



PROSPECTUS

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BULL FUNDS

New York, New York 10004

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BEAR FUNDS

DOMESTIC EQUITY INDEX FUNDS

Direxion Monthly S&P 500 [®] Bull 2X Fund (formerly S&P 500 [®] Bull 2.5X Fund)	Direxion Monthly S&P 500 [®] Bear 2X Fund (formerly S&P 500 [®] Bear 2.5X Fund)
Direxion Monthly NASDAQ-100 [®] Bull 2X Fund (formerly NASDAQ-100 [®] Bull 2.5X Fund)	Direxion Monthly NASDAQ-100 [®] Bear 2X Fund (formerly NASDAQ-100 [®] Bear 2.5X Fund)
Direxion Monthly Small Cap Bull 2X Fund (formerly Small Cap Bull 2.5X Fund)	Direxion Monthly Small Cap Bear 2X Fund (formerly Small Cap Bear 2.5X Fund)

CURRENCY FUNDS

Direxion Monthly Dollar Bull 2X Fund (formerly Dollar Bull 2.5X Fund)	Direxion Monthly Dollar Bear 2X Fund (formerly Dollar Bear 2.5X Fund)
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INTERNATIONAL FUNDS

Direxion Monthly Emerging Markets Bull 2X Fund (formerly Emerging Markets Bull 2X Fund)	Direxion Monthly Emerging Markets Bear 2X Fund (formerly Emerging Market Bear 2X Fund)
Direxion Monthly Developed Markets Bull 2X Fund (formerly Developed Markets Bull 2X Fund)	Direxion Monthly Developed Markets Bear 2X Fund (formerly Developed Markets Bear Fund)
Direxion Monthly Latin America Bull 2X Fund (formerly Latin America Bull 2X Fund)	
Direxion Monthly China Bull 2X Fund (formerly China Bull 2X Fund)	

SPECIALTY FUNDS

Direxion Monthly Commodity Bull 2X Fund
(formerly Commodity Bull 2X Fund)

FIXED INCOME FUNDS

Direxion Monthly 10 Year Note Bull 2X Fund (formerly 10 Year Note Bull 2.5X Fund)	Direxion Monthly 10 Year Note Bear 2X Fund (formerly 10 Year Note Bear 2.5X Fund)
Dynamic HY Bond Fund	HY Bear Fund

MONEY MARKET FUNDS

U.S. Government Money Market Fund

The Funds are very different from most mutual funds. Other than the U.S. Government Money Market Fund, Dynamic HY Bond Fund and the HY Bear Fund, the Funds seek *calendar month leveraged* investment results. The pursuit of such goals has the following implications:

The Funds are riskier than alternatives that do not use leverage because the Funds magnify the performance of the benchmark of an investment.

An investor who purchases shares on a day other than the last business day of a calendar month will generally receive more, or less, than 200% (or -200%) exposure to the target index from that point until the end of the month. The actual exposure (“beta”) is a function of the performance of the benchmark from the end of the prior calendar month and such investor should consult the Fund’s website to determine the then projected beta before investing in the Fund. If a Fund’s shares are held through the end of a calendar month or months, the Fund’s performance is likely to deviate from the multiple of the benchmark performance for the longer period. This deviation will increase with higher index volatility and longer holding periods.

The return for investors that invest for periods less than a calendar month or for a period different than the calendar month may not be the product of the return of the index for such shorter period and the magnification point for the Fund.

The Funds are not suitable for all investors and are designed to be utilized only by sophisticated investors, such as traders and active investors employing dynamic strategies who (a) understand the risks associated with the use of leverage, (b) understand the consequences of seeking calendar month leveraged investment results, (c) understand the risk of shorting, and (d) intend to actively monitor and manage their investments.

Investors who do not understand the Funds or do not intend to actively manage their funds and monitor their investments should not buy the Funds.

Each Bear Fund pursues investment goals which are inverse to the performance of its benchmark, a result opposite of most other mutual funds.

There is no assurance that the Funds will achieve their objectives and an investment in a Fund could lose money. No single Fund is a complete investment program.

If a Fund’s underlying benchmark moves 50% or more in a given calendar month in a direction adverse to the Fund, the Funds’ investors would lose all of their money.

The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

December 29, 2009

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OVERVIEW

This Prospectus relates to shares of the funds noted below (which are sometimes referred to in this Prospectus as a “Fund” and, collectively, as the “Funds”) of the Direxion Funds (the “Trust”). Rafferty Asset Management, LLC (“Rafferty” or “Adviser”) serves as the investment adviser to each Fund.

Please note that shares of each Fund may not be available in all states. Shares of each Fund are only available in states in which they are authorized for purchase.

Except for the U.S. Government Money Market Fund, the Dynamic HY Bond Fund and the HY Bear Fund, the Funds described in this Prospectus seek to provide **calendar month leveraged** investment results, before fees and expenses, that correspond to the performance of a particular index or benchmark. As used in this prospectus, the term “calendar month” refers to the period from the close of the markets on the last business day of a given month until the close of the markets on the last business day of the subsequent month. The Funds seek calendar month leveraged investment results which should not be equated with seeking a leveraged goal for shorter than a calendar month. An investor who purchases shares on a day other than the last business day of a calendar month will generally receive more, or less, than 200% exposure to the target index, depending on the performance of the target index. The Funds with the word “Bull” in their name (collectively, the “Bull Funds”) attempt to provide investment results that correlate positively to the return of an index or benchmark, meaning the Bull Funds attempt to move in the same direction as the target index or benchmark. Except for the HY Bear Fund, which is discussed separately below, the Funds with the word “Bear” in their name (collectively, the “Bear Funds”) attempt to provide investment results that correlate negatively to the return of an index or benchmark, meaning that the Bear Funds attempt to move in the opposite or inverse direction of the target index or benchmark. The correlations sought by the Bull Funds and the Bear Funds are generally a multiple of the returns of the target index or benchmark. For instance, the benchmark for the Direxion Monthly S&P 500[®] Bull 2X Fund is 200% of the calendar month price performance of the S&P 500[®] Index, while the benchmark for the Direxion Monthly S&P 500[®] Bear 2X Fund is 200% of the inverse, or opposite, of the calendar month price performance of the S&P 500[®] Index. If, over a given calendar month, the S&P 500[®] Index gains 1%, the Direxion Monthly S&P 500[®] Bull 2X Fund is designed to gain approximately 2% (which is equal to 200% of 1%), while the Direxion Monthly S&P 500[®] Bear 2X Fund is designed to lose approximately 2%. Conversely, if the S&P 500[®] Index loses 1% over a given calendar month, the Direxion Monthly S&P 500[®] Bull 2X Fund is designed to lose approximately 2%, while the Direxion Monthly S&P 500[®] Bear 2X Fund is designed to gain approximately 2%.

Fund	Index or Benchmark	Monthly Target
Direxion Monthly S&P 500 [®] Bull 2X Fund Direxion Monthly S&P 500 [®] Bear 2X Fund	S&P 500 [®]	200% -200%
Direxion Monthly NASDAQ-100 [®] Bull 2X Fund Direxion Monthly NASDAQ-100 [®] Bear 2X Fund	NASDAQ-100 [®]	200% -200%
Direxion Monthly Small Cap Bull 2X Fund Direxion Monthly Small Cap Bear 2X Fund	Russell 2000 [®]	200% -200%
Direxion Monthly Dollar Bull 2X Fund Direxion Monthly Dollar Bear 2X Fund	U.S. Dollar [®]	200% -200%
Direxion Monthly Commodity Bull 2X Fund	Morgan Stanley [®] Commodity Related	200%
Direxion Monthly China Bull 2X Fund	FTSE/Xinhua China 25 Index	200%
Direxion Monthly Emerging Markets Bull 2X Fund Direxion Monthly Emerging Markets Bear 2X Fund	MSCI Emerging Markets SM	200% -200%
Direxion Monthly Developed Markets Bull 2X Fund Direxion Monthly Developed Market Bear 2X Fund	MSCI EAFE [®]	200% -200%
Direxion Monthly Latin America Bull 2X Fund	S&P [®] Latin America 40	200%
Direxion Monthly 10 Year Note Bull 2X Fund Direxion Monthly 10 Year Note Bear 2X Fund	10-Year Treasury Note	200% -200%

To pursue these results, the Funds listed above use aggressive investment techniques such as engaging in futures, swaps and options transactions. As a result, these Funds are designed principally for experienced investors who intend to follow an asset allocation strategy and are suitable for purchase by active investors as well as investors who engage in market timing activities. There is no assurance that the Funds will achieve their objectives and an investment in a Fund could lose money. No single Fund is a complete investment program.

The Trust also offers the U.S. Government Money Market Fund, the Dynamic HY Bond Fund and the HY Bear Fund.

The U.S. Government Money Market Fund seeks security of principal, current income and liquidity by investing primarily in money market instruments issued or guaranteed, as to principal and interest, by the U.S. government, its agencies or instrumentalities.

The Dynamic HY Bond Fund seeks to maximize total return (income plus capital appreciation) by investing primarily in

debt instruments, including convertible securities, and derivatives of such instruments, with an emphasis on lower-quality debt instruments.

The HY Bear Fund seeks to profit from a decline in the value of lower-quality debt instruments by creating short positions in such instruments and derivatives of such instruments. The term “bear” is used in the financial markets to describe a market which is declining in value. Generally, “bear” mutual funds attempt to profit from anticipated declines in the value of a security, industry, or market and may use aggressive techniques like selling short in pursuit of their objectives.

Changes in Investment Objective. Except for the U.S. Government Money Market Fund, each Fund’s investment objective is not a fundamental policy and may be changed by the Funds’ Board of Trustees without shareholder approval. The investment objective of the U.S. Government Money Market Fund is a fundamental policy and can only be changed with shareholder approval.

INVESTMENT TECHNIQUES AND POLICIES

Rafferty uses a number of investment techniques in an effort to achieve the stated goal for each Fund. For the Bull Funds, Rafferty attempts to magnify the returns of each Bull Fund's index or benchmark for a calendar month. The Bear Funds are managed to provide returns inverse (or opposite) by a defined percentage to the return of each Bear Fund's index or benchmark for a calendar month. Rafferty creates net "long" positions for the Bull Funds and net "short" positions for the Bear Funds. (Rafferty may create short positions in the Bull Funds and long positions in the Bear Funds even though the net exposure in the Bull Funds will be long and the net exposure in the Bear Funds will be short.) Long positions move in the same direction as their index or benchmark, advancing when the index or benchmark advances and declining when the index or benchmark declines. Short positions move in the opposite direction of the index or benchmark, advancing when the index or benchmark declines and declining when the index or benchmark advances. Rafferty generally does not use fundamental securities analysis to accomplish such correlation. Rather, Rafferty primarily uses statistical and quantitative analysis to determine the investments each Fund makes and the techniques it employs. As a consequence, if a Fund is performing as designed, the return of the index or benchmark will dictate the return for that Fund. Each Fund pursues its investment objective regardless of market conditions and does not take defensive positions.

A Bull Fund generally will hold a representative sample of the securities in its benchmark index. The sampling of securities that is held by a Fund is intended to maintain high correlation with, and similar aggregate characteristics (*e.g.*, market capitalization and industry weightings) to, the benchmark index. A Fund also may invest in securities that are not included in the index or may overweight or underweight certain components of the index. A Fund's assets may be concentrated in an industry or group of industries to the extent that the Fund's benchmark index concentrates in a particular industry or group of industries. In addition, each Fund is non-diversified, which means that it may invest in the securities of a limited number of issuers.

Each Bull and Bear Fund invests significantly in exchange-traded funds ("ETFs"), futures contracts on stock indices, swap agreements, options on futures contracts and financial instruments such as options on securities and stock indices options. Rafferty uses these types of investments to produce economically "leveraged" investment results. Leveraging

allows Rafferty to generate a greater positive or negative return than what would be generated on the invested capital without leverage, thus changing small market movements into larger changes in the value of the investments of a Fund.

Each Bull Fund and Bear Fund has a clearly articulated goal which requires the Fund to seek economic exposure in excess of its net assets. To meet its objectives, each Fund invests in some combination of financial instruments so that it generates economic exposure consistent with the Fund's investment objective.

On the last business day of each calendar month, each Fund other than the U.S. Government Money Market Fund, Dynamic HY Bond Fund and the HY Bear Fund will position its portfolio to ensure that the Fund's exposure to its benchmark is consistent with the Fund's stated goals. The impact of market movements during the calendar month will determine whether the portfolio needs to be repositioned. If the target index rises from the beginning of a calendar month to the end of the calendar month, a Bull Fund's net assets should rise, meaning the Fund's exposure may need to be increased. Conversely, if the target index falls from the beginning of a calendar month to the end of the calendar month, a Bull Fund's net assets should fall, meaning the Fund's exposure may need to be reduced. If the target index rises from the beginning of a calendar month to the end of the calendar month, a Bear Fund's net assets should fall, meaning the Fund's exposure may need to be reduced. If the target index falls from the beginning of a calendar month to the end of the calendar month, a Bear Fund's net assets should rise, meaning the Fund's exposure may need to be increased. A Fund's portfolio may also need to be changed to reflect changes in the composition of an index. Rafferty increases the Fund's exposure when its assets rise and reduces the Fund's exposure when its assets fall.

Each Bull and Bear Fund is designed to provide calendar month leveraged investment returns, before fees and expenses, that are a multiple of the returns of its index or benchmark for the stated period. While Rafferty attempts to minimize any "tracking error" (the statistical measure of the difference between the investment results of a Fund and the performance of its index or benchmark), certain factors will tend to cause a Fund's investment results to vary from the stated objective. A Fund may have difficulty in achieving its calendar month target due to fees and expenses, high portfolio turnover, transaction costs, significant purchase

and redemption activity by Fund shareholders and/or a temporary lack of liquidity in the markets for the securities held by the Fund.

Each Bull and Bear Fund invests significantly in swap agreements, forward contracts, reverse repurchase agreements, options, including futures contracts, options on futures contracts and financial instruments such as options on securities and stock indices options, and caps, floors and collars. Rafferty uses these types of investments to produce economically “leveraged” investment results. Leveraging allows Rafferty to generate a greater positive or negative return than what would be generated on the invested capital without leverage, thus changing small market movements into larger changes in the value of the investments of a Fund.

Seeking calendar month leveraged investment results provides potential for greater gains and losses relative to benchmark performance. For instance, the Direxion Monthly S&P 500[®] Bull 2X Fund seeks to provide, before fees and expenses, 200% of the calendar month return of the S&P 500[®] Index. If the S&P 500[®] gains 2% in a given calendar month, the Direxion Monthly S&P 500[®] Bull 2X Fund would be expected to gain approximately 4%. Conversely, if the S&P 500[®] Index declines 2% in a given calendar month, the Direxion Monthly S&P 500[®] Bull Fund would be expected to lose 4%. However, for a period longer than one calendar month, the pursuit of calendar month goals may result in calendar month leveraged compounding, which means that the return of an index over a period of time greater than one calendar month multiplied by the Fund’s calendar month target (*e.g.*, 200%) *generally will not equal* a Fund’s performance over that same period. Consider the following examples:

Mary is considering investments in two Funds, Fund A and Fund B. Fund A is a traditional index fund which seeks (before fees and expenses) to match the performance of the XYZ index. Fund B is a leveraged Fund and seeks calendar month leveraged investment results (before fees and expenses) that correspond to 200% of the calendar month performance of the XYZ index.

