IncomeShares
by Leverage Shares

IncomeShares Guidebook

Income
as the Outcome

IncomeShares ETPs aim to generate consistent income while mitigating downside risks. In an environment of low bond yields and widespread dividend cuts, finding yield is challenging.

Introducing IncomeShares.

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

Covered Call Strategies	**Owns the underlying assets** – long position for partial upside participation. →	**Call options are sold** (written) on the underlying asset. →	IncomeShares by Leverage Shares **Maximizing income potential** without foregoing equity market exposure.
ODTE Put-write Strategies	**Holds cash** in case of option assignment. →	**ODTE put options are sold** on that security, covered by the cash set aside. →	

What are options?

Options are financial derivatives that give the buyer the right to **buy (in the case of a call option)** or **sell (in the case of a put option)** an underlying asset at a predetermined price, known as the strike price.

This can be done **on or before the expiration date***.

The seller of the option is obligated to fulfill the transaction if the buyer decides to exercise their right.

Options are used for:

- hedging against price movements
- speculating on future price directions
- generating income through premium collection

*American style options

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Covered Call
Strategies

Capital at risk. For professional investors only

What is a covered call options strategy?

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

Buy

A security is purchased or already owned

Write (sell)

Call options are sold on that security

What are the **benefits**?

1

The premium received from selling a covered call is kept as income.

2

Selling covered calls can help investors target a selling price for the stock that is above the current price.

3

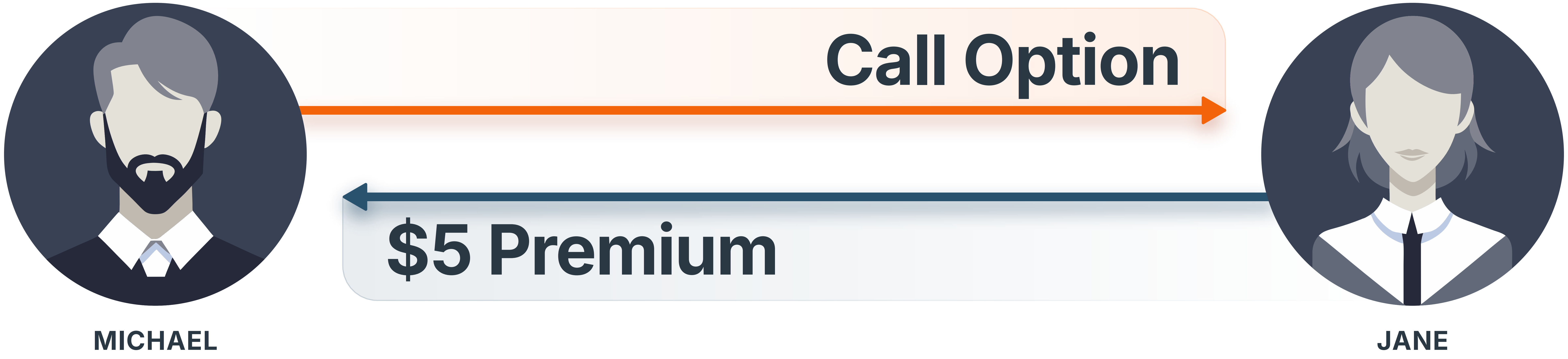
Getting some downside protection via the premium received.

Example. At contract initiation.

ASSUMPTION:

TSLA stock
is currently at **$100**

Jane buys a TSLA call option from Michael
at **$5 premium price** per share for a **strike price of $110**.



Example. At contract expiration.

