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On Your Mark, Get Set, CO......MMODITIES!!!

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The past few years have been a difficult period for Commodities when compared to U.S. Stocks and Bonds.

There could be a number of factors contributing to this, which include a global growth slowdown (particularly in Emerging Markets), oversupply in certain commodities, no inflation to speak of, and historically low volatility.

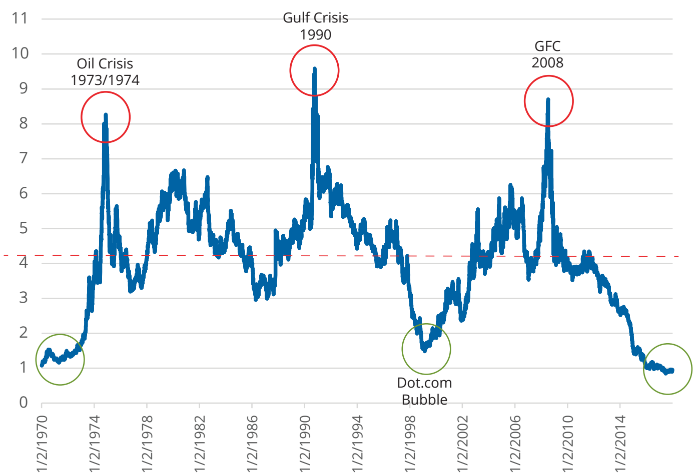
However, sentiment might be shifting as Commodities have a number of tailwinds starting to emerge.

REVERSION TO THE MEAN

Commodities are currently the cheapest they have been relative to the S+P 500 within the last 50 years. The price ratio of GSCI/S+P 500 helps illustrate this point.

One can make the case that an investment in Commodities might be timely when considering both where they are currently valued, as well as to their historic averages.

GSCI/S&P 500 RATIO: EQUITIES EXPENSIVE, COMMODITIES CHEAP?



SOURCE: DR. TORSTEN DENNIN, INCREMENTUM AG.

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. One cannot invest directly in an index.

When looking at a Callan chart that includes alternative asset classes, one can see the underperformance of Commodities both on an absolute, as well as relative basis, over last 10 years.

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Managed Futures 14.09%	EMERGING MARKETS 78.51%	REITs 27.95%	REITs 8.28%	REITs 19.70%	S&P 500 32.39%	REITs 28.03%	Market Neutral 5.45%	S&P 500 11.96%	EMERGING MARKETS 37.28%
Fixed Income 5.24%	EAFE 31.78%	EMERGING MARKETS 18.88%	Fixed Income 7.84%	EMERGING MARKETS 18.22%	EAFE 22.78%	S&P 500 13.69%	REITs 2.83%	Commodity 11.[illegible]7%	EAFE 25.03%
Market Neutral -1.16%	REITs 27.99%	Commodity 16.83%	S&P 500 2.11%	EAFE 17.32%	Hedge Funds 9.13%	Managed Futures 7.61%	S&P 500 1.38%	EMERGING MARKETS 11.19%	S&P 500 21.83%
Hedge Funds -19.03%	S&P 500 26.46%	S&P 500 15.06%	Market Neutral -2.92%	S&P 500 16.00%	REITs 2.86%	Fixed Income 5.97%	Fixed Income 0.55%	REITs 8.63%	REITs 8.67%
Commodity -35.65%	Hedge Funds 19.98%	Hedge Funds 10.25%	Managed Futures -3.28%	Hedge Funds 6.36%	Market Neutral 1.72%	Market Neutral 3.63%	EAFE -0.81%	Hedge Funds 4.39%	Hedge Funds 7.54%
S&P 500 -37.00%	Commodity 18.91%	EAFE 7.75%	Hedge Funds -4.83%	Fixed Income 4.22%	Managed Futures -1.42%	Hedge Funds 2.98%	Hedge Funds -1.12%	Fixed Income 2.65%	Fixed Income 3.54%
REITs -37.73%	Fixed Income 5.93%	Managed Futures 7.05%	EAFE -12.14%	Commodity 1.06%	Fixed Income -2.02%	EMERGING MARKETS -2.19%	Managed Futures -1.50%	EAFE 1.00%	Market Neutral 1.73%
EAFE -43.38%	Managed Futures -0.10%	Fixed Income 6.54%	Commodity -13.32%	Managed Futures -1.70%	EMERGING MARKETS -2.60%	EAFE -4.90%	EMERGING MARKETS -14.92%	Managed Futures -1.56%	Commodity 1.70%
EMERGING MARKETS -53.33%	Market Neutral -5.56%	Market Neutral 2.64%	EMERGING MARKETS -18.42%	Market Neutral -4.66%	Commodity -9.52%	Commodity -17.01%	Commodity -24.66%	Market Neutral -5.08%	Managed Futures 0.15%