In January, the XYZ index increases in value from \$100 to \$105, a gain of 5%. In February, the XYZ index declines from \$105 back to \$100, a loss of 4.76%. In the aggregate, the XYZ index has not moved.

An investment in Fund A would be expected to gain 5% in January and lose 4.76% in February to return to its original value. The following example assumes a \$100

investment in Fund A when the index is also valued at \$100:

Month	Index Value	Index Performance	Value of Investment
	\$100.00		\$100.00
January	\$105.00	5.00%	\$105.00
February	\$100.00	-4.76%	\$100.00

The same \$100 investment in Fund B, however, would be expected to gain 10% in January (200% of 5%) but decline 9.52% in February.

Month	Index Performance	200% of Index Performance	Value of Investment
			\$100.00
January	5.00%	10.00%	\$110.00
February	-4.76%	-9.52%	\$ 99.52

Although the percentage decline is smaller in February than the percentage gain in January, the loss is applied to a higher principal amount so the investment in Fund B has a loss even when the aggregate index value for the two-month period has not declined. (These calculations do not include the charges for expense ratio and the financing charges.)

As you can see, an investment in Fund B has higher rewards and risks due to the effects of leverage and compounding.

Other than the U.S. Government Money Market Fund, Dynamic HY Bond Fund and the HY Bear Fund, the Funds seek calendar month leveraged investment results and are not intended to be used by, and are not appropriate for, investors who do not intend to actively monitor and manage their portfolios. These Funds are very different from most mutual funds. First, other than the U.S. Government Money Market Fund, Dynamic HY Bond Fund and the HY Bear Fund, each Fund pursues monthly leveraged investment goals, which means that the Funds are riskier than alternatives that do not use leverage because the Funds magnify the performance of the benchmark of an investment. Second, each Bear Fund pursues investment goals which are inverse to the performance of its benchmark; a result opposite of most other mutual funds. Third, the Funds seek calendar month leveraged investment results. An investor who purchases shares on a day other than the last business day of a calendar month will generally receive more, or less, than 200% exposure to the target index from that point until the end of the month. The actual exposure is a function of the performance of the benchmark from the end of the prior calendar month and such investor should consult the Fund’s

website to determine the then projected exposure before investing in the Fund. If a Fund's shares are held through the end of a calendar month or months, the Fund's performance is likely to deviate from the multiple of the benchmark performance for the longer period. This deviation will increase with higher index volatility and longer holding periods. As a consequence, investors should not plan to hold the funds unmonitored through the end of a month or for longer periods of time. Further, the return for investors that invest for periods less than a calendar month or for a period different than the calendar month may not be the product of the return of the index for such shorter period and the magnification point for the Fund. The Funds are not suitable for all investors.

For investments held through the end of a calendar month, volatility in the performance of the benchmark from month to month is the primary cause of any disparity between a Fund's actual returns, the product of the Fund's beta and the returns of the benchmark for such longer period. Volatility causes such disparity because it exacerbates the effects of compounding on a Fund's returns. For example, consider the following three examples:

Example 1 — Benchmark Index Experiences Low Volatility

Mary invests \$10.00 in a 2X Fund on the last day of Calendar Month 1. During Calendar Month 2, the Fund's benchmark rises from 100 to 102, a 2% gain. Mary's investment rises 4% to \$10.40. Mary holds her investment through the end of Calendar Month 3, during which the Fund's benchmark rises from 102 to 104, a gain of 1.96%. Mary's investment rises to \$10.81, a gain during Calendar Month 3 of 3.92%. For the two calendar month period since Mary invested in the Fund, the benchmark gained 4% although Mary's investment increased by 8.1%. Because the benchmark index continued to trend upwards with low volatility, Mary's return closely correlates to the 200% return of the return of the index for the period.

Example 2 — Benchmark Index Experiences High Volatility

Mary invests \$10.00 in a 2X Fund on the last day of Calendar Month 1. During Calendar Month 2, the Fund's benchmark rises from 100 to 110, a 10% gain, and Mary's investment rises 20% to \$12.00. Mary continues to hold her investment through the end of Calendar Month 3, during which the Fund's benchmark declines from 110 to 90, a loss of 18.18%. Mary's investment declines by 36.4%, from \$12.00 to \$7.64. For the two calendar month period since Mary invested in the Fund, the Fund's benchmark index lost 10% while Mary's investment decreased from \$10 to \$7.64, a 23.6% loss.

The volatility of the benchmark affected the correlation between the benchmark index's return for the two calendar month period and Mary's return. In this situation, Mary lost more than two times the return of the benchmark index.

Example 3 — Intra Month Investment with Volatility

The examples above assumed that Mary purchased the Fund on the last day of the relevant calendar month and received exposure equal to 200% of her investment. If she made an investment on a subsequent day, she would have received a beta determined by the performance of the benchmark from the end of the prior calendar month until the date of the purchase.

Mary invests \$10.00 in a 2X Fund on the 5th day of Calendar Month 1. From the end of the prior calendar month until the day on which Mary invests, the index moves from 100 to 102, a 2% gain. In light of that gain, the Fund beta at the point at which Mary invests is 196%. During the remainder of Calendar Month 1, the Fund's benchmark rises from 102 to 110, a gain of 7.84%, and Mary's investment rises 15.4% (which is the benchmark gain of 7.84% multiplied by the 196% beta that she received) to \$11.54. Mary continues to hold her investment through the end of Calendar Month 2, during which the Fund's benchmark declines from 110 to 90, a loss of 18.18%. Mary's investment declines by 36.4%, from \$11.54 to \$7.34. For the period of Mary's investment, the Fund's benchmark declined from 102 to 90, a loss of 11.76%, while Mary's investment decreased from \$10.00 to \$7.34, a 26.6% loss. The volatility of the benchmark affected the correlation between the benchmark index's return for the two calendar month period and Mary's return. In this situation, Mary lost more than two times the return of the benchmark index. Mary was also hurt because she missed the first 2% move of the benchmark and had a beta of 196% for the remainder of Calendar Month 1.

The Funds are designed to be used by traders and active investors employing dynamic strategies. Such investors are expected to monitor and manage their portfolios frequently, and certainly at least monthly. The Funds should be utilized only by sophisticated investors who (a) understand the risks associated with the use of leverage, (b) understand the consequences of seeking calendar month leveraged investment results, (c) understand the risk of shorting, and (d) intend to actively monitor and manage their investments. Investors who do not understand the Funds or do not intend to actively manage their funds and monitor their investments should not buy the Funds. There is no

assurance that the Funds will achieve their objectives and an investment in a Fund could lose money. No single Fund is a complete investment program.

Defensive Policy. Generally, each Fund other than the U.S. Government Money Market Fund, Dynamic HY Bond Fund and HY Bear Fund pursues its investment objective regardless of market conditions and does not take defensive positions. As a consequence, a Fund will generally not adopt defensive positions by investing in cash or other instruments in anticipation of an adverse climate for its index or benchmark. However, if a Fund's target index has moved dramatically in a particular direction and Rafferty believes a reversal is likely, Rafferty may attempt to hedge some portion of the Fund's portfolio against such a reversal. Such hedging strategies include, but are not limited to, the purchase of put options to hedge against a decline in a Bull Fund's portfolio and the purchase of call options to hedge against a decline in a Bear Fund's portfolio. Hedging strategies will increase a Fund's expenses, reduce net assets and reduce upside to some extent. To reduce the cost of such a hedging strategy, Rafferty may sell options, which will reduce a Fund's upside if such options move against the Fund. In addition, because it may be difficult for a Fund to achieve its stated investment objective any time its assets fall below \$2 million, Rafferty may invest the assets of any such Fund in short-term U.S. government securities until the level of net assets is sufficient to permit the desired investments. As a result, such Fund may not achieve its investment objective during this period. To find out if a Fund has sufficient assets to invest to attempt to meet its objective, you may call (800) 851-0511.

Market Volatility. Each Fund seeks to provide a return which is a multiple of the calendar month performance of its benchmark. No Fund attempts to, and no Fund should be expected to, provide returns which are a multiple of the return of the benchmark for periods other than a calendar month. Each Fund rebalances its portfolio on a calendar month basis, increasing exposure in response to that calendar month's gains or reducing exposure in response to that calendar month's losses.

Calendar month rebalancing will impair a Fund's performance if the benchmark experiences volatility. For instance, a hypothetical 2X Bull Fund would be expected to lose 4% (as shown in the Table 1 below) if its benchmark provided no return over a one year period during which its benchmark experienced annualized volatility of 20%. A hypothetical 2X Bear Fund would be expected to lose 12% (as shown in the Table 1 below) if its benchmark provided no return over a one year period during which its benchmark experienced annualized volatility of 20%. If the benchmark's annualized volatility were to rise to 40%,

the hypothetical loss for a one year period for a Bull Fund widens to approximately 15% while the loss for a Bear Fund rises to 45%. At higher ranges of volatility, there is a chance of a near complete loss of Fund value even if the benchmark is flat. For instance, if annualized volatility of the benchmark is 90%, both a Bull and a Bear Fund targeted to the same benchmark would be expected to lose more than 76% and 99% respectively, of their value even if the cumulative benchmark return for the year was 0%. An index's volatility rate is a statistical measure of the magnitude of fluctuations in the returns of an index.

Table 1 — Negative Implications of Volatility

Volatility Range	Bull Fund Loss	Bear Fund Loss
10%	-1%	-3%
20%	-4%	-12%
30%	-9%	-26%
40%	-15%	-45%
50%	-23%	-65%
60%	-33%	-92%
70%	-47%	-99%
80%	-55%	-99%
90%	-76%	-99%
100%	-84%	-99%

Table 2 shows the range of volatility for each of the indexes to which one of the Funds is benchmarked over the twelve months ended November 30, 2009. (In historical terms, volatility ranges during this period were extremely high.) The indexes to which the Funds are benchmarked have historical volatility rates over that period ranging from 9% to 32%. Since market volatility, like that experienced by the markets recently, has negative implications for Funds which rebalance on a calendar month basis, investors should be sure to monitor and manage their investments in the Funds in volatile markets. The negative implications of volatility noted in Table 1 can be combined with the recent volatility ranges of various indexes in Table 2 to give investors some sense of the risks of holding the Funds for long periods. **These tables are intended to simply underscore the fact that the Funds that seek calendar month leveraged investment results are not intended to be used by, and are not appropriate for, investors who do not intend to actively monitor and manage their portfolios.**

Table 2 — Historic Volatility of each Fund's Benchmark Index

Index	Volatility Range
S&P 500®	18
NASDAQ-100®	18
Russell 2000®	25
U.S. Dollar®	9
Morgan Stanley® Commodity Related	29
FTSE/Xinhua China 25 Index	31
MSCI Emerging Markets SM	29
MSCI EAFE®	23
S&P® Latin America 40	32
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A Precautionary Note to Investors Regarding Dramatic Index Movement.

Each Bull Fund seeks calendar month exposure to its target index equal to 200% of its net assets while each Bear Fund seeks calendar month exposure to its target index equal to -200% of its net assets. As a consequence, a Fund could theoretically lose an amount greater than its net assets in the event of a movement of its target index in excess of 50% in a direction adverse to the Fund (meaning a decline in the value of the target index of a Bull Fund and a gain in the value of the target index for a Bear Fund). Rafferty will attempt to position each Fund's portfolio to ensure that a Fund does not lose more than 90% of its net asset value in a given calendar month. The cost of such downside protection will be symmetrical limitations on gains. If Rafferty successfully positions a Fund's portfolio to provide such limits, a Fund's portfolio and net asset value will not be responsive to movements in its target index beyond 45% in a given calendar month, whether that movement is favorable or adverse to the Fund. For example, if a Bull Fund's target index were to gain 50%, the Bull Fund might be limited to a calendar month gain of 90%, which corresponds to 200% of an index gain of 45%, rather than 200% of the index gain of 50%. Rafferty cannot be assured of similarly limiting a Fund's losses and shareholders should not expect such protection. In short, the risk of total loss exists. In the event of a severe index movement which results in a limit on gains and losses, a Fund's performance may be inconsistent with its stated investment objective.

The Projected Calendar Month Return of a Bull Fund.

A Bull Fund seeks to provide a calendar month return that is a multiple of the calendar month return of a target index or benchmark. Doing so requires the use of leveraged investment techniques, which necessarily incur financing charges. For instance, the Direxion Monthly S&P 500® Bull 2X Fund seeks exposure to its benchmark in an amount equal to 200% of its assets, meaning it uses

leveraged investment techniques to seek exposure to the S&P 500® Index in an amount equal to 200% of its net assets. In light of the financing charges and a Bull Fund's operating expenses, the expected return of a Bull Fund is equal to the gross expected return, which is the calendar month benchmark return multiplied by 200%, minus (i) financing charges incurred by the portfolio and (ii) calendar month operating expenses. For instance, if the S&P 500® Index returns 5% in a given calendar month, the gross expected return of the Direxion Monthly S&P 500® Bull 2X Fund would be 10%, but the net expected return, which factors in the cost of financing the portfolio and the impact of operating expenses, would be lower. Each Fund will reposition its portfolio on the last business day of a calendar month. Therefore, if an investor purchases Fund shares on the last business day of a calendar month, the investor's exposure to the target index of a Bull Fund would reflect 200% of the performance of the index during the next calendar month, subject to charges and expenses noted above, regardless whether the investor sells the shares during that calendar month.

The Projected Calendar Month Return of a Bear Fund.

A Bear Fund seeks to provide a calendar month return which is a multiple of the inverse (or opposite) of the calendar month return of a target index or benchmark. To create the necessary exposure, a Bear Fund engages in short selling — borrowing and selling securities it does not own. The money that a Bear Fund receives from short sales — the short sale proceeds — is an asset of the Bear Fund that can generate income to help offset the Bear Fund's operating expenses. However, the costs of creating short exposure, which may require the Fund's counterparties to borrow and sell certain securities, may offset or outweigh such income. Each Fund will reposition its portfolio on the last business day of a calendar month. Therefore, if an investor purchases Fund shares on the last business day of a calendar month, the investor's exposure to the target index of a Bear Fund would reflect 200% of the inverse performance of the index during the next calendar month, subject to charges and expenses noted above, regardless whether the investor sells the shares during that calendar month.

The Projected Returns of the Funds for Intra-Calendar Month Purchases.

