

# Direxion Work From Home ETF (WFH)

## Ride the Remote Productivity Trend

As society evolves and technologies advance, perceptions of what is considered a productive workplace has evolved as well. Because technology has allowed for greater remote access, trends toward more flexible and remote work locations have steadily increased over recent decades. Society has embraced the idea that many job functions no longer require daily presence in a specific location. At the same time, firms have realized the potential cost-efficiency of remote work.

The need for lower density office spaces due to the COVID-19 pandemic has served to accelerate these trends. As the tragic events of 9/11 caused an increase in security, the global nature of this pandemic will change how people work. This recent experience has spurred many firms to identify job functions that are just as

productive, if not more so, when conducted remotely, creating a new flexible work norm. The companies offering the technologies to accommodate this new environment could stand to benefit, thanks to increased revenue potential.

The remote work theme comprises more than one technology, or company, across four established and emerging technological pillars.

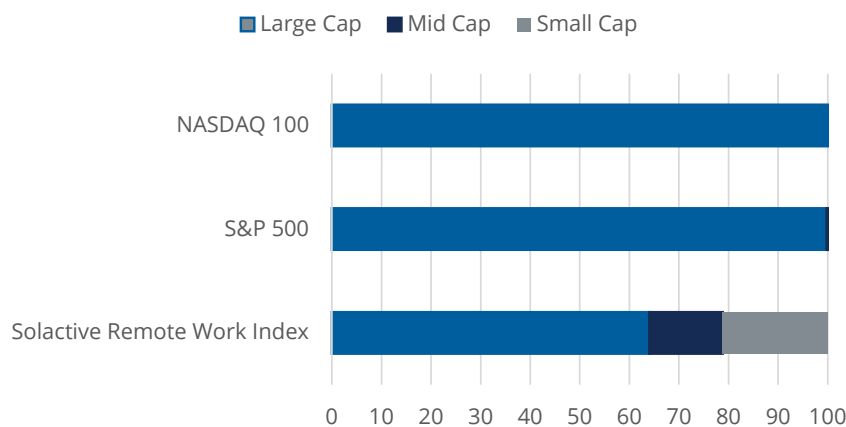
- **Cloud Technologies:** Due to the need for data to be securely stored, accessed, and shared remotely, companies offering cloud technology services and on-demand availability to computer systems may benefit.
- **Cybersecurity:** More flexible workspaces open the potential for increased cyber threats that likely increases the demand for companies offering cybersecurity systems.
- **Online Project and Document Management:** Remote work requires applications that enable the management of projects and collaboration across individuals and teams boosting the need for tools that enable this to occur efficiently and securely.
- **Remote Communications:** With workers in sporadic locations, the need for videoconferencing, instant messaging and email applications will increase, so that coworkers can be connected even when not together physically.

### FUND FACTS

Symbol	WFH
CUSIP	25460G773
Expense Ratio* (Gross/Net)	0.45%/0.45%
Inception Date	6/25/2020
Rebalance	Semi-annually
Benchmark Index	Solactive Remote Work Index

These thematic industries span eight GICS industries, with an emphasis on software, which is considerably greater than the Nasdaq-100®. Additionally, companies powering remote work technologies span the market cap spectrum. By traditional lenses, 64% are considered large, 15% mid, and 21% small.

## Market Cap Ranges



Source: Bloomberg Finance, L.P., as of May 31, 2020. Weighting are subject to change. You cannot invest directly in an index.

The benchmark index for WFH is comprised of 40 U.S. listed securities and American Depository Receipts that have significant exposure to companies specializing in providing products focused on the ability to work remotely. Companies are selected for inclusion in the index by ARTIS, a proprietary natural language processing algorithm, which uses key words to evaluate large volumes of publicly available information, such as annual reports, business descriptions and financial news.

Relative to the Nasdaq-100®, WFH's index has a lower-weighted average market cap, with stronger earnings growth potential and a lower P/E, highlighting that the 40 stocks in WFH may offer an attractive combination of growth and valuation relative to the tech-dominated Nasdaq-100®.

