



GLOBAL X INSIGHTS

Introducing the Global X Income EdgeSM ETF Suite

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Implementing options-based strategies have become an increasingly common tool in income-oriented portfolios. Over time, Global X has developed a range of approaches within this space, reflecting different investor objectives, market environments, and preferences for regular distributions versus upside participation.

The Global X Income EdgeSM ETF suite builds on this foundation.

On February 18, 2026, Global X listed the **Global X U.S. 500 Income EdgeSM ETF (EDGX)** and the **Global X Nasdaq-100[®] Income EdgeSM ETF (EDGQ)** on NYSE Arca. These funds maintain exposure to the Solactive GBS United States 500 Index and Nasdaq-100[®] Index, respectively, and write weekly call options against that exposure in a systematic, actively managed strategy designed to target defined annualized distribution rates – 9% for EDGX and 13% for EDGQ – while retaining the ability to participate in a portion of the respective equity market's upside.

Key Takeaways

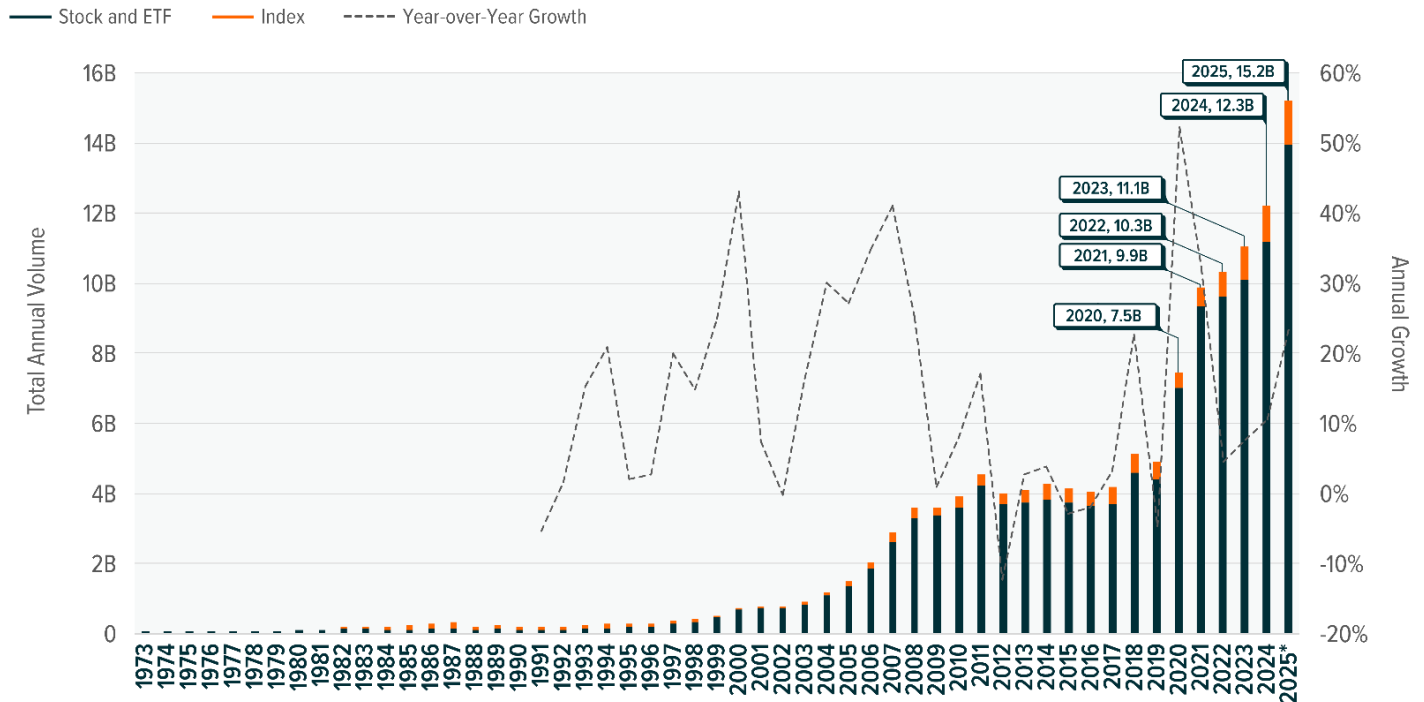
- Options-based strategies have seen a surge in modernization, now offering new features for investors to take advantage of.
- The Income EdgeSM ETFs utilize weekly call option writing and flexible coverage ratios to target defined annualized distribution rates.
- By adjusting option coverage in response to market conditions, the funds seek to balance income generation with continued equity exposure.