Source: Bloomberg.

Additionally, Emerging Markets, which are major suppliers and consumers of commodities, have gone through a difficult performance period relative to other equity markets. That tide started to turn in 2017, as Emerging Markets was one of the stronger performing equity markets. This could be a good sign for a potential rebound in Commodity markets.

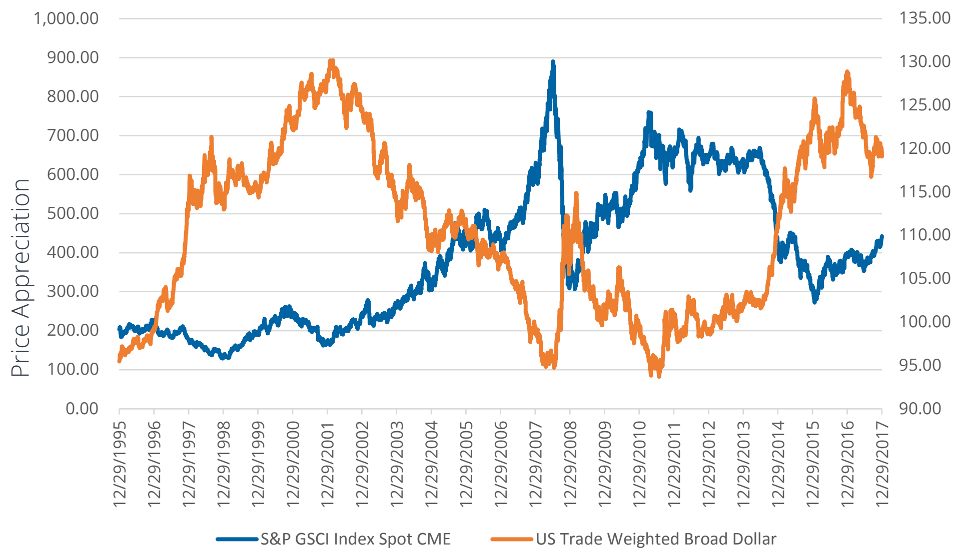
DEMAND STARTING TO EXCEED SUPPLY

The primary drivers to Commodity price appreciation are supply and demand. Currently, we are seeing the most favorable demand to supply conditions in the last six years as demand/supply ratio is currently slight above one.

This has also resulted in the futures curve being the narrowest it's been over the last few years, which produces less contango and potential backwardation in a number of futures markets.

U.S. DOLLAR INDEX RETRACING

REVERSING TRENDS? STRONG BUCK , WEAK COMMODITIES



Source: Bloomberg. Past performance does not guarantee future results.

