



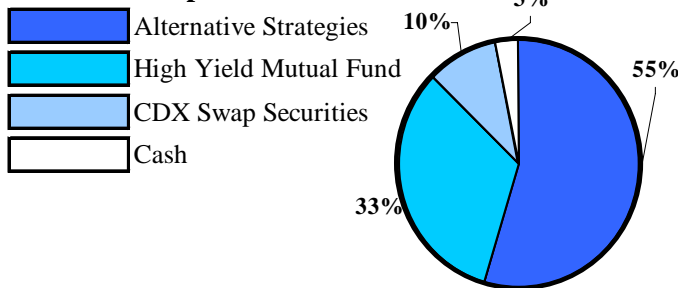
**DIREXION SPECTRUM
SELECT ALTERNATIVE FUND**

Fund Type
Total Return

Fund Objective

The Select Alternative Fund seeks a moderate total rate of return (income plus capital appreciation) on an annual basis. The Fund is actively managed to anticipate and respond to trends in differing types of fixed income and equity securities. Identifying, quantifying and controlling elements of risk are integral parts of the construction and investment strategy of the Fund.

Portfolio Composition as of 6/30/2008



| Top Holdings | | | |
|----------------------------|-----|-------------|-----|
| Alternative Strtgy Hldngs* | 55% | CDX100 Swap | 10% |
| HY Mutual Fund Hldngs | 33% | Cash | 3% |

*Alternative Strategies typically invest in equity and/or mutual funds

Investment Strategy

Hundredfold Advisors, LLC (Subadvisor) uses multiple independent strategies that primarily invest in a combination of equity and fixed-income products, including futures contracts, option contracts, credit default swaps, ETF's, and other investment companies. The Fund expects to invest primarily in securities with lower credit quality and in a combination of equity securities and registered investment companies. These trading strategies create buy and sell signals based on technical analysis of market trends, including price action, momentum, advance-decline lines, market highs and lows as well as the overall direction of the market. The strategies employed could produce frequent trading of the Fund's securities in an attempt to position its portfolio to manage risk. The Fund may employ leveraged investment techniques which could magnify risk, making the fund more volatile and could cause fund investors to lose or gain more money compared to market averages. When market trends signal a defensive position, cash or cash equivalents will be used or positions held may be hedged. The Subadvisor may occasionally hedge the portfolio against interest rate risk.

Alternative Risk Management Strategies

The portfolio manages risk by investing in diversified, uncorrelated strategies. By combining several alternative strategies within the fund, the beta of the fund is adjusted to meet objectives. Beta is a measure of volatility relative to a benchmark such as the S&P 500 Index. The Beta of the Fund during the 1st quarter was .18, which means it had approximately one fifth the volatility of the S&P 500. The portfolio may employ some of the alternative strategies listed below. Continued evaluation of the effectiveness of these strategies, as well as new strategies will be reviewed.

- **Long/Short Equity** - Domestic equity portfolio that limits net exposure.
- **Merger Arbitrage** - A portfolio of companies involved in publicly announced mergers.
- **Diversified Fund of Funds** - A portfolio of external hedge fund managers.
- **Hedged Equity** - Domestic equity allocation with protective call and put options.
- **Quantitative Equity** - Domestic equity allocation with controlled beta.

Performance as of 6/30/2008

| | *Select Alternative | **Lehman Aggregate Bond Index | ***S&P 500 Index |
|----------------------------|---------------------|-------------------------------|------------------|
| Month | -1.63% | -0.19% | -8.43% |
| Qtr Ending 6/30/08 | -0.45% | -1.12% | -2.73% |
| YTD | -5.79% | 1.13% | -11.91% |
| 12 Month | -6.70% | 7.12% | -13.12% |
| Since Inception (9/1/2004) | 7.32% | 15.77% | 24.41% |

Dividends reinvested for performance calculations.

*Inception date: 9/1/2004, fund name change from Spectrum High Yield Plus on June 11, 2007.

**Aggregate Lehman Bond Fund seeks investment results that correspond to the total United States investment grade bond market as defined by the Lehman Brothers US Aggregate Index.

***S&P 500 Index is a capitalization weighted index of 500 stocks representing all major domestic industry groups.

The total annual fund operations ratio is 2.38%

The performance data quoted represents past performance; past performance does not guarantee future results; the investment return and principal value of an investment will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost; current performance may be lower or higher than the performance quoted. Please call 1-800-851-0511 for monthly performance updates.

The risks associated with the Funds are detailed in the prospectus which include risks of the Subadvisor's investment strategy, aggressive investing techniques, high portfolio turnover, investing in ETF's, investing in other investment companies, swap agreements, asset-backed securities, leverage, shorting and non-diversification. Aggressive investing techniques would include the use of futures, enhanced betas and shorting securities. Shorting occurs when investors sell securities they do not own and are committed to repurchasing eventually. Because the Fund's holdings include small-cap, mid-cap, and international equities, there are additional risks such as the possibility of greater price volatility and reduced liquidity, fluctuations in currency exchange rates, and political diplomatic and economic conditions as well as regulatory requirements in foreign countries. There are additional risks associated with investing in instruments rated below investment grade (i.e., junk bonds) because such instruments generally involve greater risk of default or price changes than other types of fixed-income instruments, therefore the Fund's performance may vary significantly as a result.

An investor should consider the investment objectives, risks, charges, and expenses of the Direxionfunds carefully before investing. The prospectus contains this and other information about the Direxionfunds. To obtain a prospectus please call the Direxionfunds at 800-851-0511. The prospectus should be read carefully before investing. Date of first use: July 15, 2007. Distributor: Rafferty Capital Markets, LLC.