

# BOND BUY-WRITES ARE “ON A ROLL”



A year after launch, we examine why many types of investors are choosing the iShares Bond BuyWrite Strategy ETFs

## Same strategy, new asset class

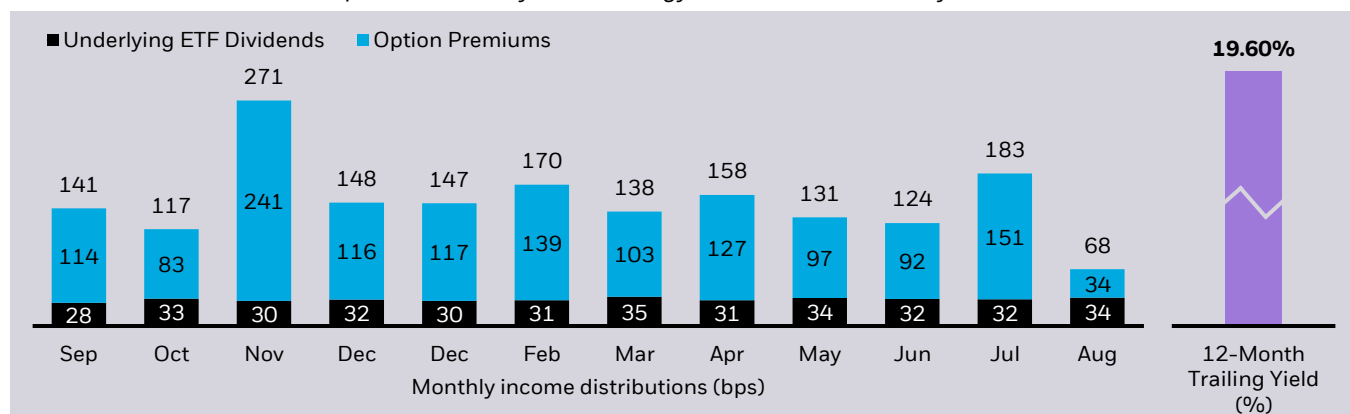
A buy-write investment strategy – also known as a “covered call” – consists of owning a security and simultaneously selling a call option on that security. Many existing buy-write funds focus on equities or commodities, but last year, iShares launched the industry’s first covered call ETFs to use bond ETFs as the underlying securities.<sup>1</sup>

## Made possible by the growth of bond ETFs

Bond ETFs recently surpassed \$2 trillion in assets globally.<sup>2</sup> As these products have grown, robust options markets have developed for liquid, highly-traded funds, opening the door for options-based strategies.

## Two sources of income

iShares Investment Grade Corporate Bond BuyWrite Strategy ETF (LQDW) – Monthly income distribution breakdown



Source: Bloomberg, BlackRock, as of August 31, 2023. Each bar represents the distribution paid as a percentage of the fund’s latest closing price, expressed in basis points. A basis point is 1/100th of one percent. 12-Month Trailing Yield is the yield an investor would have received if they had held the fund over the last twelve months assuming the most recent NAV. The 12-Month yield is calculated by assuming any income distributions over the past twelve months and dividing by the sum of the most recent NAV and any capital gain distributions made over the past twelve months.

## Portfolio characteristics

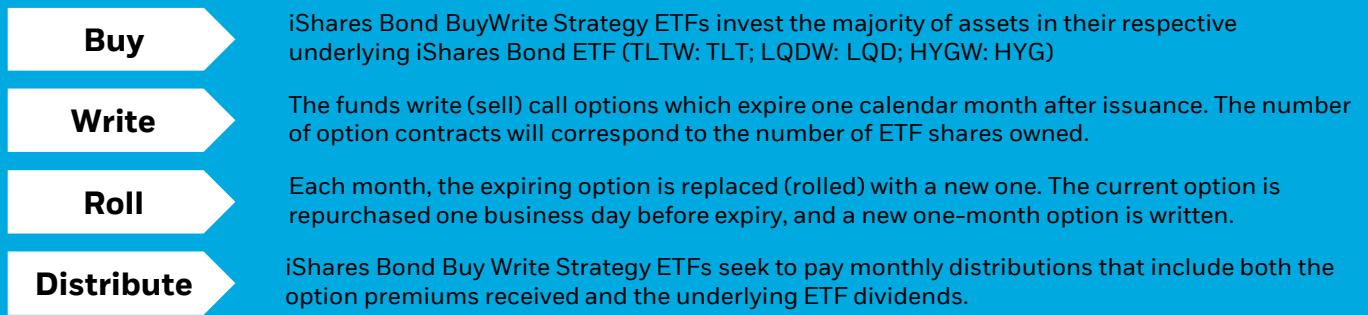
As of August 31, 2023

	Underlying Bond ETF	Gross / Net Expense Ratio	Strike Price Target	Fund Assets	12-Month Trailing Yield
iShares 20+ Year Treasury Bond BuyWrite Strategy ETF (TLTW)	TLT	0.50% / 0.35%	102% (2% out of the money)	\$653mn	18.94%
iShares Investment Grade Corporate Bond Buywrite Strategy ETF (LQDW)	LQD	0.49% / 0.34%	100% (at the money)	\$137mn	19.60%
iShares High Yield Corporate Bond Buywrite Strategy ETF (HYGW)	HYG	1.19% / 0.69%	100% (at the money)	\$37mn	18.63%