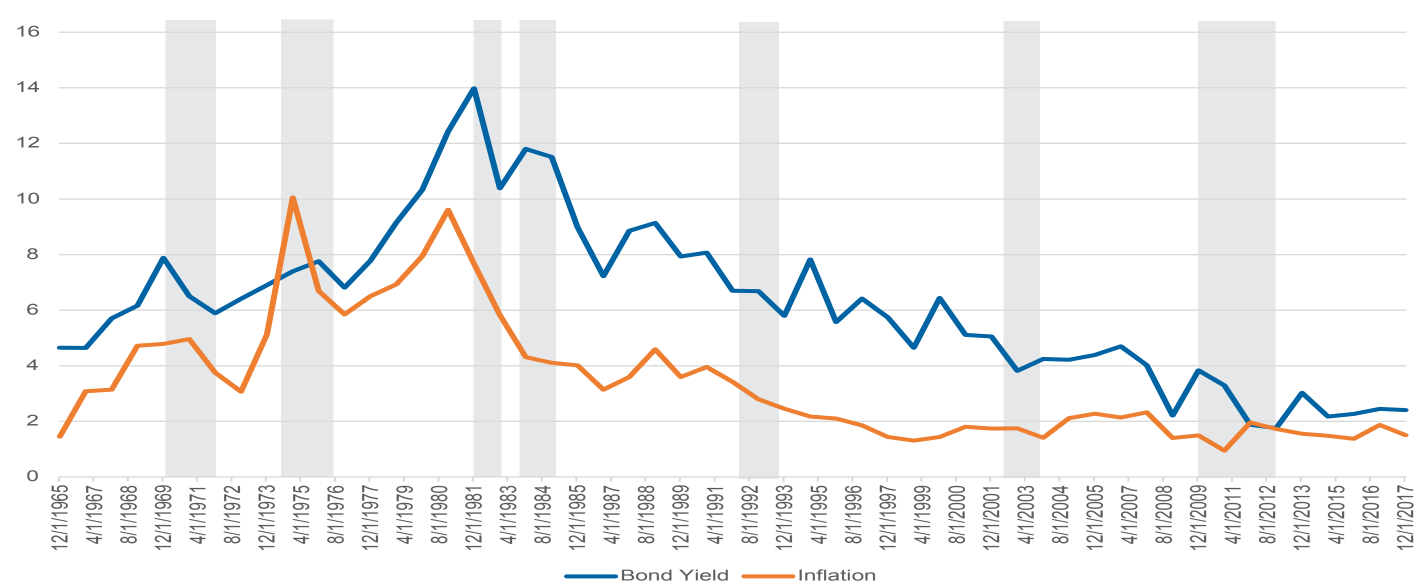
The U.S. Trade Weighted Broad Dollar Index had its worst calendar year since 2011. Historically, Commodities have a somewhat inverse correlation to the Index, and a weakening Dollar can lead to higher commodity prices as evidenced by the chart above.

INFLATION WORRIES AND HIGHER INTEREST RATES

Commodities have tended to perform better during inflationary periods, and more often than not a rising GDP has coincided with higher U.S. Treasury Yields.

When looking at US. 10 year Treasury Yields over the last 50 years, roughly 80% of those calendar years Inflation and Treasury Yields have moved in tandem. In other words, when GDP increased in a given calendar year that also represented an increase in Treasury yields.

LONG TERM US TREASURY RATES AND INFLATION



Source: Bloomberg. Data range: 1965-2017. Median average 10YR over the period is 6.28%

Bond Yield: Quarterly average of long-term US Treasury rates. Inflation: annual percent changes in GDP deflator, annual percent changes in Core PCE deflator. Based on the 10 Year Treasury. The performance data quoted represents past performance. Past performance does not guarantee future results.

Commodities are a way to potentially diversify an overall portfolio in a rising rate environment.

TACTICAL APPROACH TO COMMODITIES INVESTING

Commodities can be volatile in nature and can experience significant declines at times. In addition, individual Commodities can behave differently from one year to the next. There can be a divergence in performance between Commodities as evident by this chart. This further illustrates the need to be nimble when allocating to commodities.