Broadening Depth of the Options Market Reflects Demand for Sophisticated Strategies

The expansion of the U.S. options market has increased the feasibility of more dynamic, rules-based income strategies within an ETF wrapper. Annual option volumes have increased materially over the past decade, reflecting rising investor demand for instruments to pursue income, hedging, and tactical positioning.



ANNUAL OPTION VOLUME HAS INCREASED SHARPLY SINCE 2019



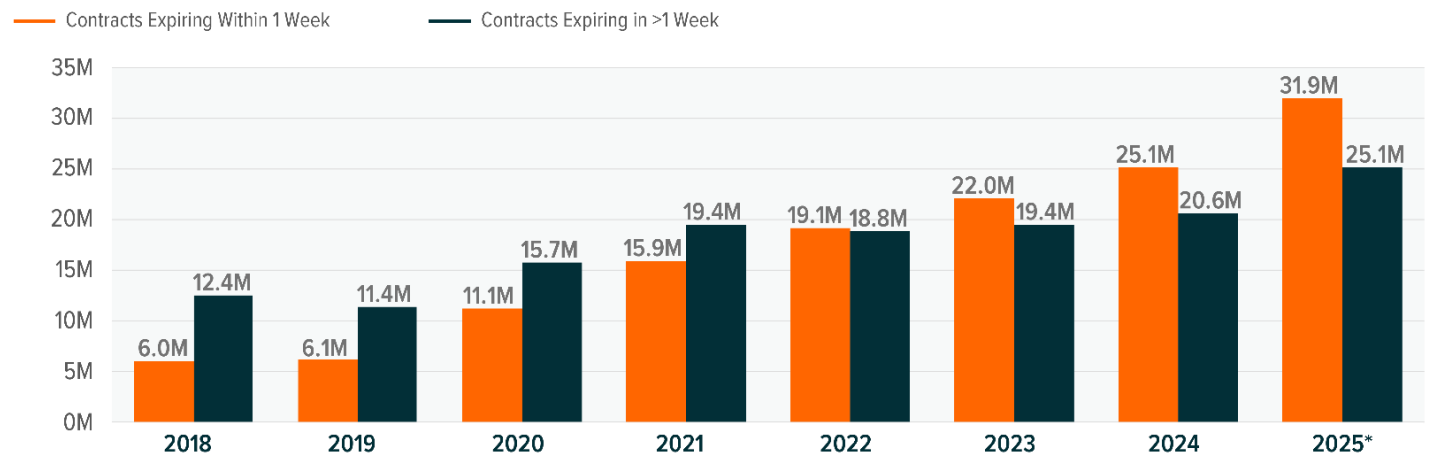
*Forecast for all 2025

Source: Schwartz, H. (2026, January 22). The State of the Options Industry: 2025. Cboe.

Alongside higher volumes, the composition of the options market has shifted meaningfully toward shorter-dated contracts. Weekly options have become increasingly liquid and widely adopted, providing market participants with more frequent opportunities to adjust exposure.

SHORTER-DATED CONTRACTS HAVE DISPLAYED BUDDING POPULARITY

Average Daily Option Volume by Days to Expiration



*Forecast for all 2025

Source: Cboe. (2025, October 29). The State of the Options Industry: Quarter Three 2025.

For investors, these developments increase the feasibility of implementing dynamic options-based income strategies within an ETF structure. Strategies that may otherwise require frequent trading, ongoing monitoring, and operational infrastructure can be delivered through a professionally managed, exchange-traded vehicle.



Systematic Framework for Targeting Defined Distributions

EDGX and EDGQ seek to generate income by maintaining long exposure to their respective reference assets and writing weekly call options in exchange for option premiums. Rather than relying on a fixed or predetermined level of option coverage, the funds employ a systematic process that adjusts the percentage of the portfolio covered each week in pursuit of their distribution rate objectives.

