

This material is intended solely for professional and institutional investors and does not constitute investment advice to any person. It may not be reproduced, sold or redistributed, in whole or in part, without the written consent of K2 Capital Limited.

Micron After Dark

A Volatility Filter, Not a Money Machine: Initiating Strategy Coverage at Avoid

A chart circulating on social media says that buying Micron at every close since 1990 and selling at the next open made over 138 million percent, while the reverse lost 99%. Both numbers check out on paper, but they are two halves of one ledger: multiply them and you get Micron's buy-and-hold return. The night trade is not a money machine. It is a volatility filter. Since Micron moved to Nasdaq at the end of 2009, the night leg has compounded at 48% a year with 30% volatility, against 31% and 51% for buy-and-hold: the trading day carried 63% of the variance and lost money. The anomaly is real and broad: the night beat the day in all 18 large US stocks and ETFs we tested since 1993. But as a strategy it fails three tests, taxes, hindsight and decay, and we initiate strategy coverage at Avoid.

- **Avoid the standalone trade.** On our scorecard (Table 1), Micron's night leg falls from 48.4% gross to 37.6% after 3bp per round trip and 23.1% after US tax at short-term rates, against 29.4% for buy-and-hold. **Picked in advance rather than with hindsight, the five names with the widest trailing night-day gap earned 22.3% a year since 1997 (net), against 23.8% for simply owning them, and 23.7% against 37.5% since 2020.** The edge is fading: the gap is significant for 12 of 18 names since 1993 but 3 since 2020.
- **What the night is really worth: less risk, not more return.** The night leg's return-to-risk ratio of 1.45 is almost double buy-and-hold's 0.79, and beat it in 15 of 18 names since 1993 (10 since 2020). Turning that into more money needs leverage, and leverage meets gap risk: Micron's worst night since 2010 was a 15.6% fall. Costs are not the binding constraint for liquid names: Micron's break-even is 15.7bp per round trip. Where the anomaly does help is as an execution habit: buying on the close rather than the open saved Micron buyers 4.8bp a trade on average since 2010, but cost SPY, NVIDIA and Apple buyers money.
- **The viral claim, corrected.** What holds: the 138 million percent (our series from January 1990 matched it in mid-June; it is 177 million percent today), the -99%, the breadth, and the clientele story, with institutions concentrated at the close (closing auctions handle about 10% of US volume, opening auctions under 1%). What does not: buy-and-hold investors do not "skip the part that pays", they collect it; earnings nights explain only 4% of Micron's night return; a 57% nightly win rate is not a strategy; and pre-1993 open prices are unreliable.

Avoid

Night-only: buy close, sell open

Case study: MU, MU US

Price (20 Aug 26): \$974.33

Backtest: Jan-10 to Aug-26

Initiation of strategy coverage

Quantitative Equity Strategy

K2 Capital Limited

research@k2-capital.co

Backtest Snapshot (MU, 2010-26)

	Night	Day	B&H
Gross CAGR	48.4%	(11.4%)	31.5%
Net of 3bp/round trip	37.6%	(17.8%)	31.5%
After US tax*	23.1%	(17.8%)	29.4%
Volatility	30%	40%	51%
Return/risk	1.45	(0.11)	0.79
Max drawdown	(54%)	(95%)	(74%)
Win rate	56.7%	49.5%	51.4%

Night vs. Day Scorecard

Of 18 names	1993+	2010+	2020+
Night beats day	18	16	15
Gap significant (t>2)	12	9	3
Night better return/risk	15	13	10
Night beats B&H, net	2	2	1

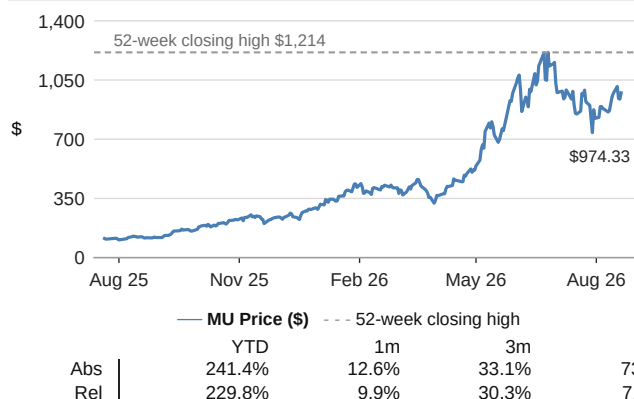
18 US large-cap stocks and ETFs; night = close to next open, day = open to close. Net = after 3bp per round trip. *Top US federal rates: 40.8% short-term, 23.8% long-term.

Sources for: Backtest Snapshot and Scorecard: Yahoo Finance daily prices (to 20 Aug 2026), K2 Capital calculations. Closing-auction share: Tethys (Aug 2025), Rosenblatt Securities (Jul 2026). All other data are company filings and K2 Capital estimates.

See page 10 for analyst certification and important disclosures.

K2 Capital Limited and its personnel may hold positions in, and may trade, securities discussed in this report, including positions inconsistent with its rating. Investors should consider this report as only a single factor in making their investment decision.

