

Forward and Reverse Split Q&A

Q: Who participates in a reverse or forward split?

A: Anyone that owns shares of an ETF of undergoing a split as of the close of trading on the record date that purchased those shares on or before the record date will participate in the split.

Q: Will a reverse or forward split affect the total value of my investment?

A: No. A split simply means there will be a reduction (reverse split) or addition (forward split) in the number of the ETF's shares outstanding and a proportionate increase (reverse split) or decrease (forward split) in the ETF's price per share. This means you will own less or more shares, however, the price per share will be proportionately higher or lower and as a result and your investment value will not change. The exception to this is the case when, as a result of the reverse or forward split, a shareholder receives fractional shares of a fund. Fractional shares cannot trade on the NYSE Arca. Thus, an ETF will redeem for cash a shareholder's fractional shares at the ETF's split-adjusted NAV as of the respective Effective/Record Date.

Q: How many shares will I receive and how will my price per share be adjusted after a reverse or forward split?

A: It depends on the split ratio for the ETF. Here are a couple of examples.

The table below illustrates the effect of a hypothetical 1-for-5 Reverse Split

| Period | # of Shares Owned | Hypothetical Market Price | Total Share Value |
|------------|-------------------|---------------------------|-------------------|
| Pre-Split | 100 | \$10 | \$1,000 |
| Post-Split | 20 | \$50 | \$1,000 |

The table below illustrates the effect of a hypothetical 5-for-1 Forward Split

| Period | # of Shares Owned | Hypothetical Market Price | Total Share Value |
|------------|-------------------|---------------------------|-------------------|
| Pre-Split | 10 | \$100 | \$1,000 |
| Post-Split | 50 | \$20 | \$1,000 |

Q: Will forward or reverse splits create taxable events for me?

A: As a result of the reverse and forward splits, a shareholder of the ETF could potentially hold a fractional share. However, fractional shares cannot trade on NYSE Arca. Thus, an ETF will redeem for cash a shareholder's fractional shares at the ETF's split-adjusted NAV. Such redemptions could cause a shareholder to realize a gain or loss. Otherwise, the reverse and forward splits will not result in a taxable transaction for holders of ETF shares. No transaction fee will be imposed on shareholders for such redemptions.

Q: Will splits affect trading availability or liquidity?

A: Shares after splits are expected to trade with normal availability and liquidity. We do not expect splits to affect availability or liquidity.

Q: Why has Direxion decided to split ETFs?

A: Direxion believes it is in our shareholders' best interest to forward or reverse split in order to keep an ETF's price in a convenient trading price range. In the instance of a reverse split, Direxion expects the costs associated with trading its ETFs to decrease due to the split. The bid-ask spread is expected to decline as a percentage of the price paid per share. For instance, a penny spread on a \$5 stock is 20 basis points¹ (.2%), while a penny spread on a \$50 stock is 2 basis points (.02%). Further, commissions charged by brokers who assess their clients on a per share basis will be smaller as investors will need to buy or sell fewer shares to meet their investment goals. In short, Direxion believes that the reverse splits will adjust the share prices to a more costefficient level for an ETF's shareholders.

¹A basis point can be summarized as follows: 1% change = 100 basis points. 0.01% = 1 basis point

Q: Will a split affect limit and GTC orders?

A: Yes. Splits will cancel limit and GTC orders. Investors should replace these orders and adjust them to the post split price. Please note, splits may also affect orders for options as well.

Please note: Direxion attempts to notify all trading platforms with details of impending reverse splits. We encourage you to contact your broker or trading platform with any questions associated with the reverse splits.

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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.

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