

# Direxion HCM Tactical Enhanced US ETF (HCMT)



# The Direxion HCM Tactical Enhanced US ETF (HCMT)

*The Direxion HCM Tactical Enhanced US ETF (NYSE: HCMT) seeks capital appreciation. HCMT is an actively managed fund that uses the proprietary, quantitative investment model, the HCM-BuyLine<sup>®</sup>, to attempt to minimize loss and maximize gains across all market conditions. HCMT seeks to provide enhanced returns across multiple market cycles that are broadly correlated to the U.S. equity markets.*

The Fund strives to outperform the major U.S equity indices during market upswings by utilizing derivatives while seeking to minimize losses through investments in cash or cash equivalents during downward market trends. The HCM-BuyLine<sup>®</sup> is technical, but its interpretation is straightforward. The tactical nature of the HCM-Buyline<sup>®</sup> strategy allows the Fund to provide enhanced equity exposure during periods of market uptrends, resulting in the potential for higher risk/reward. The strategy is an aggressive, yet disciplined approach to equity investing.



# Principal Investment Strategy

HCMT is actively managed and uses the HCM-BuyLine® strategy, developed by Howard Capital Management, Inc. (HCM), the Fund’s subadvisor, to tactically manage the Fund’s exposure. The Fund will invest in, or have exposure to, U.S. equities in order to achieve capital appreciation or will invest in cash or cash equivalents (i.e., money market funds, U.S. government securities and/or similar securities) in order to attempt to preserve capital during market downturns. When allocated to U.S. equities, the Fund will seek leveraged exposure of its net assets through investments in derivatives, such as swaps, in order to achieve enhanced returns.

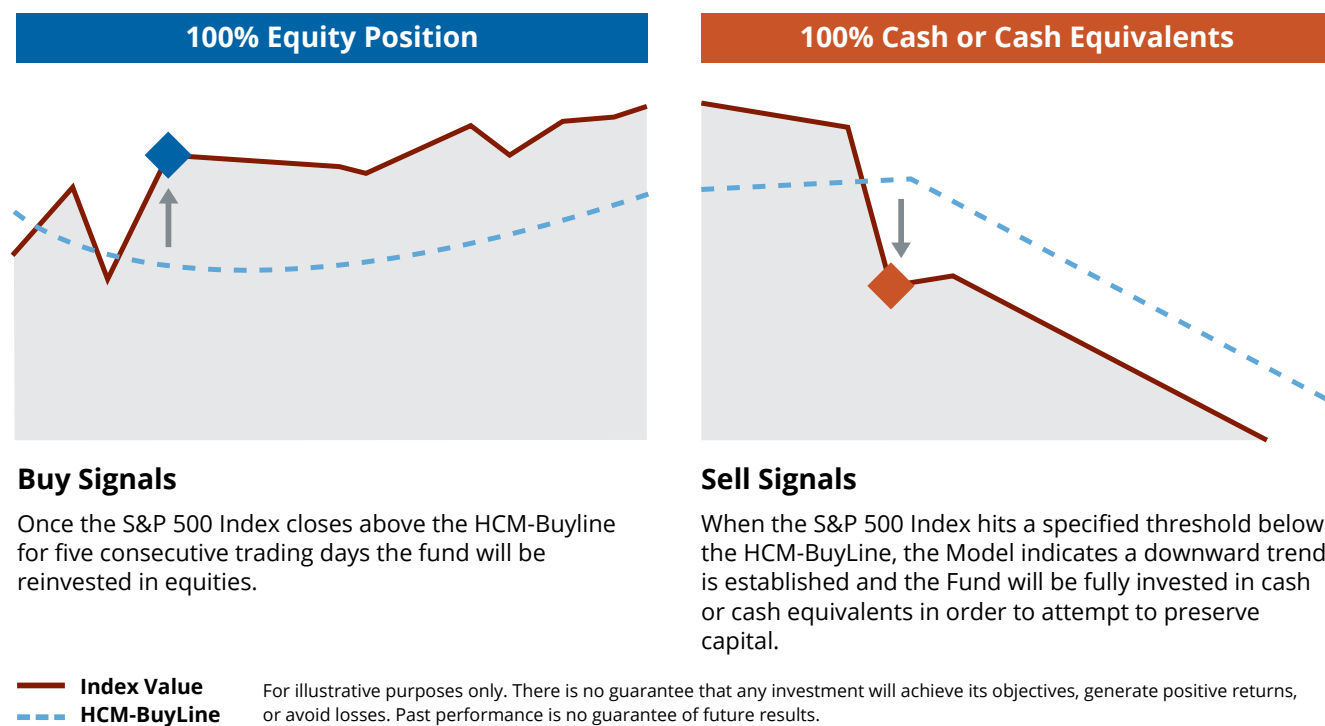
## WHY IS HCMT DIFFERENT FROM OTHER EQUITY ETFS?