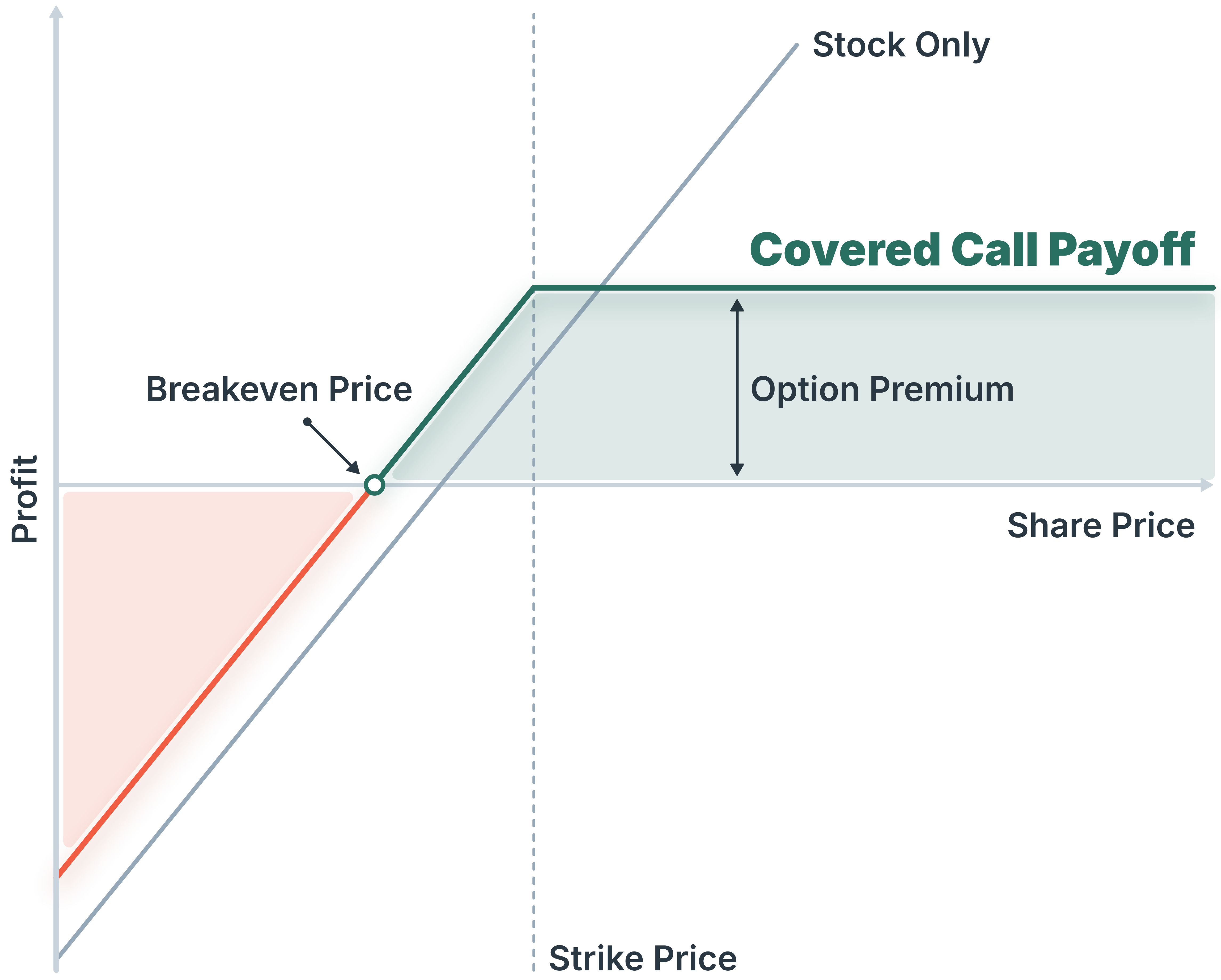
Strike price: $100

Potential Scenarios	MICHAEL	JANE
TSLA stock **rises above $110**	**Obliged to sell TSLA for $110**, which is less than the market price. But further **losses are offset from the $5** premium earned from the contract.	**Has the option to purchase John's TSLA stock at $110**. The stock is now above the strike price, meaning she **pockets the difference**.
TSLA stock **is exactly at $110**	**Retains the $5 premium regardless** of whether Jane exercises her option to purchase Michael's stock.	**No incentive to exercise option** as she can buy TSLA stock in the open market for the same price.
TSLA stock **falls below $110**	**Keeps both** his TSLA stock and the $5 premium.	**No incentive to exercise option** as she can buy TSLA stock in the open market for a lower price.

Covered call risk profile.

The seller of a covered call forfeits the upside potential of their stock position in exchange for collecting the premiums upon selling the call option contract.

A covered call is also considered a defensive strategy as equity downside returns are reduced by the option premiums.



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.