Price Performance



Company and Strategy Data

Price, 20-Aug-26 (\$)	974.33
52-week range, intraday (\$)	1,255.00-114.25
Shares outstanding (mn)	1,129.4
Market cap (\$ bn)	1,100
Value traded, 3m avg (\$ bn/day)	46.7
Listing	Nasdaq (from NYSE, 30-Dec-09)
Next results	Late Sep 2026 (expected)
Consensus (Buy Hold Sell), 18-Aug-26	29 1 0
Consensus PT (\$)	1,568
Backtest sample (trading days)	Jan-10 to Aug-26 (4,183)
Night win rate vs day	56.7% vs 49.5%
Night minus day, t-stat	4.84
Break-even cost (bp/round trip)	15.7
Earnings nights' share of night return*	4%

Key Metrics: Night vs. Day

Micron, by period	2001-09	2010-19	2020-26
Night (close to open)			
CAGR	37.5%	50.2%	45.8%
Volatility	30.5%	25.7%	36.5%
Return/risk	1.20	1.71	1.22
Win rate	55.6%	58.6%	53.7%
Average night (bp)	12.7	16.1	15.0
Day (open to close)			
CAGR	(36.4%)	(21.6%)	6.6%
Volatility	54.1%	38.9%	40.5%
Win rate	44.9%	48.4%	51.1%
Average day (bp)	(18.0)	(9.7)	2.5
Buy and Hold (close to close)			
CAGR	(12.6%)	17.7%	55.3%
Volatility	62.0%	47.3%	55.4%
Return/risk	0.09	0.58	1.07
The Gap			
Night minus day (bp/day)	30.7	25.8	12.5
t-statistic	3.71	4.87	1.79
Years night beats day	8 of 9	9 of 10	5 of 7
Night net of 3bp, CAGR	27.5%	39.2%	35.2%

Summary Strategy Thesis and Verdict

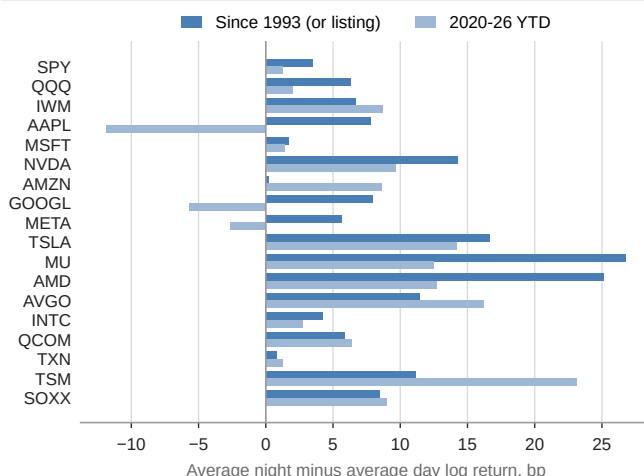
Strategy Thesis

Over Micron's history all of the return, and more, has come between the close and the next open, and the open-to-close session has lost money in most years. That is the most extreme case of a broad, well-documented pattern: in all 18 names we tested the average night beat the average day. The literature's best explanation is a clientele "tug of war": individuals buy at the open, institutions trade during the day and into the close. Our evidence fits it. It is not an earnings premium (4% of Micron's night return), and it is not mainly a data artefact after 1993. But it does not make a better strategy than owning the stock: the night leg keeps most of the return and drops most of the risk, and a US taxpayer then hands the advantage back. Verdict: Avoid.

Verdict

Avoid as a standalone strategy. Table 1 takes Micron's night leg from 48.4% gross to 23.1% after costs and US tax, below buy-and-hold's 29.4%; an ex-ante rule that picks the strongest night-bias names lagged buy-and-hold of the same names by 1.5pp a year since 1997 and 13.8pp since 2020. For tax-exempt investors the night leg is a legitimate volatility filter for high-beta names, and we would use it only as that: as an execution habit, buy at the close rather than the open in names where the day session has bled. Verdict: Avoid.

Night Minus Day, by Name



Source: Yahoo Finance daily prices to 20 Aug 2026, Micron filings, K2 Capital calculations. Rel. performance vs S&P 500. Price chart: daily closes, Aug-25 to Aug-26. Returns are dividend-adjusted; night = previous close to open, day = open to close. *Mar-02 to Aug-26, using Micron's earnings release timestamps. Shares outstanding: Form 10-Q cover, 17 Jun 2026. Consensus: TipRanks.

- **Market Structure Update.** (1) Closing auctions handle roughly a tenth of US volume (median 12.4% on NYSE, 10.1% on Nasdaq; Tethys, 2025), opening auctions under 1%. (2) Retail flow keeps moving earlier: pre-market is now over 5% of retail notional, from about 1% in 2019, while the last half hour fell to 6-7% from 10-12% (Citadel Securities, 2025). (3) NightShares' NSPY and NIWM, the only US ETFs built to harvest the night, lost money while the S&P 500 rose 22% and closed in August 2023 with about \$5M in assets. (4) On 17 August Nasdaq set 6 December for the start of its overnight session, subject to final approvals, with no opening or closing orders overnight; NYSE Arca and Cboe are on similar timetables and DTCC moved to 24x5 clearing in late June. (5) Small orders trade cheaply (a cent on a \$974 share is ~0.1bp; the SEC fee is \$20.60 per million on sales), but closing-auction impact averages 17.7bp for an order of 1% of daily volume (Journal of Financial and Quantitative Analysis, 2026). **All told, trading the gap is cheap for small size in liquid names, so the case against it rests on taxes, selection and decay, while the clock that defines it is changing.**
- **2026 Year-to-Date Summary (Micron).** Micron is up 241% this year to 20 August. Both legs made money: the night leg 143% and the day leg 41%, so buy-and-hold beat the night-only trade, as it did in 2025 and in 5 of the 7 calendar years since 2020. Fiscal Q3 results, released after the close on 24 June, showed revenue of \$41.5bn and non-GAAP EPS of \$25.11, with Q4 guidance of \$50bn and \$31.00; the shares opened 17.6% higher the next morning. The pattern of 2010-19, when the day lost 22% a year, has not held since 2020, when the gap fell to 12.5bp a day ($t = 1.79$). See Figure 1.