HCMT is a tactically managed Fund that utilizes derivatives to achieve total equity exposure of up to 200% of the Fund’s net assets.

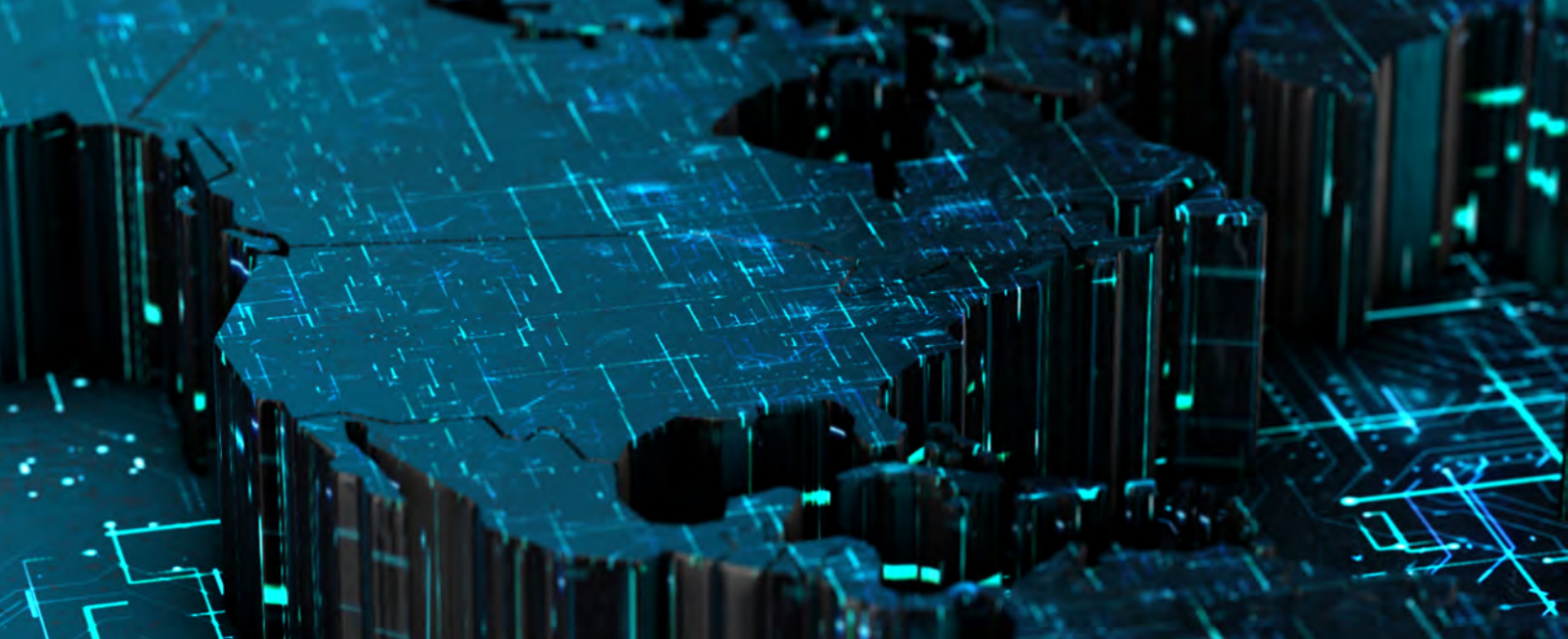
## PROPRIETARY HCM-BUYLINE® MODEL

The Fund uses the proprietary HCM-BuyLine® model (the “Model”) to identify broad trends in the U.S. equity markets in order to determine the Fund’s investments. The HCM-BuyLine® uses a proprietary quantitative investment indicator to determine when to be in or out of the market. This nonemotional, mechanical, and repeatable system helps take the guesswork out of investment decisions.

When the trend is down, the Fund will be fully invested in cash or cash equivalents and have no equity exposure. The Fund will continue to have no equity exposure until the Model determines an upward trend has been established and the Fund will then be fully invested in equity securities. The illustration below shows the model in action in two scenarios.



Source: Pew Research Center, April 7, 2021



## HCMT's Investment Allocation

When the Fund is allocated to U.S. equity securities, it will have approximately the following daily exposures (obtained directly by investing in U.S. equity securities or indirectly through investments in derivatives):

- 80% exposure to all of the securities of the S&P 500 Index ("S&P Allocation"), which measures the performance of 500 large capitalization companies listed on stock exchanges in the U.S.;
- 80% exposure to all of the 100 largest, U.S.-based, non-financial companies listed on the NASDAQ Stock Exchange ("Technology Allocation"); and
- Up to 40% exposure to the securities of a specific sector or industry ("Sector Allocation"). The Sector Allocation will be in one of the following 13 sectors or industries: industrial, communication services, consumer discretionary, consumer staples, energy, financial, health care, real estate, technology, utilities, materials, biotechnology industry and semiconductor industry.

