



RETAIL SUBSCRIBERS

Monthly Model Portfolio Report

September 2026 | Six Model Portfolios | Holdings as of month-end

PORTFOLIO CHANGES

1 Swap

ATAI acquired by Eli Lilly; replaced with On Holding (ONON) in Mighty Micros.

THE BIG NEWS

Fed +25 bp

Fed funds target raised to 3.75%-4.00% on Sept. 16.

MODELS COVERED

6

130 total positions across all six models.

NOT INVESTMENT ADVICE. This report describes hypothetical model portfolios for general information and education. It is not a recommendation to 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.

Market Commentary: The Fed Turns

The headline this month came out of Washington. On September 16 the Federal Open Market Committee voted 12-0 to raise the federal funds target range by 25 basis points (0.25 percentage point) to 3.75%-4.00%. It was the Fed's first rate increase since July 2023, and it reverses part of the easing cycle that brought the range down to 3.50%-3.75% last year. The committee pointed to economic activity that continues to expand at a solid pace while inflation remains elevated relative to its 2% goal.

The move itself was well telegraphed. Futures markets had priced better than a 90% probability of a hike heading into the meeting, following Chair Kevin Warsh's remarks at Jackson Hole in August, and equities finished higher on the day of the announcement. The more important signal for us sits in the projections: the updated "dot plot," which maps each official's rate forecast, shows a strong majority of participants expecting at least one more increase this year, and the path for 2027 is divided. Longer-term Treasury yields have moved up meaningfully since late August. In short, the market should now plan for a higher-for-longer rate backdrop rather than a return to cuts.

One change, driven by a corporate action. We did not change any model around the Fed decision. We view the hike as a confirmation of conditions our models are already built for, not a surprise that requires repositioning. The only change this month came in Mighty Micros, where Eli Lilly completed its acquisition of AtaiBeckley (ATAI) on September 11. Within the model, we moved the cash proceeds into On Holding (ONON), a premium athletic brand we believe is trading at an attractive valuation after a difficult year. Details follow on the next page. Every other model is unchanged, and we are watching incoming inflation data and the October 27-28 meeting for evidence of whether a second hike is coming.

Portfolio Change: ATAI Out, ONON In

Model	Action	Security	Ticker	Target Weight
Mighty Micros	Removed	AtaiBeckley Inc	ATAI	Acquired; position closed
Mighty Micros	Added	On Holding AG	ONON	3.03% (equal weight)

Why ATAI left the model

Eli Lilly agreed in July to acquire AtaiBeckley for \$6.75 per share in cash, roughly a 40% premium to the stock's 30-day average price, plus one contingent value right (CVR) per share. A CVR is a right to a possible future cash payment, here up to an additional \$2.50 per share, paid only if specified clinical and regulatory milestones are reached. The deal closed on September 11 and ATAI stopped trading. The acquisition validates the thesis that brought ATAI into Mighty Micros: its neuroplastogen pipeline had real strategic value. The CVR stays attached to the former position, but because any payout depends on future milestones we assign it no model weight.

Why On Holding, and why now

The points below reflect our opinion as of publication and could prove wrong. On Holding is the Swiss maker of performance running shoes and apparel. It differs from the technology names around it, but fits the model's purpose: a fast-growing brand that we believe the market is pricing as if its best years are behind it.

- **The price has reset.** ONON shares fell more than 35% this year, weighed down by a guidance cut after the second quarter and weakness across athletic footwear. Even after the rally that followed this week's investor day, the stock sits well below where it started the year.
- **Valuation has compressed to near a mature peer.** Measured by its forward price-to-earnings ratio (share price divided by expected earnings over the next year), ONON now trades at a multiple roughly in line with Nike, a company 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 On's growth than they have historically.
- **The business is healthy.** Second-quarter revenue grew about 22% to CHF 850 million, with net income of CHF 105 million and operating cash flow of CHF 225 million. The balance sheet carries ample liquidity, and the company does not depend on cheap credit, which matters in the rate backdrop described on page 1.
- **Management has set credible targets and is backing them with cash.** At its September 22 investor day, On set 2029 targets of at least CHF 5.6 billion in sales, gross margin above 65% and adjusted EBITDA margin of at least 22%, implying high-teens annual growth while holding its premium pricing. It also authorized its first-ever share buyback, up to \$1 billion through 2029.
- **New growth markets are opening.** On is expanding into soccer and golf, both large categories with high price points. The ten-year partnership with Kylian Mbappé, who left Nike after two decades, gives the brand a global marquee name for that push.