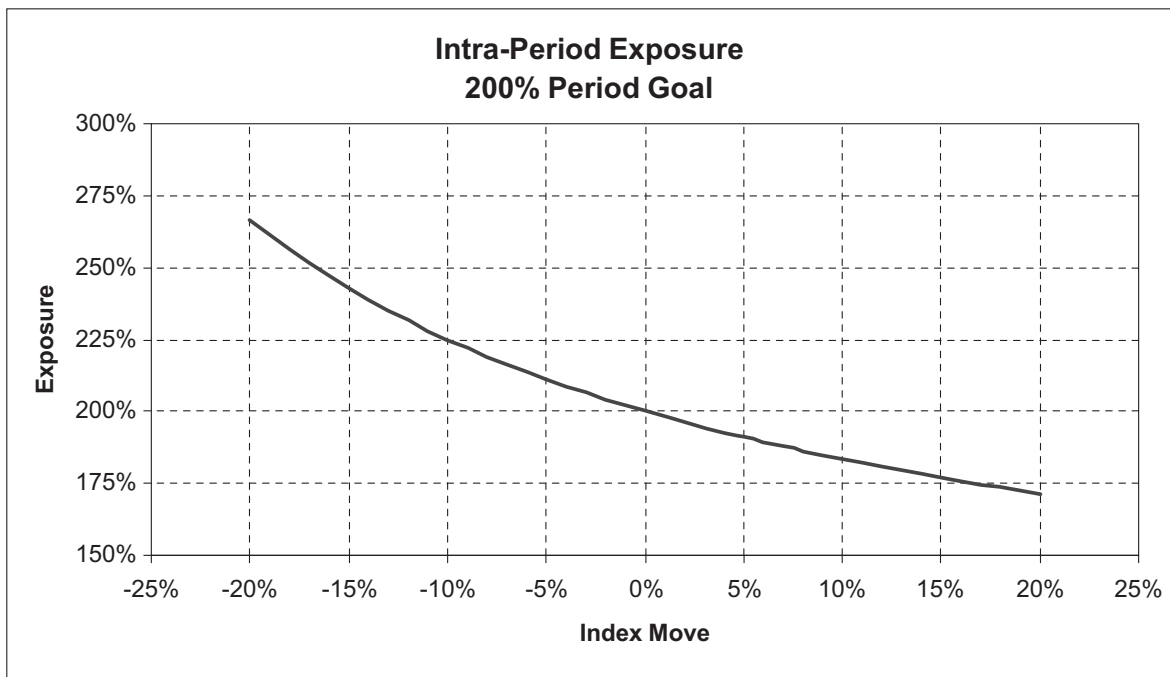
The Funds seek calendar month leveraged investment results which should not be equated with seeking a leveraged goal for shorter than a calendar month. An investor who purchases shares on a day other than the last business day of a calendar month will generally receive more, or less, than 200% exposure to the target index, depending on the performance of the target index. If the

target index moves in a direction favorable to the Fund, the investor will receive exposure to the target index less than 200%. Conversely, if the target index moves in a direction adverse to the Fund, the investor will receive exposure to the target index greater than 200%. Investors may consult the Fund's website at any point during the month to determine how the current value of a Fund's target index relates to the value of the target index at the end of the calendar month. Graph 1 below indicates how the exposure to the target index

of an investment in a Bull 2X Fund would vary based upon a range of market movements if the investor purchases Fund shares after the last business day of the calendar month and before the last business day of the next calendar month. Graph 2 below indicates how the exposure to the target index of an investment in a Bear 2X Fund would vary based upon a range of market movements if the investor purchases Fund shares after the last business day of the calendar month and before the last business day of the next calendar month.

The graph and accompanying table below indicates exposure for a Bull 2X Fund after movements of the index after the beginning of the month. For instance, as indicated below, if an investor purchases shares in a Bull 2X Fund after the end of one calendar month and before the end of the next calendar month and the target index has gained 5% during that calendar month, the investor's exposure would be 191% of the performance of the target index until the end of that calendar month. Conversely, if the target index has declined 5%, the investor's exposure would be 211% of the performance of the target index until the end of that calendar month. If a Bull Fund's target index moves sharply from its value at the end of the prior calendar month, an investor who purchases shares before the end of the next calendar month may receive exposure to the performance of the target index substantially in excess of 200% of a shareholder's investment. For instance, as noted in Graph 1 below, if the target index declines 20%, the investor would not receive 200% exposure to the performance of the target index, but would instead receive 267% exposure to the performance of the target index.

Graph 1 — Intra-Period Exposure (Bull Fund)

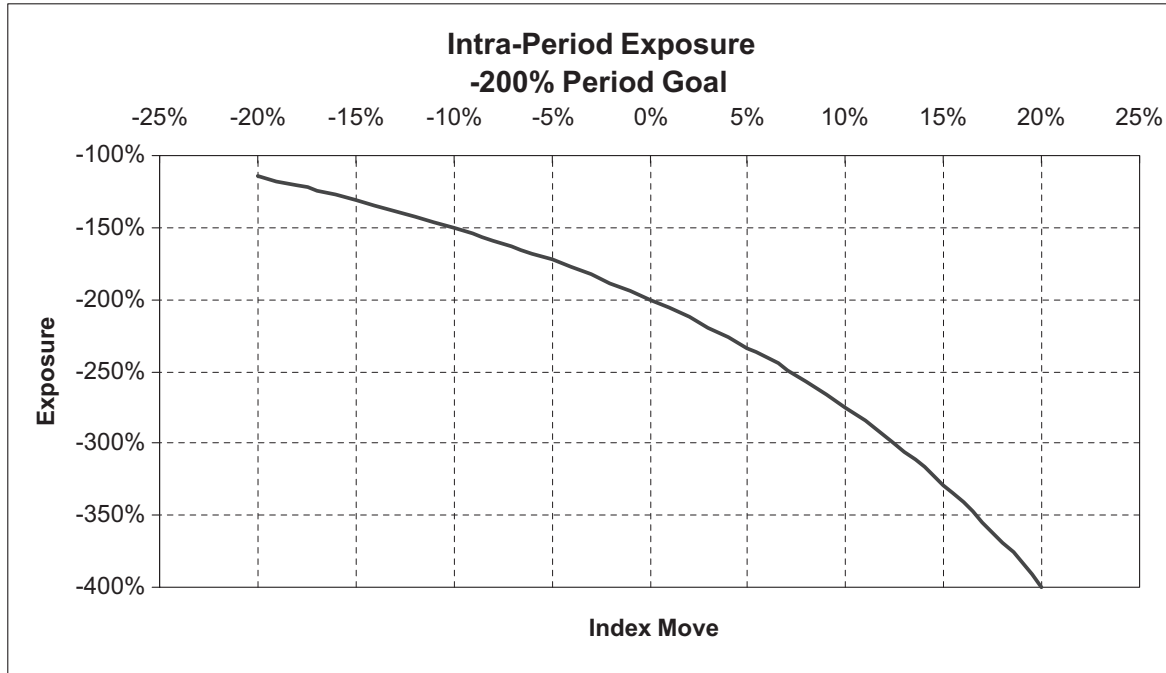


Index Move	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Resulting Exposure	267%	243%	225%	211%	200%	191%	183%	177%	171%

The graph and accompanying table below indicates exposure for a Bear 2X Fund after movements of the index after the beginning of the month. For instance, as indicated below, if an investor purchases shares in a Bear 2X Fund after the end of one calendar month and before the end of the next calendar month and the target index has gained 5% during that calendar month, the investor's exposure would be -233% of the performance of the target index until the end of that calendar month. Conversely, if the target index has declined 5%, the investor's exposure would be -173% of the performance of the target index until the end of that calendar month. If a Bear Fund's target index moves sharply from its value at the end of the prior calendar month, an investor who

purchases shares before the end of the next calendar month may receive exposure to the performance of the target index substantially in excess of -200% of a shareholder's investment. For instance, as noted in Graph 2 below, if the target index gains 20%, the investor would not receive -200% exposure to the performance of the target index, but would instead receive -400% exposure to the performance of the target index.

Graph 2 — Intra-Period Exposure (Bear Fund)



Index Move	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%
Resulting Exposure	-114%	-131%	-150%	-173%	-200%	-233%	-275%	-329%	-400%

The Projected Returns of Bull and Bear Funds for Shares Held Longer Than a Calendar Month. The Funds seek calendar month leveraged investment results which should not be equated with seeking a leveraged goal for longer than a calendar month. For instance, if the S&P 500® Index gains 10% during a year, the Direxion Monthly S&P 500® Bull 2X Fund should not be expected to provide a return of 20% for the year even if it meets its calendar month target throughout the year. This is true because the pursuit of calendar month goals may result in calendar month leveraged compounding, which means that the return of an index over a period of time greater than one calendar month multiplied by 200%, in the case of a Bull Fund, or -200%, in the case of a Bear Fund, will not generally equal a Fund's performance over that same period.

The following charts set out a range of hypothetical calendar month performances during a given calendar year of an index and demonstrate how changes in the index impact the Funds' performance for each calendar month and cumulatively up to, and

including, the entire calendar year. The charts are based on a hypothetical \$100 investment in the Funds over a 12-month calendar period and do not reflect expenses of any kind.

Table 3 — The Market Lacks a Clear Trend for a Period Longer Than One Month

	Index			Bull Fund			Bear Fund		
	Value	Calendar Month Performance	Cumulative Performance	NAV	Calendar Month Performance	Cumulative Performance	NAV	Calendar Month Performance	Cumulative Performance
	100			\$100.00			\$100.00		
January	105	5.00%	5.00%	\$110.00	10.00%	10.00%	\$90.00	-10.00%	-10.00%
February	110	4.76%	10.00%	\$120.48	9.52%	20.47%	\$81.43	-9.52%	-18.57%
March	100	-9.09%	0.00%	\$98.57	-18.18%	-1.43%	\$96.23	18.18%	-3.76%
April	90	-10.00%	-10.00%	\$78.86	-20.00%	-21.14%	\$115.48	20.00%	15.48%
May	85	-5.56%	-15.00%	\$70.10	-11.12%	-29.91%	\$128.31	11.12%	28.33%
June	100	17.65%	0.00%	\$94.83	35.30%	-5.17%	\$83.03	-35.30%	-16.97%
July	95	-5.00%	-5.00%	\$85.35	-10.00%	-14.65%	\$91.33	10.00%	-8.67%
August	100	5.26%	0.00%	\$94.34	10.52%	-5.68%	\$81.71	-10.52%	-18.28%
September	105	5.00%	5.00%	\$103.77	10.00%	3.76%	\$73.54	-10.00%	-26.45%
October	100	-4.76%	0.00%	\$93.89	-9.52%	-6.12%	\$80.55	9.52%	-19.45%
November	95	-5.00%	-5.00%	\$84.50	-10.00%	-15.51%	\$88.60	10.00%	-11.39%
December	105	10.53%	5.00%	\$102.29	21.06%	2.28%	\$69.95	-21.06%	-30.05%

The cumulative annual performance of the index in Table 3 is 5%. The hypothetical return of the Bull Fund for the calendar year is 2.28%, while the hypothetical return of the Bear Fund for the calendar year is -30.05%. The hypothetical return of the Bull Fund is 46% of the index return for the calendar year, while the hypothetical return of the Bear Fund is 601% of the index return for the calendar year. The volatility of the benchmark performance and the lack of a clear trend means that a Fund's gain or losses are somewhat random and bear little relationship to the performance of the index for the year.

Table 4 — The Market Rises in a Clear Trend

	Index			Bull Fund			Bear Fund		
	Value	Calendar Month Performance	Cumulative Performance	NAV	Calendar Month Performance	Cumulative Performance	NAV	Calendar Month Performance	Cumulative Performance
	100			\$100.00			\$100.00		
January	102	2.00%	2.00%	\$104.00	4.00%	4.00%	\$96.00	-4.00%	-4.00%
February	104	1.96%	4.00%	\$108.08	3.92%	8.08%	\$92.24	-3.92%	-7.76%
March	106	1.92%	6.00%	\$112.24	3.84%	12.23%	\$88.69	-3.84%	-11.31%
April	108	1.89%	8.00%	\$116.47	3.78%	16.47%	\$85.34	-3.78%	-14.66%
May	110	1.85%	10.00%	\$120.78	3.70%	20.78%	\$82.18	-3.70%	-17.82%
June	112	1.82%	12.00%	\$125.18	3.64%	25.17%	\$79.19	-3.64%	-20.81%
July	114	1.79%	14.00%	\$129.65	3.58%	29.66%	\$76.36	-3.58%	-23.64%
August	116	1.75%	16.00%	\$134.20	3.50%	34.19%	\$73.68	-3.50%	-26.31%
September	118	1.72%	18.00%	\$138.82	3.44%	38.81%	\$71.14	-3.44%	-28.85%
October	120	1.69%	20.00%	\$143.53	3.38%	43.50%	\$68.73	-3.38%	-31.25%
November	122	1.67%	22.00%	\$148.31	3.34%	48.30%	\$66.44	-3.34%	-33.55%
December	124	1.64%	24.00%	\$153.18	3.28%	53.16%	\$64.26	-3.28%	-35.73%

The cumulative annual performance of the index in Table 4 is 24%. The hypothetical return of the Bull Fund for the calendar year is 53.16%, while the hypothetical return of the Bear Fund for the calendar year is -35.73%. The hypothetical return of the Bull Fund is 222% of the index return for the calendar year, while the hypothetical return of the Bear Fund is 149% of the index return for the calendar year. In this case, because of the trend, the Bull Fund gain is greater than 200% of the index gain and the Bear Fund decline is less than 200% of the index gain for the year.

Table 5 — The Market Declines in a Clear Trend

	Index			Bull Fund			Bear Fund		
	Value	Calendar Month Performance	Cumulative Performance	NAV	Calendar Month Performance	Cumulative Performance	NAV	Calendar Month Performance	Cumulative Performance
	100			\$100.00			\$100.00		
January	98	-2.00%	-2.00%	\$96.00	-4.00%	-4.00%	\$104.00	4.00%	4.00%
February	96	-2.04%	-4.00%	\$92.08	-4.08%	-7.92%	\$108.24	4.08%	8.24%
March	94	-2.08%	-6.00%	\$88.24	-4.16%	-11.75%	\$112.76	4.16%	12.75%
April	92	-2.13%	-8.00%	\$84.49	-4.26%	-15.51%	\$117.55	4.26%	17.55%
May	90	-2.17%	-10.00%	\$80.82	-4.34%	-19.17%	\$122.66	4.34%	22.65%
June	88	-2.22%	-12.00%	\$77.22	-4.44%	-22.76%	\$128.12	4.44%	28.10%
July	86	-2.27%	-14.00%	\$73.71	-4.54%	-26.27%	\$133.94	4.54%	33.91%
August	84	-2.33%	-16.00%	\$70.29	-4.66%	-29.71%	\$140.17	4.66%	40.15%
September	82	-2.38%	-18.00%	\$66.94	-4.76%	-33.05%	\$146.84	4.76%	46.82%
October	80	-2.44%	-20.00%	\$63.67	-4.88%	-36.32%	\$154.01	4.88%	53.99%
November	78	-2.50%	-22.00%	\$60.49	-5.00%	-39.50%	\$161.71	5.00%	61.69%
December	76	-2.56%	-24.00%	\$57.39	-5.12%	-42.60%	\$170.00	5.12%	69.97%

The cumulative annual performance of the index in Table 5 is -24%. The hypothetical return of the Bull Fund for the calendar year is -42.60%, while the hypothetical return of the Bear Fund for the calendar year is 69.97%. The hypothetical return of the Bull Fund is 178% of the index return for the calendar year, while the hypothetical return of the Bear Fund is 292% of the index return for the calendar year. In this case, because of the trend, the Bull Fund decline is less than 200% of the index decline and the Bear Fund gain is greater than 200% of the index decline for the year.

