

DIREXION FUNDS

**EVOLUTION MANAGED BOND FUND
EVOLUTION ALL-CAP EQUITY FUND
EVOLUTION MARKET LEADERS FUND
EVOLUTION ALTERNATIVE INVESTMENT FUND**

**Supplement dated July 1, 2009 to
Prospectus dated December 29, 2008**

On May 20, 2009, the Board of Trustees of the Direxion Funds approved a new contractual fee arrangement on behalf of the Evolution Managed Bond Fund, Evolution All-Cap Equity Fund, Evolution Market Leaders Fund and the Evolution Alternative Investment Fund (each a “Fund” and collectively the “Funds”). The following information replaces the corresponding information found on pages 12 and 13 of the prospectus.

FEES AND EXPENSES OF THE FUNDS

The tables below describe the fees and expenses that you may pay if you buy and hold shares of the Funds. The expense information below has been restated to reflect current fees based on contractual changes that became effective on July 1, 2009.

Shareholder Fees⁽¹⁾ (fees paid directly from your investment):

Maximum Sales Charge Imposed on Purchases (as a % of offering price).....	None
Maximum Deferred Sales Charge (as a % of original purchase price or sales proceeds, whichever is less).....	None

Annual Operating Expenses (expenses that are deducted from Fund assets):

	Evolution Managed Bond Fund	Evolution All-Cap Equity Fund	Evolution Market Leaders Fund	Evolution Alternative Investment Fund
Management Fees.....	1.00%	1.00%	1.00%	1.00%
Distribution and/or Service (12b-1) Fees	0.25%	0.25%	0.25%	0.25%
Other Expenses ⁽²⁾⁽³⁾				
(Includes Shareholder Service Fee of 0.15%)	0.65%	0.65%	0.65%	0.65%
Acquired Fund Fees and Expenses ⁽⁴⁾	0.34%	0.05%	0.05%	0.25%
Total Annual Fund Operating Expenses⁽⁴⁾.....	2.24%	1.95%	1.95%	2.15%

⁽¹⁾ You will be assessed a \$15 fee for outgoing wire transfers, and \$25 for returned checks and stop payment orders by U.S. Bancorp Fund Services, LLC, the Funds’ transfer agent.

⁽²⁾ Effective July 1, 2009, the fee table above is restated to reflect a new contractual arrangement. Under this arrangement, the Adviser is obligated to pay all expenses of the Funds except for the following: management fees, distribution and/or service fees, shareholder service fees, Acquired Fund Fees and Expenses, taxes, leverage

interest, dividends or interest on short positions, other interest expenses, brokerage commissions, expenses incurred in connection with any merger or reorganization and extraordinary expenses such as litigation or other expenses outside the typical day-to-day operations of the Funds.

- (3) As part of the Funds' investment strategy, they may take short positions in securities. During the fiscal year ended August 31, 2008, the Funds did not enter into short positions and, thus, no additional expenses associated with these positions are included in the calculation above.
- (4) The Funds are required to disclose Acquired Fund Fees and Expenses in the fee table above. Acquired Fund Fees and Expenses are indirect fees and expenses that a Fund incurs from investing in the shares of other mutual funds ("Acquired Fund(s)"). The indirect fee represents a pro rata portion of the cumulative expenses charged by the Acquired Fund. Acquired Fund Fees and Expenses are reflected in the Acquired Fund's net asset value. Because the Total Annual Fund Operating Expenses in the table above include Acquired Fund Fees and Expenses, they do not correlate to the ratio of Expenses to Average Net Assets found within the "Financial Highlights" section of this prospectus. Acquired Fund Fees and Expenses are estimated based on the fiscal period ended August 31, 2009. Without Acquired Fund Fees and Expenses, Total Annual Operating Expenses for each Fund would be 1.90%.

Expense Example

The table below is intended to help you compare the cost of investing in a class of shares of the Funds with the cost of investing in other mutual funds. The table shows what you would have paid if you invested \$10,000 in the Funds over the periods shown and then redeemed all your shares at the end of those periods. It also assumes that your investment has a 5% return each year and the operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Evolution Managed Bond Fund.....	\$227	\$700	\$1,200	\$2,575
Evolution All-Cap Equity Fund.....	\$198	\$612	\$1,052	\$2,275
Evolution Market Leaders Fund.....	\$198	\$612	\$1,052	\$2,275
Evolution Alternative Investment Fund.....	\$218	\$673	\$1,154	\$2,483

Please retain this Supplement with the Prospectus for future reference.