What we are watching

This is not a risk-free position. The recent guidance cut shows growth can slow, and the 2029 targets are goals, not results. Competing in soccer puts On directly against Nike and Adidas in their strongest categories, which will be expensive. On reports in Swiss francs, so currency moves affect results for U.S. investors, and as a premium consumer brand it is exposed to any slowdown in discretionary spending. The stock is also volatile, having jumped more than 10% in a single day after the investor day. 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 and may not suit investors with short time horizons or low risk tolerance.

What Higher Rates Mean Across Our Models

Mighty Micros	Small caps are the most rate-sensitive part of the equity market, and this fully invested, equal-weighted model will feel that. Equal weighting at about 3% per position limits the damage any single name can do, and this month's swap adds a profitable, cash-generating consumer brand that does not rely on borrowing.
Income Monsters	The business development companies, or BDCs (ARCC, BXSL), lend to mid-sized private companies and largely hold floating-rate loans, so their income tends to benefit from higher short-term rates. REITs and utilities (O, WPC, PSA, BKH) face more pressure from rising yields, and we are monitoring them closely.
Dividend All Star	Balance-sheet strength matters more when money costs more. This model leans on established dividend payers with durable cash flows across staples, industrials, healthcare and defense.
Monarchs	Mega-cap and AI-infrastructure leaders are largely self-funding and less dependent on cheap credit, which makes them better positioned than most growth stocks in a rising-rate environment.
KISS Growth & Income	The 20% position in the iShares Core US Aggregate Bond ETF (AGG) now reinvests at higher yields, which over time supports the model's income, even if bond prices are pressured near term.
KISS Growth	Broad, low-cost index exposure anchored by the S&P 500 (VOO at 55%). The model is designed to stay the course through rate cycles, so we made no changes.

Model Summary

Model	Mandate	Positions	Weighting	Largest Position	Change
Monarchs	Large-cap growth leaders	30	Equal	Each 3.33%	No change
Mighty Micros	Small and micro-cap growth themes	33	Equal	Each 3.03%	ATAI out, ONON in
Dividend All Star	Diversified quality dividend payers	40	Equal	Each 2.50%	No change
Income Monsters	High current income	17	Targeted	CSQ, EVT, MCI (10.0% each)	No change
KISS Growth	Simple ETF growth allocation	4	Targeted	VOO (55.0%)	No change
KISS Growth & Income	Simple ETF balanced allocation	6	Targeted	VOO (25.0%)	No change

All weights are target model allocations. The only change during September 2026 was the replacement of AtaiBeckley (ATAI) with On Holding (ONON) in Mighty Micros following ATAI's acquisition.

