

Relative Weight Spotlight

GETTING GROWTHY

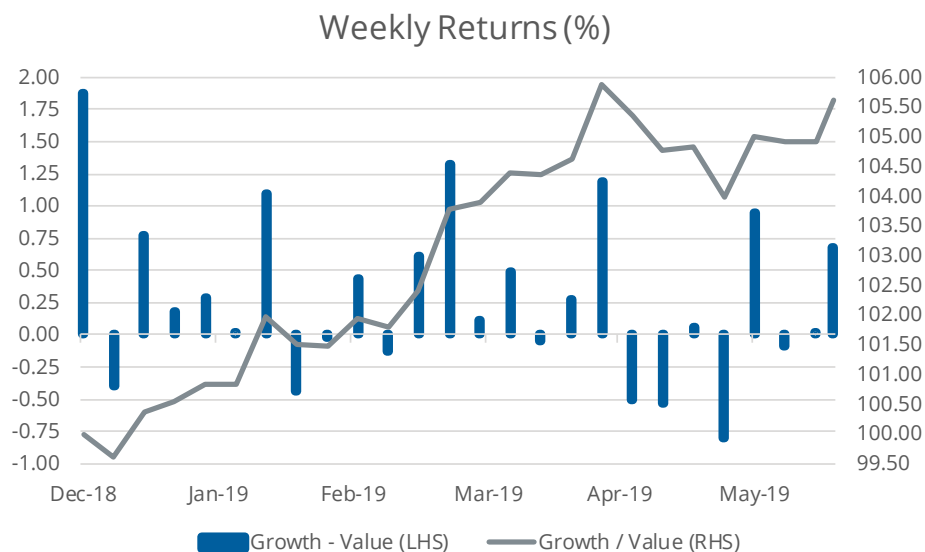
Year-to-date, growth stocks have bested value stocks by a whopping 6.26% primarily due to growth's IT overweight, which is best performing sector among U.S. Large Caps, up over 26% on the year.

Even with growth's outperformance this year, and the fact that it has generally done so over the last 18 years, we see growth stocks continuing to outperform value stocks over the coming months thanks to a macro backdrop that remains supportive for companies with high expected sales and earnings growth.

WHAT WE'VE SEEN

- Thanks to a continued flat (and in some cases inverted) yield curve, and a term premium that continues to move deeper into negative territory amid subdued inflation expectations, support for growth stocks relative to value remains strong from a macroeconomic perspective.
- While returns for growth compared to value stalled over the previous two weeks with only modest differences between each, this week has seen growth rip higher again with a supportive global monetary policy environment and hopes of progress on China-U.S. trade at the upcoming G-20 meeting.

GROWTH STOCKS HAVE BEATEN VALUE STOCKS THIS YEAR

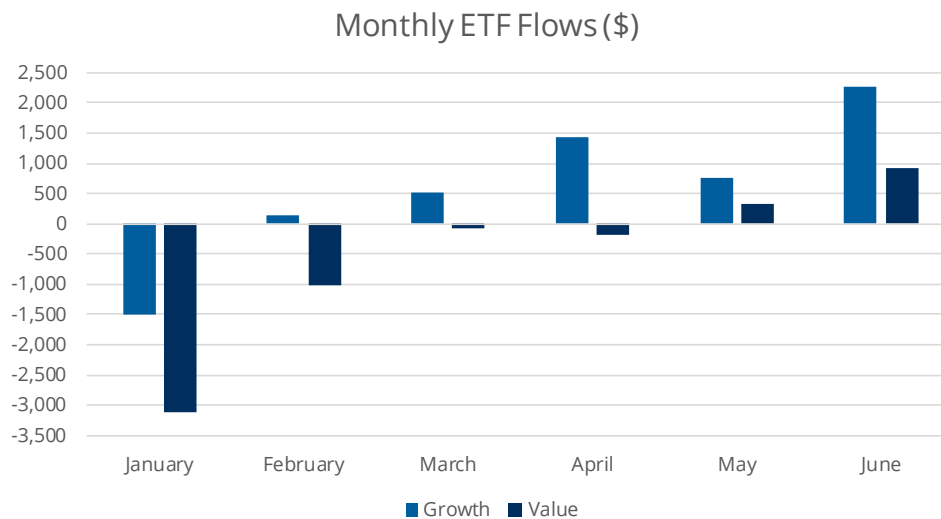


MONEY IN MOTION

With positive flows in every month other than January, Growth ETFs have seen \$3.61 billion of inflows since the start of 2019, while Value ETFs have seen \$3.12 billion of outflows, highlighting the continued capitulation that investors have tilted towards firms' ETFs with low price multiples compared to those with higher than market multiples.

- From a relative strength inflows perspective, growth has beaten value every month this year. However, relative flows took a bit of a breather in May compared to the massive difference witnessed in April when Growth ETFs took in \$1.43 billion, but Value ETFs lost a modest \$180.24 million.
- This month, Growth ETFs are on pace for their best month this year with \$2.27 billion in the door, while Value ETF are hanging in there with \$0.93 billion of inflows.
- For context, Value ETFs attracted \$7.46 billion more than growth did in 2018 with the majority of value inflows coming in the second half of the year when growth stocks stumbled amid the broader market pullback. We view this year-to-date strength in positioning and flows to be another point for the case supporting growth relative to value.