Hypothetical Holding Period Timeline

The performance of the Funds for a period other than a month will depend on a variety of factors. The table below seeks to illustrate the hypothetical performance, relative to an index, of a Bull Fund which seeks 200% of the calendar month returns of an index. The table uses a two month period (January and February) and shows the hypothetical performance of investments with different holding periods within the two months. Index values and percentage returns are in the orange bars and Fund values and returns are in the green bars.

	Jan. 1	Jan. 15	Jan. 31	Feb. 1	Feb. 15	Feb. 28
Index Values	100	105	110		105	120
Fund NAV	\$100.00	\$110.00	\$120.00		\$109.09	\$141.82

A holding period which begins on the reset date receives 200% exposure to benchmark moves until next reset or exit from the position.

Jan. 1	Jan. 15
Index = 5.00%	
Fund = 10.00%	

The return of the Fund for the first two weeks of January is 200% of the index return.

Jan. 1	Jan. 31
Index Return = 10.00%	
Fund Return = 20%	

The return of the Fund for the month of January is 200% of the index return.

A holding period which begins after a reset date receives exposure which is a function of benchmark moves since reset date.

Jan. 15	Jan. 31
Index = 4.76%	
Fund = 9.09%	

Since the index moved in favor of the Fund for the first two weeks of January, a mid-month purchaser receives less than 200% exposure. For the 2nd half of the month, the Fund returns 191% of the index return for the same period.

Conversely, since the index moved against the Fund for the first two weeks of February, a mid-month purchaser receives more than 200% exposure. The Fund returned 210% of the index return for the 2nd half of February.

Feb. 15	Feb. 28
Index = 14.29%	
Fund = 30.00%	

A holding period which continues past a monthly reset date is subject to monthly rebalancing, which impacts cumulative return.

Jan. 1	Feb. 15
Index = 5.00%	
Fund = 9.09%	

The Fund return for the six weeks from is 182% of the index return for the period.

Jan. 1	Feb. 28
Index = 20.00%	
Fund = 41.82%	

The Fund return for the two months is 209% of the index return of the same period.

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PRINCIPAL RISKS

An investment in any of the Funds entails risks. The Funds could lose money, or their performance could trail that of other investment alternatives. Rafferty cannot guarantee that any of the Funds will achieve their objective. In addition, the Funds present some risks not traditionally associated with most mutual funds. It is important that investors closely review and understand these risks before making an investment in the Funds. Unprecedented recent turbulence in financial markets and reduced liquidity in equity, credit and fixed income markets may negatively affect many issuers worldwide, which could have an adverse effect on the Funds. The table below provides the principal risks of investing in the Funds. Following the table, each risk is explained.

	Adverse Market Conditions Risk	Adviser's Investment Strategy Risk	Aggressive Investment Techniques Risk	Commodities Risk	Concentration Risk	Counterparty Risk	Credit Risk	Currency Exchange Rate Risk	Debt Instrument Risk	Depository Receipt Risk	Early Close / Trading Halt Risk	Emerging Markets Risk	Equity Securities Risk	Foreign Securities Risk	Gain Limitation Risk	Geographic Concentration Risk	Interest Rate Risk
Direxion Monthly S&P 500® Bull 2X Fund	X	X	X			X	X				X		X		X		X
Direxion Monthly S&P 500® Bear 2X Fund	X	X	X			X	X				X		X		X		X
Direxion Monthly NASDAQ-100® Bull 2X Fund	X	X	X			X	X				X		X		X		X
Direxion Monthly NASDAQ-100® Bear 2X Fund	X	X	X			X	X				X		X		X		X
Direxion Monthly Small Cap Bull 2X Fund	X	X	X			X	X				X		X		X		X
Direxion Monthly Small Cap Bear 2X Fund	X	X	X			X	X				X		X		X		X
Direxion Monthly Dollar Bull 2X Fund	X	X	X			X	X	X			X	X	X	X	X		X
Direxion Monthly Dollar Bear 2X Fund	X	X	X			X	X	X			X	X	X	X	X		X
Direxion Monthly Emerging Markets Bull 2X Fund	X	X	X			X	X	X		X	X	X	X	X	X		X
Direxion Monthly Emerging Markets Bear 2X Fund	X	X	X			X	X	X		X	X	X	X	X	X		X
Direxion Monthly Developed Markets Bull 2X Fund	X	X	X			X	X	X		X	X		X	X	X		X
Direxion Monthly Developed Markets Bear 2X Fund	X	X	X			X	X	X		X	X		X	X	X		X
Direxion Monthly Latin America Bull 2X Fund	X	X	X			X	X	X		X	X	X	X	X	X	X	X
Direxion Monthly China Bull 2X Fund	X	X	X		X	X	X	X		X	X	X	X	X	X	X	X
Direxion Monthly Commodity Bull 2X Fund	X	X	X	X	X	X	X				X		X		X		X
Direxion Monthly 10 Year Note Bull 2X Fund	X	X	X		X	X	X		X		X				X		X
Direxion Monthly 10 Year Note Bear 2X Fund	X	X	X		X	X	X		X		X				X		X
Dynamic HY Bond Fund	X	X	X			X	X		X		X						X
HY Bear Fund	X	X	X			X	X		X		X						X
U.S. Government Money Market Fund	X	X					X		X		X						X

	Intra- Calendar Month Investment Risk	Inverse Correlation Risk	Leverage Risk	Lower- Quality Debt Securities Risk	Market Timing Activity and High Portfolio Turnover Risk	Monthly Correlation Risk	Negative Implications of Monthly Goals in Volatile Markets	Non- Diversification Risk	Regulatory Risk	Risks of Investing in Other Investment Companies and ETFs Risk	Shorting Risk	Small and Mid Capitalization Company Risk	Technology Securities Risk	Tracking Error Risk	U.S. Government Securities Risk	Valuation Time Risk
Direxion Monthly S&P 500® Bull 2X Fund	X		X		X	X	X	X	X	X				X		
Direxion Monthly S&P 500® Bear 2X Fund	X	X	X		X	X	X	X	X	X	X			X		
Direxion Monthly NASDAQ-100® Bull 2X Fund	X		X		X	X	X	X	X	X			X	X		
Direxion Monthly NASDAQ-100® Bear 2X Fund	X	X	X		X	X	X	X	X	X	X		X	X		
Direxion Monthly Small Cap Bull 2X Fund	X		X		X	X	X	X	X	X		X		X		
Direxion Monthly Small Cap Bear 2X Fund	X	X	X		X	X	X	X	X	X	X	X		X		
Direxion Monthly Dollar Bull 2X Fund	X		X		X	X	X	X	X	X				X		X
Direxion Monthly Dollar Bear 2X Fund	X	X	X		X	X	X	X	X	X	X			X		X
Direxion Monthly Emerging Markets Bull 2X Fund	X		X		X	X	X	X	X	X				X		X
Direxion Monthly Emerging Markets Bear 2X Fund	X	X	X		X	X	X	X	X	X	X			X		X
Direxion Monthly Developed Markets Bull 2X Fund	X		X		X	X	X	X	X	X				X		X
Direxion Monthly Developed Markets Bear 2X Fund	X	X	X		X	X	X	X	X	X	X			X		X
Direxion Monthly Latin America Bull 2X Fund	X		X		X	X	X	X	X	X				X		X
Direxion Monthly China Bull 2X Fund	X		X	X	X	X	X	X	X	X				X		X
Direxion Monthly Commodity Bull 2X Fund	X		X		X	X	X	X	X	X				X		
Direxion Monthly 10 Year Note Bull 2X Fund	X		X		X	X	X	X	X	X				X		X
Direxion Monthly 10 Year Note Bear 2X Fund	X	X	X		X	X	X	X	X	X	X			X		X
Dynamic HY Bond Fund	X		X	X	X	X	X	X	X	X						
HY Bear Fund	X		X	X	X	X	X	X	X	X	X					
U.S. Government Money Market Fund	X				X		X		X						X	

Adverse Market Conditions Risk

Where the performance of a Fund is designed to correlate to the performance of an index or benchmark, a Fund's performance will suffer during conditions which are adverse to the Fund's investment goals. For example, if the target index has risen over a given calendar month, a Bear Fund's performance should fall. Conversely, if the target index has fallen over a given calendar month, a Bull Fund's performance also should fall.

Adviser's Investment Strategy Risk

While the Adviser seeks to take advantage of investment opportunities for Funds that will maximize their investment returns, there is no guarantee that such opportunities will ultimately benefit the Funds. For Funds other than the U.S. Government Money Market Fund, Direxion Monthly 10 Year Note Bull 2X Fund, Direxion Monthly 10 Year Note Bear 2X Fund, Dynamic HY Bond Fund and HY Bear Fund, the Adviser will aggressively change the Funds' portfolios in response to market conditions that are unpredictable and may expose the Funds to greater market risk than conventional funds. There is no assurance that the Adviser's investment strategy will enable the Funds to achieve their investment objectives.

Aggressive Investment Techniques Risk

The Funds may use certain investment techniques, including investments in derivatives and other instruments that attempt to track the price movement of underlying securities or indices, which may be considered aggressive. The derivative instruments that the Funds may invest in and how Rafferty uses derivatives to obtain leveraged investment results are described in "Investment Techniques and Policies." Investments in derivatives in general are subject to market risks that may cause their prices to fluctuate over time. In addition, such instruments may experience potentially dramatic price changes (losses) and imperfect correlations between the price of the contract and the underlying security or index which will increase the volatility of the Funds and may involve a small investment of cash relative to the magnitude of the risk assumed. The use of derivatives may expose the Funds to additional risks that they would not be subject to if they invested directly in the securities underlying those derivatives. The use of derivatives may result in larger losses or smaller gains than otherwise would be the case.

Commodities Risk

Investments in companies involved in commodity-related businesses may be subject to greater volatility than investments in companies involved in more traditional businesses. The value of companies in commodity-related businesses may be affected by overall market movements and other factors affecting the value of a particular industry or commodity, such as weather, disease, embargoes, or political and regulatory developments.

Concentration Risk

Concentration risk results from focusing a Fund's investments in a specific industry or sector. The performance of a Fund that focuses its investments in a particular industry or sector may be more volatile than a fund that does not concentrate its investments. A Fund that concentrates its investments in an industry or group of industries also may be more susceptible to any single economic market, political or regulatory occurrence affecting that industry or group of industries.

Counterparty Risk

Certain Funds may invest in financial instruments involving counterparties for the purpose of attempting to gain exposure to a particular group of securities or asset class without actually purchasing those securities or investments, or to hedge a position. Such financial instruments include, but are not limited to total return, index, interest rate, and credit default swap agreements, and structured notes. The Funds will use short-term counterparty agreements to exchange the returns (or differentials in rates of return) earned or realized in particular predetermined investments or instruments. The Funds will not enter into any agreement involving a counterparty unless the Adviser believes that the other party to the transaction is creditworthy. The use of swap agreements and structured notes involves risks that are different from those associated with ordinary portfolio securities transactions. For example, the Funds bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. In addition, the Funds may enter into swap agreements with a limited number of counterparties, and certain of the Funds may invest in commodity-linked structured notes issued by a limited number of issuers that will act as counterparties, which may increase the Fund's exposure to counterparty credit

risk. Swap agreements also may be considered to be illiquid. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with the Funds and, as a result, the Funds may not be able to achieve their investment objectives.

Credit Risk

A Fund could lose money if the issuer or guarantor of a debt security goes bankrupt or is unable or unwilling to make interest payments and/or repay principal. Changes in an issuer's financial strength or in an issuer's or debt security's credit rating also may affect a security's value and thus have an impact on Fund performance.

Currency Exchange Rate Risk

Changes in foreign currency exchange rates will affect the value of what a Fund owns and the Fund's share price. Generally, when the U.S. dollar rises in value against a foreign currency, an investment in that country loses value because that currency is worth fewer U.S. dollars. Devaluation of a currency by a country's government or banking authority also will have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

Debt Instrument Risk

Certain Funds may invest in, or seek exposure to, debt instruments. Debt instruments may have varying levels of sensitivity to changes in interest rates, credit risk and other factors. Typically, the value of outstanding debt instruments falls when interest rates rise. Debt instruments with longer maturities may fluctuate more in response to interest rate changes than instruments with shorter maturities. Many types of debt instruments are subject to prepayment risk, which is the risk that the issuer of the security will repay principal prior to the maturity date. Debt instruments allowing prepayment may offer less potential for gains during a period of declining interest rates. In addition, changes in the credit quality of the issuer of a debt instrument can also affect the price of a debt instrument, as can an issuer's default on its payment obligations. Such factors may cause the value of an investment in a Fund to decrease.

Depository Receipt Risk

To the extent a Fund invests in stocks of foreign corporations, a Fund's investment in such stocks may also be in the form of depository receipts or other securities convertible into securities of foreign issuers. American Depository Receipts ("ADRs") are receipts typically issued by an American bank or trust company that evidence ownership of underlying securities issued by a foreign corporation. European Depository Receipts ("EDRs") are receipts issued in Europe that evidence a similar ownership arrangement. Global Depository Receipts ("GDRs") are receipts issued throughout the world that evidence a similar arrangement. Generally, ADRs, in registered form, are designed for use in the U.S. securities markets, and EDRs, in bearer form, are designed for use in European securities markets. GDRs are tradable both in the United States and in Europe and are designed for use throughout the world. Depository receipts will not necessarily be denominated in the same currency as their underlying securities.

Depository receipts may be purchased through "sponsored" or "unsponsored" facilities. A sponsored facility is established jointly by the issuer of the underlying security and a depository, whereas a depository may establish an unsponsored facility without participation by the issuer of the depository security. Holders of unsponsored depository receipts generally bear all the costs of such facilities and the depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights to the holders of such receipts of the deposited securities.

Fund investments in depository receipts, which include ADRs, GDRs and EDRs, are deemed to be investments in foreign securities for purposes of a Fund's investment strategy.

Early Close/Trading Halt Risk

An exchange or market may close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may result in a Fund being unable to buy or sell certain securities or financial instruments. In such circumstances, a Fund may be unable to rebalance its

portfolio, may be unable to accurately price its investments and/or may incur substantial trading losses.

Emerging Markets Risk

Indirect investments in emerging markets instruments involve greater risks than investing in foreign instruments in general. Risks of investing in emerging market countries include political or social upheaval, nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets. There may also be risks from an economy's dependence on revenues from particular commodities or industries. In addition, currency transfer restrictions, limited potential buyers for such instruments, delays and disruption in settlement procedures and illiquidity or low volumes of transactions may make exits difficult or impossible at times.

Equity Securities Risk

Investments in publicly issued equity securities, including common stocks, in general are subject to market risks that may cause their prices to fluctuate over time. Fluctuations in the value of equity securities in which a Fund invests will cause the net asset value ("NAV") of the Fund to fluctuate.

