

LTTI

FT Vest 20+ Year Treasury & Target Income ETF

Fund Description

LTTI seeks to provide synthetic long exposure to the iShares 20+ Year Treasury Bond ETF (ticker: TLT). The fund also sells weekly FLEX call options and targets an annual income level of 5% higher than the underlying ETFs annual income yield.

FactSet Analyst Report

LTTI is an actively managed fund that seeks current income and capital appreciation by combining synthetic long positions in the iShares 20+ Year Treasury Bond ETF (ticker: TLT) with a partial call writing strategy. The synthetic exposure to the underlying ETF is achieved by utilizing FLEX options with up to one-year expirations and purchasing a ladder portfolio of short-term US Treasuries. The fund also sells weekly, at-the-money FLEX call options on the underlying ETF. LTTI seeks to provide distributions at an annual rate of about 5% higher than TLT's, through income generated from US Treasuries and option premiums. In exchange for premiums earned from selling call options, the fund forfeits any gains above the options strike price when TLT's price appreciates. The fund is expected to perform best in relatively stable markets, where premium income is consistent and bond prices don't decline sharply. However, the use of FLEX options opens investors to counterparty risk.