Gold and Silver Shine: COM Captures the Momentum with Tactical Precision

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The broader commodity markets posted positive performance during the quarter supported primarily by strength in Precious Metals (Gold and Silver) and to a lesser extent the Energy sector.

The Direxion Auspice Broad Commodity Strategy ETF (COM) gained +4.83% for the quarter, outperforming other notable broad commodity benchmarks. The Fund's tactical approach helped it sidestep the downside seen across the broader Agriculture sector, particularly within Grains and Softs, areas where traditional long-only, static commodity strategies remained exposed.

To view the Fund's full standardized performance, click here.

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. For the most recent month-end performance please visit the funds website at www.direxion.com.

The Federal Reserve adopted a more dovish tone, initiating its first rate cut in September, even amid mixed opinions among its members.

Following the Fed's September meeting and subsequent minutes, markets are pricing in a high probability of at least one additional rate cut before year-end, and potentially two. This comes despite persistent inflation* pressures and rising global debt levels, both of which heighten concerns about stagflation* amid slowing growth.

The Precious Metals (Gold and Silver) rallied strongly in the third quarter, despite a strengthening U.S. Dollar. Gold reached record highs, supported by continued central bank accumulation. Collectively, global central banks now hold more gold than U.S. Treasuries, a remarkable shift underscoring the metal's strategic importance.

With geopolitical tensions, elevated global debt, and concerns over U.S. fiscal stability coinciding with a Fed easing cycle, investors increasingly view gold as a preferred haven. Interestingly, gold has continued to rally even in a risk-on environment, with the VIX near cycle lows and investor complacency widespread. Continuous buying has kept its RSI above 70 (overbought) since early September, reinforcing gold's ongoing role as a valuable portfolio diversifier.

Silver outshined its big brother for the quarter, as the Gold/Silver ratio going into the 3rd quarter suggested that Silver was undervalued on a relative basis. Although that gap narrowed, as we entered the final quarter, Silver may have more room to run as, it remains below its all-time highs, unlike Gold. Silver's price strength has been aided by the critical role it plays within the alternative energy space for EVs and solar panels. China remains a key demand driver for the metal as it continues to prioritize green energy initiatives.

Copper, the industrial benchmark metal did not participate in the precious metals rally. Tariff uncertainty and new trade measures caused Copper prices to drop nearly -20% at the end of July before stabilizing. It spent the balance of the quarter stabilizing and inching higher. In anticipation of the tariffs, it created an inventory buildup and with fears of a slowing global economy, it will be telling to see if Copper can regain and hold the $5 price level. The Chinese equity markets will be a continued barometer to help gauge copper prices. With weather related disruptions in key markets like Chile and Peru, this could create supply constraints if is prolonged in nature.

Energy markets ended the quarter mostly higher, except for Natural Gas. The Fund generated modest gains in Heating Oil, Gasoline, and Crude Oil. OPEC+ continues to increase supply into the market and at the same time demand remains consistent. As such, Crude Oil was up negligibly for the quarter.

The ongoing geopolitical risks remain elevated within Europe and the Middle East, however the upside impact on the oil market seems to have dissipated for the time being, resulting in a narrowing of any risk premium. If hopefully there is a resolution to these conflicts, the result would be more oil reentering the market, putting potential further pressure on prices.

The Grains and Softs sub-sectors faced downward pricing pressure as the COM ETF maintained no exposure to these markets throughout the quarter. As a result, it was able to differentiate itself from its peers, which have static long- exposure to these markets. This accounted for some outperformance by the underlying tactical strategy and COM during this period. Rising production costs along with policy and trade uncertainty kept the Grains and Softs under pressure. In addition, a record setting corn crops and strong soybean yields added fuel to downward movement.

Entering the fourth quarter, the COM ETF is long, six of the twelve eligible commodities – specifically all Metals (Gold, Silver, and Copper) and most Energy components (Heating Oil, Gasoline, Crude Oil) with no current positions in Natural Gas, Grains, nor Softs.

To view the Fund's full positioning, please click here.

With the U.S. and international equity markets at record highs and volatility* indicators reflecting continued investor complacency, the case for including alternative strategies within a diversified portfolio makes more sense than ever. As we have seen before, commodities can provide added diversification within a stock and bond portfolio by their ability to generate returns in different market environments.

Diversification does not eliminate the risk of experiencing investment losses.

The COM ETF continues to capture much of the commodity markets' upside potential while seeking to mitigate downside risk. Over its 8.5-year history, the strategy has delivered competitive risk-adjusted returns with lower volatility compared to peers. The third quarter once again underscored that not all commodity strategies are created equal—COM continues to stand apart.

*Definitions and Index Descriptions

*The Auspice Broad Commodity Index (ABCERI) is a rules-based long/flat broad commodity index that seeks to capture the majority of the commodity upside returns, while seeking to mitigate downside risk. The Index is made up of a diversified portfolio of 12 commodities futures contracts (Silver, Gold, Copper, Heating Oil, Natural Gas, Gasoline, Crude Oil, Wheat, Soybeans, Corn, Cotton, and Sugar) that based on price trends can individually be Long or Flat (in Cash). One cannot directly invest in an index.

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

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 Strategy 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.

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