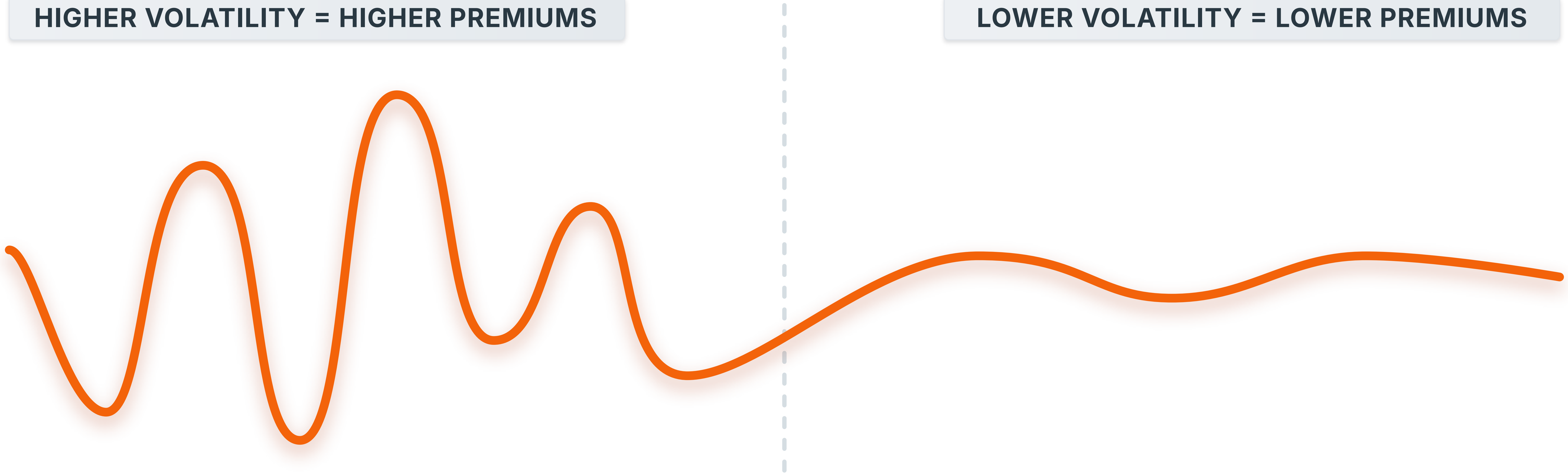
Flat/Choppy Market

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

What impacts the distribution amount of the ETP?

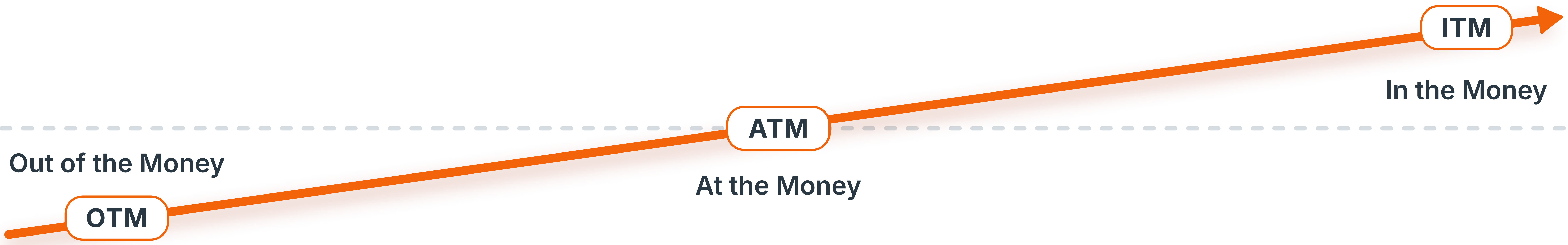
HIGHER VOLATILITY = HIGHER PREMIUMS

LOWER VOLATILITY = LOWER PREMIUMS



More volatile instruments may have higher downside risk, but in return generate greater premiums.

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** and can be exercised.

Percentage of portfolio covered.

Higher coverage	Lower coverage
Maximum premium income	**Minimum** premium income
Lower participation in stock upside	**Higher** participation in stock upside

IncomeShares ETPs aim for maximum income by writing call options on held securities and selling cash-secured puts up to the cash held, as market conditions allow.