Table 1: Micron Night-Only Strategy Scorecard, Jan-10 to Aug-26

CAGR in % a year; \$10,000 invested on 4 Jan 2010

	Day only	Night only	Buy and hold
Hours invested per week	32.5	135.5	168.0
Round trips per year	252	252	0
Gross CAGR	(11.4%)	48.4%	31.5%
Annualised volatility	39.5%	30.5%	50.7%
Return/risk ratio	(0.11)	1.45	0.79
Maximum drawdown	(95.4%)	(53.7%)	(73.8%)
Less: costs at 3bp per round trip	(6.4)pp	(10.8)pp	-
Net CAGR	(17.8%)	37.6%	31.5%
Less: US tax (top federal rates)	-	(14.5)pp	(2.1)pp
After-tax CAGR	(17.8%)	23.1%	29.4%
\$10,000 becomes: gross	\$1,336	\$7.1M	\$946k
\$10,000 becomes: after costs and tax	\$381	\$316k	\$723k
Strategy Verdict		Avoid	
After-tax CAGR vs buy and hold		(6.3)pp	

Source: Yahoo Finance daily prices, K2 Capital calculations. Night: buy on the close, sell on the next open (auction orders); day: the reverse. 3bp per round trip covers fees and impact. Tax: night and day gains taxed yearly at 40.8%, losses carried forward; buy and hold taxed once at 23.8% on sale in Aug-26. Return/risk: annualised mean over volatility.

Figure 1: Micron Night vs. Day by Period

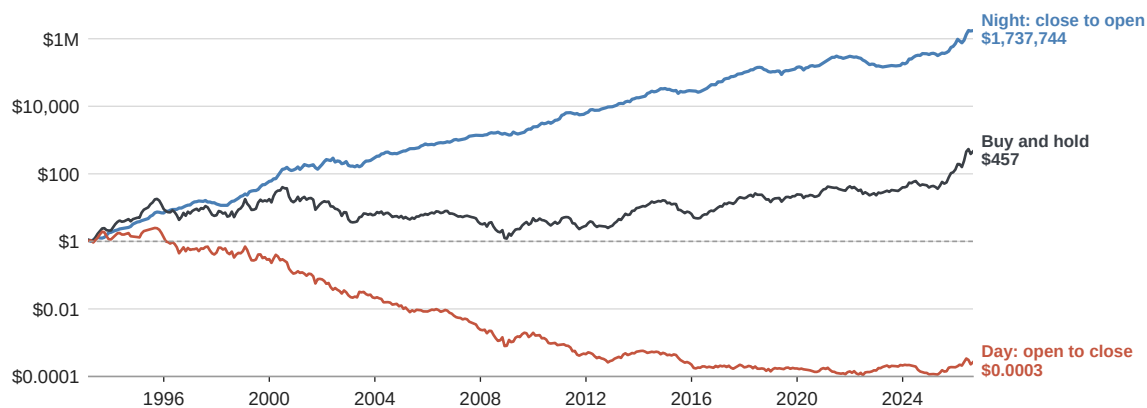
Compound annual returns; latest period shaded; *open prices before 1993 unreliable

	1984-92*	1993-2000	2001-09	2010-19	2020-26YTD
Trading days	2,170	2,020	2,263	2,516	1,667
Night CAGR	9.4%	86.2%	37.5%	50.2%	45.8%
Day CAGR	(5.4%)	(22.3%)	(36.4%)	(21.6%)	6.6%
Buy-and-hold CAGR	3.5%	44.6%	(12.6%)	17.7%	55.3%
Night volatility	20.1%	28.4%	30.5%	25.7%	36.5%
Day volatility	66.3%	60.0%	54.1%	38.9%	40.5%
Night win rate	46.5%	58.7%	55.6%	58.6%	53.7%
Day win rate	41.5%	45.4%	44.9%	48.4%	51.1%
Night minus day (bp/day)	5.7	34.6	30.7	25.8	12.5
t-statistic (Newey-West)	0.59	4.03	3.71	4.87	1.79
Years night beats day	6 of 9	8 of 8	8 of 9	9 of 10	5 of 7
Opens equal to prior close	62.9%	13.7%	10.1%	3.4%	0.8%

Source: Yahoo Finance, K2 Capital calculations. t-statistic of the daily night-minus-day log return, five Newey-West lags. Micron listed on the NYSE until 29-Dec-09 and on Nasdaq since. 2020-26YTD runs to 20 Aug 2026.

Figure 2: Growth of \$1 in Micron Since February 1993: Night, Day and Buy and Hold

Log scale; gross of costs and taxes; month-end values to 20 Aug 2026



Source: Yahoo Finance, K2 Capital calculations. Night and day multiply to buy and hold: $\$1,737,744 \times \$0.0003 = \$457$, before rounding.

