

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 the
Statement of Additional Information (“SAI”) 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 (the “Funds”). The fourth paragraph found under the “Investment Adviser and Subadviser” section on page 29 of the SAI is changed as follows:

Effective July 1, 2009, for each Fund, Rafferty is contractually obligated to pay all Fund expenses (excluding, 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). This agreement may be terminated at any time by the Board of Trustees.

Please retain this Supplement with the SAI for future reference.