

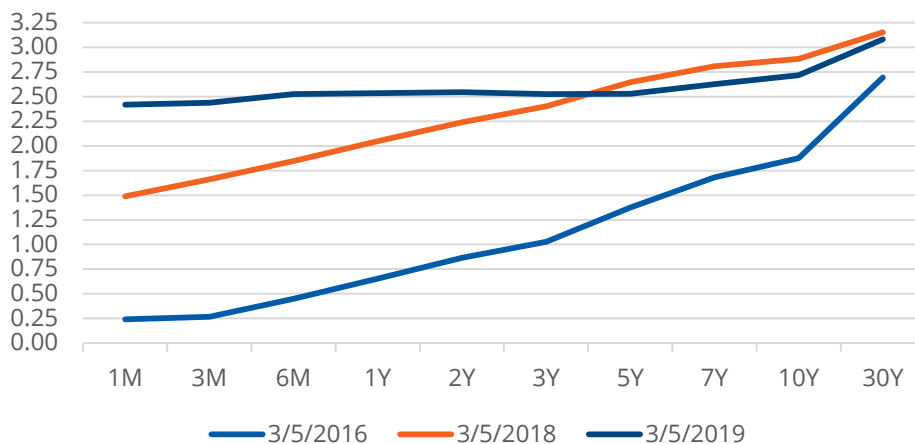
Relative Weight Spotlight

WHAT WE'VE SEEN

- The week of March 6th marked the 10-year anniversary of the S&P 500's ominous intraday low of 666.79. Since then, the Russell 1000 Growth Index has returned 18.85%, outperforming the Russell 1000 Value Index by 2.37%.
- Lately, we have seen more of the same as U.S. large cap growth stocks have beat their value counterparts by 1.99% year-to-date bringing year-over-year outperformance to 3.89% and 5.72% over the last three years. Year-to-date, the Russell 1000® Growth/Value 150/50 Net Spread Index of growth stocks relative to value stocks has returned 14.12%, outperforming growth's 13.18% return.
- Helping to anchor the trend of growth outpacing value has been the flattening of the yield curve. Comparing today's curve to that of a year ago and three years ago illustrates the extent of the bear flattener. Even, with the FOMC potentially pushing pause on future rate hikes, it is difficult to envision an environment that sees long-rates moving significantly higher from here potentially holding back value, which historically does best in periods of a steeper curve.

THE YIELD CURVE HAS FLATTENED SHARPLY

U.S. Treasury Actives Curve (%)

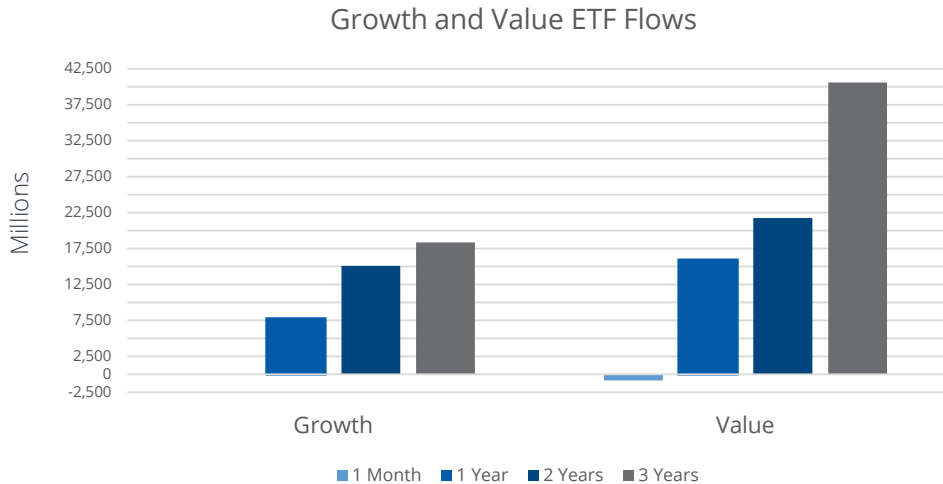


Source: Bloomberg Finance, L.P., as of March 5, 2019.