Figure 3: Micron Night-Only CAGR After Costs, by Sample

Green: beats buy and hold; amber: positive but below buy and hold; red: negative; base case shaded blue

Cost per round trip	1993-2026	2001-2026	2010-2026	2020-2026
0bp	53.5%	44.4%	48.4%	45.8%
1bp	49.6%	40.9%	44.7%	42.1%
2bp	45.9%	37.4%	41.1%	38.6%
3bp	42.3%	34.0%	37.6%	35.2%
5bp	35.3%	27.4%	30.8%	28.6%
10bp	19.3%	12.3%	15.4%	13.4%
15bp	5.2%	(1.0%)	1.7%	0.0%
Memo: buy and hold	20.0%	13.9%	31.5%	55.3%

Source: K2 Capital calculations, before tax. Micron's break-even is 15.7bp per round trip since 2010; SPY's is 3.4bp.

Two Halves of One Ledger

Every day's close-to-close return is the product of two pieces: the move from the previous close to the open, and the move from the open to the close. So the night strategy and the day strategy are not two separate bets; **multiplied together they are exactly buy-and-hold**. Micron's \$1.41 share of June 1984 has compounded 721-fold. Split that into a night leg that grew 3.85 million-fold and a day leg that kept 0.019% of its value, and you have the viral numbers. The 138 million percent is not extra money hidden in the market; it is the day session's losses moved to the other side of the ledger. The questions that matter are why the split is so lopsided, whether it can be captured, and whether it beats simply owning the stock.

Figure 4: The Headline, Reconciled

Micron, dividend-adjusted; gross of costs and taxes

	The chart	Jan-90 to 12-Jun-26	Jan-90 to 20-Aug-26	Jun-84 to 20-Aug-26	Feb-93 to 20-Aug-26
Night leg, % gain	138 million	140 million	177 million	385 million	174 million
Day leg, % change	(99.92)	(99.92)	(99.94)	(99.98)	(99.97)
Buy and hold, % gain	not shown	105,165	104,400	72,033	45,645
Check: night x day multiples	1,107x	1,053x	1,045x	721x	457x
Memo: buy-and-hold multiple	-	1,053x	1,045x	721x	457x

Source: chart circulating on social media on 21 Aug 2026 (start 1990; end date not shown); Yahoo Finance; K2 Capital calculations. Our January 1990 series last matched the chart's figures on 12 Jun 2026. Night and day multiply to buy and hold except for rounding in the chart's figures. Before 1993, the recorded open equals the previous close on 63% of days (1984-92), against 7% since.

Figure 5: What Earns the Night

Micron overnight log returns by type of night

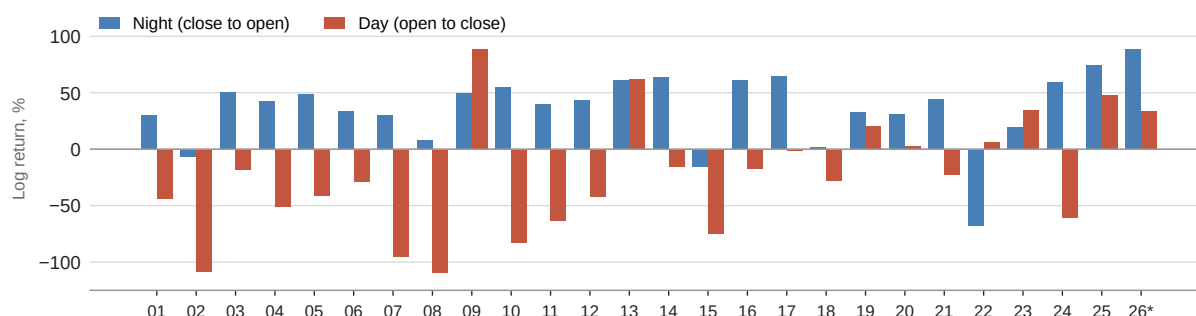
Micron, Mar-02 to Aug-26	Count	Avg (bp)	Vol (bp)	Win rate	Share
Earnings nights	98	37.4	635	50.0%	4%
Weekend and holiday nights	1,337	21.9	190	57.2%	33%
Other weeknights	4,723	11.6	167	56.3%	63%
All nights	6,158	14.3	189	56.4%	100%
Memo: day sessions	6,158	(8.7)	-	-	-

Source: Yahoo Finance (prices and earnings release times), K2 Capital calculations. Earnings night: the night after an after-close release. Share: of the total night log return.

Not an earnings premium. Micron reports after the close, so its biggest news lands overnight, yet its 98 earnings nights since 2002 explain only 4% of the night's return; their average is large but so is their risk (win rate 50%). The engine is the ordinary weeknight, up 11.6bp on average, while the average day lost 8.7bp. Weekend nights earn about twice an ordinary weeknight despite nearly four times the hours, so this is not simply payment for time. Strip out the 50 best nights and the night leg still grew 114-fold since 2002, against 31-fold for buy-and-hold.

Figure 6: Micron Night vs. Day, Calendar-Year Log Returns

% log return; *2026 to 20 August



Source: Yahoo Finance, K2 Capital calculations. The night beat the day in 30 of 34 years since 1993, but only 5 of 7 since 2020.

Across the Universe: Real, Broad and Not Better

Micron is the extreme case, not the rule. Across three index ETFs, the seven largest US stocks and eight semiconductor names, the average night beat the average day in all 18 since 1993 (or listing), and the gap is statistically significant in 12. **But the day session loses money in only 8 of them, so for most names the night leg is buy-and-hold minus a positive day return: after 3bp per round trip, night-only beat buy-and-hold in just 2 of 18 (Micron and AMD).** For SPY, the night earned 10.0% a year against 10.8% for holding, and its break-even cost is only 3.8bp. The pattern is also fading: since 2020 the gap has reversed in AAPL, GOOGL and META, and only 3 of 18 names show a significant gap.

