

MODEL PORTFOLIO TRADE ALERT • MIGHTY MICROS

ATAI Cash Repositioned into On Holding (ONON)

Model updated September 23, 2026 | One model affected | No other models changed

NOT INVESTMENT ADVICE. This alert describes a change to a hypothetical model portfolio. It is general information for educational purposes, not a recommendation that you buy or sell any security, and it does not consider your personal financial situation, goals or risk tolerance. Do your own research and consider speaking with a licensed financial professional before making any investment decision.

SOURCE OF FUNDS

ATAI cash

Proceeds from Eli Lilly's \$6.75-per-share cash acquisition, closed Sept. 11.

NEW POSITION

ONON

On Holding AG, Swiss premium running and sportswear brand (NYSE).

TARGET WEIGHT

3.03%

Equal weight in the model, 1 of 33 positions. Model remains fully invested.

The Trade

Action	Security	Ticker	Model	Target Weight	Notes
CLOSED	AtaiBeckley Inc	ATAI	Mighty Micros	0.00%	Converted to cash at \$6.75/share plus one CVR on Sept. 11
ADDED	On Holding AG	ONON	Mighty Micros	3.03%	Model's ATAI cash proceeds redeployed today

Eli Lilly completed its acquisition of AtaiBeckley on September 11, and each ATAI share was converted into \$6.75 in cash, a roughly 40% premium to the stock's 30-day average before the deal was announced, plus one contingent value right (CVR). A CVR is a right to a possible future cash payment, in this case up to \$2.50 per share, that is paid only if specified clinical and regulatory milestones are met. That left the ATAI portion of the Mighty Micros model sitting in cash. Today we moved that cash into On Holding within the model. The CVR remains attached to the former position, but because any payout depends on future milestones, we carry it at no model weight.

Why We Added On Holding at These Levels

The points below reflect our opinion as of today and could prove wrong. On is a different kind of Mighty Micros name than the technology and energy themes around it, but it fits the model's purpose: a fast-growing company we believe the market is pricing as if its best years are behind it.

- **A reset share price.** ONON is down more than 35% this year after a guidance cut following the second quarter and weakness across athletic footwear. Even after this week's investor-day rally, the stock trades well below where it began 2026.

- **Growth for close to a mature-brand multiple.** Measured by its forward price-to-earnings ratio (share price divided by expected earnings over the next year), ONON now trades roughly in line with Nike, whose sales are shrinking. On is still growing at a double-digit pace, so on a growth-adjusted basis we think investors are paying far less for its growth than they have historically.
- **A healthy, self-funding business.** Second-quarter revenue grew about 22% to CHF 850 million, with CHF 105 million of net income and CHF 225 million of operating cash flow. In a higher-for-longer rate backdrop, a profitable brand with ample liquidity and little need to borrow is exactly what we want.
- **Credible targets, backed by a buyback.** At its September 22 investor day, On set 2029 goals of at least CHF 5.6 billion in sales, gross margin above 65% and adjusted EBITDA margin of at least 22%, and authorized its first-ever share repurchase of up to \$1 billion through 2029.
- **New categories to grow into.** On is expanding into soccer and golf, led by a ten-year partnership with Kylian Mbappé, who left Nike after two decades.

Risks to Understand

The recent guidance cut shows growth can slow, and 2029 targets are goals rather than results. Soccer puts On head to head with Nike and Adidas in their strongest categories. Results are reported in Swiss francs, so currency moves matter for U.S. investors, and a slowdown in discretionary spending would hit a premium brand. The stock is volatile, having jumped more than 10% in a single day this week. Holding it at an equal weight alongside 32 other names keeps the position sized for that risk within the model. Mighty Micros is our highest-risk model: it holds smaller, more volatile companies, and it can lose value quickly. It may not be suitable for investors with short time horizons or low risk tolerance.

What This Means for Model Followers

In the Mighty Micros model, ONON now takes the place of ATAI at an equal weight of about 3.0%. Whether this change makes sense for your own account depends on your situation, including your other holdings, taxes, costs and how much risk you can take. The model does not account for any of these, and prices you pay may differ from those at the time of this alert. If you owned ATAI, any CVR payments would be made to CVR holders under the terms of the merger agreement; check with your broker about how CVRs appear in your account. Monarchs, Dividend All Star, Income Monsters, KISS Growth and KISS Growth & Income are unchanged.

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