

Direxion's U.S. 500 Plus (SPXP) FAQ

Q: What's SPXP designed to do?

A: The Direxion U.S. 500 Plus ETF (SPXP) is a Multi-Asset ETF that seeks investment results, before fees and expenses, that track the rules-based Auspice U.S. Equity Plus Trend Index (AUSEPTI). It provides S&P 500 exposure while overlaying a trend-following managed futures strategy, stacking two established, less-correlated* return sources in one ETF for greater capital efficiency.

The index was built by Auspice Capital Advisors ("Auspice"), a Commodity Trading Advisor that has collaborated with Direxion for over 14 years. AUSEPTI combines two long-standing track records: the S&P 500, and the Auspice Managed Futures Excess Return Index (AMFERI), which has been live since Nov. 2010, with index data going back to 2000. SPXP seeks return and volatility characteristics similar to the S&P 500, with differentiated return drivers over time, though there is no guarantee this will be achieved.

Q: So, investors can maintain exposure to the S&P 500 and an uncorrelated overlay in one trade?

A: That's correct.

Investors keep core equity beta while adding a diversifying component in a single ETF, reducing the need to reallocate among holdings. The fund is built for capital efficiency, not leverage, through measured use of derivatives such as futures*. Derivatives can introduce added risks, including greater volatility and tracking differences, which the strategy seeks to manage but cannot eliminate.

Q: Why use a managed-futures component as the overlay strategy in SPXP?

A: Managed futures trend-following strategies use a systematic, rules-based approach to take long or short* positions across commodities and financial markets such as currencies and bonds, based on price trends. These strategies have historically shown low-to-negative correlation* with traditional stocks and bonds, though that relationship can change over time. Managed futures may serve as a diversifier, particularly in volatile or inflationary environments, but performance can vary and there's no guarantee of positive returns.

Q: Why might SPXP's approach be relevant to investors today?

A: SPXP may appeal to investors seeking to **broaden diversification** while maintaining **core S&P 500 exposure**. Many investors still hold portfolios built around the traditional 60/40 mix of stocks and bonds. In recent years, such as 2022, we've seen periods when both asset classes moved in the same direction, not providing diversification. This is historically consistent as when we look at history, bonds do a poor job of hedging equities during inflationary times. A commodity-tilted trend following overlay can offer an alternative source of return that has shown historically low correlation to both equities and fixed income.

Q: Is this a leveraged product?

A: It is NOT a Leveraged ETF. That's an important distinction. The fund seeks 100% exposure to the S&P 500 and 100% exposure to the diversifying strategy; the intent is capital efficiency and diversification, not magnification of daily returns. It is designed as a core U.S. large-cap equity holding, not a trading vehicle.

Q: How is the Fund's index managed day-to-day?

A: The fund tracks the **Auspice U.S. Equity Plus Trend Index (AUSEPTI)**, as published by NYSE/ICE, that combines exposure to the S&P 500 with a rules-based managed-futures component. Unlike other managed futures strategies, the trend component excludes equity indices, since the ETF already holds core S&P 500 exposure. Both components are rebalanced monthly in a transparent, rules-based structure, with the equity leg obtained through liquid S&P 500 futures.

Q: How do the equity and managed futures components tend to behave during periods of high volatility?

A: The two components can perform very differently across market environments. In some past periods when equities fell sharply, trend-following managed futures delivered positive returns, so-called "crisis alpha." Combining low-correlation exposures may help reduce S&P 500 concentration risk, though results will vary.

Q: How might financial professionals or investors think about using SPXP in a portfolio?

A: SPXP is intended as an alternative to a traditional core benchmark ETF, used as a replacement for or complement to an S&P 500 ETF for investors who want equity exposure plus a diversifying component. Because the diversifier sits on top of the core holding, advisors can add it without reducing equity, bond, or other allocations, avoiding the cost and complexity of a separate line item.

Q: What about taxes or structure? How does the ETF format help?

A: SPXP issues a **Form 1099** instead of a K-1, which may simplify tax reporting compared to some alternative strategies. Investors should consult a tax advisor for guidance.

Q: Describe Auspice and the history of the partnership between Direxion and Auspice.

