Direxion
ETFs | Funds

Direxion Dynamic Hedge ETF (DYHG)

Smooth out the the ride through up and down markets

While markets tend to rise over the long run, drawdowns are often painful to experience both psychologically and financially. Because downside risk can be so difficult to tolerate, investors are increasingly looking for strategies to hedge against drawdowns and manage these periods of portfolio stress. However, it may be challenging to maintain a hedge in the long-term, as it degrades returns during bull markets, and the majority of tail-risk hedging vehicles are complicated and expensive. The ideal hedge:

- adjusts exposure based on market conditions to minimize the drag on performance in bull markets
- is easy to implement and understand
- cost-effective to maintain over the long-run

FUND FACTS

Symbol	DYHG
CUSIP	25460G740
Expense Ratio* (Gross/Net)	0.57%/0.57%
Inception Date	6/11/2020
Rebalance	Daily monitoring, with the ability to rebalance when the truVol™ model dictates
Benchmark Index	Salt truVol™ US Large Cap Dynamic Hedge Index (“Index”)

The Direxion Dynamic Hedge ETF (DYHG) is a potential core equity holding offering an automatic, built-in hedging methodology that seeks to mitigate volatility risk. By tracking the Index, the fund utilizes more dynamic measures of risk, with high levels of precision and responsiveness, to adapt to changing markets. The strategy leverages multiple intraday prices to provide a more accurate and responsive estimate of future volatility, rather than relying only on end-of-day prices containing less information to gauge the near-term volatility environment.

Smart Volatility Management

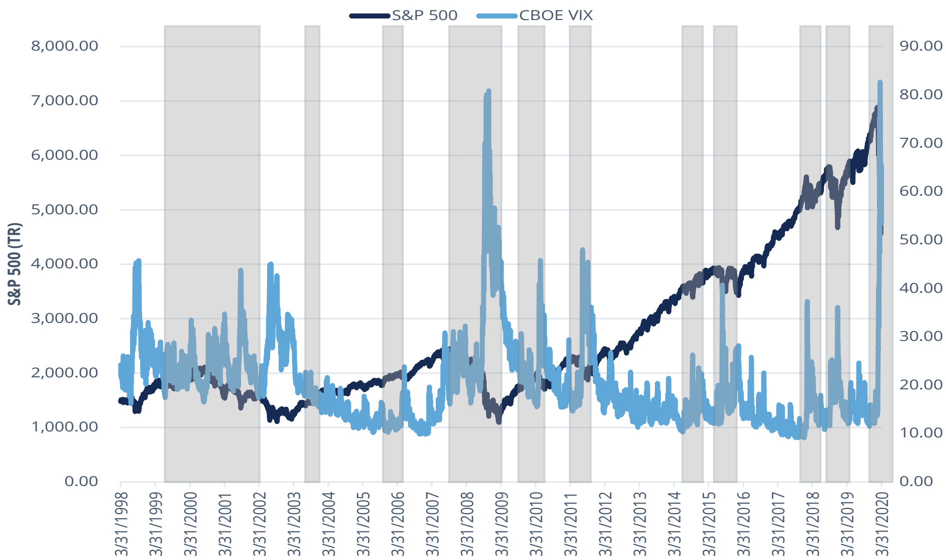
The Index for DYHG is designed to adjust its net exposure to a volatility-adjusted position in the S&P 500® Index by utilizing short futures contracts to hedge against its core position in the S&P 500® Index. The dynamic nature of the hedge allows the Index to adapt to the constantly changing volatility environment in U.S. equity markets to seek to deliver more attractive risk-adjusted returns. The Index utilizes a proprietary volatility model to estimate future market volatility to determine the appropriate size of the Index’s hedge (short position) in futures contracts.

The incorporation of higher frequency, more responsive data allows the process to pick up on both sustained bear markets and shorter, but still painful pullbacks. An added benefit is that this approach allows for the hedge to be reduced more quickly as well, so it does not drag when markets recover and begin to rally higher.