Figure 7: Night vs. Day Across 18 US Large Caps and ETFs

Feb-93 (or listing) to Aug-26; CAGR; night net of 3bp per round trip, green where it beats buy and hold; gap since 2020 in bp/day, red where reversed

Ticker	Since	Night	Day	B&H	Night net	t-stat	B/E bp	R/R N	R/R B&H	Gap 20-26
SPY	1993	10.0%	0.7%	10.8%	2.0%	3.01	3.8	0.96	0.65	1.3
QQQ	1999	13.9%	(2.8%)	10.8%	5.6%	3.45	5.2	0.99	0.51	2.0
IWM	2000	13.4%	(4.1%)	8.8%	5.2%	3.91	5.0	1.02	0.47	8.7
AAPL	1993	21.7%	0.0%	21.7%	12.8%	2.63	7.8	0.91	0.68	(11.8)
MSFT	1993	11.2%	6.5%	18.5%	3.1%	0.85	4.2	0.70	0.70	1.4
NVDA	1999	40.1%	(2.3%)	36.9%	29.9%	3.33	13.4	1.20	0.83	9.7
AMZN	1997	14.7%	14.2%	30.9%	6.3%	0.05	5.4	0.59	0.76	8.7
GOOGL	2004	23.6%	1.2%	25.1%	14.6%	3.15	8.4	1.17	0.88	(5.7)
META	2012	17.9%	2.3%	20.6%	9.4%	1.42	6.6	0.73	0.67	(2.6)
TSLA	2010	45.7%	(4.2%)	39.5%	35.1%	2.95	15.0	1.27	0.87	14.2
MU	1993	53.5%	(21.8%)	20.0%	42.3%	7.27	17.0	1.58	0.60	12.5
AMD	1993	45.4%	(22.7%)	12.4%	34.8%	6.03	14.9	1.26	0.50	12.7
AVGO	2009	36.8%	2.5%	40.3%	26.9%	3.41	12.5	1.49	1.08	16.2
INTC	1993	11.8%	0.5%	12.3%	3.7%	1.59	4.4	0.58	0.49	2.8
QCOM	1993	17.1%	1.1%	18.4%	8.6%	1.84	6.3	0.75	0.59	6.4
TXN	1993	8.7%	6.5%	15.8%	0.8%	0.31	3.3	0.49	0.57	1.3
TSM	1997	25.2%	(5.4%)	18.5%	16.1%	3.35	9.0	0.94	0.61	23.1
SOXX	2001	18.7%	(4.0%)	13.9%	10.1%	3.53	6.8	0.96	0.56	9.0

Source: Yahoo Finance, K2 Capital calculations. t-stat: night minus day daily log return, Newey-West. B/E: break-even cost per round trip. R/R: annualised mean over volatility. Survivorship: all 18 are today's large caps, which flatters both legs.

Figure 8: Picking the Night Names in Advance

Each January, the 5 names with the widest night-day gap over the prior 3 years

Compound annual return	1997-2026	2010-2026	2020-2026
Night only, top 5 by trailing gap (net)	22.3%	23.9%	23.7%
Buy and hold, same 5 names	23.8%	28.8%	37.5%
Buy and hold, all 18 (equal weight)	25.7%	27.2%	31.3%
SPY	9.9%	13.9%	14.6%
<i>Years night beats same-name buy and hold</i>	<i>16 of 30</i>	<i>8 of 17</i>	<i>3 of 7</i>
<i>Volatility of annual returns, night vs B&H</i>	<i>31% vs 61%</i>	<i>26% vs 42%</i>	<i>31% vs 42%</i>

Source: K2 Capital calculations. Equal weight, rebalanced daily; night net of 3bp per round trip, before tax. Micron was picked in 26 of 30 years.

Hindsight is doing the work. Micron looks extraordinary because we already know it was the most extreme name. A rule that picks the strongest night-bias names in advance earned 22.3% a year, close to buy-and-hold of the same names (23.8%) with half the volatility, but it lagged by 14pp a year since 2020. It is a risk reducer, not a return enhancer.

Why It Happens, and Why It May Fade

Four explanations compete. **Clientele** (Journal of Financial Economics, 2019): individuals buy at the open, often on overnight news and attention, while institutions trade through the day and into the close, so opens are pushed up and the day session gives it back. **Risk transfer** (Review of Financial Studies, 2023, and the New York Fed): dealers who absorb the closing imbalance carry it overnight and are paid for it. **Beta** (Journal of Financial Economics, 2020): the market rewards beta only overnight, which fits the widest gaps in high-beta names such as Micron, AMD and Tesla. **Measurement**: early open prices are stale, which is why we start in 1993. Our evidence favours the first three, and all three are weakening as retail flow moves earlier, closing imbalances shrink and trading spreads towards 24 hours.