Foreign Securities Risk

Indirectly investing in foreign instruments may involve greater risks than investing in domestic instruments. As a result, a Fund's returns and net asset values may be affected to a large degree by fluctuations in currency exchange rates, political, diplomatic or economic conditions and regulatory requirements in other countries. The laws and accounting, auditing, and financial reporting standards in foreign countries typically are not as strict as they are in the U.S., and there may be less public information available about foreign companies.

Gain Limitation Risk

Except for the U.S. Government Money Market Fund, the Dynamic HY Bond Fund and the HY Bear Fund, Rafferty will attempt to position each Fund's portfolio to ensure that a Fund does not lose more than 90% of its net asset value in a given calendar month. The cost of such downside protection will be limitations on a Fund's gains. As a consequence, a Fund's portfolio may not be responsive to index movements beyond 45% in a given calendar month in a direction

favorable to the Fund. For example, if a Bull Fund's target index were to gain 50%, the Bull Fund might be limited to a calendar month gain of 90% rather than 100%, which is 200% of the index gain of 45%.

Geographic Concentration Risk

Investments in a particular country or geographic region may be particularly susceptible to political, diplomatic or economic conditions and regulatory requirements. As a result, Funds that focus their investments in a particular country or geographic region may be more volatile than a more geographically diversified fund.

Interest Rate Risk

Debt securities have varying levels of sensitivity to changes in interest rates. In general, the price of a debt security may fall when interest rates rise and may rise when interest rates fall. Securities with longer maturities and mortgage securities can be more sensitive to interest rate changes. In other words, the longer the maturity of a security, the greater the impact a change in interest rates could have on the security's price. In addition, short-term and long-term interest rates do not necessarily move in the same amount or the same direction. Short-term securities tend to react to changes in short-term interest rates, and long-term securities tend to react to changes in long-term interest rates. The impact of an interest rate changes may be significant for other asset classes as well, whether because of the impact of interest rates on economic activity or because of changes in the relative attractiveness of asset classes due to changes in interest rates. For instance, higher interest rates may make investments in debt securities more attractive, thus reducing investments in equities.

Intra-Calendar Month Investment Risk

Except for the U.S. Government Money Market Fund, the Dynamic HY Bond Fund and the HY Bear Fund, the Funds seek calendar month leveraged investment results which should not be equated with seeking a leveraged goal for shorter than a calendar month. Thus, an investor who purchases shares on a day other than the last business day of a calendar month will likely have more, or less, than 200% leveraged investment exposure to the target index, depending upon the movement of the target index from the end of the prior calendar month until the point of purchase. If the target index moves in a direction favorable to the Fund, the

investor will receive exposure to the target index less than 200%. Conversely, if the target index moves in a direction adverse to the Fund, the investor will receive exposure to the target index greater than 200%. Investors may consult the Fund's website at any point during the month to determine how the current value of a Fund's target index relates to the value of the target index at the end of the calendar month. In addition, Graph 1 and the accompanying text on page 9 provide a detailed discussion of such risk.

Inverse Correlation Risk

Each Bear Fund is negatively correlated to its index or benchmark and should lose money when its index or benchmark rises — a result that is the opposite from traditional mutual funds. Because each Bear Fund seeks calendar month returns inverse by a defined percentage to its index or benchmark, the difference between a Bear Fund's calendar month return and the price performance of its index or benchmark may be negatively compounded during periods in which the markets decline.

Leverage Risk

Funds that employ leverage are exposed to the risk that adverse calendar month performance of a Fund's target index will be leveraged. This means that, if a Fund's target index experiences an adverse calendar month performance, your investment in the Fund will be reduced by an amount equal to 2% for every 1% of adverse performance, not including the cost of financing the portfolio and the impact of operating expenses, which would further lower your investment. A Fund could theoretically lose an amount greater than its net assets in the event of a movement of its target index in excess of 50% in a direction adverse to the Fund (meaning a decline in the value of the target index of a Bull Fund and a gain in the value of the target index for a Bear Fund). Further, purchasing shares intra-calendar month may result in greater than 200% exposure to the performance of the target index if the target index moved in a direction adverse to the Fund between the end of the last calendar month and the time the investor purchased Fund shares. Graph 1 and the accompanying text on pages 8 and 9 provide a detailed discussion of such risks.

Lower-Quality Debt Securities

Certain Funds will invest a significant portion of their assets in securities rated below investment grade or "junk bonds."

Junk bonds may be sensitive to economic changes, political changes, or adverse developments specific to a company. These securities generally involve greater risk of default or price changes than other types of fixed-income securities and the Funds' performance may vary significantly as a result.

Market Risk

A Fund is subject to market risks that can affect the value of its shares. These risks include political, regulatory, market and economic developments, including developments that impact specific economic sectors, industries or segments of the market. A Bull Fund typically would lose value in a calendar month when its underlying index declines. A Bear Fund typically would lose value in a calendar month when its underlying index increases.

Market Timing Activity and High Portfolio Turnover

Rafferty expects a significant portion of the assets of each Fund, other than the U.S. Government Money Market Fund, to come from professional money managers and investors who use the Funds as part of "asset allocation" and "market timing" investment strategies. These strategies often call for frequent trading to take advantage of anticipated changes in market conditions. Frequent trading could increase the rate of a Fund's portfolio turnover, which involves correspondingly greater expenses to a Fund, including brokerage commissions or dealer mark-ups/mark-downs and other transaction costs on the sale of securities and reinvestments in other securities. Such sales also may result in adverse tax consequences to a Fund's shareholders from distributions to them of net gains realized on the sales. The trading costs and tax effects associated with portfolio turnover may adversely affect the Funds' performance. In addition, large movements of assets into and out of the Funds may have a negative impact on their ability to achieve their investment objectives or their desired level of operating expenses. The risks associated with market timing activity and high portfolio turnover will have a negative impact on longer-term investments. Please see the "Financial Highlights" section of this Prospectus for each Fund's historic portfolio turnover rates.

Monthly Correlation Risk

There can be no guarantee that a Fund will achieve a high degree of correlation with its investment objective relative to its benchmark index. A failure to achieve a high degree of correlation may prevent a Fund from achieving its

investment objective. A number of factors may adversely affect a Fund's correlation with its benchmark, including fees, expenses, transaction costs, costs associated with the use of leveraged investment techniques, income items, accounting standards and significant purchase and redemption activity by Fund shareholders. A Fund may not have investment exposure to all securities in its underlying benchmark index, or its weighting of investment exposure to such stocks or industries may be different from that of the index. In addition, a Fund may invest in securities or financial instruments not included in the index underlying its benchmark. A Fund may be subject to large movements of assets into and out of the Fund, potentially resulting in the Fund being over- or under-exposed to its benchmark. Activities surrounding annual index reconstitutions and other index repositioning or reconstitution events may hinder the Funds' ability to meet their calendar month leveraged investment objective in that month. Each Fund seeks to rebalance its portfolio monthly to keep leverage consistent with each Fund's calendar month leveraged investment objective.

Negative Implications of Monthly Goals in Volatile Markets

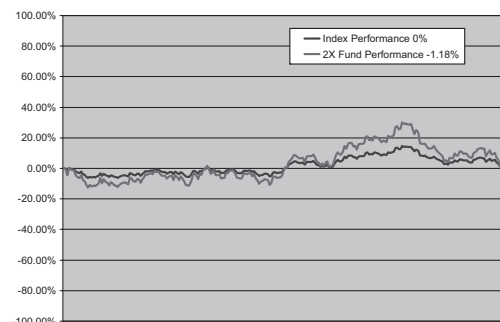
Except for the U.S. Government Money Market Fund, the Dynamic HY Bond Fund and the HY Bear Fund, each Fund seeks to provide a return which is a multiple of the calendar month performance of its benchmark. No Fund attempts to, and no Fund should be expected to, provide returns which are a multiple of the return of the benchmark for periods longer than a single month. Except for the U.S. Government Money Market Fund, the Dynamic HY Bond Fund and the HY Bear Fund, each Fund repositions its portfolio on the last business day of a given calendar month, increasing exposure in response to that calendar month's gains or reducing exposure in response to that calendar month's losses. If adverse calendar month performance of a Fund's target index reduces the amount of a shareholder's investment, any further adverse calendar month performance will lead to a smaller dollar loss because the shareholder's investment had already been reduced by the prior adverse performance. Equally, however, if favorable calendar month performance of a Fund's target index increases the amount of a shareholder's investment, the dollar amount lost due to future adverse performance will increase correspondingly.

Monthly repositioning will impair a Fund's performance if the benchmark experiences volatility. For instance, a

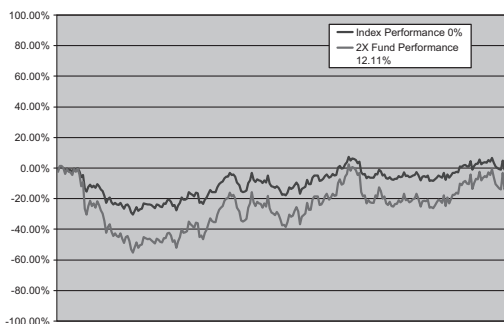
hypothetical 2X Fund, whether Bull or Bear, would be expected to lose 1.18% (as shown in Graph 3 below) if its benchmark were flat over a hypothetical one year period during which its benchmark experienced annualized volatility of 15%. If the benchmark's annualized volatility were to rise to 40%, the hypothetical loss for a one year period would widen to approximately 12.11% (as illustrated in Graph 4). An index's volatility rate is a statistical measure of the magnitude of fluctuations in the returns of an index. Other indexes to which the Funds are benchmarked have different historical volatility rates; the current volatility rates for certain of the Trust's other Funds are substantially in excess of 40%. Since market volatility, like that experienced by the markets currently, has negative implications for Funds which rebalance monthly, investors should be sure to monitor and manage their investments in the Funds in volatile markets.

The following graphs assume that the Fund perfectly achieves its investment objective. To isolate the impact of leverage, these graphs assume a) no dividends paid by the companies included on the index; b) no fund expenses; and c) borrowing/lending rates (to obtain required leverage) of zero percent. If fund expenses were included, the Fund's performance would be lower than that shown.

Graph 3 — Hypothetical Fund Performance With Lower Volatility



Graph 4 — Hypothetical Fund Performance With Higher Volatility



Non-Diversification Risk

A non-diversified fund invests a high percentage of its assets in a limited number of securities. A non-diversified fund's net asset values and total returns may fluctuate more or fall greater in times of weaker markets than a diversified mutual fund.

Regulatory Risk

Each Fund is subject to the risk that a change in U.S. law and related regulations will impact the way the Funds operate, increase the particular costs of the Fund's operations and/or change the competitive landscape. In particular, there is no guarantee that the Bear Funds will be permitted to continue to engage in short sales, which are designed to earn the Fund a profit from the decline of the price of a particular security, basket of securities or indices.

Risks of Investing in Other Investment Companies and ETFs

Investments in the securities of other investment companies and ETFs, (which may, in turn invest in equities, bonds, and other financial vehicles) may involve duplication of advisory fees and certain other expenses. By investing in another investment company or ETF, a Fund becomes a shareholder of that investment company or ETF. As a result, Fund shareholders indirectly bear the Fund's proportionate share of the fees and expenses paid by shareholders of the other investment company or ETF, in addition to the fees and expenses Fund shareholders directly bear in connection with the Fund's own operations. As a shareholder, the Fund must rely on the investment company or ETF to achieve its investment objective. If the investment company or ETF fails to achieve its investment objective, the

value of the Fund's investment will decline, adversely affecting the Fund's performance. In addition, because ETFs are listed on national stock exchanges and are traded like stocks listed on an exchange, ETF shares potentially may trade at a discount or a premium. Investments in ETFs are also subject to brokerage and other trading costs, which could result in greater expenses to a Fund. Finally, because the value of ETF shares depends on the demand in the market, the Adviser may not be able to liquidate a Fund's holdings at the most optimal time, adversely affecting the Fund's performance.

Shorting Risk

A Bear Fund may engage in short sales designed to earn the Fund a profit from the decline in the price of particular securities, baskets of securities or indices. Short sales are transactions in which a Fund borrows securities from a broker and sells the borrowed securities. The Fund is obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement. If the market price of the underlying security goes down between the time the Fund sells the security and buys it back, the Fund will realize a gain on the transaction. Conversely, if the underlying security goes up in price during the period, the Fund will realize a loss on the transaction. Any such loss is increased by the amount of premium or interest the Fund must pay to the lender of the security. Likewise, any gain will be decreased by the amount of premium or interest the Fund must pay to the lender of the security. The Fund's investment performance may also suffer if the Fund is required to close out a short position earlier than it had intended. This would occur if the securities lender required the Fund to deliver the securities the Fund borrowed at the commencement of the short sale and the Fund was unable to borrow the securities from another securities lender or otherwise obtain the security by other means. In addition, a Fund may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as costs of borrowing and margin account maintenance costs associated with the Fund's open short positions. As the holder of a short position, a Fund also is responsible for paying the dividends and interest accruing on the short position, which is an expense to the Fund that could cause the Fund to lose money on the short sale and may adversely affect its performance.

Small and Mid Capitalization Company Risk

Investing in the securities of small and mid capitalization companies involves greater risks and the possibility of greater price volatility than investing in more-established, larger capitalization companies. Smaller companies may have limited operating history, product lines, and financial resources, and the securities of these companies may lack sufficient market liquidity. Smaller companies often have narrower markets and more limited managerial and financial resources than larger, more established companies.

Technology Securities Risk

The market prices of technology-related securities tend to exhibit a greater degree of market risk and sharp price fluctuations than other types of securities. These securities may fall in and out of favor with investors rapidly, which may cause sudden selling and dramatically lower market prices. Technology securities also may be affected adversely by changes in technology, consumer and business purchasing patterns, government regulation and/or obsolete products or services. In addition, a rising interest rate environment tends to negatively affect technology companies. Technology companies having high market valuations may appear less attractive to investors, which may cause sharp decreases in their market prices. Further, those technology companies seeking to finance expansion would have increased borrowing costs, which may negatively impact earnings.

Tracking Error Risk

Several factors may affect a Fund's ability to achieve its calendar month target. A Fund may have difficulty achieving its calendar month target due to fees and expenses, high portfolio turnover, transaction costs and/or a temporary lack of liquidity in the markets for the securities held by a Fund. A failure to achieve a calendar month target may cause a Fund to provide returns for a longer period that are worse than expected. In addition, a Fund that meets its

calendar month target over a period of time may not necessarily produce the returns that might be expected in light of the returns of its index or benchmark for that period. Differences may result from the compounding effect of monthly market fluctuations, the use of leverage and the Bear Funds' inverse correlation.

U.S. Government Securities Risk

A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. In addition, because many types of U.S. government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

Valuation Time Risk

The Funds value their portfolio as of the close of regular trading on the New York Stock Exchange ("NYSE") (generally 4:00 PM Eastern time). In some cases, foreign market indices close before the NYSE opens or may not be open for business on the same calendar days as the Funds. As a result, the performance of a Fund that tracks a foreign market index can vary from the performance of that index.