The inverse relationship with the markets and volatility is illustrated below. As is well known, volatility tends to rise when the market falls. Recent market pullbacks are superimposed in gray and detailed, and show that during both short- and long-term events, drawdowns can be challenging.

There is no guarantee that the investment strategy will be successful in providing risk mitigation.

Markets & Volatility over Time



Source: Bloomberg Finance, L.P., as of April 30, 2020. Past performance is not indicative of future results. One cannot invest directly in an index. Volatility is a statistical measure of the dispersion of returns for a given security or market index. CBOE Vix is define below under Definitions

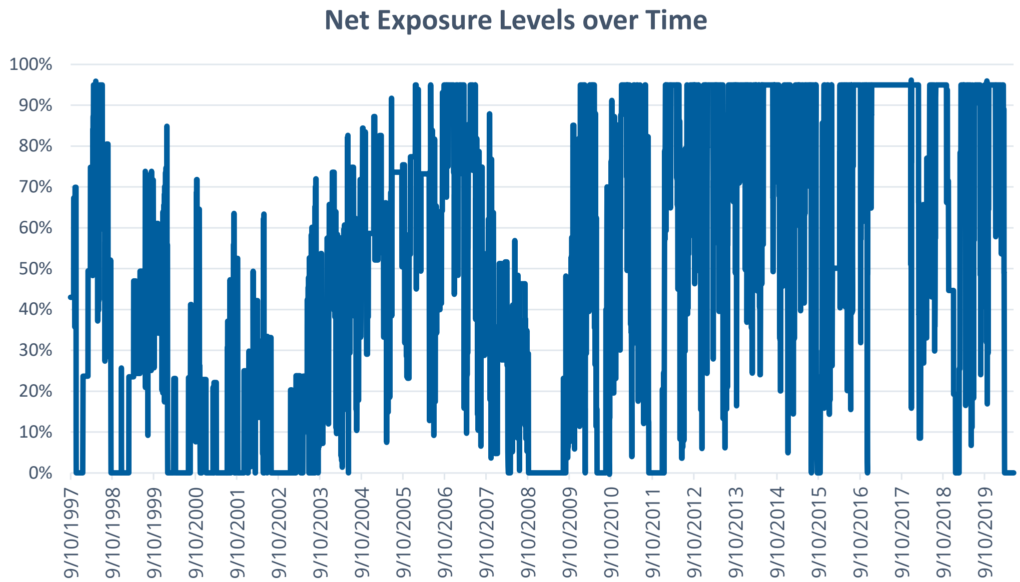
Market Event	Approximate Length of Elevated Volatility	Average VIX	Cumulative Return	Max Draw-down
Dot-Com Bubble & Aftermath (Mar, 2000 - Dec, 2002)	2 years and 9 months	25.57	-33.04%	-47.41%
Geopolitical Stress in the Middle East (Apr, 2004 - Aug, 2004)	5 - 6 months	16.19	-1.25%	-7.02%
Monetary Policy and Rates Uncertainty (May, 2006 - Aug, 2006)	4 - 5 months	15.67	-3.93%	-7.42%
Global Financial Crisis (Jan, 2008 - Mar, 2009)	15 months	34.67	-52.52%	-52.52%
Flash Crash & Global Debt Crisis (Apr, 2010 - Aug, 2010)	4 -5 months	25.89	-9.50%	-15.63%
U.S. Debt Downgrade (Aug, 2011 - Nov, 2011)	2-3 months	34.25	-9.63%	-14.22%
Global Growth Concerns (Sep, 2014 - Oct, 2014)	1 - 2 months	16.77	-6.04%	-7.28%
China Hard Landing & Volatility Shocks (Aug, 2015 - Dec, 2015)	4 - 5 months	19.13	-3.81%	-11.13%
Volatility Shock of 2018 (Feb, 2018 - Apr, 2018)	2 - 3 months	19.84	-5.77%	-8.55%
Global Growth Worries, Q4 (Sep, 2018 - Dec, 2018)	3 - 4 months	20.91	-13.52%	-19.25%
COVID-19 Pandemic (Feb, 2020 - Current)	2+ months	40.08	-19.57%	-33.79%

Source: Bloomberg Finance, L.P., as of April 30, 2020. Past performance is not indicative of future results. A maximum drawdown is the maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained. Maximum drawdown is an indicator of downside risk over a specified time period.

