

DIREXION WORK FROM HOME ETF (WFH): 2Q EARNINGS OVERVIEW

As Q2 earnings take a hit from COVID-19, the pandemic may have tilted the playing field for the technology heroes of a secular move towards remote productivity. Forward thinking investors may find the opportunity in this space is a growing one.

There are four technological pillars sitting at the core of the remote work revolution: **cloud technologies, cyber security, online project and document management, and remote communication**. While some of these companies are well-established companies, any are not yet household names, but offer some of the most interesting opportunities for investors. In fact, the combination of both large and small firms in the Solactive Remote Work Index, WFH's benchmark index*, makes for a more diverse implementation as opposed to simply choosing one or two names for exposure.

As 2Q earnings season progresses, investors should keep an eye on upcoming earnings releases from names like VMware (NYSE: VMW), Fortinet (NASDAQ: FTNT), Zoom Video (NASDAQ: ZM), Twilio (NYSE: TWLO), and Inseego (NASDAQ: INSG), to help understand how greater adoption of remote work is progressing.

Scheduled Reporting by Category	7/27 - 7/31	8/3 - 8/7	8/10 - 8/14	8/17 - 8/21	8/24 - 8/28	8/31 - 9/4
Cloud Technologies	2.82%	3.85%	1.82%	0.00%	6.31%	0.00%
Cyber Security	3.95%	2.63%	5.24%	0.00%	6.05%	6.76%
Online Project and Document Management	6.27%	4.47%	0.00%	0.00%	2.57%	4.44%
Remote Communication	7.69%	11.88%	2.54%	0.00%	0.00%	0.00%
Total % of Solactive Remote Work Index Reporting	20.73%	22.83%	9.61%	0.00%	14.94%	11.20%

Source: Bloomberg, L.P. as of 7/22/2020.

Cloud Technologies:

With 62% of U.S. employees working from home¹ in mid-April (up from an already elevated 31% in mid-March), and signs of more permanent work-from-anywhere solutions taking place, cloud adoption is expected to increase even further. In 2019, enterprise spending on cloud infrastructure (\$97 billion) surpassed spending on data center hardware and software (\$93 billion)² for the first time ever, and with the current environment presenting unforeseen difficulties for managing on premise infrastructure, businesses will look to become even more flexible with cloud solutions.

- **Inseego Corp** (NASDAQ: INSG, expected 8/5): Revenue: \$79.8 million, +50% yoy
Inseego is positioning itself to be an early leader in the 5G rollout, and looks to be poised to benefit from the work-from-home revolution by delivering secure connectivity solutions. While the stock has gained 49.5% (as of 7/22) this year, we expect revenue growth to justify the price appreciation.
- **VMware** (NYSE: VMW, expected 8/23): Revenue: \$2.80 billion, +15% yoy
Last quarter, management noted that despite the pandemic, customers were continuing to spend on their migration to the cloud, and they cited that they believe that the pandemic has "...driven a decade of digital transformation in a few short weeks."³ VMware has continued to provide major updates to their core portfolio of products across the VMware Cloud Foundation.

Source: Bloomberg, L.P. as of 7/22/2020.

¹Gallup (2020): "Reviewing Remote Work in the U.S. under COVID-19"

²Synergy Research Group (2020): "The Decade's Megatrends in Numbers"

³Patrick Gelsinger, Chief Executive Officer, VMware, Q1 Conference Call Transcript

Cyber Security: Security will Remain a Top Priority as the Workplace Expands

In 2019, cyber security and analytics was the #2 priority in the Goldman Sachs 2019 IT Spending Survey, with public cloud spend #3. As the workforce in the U.S. and around the globe becomes more mobile, the tailwind behind cyber security has only intensified. Different businesses will require different security needs based on many factors, thus, the entire space is worth paying close attention to.