Model Holdings

MONARCHS			MIGHTY MICROS		
Holding	Ticker	Weight	Holding	Ticker	Weight
Adobe Inc	ADBE	3.33%	Ambarella Inc	AMBA	3.03%
Airbnb Inc Class A	ABNB	3.33%	Arista Networks Inc	ANET	3.03%
Alphabet Inc Class A	GOOGL	3.33%	Astera Labs Inc	ALAB	3.03%
Amazon.com Inc	AMZN	3.33%	BigBear.ai Holdings Inc	BBAI	3.03%
Apple Inc	AAPL	3.33%	CACI International Inc Class A	CACI	3.03%
Blackstone Inc	BX	3.33%	Cognex Corp	CGNX	3.03%
Broadcom Inc	AVGO	3.33%	Definium Therapeutics Inc	DFTX	3.03%
Ciena Corp	CIEN	3.33%	Huntington Ingalls Industries Inc	HII	3.03%
Constellation Energy Corp	CEG	3.33%	Innodata Inc	INOD	3.03%
CrowdStrike Holdings Inc Class A	CRWD	3.33%	IonQ Inc	IONQ	3.03%
Cummins Inc	CMI	3.33%	IREN Ltd	IREN	3.03%
Datadog Inc Class A	DDOG	3.33%	JFrog Ltd	FROG	3.03%
Freeport-McMoRan Inc	FCX	3.33%	Kratos Defense & Security Solutions Inc	KTOS	3.03%
Intuitive Surgical Inc	ISRG	3.33%	Nano Nuclear Energy Inc	NNE	3.03%
Meta Platforms Inc Class A	META	3.33%	NioCorp Developments Ltd	NB	3.03%
Micron Technology Inc	MU	3.33%	NuScale Power Corp Class A	SMR	3.03%
Microsoft Corp	MSFT	3.33%	Oklo Inc Class A	OKLO	3.03%
MP Materials Corp Class A	MP	3.33%	On Holding AG NEW	ONON	3.03%
Netflix Inc	NFLX	3.33%	Ouster Inc Class A	OUST	3.03%
NVIDIA Corp	NVDA	3.33%	Perpetua Resources Corp	PPTA	3.03%
Oracle Corp	ORCL	3.33%	PROCEPT BioRobotics Corp	PRCT	3.03%
Palantir Technologies Inc Class A	PLTR	3.33%	Rambus Inc	RMBS	3.03%
Seagate Technology Holdings PLC	STX	3.33%	Rezolve AI PLC	RZLV	3.03%
ServiceNow Inc	NOW	3.33%	SharkNinja Inc	SN	3.03%
Shopify Inc Class A	SHOP	3.33%	SoundHound AI Inc Class A	SOUN	3.03%
Snowflake Inc	SNOW	3.33%	Symbotic Inc Class A	SYM	3.03%
Taiwan Semiconductor Manufacturing ADR	TSM	3.33%	Talen Energy Corp	TLN	3.03%
Tesla Inc	TSLA	3.33%	Textron Inc	TXT	3.03%
Uber Technologies Inc	UBER	3.33%	UiPath Inc Class A	PATH	3.03%
Walt Disney Co	DIS	3.33%	Uranium Energy Corp	UEC	3.03%
			USA Rare Earth Inc	USAR	3.03%
			V2X Inc	VVX	3.03%
			Zeta Global Holdings Corp Class A	ZETA	3.03%
Total (30 positions)		100%	Total (33 positions)		100%

INCOME MONSTERS		
Holding	Ticker	Weight
Altria Group Inc	MO	5.00%
Ares Capital Corp	ARCC	5.00%
Barings Corporate Investors	MCI	10.00%
Black Hills Corp	BKH	5.00%
Blackstone Secured Lending Fund	BXSL	5.00%
Calamos Strategic Total Return	CSQ	10.00%
Energy Transfer LP	ET	5.00%
Enterprise Products Partners LP	EPD	5.00%
EV Tax Advantaged Dividend Inc	EVT	10.00%
iShares Preferred & Income Securities ETF	PFF	5.00%
MPLX LP Partnership Units	MPLX	5.00%
Philip Morris International Inc	PM	5.00%
Public Storage	PSA	5.00%
Realty Income Corp	O	5.00%
United Parcel Service Inc Class B	UPS	5.00%
Verizon Communications Inc	VZ	5.00%
W.P. Carey Inc	WPC	5.00%
Total (17 positions)		100%

KISS GROWTH		
Holding	Ticker	Weight
Vanguard Dividend Appreciation ETF	VIG	20.00%
Vanguard Information Technology ETF	VGT	15.00%
Vanguard MStar Small Cap Growth ETF	VBK	10.00%
Vanguard S&P 500 ETF	VOO	55.00%
Total (4 positions)		100%