Each week, the funds seek to generate approximately 1/52nd of their stated annual distribution rate target, using option coverage as the primary lever to do so. At the start of each option cycle, the portfolio managers assess prevailing market conditions – including equity volatility, interest rates, and option pricing – to determine the amount of premium required for that week. This premium may be complemented with dividends received from the underlying equity holdings, seeking to achieve the desired weekly distribution.

When volatility is elevated, higher premiums may allow the funds to meet their weekly distribution targets while covering a smaller portion of the portfolio, leaving more exposure uncapped and available to participate in possible equity upside. Conversely, when volatility is lower, option premiums tend to compress, and a greater degree of coverage may be applied to achieve the targeted level of distribution.

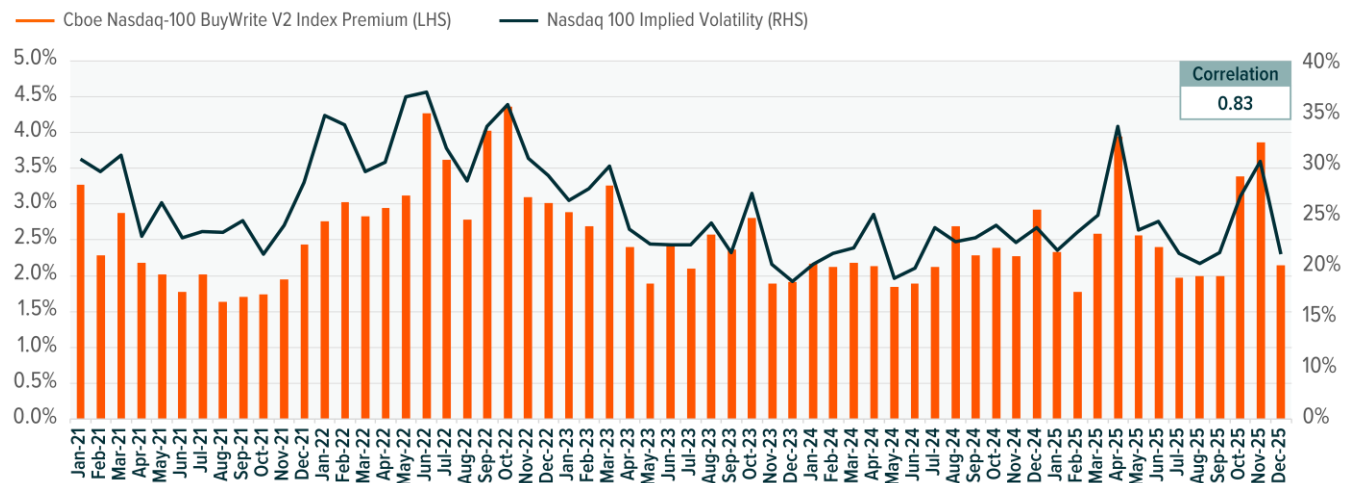
By recalibrating coverage on a weekly basis, the Income EdgeSM ETFs seek to internalize what might otherwise be a tactical coverage decision for investors, adjusting exposure as market conditions evolve.

The annualized distribution rate targets of EDGX and EDGQ – 9% and 13%, respectively – reflect the historical volatility profiles of their respective reference assets. The Nasdaq-100 has typically exhibited higher volatility than broader U.S. equity benchmarks, a profile that has historically supported greater option premium potential. As a result, EDGQ is structured with a higher annualized distribution rate target than EDGX, while both funds operate within a consistent investment framework.

This approach reflects the well-documented relationship between option premiums and market volatility. Historically, periods of elevated volatility have been associated with higher option premiums, while calmer markets have generally produced lower levels of income from option writing.

TIGHT RELATIONSHIPS BETWEEN IMPLIED VOLATILITY AND PREMIUMS

Cboe Nasdaq-100 BuyWrite V2 Index Premium vs. Nasdaq 100 Implied Volatility



Past performance is not a guarantee of future results.

Sources: Bloomberg L.P. and Cboe. Cboe Nasdaq-100 BuyWrite V2 Index premiums based on roll date volume weighted average prices and the Cboe Nasdaq-100 Volatility Index (VXN) from January 1st, 2021 to December 31st, 2025. Retrieved January 28th, 2026.

