

COM Q1 2025 Quarterly Commentary | 8 Years of Consistency

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The [Direxion Auspice Broad Commodity Strategy ETF \(COM\)](#) finished the first quarter of 2025 with a return of +3.71% (NAV). The Auspice Broad Commodity Index (ABCERI)*, which COM seeks to track, ended the quarter with long positions in seven of twelve possible commodities, primarily in the Energy and Metals sectors. As of March 31, COM held long positions in Crude Oil, Heating Oil, Natural Gas, Silver, Copper, Corn, and Gold.

[To view the Fund's full standardized performance, click here.](#)

The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Returns for performance under one year are cumulative, not annualized. For the most recent month-end performance please visit the funds website at www.direxion.com.

Commodity markets broadly posted positive returns in Q1, making the asset class the top performer of the quarter—driven primarily by strength in Natural Gas and Metals. While indexes such as BCOM*, DBLCI-OY*, and SPGSCI* delivered gains, they did so with significantly higher volatility* than ABCERI.

COM's Q1 return of +3.71% highlights its ability to remain competitive on a risk-adjusted basis. In an environment shaped by complex and evolving tariff policies, COM's rules-based, momentum-driven, and risk-managed approach provided greater agility and adaptability compared to traditional long-only benchmarks. As market volatility extended into early April, COM's tactical strategy led to capital preservation—a key differentiator.

Metals:

Metals were a primary driver of COM's Q1 performance, with long positions maintained in Gold, Silver, and Copper throughout the quarter. Each metal posted notable strength:

- Gold reached a new all-time high above \$3,000/oz, supported by safe-haven flows, inflation concerns, and rising U.S.–China tensions.
- Silver also performed well, though its short-term outlook remains clouded by industrial demand uncertainty tied to shifting tariffs. With the Gold/Silver ratio near 100, Silver appears historically undervalued relative to Gold.
- Copper, often considered a bellwether for the Chinese economy, saw extreme volatility. Prices surged to record levels on tariff speculation, then pulled back sharply as new trade measures were enacted in early Q2. \$4.00/lb remains a key technical level.

Persistent trade uncertainty continues to pressure metals. Gold may benefit further from its safe-haven status, although U.S. bond yields are a key wildcard. Silver's performance will depend on how it's perceived—industrial input versus precious metal. Copper could be supported by alternative energy infrastructure demand, but intensifying U.S.–China trade frictions pose downside risks.

As of April 10, COM exited its positions in Silver and Copper, while maintaining a long position in Gold.

Energy:

The Energy sector delivered mixed results. Natural Gas led the way with strong performance, but a notable shift occurred late in the quarter. Crude Oil prices fell to their lowest levels since 2021 amid recession fears and softening demand. Compounding the weakness, OPEC+ signaled plans to increase output.

Geopolitical risks—including the Israel–Hamas conflict and ongoing U.S.–Iran nuclear talks—continue to inject uncertainty, with potential to drive Oil prices in either direction.

In response to weakening price momentum, COM exited its Crude Oil and Heating Oil positions and remains long Natural Gas.

Agriculture

Agricultural commodities were broadly lower in Q1, with Sugar as the lone standout. COM maintained a single agricultural position—Corn—supported by rising ethanol demand and steady export activity. The USDA recently raised its Corn export forecast, though it remains sensitive to further trade developments.

A temporary suspension of tariffs from Mexico, a key Corn importer, may provide near-term price support. Meanwhile, staples like Soybeans and Beef remain tied to U.S.–China trade dynamics. As the spring planting season begins, market participants are closely monitoring weather patterns and their potential impact on yields.

Looking Ahead

Q1 set the tone for 2025: heightened trade friction, elevated recession risk, and surging volatility. During President Trump's second term, aggressive tariff policies aimed at reducing the U.S. trade deficit are creating ripple effects across global markets.

Though the first wave of tariffs was formally introduced in early April, markets had already begun pricing in the risks during Q1—fueling the rally in Gold and prompting shifts in commodity sourcing strategies.

The recent weakness in the U.S. Dollar also bears watching, as it could serve as a tailwind for broad commodity performance. While tariff focus has

been on clothing, textiles, and technology, impacts are clearly spilling over into the Agriculture, Metals, and Energy sectors—key components of the ABCERI Index.

Through its tactical, rules-based strategy, we believe COM remains well-positioned to navigate uncertainty and provide investors with diversified, risk-managed exposure to commodities. With U.S. equities hovering near bear market territory, commodities have become increasingly valuable as a non-correlated* portfolio diversifier.

As of mid-April, following triggered sell signals, COM holds long positions in only three of twelve eligible commodities: Gold, Natural Gas, and Corn.

Competitive Edge

The COM ETF has consistently sought to deliver competitive risk-adjusted returns, while maintaining a lower volatility profile.

Advisors seeking a diversified and tactical approach to commodities may find the COM ETF to be an attractive addition to client portfolios, particularly in today's uncertain economic landscape.

[*Definitions and Index Descriptions](#)

*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.

*The S&P GSCI Index (SPGSCI) is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

*The Bloomberg Commodity Excess Return Index (BCOM) is a broadly diversified index that allows investors to track 19 commodity futures through a single, simple measure.

*Deutsche Banc Liquid Commodity Optimum Yield Index (DBLCI-OY), an index composed of futures contracts on 14 of the most heavily-traded and important physical commodities in the world.

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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, but are not limited to, Index Correlation Risk, Derivatives Risk, Commodity-Linked Derivatives Risk, Futures Strategy Risk, Passive Investment and Index Performance 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.