investment. The price of any securities may go up or down and an investor may not get back the amount invested. Securities are priced in US Dollars/Euros/Pounds and the value of the investment in other currencies will be affected by exchange rate movements.

An investment in Income Series is an investment in Series of ETP Securities which are linked to an Investment Strategy where the objective is to generate a recurring income stream which may be used to fund interest payments on the ETP Securities. Such Series may be options based such that the Reference Assets are comprised of call and put options in respect of the indices or stocks specified in the relevant Investment Strategy. Investors should be aware of the risks associated with such options contracts and refer to the section entitled "Risks related to options" in the relevant Prospectus for more details.

Investors should be aware that the Interest Amounts for each Interest Payment Date may vary depending on the amount of Available Receipts with respect to each Interest Payment Date. Accordingly, there is no assurance that any amount will be received by ETP Securityholders on any Interest Payment Date. Furthermore, Investors should be aware that to the extent an Interest Amount is paid by the Issuer, declaration of such payment will cause a corresponding decrease in the ETP Security Value on the relevant Interest Ex Date.

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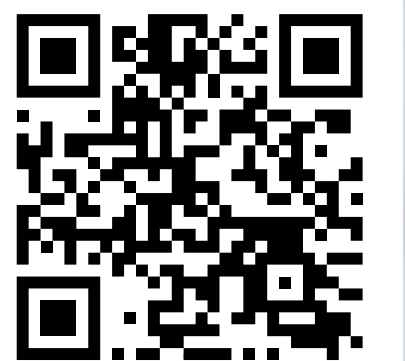
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