Figure 9: The Research Trail

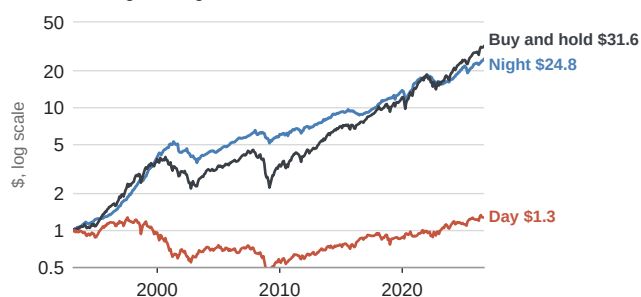
Selected studies of overnight and intraday returns

Study	Sample	Finding and explanation
SSRN working paper (2007)	US stocks, ETFs, 1993-2006	Nights positive, days flat to negative; 12 of 14 high-volume ETFs lost money during the day on average.
J. Asset Management (2011)	QQQ, 1999-2006	Close-to-open premium of +23.7% a year against -23.3% open-to-close, with lower overnight volatility.
J. Fin. Quant. Analysis (2012)	3,000 largest US stocks, 1996-2008	+9.8bp a night, -6.6bp a day, largest in high-attention stocks: retail buying lifts the open and the day reverses it.
J. Financial Economics (2019)	US stocks, 1993-2013	Tug of war: individuals trade near the open, institutions through the day and at the close; momentum pays overnight, most other anomalies intraday.
J. Financial Economics (2020)	US and international stocks	Returns rise with beta overnight and fall with beta intraday: the gap should be widest in high-beta names.
arXiv preprint (2020)	21 indices, 1990-2020	Overnight gains and intraday losses across world indices (TSX 60 ETF +1,062% vs -67%); not peer-reviewed.
JFQA (2023); Rev. Fin. Studies (2023)	S&P 500 futures, 1998-2020	The index return is earned around the European open, paying dealers who carry US closing imbalances overnight.
NY Fed (Jul 2026); arXiv (2025); Risks (2026)	Futures, stocks and ETFs, to 2025	Futures drift gone since 2021 as closing imbalances halved; stock gap insignificant ex news; at 2bp a trade, night-only lost in all 10 ETFs tested.

Source: SSRN 1004081; Journal of Asset Management 12(2); JFQA 47(4); JFE 134(1); JFE 138(3); arXiv 2010.01727; JFQA 58(3); RFS 36(9); Federal Reserve Bank of New York, Liberty Street Economics (1 Jul 2026); arXiv 2507.04481; Risks 14(4). Figures as reported in the papers or their published summaries.

Figure 10: SPY Since 1993: Night, Day and Buy and Hold

Growth of \$1, log scale, gross



SPY shows the effect in its mildest form. Since 1993 its night leg compounded at 10.0% a year against 10.8% for holding, while the day leg added little. Since 2010 both legs have made money (8.8% night, 5.0% day) and the break-even cost is only 3.4bp per round trip. That is why NightShares' index ETFs closed within 14 months, and why a 2026 study found night-only lost money in SPY and all nine sector ETFs at 2bp per trade. The next shift is the clock itself: if Nasdaq's overnight session starts on 6 December, part of today's night becomes a traded session, and the close and open that define the trade carry less weight.

SPY	1993-2000	2001-09	2010-19	2020-26
Night CAGR	22.6%	2.1%	8.6%	9.2%
Day CAGR	(4.6%)	(2.1%)	4.5%	5.8%
Buy and hold	16.9%	0.0%	13.4%	15.5%
Break-even (bp)	8.1	0.8	3.3	3.5

Source: Yahoo Finance, K2 Capital calculations.

Strategy Thesis, Verdict and Risks

Night-Only Strategy (*Avoid; case study: Micron, \$974.33*)

Strategy Thesis

Buying at the close and selling at the next open has captured most of the return of US equities with much less risk, in Micron more than anywhere: 48.4% a year since 2010 against 31.5% for holding, with 30% volatility against 51%. The anomaly is broad, persistent across decades and best explained by who trades when. But the trade is mostly a volatility filter, its return advantage over holding is concentrated in a few names identifiable only with hindsight, and it is shrinking. Verdict: Avoid.

Verdict

Avoid as a standalone strategy. For a US taxpayer, 252 round trips a year turn long-term gains into short-term ones: Micron's night leg drops to 23.1% after costs and tax against 29.4% for buy-and-hold. For tax-exempt capital, an ex-ante version lagged buy-and-hold of the same names since 2010 and 2020. We would use the anomaly only as an execution habit in high-beta names. Verdict: Avoid.

Risks to Verdict

Upside Risks: the gap re-widens as retail activity at the open rises again; tax-exempt or offshore investors with very low costs can earn the risk-reduction benefit and lever it; 2026 conditions (record retail participation, high-beta AI leadership) could favour the night in the names that matter; futures-based overnight exposure may capture the index effect more cheaply than ETFs.

What Would Make Us Wrong?

We would revisit the verdict if two or more of the following occur:

1. Micron's night leg beats buy-and-hold in calendar 2026 (to 20 August it trails, 143% vs 241%).
2. The night-minus-day gap is significant again (t above 2) for at least 9 of our 18 names over 2024-27 (3 of 18 since 2020).
3. The ex-ante top-5 rule beats buy-and-hold of the same names, net of costs, in two consecutive calendar years.
4. Round-trip auction costs for retail-size orders stay below 2bp while the average night in SPY exceeds 4bp (3.5bp since 2020).
5. The overnight drift in S&P 500 futures that the New York Fed found had disappeared in 2021-25 returns, with the 2am-3am ET hour earning more than 2% a year in 2026-27 data.

Signposts

26 Aug: NVIDIA fiscal Q2 results (after the close). 27-29 Aug: Jackson Hole symposium. 15-16 Sep: FOMC. 18 Sep: quad witching and index rebalance, typically one of the year's largest closing auctions. Late Sep: Micron fiscal Q4 results (after the close; guidance \$50bn revenue, \$31.00 non-GAAP EPS). 6 Dec: planned start of Nasdaq's overnight session.

