

Relative Weight Spotlight

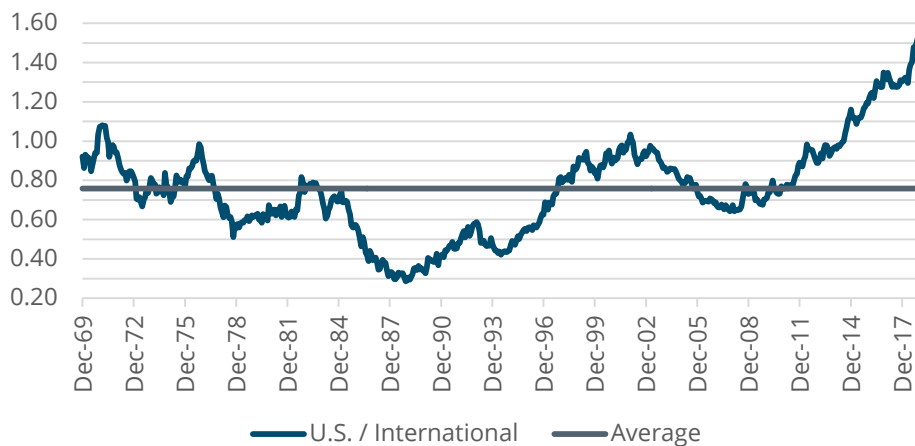
BACK TO THE USA

WHAT WE'VE SEEN

- After bottoming in December 2018, the ratio of U.S. stocks to international stocks is re-approaching the all-time highs that they hit in November thanks to strong performance from the Russell 1000®. As illustrated below, this ratio remains considerably above its historical average. In fact, it's north of two positive standard deviations of the average.
- Specifically, U.S. shares have outperformed international shares by 3.11% year-to-date, 10.26% over the last 1 year, 4.91% annualized over the last 3 years and 7.07% annualized over the last 5 years. With increased long exposure to the U.S. and risk-controlled short exposure to international markets, the Russell 1000®/FTSE All-World ex US 150/50 Net Spread Index is up 13.77% on the year.

U.S. RELATIVE TO INTERNATIONAL IS NEARING ALL-TIME HIGHS

U.S. / International Ratio (Long-Term)

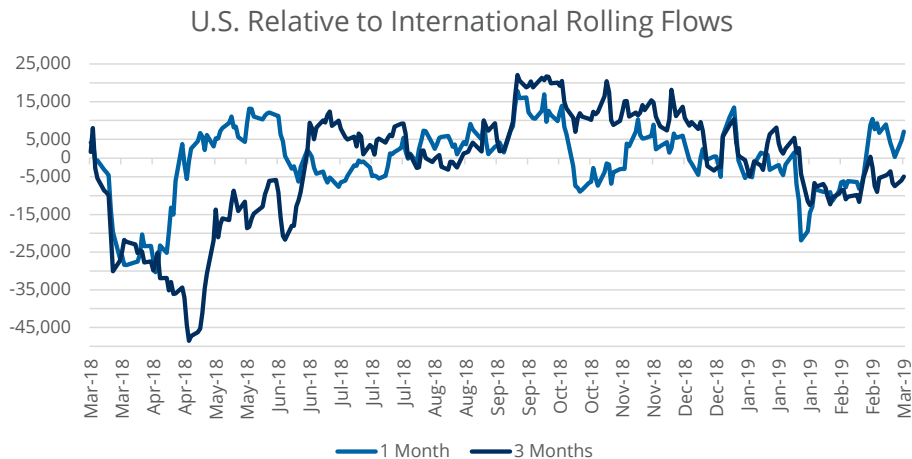


Source: FTSE Russell, as of March 12, 2019. Past performance is not indicative of future results. The US/International is represented by the Russell 1000 and the FTSE All World ex US.

MONEY IN MOTION

- While ETF flows over the trailing three months still show a preference for international exposure, investors have flocked back to the U.S. over the last month to the tune of \$7.41 billion driving a sharp positive gap with International ETFs.
- Interestingly, International ETFs rolling 1-month flows were negative for a previous 32 days until yesterday, while rolling 1-month U.S. flows have been strongly positive since February 25.