CALENDAR YEARS (12/31/2007 - 12/31/2017)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
9.15% Sugar	153.14% Copper	91.55% Cotton	14.62% H. Oil	19.19% Wheat	26.23% Nat Gas	-1.51% Gold	4.29% Cotton	37.42% H. Oil	27.58% Copper
5.77% Gold	128.20% Sugar	83.21% Silver	10.06% Gold	16.70% Soybeans	12.64% Cotton	-2.[illegible]6% Wheat	-5.84% Gasoline	24.04% Sugar	18.55% Gasoline
-10.6[illegible]% Corn	93.31% Gasoline	51.75% Corn	[illegible].34% Gasoline	12.11% Nat Gas	7.19% Crude Oil	-[illegible].92% Corn	-7.00% Sugar	15.57% Soybeans	16.19% H. Oil
-19.29% Soybeans	77.94% Crude Oil	46.68% Wheat	8.15% Crude Oil	8.28% Silver	1.10% H. Oil	11.52% Sugar	-10.77% Gold	15.31% Copper	11.81% Gold
-23.01% Silver	54.22% Cotton	33.61% Soybeans	2.78% Corn	8.00% Corn	0.88% Gasoline	-14.14% Copper	-12.65% Silver	13.58% Silver	4.83% Silver
-24.87% Nat Gas	48.16% Silver	29.96% Copper	-9.94% Silver	6.96% Gold	-7.01% Copper	-19.47% Silver	-14.95% Soybeans	11.14% Cotton	2.89% Crude Oil
-27.92% Cotton	46.70% H. Oil	29.52% Gold	-13.92% Soybeans	4.27% Copper	-8.30% Soybeans	-20.81% Soybeans	-18.91% Corn	9.48% Gasoline	2.89% Cotton
-30.99% Wheat	24.36% Gold	20.17% H. Oil	-17.82% Wheat	4.04% H. Oil	-15.89% Sugar	-28.79% Cotton	-22.79% Wheat	9.36% Nat Gas	-9.10% Soybeans
-45.57% H. Oil	6.99% Soybeans	19.18% Sugar	-21.35% Copper	9.34% Gasoline	-22.20% Wheat	-31.70% Nat Gas	-24.98% Copper	7.[illegible]8% Gold	-12.88% Wheat
-53.53% Crude Oil	1.84% Corn	18.38% Gasoline	-27.46% Sugar	-7.09% Crude Oil	-28.[illegible]6% Gold	-40.18% H. Oil	-34.40% H. Oil	6.05% Crude Oil	-12.96% Corn
-56.53% Copper	-0.89% Nat Gas	15.17% Crude Oil	-32.15% Nat Gas	-16.27% Sugar	-35.92% Silver	-45.87% Crude Oil	-35.30% Nat Gas	-9.29% Corn	-26.05% Sugar
-57.36% Gasoline	-11.34% Wheat	-21.18% Nat Gas	-36.61% Cotton	-18.15% Cotton	-39.56% Corn	-47.16% Gasoline	-42.32% Crude Oil	-24.49% Wheat	-39.07% Nat Gas

Source: Morningstar. All data is from 12/31/2007 - 12/31/2017. *Past performance does not guarantee future results.*

That is why it is important to invest in a commodity strategy that has the ability to be tactical in nature, to smooth out the ride. The ***Direxion Indexed Commodity Strategy Fund (DXCIX)*** and ***Direxion Auspice Broad Commodity Strategy ETF (COM)*** seek to track a rules-based index called the Auspice Broad Commodity Index (ABCERI). This Index can be long or in cash with each of the individual 12 commodities that make up the Index.

Since the ABCERI Index went live in the latter part of 2010, it has outperformed other notable long-only commodity benchmarks over that time, with lower risk characteristics.

The story for 2018 has yet to be written, but certainly the timing might be right to consider adding Commodities to the mix.