Performance data represents past performance and does not guarantee future results. Investment return and principal value will fluctuate with market conditions and may be lower or higher when you sell your shares. Current performance may differ from the performance shown. For most recent month-end performance see [www.iShares.com](http://www.iShares.com). For standardized performance, see the end of this document. BlackRock Fund Advisors (“BFA”), the investment adviser to the Funds and an affiliate of BlackRock Investments, LLC, has contractually agreed to waive a portion of its management fees through 02/29/2028.

## How it works

iShares Bond BuyWrite Strategy ETFs – Investment process



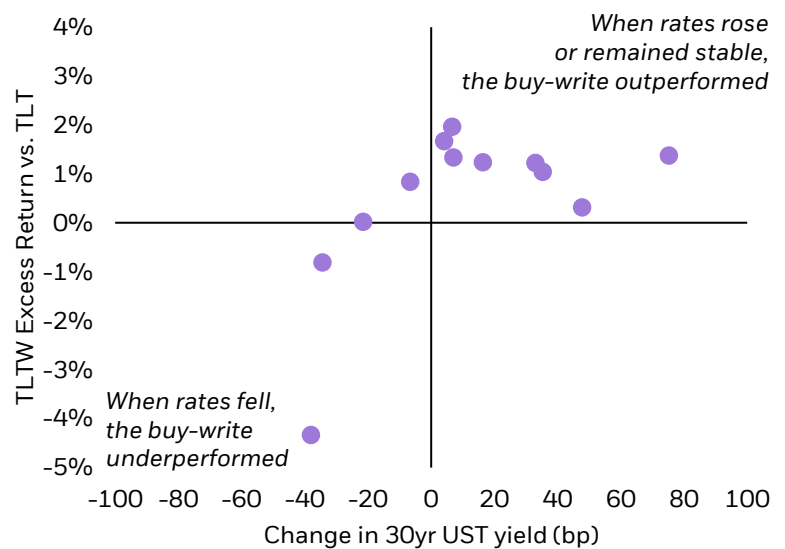
## Intuitive performance results

iShares 20+ Year Treasury Bond BuyWrite Strategy ETF (TLTW) – Monthly return vs. TLT by change in 30yr treasury yield

During the life of each option, the return of a buy-write strategy is expected to vary based on the return of the underlying ETF.

The written call may provide additional income, supporting returns when the underlying declines. However, when the underlying appreciates, the call may expire in the money, creating offsetting losses that limit the total upside potential.

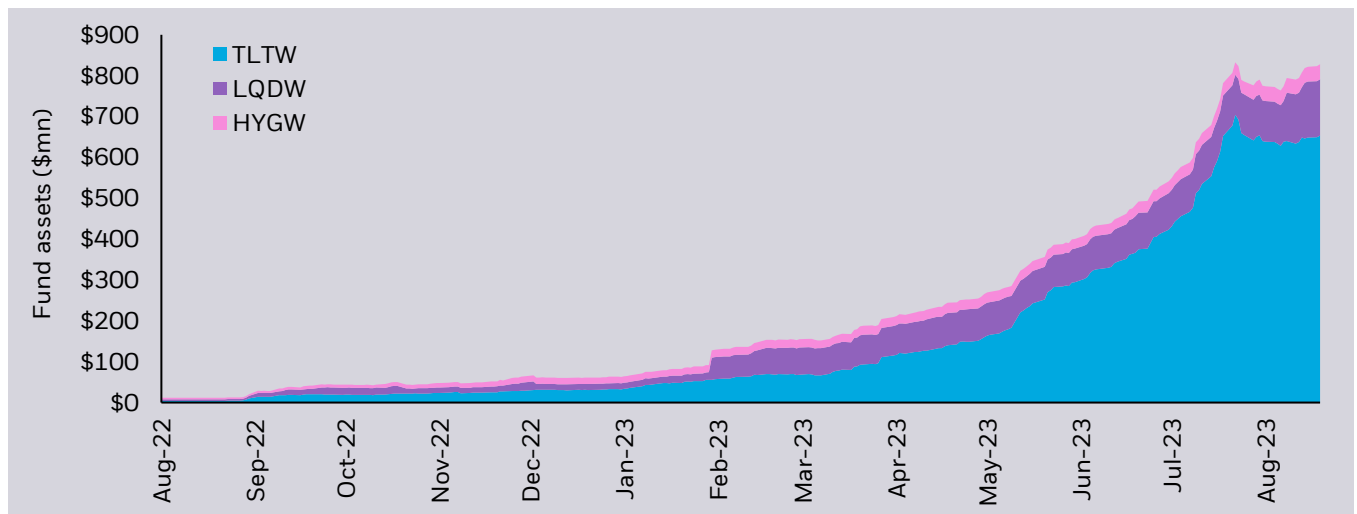
Since inception, iShares Bond BuyWrite Strategy ETFs have delivered total returns consistent with those of a covered call strategy – generally outperforming in down markets and underperforming in up markets. Here, we look at TLTW's monthly returns versus TLT based on realized interest rate moves during each month. Since launch, TLTW has benefitted from heightened bond volatility and relatively range-bound interest rates.