The Model determines the Sector Allocation based on a proprietary relative strength formula, which evaluates the volatility and momentum of each sector or industry to determine which is experiencing the strongest market trend relative to the other sectors or industries. The sector or industry showing the strongest upward market trend will be selected by the Model as the Sector Allocation. Only one sector or industry is selected by the Model at a time. The Sector Allocation is expected to change in response to shorter-term market conditions, which may result in high portfolio turnover and increased costs. The Fund's exposure to the Sector Allocation may be less than 40% depending on the volatility and liquidity of the equity securities in the relevant sector or industry.

The Fund will utilize leverage to achieve total exposure of up to 200% of the Fund's net assets to the S&P Allocation, Technology Allocation and the Sector Allocation. A Sector Allocation of less than 40% may result in the Fund having less than 200% total exposure each day.

## **SUBADVISOR: HOWARD CAPITAL MANAGEMENT, INC.**

Howard Capital Management, Inc. (HCM) is the Fund's subadvisor.

Since 1999, HCM, a SEC-registered investment advisory firm, has offered professional money management to those seeking growth while striving to remain on the right side of the market. The HCM vision originated after the 1987 stock market crash, with the opinion that incurring financially devastating losses due to market volatility was unnecessary.

Vance Howard is the CEO, Founder and Portfolio Manager of Howard Capital Management, Inc. Mr. Howard actively manages the investment options offered by HCM. Specializing in research, development and the implementation of various types of trading systems, he developed HCM's proprietary indicator, the HCM-BuyLine<sup>®</sup>, to facilitate his investment decisions. Howard Capital Management has over \$5 billion in assets under management as of June 30, 2023.

## **HCM INVESTMENT PHILOSOPHY**

Our goal is to attempt to mitigate loss to defend your assets, while seeking upside potential. We understand the time, money and stress it takes to regain losses during market downturns. It is our mission to give you peace of mind and guide you through complex market conditions that arise while investing. The investment strategies we use at HCM are dynamic and tactical. We believe tactical management is a powerful, straightforward solution to navigating market volatility, while striving to drive performance and hedge against inflation. Through our defensive, pro-active approach to investing, we monitor market conditions daily in conjunction with the use of our HCM-BuyLine<sup>®</sup> tool, to help your portfolio maximize its potential. We practice active money management. We do not believe in buy and hold, nor do we favor asset allocation. We must be strategic and tactical as our best defense against a market that does not think or feel.

## **ADVISER: RAFFERTY ASSET MANAGEMENT, LLC**

Rafferty Asset Management, LLC (dba "Direxion") serves as the investment adviser to the Fund. Direxion is responsible for managing the Fund's investment strategy.

Direxion equips investors who are driven by conviction with ETF solutions built for purpose and fine-tuned for precision. These solutions are available for a broad spectrum of investors, whether executing short-term tactical trades or investing in long-term strategies. Direxion's reputation is founded on developing products that precisely express market perspectives and allow investors to manage their risk exposure. Founded in 1997, Direxion had approximately \$31 billion in assets under management as of June 30, 2023.

## FOR MORE INFORMATION

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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 [www.direxion.com](http://www.direxion.com). A Fund's prospectus and summary prospectus should be read carefully before investing.*

*Investing in the Fund may be riskier than investments in other funds due to the Fund's use of leverage. Investors in the Fund should understand the risks associated with the use of leverage and understand the consequences of seeking leveraged investment results.*

**Direxion Shares ETF Risks** – An investment in the Fund involves risk, including the possible loss of principal. The Fund is non-diversified and includes risks associated with the Fund concentrating its investments in a particular industry, sector, or geography which can increase volatility. The use of derivatives, such as swaps, are subject to market risks that may cause their price to fluctuate over time. The Fund utilizes leverage to obtain investment exposure in excess of its net assets, and while the use of leverage may magnify potential gains in favorable markets, it will also magnify potential losses in adverse market conditions. Risks of the Fund include Effects of Compounding and Market Volatility Risk, Active Management Risk, Subadviser's Investment Model Risk, Leverage Risk, Derivatives Risk, Market Risk, Counterparty Risk, Other Investment Companies (including ETFs) Risk, Cash Transaction Risk, Tax Risk, and risks specific to the Fund's sector or industry allocations. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.

**Distributor:** Foreside Fund Services, LLC.