

The Direxion Nanotechnology ETF (TYNE)

Methodology Summary

Fund Summary

The [Direxion Nanotechnology ETF \(TYNE\)](#) provides exposure to companies believed to be at the forefront of nanotechnology, spanning the traditional sectors of consumer discretionary, health care, industrials, information technology and materials.

NPAR may be considered a satellite holding to complement other broader positions within a portfolio.

Constituent Universe

Common equity securities, including depository receipts, listed in the U.S. on the NYSE, Nasdaq, or Cboe exchanges, subject to size and liquidity constraints.

- Size: Securities must have a minimum float-adjusted market capitalization of at least \$100 million.
- Liquidity: Securities must have a three-month average daily turnover greater than, or equal to, \$1 million.
- Security weights are optimized for a portfolio size of \$1 billion.

Benchmark Index

S&P Kensho Extended Nanotechnology Index (KNANOXN)

The index offers exposure to companies involved in the creation and/or manipulation of matter at the molecular (or smaller) level, by providing one or more of the following four types of products or services:

1. **Fabrication and Manufacturing Processes:** Devices, systems and/or processes allowing for construction and/or manipulation of matter at the molecular level as a part of the production process, which includes, but is not limited to, nano-bots and molecular self-assembly.
2. **Measurement and Simulation:** Services simulating design of nanomaterials and products/services that contribute to measurement at the molecular level, which includes, but is not limited to, nanoelectromechanical systems.
3. **Materials:** Outputs created from nanofabrication and manufacturing processes, which includes, but is not limited to, nano-textiles and nanoparticles.
4. **Delivery Systems:** Systems enabling the delivery of nanomaterials to targeted locations, which includes, but is not limited to, engineered nanoparticles and nano-capsules.

Component Weighting

Core constituents are over-weighted as compared to non-core constituents. The index also applies a diversification screen to ensure the sum of the weights of all constituents with individual weights over 4.5% does not exceed 45% of the total index weight.

Rebalancing

- Annual reconstitution: last trading day in May
- Semiannual rebalancing: last trading day in November
- Quarterly reweighting; last trading day in February and August

Definitions:

Average Daily Trading Volume: Average daily trading volume (ADTV) is the average number of shares traded, within a day, in a given stock.

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Disclosures

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.

Shares of the Direxion Shares are bought and sold at market price (not NAV) and are not individually redeemed from a Fund. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 pm EST (when NAV is normally calculated) and do not represent the returns you would receive if you traded shares at other times. Brokerage commissions will reduce returns. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV. Some performance results reflect expense reimbursements or recoupments and fee waivers in effect during certain periods shown. Absent these reimbursements or recoupments and fee waivers, results would have been less favorable.

S&P Dow Jones is not a sponsor of, or in any way affiliated with, the Direxion Nanotechnology ETF.

Direxion Shares ETF Risks - Companies related to nanotechnology may rely on a combination of patents, copyrights, trademarks, and trade secret laws to establish and protect their proprietary rights in their products and technologies and may be adversely affected by loss or impairment of those rights. In addition, nanotechnology companies may have limited product lines, markets, financial resources, or personnel. Nanotechnology companies may be smaller, less-seasoned companies that may be more volatile than the overall market. Small and Micro-capitalization companies often have limited product lines, narrower markets for their goods and/or services and more limited managerial and financial resources than larger, more established companies.

Investing involves risk including possible loss of principal. There is no guarantee the investment strategy will be successful. Stocks with a low trading price may be subject to short-term price movements and higher volatility. Further, low price securities may have limited liquidity and trade volume which may affect the Fund's ability to purchase or sell a position at the time of reconstitution, or to purchase or sell the security without effecting the price of the security. Companies with low trading volume and/or low security prices may be seen to have a deteriorating company reputation compared to those companies with greater market capitalization. Additional risks of the Fund include, but are not limited to, Index Correlation/Tracking Risk, Index Strategy Risk, Natural Disaster/Epidemic and Market Disruption Risk, and risks associated with the market capitalizations and sectors of the securities in which the Fund may invest. 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.