Implementation, If You Must

Use auction orders: market-on-close, entered before the 3:50pm ET cut-off, and market-on-open. Keep each order well below 1% of daily volume, hold the position in a tax-exempt account, use futures rather than ETFs for index exposure, and stop when the trailing three-year night-minus-day gap falls below the round-trip cost. Nasdaq's planned overnight session will not accept opening or closing orders, so the auctions remain the only way to trade the official close and open.

Micron Night Shift: Summary of Backtest Statistics

Calendar-Year Returns, Micron	Night	Day	B&H	Night net	Earn. nts	Universe, Jan-10 to Aug-26	Night	Day	B&H	Net	B/E bp	R/R N	R/R B
2001	35.2%	(35.4%)	(12.7%)	25.5%	-	SPY	8.8%	5.0%	14.3%	0.9%	3.4	0.83	0.87
2002	(6.6%)	(66.4%)	(68.6%)	(13.4%)	(14.5%)	QQQ	12.9%	5.3%	19.0%	4.7%	4.8	1.03	0.94
2003	66.1%	(16.7%)	38.3%	54.0%	14.8%	IWM	13.1%	(1.6%)	11.3%	4.9%	4.9	0.99	0.60
2004	52.5%	(39.9%)	(8.3%)	41.4%	(3.6%)	AAPL	14.1%	10.8%	26.4%	5.8%	5.2	0.81	0.98
2005	62.2%	(33.6%)	7.8%	50.4%	5.7%	MSFT	11.7%	7.6%	20.2%	3.6%	4.4	0.76	0.84
2006	40.0%	(25.1%)	4.9%	29.8%	(4.4%)	NVDA	37.0%	6.2%	45.4%	27.0%	12.5	1.31	1.05
2007	35.0%	(61.5%)	(48.1%)	25.2%	(7.5%)	AMZN	23.1%	1.2%	24.6%	14.1%	8.2	1.04	0.83
2008	8.7%	(66.5%)	(63.6%)	0.7%	(6.4%)	GOOGL	15.4%	4.4%	20.5%	7.1%	5.7	0.87	0.81
2009	64.7%	142.9%	300.0%	52.7%	(5.5%)	META	17.9%	2.3%	20.6%	9.4%	6.6	0.73	0.67
2010	73.2%	(56.1%)	(24.1%)	60.5%	(3.1%)	TSLA	45.7%	(4.2%)	39.5%	35.1%	15.0	1.27	0.87
2011	48.2%	(47.1%)	(21.6%)	37.4%	(6.6%)	MU	48.4%	(11.4%)	31.5%	37.6%	15.7	1.45	0.79
2012	54.0%	(34.6%)	0.8%	42.9%	(9.6%)	AMD	36.3%	(7.4%)	26.3%	26.4%	12.3	1.11	0.69
2013	84.2%	86.3%	243.1%	70.7%	0.7%	AVGO	36.6%	2.8%	40.4%	26.7%	12.4	1.47	1.08
2014	88.5%	(14.6%)	61.0%	74.8%	24.3%	INTC	2.8%	9.3%	12.4%	(4.7%)	1.1	0.24	0.50
2015	(14.2%)	(52.9%)	(59.6%)	(20.5%)	(19.9%)	QCOM	9.0%	1.3%	10.5%	1.1%	3.4	0.51	0.46
2016	83.4%	(15.6%)	54.8%	70.1%	(1.3%)	TXN	3.7%	13.8%	18.0%	(3.9%)	1.4	0.29	0.72
2017	90.8%	(1.7%)	87.6%	77.0%	28.9%	TSM	32.9%	(3.9%)	27.7%	23.2%	11.3	1.39	0.94
2018	1.8%	(24.2%)	(22.8%)	(5.6%)	(8.7%)	SOXX	21.3%	2.6%	24.4%	12.5%	7.7	1.15	0.86
2019	38.6%	22.3%	69.5%	28.5%	11.7%								
2020	36.1%	2.7%	39.8%	26.2%	7.4%	Risk Statistics, Micron 2010-26							
2021	56.0%	(20.4%)	24.2%	44.6%	12.4%	Annualised volatility			30.5%	39.5%	50.7%		
2022	(49.0%)	6.1%	(45.9%)	(52.7%)	(3.2%)	Maximum drawdown			(53.7%)	(95.4%)	(73.8%)		
2023	21.6%	41.4%	71.9%	12.8%	8.6%	Win rate			56.7%	49.5%	51.4%		
2024	81.3%	(45.4%)	(1.0%)	68.1%	15.0%	Worst session			(15.6%)	(12.7%)	-		
2025	110.2%	61.8%	240.2%	95.0%	9.5%	Nights below -10%			5	-	-		
2026*	143.1%	40.5%	241.6%	131.8%	8.2%								
Compound Annual Return, Micron						Ex-Ante Rule: Picks and Returns			Night	B&H top 5			
1993-2026	53.5%	(21.8%)	20.0%	42.3%	17.0	2015: TSLA, AMD, META, MU, AAPL			(8.7%)	(4.7%)			
2001-2026	44.4%	(21.1%)	13.9%	34.0%	14.6	2016: TSLA, META, MU, GOOGL, AAPL			16.8%	15.5%			
2010-2026	48.4%	(11.4%)	31.5%	37.6%	15.7	2017: MU, GOOGL, AMZN, META, AVGO			37.2%	56.6%			
2020-2026	45.8%	6.6%	55.3%	35.2%	15.0	2018: MU, AMZN, GOOGL, AVGO, NVDA			10.6%	(3.7%)			
						2019: MU, AMZN, AMD, NVDA, AVGO			30.8%	68.9%			
						2020: AMD, AMZN, NVDA, MU, MSFT			40.7%	80.1%			
Night Decomposition, Mar-02 to Aug-26						Nights	Avg bp	Vol bp	Win	Share			
Earnings nights						98	37.4	635	50.0%	4%			
Weekend and holiday nights						1,337	21.9	190	57.2%	33%			
Other weeknights						4,723	11.6	167	56.3%	63%			
All nights						6,158	14.3	189	56.4%	100%			
Day sessions						6,158	(8.7)	-	-	-			
						2021: AMZN, AMD, TSM, IWM, NVDA							
						2022: TSM, AMD, IWM, MU, NVDA							
						2023: TSLA, TSM, AMD, IWM, AMZN							
						2024: TSM, TSLA, IWM, AMZN, AMD							
						2025: TSM, TSLA, AMD, AVGO, IWM							
						2026*: AVGO, TSM, MU, NVDA, AMD							
						52.4%							
						74.7%							