MONEY IN MOTION

- Looking at growth and value ETF flows over the last month, raises a question about investor capitulation thanks to value ETFs seeing \$850 million of outflows over the last month. Rolling one-month value flows have actually been negative for 34 days, which the longest stretch in a year.
- All things considered, this represents nothing more than a blip on the radar as dedicated U.S. large cap value ETFs comprise nearly \$124 billion in assets.
- However, flows into value have been extremely robust over the last one, two and three years. More interesting is that these flows have come at the expense of growth ETFs. Of course, this has been a losing trade over those periods raising the question about the possibility of investors throwing in the towel at this stage.

ARE ETF INVESTORS GIVING UP ON VALUE?



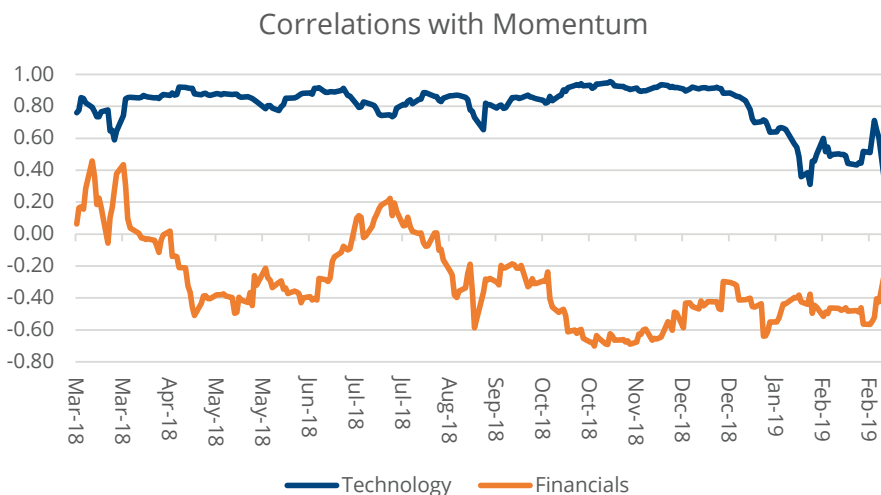
Source: Bloomberg Finance, L.P., as of March 5, 2019.

Data represents 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.

SO, WHAT'S NEXT?

- As noted in our January 16 spotlight, a standardized measure of valuations is far from egregious for growth relative to value, but it does indicate that growth is trading at a premium to value compared to its historical average making the case for value investors to seek out value.
- However, the earnings picture does not look helpful for value as declines in estimated earnings per share for 2019 and 2020 have been worse than those for growth.
- Looking ahead, since recent trends have favored growth for some time, it has become highly correlated to a basket of momentum stocks making it subject to momentum-led selloffs that may have little to do with underlying fundamentals or the macro backdrop. However, the correlation of technology, the largest sector in growth, to momentum has fallen sharply in recent days. However, value's largest sector weight, financials, has shown little change to its negative relationship with momentum. We will see how this plays out ahead.

TECHNOLOGY'S CORRELATION WITH MOMENTUM HAS DECLINED AGAIN



Source: FTSE Russell, as of March 5, 2019.

Correlations measured by the 22-day rolling correlation of daily excess returns of the Russell 1000 Financial Services Index and Russell 1000 Technology Index relative to the Russell 1000 Index compared to the daily excess returns of the Russell 1000 Momentum Factor Index relative to the Russell 1000 Index.

IMPLEMENTATION IDEAS

- With macro trends continuing to signal opportunities for growth stocks at the expense of value stocks, the Direxion Russell 1000® Growth Over Value ETF (RWGV) offers investors a means of overweighting growth over value.
- For investors who want to position for a reversal of growth's long-standing dominance or address an underweight to value, the Direxion Russell 1000® Value Over Growth ETF (RWVG) creates an opportunity for an amplified exposure to value stocks relative to growth.

DEFINITIONS

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

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

The Russell 1000® Growth/Value 150/50 Net Spread Index measures the performance of a portfolio that has 150% long exposure to the Russell 1000 Growth Index and 50% short exposure to the Russell 1000 Value Index.

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 ETFs' investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in or shorting securities or other investments. There is no guarantee that the returns on an ETF's long or short positions will produce high, or even positive returns and the ETF could lose money if either or both of the ETF'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 ETFs.

Distributor for Direxion Shares: Foreside Fund Services, LLC.