- **CrowdStrike** (NASDAQ: CRWD, expected 9/3): \$188.4 million, +76% yoy
So far in 2020, the momentum behind the stock price has been justified as they reported an 85% increase (\$178.1M) in revenue yoy. While EPS is expected to still be negative, revenue is expected to increase to \$188.4M in the second quarter. We will be watching for any updates to the fiscal year guidance they provided last quarter, citing an expected 72% to 76% growth in revenue.
- **Fortinet** (NASDAQ: FTNT, expected 8/6): \$599.2 million, +15% yoy
Expectations may have been too low for Fortinet last quarter, as they handily beat expectations on both the top and bottom line. With even stronger growth for Fortinet coming from customers in the EMEA (Europe, the Middle East, and Africa) and APAC (Asia-Pacific) regions, revenue is expected to grow again in the second quarter.

Source: Bloomberg, L.P. as of 7/22/2020.

Online Project and Document Management: Prioritizing Productivity for the Evolving Workplace

Along with investing in a more mobile, more agile workplace, businesses will work to support to productivity, creativity, and collaboration both internally and externally. Currently, many content collaboration platforms are primarily used to file and store data, documents, spreadsheets, etc. These capabilities are poised to expand as needs develop from a more mobile workforce.

- **Box** (NYSE: BOX, expected 8/27): \$189.6 million, +10% yoy
While Box does cater their cloud-collaboration software to small-to-medium businesses, where enterprise spend may potentially be less compared to larger clientele, revenue is expected to increase in the second quarter to \$189.6M, and EPS is expected to be the most positive in company history (\$0.12 per share).
- **Atlassian** (NYSE: TEAM, expected 7/30): \$410.8M million, +23% yoy
With products ranging from project and issue tracking, enterprise planning, to document collaboration, Atlassian is poised to benefit from the increased demand in this category. With their subscription revenue on a steady rise, customers are expanding their usage of the product suite to address growing needs.

Source: Bloomberg, L.P. as of 7/22/2020.

Remote Communication: Communication Digitized

In a matter of months, remote communications have already become the standard form of communication for many businesses, both internally and externally. With the rise of platforms like Zoom and Twilio, remote communication and the infrastructure for it is here to stay as it is built for the scalability and flexibility needed for the new mobile workplace.

- **Zoom Video** (NASDAQ: CRWD, expected 9/3): \$188.4 million, +76% yoy
So far in 2020, the momentum behind the stock price has been justified as they reported an 85% increase (\$178.1M) in revenue yoy. While EPS is expected to still be negative, revenue is expected to increase to \$188.4M in the second quarter. We will be watching for any updates to the fiscal year guidance they provided last quarter, citing an expected 72% to 76% growth in revenue.
- **Twilio** (NYSE: TWLO, expected 8/4): Revenue: \$367.8 million, +34% yoy
The remote work revolution is fast-forwarding the demand for Communication Platforms as a Service (CPaaS), a software probably most apparent in e-commerce. Twilio is likely to play a key role in the evolution of how businesses communicate with their customers via text, voice, video, and email.

Trends toward a greater adoption of flexible work arrangements were already in motion prior to the COVID-19 pandemic, which has and may continue to accelerate adoption of technologies that enable remote work.

The Direxion Work From Home ETF offers exposure to companies across these four technology pillars, allowing investors to gain exposure to those companies that stand to benefit from an increasingly flexible work environment. The fund's index utilizes a proprietary algorithm to evaluate large volumes of publicly available information, such as annual reports, business descriptions and financial news to identify the 40 stocks accelerating greater adaption of remote work.

Invest in the Remote Revolution Now

Index Top Ten Holdings %	
Twilio - Class A	4.45
Inseego	4.15
CrowdStrike Holdings	4.13
Zoom Video Communications	4.05
Elastic	3.08
Okta - Class A	3.08
Ping Identity Holding	3.05
Box	2.99
Fortinet	2.75
Amazon.com	2.67

*The Direxion Work From Home ETF (the "Fund") seeks investment results, before fees and expenses, that track the Solactive Remote Work Index (the "Index"). There is no guarantee that the fund will achieve its stated investment objective.

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.

Market Disruptions Resulting from COVID-19. The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund.

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