

FAS: Direxion Daily Financial Bull 3X ETF

By [J.B. Maverick](#) | Updated December 27, 2015 — 12:47 PM EST

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The **financial sector** involves companies that provide financial services to consumers, primarily the management of money. In 2010, this industry accounted for approximately 50% of U.S. business profits. Worldwide, the financial sector is the leading industry in terms of earnings and equity market

capitalization. As of 2015, a recent trend is major corporations that offer consumers a wide variety of financial services within one company. These companies offer a combination of commercial banking services and **investment banking** services.

Commercial banks remain the foundation of the financial sector. They maintain and protect deposits, lend money, and issue debit and credit cards. Investment banking

services are generally less obvious to most of the public as they generally work with only high-net-worth clients and deal makers. These banks guarantee access to capital markets, act as facilitators for the buying and selling of bonds and stocks, underwrite deals and act as advisers for companies engaging in acquisitions or mergers (M&As). Another vital subsector of the industry is insurance. Other services provided by the financial sector include tax filing services and accounting, currency exchange services and networks associated with debit and credit cards.

The Direxion Daily Financial Bull 3x Shares ETF (NYSEARCA:[FAS](#)) is a leveraged exchange-traded fund (ETF). **Leveraged ETFs** are designed to provide investors with increased exposure and greater impact from the underlying investments or index of the ETF. A leveraged ETF typically attempts to double or triple the daily returns on an investment. Purchasing ETFs is more simple for investors than using futures, options or margin to obtain leverage.

The Direxion Daily Financial Bull 3x Shares ETF aims to provide investors with results, before any fees or expenses, that approximate 300% of the daily performance of the Russell 1000 Financial Services Index. The underlying index is a subset of the Russell 1000 Index and measures the performance of securities classified as part of the financial services sector of the U.S. large-cap equity market. Index equities have an average market capitalization of over \$10 billion.

In 2015, there was a four-to-one split of this fund's shares. Splits are typically considered a favorable occurrence because they usually only occur after the share price rises substantially. The lower, more affordable share price resulting from the split typically then makes the fund more attractive to a broader market of investors. Top holdings for the fund include Wells Fargo & Company, Berkshire Hathaway, Inc. and JPMorgan Chase & Company.

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The information technology sector accounts for virtually all of the remaining 10% of the fund's assets. This fund has managed an impressive total five-year return between 2010 and 2015 of just over 250%. The five-year **Sharpe ratio**, a metric of risk-adjusted return, is approximately 0.80, which is a moderately good rating. The fund's volatility is above average.

Suitability and Recommendations

This offering from Direxion is designed to appeal to investors who are looking for leveraged exposure to the financial services sector, with a primary focus on banking institutions. This ETF is best-suited to investors who are financially stable, have adequate investment capital to withstand significant swings of volatility and are comfortable with a relatively high level of risk. It is obviously most appropriate for investors who strongly believe the financial sector will continue positive growth. The fund is not particularly appealing to income investors, since it has a relatively low dividend yield of less than 1%. On the other hand, the fund's outstanding five-year performance shows it to be exactly the type of investment for which growth investors prefer.

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