

From Metals Momentum to Risk Control: COM's Tactical Win in Q4

BY: Ed Egilinsky, MANAGING DIRECTOR - HEAD OF GLOBAL SALES/DISTRIBUTION & ALTERNATIVES

The [Direxion Auspice Broad Commodity Strategy ETF \(COM\)](#) began 2026 robustly, driven primarily by gains within the Energy sector. All three major commodity segments, Energy, Metals, and Ags (consisting of Grains and Soft Commodities), delivered positive performance for the quarter, resulting in a Q1 return of +14.17% for the COM ETF.

[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.

In contrast, U.S. large-cap equity indices faced challenges, and Bonds remained relatively unchanged. Commodities distinguished themselves as one of few asset classes providing positive returns this quarter, underscoring their diversifying value within portfolios.

Following the onset of the Iran/U.S. conflict, the U.S. Dollar emerged as a preferred safe haven, whereas traditional safety assets such as Gold and Bonds did not perform. The escalation led to a surge in Oil prices and heightened concerns about stagflation, as yields increased amid slowing growth. The broader impact of elevated Oil prices on the global economy will become clearer with second-quarter economic data.

Energy markets demonstrated upward momentum at the start of the year, with WTI Crude Oil surpassing its \$60 level. The conflict propelled Oil prices above \$100, where they have predominantly remained. Current Oil price movements are heavily influenced by developments related to the geopolitical conflict, particularly the duration of the Strait of Hormuz closure, which will determine short-term price trajectories.



Source: Bloomberg and Auspice Investment Operations, as of March 31st, 2026.

The Fund maintained a long position in Heating Oil entering 2026, with a long signal for Crude initiated in January and Gasoline in February. Due to heightened volatility* in the Energy markets during the quarter, the COM ETF adjusted its positions using a systematic trigger designed to reduce exposure when volatility exceeds predetermined thresholds. Natural Gas was an exception, as it did not participate in the rally; consequently, the Fund remains in cash regarding this position as we move into the second quarter.

The Metals sector continued its strong performance from 2025 into the beginning of 2026. Gold, Silver, and Copper attained record highs early in January reflecting optimism around anticipated Federal Reserve rate cuts. Persistent inflation* and the outbreak of geopolitical tensions subsequently caused the U.S. Dollar and bond yields* to climb, prompting profit-taking and downward momentum for Metals since February. Despite a significant March sell-off, strong results in January and February secured a positive quarterly outcome. The strategy maintains long positions in gold, silver, and copper entering Q2.

Entering the year, Fund exposure to Ags was limited to Soybeans. As the quarter progressed and geopolitical developments disrupted global transportation and supply chains, the Fund established additional positions in Grains of wheat and corn and Softs with cotton and sugar. The ongoing Ukraine/Russia situation further heightened concerns about supply constraints, especially regarding Wheat.

With broad strength across commodities, the Fund is currently long 11 out of 12 possible commodities, excluding only Natural Gas. The COM ETF continues to attract advisors seeking non-correlated asset classes that can deliver performance when conventional investments underperform. Moreover, sustained higher interest rates and persistent demand challenges may provide tailwinds for commodity markets.

COM's distinctive features were evident in March, demonstrating defensive positioning in response to declining Natural Gas prices while simultaneously scaling back exposure in volatile markets to safeguard profits. The Fund adheres to a rules-based, tactical approach to broad commodity investing, striving to capture most of the commodity return while mitigating downside risk, making it a viable "buy and hold" solution for commodity investors while earning a cash return on the bulk of investor capital.

[*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.

FOR INFORMATION: 877-437-9363 | INFO@DIREXION.COM | DIREXION.COM

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 www.direxion.com. The Fund's prospectus and summary prospectus should be read carefully before investing

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.