

TRADE ALERT • MIGHTY MICROS

ATAI Cash Repositioned into On Holding (ONON)

Executed at market September 23, 2026 | One model affected | No other models changed

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, 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
BUY	On Holding AG	ONON	Mighty Micros	3.03%	Full 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) worth up to \$2.50 if specified clinical and regulatory milestones are met. That left the ATAI sleeve of Mighty Micros sitting in cash. Today we put that cash back to work in On Holding. The CVR remains attached to the former position, but because any payout depends on future milestones, we carry it at no model weight.

Why On Holding, at These Levels

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.** On a forward earnings basis, 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 We Are Watching

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.

What Subscribers Should Do

Subscribers following Mighty Micros can redeploy any cash received from the ATAI acquisition into ONON, targeting an equal weight of about 3.0% of the model. No action is needed on the ATAI CVR at this time; any milestone payments would be paid to CVR holders under the terms of the merger agreement. Monarchs, Dividend All Star, Income Monsters, KISS Growth and KISS Growth & Income are unchanged.

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