

Moonshot Innovators: Out with the Old, In with the New.

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The Direxion Moonshot Innovators ETF gained 14.55% / 14.62%* (price return / NAV return) in the first half of 2021^[1], outpacing the S&P 500, Nasdaq-100 and Russell 2000 Indexes during that period.

LiDAR, AUTONOMOUS VEHICLES AND WEARABLES

During that first half of 2021, we witnessed some real moonshot potential come to fruition in both single names and across broader themes. Back in February, MicroVision (NASDAQ: MVIS) announced that the first wave of samples of its first generation, long-range LiDAR sensors were almost ready. The potential implications of their groundbreaking technology across the EV and autonomous vehicle space was quickly recognized by the marketplace, and MVIS delivered 250% gains through June 18. Vuzix (NASDAQ: VUZI) and Energy Recovery Inc. (NASDAQ: ERII) were also standout names through this period, as investors saw remarkable innovation being delivered by these firms for wearable technologies and fresh water solutions.

PROGRESS TOWARDS THE IMPOSSIBLE SOMETIMES RESULTS IN FAILURE

On the flip side, not all moonshots reach their full potential. In April, Adverum Biotechnologies (NASDAQ: ADVM) cited apparent side effects of decreased vision in a patient in trials for its lead gene therapy candidate, ADVM-022, for diabetic macular edema (DME). Soon thereafter in July, Adverum announced that they will no longer advance that candidate for treatment in DME due to dose-limiting toxicity, and the stock traded down to a 52-week low below \$3 a share. Less than ideal outcomes are common in the genetic engineering space, but we continue to press forward for solving for some of the most audacious and unmet needs in human health.

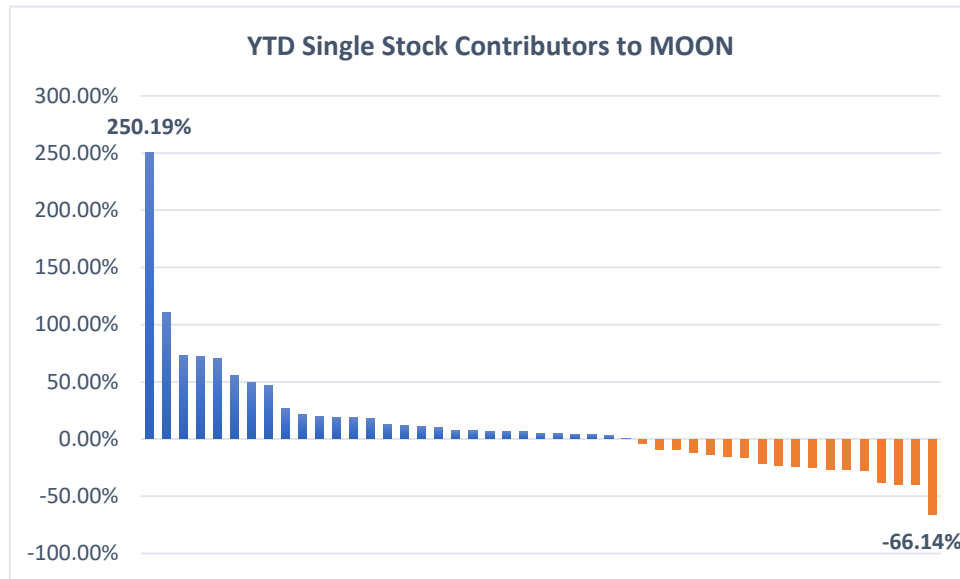
BLOCKCHAIN, DRONES AND GENETIC ENGINEERING

In broader thematic exposures, investors continued to place premiums and recognize the innovation happening in the 3D Printing, Smart Grids, Enterprise Collaboration and Distributed Ledger (blockchain) sub-themes. The average performance for stocks representing those sub-themes in MOON delivered returns of 47.7%, 46.8%, 22.3%, and 15.4%, respectively. The Drones and Genetic Engineering sub-themes were the notable laggards, with negative average stock returns of 7.5% and 9.5%, respectively.

**The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. Returns for performance under one year are cumulative, not annualized. Short-term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes. For additional information, see the fund's prospectus. For standardized and month-end performance, [click here](#).*

^[1]Data through June 18, 2021.

MOONSHOT PERFORMERS DELIVERED OUTSIZED CONTRIBUTIONS FOR MOON IN THE FIRST HALF OF 2021



Source: Bloomberg, L.P. as of June 18, 2021.

MOON seeks to track the performance of the S&P Kensho Moonshots Index, which offers exposure to what the index measures as the 50 most innovative early stage US-listed companies pursuing innovation and having the potential to disrupt existing technologies and/or industries. These 50 companies selected for inclusion are deemed to have the highest “early-stage composite innovation scores” spanning multiple themes. A company’s “allocation to innovation” and “innovation sentiment” comprised the composite score.