Variable Option Coverage and Weekly Implementation

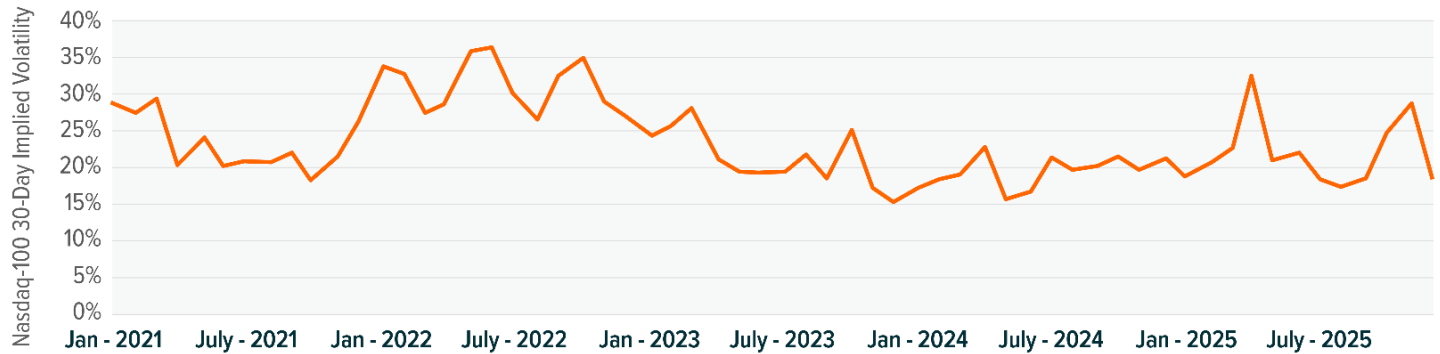
In a conventional covered call strategy, an investor typically holds a reference asset and writes call options against that position, generating income in exchange for capping a portion of the reference asset's upside. The degree to which upside is capped depends largely on how much of the portfolio is covered by call options, with higher coverage generally increasing income potential while limiting participation in rising markets.

Beyond the coverage ratio, volatility is a key driver of option premiums, but it does not evolve smoothly over time. As shown below, volatility levels observed on traditional monthly option roll dates have historically been uneven, often fluctuating meaningfully from one expiration to the next.



VOLATILITY HAS BEEN CHOPPY ON TRADITIONAL OPTION ROLL DATES

Cboe Nasdaq-100 Volatility Index



Sources: Bloomberg L.P, Cboe Nasdaq-100 Volatility Index on the third Friday of each month from January 15th, 2021 to December 19th, 2025. Retrieved January 28th, 2026.

The level of volatility present on that specific date can have an outsized influence on option premiums and portfolio positioning for the weeks that follow. In environments where volatility changes rapidly, this dynamic can leave premium generation more dependent on the timing of the roll itself.

The Income EdgeSM ETFs are designed to manage this trade-off. Rather than maintaining a fixed level of option coverage, the funds may dynamically adjust coverage levels in response to market conditions. This structure is intended to support income generation while maintaining exposure to equity price movements across varying volatility regimes. We expect the fund's coverage ratio to average approximately 25% over the long term, though actual coverage may fluctuate meaningfully from week to week and is not fixed, targeted, or guaranteed. In periods of elevated volatility, option coverage may compress well below 25%, while in lower-volatility environments, coverage may expand well above 25%.

A key enabler of this approach is the use of weekly call options. Shorter-dated contracts allow the portfolio managers to reassess market conditions and recalibrate coverage more frequently, reducing reliance on any single option roll date.

The potential relevance of this structure was evident in 2025, when the Nasdaq-100 experienced sharp, event-driven moves. In early April following Liberation Day, the Nasdaq-100 declined 12.71% from April 2 to April 8, 2025, before rebounding 14.53% on a total return basis through the end of the month.¹ In such environments, strategies that reset option exposure more frequently may be better able from a portfolio management perspective to respond to rapidly changing conditions, rather than remaining tied to a monthly roll established prior to the event.

By combining weekly option writing with variable coverage, the Income EdgeSM ETFs seek to internalize what might otherwise require ongoing tactical decision-making by the investor, adjusting option coverage as volatility and market conditions evolve within a disciplined, rules-based framework.

