

Magnificent 7 Options ETP

The case for switching from regular Mag 7 stock exposure.

February 2026

Core Mag 7 exposure with monthly income

Mag 7 stock challenges

Investors hold Magnificent Seven stocks for long-term growth and exposure to large, globally dominant technology companies across AI, cloud computing, and digital platforms.

But **Magnificent Seven stocks still have two key drawbacks** that can limit their efficiency :

 Low yield

They provide little to no yield, which can drag on income-targeted or liability-driven portfolios.

 High opportunity cost

They can underperform income-generating assets during flat or range-bound markets.

Magnificent 7 Options ETP solution

The **IncomeShares Magnificent 7 Options ETP** combines core Mag 7 exposure with systematic put-writing.

This approach:

- Turns static equity exposure into an income-producing allocation.
- Aims to improve risk-adjusted returns without adding directional risk.
- Harvests volatility premium systematically.
- Retains typical ETP features – liquidity, transparency, and daily pricing.

How the Magnificent 7 Options ETP works

The IncomeShares Magnificent 7 Options ETP uses a cash-secured put plus equity strategy. The ETP invests in an equal-weighted basket of individual IncomeShares Mag 7 ETPs, rebalanced semi-annually. Each underlying ETP maintains around 25% direct equity exposure to its respective stock, while the remaining 75% sells put options to generate income from option premiums.

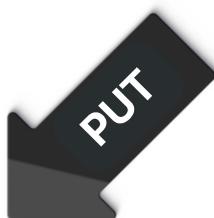
These premiums are distributed monthly to investors as ETP dividends. The trade-off is reduced participation during strong rallies, while steady income can help smooth returns when stocks consolidate or trade sideways.

Stay in Mag 7 stocks. Earn income more efficiently.



25% Mag 7 stock exposure

+



75% cash-secured strategy

=



Core Mag 7 exposure with monthly income

Generates income

Since inception on 27 June 2025, the IncomeShares Magnificent 7 Options ETP has produced an average annualised distribution yield of 34.42%. These distributions have provided a steady monthly cash flow for investors.

Monthly income on \$100,000 investment, based on distribution yields since inception:

Month	Distribution yield	Monthly yield	Income on \$100,000
Jul	32.05%	2.67%	\$2,671
Aug	16.87%	1.41%	\$1,406
Sep	35.44%	2.95%	\$2,953
Oct	45.43%	3.79%	\$3,786
Nov	34.98%	2.92%	\$2,915
Dec	31.42%	2.62%	\$2,618
Jan	44.72%	3.73%	\$3,727
Total			\$20,076

Higher risk-adjusted returns

From inception to 30 January 2026, MAGO delivered a higher total return than the Bloomberg Magnificent 7 Total Return Index (BM7T), with similar daily volatility and a higher Sharpe ratio.

The cash-secured put strategy added monthly option income that helped improve return consistency.

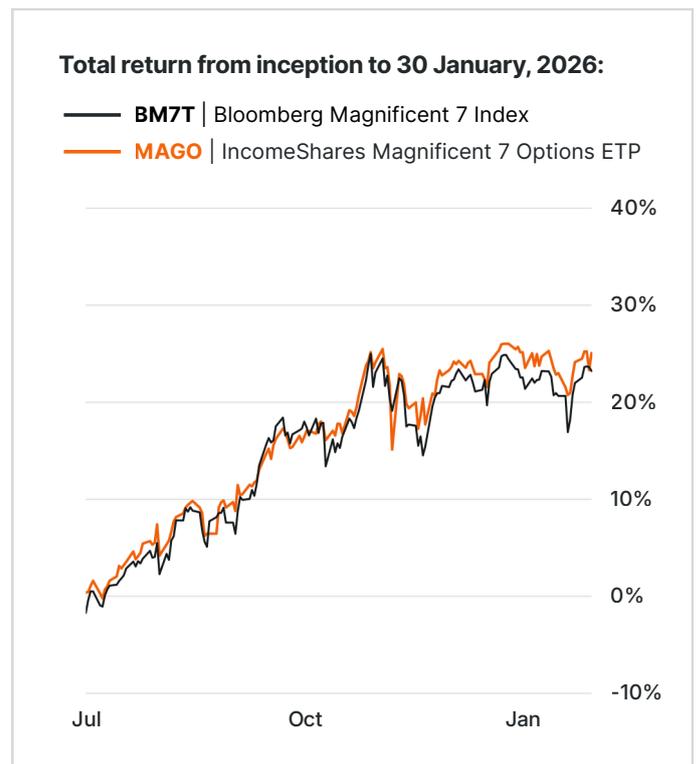
Correlation to Mag 7

The correlation to BM7T over this period, based on weekly returns, is 0.72 – consistent with core Mag 7 exposure plus an option-income overlay.

Tracks the Mag 7's path

The Magnificent 7 Options ETP (MAGO) has tracked the general path of the Bloomberg Magnificent 7 Total Return Index (BM7T) since launch on 27 June 2025. The chart shows total returns to highlight the directional tracking between the two.

Over this period, MAGO has delivered a higher total return than BMT7 while paying monthly options income.



Metric	BM7T	MAGO
Cumulative return	23.23%	25.09%
Volatility (daily st.dev.)	1.16%	1.16%
Annualised Sharpe	1.75	1.88
Max drawdown	-8.38%	-8.26%
Correlation to BM7T	1	0.72

Sources: Bloomberg, IncomeShares, and Federal Reserve Bank of St. Louis (FRED). Total return data for MAGO and BM7T include reinvested distributions. MAGO total return assumes reinvestment of notional income. Sharpe ratios calculated using the 3-month U.S. Treasury yield (US03MY) of 3.57% as of 30 January 2026. Distribution yields from IncomeShares. Figures based on USD returns. Data as of 30 January 2026. **Past performance is not a reliable indicator of future results.**

Potential benefits

Maintain core Mag 7 exposure

Participation in leading global technology stocks.

Manage volatility

Reduced drawdowns and steadier performance.

Adds a steady income stream

From option premiums.

Retains ETP benefits

Liquidity and transparency.

Why the timing could make sense

- The AI investment cycle continues to support long-term allocation to Mag 7 stocks, and many investors remain structurally exposed to the theme.
- After a multi-year rally, valuations remain elevated and volatility has fallen to historically low levels, with price action compressing in a tighter trading range.
- Periods of low volatility tend to precede higher volatility. Systematic put-writing can monetise option premiums during consolidation or renewed market swings.
- If Mag 7 resumes its uptrend, the equity sleeve participates. If markets consolidate or volatility rises, income contributes. If stocks decline, option income may help offset part of the move.

Stay in Mag 7 stocks. Earn income more efficiently.

Listings & Tickers

Country	Exchange	Base currency	Trading currency	Exchange code	ISIN	SEDOL	BBG ticker	RIC	WKN	Listing date
UK	London Stock Exchange	USD	USD	MAGO	XS3068761710	BMVF900	MAGO LN	MAGO.L	N/A	27 Jun 2025
UK	London Stock Exchange	USD	GBP	MAGD	XS3068761710	BMVF911	MAGD LN	MAGD.L	N/A	27 Jun 2025
DE	Deutsche Börse Xetra	USD	EUR	7MAG	XS3068761710	BMVF922	7MAG GY	7MAG.DE	A4AN00	15 Jul 2025
NL	Euronext Amsterdam	USD	EUR	MAGY	XS3068761710	BR4ZLN3	MAGY NA	MAGY.AS	N/A	15 Oct 2025

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