NEW MOON RISING

The S&P Kensho Moonshots index underwent its annual reconstitution on June 18, and it marked one of the most significant rebalances for the Moonshot Innovator ETF since its launch in November 2020. While the index added 23 companies, and removed 20, the underlying thematic allocations and exposures remained relatively consistent. That said, new names across the Internet Infrastructure, Alternative Finance, Clean Technology, Future Payments, Smart Borders and Nanotechnology themes have added more breadth to the exposure to innovation and disruption that the MOON ETF is keen on delivering. This level of turnover during the annual reconstitution is consistent with expectations.

MOON ADDED 23 COMPANIES & REMOVED 20

Additions	Ticker	Thematic Classification
Dropbox Inc	DBX	Enterprise Collaboration
ChargePoint Holdings Inc	CHPT	Smart Grids
CRISPR Therapeutics AG	CRSP	Genetic Engineering
Asana Inc	ASAN	Enterprise Collaboration
Luminar Technologies Inc	LAZR	Autonomous Vehicles
Nikola Corp	NKLA	Electric Vehicles
BigCommerce Holdings Inc	BIGC	Internet Infrastructure
Desktop Metal Inc	DM	3D Printing
Xperi Holding Corp	XPER	Autonomous Vehicles
Velodyne Lidar Inc	VLDR	Autonomous Vehicles
LendingClub Corp	LC	Alternative Finance
Agilysys Inc	AGYS	Future Payments
Romeo Power Inc	RMO	Electric Vehicles
908 Devices Inc	MASS	Smart Borders
Eos Energy Enterprises Inc	EOSE	Cleantech
Arcturus Therapeutics Holdings Inc	ARCT	Genetic Engineering
Asensus Surgical Inc	ASXC	Robotics
Sohu.com Ltd	SOHU	Digital Communities
Ebang International Holdings Inc	EBON	Alternative Finance
ElectraMeccanica Vehicles Corp	SOLO	Electric Vehicles
BIT Mining Ltd	BTCM	Distributed Ledger
ProQR Therapeutics NV	PRQR	Genetic Engineering
Super League Gaming Inc	SLGG	Digital Communities

Deletes	Ticker	Thematic Classification
ExOne Co/The	XONE	3D Printing
Vir Biotechnology Inc	VIR	Genetic Engineering
A10 Networks Inc	ATEN	Cyber Security
Lyft Inc	LYFT	Advanced Transport Systems
Wix.com Ltd	WIX	Internet Services & Infrastructure
Zynga Inc	ZNGA	Digital Communities
Tenable Holdings Inc	TENB	Cyber Security
Plug Power Inc	PLUG	Clean Technology
FuelCell Energy Inc	FCEL	Clean Technology
Veoneer Inc	VNE	Autonomous Vehicles
Fate Therapeutics Inc	FATE	Genetic Engineering
Bluebird Bio Inc	BLUE	Genetic Engineering
American Superconductor Corp	AMSC	Clean Technology
Homology Medicines Inc	FIXX	Genetic Engineering
Ooma Inc	OOMA	Enterprise Collaboration
uniQure NV	QURE	Genetic Engineering
Immersion Corp	IMMR	Wearables
Ribbon Communications Inc	RBBN	Enterprise Collaboration
VirnetX Holding Corp	VHC	Cyber Security
Adverum Biotechnologies Inc	ADVM	Genetic Engineering

Source: Bloomberg Finance, L.P. as of June 18, 2021.

Thematically speaking, the Electric Vehicles sub-theme saw the largest increase, moving from 0% to over 5% with Nikola Corp. (NASDAQ: NKLA) being the most notable name added to the basket, along with Romeo Power Inc. (NYSE: RMO) and ElectraMeccanica Vehicles Corp. (NASDAQ: SOLO). Exposure to Autonomous Vehicles saw an uptick through the form of “systems and solutions” names with some interesting new additions in Xperi Holding Corp. (NASDAQ: XPER) and Velodyne Lidar Inc. (NASDAQ: VLDR). In the Genetic Engineering sub-theme, CRSPR Therapeutics (NASDAQ: CRSP) was the most notable company to be added, as overall exposure to the theme decreased slightly with net deletions. As noted earlier, Alternative Finance, Clean Technology, Future Payments, Smart Borders and Nanotechnology are entirely new themes included in the portfolio, comprising nearly 15% of the portfolio.

Through the modified equal weighted approach, names such as Microvision, Inc. and Vuzix Corp. decreased in weight after their remarkable gains in the first half of 2021. Overall, Cyber Security exposure declined the most following the rebalance.