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0DTE Put-write Strategies

Capital at risk. For professional investors only

What are 0DTE options?

Zero Days to Expiration (0DTE) options strategies are designed to generate income by selling put options that expire on the same day they are written.

These strategies can be particularly effective for investors seeking to capitalise on short-term market movements while systematically managing risk.

Hold

Cash is stored in case put option is assigned.

Write (sell)

Put options are sold on that security, covered by the cash set aside.

How Does the 0DTE Cash-Secured Put Strategy Work?

Cash-Secured Puts:

The strategy involves selling put options on a market index (e.g., S&P 500) expiring the same day, with cash reserved to buy the index/ETF if exercised by the option buyer.

Targeting ATM to 3% ITM:

The put options sold are typically at-the-money (ATM) or slightly in-the-money (ITM). This strikes balancing premium income collected and managing likelihood of the option being exercised.

Income Generation:

The premiums collected from selling these puts are distributed to investors as income.

Market scenarios.

Bull Market

The investor does not participate in the market rally but gains from the premium income generated.

Bear Market

Partial loss is offset by premium income received, resulting in a reduced effective purchase price of underlying index.

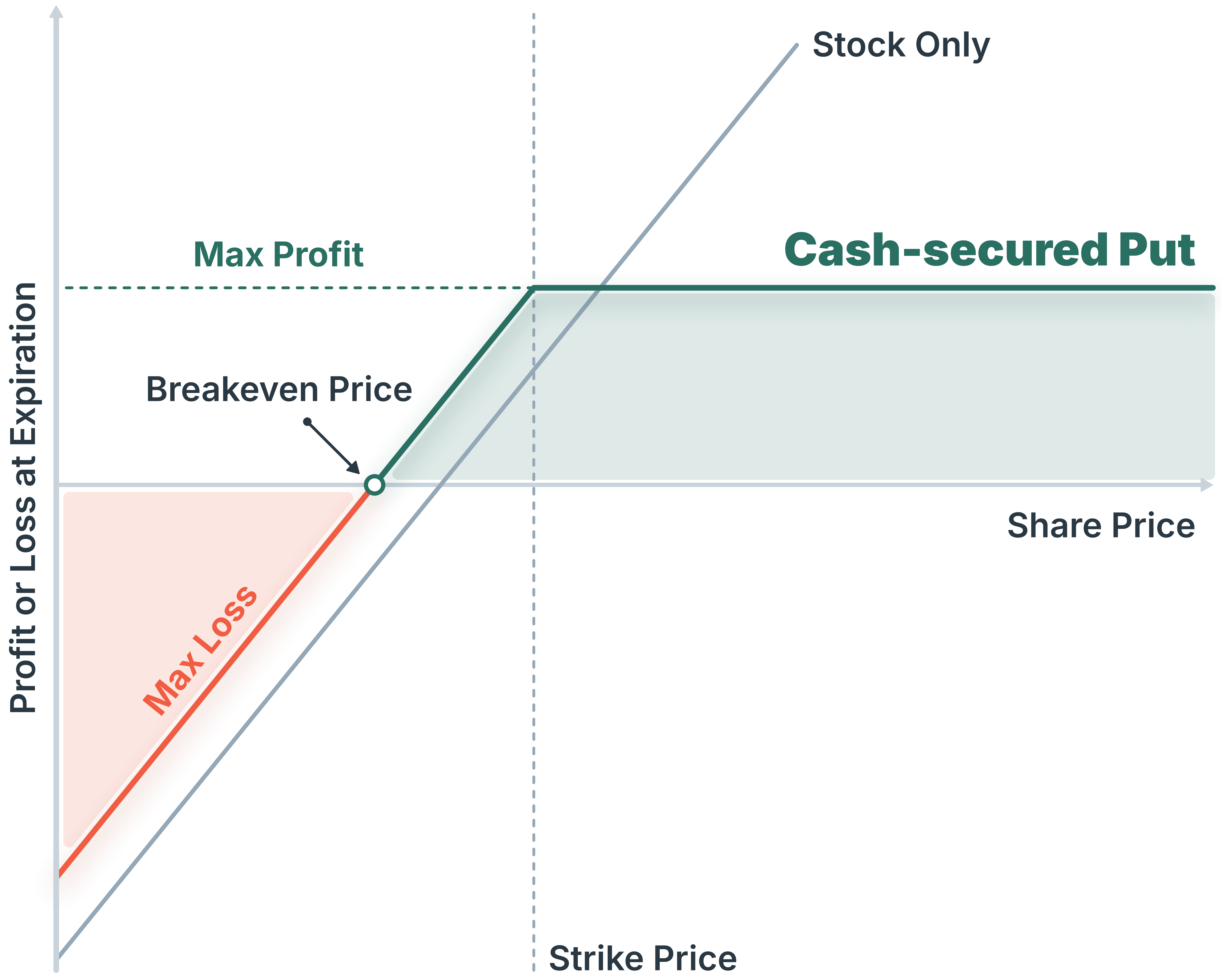
Flat/Choppy Market

The sold put options expire worthless, allowing the investor to keep the entire premium. This scenario likely leads to maximum income generation.

Cash-secured put profile.

Selling cash-secured puts is considered a conservative income strategy as the premiums received provide a buffer against potential index price declines - thereby reducing the effective purchase cost if the option is exercised.

