SEEK HIGHER INCOME

iShares Bond BuyWrite Strategy ETFs

iShares by BlackRock

Key Takeaways

Income
BuyWrite funds may provide enhanced income by selling monthly covered call options.

Diversification
BuyWrite funds may outperform in periods of rising rates and widening credit spreads.

Easy Access
Convenient and cost-effective single-ticker access to a custom options overlay strategy.

iShares 20+ Year Treasury Bond BuyWrite Strategy ETF

TLTW
Underlying ETF: TLT
Strike Price: 102%*
Expense Ratio: 0.35%

iShares Investment Grade Corporate Bond BuyWrite Strategy ETF

LQDW
Underlying ETF: LQD
Strike Price: 100%*
Expense ratio: 0.34%

iShares High Yield Corporate Bond BuyWrite Strategy ETF

HYGW
Underlying ETF: HYG
Strike Price: 100%*
Expense ratio: 0.69%

Seeking income? Consider a BuyWrite strategy

The BlackRock Bond Pyramid can help illustrate which role a BuyWrite strategy can play in a bond portfolio. BuyWrite strategies may serve a different purpose than their underlying bond ETFs.

	Objective:
Income Credit / high yield	Higher income
Capital preservation Low duration / flexible strategies	Stability of principal
Equity diversification Core bonds, investment grade, longer duration	Reduce overall risk in a portfolio

A **BuyWrite (covered call) investment strategy** is when an investor buys a security and simultaneously writes (sells) a call option on that security.

The purpose of the strategy is to **generate additional income** from the sale of the call option, known as the **option premium**.

Option premiums are driven by **unique risk factors** such as volatility.

These characteristics can help **enhance and stabilize income** in certain market conditions.

*The strike price of a call option is the price of the underlying security at which the option can be exercised. In this case, the strike price target is calculated using the closing market price of the underlying ETF the day before the option is written.

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iShares Bond BuyWrite ETFs – investment process

1. Buy	iShares Bond BuyWrite Strategy ETFs invest the majority of assets in their respective underlying iShares Bond ETFs.
2. Write	The funds will write (sell) call options which expire 30 days/one calendar month after issuance. The number of option contracts will correspond to the number of ETF shares owned.
3. Roll	Each month, the existing option will be replaced (rolled) with a new one. The current option will be repurchased one business day before expiry, and a new one-month option will be written.
4. Distribute	iShares Bond BuyWrite Strategy ETFs seek to pay monthly distributions that include both the option premiums received and the underlying ETF dividends.

Focus on monthly income

BuyWrite strategies sacrifice potential return of the underlying Bond ETF in exchange for monthly income.

Return scenarios of a BuyWrite strategy vs. underlying ETF at expiration

When...	Underlying bond ETF	BuyWrite strategy vs. underlying ETF	Rationale
Rates rise/spreads widen	Depreciates	Potentially outperforms	Premium income offsets losses
Rates & spreads are stable	Unchanged	Potentially outperforms	Premium income improves performance
Rates fall/spreads tighten	Appreciates	Potentially underperforms	Covered call sets a ceiling on the upside

For illustrative purposes only. The information presented does not take into consideration commissions, tax implications, or other transactions costs, which may significantly affect the economic consequences of a given strategy or investment decision.

Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting www.iShares.com or www.blackrock.com. Read the prospectus carefully before investing.

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 bond values. Credit risk refers to the possibility that the bond 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 ETF 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.

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

Diversification and asset allocation may not protect against market risk or loss of principal. There is no guarantee that any fund will pay dividends. Buying and selling shares of ETFs may result in brokerage commissions. Information on derivatives is for educational purposes only.

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