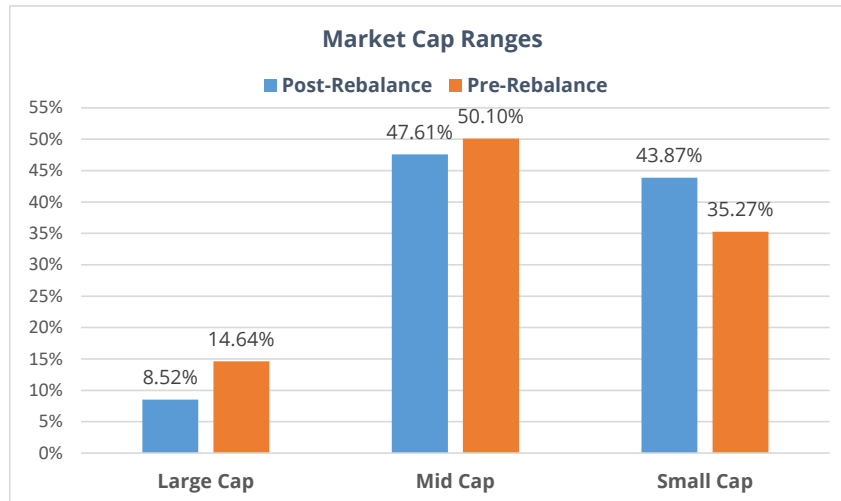
MOON'S THEMATIC ALLOCATIONS REMAINED RELATIVELY CONSISTENT

Thematic Classification	Post-Rebalance	Pre-Rebalance
Genetic Engineering	13.56%	15.56%
Cyber Security	10.45%	16.04%
Autonomous Vehicles	7.92%	3.77%
Enterprise Collaboration	7.11%	4.20%
Drones	5.88%	4.95%
Digital Communities	5.88%	4.37%
Distributed Ledger	5.80%	3.15%
Electric Vehicles	5.49%	0.00%
Robotics	4.97%	3.32%
Internet Infrastructure	4.60%	0.00%
Smart Grids	4.47%	1.39%
Alternative Finance	4.31%	0.00%
Smart Buildings	4.04%	2.07%
Cleantech	3.90%	0.00%
3D Printing	3.87%	5.08%
Space	2.10%	2.04%
Future Payments	2.02%	0.00%
Smart Borders	1.88%	0.00%
Nanotechnology	1.74%	0.00%

Source: Bloomberg Finance, L.P. as of June 18, 2021.

As expected with an investment strategy that tilts toward early stage innovation, the reconstitution drove a decrease in large caps and increased exposure to small and mid-cap allocations. Large caps now represent less than 9% of the portfolio. Of course, this may increase should the current firms increase in market value, which aligns with the strategy's systematic approach to buying low and selling high.

MARKET CAP MOVED LOWER



Source: Bloomberg Finance, L.P., as of June 18, 2021.

Over the next quarter, MOON's performance may be influenced by macro factors, such as interest rates, but the strategy's tilt toward disruptive innovation remains attractive to investors looking to diversify away the mega caps continuing to dominate many indexes and even active funds. In short, MOON looks and behaves quite differently than many other offerings in today's investment landscape.

MOON TOP 10 HOLDINGS

Name	Ticker	GICS Sub-Industry	Thematic Classification	Market Cap (\$, M)	Weight
Asana Inc	ASAN	Application Software	Enterprise Collaboration	9,748	2.97%
LendingClub Corp	LC	Consumer Finance	Alternative Finance	1,847	2.38%
ChargePoint Holdings Inc	CHPT	Electrical Components & Equipment	Smart Grids	9,987	2.36%
MongoDB Inc	MDB	Internet Services & Infrastruc	Internet Infrastructure	23,613	2.36%
Varonis Systems Inc	VRNS	Systems Software	Cyber Security	6,022	2.33%
BigCommerce Holdings Inc	BIGC	Internet Services & Infrastruc	Internet Infrastructure	4,560	2.24%
CRISPR Therapeutics AG	CRSP	Biotechnology	Genetic Engineering	9,821	2.21%
ProQR Therapeutics NV	PRQR	Biotechnology	Genetic Engineering	454	2.18%
Asensus Surgical Inc	ASXC	Health Care Equipment	Robotics	718	2.16%
Silicon Laboratories Inc	SLAB	Semiconductors	Smart Buildings	6,323	2.16%

Source: Bloomberg Finance, L.P. as of June 18, 2021.

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 866-301-9214 or visit our website at direxion.com. A Fund's prospectus and summary prospectus should be read carefully before investing.

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