ABCERI vs GSCI, DBC and BCOM from 10/31/2010-12/31/2017	ABCERI	S&P GSCI	BCOM	DBC
Annualized Return	-1.26	-7.18	-5.89	-6.28
Annualized Vol	8.54	19.19	13.87	16.93
Correlation		0.67	0.80	0.73
Max Drawdown	-36.76	-67.78	-58.34	-64.49

Source: Bloomberg. Date range: All other index data from 10/31/2010-12/31/2017 Past performance does not guarantee future results. Index returns are historical and are not representative of any fund performance. Total returns of the Index include reinvested dividends. One cannot invest directly in an index. S&P GSCI represented by the S&P GSCI TR Index. BCOM represented by the Bloomberg Commodity Total Return Index. DBC represented by the DBIQ Optimum Yield Diversified Commodity ER Index.

The S&P GSCI® is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The above listed commodities represent some of the individual components of that index. They qualify for inclusion in the S&P GSCI on the basis of liquidity and are weighted by their respective world production quantities.

These definitions are from the graph on page 1**. Fixed Income** is represented by the Barclay's Capital U.S. Aggregate Index, used by bond funds as a benchmark to measure their relative performance. **Emerging Markets** are represented by the MSCI Emerging Markets Index which was created by Morgan Stanley Capital International (MSCI) and is designed to measure equity market performance in global emerging markets. **EAFE** is an index created by Morgan Stanley Capital Intnl (MSCI) that serves as a benchmark of the performance in major Intnl equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia. **Managed Futures** are represented by the The Barclay CTA Index which seeks to replicate the overall composition of the managed futures industry with regard to trading style and overall market exposure. **REITs** are represented by the FTSE NAREIT All Equity REITs Index which is a free float adjusted market capitalization weighted index that includes all tax qualified REITs listed on the NYSE, AMEX, and NASDAQ National Market. **Hedge Funds** are represented by the HFRI Weighted Composite Index which is an equal weighted index of more than 1,600 hedge funds. **Commodites** are the DJ-UBS Commodity is composed of futures contracts on physical commdities. **Market Neutral** is the Hedge Fund Market Neutral Equity Index which takes a market-neutral position because it is focused on absolute as opposed to relative returns. The **US Dollar Trade weighted index** is an effective exchange rate (also known as a trade-weighted exchange rate) is a weighted average of the individual exchange rates of a particular country with its main trading partners. The bilateral exchange rates are weighted according to the importance of each partner country's share of trade with the reporting country. The nominal effective exchange rate (NEER) is not adjusted for inflation.

Disclosures

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 direxioninvestments.com. A Fund's prospectus and summary prospectus should be read carefully before investing.

Shares of the Direxion Shares are bought and sold at market price (not NAV) and are not individually redeemed from a Fund. Brokerage commissions will reduce returns. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 pm EST (NAV is calculated at 2:30 pm EST) and do not represent the returns you would receive if you traded shares at other times. Fund returns assume that dividends and capital gains distributions have been reinvested in the Fund at NAV. Some performance results reflect expense reimbursements or recoupments and fee waivers in effect during certain periods shown. Absent these reimbursements or recoupments and fee waivers, results would have been less favorable.

The Fund is an actively managed ETF that does not seek to replicate the performance of a specified index and is not required to invest in the specific components of the Index. Investing in the Fund may be more volatile than investing in broadly diversified funds. The Fund is are not suitable for all investors and should be utilized only by sophisticated investors who understand leverage risk and intend to actively monitor and manage their investment.

Direxion Shares Risks – An investment in the Fund involves risk, including the possible loss of principal. The Funds is non-diversified and include 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 use of derivatives such as futures contracts, forward contracts, options and swaps are subject to market risks that may cause their price to fluctuate over time. For other risks including risks specific to a Futures Strategy, Leverage Risk, Counterparty Risk, Cash Transaction Risk, Subsidiary Investment Risk and risks related to commodities. Please see the summary and full prospectuses for a more complete description of these and other risks of each 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 drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments. 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 Adviser'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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