Source: Bloomberg, BlackRock, as of 8/31/2023. Each data point represents a one-month period, starting on one roll date and ending on the subsequent roll date. The horizontal axis represents the change in 30YR treasury yield (in basis points) over that period. The vertical axis represents the excess return of the TLTW versus TLT. **Past performance does not guarantee future results. For standardized performance, see the end of this document.**

## Investors take notice

iShares Bond BuyWrite Strategy ETFs – AUM growth since August 2022 inception



Source: Bloomberg, BlackRock, as of 8/31/2023.

## Standard Performance as of 06/30/2023

Fees as of Current Prospectus. All Other Data as of 06/30/2023					1-Year Returns		5-Year Returns		10-Year Returns		Since Inception	
Fund Name	Fund Inception Date	Expense Ratio (Net/Gross)	30-Day SEC Yield (With/Without Waiver)	Contractual Fee Waiver Expiration (If Applicable)	NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price	NAV	Mkt Price
iShares 20+ Year Treasury Bond BuyWrite Strategy ETF	8/18/2022	0.35 % / 0.50 %	2.73 % / 2.59 %	February 29, 2028	--	--	--	--	--	--	-3.12%	-3.08%
iShares Investment Grade Corporate Bond BuyWrite Strategy ETF	8/18/2022	0.34 % / 0.49 %	3.53 % / 3.38 %	February 29, 2028	--	--	--	--	--	--	-1.78%	-1.72%
iShares High Yield Corporate Bond BuyWrite Strategy ETF	8/18/2022	0.69 % / 1.19 %	5.52 % / 5.02 %	February 29, 2028	--	--	--	--	--	--	4.30%	4.36%

**The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com).**

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Any applicable brokerage commissions will reduce returns. Beginning August 10, 2020, market price returns for BlackRock and iShares ETFs are calculated using the closing price and account for distributions from the fund. Prior to August 10, 2020, market price returns for BlackRock and iShares ETFs were calculated using the midpoint price and accounted for distributions from the fund. The midpoint is the average of the bid/ask prices at 4:00 PM ET (when NAV is normally determined for most ETFs). The returns shown do not represent the returns you would receive if you traded shares at other times.

1. Source: [Business Wire](#), Aug. 22, 2022.
2. Global bond ETF AUM is \$2.02tn, as of 7/31/2023 as calculated by BlackRock.

**This information must be preceded or accompanied by a current prospectus. Investors should read and consider it carefully before investing. For a current prospectus, follow these links:**

[iShares 20+ Year Treasury Bond BuyWrite Strategy ETF](#)

[iShares Investment Grade Corporate Bond BuyWrite Strategy ETF](#)

[iShares High Yield Corporate Bond BuyWrite Strategy ETF](#)

**Investing involves risk, including possible loss of principal.**

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in the value of debt securities. Credit risk refers to the possibility that the debt issuer will not be able to make principal and interest payments.

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities.

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency and its return and yield will fluctuate with market conditions.

A BuyWrite Strategy ETF's use of options may reduce returns or increase volatility. During periods of very low or negative interest rates, the Underlying Fund may be unable to maintain positive returns. Very low or negative interest rates may magnify interest rate risk. In a falling interest rate environment, the ETF may underperform the Underlying Fund. By writing covered call options in return for the receipt of premiums, the ETF will give up the opportunity to benefit from increases in the value of the Underlying Fund but will continue to bear the risk of declines in the value of the Underlying Fund. The premiums received from the options may not be sufficient to offset any losses sustained from the volatility of the Underlying Fund over time. The ETF will be subject to capital gain taxes, ordinary income tax and other tax considerations due to its writing covered call options strategy.

Investment in a fund of funds is subject to the risks and expenses of the underlying funds.

Diversification and asset allocation may not protect against market risk or loss of principal.

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