IncomeShares

Magnificent 7 Options ETP

The case for switching from regular Mag 7 stock exposure.

November 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.
- ☑ 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 50% direct equity exposure to its respective stock, while the remaining 50% sells put options to generate income from option premiums. Until late October 2026, the underlying ETPs held around 25% direct exposure, so most past performance reflects that structure. For the planned changes from November 2026, see IncomeShares Strategy Update.

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.



50% Mag 7 stock exposure + **50% cash-secured strategy** = **Core Mag 7 exposure with monthly income**

Mag 7 Options ETP Performance

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Generates income

Over the past 12 months, the IncomeShares Magnificent 7 Options ETP has produced an average annualised distribution yield of 40.3%. These distributions have provided a monthly cash flow for investors.

Monthly income estimate on $100,000 investment, based on distribution yields over the past 12 months:

Month	Distribution yield	Monthly yield	Income on $100,000
Nov	35.0%	2.9%	$ 2,900
Dec	31.4%	2.6%	$ 2,600
Jan	44.7%	3.7%	$ 3,700
Feb	42.2%	3.5%	$ 3,500
Mar	35.8%	3.0%	$ 3,000
Apr	46.2%	3.9%	$ 3,900
May	47.1%	3.9%	$ 3,900
Jun	38.6%	3.2%	$ 3,200
Jul	56.4%	4.7%	$ 4,700
Aug	36.6%	3.1%	$ 3,100
Sep	32.6%	2.7%	$ 2,700
Oct	36.7%	3.1%	$ 3,100
Ave.	**40.3%**	**Total**	**$ 40,300**

Lower drawdown

From launch to 30 October 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 0.90 – consistent with core Mag 7 exposure plus an option-income overlay.

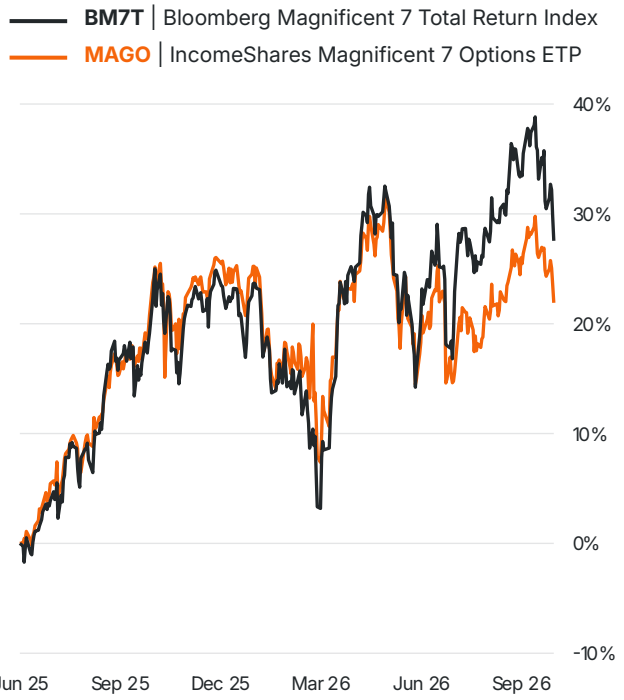
Strategy notes: the underlying ETPs sold covered calls until 4 August 2025, then held around 25% direct exposure with put options on the rest until late October 2026. From 2 November 2026, the strategy is changing ETP by ETP, towards more direct exposure, with most option income expected to come from options on stock indices. See IncomeShares Strategy Update.

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 launch to 30 October 2026:



Metric	BM7T	MAGO
Cumulative return	27.55%	**21.91%**
Volatility (daily st.dev.)	1.34%	**1.33%**
Annualised Sharpe	0.78	**0.62**
Max drawdown	-17.46%	**-14.81%**
Correlation to BM7T	1	**0.90**

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 (DGS3MO) of 4.16% as of 30 October 2026. Distribution yields from IncomeShares. Figures based on USD returns. Data as of 30 October 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.

Aims to add a monthly 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.
- Mag 7 stocks have moved up and down in 2026 – BM7T's total return was 15% in April and -5% in October.
- 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 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	WKN	Listing date
UK	London Stock Exchange	USD	USD	MAGO	XS3068761710	BMVF900	MAGO LN	N/A	27 Jun 2025
UK	London Stock Exchange	USD	GBP	MAGD	XS3068761710	BMVF911	MAGD LN	N/A	27 Jun 2025
DE	Deutsche Börse Xetra	USD	EUR	7MAG	XS3068761710	BMVF922	7MAG GY	A4AN00	15 Jul 2025
NL	Euronext Amsterdam	USD	EUR	MAGY	XS3068761710	BR4ZXN3	MAGY NA	N/A	15 Oct 2025

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