Conclusion: Defined Annualized Distribution Rate Targets Within a Systematic Covered Call Strategy

The Global X Income EdgeSM ETFs build on Global X's lineup of covered call funds by introducing a weekly option strategy designed to target defined annualized distribution rates. By pairing systematic call writing with a flexible coverage approach, EDGX and EDGQ aim to deliver distributions while maintaining exposure to equity market movements. In doing so, the Income EdgeSM ETFs offer investors an additional way to pursue equity income within the Global X covered call framework.

Related ETFs

[EDGX – Global X U.S. 500 Income EdgeSM ETF](#)

[EDGQ – Global X Nasdaq-100® Income EdgeSM ETF](#)

Click the fund name above to view current performance and holdings. Holdings are subject to change. Current and future holdings are subject to risk.

Footnotes

1. Bloomberg L.P. Retrieved January 28th, 2026.



Glossary

Cboe Nasdaq -100 BuyWrite V2 Index: An index designed to measure the total return of a covered call strategy on the Nasdaq-100 Index. The index reflects a strategy that holds a portfolio replicating the Nasdaq-100 while systematically selling (writing) one-month, at-the-money Nasdaq-100 (NDX) call options. The call options are rolled monthly, on the third Friday of each month.

Cboe Nasdaq 100 Volatility Index (VXN): Commonly referred to as VXN, reflects a market estimate of future volatility of the Nasdaq 100, based on the weighted average of the implied volatilities of the same index.

Correlation: Correlation indicates the strength of the linear relationship between two different variables. It is measured from -1 to 1. A correlation that is greater than zero indicates a positive relationship. A value that is less than zero signifies an inverse relationship. A value closer to 1 or -1 indicates a strong relationship whereas a value of zero indicates no relationship between the two variables.

Distribution Rate: The annual rate an investor would receive if the most recent fund distribution remained the same going forward. The rate represents a single distribution from the fund and does not represent total return of the fund. The distribution rate is calculated by annualizing the most recent distribution and dividing by the most recent fund NAV.

Roll Date: The specific day or period when traders close out positions in an expiring contract and simultaneously open new positions in a contract with a later maturity date.

Solactive GBS United States 500 Index: Market index tracking performance of the largest 500 companies in the U.S. stock market based on market capitalization, weighted by free float market capitalization.

Investing involves risk, including the possible loss of principal. The funds are subject to certain principal risks, including: Active Management Risk; Derivatives Risk; Depositary Receipts Risk; Equity Securities Risk; ETF Investment Risk; Large-Capitalization Companies Risk; Covered Call Option Writing Risk; Cybersecurity Risk; FLEX Options Risk; Risks Related to Investing in the Information Technology Sector; Risk of Investing in Developed Markets and the United States; Issuer Risk; Market Risk; New Fund Risk; Non-Diversification Risk; Operational Risk; Options Premium Tax Risk; Risks Associated with Exchange-Traded Funds, including Authorized Participants Concentration Risk, Large Shareholder Risk, Listing Standards Risk, and Market Trading Risks and Premium/Discount Risks; Trading Halt Risk; Turnover Risk; and Valuation Risk. EDGQ is also subject to Depositary Receipts Risk; Risks Related to Investing in the Semiconductors and Semiconductor Equipment Industry; and Foreign Securities Risk.

There is no assurance the Fund will achieve its target annualized distribution rates. The actual distributions the Fund makes over a one-year period may deviate from its intended target annualized distribution rate. Concentration in a particular industry or sector will subject the funds to loss due to adverse occurrences that may affect that industry or sector. Investors in the funds should be willing to accept a high degree of volatility in the price of the fund's shares and the possibility of significant losses.

The funds engage in options trading. An option is a contract sold by one party to another that gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed upon price within a certain period or on a specific date. A covered call option involves holding a long position in a particular asset and writing a call option on that same asset with the goal of realizing additional income from the option premium. By selling covered call options, the fund limits its opportunity to profit from an increase in the price of the underlying index above the exercise price, but continues to bear the risk of a decline in the index. A liquid market may not exist for options held by the fund. While the fund receives premiums for writing the call options, the price it realizes from the exercise of an option could be substantially below the index's current market price.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Carefully consider the funds' investment objectives, risks, and charges and expenses before investing. This and other information can be found in the funds' summary or full prospectus. Please read the prospectus carefully before investing.

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