Metric	Solactive Remote Work Index	Nasdaq-100® Index	S&P 500® Index
Weighted Average Market Capitalization (\$, M)	127.41	597.91	344.45
Price to Earnings Ratio (x)	30.46	29.93	24.67
Estimated EPS Growth (%)	19.93	13.41	5.61

Source: Bloomberg Finance, L.P., as of May 31, 2020. Index metrics do not represent future performance potential. There is no guarantee that favorable metrics will translate to favorable fund performance.

WFH may be considered a satellite holding to complement other broader positions within a portfolio. Combining companies across four technology pillars allows investors to capture those growing companies that stand to benefit the most from an increasingly flexible work environment, as opposed to splicing together individual stocks or ETFs offering some, but not all exposures.

## Trends Already in Motion

- In 2017, about 43% of employed Americans had spent at least some time working remotely.<sup>1</sup>
- In 2018, about 5.2% of US workers – or over 8 million people – worked entirely from home.<sup>2</sup>

## Signs of Acceleration

- More than half (54%) of companies say they're planning to make remote work a permanent option for roles that allow going forward. It's even higher (61%) among financial services firms.<sup>3</sup>
- 42% of recent respondents nationwide say they are working from home – a huge jump from only 9% who say they worked completely from home before the pandemic.<sup>4</sup>

**Implementation:** May be considered a satellite holding with exposure to companies at the forefront of the worldwide societal shift towards greater remote work.

## Definitions:

**Nasdaq-100® Index:** The Index includes 100 of the largest domestic and international non-financial companies listed on the NASDAQ Stock Market® based on market capitalization. All companies listed on the index have an average daily trading volume of at least 200,000 shares. One cannot directly invest in an index.

**Solactive Remote Work Index:** The Index is comprised of U.S. listed securities and American Depositary Receipts (“ADRs”) of companies that provide products and services in at least one of the following business segments that facilitate the ability of people to work from home: remote communications, cyber security, online project and document management, and cloud computing technologies (“WFH Industries”). The Index consists of 40 companies, namely, the top 10 ranked companies in each of the four WFH Industries. The Index is equal weighted at each semi-annual reconstitution and rebalance date. One cannot directly invest in an index.

**Estimated EPS Growth:** Estimated earnings per share growth measures the estimated growth rate of earnings-per-share using consensus estimates of three to five-year earnings.

**Price/Earnings Ratio:** The price to earnings ratio measures the current share price relative to earnings-per-share.

<sup>1</sup> Mann, and Adkins (2017): “America’s Coming Workplace: Home Alone”

<sup>2</sup> Kopf (2019): “Slowly but surely, working at home is becoming more common”

<sup>3</sup> PwC (2020): “COVID-19 CFO Pulse Survey”

<sup>4</sup> CNBC/Change Research (2020): “States of Play”

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***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 [direxion.com](http://direxion.com). A Fund's prospectus and summary prospectus should be read carefully before investing.***

\* The Fund's adviser, Rafferty Asset Management, LLC ("Rafferty") has entered into an Operating Services Agreement with the Fund. Under this Operating Services Agreement, Rafferty has contractually agreed to pay all expenses of the Fund as long as it is the advisor of the Fund other than the following: management fees, Rule 12b-1 distribution and/or service fees, taxes, swap financing and related costs, dividends or interest on short positions, other interest expenses, brokerage commissions, expenses incurred in connection with any merger or reorganization, acquired fund fees and expenses, and extraordinary expenses. If these expenses were included, the expense ratio would be higher.

Solactive AG is not a sponsor of, or in any way affiliated with, the Direxion Work From Home ETF.

**Direxion Shares ETF Risks** - Investing involves risk including possible loss of principal. There is no guarantee the investment strategy will be successful. The value of stocks of information technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from competitors with lower production costs. ADRs are issued by non-U.S. companies and are subject to various foreign investment risks including but not limited to the risk that the currency in the issuing company's country will drop relative to the U.S. dollar, that politics or regime changes in the issuing company's country will undermine exchange rates or destabilize the company and its earnings. Additional risks of the Fund include, but are not limited to, Index Correlation/Tracking Risk, Index Strategy Risk, Market Disruption Risk, American Depositary Receipts Risk and risks associated with the market capitalizations of the securities in which the Fund may invest. Please see the summary and full prospectuses for a more complete description of these and other risks of the Fund.

**Distributor for Direxion Shares:** Foreside Fund Services, LLC.