Prior to September 30, 2009, each Fund except the U.S. Government Money Market Fund, Dynamic HY Bond Fund and HY Bear Fund sought daily leveraged investment results. In addition, the S&P 500[®] Funds, NASDAQ-100[®] Funds, Small Cap Funds, Dollar Funds and 10 Year Note Funds (each defined below) sought a daily target of 250%. Effective September 30, 2009, each Fund, except the U.S. Government Money Market Fund, Dynamic HY Bond Fund and HY Bear Fund, seeks calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.

DOMESTIC EQUITY INDEX FUNDS

Direxion Monthly S&P 500® Bull 2X Fund

Direxion Monthly S&P 500® Bear 2X Fund

Investment Objective. The Direxion Monthly S&P 500® Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the S&P 500® Index. The Direxion Monthly S&P 500® Bear 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the inverse (or opposite) of the calendar month price performance of the S&P 500® Index. (Collectively, the Direxion Monthly S&P 500® Bull 2X Fund and the Direxion Monthly S&P 500® Bear 2X Fund are referred to as the “S&P 500® Funds.”)

Principal Investment Strategy. Each S&P 500® Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the S&P 500® Index and/or financial instruments that, in combination, provide leveraged and unleveraged exposure to the S&P 500® Index with the Direxion Monthly S&P 500® Bull 2X Fund creating long positions and the Direxion Monthly S&P 500® Bear 2X Fund creating short positions. These financial instruments include Standard & Poor’s® Depository Receipts (“SPDRs®”), which are publicly-traded index securities based on the S&P 500® Index, other ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the S&P 500® Funds also hold U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the S&P 500® Funds are Adverse Market Conditions Risk, Adviser’s Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Early Close/Trading Halt Risk and Equity Securities Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs and Tracking Error Risk.

Additional risks of investing in the Direxion Monthly S&P 500® Bear 2X Fund are Inverse Correlation Risk and Shorting Risk. For more information on the risks of the S&P 500® Funds, including a description of each risk, please refer to the “Principal Risks” section above.

Target Index. The S&P 500® Index is a capitalization-weighted index composed of 500 common stocks. Standard & Poor’s® selects the 500 stocks comprising the S&P 500® Index on the basis of market values and industry diversification. Most of the stocks in the S&P 500® Index are issued by the 500 largest companies, in terms of the aggregate market value of their outstanding stock, and generally are listed on the NYSE. “Standard & Poor’s®”, “S&P®”, “S&P 500®” and “Standard & Poor’s 500®” are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use. The S&P 500® Funds are not sponsored, endorsed, sold or promoted by Standard & Poor’s® and Standard & Poor’s® makes no representation regarding the advisability of investing in the S&P 500® Funds.

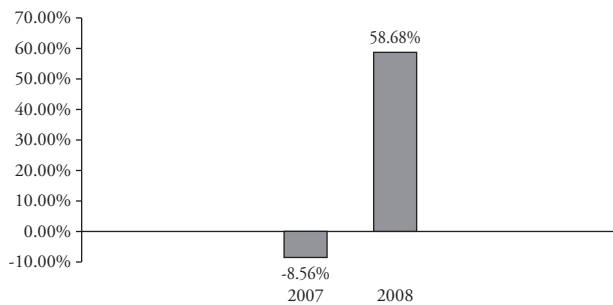
Performance. The bar chart and performance table below provide some indication of the risks of investing in the S&P 500® Funds by showing how the performance of each S&P 500® Funds has varied from year to year and by comparing each S&P 500® Fund’s average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in each S&P 500® Fund by showing its highest and lowest quarterly returns. The S&P 500® Funds’ past performance (before and after taxes) is not necessarily an indication of how they will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The S&P 500® Funds sought a daily target of 250% until September 30, 2009. At that time, the S&P 500® Funds began to seek a monthly target of 200%. If the target of the S&P 500® Funds had remained a daily target of 250% instead of a monthly target of 200%, the calendar year performance of the S&P 500® Funds would have varied from that shown.

Total Return for the Calendar Years Ended December 31*



Direxion Monthly S&P 500[®] Bull 2X Fund



Direxion Monthly S&P 500[®] Bear 2X Fund

* Year-to-date total returns as of September 30, 2009 for the Direxion Monthly S&P 500[®] Bull 2X Fund and the Direxion Monthly S&P 500[®] Bear 2X Fund were 32.22% and -53.18%, respectively.

Quarterly Returns

	Highest	Lowest
Direxion Monthly S&P 500 [®] Bull 2X Fund	13.23% (2nd quarter 2007)	(57.41)% (4th quarter 2008)
Direxion Monthly S&P 500 [®] Bear 2X Fund	22.96% (1st quarter 2008)	(11.67)% (2nd quarter 2007)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly S&P 500[®] Bull 2X Fund⁽²⁾		
Return Before Taxes	(78.55)%	(40.79)%
Return After Taxes on Distributions ⁽³⁾	(78.55)%	(41.25)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(51.06)%	(31.53)%
S&P 500 [®] Index ⁽⁵⁾	(37.00)%	(11.04)%
Direxion Monthly S&P 500[®] Bear 2X Fund⁽²⁾		
Return Before Taxes	58.68 %	7.53 %
Return After Taxes on Distributions ⁽³⁾	56.45 %	6.79 %
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	38.40 %	6.11 %
S&P 500 [®] Index ⁽⁵⁾	(37.00)%	(11.04)%

⁽¹⁾ The inception date of the Direxion Monthly S&P 500[®] Bull 2X Fund and the Direxion Monthly S&P 500[®] Bear 2X Fund was May 1, 2006.

⁽²⁾ Prior to September 30, 2009, the S&P 500[®] Funds sought a daily target of 250%. Effective September 30, 2009, the S&P 500[®] Funds seek calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.

⁽³⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

⁽⁴⁾ The “Return After Taxes on Distributions and Sale of Fund Shares” may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

⁽⁵⁾ The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The tables below describe the fees and expenses that you may pay if you buy and hold shares of the S&P 500[®] 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:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly S&P 500[®] Bull 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.10%</u>
Total Annual Operating Expenses	<u><u>2.00%</u></u>

Direxion Monthly S&P 500[®] Bear 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.06%</u>
Total Annual Operating Expenses	<u><u>1.96%</u></u>

⁽¹⁾ Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

⁽²⁾ The fee table above is restated to reflect a new contractual arrangement that became effective on July 1, 2009. Under this arrangement, the Adviser is obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

⁽³⁾ The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

⁽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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly S&P 500[®] Bull 2X Fund and the Direxion Monthly S&P 500[®] Bear 2X Fund.

Expense Example

The table below is intended to help you compare the cost of investing in the S&P 500[®] Funds with the cost of investing in other mutual funds. The table assumes that you invest \$10,000 in the S&P 500[®] Funds for the periods shown and then redeem all of your shares at the end of the periods. It also assumes that your investment has a 5% return each year and that the S&P 500[®] Funds' operating expenses remain the same through each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly S&P 500[®] Bull 2X Fund				
Investor Class	\$203	\$627	\$1,078	\$2,327
Direxion Monthly S&P 500[®] Bear 2X Fund				
Investor Class	\$199	\$615	\$1,057	\$2,285

Direxion Monthly NASDAQ-100[®] Bull 2X Fund

Direxion Monthly NASDAQ-100[®] Bear 2X Fund

Investment Objective. The Direxion Monthly NASDAQ-100[®] Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the NASDAQ-100[®] Index. The Direxion Monthly NASDAQ-100[®] Bear 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the inverse (or opposite) of the calendar month price

performance of the NASDAQ-100® Index. (Collectively, the Direxion Monthly NASDAQ-100® Bull 2X Fund and the Direxion Monthly NASDAQ-100® Bear 2X Fund are referred to as the “NASDAQ-100® Funds.”)

Principal Investment Strategy. Each NASDAQ-100® Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the NASDAQ-100® Index and/or financial instruments that, in combination, provide leveraged exposure to the NASDAQ-100® Index with the Direxion Monthly NASDAQ-100® Bull 2X Fund creating long positions and the Direxion Monthly NASDAQ-100® Bear 2X Fund creating short positions. The financial instruments in which the NASDAQ-100® Funds may invest include ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the NASDAQ-100® Funds also hold U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in NASDAQ-100® Funds are Adverse Market Conditions Risk, Adviser’s Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Early Close/Trading Halt Risk, Equity Securities Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs, Technology Securities Risk and Tracking Error Risk.

Additional risks of investing in the Direxion Monthly NASDAQ-100® Bear 2X Fund are Inverse Correlation Risk and Shorting Risks. For more information on the risks of the NASDAQ-100® Funds, including a description of each risk, please refer to the “Principal Risks” section above.

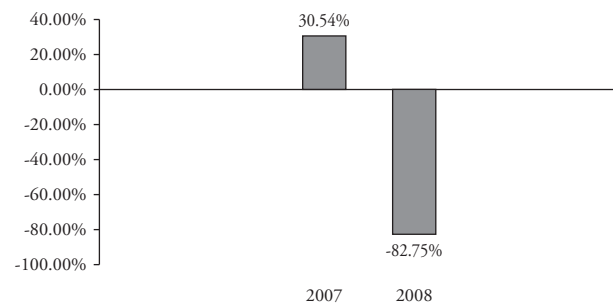
Target Index. The NASDAQ-100® Index is a capitalization-weighted index composed of 100 of the largest non-financial domestic and international companies listed on the Global Market tier of the NASDAQ Global Market®. All companies listed on the index have an average daily trading volume of at least 200,000 shares. The NASDAQ-100® Index was created

in 1985 and is a trademark of the NASDAQ Global Market®. The NASDAQ-100® Funds are not sponsored, endorsed, sold, or promoted by the NASDAQ Global Market® and the NASDAQ Global Market® makes no representations regarding the advisability of investing in the NASDAQ-100® Funds.

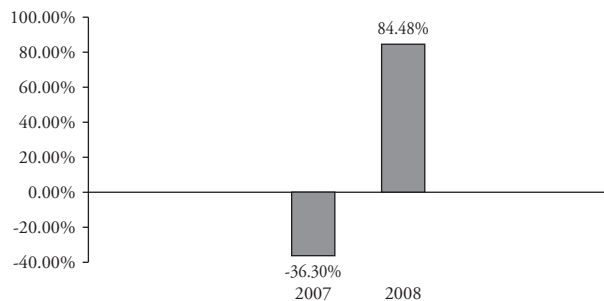
Performance. The bar chart and performance table below provide some indication of the risks of investing in the NASDAQ-100® Funds by showing how the performance of the NASDAQ-100® Funds has varied from year to year and by comparing each NASDAQ-100® Funds’ average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in each NASDAQ-100® Fund by showing its highest and lowest quarterly returns. Each NASDAQ-100® Fund’s past performance (before and after taxes) is not necessarily an indication of how it will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The NASDAQ-100® Funds sought a daily target of 250% until September 30, 2009. At that time, the NASDAQ-100® Funds began to seek a monthly target of 200%. If the target of the NASDAQ-100® Funds had remained a daily target of 250% instead of a monthly target of 200%, the calendar year performance of the NASDAQ-100® Funds would have varied from that shown.

Total Return for the Calendar Years Ended December 31*



Direxion Monthly NASDAQ-100® Bull 2X Fund



Direxion Monthly NASDAQ-100[®] Bear 2X Fund

* Year-to-date total return as of September 30, 2009 for the Direxion Monthly NASDAQ-100[®] Bull 2X Fund and the Direxion Monthly NASDAQ-100[®] Bear 2X Fund was 110.69% and -69.21%, respectively.

Quarterly Returns

	Highest	Lowest
Direxion Monthly NASDAQ-100 [®] Bull 2X Fund	20.72% (2nd quarter 2007)	(58.82)% (4th quarter 2008)
Direxion Monthly NASDAQ-100 [®] Bear 2X Fund	38.63% (1st quarter 2008)	(18.18)% (2nd quarter 2007)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly NASDAQ-100[®] Bull 2X Fund⁽²⁾		
Return Before Taxes	(82.75)%	(43.12)%
Return After Taxes on Distributions ⁽³⁾	(82.89)%	(44.17)
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(53.62)%	(32.10)%
NASDAQ-100 [®] Index ⁽⁵⁾	(41.89)%	(11.66)%
Direxion Monthly NASDAQ-100[®] Bear 2X Fund⁽²⁾		
Return Before Taxes	84.48 %	2.73 %
Return After Taxes on Distributions ⁽³⁾	81.29 %	2.06 %
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	55.14 %	1.97 %
NASDAQ-100 [®] Index ⁽⁵⁾	(41.89)%	(11.66)%

⁽¹⁾ The inception date of the Direxion Monthly NASDAQ-100[®] Bull 2X Fund and the Direxion Monthly NASDAQ-100[®] Bear 2X Fund was May 1, 2006.

⁽²⁾ Prior to September 30, 2009, the NASDAQ-100[®] Funds sought a daily target of 250%. Effective September 30, 2009, the NASDAQ-100[®] Funds seek calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.

⁽³⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

⁽⁴⁾ The "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

⁽⁵⁾ The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The tables below describe the fees and expenses that you may pay if you buy and hold shares of the NASDAQ-100[®] 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	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly NASDAQ-100® Bull 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.07%</u>
Total Annual Operating Expenses	<u>1.97%</u>

Direxion Monthly NASDAQ-100® Bear 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.07%</u>
Total Annual Operating Expenses	<u>1.97%</u>

(1) Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

(2) The fee table above is restated to reflect a new contractual arrangement that became effective on July 1, 2009. Under this arrangement, the Adviser is obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

(3) The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

(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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly NASDAQ-100® Bull 2X Fund and the Direxion Monthly NASDAQ-100® Bear 2X Fund.

Expense Example

The table below is intended to help you compare the cost of investing in the NASDAQ-100® 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 NASDAQ-100® Funds over the periods shown and then redeemed all of your shares at the end of those periods. It also assumes that your investment has a 5% return each year and that the NASDAQ-100® Funds' operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly NASDAQ-100® Bull 2X Fund				
Investor Class	\$200	\$618	\$1,062	\$2,296
Direxion Monthly NASDAQ-100® Bear 2X Fund				
Investor Class	\$200	\$618	\$1,062	\$2,296

Direxion Monthly Small Cap Bull 2X Fund

Direxion Monthly Small Cap Bear 2X Fund

Investment Objective. The Direxion Monthly Small Cap Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the Russell 2000® Index. The Direxion Monthly Small Cap Bear 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the inverse (or opposite) of the calendar month price performance of the Russell 2000® Index. (Collectively, the Direxion Monthly Small Cap Bull 2X Fund and the Direxion Monthly Small Cap Bear 2X Fund are referred to as the "Small Cap Funds.")

Principal Investment Strategy. Each Small Cap Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the Russell 2000® Index and/or financial instruments that, in combination, provide leveraged and unleveraged exposure to the Russell 2000® Index with the Direxion Monthly Small Cap Bull 2X Fund creating long positions and the Direxion Monthly Small Cap Bear 2X Fund creating short positions. These financial instruments include ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the Small Cap Funds also hold U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in Small Cap Funds are Adverse Market Conditions Risk, Adviser's Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Early Close/Trading Halt Risk, Equity Securities Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risks, Regulatory Risk, Small and Mid Capitalization Company Risk, Special Risks of Investing in Other Investment Companies and ETFs and Tracking Error Risk.