Aim to Lose Less, Win More

DYHG may be considered a core holding for investors looking to integrate a strategy with the upside potential of the market, but with a means for mitigating risk when markets experience bouts of volatility to the downside. The below illustrates how the net exposure levels adjust through time, highlighting that DYHG has the ability to make frequent changes when the volatility model dictates, but retain full market exposure when it indicates a period of low volatility.

The strategy is built to provide investors improved risk-adjusted returns compared to long-only S&P 500® exposure. When combined with traditional US large-cap exposure, DYHG may deliver a smoother ride for investors by balancing upside participation with the prevention of large losses.



Source: Salt Financial, as of October 31, 2019. Salt truVoltm US Large Cap Dynamic Hedge Index, which the fund seeks to track, was incepted on 3/30/2020. Data prior to 3/30/2020 represents hypothetical data chosen with the benefit of hindsight. Past performance is not indicative of future results.

Implementation: May be considered a conservative US equity allocation.

Definitions:

Salt truVol™ US Large Cap Dynamic Hedge Index: The Index is designed to adjust net exposure to the S&P 500® Index in an attempt to capitalize on the inverse relationship between volatility and the returns of the S&P 500® Index. The Index utilizes a proprietary volatility model developed by Salt Financial Indices, LLC (the "Index Provider"), to estimate future market volatility to determine the size of the Index's hedge (short position). The Index's hedge or short position is reviewed daily and may range from 0% to 100% of the long position in the S&P 500®[1] Index.

CBOE Vix: The Index revolutionized investing with the creation of the Cboe Volatility Index® (VIX® Index), the first benchmark index to measure the market's expectation of future volatility. The VIX Index is based on options of the S&P 500® Index, considered the leading indicator of the broad U.S. stock market. The VIX Index is recognized as the world's premier gauge of U.S. equity market volatility. One cannot directly invest in an index.

FOR INFORMATION: 866-476-7523 | INFO@DIREXION.COM | DIREXION.COM

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

* The Net Expense Ratio includes management fees, other operating expenses and Acquired Fund Fees and Expenses. If Acquired Fund Fees and Expenses were excluded, the Net Expense Ratio would be 0.55%. Rafferty Asset Management, LLC ("Rafferty") has entered into an Operating Services Agreement with the Fund. Under this Operating Services Agreement, Rafferty has contractually agreed to pay all expenses of the Fund as long as it is the advisor of the Fund other than the following: management fees, Rule 12b-1 distribution and/or service fees, taxes, swap financing and related costs, dividends or interest on short positions, other interest expenses, brokerage commissions, expenses incurred in connection with any merger or reorganization, acquired fund fees and expenses, and extraordinary expenses. If these expenses were included, the expense ratio would be higher.

Salt Financial, truBeta, and truVolTM are service marks of Salt Financial Indices, LLC and has been licensed for use by Direxion Shares ETF Trust. The Direxion Dynamic Hedge ETF (the "Fund") is not sponsored, endorsed, sold or promoted by Salt Financial Indices, LLC. Nor does Salt Financial Indices, LLC make any representation regarding the advisability of investing in the Fund.

Direxion Shares ETF Risks - Investing involves risk including possible loss of principal. There is no guarantee that the investment strategy will be successful in providing risk mitigation The Fund's investment in derivatives may pose risks in addition to, and greater than, those associated with directly investing in or shorting securities or other investments. Futures markets are highly volatile and the futures market may increase the Fund's volatility. Risks of the Fund include, but are not limited to, Index Correlation/Tracking Risk, Index Strategy Risk, Market Disruption Risk, Long/Short Risk, Volatility Risk, Shorting Risk, Derivatives Risk, risks associated with the market capitalizations of the securities in which the Fund may invest, and risks related to investment in a specific industry or sector. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.

Distributor for Direxion Shares: Foreside Fund Services, LLC.

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