A: Auspice is an alternative-focused investment advisor and registered Commodity Trading Advisor, delivering commodity and crisis-alpha solutions to retail and institutional investors in the U.S. and Canada for over 20 years. Its Auspice Managed Futures Excess Return Index (AMFERI) has been live since Nov. 2010, and Auspice has partnered with Direxion for over 14 years.

Definitions:

Alpha: Alpha is a measure of an investment's performance relative to a benchmark index, representing the excess return generated beyond what would be expected given its level of risk. A positive alpha may indicate the investment outperformed its benchmark on a risk-adjusted basis, while a negative alpha may indicate underperformance.

Correlation: Correlation is a statistical measure of how two assets move in relation to each other. It can be used for individual assets, like stocks, or to measure how a security moves relative to a broader market. The correlation coefficient measures the degree and direction of correlation between any two assets in a range between -1 and +1.

Futures: Futures are standardized contracts obligating the buyer to purchase (or the seller to sell) an asset at a predetermined price on a future date. These are commonly used for hedging or speculation on commodities, currencies, and financial instruments.

Short: Short selling is a trading strategy where investors speculate on a security's decline. Traders can profit if the security's price drops but can have theoretically limitless loss potential if the price increases.

An investor should consider the investment objectives, risks, charges, and expenses of Direxion Shares carefully before investing. The prospectus and summary prospectus contain this and other information about Direxion Shares. To obtain a prospectus and summary prospectus call 866-476-7523 or visit our website at direxion.com. The prospectus and summary prospectus should be read carefully before investing.

Futures may be affected by backwardation or contango. Backwardation is a market condition in which a futures price is lower in the distant delivery month than in the near delivery month. Contango is a market condition in which the futures price is higher in the distant delivery month than in the near delivery month. In cases of contango, the Fund's total return may be lower than might otherwise be the case because the Fund would be selling less expensive contracts and buying a more expensive ones.

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The Auspice U.S. Equity Plus Trend Index as constructed by Auspice Capital Advisors Ltd. measures the performance of a multi-asset portfolio with 100% long exposure to E-mini S&P 500 futures and 100% long exposure to a managed futures strategy. One cannot directly invest in an index.

Diversification does not guarantee a profit and does not protect against loss in a declining market.

Direxion Shares Risks - An investment in the Fund involves risk, including the possible loss of principal. The Fund is non-diversified and includes risks associated with concentration that results from the Fund's investments in a particular industry, sector, or geographic region which can result in increased volatility. The Fund's use of derivatives such as futures contracts and swaps are subject to market risks that may cause their price to fluctuate over time. Risks of the Fund include, but are not limited to, Index Correlation Risk, Derivatives Risk, Commodity-Linked Derivatives Risk, Futures Contracts Risk, Currency Futures Investment Risk, Passive Investment and Index Performance Risk, Counterparty Risk, Cash Transaction Risk, Subsidiary Investment Risk, Interest Rate Risk, and Tax Risk. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.

Exchange-traded commodity futures contracts generally are volatile and are not suitable for all investors. The value of a commodity-linked derivative investment typically is based upon the price movements of a physical commodity and may be affected by changes in overall market movements, volatility of the index, changes in interest rates, or factors affecting a particular industry or commodity, such as global pandemics, weather and other natural disasters, changes in supply and production, embargoes, tariffs and international economic, political and regulatory developments and changes in speculators' and/or investors' demand. Commodity-linked derivatives also may be subject to credit and interest rate risks that in general affect the value of debt securities. The Fund's investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in securities or other investments.

Risks associated with the use of futures contracts are (a) the imperfect correlation between the change in market value of the instruments held by the Fund and the price of the futures contract; (b) possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (c) losses caused by unanticipated market movements, which are potentially unlimited; (d) the Index's inability to predict correctly the direction of securities prices, interest rates, currency exchange rates and other economic factors; (e) the possibility that the counterparty will default in the performance of its obligations; and (f) if the Fund has insufficient cash, it may have to sell securities or financial instruments from its portfolio to meet daily variation margin requirements, which may lead to the Fund selling securities or financial instruments at a time when it may be disadvantageous to do so.

Auspice Capital Advisors Ltd. is a registered Portfolio Manager/Investment Fund Manager in Canada and a registered Commodity Trading Advisor (CTA/CPO) and National Futures Association (NFA) member in the US.