GROWTH ETF FLOWS HAVE PICKED UP IN JUNE



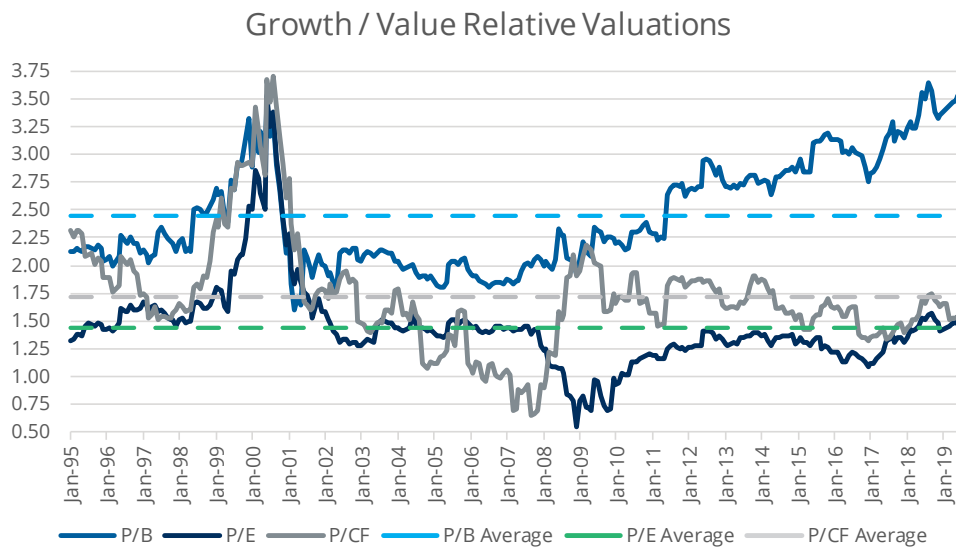
Source: Bloomberg Finance, L.P., as of June 18, 2019. Data represents the monthly net flows of U.S.-listed U.S. Large Cap Growth ETFs and U.S. Large Cap Value ETFs specifically targeting exposure to U.S. Large Cap Growth and Value stocks, respectively.

WHAT'S NEXT?

Now that the Federal Reserve has opened the door to the rate cuts the market has been anticipating, one element of the recent increase in uncertainty – patience – has been lifted.

- While a rate cut may lead to a short-term steepening of the yield curve, we believe that rates on the long end of the curve will remain subdued, making any steepening short-lived and the prevailing trend of flat and inverted curves to remain intact.
- In addition, some investors may push back on the notion that growth stocks are nothing but overvalued and any whiff of a catalyst for value will lead to a rotation away from growth. However, investors should consider signals from a broad-range of valuation multiples including Price-to-Cash Flow, which shows growth as attractively priced compared to its long-term historical average.
- In contrast, many are only pointing to growth being expensive on a Price-to-Book basis, which excludes intangible assets that are increasingly important in today's economy. Even Price-to-Earnings points to a more balanced picture of relative valuations between the two market segments highlighting that valuations for Growth may be more attractive than some may think.

DEPENDING ON THE MULTIPLE, GROWTH STOCKS MAY BE UNDERVALUED



Source: FTSE Russell, as of June 18, 2019. P/B represents Price-to-Book, P/E represents Price-to-Earnings, and P/CF represents Price-to-Cash Flow. Growth represented by the Russell 1000 Growth Index and Value represented by the Russell 1000 Value Index. One cannot invest directly in an index.

IMPLEMENTATION IDEAS

- The Direxion Russell 1000® Growth Over Value ETF [RWGV] employs a capital efficient structure to gain increased exposure to Growth stocks and decreased exposure to Value stocks, providing investors with the potential to outperform a long-only Growth strategy.
- However, an investor who believes that Value will rebound even amid the headwinds, can allocate to the Direxion Russell 1000® Value Over Growth [RWVG], which offers 150% exposure to Value companies and -50% exposure to Growth companies.

DEFINITIONS

- Russell 1000® Growth Index: The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.
- Russell 1000® Value Index: The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

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 direxioninvestments.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.

Direxion Relative Weight ETFs Risks -Investing involves risk including possible loss of principal. The Funds' investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in or shorting securities or other investments. Investing in, and/or having exposure to, growth and value securities involves risks. Risks of growth securities include the risk of sharp price movement, and susceptibility to increased volatility, which may cause them to perform differently than the market as a whole. Risks of value securities include the risk that their intrinsic value may never be fully realized by the market. There is no guarantee that the returns on the Funds' long or short positions will produce high, or even positive returns and a Fund could lose money if either or both of the Fund's long and short positions produce negative returns. Please see the summary and full prospectuses for a more complete description of these and other risks of the Funds.

Distributor for Direxion Shares: Foreside Fund Services, LLC.