U.S. FLOWS ARE DOMINATING INTERNATIONAL AGAIN

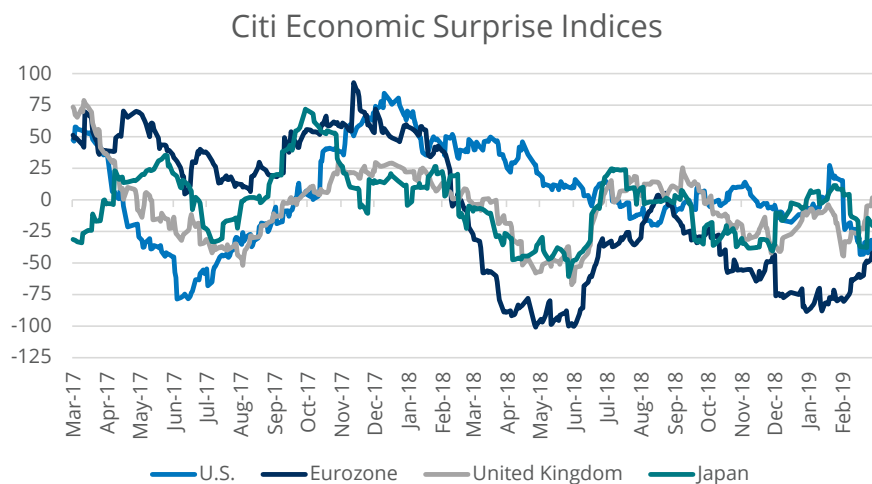


Source: Bloomberg Finance, L.P., as of March 12, 2019. Past performance is not indicative of future results. Data represents the relative net flows of U.S.-listed U.S. Equity ETFs and International Equity ETFs specifically targeting exposure to U.S. and international markets, respectively. For example, when the blue and dark blue lines are positive, U.S. equities gathered greater flows than International equities. On the other hand, when the blue and dark blue lines are negative, U.S. equities gathered less flows than International equities.

WHAT'S NEXT?

- Whether one points to last week's release of China's February exports data massively disappointing relative to expectations or other recently released data, the outlook for global economic growth remains murky. This comes at a time when the European Central Bank recently announced a fresh round of stimulus including holding out until December to provide guidance on the path of rates along with announcing a program to provide inexpensive long-term loans for banks. We will leave it to economists to debate the long-term pros and cons of undertaking these actions less than three months after its bond buying program was phased out, but from a market perspective this follows the Federal Reserve's recent shift to continued accommodation.
- And, of course, there is the persistent saga that is Brexit to complicate matters with the latest development being a rejection of Prime Minister May's Withdrawal Agreement. While the coming days will be fraught with continued volatility for the Pound and other U.K. assets, the increasingly likely outcome is a delay of Article 50 and the United Kingdom's (hopefully) orderly departure from the European Union, which only compounds the level of uncertainty for companies and investors.
- On a positive note for international equities, economic surprises across the Eurozone and the United Kingdom have been recovering from their recent lows implying that economic data releases may still be coming in worse than market expectations, but not as negative as they were. Surprises in Japan, which represents 17% of the FTSE All-World ex US Index, has been mixed as they recovered in January and early February, but have fallen into negative territory again highlighting the still questionable path forward for international shares.

ECONOMIC SURPRISES IN THE EUROZONE AND THE U.K. ARE SHOWING SOME SIGNS OF STRENGTH



Source: Citi, as of March 12, 2019. Past performance is not indicative of future results. One cannot invest directly in an index.

IMPLEMENTATION IDEAS

- With momentum continuing to favor the U.S. market at the expense of international, the FTSE Russell US Over International ETF (RWUI) provides investors with increased access to the U.S. relative to international markets.
- Conversely, with U.S. stocks re-approaching all-time highs relative to their international peers, the FTSE Russell International Over US ETF (RWIU) offers a cost effective and capital efficient way to benefit from a reversal of U.S. dominance.

DEFINITIONS

- Russell 1000®: The Russell 1000 Index consists of the largest 1,000 companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. companies.
- FTSE All-World ex US: The FTSE All-World Excluding United States Index is a free float market capitalization weighted index. FTSE All-World Indices include constituents of the Large and Mid-capitalization universe for Developed and Emerging Market segments.
- Russell 1000®/FTSE All-World ex US 150/50 Net Spread Index: The Russell 1000®/FTSE All-World ex US 150/50 Net Spread Index measures the performance of a portfolio that has 150% long exposure to the Russell 1000 Index and 50% short exposure to the FTSE All-World ex US Index.
- Citi Economic Surprise Index – U.S., Citi Economic Surprise Index – Eurozone, Citi Economic Surprise Index – United Kingdom, Citi Economic Surprise Index – Japan, The Citi Economic Surprise Indices measure data surprises relative to market expectations. A positive reading means that data releases have been stronger than expected and a negative reading means that data releases have been worse than expected.

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. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 pm EST (when NAV is normally calculated) and do not represent the returns you would receive if you traded shares at other times. Brokerage commissions will reduce returns. 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.

Direxion Relative Weight ETFs Risks - Investing involves risk including possible loss of principal. The ETFs' investments in derivatives may pose risks in addition to, and greater than, those associated with directly investing in or shorting securities or other investments. There is no guarantee that the returns on an ETF's long or short positions will produce high, or even positive returns and the ETF could lose money if either or both of the ETF's long and short positions produce negative returns. Please see the summary and full prospectuses for a more complete description of these and other risks of the ETFs.

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