Additional risks of investing in the Direxion Monthly Small Cap Bear 2X Fund are Shorting Risk and Inverse Correlation Risk. For more information on the risks of the Small Cap Funds, including a description of each risk, please refer to the "Principal Risks" section above.

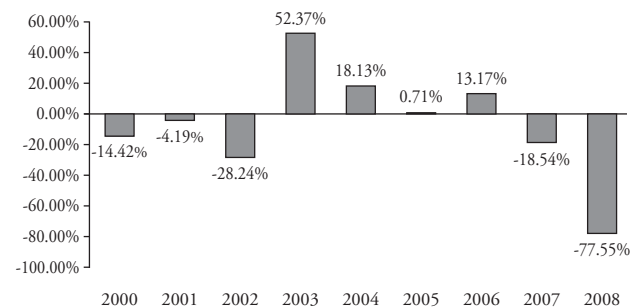
Target Index. The Russell 2000® Index is comprised of the smallest 2000 companies in the Russell 3000® Index. As of November 30, 2009, the market capitalization of the companies included in the Russell 2000® Index was between \$14 million and \$4.6 billion. The median capitalization was \$361 million. As of November 30, 2009, the average market capitalization of the companies included in the Russell 3000® Index was approximately \$4.3 billion. That compares to an average market capitalization of \$517 million for the Russell 2000® Index at the same time. The smallest 2000 companies represent approximately 8% of the total market capitalization of the

Russell 3000® Index. The Frank Russell Company is not a sponsor of, or in any way affiliated with, the Small Cap Funds.

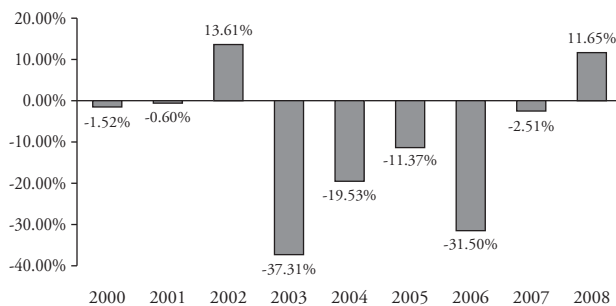
Performance. The bar chart and performance table below provide some indication of the risks of investing in the Small Cap Funds by showing how the performance of each Small Cap Fund has varied from year to year and by comparing each Small Cap Fund's average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in each Small Cap Fund by showing its highest and lowest quarterly returns. The Small Cap Funds' past performance (before and after taxes) is not necessarily an indication of how they will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The Direxion Monthly Small Cap Bull 2X Fund sought a daily target of 125% until April 30, 2006 and 250% until September 30, 2009, and the Direxion Monthly Small Cap Bear 2X Fund sought a daily target of 100% until March 7, 2005, 200% until April 30, 2006, and 250% until September 30, 2009. On September 30, 2009, the Small Cap Funds began to seek a monthly target of 200%. If the target of the Small Cap Funds had remained a daily target of 250% instead of a monthly target of 200%, the calendar year performance of the Small Cap Funds would have varied from that shown had the daily targets been 200%.

Total Return for the Calendar Years Ended December 31*



Direxion Monthly Small Cap Bull 2X Fund



Direxion Monthly Small Cap Bear 2X Fund

* Year-to-date total returns as of September 30, 2009 for the Direxion Monthly Small Cap Bull 2X Fund and the Direxion Monthly Small Cap Bear 2X Fund were 31.30% and -65.10%, respectively.

Quarterly Returns

	Highest	Lowest
Direxion Monthly Small Cap Bull 2X Fund	28.77% (2nd quarter 2003)	(65.99)% (4th quarter 2008)
Direxion Monthly Small Cap Bear 2X Fund	24.25% (3rd quarter 2001)	(22.53)% (1st quarter 2006)

Average Annual Total Returns as of December 31, 2008

	1 Year	5 Years	Since Inception ⁽¹⁾
Direxion Monthly Small Cap Bull 2X Fund⁽²⁾			
Return Before Taxes	(77.55)%	(24.44)%	(11.70)%
Return After Taxes on Distributions ⁽²⁾	(77.58)%	(24.92)%	(12.05)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(50.35)%	(18.35)%	(8.79)%
Russell 2000® Index ⁽⁵⁾	(33.79)%	(0.93)%	3.67 %
Direxion Monthly Small Cap Bear 2X Fund⁽²⁾			
Return Before Taxes	11.65 %	(11.87)%	(10.40)%
Return After Taxes on Distributions ⁽³⁾	(7.22)%	(15.79)%	(13.52)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	10.61 %	(10.95)%	(8.84)%
Russell 2000® Index ⁽⁵⁾	(33.79)%	(0.93)%	1.84 %

⁽¹⁾ The inception date of the Direxion Monthly Small Cap Bull 2X Fund was February 22, 1999 and the Direxion

Monthly Small Cap Bear 2X Fund was December 21, 1999.

- ⁽²⁾ Prior to September 30, 2009, the Small Cap Funds sought a daily target of 250%. Effective September 30, 2009, the Small Cap Funds seek calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.
- ⁽³⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.
- ⁽⁴⁾ The “Return After Taxes on Distributions and Sale of Fund Shares” may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.
- ⁽⁵⁾ The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The table below describes the fees and expenses you may pay if you buy and hold shares of the Small Cap Funds. The expense information below reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly Small Cap Bull 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.15%</u>
Total Annual Operating Expenses	<u>2.05%</u>

Direxion Monthly Small Cap Bear 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.12%</u>
Total Annual Operating Expenses	<u>2.02%</u>

- (1) Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.
- (2) The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.
- (3) The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board

has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

- (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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly Small Cap Bull 2X Fund and the Direxion Monthly Small Cap Bear 2X Fund.

Expense Example

The table below is intended to help you compare the cost of investing in the Small Cap Funds with the cost of investing in other mutual funds. The table assumes that you invest \$10,000 in the Small Cap Funds for the periods shown and then redeem all of your shares at the end of the periods. It also assumes that your investment has a 5% return each year and that the Small Cap Funds' operating expenses remain the same through each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly Small Cap Bull 2X Fund				
Investor Class	\$208	\$643	\$1,103	\$2,379
Direxion Monthly Small Cap Bear 2X Fund				
Investor Class	\$205	\$634	\$1,088	\$2,348

CURRENCY FUNDS

Direxion Monthly Dollar Bull 2X Fund

Direxion Monthly Dollar Bear 2X Fund

Investment Objective. The Direxion Monthly Dollar Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the U.S. Dollar® Index (the “USD[®]”). The Direxion Monthly Dollar Bear 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the inverse (or opposite) of the calendar month price performance of the USD[®]. (Collectively, the Direxion Monthly Dollar Bull 2X Fund and the Direxion Monthly Dollar Bear 2X Fund are referred to as the “Dollar Funds.”)

Principal Investment Strategy. Each Dollar Fund, under normal circumstances, invests at least 80% of its net assets in financial instruments that, in combination, provide leveraged exposure to the USD[®] with the Direxion Monthly Dollar Bull 2X Fund creating net long positions and the Direxion Monthly Dollar Bear 2X Fund creating net short positions. These financial instruments include foreign currency debt instruments, forward contracts on foreign currencies, currency futures contracts, options on currency futures contracts, swap agreements, options on currencies and foreign currencies directly to produce economically leveraged investment results. On a day-to-day basis, the Dollar Funds also hold U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the Dollar Funds are Adverse Market Conditions Risk, Adviser’s Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Currency Exchange Rate Risk, Early Close/Trading Halt Risk, Emerging Markets Risk, Equity Securities Risk, Foreign Securities Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs, Tracking Error Risk and Valuation Time Risk.

Additional risks of investing in the Direxion Monthly Dollar Bear 2X Fund are Inverse Correlation Risk and Shorting Risk. For more information on the risks of the Dollar Funds,

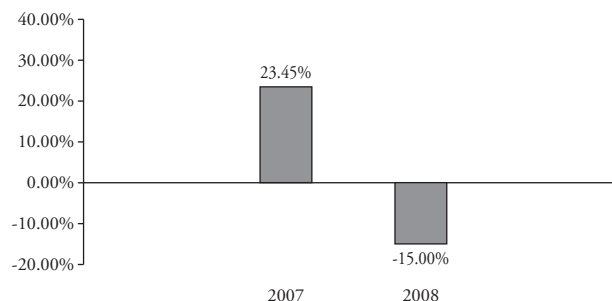
including a description of each risk, please refer to the “Principal Risks” section above.

Target Index. The U.S. Dollar® Index indicates the general international value of the U.S. dollar. The USD[®] does this by averaging the exchange rates between the U.S. dollar and six major world currencies. As of November 30, 2009, the index consisted of the following six currencies: Euro, Japanese Yen, British Pound, Canadian Dollar, Swedish Krona, and Swiss Franc.

Performance. The bar chart and performance table below provide some indication of the risks of investing in the Direxion Monthly Dollar Bear 2X Fund by showing how its performance has varied from year to year and by comparing the Direxion Monthly Dollar Bear 2X Fund’s average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in the Direxion Monthly Dollar Bear 2X Fund by showing its highest and lowest quarterly returns. The Direxion Monthly Dollar Bear 2X Fund’s past performance (before and after taxes) is not necessarily an indication of how it will perform in the future. No performance is provided for the Direxion Monthly Dollar Bull 2X Fund because it does not have annual returns for at least one calendar year prior to the date of this Prospectus.

The performance shown reflects previous daily, instead of monthly, targets. The Dollar Funds sought a daily target of 250% until September 30, 2009. At that time, the Dollar Funds began to seek a monthly target of 200%. If the target of the Dollar Funds had remained a daily target of 250% instead of a monthly target of 200%, the calendar year performance of the Dollar Funds would have varied from that shown.

Total Return for the Calendar Years Ended December 31*



Direxion Monthly Dollar Bear 2X Fund

* Year-to-date total return as of September 30, 2009 for the Direxion Monthly Dollar Bear 2X Fund was 13.47%.

Quarterly Returns

	Highest	Lowest
Direxion Monthly Dollar Bear 2X Fund	17.34% (1st quarter 2008)	(19.20)% (3rd quarter 2008)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly Dollar Bear 2X Fund⁽²⁾		
Return Before Taxes	(15.00)%	3.65 %
Return After Taxes on Distributions ⁽³⁾	(15.00)%	2.91 %
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(9.75)%	2.86 %
U.S. Dollar® Index ⁽⁵⁾	6.02 %	(2.18)%

(1) The inception date of the Direxion Monthly Dollar Bear 2X Fund was June 12, 2006.

(2) Prior to September 30, 2009, the Dollar Funds sought a daily target of 250%. Effective September 30, 2009, the Dollar Funds seek calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.

(3) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

(4) The "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

(5) The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The table below describes the fees and expenses you may pay if you buy and hold shares of the Dollar 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:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly Dollar Bull 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.09%</u>
Total Annual Operating Expenses	<u><u>1.99%</u></u>

Direxion Monthly Dollar Bear 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾⁽⁵⁾	<u>0.90%</u>

(Includes a Shareholder Servicing Fee of 0.25%)

Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.09%</u>
Total Annual Operating Expenses	<u><u>1.99%</u></u>

(1) Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

(2) The fee table above is restated to reflect a new contractual arrangement that became effective on July 1, 2009. Under this arrangement, the Adviser is obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

(3) The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

(4) The Funds are required to disclose the Acquired Fund Fees and Expenses in the fee table above. Because the Net Annual Fund Operating Expenses in the table above for the Direxion Monthly Dollar Bear 2X Fund includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly Dollar Bull 2X Fund and the Direxion Monthly Dollar Bear 2X Fund.

Expense Example

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

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly Dollar Bull 2X Fund				
Investor Class	\$202	\$624		
Direxion Monthly Dollar Bear 2X Fund				
Investor Class	\$202	\$624	\$1,073	\$2,317

INTERNATIONAL FUNDS

Direxion Monthly Emerging Markets Bull 2X Fund

Direxion Monthly Emerging Markets Bear 2X Fund

Investment Objective. The Direxion Monthly Emerging Markets Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the MSCI Emerging Markets IndexSM (the “EM Index”). The Direxion Monthly Emerging Markets Bear 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the inverse (or opposite) of the calendar month price performance of the EM Index. (Collectively, the Direxion Monthly Emerging Markets Bull 2X Fund and the Direxion Monthly Emerging Markets Bear 2X Fund are referred to as the “Emerging Funds.”)

The term “emerging market” refers to an economy that is in the initial stages of industrialization and has been historically marked by low per capita income and lack of capital market transparency, but appears to be implementing political and/or market reforms resulting in greater capital market transparency, increased access for foreign investors and generally improved economic conditions. Emerging markets have the potential for significantly higher or lower rates of return and carry greater risks than more developed economies.

Principal Investment Strategy. Each Emerging Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the EM Index and/or financial instruments that, in combination, provide leveraged exposure to the EM Index with the Direxion Monthly Emerging Markets Bull 2X Fund creating long positions and the Direxion Monthly Emerging Markets Bear 2X Fund creating short positions. The financial instruments in which the Emerging Funds may invest include ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the Emerging Funds also hold U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the Emerging Funds are Adverse Market Conditions Risk, Adviser’s

Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Currency Exchange Rate Risk, Depository Receipt Risk (Direxion Monthly Emerging Markets Bull 2X Fund only), Early Close/Trading Halt Risk, Emerging Markets Risk, Equity Securities Risk, Foreign Securities Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs, Tracking Error Risk and Valuation Time Risk.

Additional risks of investing in the Direxion Monthly Emerging Markets Bear 2X Fund are Inverse Correlation Risk and Shorting Risk. For more information on the risks of the Emerging Funds, including a description of each risk, please refer to the “Principal Risks” section above.

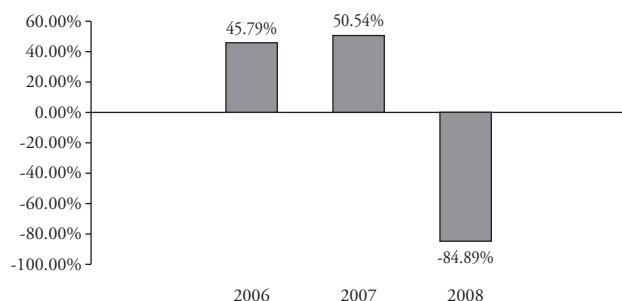
Target Index. The EM Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of November 30, 2009, the EM Index consisted of the following 22 emerging market country indices: Brazil, Chile, China, Columbia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey.

Performance. The bar chart and performance table below provide some indication of the risks of investing in the Emerging Funds by showing how the performance of each Emerging Fund has varied from year to year and by comparing each Emerging Fund’s average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in each Emerging Fund by showing its highest and lowest quarterly returns. The Emerging Funds’ past performance (before and after taxes) is not necessarily an indication of how they will perform in the future.