KISS GROWTH & INCOME		
Holding	Ticker	Weight
iShares Core US Aggregate Bond ETF	AGG	20.00%
Vanguard Dividend Appreciation ETF	VIG	15.00%
Vanguard High Dividend Yield ETF	VYM	15.00%
Vanguard Information Technology ETF	VGT	15.00%
Vanguard Real Estate ETF	VNQ	10.00%
Vanguard S&P 500 ETF	VOO	25.00%
Total (6 positions)		100%

DIVIDEND ALL STAR			DIVIDEND ALL STAR (CONT.)		
Holding	Ticker	Weight	Holding	Ticker	Weight
AbbVie Inc	ABBV	2.50%	Kimberly-Clark Corp	KMB	2.50%
Aflac Inc	AFL	2.50%	Lockheed Martin Corp	LMT	2.50%
Air Products and Chemicals Inc	APD	2.50%	McDonald's Corp	MCD	2.50%
Archer-Daniels-Midland Co	ADM	2.50%	Medtronic PLC	MDT	2.50%
Assurant Inc	AIZ	2.50%	Microsoft Corp	MSFT	2.50%
Automatic Data Processing Inc	ADP	2.50%	Nike Inc Class B	NKE	2.50%
Bristol-Myers Squibb Co	BMJ	2.50%	Northrop Grumman Corp	NOC	2.50%
Chevron Corp	CVX	2.50%	PepsiCo Inc	PEP	2.50%
Chubb Ltd	CB	2.50%	Philip Morris International Inc	PM	2.50%
Clorox Co	CLX	2.50%	Polaris Inc	PII	2.50%
Coca-Cola Co	KO	2.50%	Procter & Gamble Co	PG	2.50%
Colgate-Palmolive Co	CL	2.50%	Realty Income Corp	O	2.50%
Consolidated Edison Inc	ED	2.50%	Stanley Black & Decker Inc	SWK	2.50%
Cummins Inc	CMI	2.50%	Sysco Corp	SYI	2.50%
Diageo PLC ADR	DEO	2.50%	The Travelers Companies Inc	TRV	2.50%
Emerson Electric Co	EMR	2.50%	Unilever PLC ADR	UL	2.50%
General Dynamics Corp	GD	2.50%	Union Pacific Corp	UNP	2.50%
Genuine Parts Co	GPC	2.50%	Verizon Communications Inc	VZ	2.50%
Illinois Tool Works Inc	ITW	2.50%	Waste Management Inc	WM	2.50%
Kenvue Inc	KVUE	2.50%	Williams-Sonoma Inc	WSM	2.50%
			Total (40 positions)		100%

Important Disclosures

Not investment advice. This publication is provided by The Lunatick Investor for general informational and educational purposes only. Nothing in it is a personalized recommendation, an offer or a solicitation to buy or sell any security. We do not know your financial circumstances, and this content is not a substitute for advice from a licensed financial, tax or legal professional who does.

Hypothetical model portfolios. Model portfolios are hypothetical. They do not represent actual accounts or trading, and they do not reflect fees, commissions, taxes or the prices at which you can buy or sell. Your results will differ from the model, possibly by a large amount.

Risk. All investing involves risk, including the possible loss of your entire investment. Small-cap and single-stock positions can be especially volatile. Past performance does not guarantee future results, and targets or forecasts discussed here, including company targets, may not be achieved.

Opinions and sources. Views expressed, including market commentary, are our opinions as of the date of publication and may change without notice; we are not obligated to update this report. Figures come from company filings, investor presentations and third-party data believed reliable but not guaranteed. Valuation comparisons are approximate.

Conflicts. The Lunatick Investor, its principals or affiliates may hold positions in securities discussed and may trade them at any time, including before or after publication.

Use. This material is for the personal use of subscribers and may not be reproduced or redistributed without written permission.

Reading this report. Weights shown are target model allocations; actual weights drift as prices move. Model changes described here are changes to the hypothetical models, not trades in any account. Whether any change suits you depends on your own holdings, taxes, costs and risk tolerance.