This strategy allows investors to generate income while preparing to buy the asset at a potentially lower, predetermined price.



0DTE options pros & cons.

Advantages

1 You receive income regardless of whether the option is exercised.

2 You may be able to buy asset below the current price.

Disadvantages

1 You may lose money.

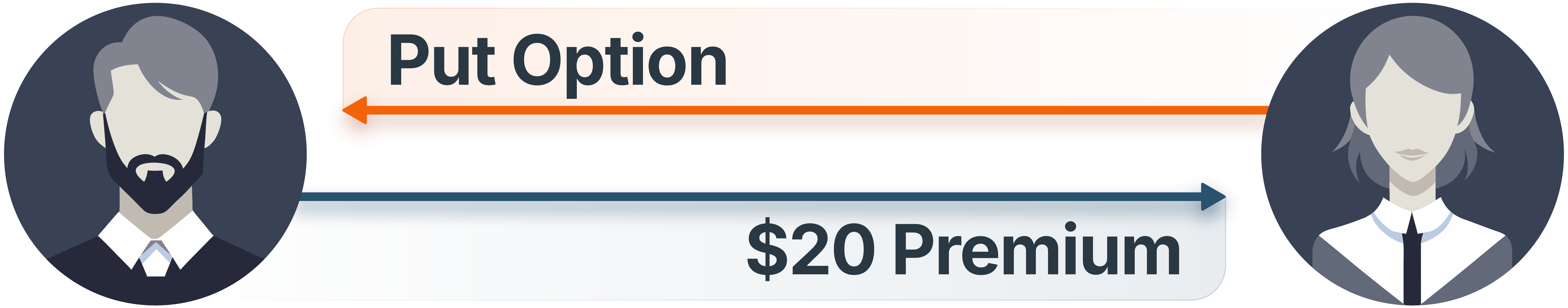
2 Your potential profit may be limited.

Example. At contract initiation.

ASSUMPTION:

S&P 500 Index
(current price: **$5,000**)

Jane sells a 0DTE put option with a **strike price of $5,050**, which is 1% above the current market price. **Michael buys** this put option, paying Jane a **$20 premium per contract**.



MICHAEL

JANE

Example. At contract expiration.

<u>**Strike price:** $5,050</u>

Potential Scenarios	**MICHAEL**	**JANE**
Index remains at **$5,000**	**Exercises the put option**, selling the S&P 500 to Jane at 5,050 - gaining the difference between the strike price and market price, minus the $20 premium paid.	**Jane purchases** the S&P 500 at 5,050, but the $20 premium reduces her effective purchase price to 5,030.
Index rises to **$5,075**	**Does not exercise the put option** since the market price is above the strike price. The option expires worthless, and Michael loses the $20 premium paid.	Put option expires worthless. Jane pockets the $20 premium and **does not have to buy** the underlying asset.
Index falls to **$4,950**	**Exercises the put option**, selling the S&P 500 to Jane at 5,050, which is higher than the market price of 4,950.	**Jane purchases** the S&P 500 at the strike price. After accounting for the premium, her unrealized loss is the difference between 5,030 and the current market value of 4,950.

