COM

Direxion ETFs | Funds

Non-Leveraged ETFs

Direxion Auspice Broad Commodity Strategy ETF

Methodology Summary

Fund Summary

The Direxion Auspice Broad Commodity Strategy ETF (COM) provides exposure to a broad selection of 12 commodities that can be individually long or flat. It seeks to allow investors to take advantage of rising commodity prices, in addition to mitigating risk by reducing exposure or going flat when individual commodities are experiencing downward trends. COM seeks to potentially provide commodity investment returns with lower risk characteristics than long-only commodity strategies. Due to the nature of commodity futures contracts, the majority of fund assets are invested in money markets and earn a cash return.

COM may be considered a satellite holding to complement other broad positions within a portfolio.

Constituent Universe

Include a broad selection of diverse commodities from the liquidly traded North American exchange traded futures markets in the agriculture, energy, and metals sectors.

Benchmark Index

Auspice Broad Commodity Index (ABCERI)

The Auspice Broad Commodity Index (ABCERI) is a rules-based long/flat broad commodity index that seeks to capture the majority of the commodity upside returns, while seeking to mitigate downside risk. The Index is made up of a diversified portfolio of 12 commodities futures contracts (Silver, Gold, Copper, Heating Oil, Natural Gas, Gasoline, Crude Oil, Wheat, Soybeans, Corn, Cotton, and Sugar) that based on price trends can individually be Long or Flat (in Cash). ***One cannot directly invest in an index.***

Individual Commodity Positioning

The Index will either be long or in cash for each indivdual commodity based on a breakout in its price trend. It will be long an individual commodity showing an upward price trend and flat (in cash) when a commodity is exhibiting a downward price trend. The Index can be long anywhere ranging from 0-12 commodities based on each individual commodity's price trend.

Roll Yield

The Index employs a dynamic roll strategy that seeks to roll into the futures contract that has the highest roll yield in order to maximize the benefit of backwardation and minimize the impact of contango depending on the shape of the forward term structure.

Index Component Weighting

Each component is allocated an equal amount of risk within the commodity group. The allocation to each sector will vary as the individual component's volatility changes or positions are rebalanced.

Rebalancing

The Index is rebalanced on a monthly basis, if an individual's current volatility exceeds a predetermined threshold level. A rebalance will only be employed when reducing a position size.

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An investor should carefully consider the Fund's investment objective, risks, charges, and expenses before investing. The Fund's prospectus and summary prospectus contain this and other information about the Direxion Shares. To obtain the Fund's prospectus and summary prospectus call 866-476-7523 or visit our website at direxion.com. The Fund's prospectus and summary prospectus should be read carefully before investing.

Shares of the Direxion Shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 pm EST (when NAV is normally calculated) and do not represent the returns you would receive if you traded shares at other times. Brokerage commissions will reduce returns. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV.

Futures may be affected by backwardation or contango. Backwardation is a market condition in which a futures price is lower in the distant delivery month than in the near delivery month. Contango is a market condition in which the futures price is higher in the distant delivery month than in the near delivery month. In cases of contango, the Fund's total return may be lower than might otherwise be the case because the Fund would be selling less expensive contracts and buying a more expensive ones.

Direxion Shares Risks - An investment in the Fund involves risk, including the possible loss of principal. The Fund is non-diversified and includes risks associated with concentration that results from the Fund's investments in a particular industry, sector, or geographic region which can result in increased volatility. The Fund's use of derivatives such as futures contracts and swaps are subject to market risks that may cause their price to fluctuate over time. Risks of the Fund include risks related to investments in commodity-linked derivatives and commodities, Futures Strategy Risk, Index Correlation Risk, Index Strategy Risk, Leverage Risk, Market Risk, Counterparty Risk, Cash Transaction Risk, Subsidiary Investment Risk, Interest Rate Risk, and Tax Risk. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.

Exchange-traded commodity futures contracts generally are volatile and are not suitable for all investors. The value of a commodity-linked derivative investment typically is based upon the price movements of a physical commodity and may be affected by changes in overall market movements, volatility of the index, changes in interest rates, or factors affecting a particular industry or commodity, such as global pandemics, weather and other natural disasters, changes in supply and production, embargoes, tariffs and international economic, political and regulatory developments and changes in speculators' and/or investors' demand. Commodity-linked derivatives also may be subject to credit and interest rate risks that in general affect the value of debt securities. The Fund's investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in securities or other investments.

Risks associated with the use of futures contracts are (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the futures contract; (b) possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the Index's inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; (e) the possibility that the counterparty will default in the performance of its obligations; and (f) if the Fund has insufficient cash, it may have to sell securities or financial instruments from its portfolio to meet daily variation margin requirements, which may lead to the Fund selling securities or financial instruments at a time when it may be disadvantageous to do so.

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