

Top 3 Questions About Insider Buying

What is Insider Buying?

Investors have been tracking corporate-insider stock purchases for decades. Why? Corporate insiders— top officers, boards of directors, and major shareholders – have a natural edge over retail investors, and even financial analysts, because they typically know their businesses and industries better than anyone. That’s why, no matter how much research you do, or how much financial news you consume, you’re always a step behind those “in the know”. If only you could just peak through the keyhole at board meetings around the country, so you could find out what’s really going on behind the scenes.

Is There a Way to Track Insider Buying On Your Own?

Insiders, by law, are required by the Securities and Exchange Commission (SEC) to file a Statement of Changes in Beneficial Ownership of Securities (Form 4). Form 4 is accessible by the public.

You may not send a completed printout of this form to the SEC to satisfy a filing obligation. You can only satisfy an SEC filing obligation by submitting the information required by this form to the SEC in electronic format online at <https://www.onlineforms.edgarfiling.sec.gov>.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 4
STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person*			2. Issuer Name and Ticker or Trading Symbol			5. Relationship of Reporting Person(s) to Issuer <small>(Check all applicable)</small> Director _____ 10% Owner _____ Officer (give title below) _____ Other (specify below) _____			
(Last) (First) (Middle) (Street) (City) (State) (Zip)			3. Date of Earliest Transaction Required to be Reported (Month/Day/Year)			4. If Amendment, Date Original Filed (Month/Day/Year)			
			6. Individual or Joint/Group Filing <small>(Check Applicable Line)</small> ___ Form filed by One Reporting Person ___ Form filed by More than One Reporting Person						
Table I — Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned									
1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	Amount			

The SEC requires that corporate insiders file a Statement of Changes in Beneficial Ownership of Securities (Form 4), to in the EDGAR system as public record.

By tracking these insider transactions, investors may discern valuable information about a company’s prospects. Legitimate insider buying has been used as a sign of stock-price appreciation. Of course insider stock trading activity shouldn’t be the sole technical indicator when deciding to buy or sell a stock. But, insider buying activity may be a good starting point to further investigate a company, either by analyzing the fundamental data of the company or by studying other insider trading related matters such as the stock trading history of the insider, the type of insider (officer or beneficiary owner) etc.

Does Insider Buying Alone Always Predict That the Stock Will Rise?

The answer is no. Insiders can overestimate the value of their special knowledge or be overly optimistic about their own firm's chances of success. So interpreting the knowledge gleaned from SEC Form 4 filings can be tricky. The questions remain:

- How much information is in these filings?
- Which are the salient numbers?
- How can they be best extracted?

These are questions that are easier to ask, than answer. Many of the Form 4 filings involve purchases as part of compensation (such as the exercise of options). Often, these are more related to liquidity needs than speculation on the company's performance. Open-market purchases, however, require insiders to take their own money and purchase stock on the open market. "Skin in the game" makes some believe in the more predictive power of this factor.

Although there have been studies that show that insider purchases are profitable, merely imitating insiders still requires plenty of work on your side. You can't simply buy all stocks with insider purchases and expect to beat the market. There's much more to a strategy than follow-the-leader. You have to pick WHICH leader and hope you made the right choice.

If You Can't Beat 'em, Join 'em.

Using insider buying information is just one step towards seeking better outcomes from your investments, but your approach should be systematic, analytical, and repeatable, in order to succeed over time.

The Direxion All Cap Insider Sentiment ETF (Ticker: KNOW) provides investors with access to stocks that corporate officers, directors, and shareholders who own more than 5% of each S&P 1500 company's stock, are accumulating. But that's just the beginning.

The key benefits of KNOW's strategy:

- Allows investors to identify and participate in stocks that corporate insiders are accumulating
- Offers access to a quantitative, rules-based index approach to equity investing
- Focuses on insider transactions and analyst ratings to determine weightings within the Index
- Allocations to sectors within the index can vary significantly from traditional cap-weighted equity benchmark weightings

Investment Objective:

The Direxion All Cap Insider Sentiment Shares ETF seeks investment results, before fees and expenses, that track the Sabrient Multi-Cap Insider/Analyst Quant-weighted Index (SBRQAM).

Principal Investment Strategy:

The Investment Strategy of the fund includes:

- Following a quantitative rules-based equity index that seeks alpha relative to S&P 500® Index
- Monthly review of each of the index constituents focusing on strong insider buying and favorable analyst ratings
- Index selection of stocks is based on S&P 1500 constituents

To learn more about the Direxion All Cap Insider Sentiment Shares ETF, call 866-476-7523 or visit direxioninvestments.com/KNOW

An investor should consider the investment objectives, risks, charges, and expenses of Direxion Shares carefully before investing. The prospectus and summary prospectus contains this and other information about Direxion Shares. To obtain a prospectus or summary prospectus, please visit www.direxionfunds.com/regulatory-documents. The prospectus and summary prospectus should be read carefully before investing.

Direxion Shares are bought and sold at the market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Market Price returns are based upon the midpoint of the bid/ask spread at 4:00 pm EST (when NAV is normally determined) 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 subsidies and waivers in effect during certain periods shown. Absent these waivers, results would have been less favorable.

Risks:

The Fund is non-diversified and include risks associated with concentration risk that results from the Fund's investments in a limited number of securities. The Fund may at times use derivatives such as futures contracts, forward contracts, options and swaps which could subject it to market risks that may cause price fluctuation over time. Derivatives may expose the funds to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives, such as counterparty risk. Increased portfolio turnover may result in higher transaction costs and capital gains. For other risks including counterparty risk, tracking error risks and specific risks of exchange traded funds, please read the prospectus

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