

Press Release

Direxion provides Safe Havens to Investors, releasing its new Multi Asset Flight to Safety ETF tracking Solactive Index

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In times of economic uncertainty, investors search for a fallback-strategy enabling them to securely diversify their portfolios. Investors' requirements are demanding as their investments should both withstand tumultuous markets and, at the same time, maintain an adequate return. New York-based Asset Manager Direxion tackles this compromise by issuing a Swiss-army knife index strategy, which utilizes three low-correlating asset classes covering utility stocks, U.S. Treasury bonds, and commodities, to achieve an optimal asset allocation depending on market movements. The resulting Direxion [Flight to Safety ETF \(NYSE: FLYT\)](#) demonstrates Solactive's expertise in Complex Index creation.

To create the **Solactive Flight to Safety Index**, the German index provider combines the **Solactive US Large & Mid Cap Utilities Index**, the **Solactive US 20+ Year Treasury Bond Index**, and the **LBMA Gold Price PM** in order to forge a defensive multi-asset index designed to weather economic downturns. The strategy takes into account gold's longstanding tradition of stability or an increase in value during negative market sentiments. Similar behavior has been observed for U.S. listed large-capitalization utility stocks, rendering these shares a matching counterpart for the precious commodity. Additionally, the strategy is backed by U.S. Treasury bonds with remaining maturities of greater than 20 years enjoying the deep trust and full credit of the U.S. government. The low correlation of the components can deliver an added diversification to investors' portfolios.

Another feature of the index is its rebalancing method, which is based on the volatility contribution of each respective index component. The methodology takes into account each component's trailing 5-year volatility and weights the least volatile component most heavily in the strategy. A capping at a share of 22.50% of the LBMA Gold Price PM prevents an overweight of the commodity. Any excess will be proportionally distributed to the U.S. Large and Mid-Cap Utilities and U.S. treasury bonds allocations.

"The Solactive Flight to Safety Index is an appropriate tool for defensive investors seeking to support their portfolio against economic disturbance," comments Timo Pfeiffer, Chief Markets Officer at Solactive. *"This strategy could*

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become especially handy in 2020, as both the macroeconomic outlook is deteriorating and asset prices across all asset classes are already elevated."

Dave Mazza, Managing Director and Head of Product at Direxion comments: *"Collaborating with Solactive on this index enables us to deliver a strategy that helps investors gain potential protection while remaining invested in the markets, in a low-cost way that many liquid alternative strategies have struggled to deliver."*

For further information, please visit: <http://www.solactive.com>

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Note to editors

About Solactive

Solactive AG is an innovative index provider that focuses on the development, calculation and distribution of tailor-made indices across all asset classes. As at January 2020, Solactive AG served approximately 400 clients in Europe, America and Asia, with approximately USD 200 billion invested in products linked to indices calculated by the company globally, primarily via 380 exchange-traded funds from a number of well-known providers. Solactive AG was established in 2007 and is headquartered in Frankfurt.

About Direxion

Direxion equips investors who are driven by conviction with ETF solutions built for purpose and fine-tuned for precision. These solutions are available for a broad spectrum of investors, whether executing short-term tactical trades, investing in macro themes, or building long-term asset allocation strategies. Direxion's reputation is founded on developing products that precisely express market perspectives and allow investors to manage their risk exposure. Founded in 1997, the company has approximately \$14 billion in assets under management as of December 30, 2019. For more information, please visit www.direxion.com.

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