

TLTP

Amplify Bloomberg U.S. Treasury Target High Income ETF

Fund Description

TLTP uses a fund-of-fund approach to track an index that measures the performance of the iShares 20+ Year Treasury Bond ETF (TLT) and writes one-week expiration, at-the-money call options. The fund aims to generate a targeted annualized option premium income of 12% through covered call FLEX option contracts.

FactSet Analyst Report

TLTP combines long positions in the iShares 20+ Year Treasury Bond ETF (TLT) and sells weekly, at-the-money FLEX call options on the underlying ETF. Holdings may include either the ETF or direct US treasuries, depending on favorable pricing. The strategy aims to generate option premiums targeted at 1% per month through covered calls. In exchange for these premiums, the fund forfeits any gains above the options strike price when the ETF appreciates. Additionally, it gives up market gains on ETF holdings if call options are exercised. Up to 50% of the call options may be uncovered, with US Treasuries used to meet obligations as needed. The fund uses European-style options, meaning they can only be exercised at expiration. TLTP performs 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.