IncomeShares

Magnificent 7 Options ETP

The case for switching from regular Mag 7 stock exposure.

August 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	High opportunity cost
They provide little to no yield, which can drag on income-targeted or liability-driven portfolios.	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 sidewavs.

Stay in Mag 7 stocks. Earn income more efficiently.

25% Mag 7 stock exposure

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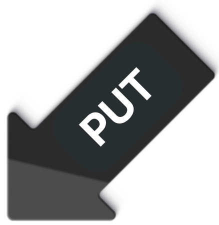

75% cash-secured strategy

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Core Mag 7 exposure with monthly income

Mag 7 Options ETP Performance

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Generates income

Since inception on 27 June 2025, the IncomeShares Magnificent 7 Options ETP has produced an average annualised distribution yield of 39.61%. 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
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
Feb	42.22%	3.52%	3,518
Mar	35.84%	2.99%	$ 2,987
Apr	46.23%	3.85%	$ 3,853
May	47.12%	3.93%	$ 3,927
Jun	38.60%	3.22%	$ 3,216
Jul	56.41%	4.70%	$ 4,701
Ave.	**39.61%**	**Total**	**$ 39,606**

Lower drawdown

From inception to 31 July 2026, MAGO delivered a lower maximum drawdown than the Bloomberg Magnificent 7 Total Return Index (BM7T), while generating monthly option income.

Correlation to Mag 7

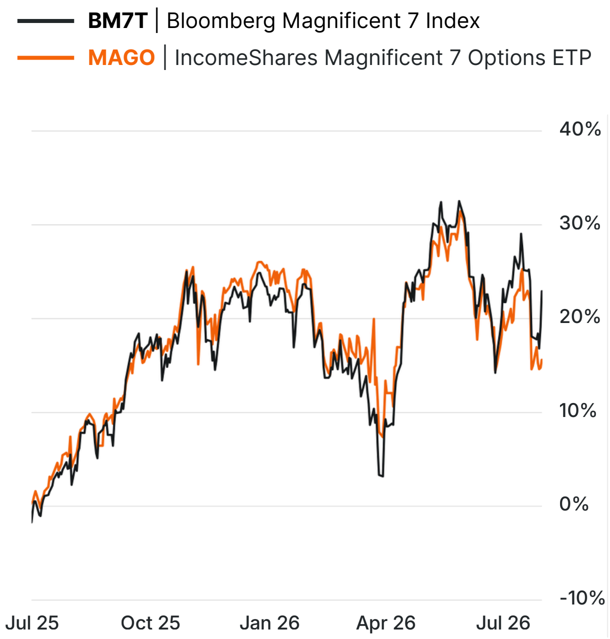
The correlation to BM7T over this period, based on weekly returns, is 0.79 – consistent with core Mag 7 exposure plus an option-income overlay.

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.

While BM7T has delivered higher total returns, MAGO has followed its path while paying monthly income.

Total return from inception to 31 July, 2026:



Metric	BM7T	MAGO
Cumulative return	22.93%	**15.60%**
Volatility (daily st.dev.)	1.33%	**1.37%**
Annualised Sharpe	0.79	**0.52**
Max drawdown	-17.46%	**-14.81%**
Correlation to BM7T	1	**0.79**

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 3.83% as of 31 July 2026. Distribution yields from IncomeShares. Figures based on USD returns. Data as of 31 July 2026. ***Past performance is not a reliable indicator of future results.***

Why switch now?

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Potential benefits

Maintains core Mag 7 exposure
Participation in leading global technology stocks.

Manages downside risk
Option income may help reduce drawdowns.

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 still want exposure to the theme.
- After a multi-year rally, Mag 7 valuations are elevated. Volatility may return.
- Elevated volatility may support option-premium generation. Systematic put-writing aims to monetise these premiums during periods of consolidation or market swings.
- If Mag 7 continues 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	BR4ZXN3	MAGY NA	MAGY.AS	N/A	15 Oct 2025

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For EU audience:

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