What are the **benefits**?

1

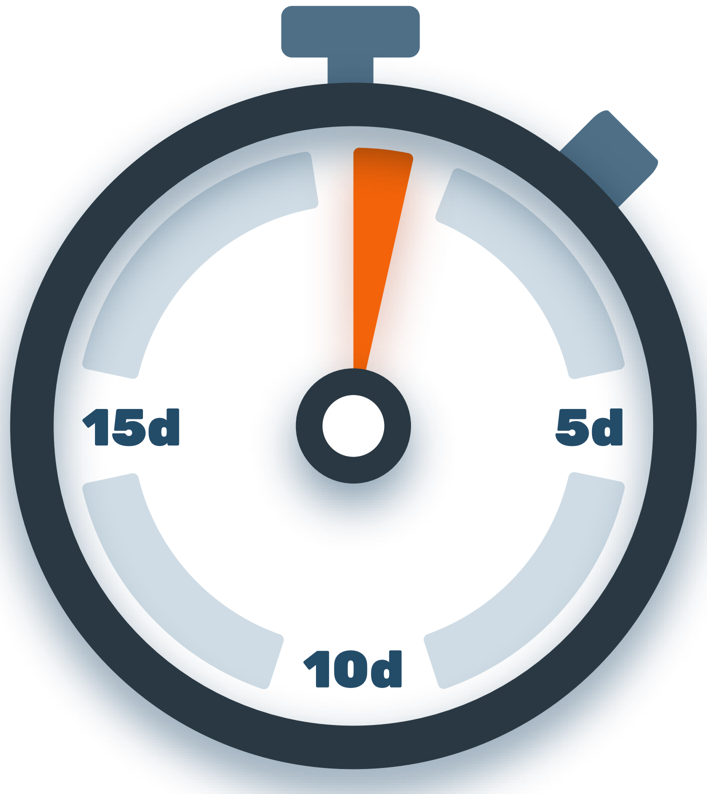
The premium received from selling a cash-covered put is kept as income.

2

Selling short dated options can generate outsized daily premium.

3

Aims to benefit from rapid decay of time value and distribute it to investors.



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 premium received from selling a call provide a cushion against a decline in the stock price. 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.

Overview

	ETP	Ticker $	Ticker £	Ticker €	Strategy	Expense Ratio
Single Stocks	**Tesla** (TSLA) Options ETP	TSLI	TSLD	TSLI	Covered call	0.55%
	NVIDIA (NVDA) Options ETP	NVDI	NVDD	ONVD	Covered call	0.55%
	Amazon (AMZN) Options ETP	AMZI	AMZD	OAMZ	Covered call	0.55%
	Apple (AAPL) Options ETP	AAPY	AAPI	AAPY	Covered call	0.55%
	Alphabet (GOOG) Options ETP	GOOI	GOOO	IGOG	Covered call	0.55%
	Coinbase (COIN) Options ETP	COIY	COII	COIY	Covered call	0.55%
	META Options ETP	METY	METI	METY	Covered call	0.55%
	Microsoft (MSFT) Options ETP	MSFY	MSFI	YMSF	Covered call	0.55%
Commodity	**Gold+** Yield ETP	GLDI	GLDE	YGLD	Covered call	0.35%
Indices	**Nasdaq 100** Options (0DTE) ETP	QQQY	QQQO	QQQY	Cash-secured put	0.45%
	S&P500 Options (0DTE) ETP	SPYY	SPYO	DSPY	Cash-secured put	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.

Disclaimer

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.

Trading in ETPs may not be suitable for all types of investors as they carry a high degree of risk. Investors may lose all of their initial investment and should only speculate with money they can afford to lose. Changes in exchange rates may also cause their investment to go up or down in value. Tax laws may be subject to change. Investors should ensure that they fully understand the risks involved. If in any doubt, investors should seek independent financial advice. Investors should refer to the section entitled “Risk Factors” in the relevant prospectus for further details of these and other risks associated with an investment in the securities offered by the Issuer.

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