Source: Yahoo Finance daily prices and earnings release times, K2 Capital calculations.

Note: % returns, dividend-adjusted, gross unless stated. Night: previous close to open; day: open to close; B&H: close to close. Net: night after 3bp per round trip. Earn. nts: earnings nights only (from 2002). B/E: break-even cost per round trip, bp. R/R: return/risk. *2026 to 20 August. Worst sessions: night 2015-06-26, day 2011-10-03. Ex-ante picks: widest prior 3-year gap.

Analyst Certification: The research analysts of K2 Capital Limited responsible for this report certify that (1) the views expressed in this report accurately reflect their personal views about the subject company and its securities, and (2) no part of their compensation was, is or will be directly or indirectly related to the specific rating or views expressed in this report.

Important Disclosures

Ratings: Overweight: over the duration of the price target, we expect the stock to outperform the total return of the S&P 500. Neutral: we expect the stock to perform in line with it. Underweight: we expect the stock to underperform it. Price targets are set for the period stated and are based on the methodology and risks described in this report. This report rates a trading strategy, not a security, and carries no price target. Strategy verdicts: Implement (we expect the strategy to beat buy-and-hold of the same securities after costs), Use selectively (beneficial in defined circumstances only), Avoid (we do not expect it to beat buy-and-hold after costs and, where relevant, taxes).

Date	Strategy	Verdict	Reference price (\$)
21-Aug-26	Night-only (close to open), Micron case study	Avoid (initiation)	MU 974.33

Positions and conflicts: K2 Capital Limited, its principals and employees may hold positions in, and may trade, the securities of the company discussed in this report or related instruments, including positions inconsistent with its rating.

Sources and methodology: Prices are as of the close on 20 August 2026 unless stated. Daily open, high, low, close, dividend-adjusted close and volume for Micron Technology, SPY, QQQ, IWM, Apple, Microsoft, NVIDIA, Amazon, Alphabet, Meta, Tesla, AMD, Broadcom, Intel, Qualcomm, Texas Instruments, TSMC (ADR), SOXX and the S&P 500 index, and Micron's earnings release dates and times, are from Yahoo Finance. Company information is from Micron's SEC filings, including its Form 8-K of 18 December 2009 on its transfer to Nasdaq. Other sources include Micron's Form 10-Q for the quarter ended 28 May 2026 and its fiscal Q3 2026 earnings release; academic and official research: SSRN working paper 1004081 (2007), Journal of Asset Management 12(2) (2011), Journal of Financial and Quantitative Analysis 47(4) (2012), 58(3) (2023) and 2026, Journal of Financial Economics 134(1) (2019) and 138(3) (2020), Review of Financial Studies 36(9) (2023), arXiv 2010.01727 (2020) and 2507.04481 (2025), Risks 14(4) (2026) and Federal Reserve Bank of New York, Liberty Street Economics (July 2026); Tethys and Rosenblatt Securities auction and volume data; Citadel Securities; Nasdaq, NYSE, Cboe, DTCC and SEC releases on extended-hours trading and fees; the IRS; and reporting by Bloomberg, Investing.com and TipRanks. Night returns run from the previous close to the open and include dividends on ex-dates; day returns run from the open to the close. Backtests assume execution at the official open and close, 3bp per round trip unless stated, no cash return, and top US federal tax rates where stated. All backtests, statistics and the ex-ante selection test are K2 calculations; past performance, especially of backtested strategies, is not indicative of future results. Estimates are K2 Capital's and are subject to change without notice.

General: This report is provided for information only to professional and institutional investors. It is not an offer or solicitation to buy or sell any security, does not take account of any person's objectives, financial situation or needs, and is not investment, legal, tax or accounting advice. Information has been obtained from sources believed to be reliable, but K2 Capital Limited makes no representation as to its accuracy or completeness. Opinions, estimates and projections reflect our judgement as at the date of publication. Forward-looking statements involve risks and uncertainties, and actual results may differ materially. Past performance is not indicative of future results, and investors may get back less than they invest.

Copyright 2026 K2 Capital Limited. All rights reserved. This material or any portion of it may not be reproduced, sold or redistributed without the written consent of K2 Capital Limited.

Completed 21 Aug 2026

Disseminated 21 Aug 2026