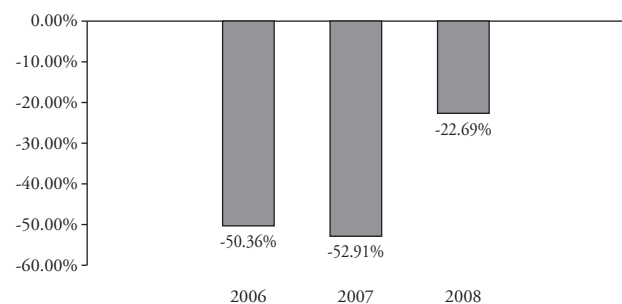
The performance shown reflects previous daily, instead of monthly, targets. The Emerging Funds sought a daily target of 200% until September 30, 2009. At that time, the Emerging Funds began to seek a monthly target of 200%. If the target of the Emerging Funds had remained a daily target of 200% instead of a monthly target of 200%, the

calendar year performance of the Emerging Funds would have varied from that shown.

Total Return for the Calendar Years Ended December 31*



Direxion Monthly Emerging Markets Bull 2X Fund



Direxion Monthly Emerging Markets Bear 2X Fund

* Year-to-date total returns as of September 30, 2009 for the Direxion Monthly Emerging Markets Bull 2X Fund and the Direxion Monthly Emerging Markets Bear 2X Fund were 104.63% and -76.21%, respectively.

Quarterly Returns

	Highest	Lowest
Direxion Monthly Emerging Markets Bull 2X Fund	39.57% (4th quarter 2006)	(62.69)% (4th quarter 2008)
Direxion Monthly Emerging Markets Bear 2X Fund	24.95% (3rd quarter 2008)	(43.60)% (4th quarter 2008)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly Emerging Markets Bull 2X Fund⁽²⁾		
Return Before Taxes	(84.89)%	(25.27)%
Return After Taxes on Distributions ⁽³⁾	(84.92)%	(28.37)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(5.18)%	(18.88)%
MSCI Emerging Markets Index ⁽⁵⁾	(54.48)%	(3.11)%
Direxion Monthly Emerging Markets Bear 2X Fund⁽²⁾		
Return Before Taxes	(22.69)%	(44.31)%
Return After Taxes on Distributions ⁽³⁾	(36.70)%	(47.90)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(13.42)%	(33.79)%
MSCI Emerging Markets Index ⁽⁵⁾	(54.48)%	(3.64)%

⁽¹⁾ The inception date of the Direxion Monthly Emerging Markets Bull 2X Fund was November 1, 2005 and the Direxion Monthly Emerging Markets Bear 2X Fund was November 4, 2005.

⁽²⁾ Prior to September 30, 2009, the Emerging Funds sought a daily target of 200%. Effective September 30, 2009, the Emerging Funds seek calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.

⁽³⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

⁽⁴⁾ The "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

⁽⁵⁾ The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The tables below describe the fees and expenses you may pay if you buy and hold shares of the Emerging Funds. The expense information below reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly Emerging Markets Bull 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.14%</u>
Total Annual Operating Expenses	<u><u>2.04%</u></u>

Direxion Monthly Emerging Markets Bear 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.09%</u>
Total Annual Operating Expenses	<u><u>1.99%</u></u>

⁽¹⁾ Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

⁽²⁾ The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

⁽³⁾ The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

⁽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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly Emerging Markets Bull 2X Fund and the Direxion Monthly Emerging Markets Bear 2X Fund.

Expense Example

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

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly Emerging Markets Bull 2X Fund				
Investor Class	\$207	\$640	\$1,098	\$2,369
Direxion Monthly Emerging Markets Bear 2X Fund				
Investor Class	\$202	\$624	\$1,073	\$2,317

Direxion Monthly Developed Markets Bull 2X Fund

Direxion Monthly Developed Markets Bear 2X Fund

Investment Objective. The Direxion Monthly Developed Markets Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the MSCI EAFE® Index (the "EAFE Index"). The Direxion Monthly Developed Markets Bear 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the inverse (or opposite) of the

calendar month price performance of the EAFE Index. (Collectively, the Direxion Monthly Developed Markets Bull 2X Fund and the Direxion Monthly Developed Markets Bear 2X Fund are referred to as the “Developed Funds.”)

The term “developed market” refers to an economy that maintains a high per-capita income and experiences market transparency and liquidity as a result of well-established and closely regulated financial markets.

Principal Investment Strategy. Each Developed Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the EAFE Index and/or financial instruments that, in combination, provide leveraged exposure to the EAFE Index with the Direxion Monthly Developed Markets Bull 2X Fund creating long positions and the Direxion Monthly Developed Markets Bear 2X Fund creating short positions. The financial instruments in which the Developed Funds may invest include ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the Developed Funds also hold U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the Developed Funds are Adverse Market Conditions Risk, Adviser’s Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Currency Exchange Rate Risk, Depository Receipt Risk (Direxion Monthly Developed Markets Bull 2x Fund only), Early Close/Trading Halt Risk, Equity Securities Risk, Foreign Securities Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs, Tracking Error Risk and Valuation Time Risk.

Additional risks of investing in the Direxion Monthly Developed Markets Bear 2X Fund are Inverse Correlation Risk and Shorting Risk. For more information on the risks of

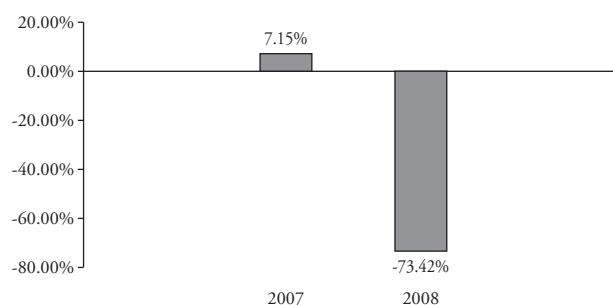
the Developed Funds, including a description of each risk, please refer to the “Principal Risks” section above.

Target Index. The EAFE Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. As of November 30, 2009, the EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. MSCI® is not a sponsor of, or in any way affiliated with, the Developed Funds.

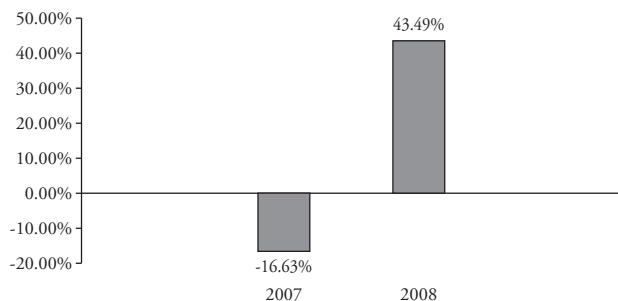
Performance. The bar chart and performance table below provide some indication of the risks of investing in the Developed Funds by showing how the performance of each Developed Funds has varied from year to year and by comparing each Developed Fund’s average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in each Developed Fund by showing its highest and lowest quarterly returns. The Developed Funds’ past performance (before and after taxes) is not necessarily an indication of how they will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The Developed Funds sought a daily target of 200% until September 30, 2009. At that time, the Developed Funds began to seek a monthly target of 200%. If the target of the Developed Funds had remained a daily target of 200% instead of a monthly target of 200%, the calendar year performance of the Developed Funds would have varied from that shown.

Total Return for the Calendar Years Ended December 31*



Direxion Monthly Developed Markets Bull 2X Fund



Direxion Monthly Developed Markets Bear 2X Fund

* Year-to-date total returns as of September 30, 2009 for the Direxion Monthly Developed Markets Bull 2X Fund and the Direxion Monthly Developed Markets Bear 2X Fund were 37.42% and -52.38%, respectively.

Quarterly Returns

	Highest	Lowest
Direxion Monthly Developed Markets Bull 2X Fund	8.93% (2nd quarter 2007)	(45.74)% (4th quarter 2008)
Direxion Monthly Developed Markets Bear 2X Fund	33.63% (3rd quarter 2008)	(10.08)% (4th quarter 2008)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly Developed Markets Bull 2X Fund⁽²⁾		
Return Before Taxes	(73.42)%	(28.22)%
Return After Taxes on Distributions ⁽³⁾	(74.21)%	(30.64)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(47.75)%	(22.51)%
MSCI EAFE [®] Index ⁽⁵⁾	(45.09)%	(11.08)%
Direxion Monthly Developed Markets Bear 2X Fund⁽²⁾		
Return Before Taxes	43.49 %	(7.04)%
Return After Taxes on Distributions ⁽³⁾	36.34 %	(8.67)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	29.33 %	(6.59)%
MSCI EAFE [®] Index ⁽⁵⁾	(45.09)%	(11.45)%

⁽¹⁾ The inception date of the Direxion Monthly Developed Markets Bull 2X Fund was January 25, 2006 and the Direxion Monthly Developed Markets Bear 2X Fund was February 6, 2006.

- ⁽²⁾ Prior to September 30, 2009, the Developed Funds sought a daily target of 200%. Effective September 30, 2009, the Developed Funds seek calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.
- ⁽³⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.
- ⁽⁴⁾ The “Return After Taxes on Distributions and Sale of Fund Shares” may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.
- ⁽⁵⁾ The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The tables below describe the fees and expenses you may pay if you buy and hold shares of the Developed Funds. The expense information below reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

**Direxion Monthly Developed Markets
Bull 2X Fund**

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.15%</u>
Total Annual Operating Expenses	<u><u>2.05%</u></u>

**Direxion Monthly Developed Markets
Bear 2X Fund**

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.10%</u>
Total Annual Operating Expenses	<u><u>2.00%</u></u>

⁽¹⁾ Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

⁽²⁾ The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

⁽³⁾ The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

⁽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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly Developed Markets Bull 2X Fund and the Direxion Monthly Developed Markets Bear 2X Fund.

Expense Example

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

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly Developed Markets Bull 2X Fund				
Investor Class	\$208	\$643	\$1,103	\$2,379
Direxion Monthly Developed Markets Bear 2X Fund				
Investor Class	\$203	\$627	\$1,078	\$2,327

Direxion Monthly Latin America Bull 2X Fund

Investment Objective. The Direxion Monthly Latin America Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the S&P[®] Latin America Index (the "Latin America Index").

Principal Investment Strategy. The Direxion Monthly Latin America Bull 2X Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the S&P[®] Latin America Index and/or financial instruments that, in combination, provide leveraged exposure to the S&P[®] Latin America Index with the Direxion Monthly Latin America Bull 2X Fund creating long positions. The financial instruments in which the Fund may invest include ETFs, stock index futures

contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the Direxion Monthly Latin America Bull 2X Fund also holds U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the Direxion Monthly Latin America Bull 2X Fund are Adverse Market Conditions Risk, Adviser’s Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Currency Exchange Rate Risk, Depository Receipt Risk, Early Close/Trading Halt Risk, Emerging Markets Risk, Equity Securities Risk, Foreign Securities Risk, Geographic Concentration Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs, Tracking Error Risk and Valuation Time Risk.

For more information on the risks of the Direxion Monthly Latin America Bull 2X Fund, including a description of each risk, please refer to the “Principal Risks” section above.

Also, it is important to note that Latin America has generally been characterized by substantial economic instability resulting from, among other things, political unrest, high interest and inflation rates, currency devaluations and government deficits. The economies of Latin America are heavily dependent on the health of the U.S. economy and, because commodities such as oil and gas, minerals, and metals, represent a significant percentage of the region’s exports, the economies of Latin American countries are sensitive to fluctuations in commodity prices. The economies of the countries in the region may be impacted by the policies or economic problems of other Latin American countries. As a result of these factors, an investment in the Latin America Funds may experience significant volatility.

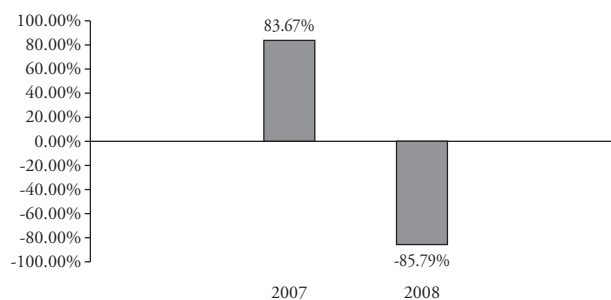
Target Index. The S&P® Latin America Index includes highly liquid securities from major economic sectors of the Mexican and South American equity markets. Companies from Mexico, Brazil, Argentina, and Chile are represented in this index. Representing approximately 70%

of each country’s market capitalization, this index provides coverage of the large cap, liquid constituents of each key country in Latin America. “Standard & Poor’s®”, “S&P®”, “S&P 500®” and “Standard & Poor’s 500®” are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use. The Direxion Monthly Latin America Bull 2X Fund is not sponsored, endorsed, sold or promoted by Standard & Poor’s® and Standard & Poor’s® makes no representation regarding the advisability of investing in the Direxion Monthly Latin America Bull 2X Fund.

Performance. The bar chart and performance table below provide some indication of the risks of investing in the Direxion Monthly Latin America Bull 2X Fund by showing how its performance has varied from year to year and by comparing the Direxion Monthly Latin America Bull 2X Fund’s average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in the Direxion Monthly Latin America Bull 2X Fund by showing its highest and lowest quarterly returns. The Direxion Monthly Latin America Bull 2X Fund’s past performance (before and after taxes) is not necessarily an indication of how it will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The Direxion Monthly Latin America Bull 2X Fund sought a daily target of 200% until September 30, 2009. At that time, the Direxion Monthly Latin America Bull 2X Fund began to seek a monthly target of 200%. If the target of the Direxion Monthly Latin America Bull 2X Fund had remained a daily target of 200% instead of a monthly target of 200%, the calendar year performance of the Direxion Monthly Latin America Bull 2X Fund would have varied from that shown.

Total Return for the Calendar Years Ended December 31*



Direxion Monthly Latin America Bull 2X Fund

* Year-to-date total return as of September 30, 2009 for the Direxion Monthly Latin America Bull 2X Fund was 137.05%.

Quarterly Returns

	Highest	Lowest
Latin America Bull 2X Fund	38.53% (2nd quarter 2007)	(70.61)% (4th quarter 2008)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly Latin America Bull 2X Fund⁽²⁾		
Return Before Taxes	(85.79)%	(37.06)%
Return After Taxes on Distributions ⁽³⁾	(86.38)%	(40.09)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(55.730)%	(28.35)%
S&P [®] Latin America Index ⁽⁵⁾	(50.84)%	(8.24)%

(1) The inception date of the Direxion Monthly Latin America Bull 2X Fund was May 2, 2006.

(2) Prior to September 30, 2009, the Direxion Monthly Latin America Bull 2X Fund sought a daily target of 200%. Effective September 30, 2009, the Direxion Monthly Latin America Bull 2X Fund seeks calendar month leveraged investment results, before fees and expenses, of 200% of its target index.

(3) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

(4) The "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

(5) The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The tables below describe the fees and expenses you may pay if you buy and hold shares of the Direxion Monthly Latin America Bull 2X Fund. 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:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly Latin America Bull 2X Fund	
Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.09%</u>
Total Operating Expenses	<u>1.99%</u>

(1) Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

(2) The fee table above is restated to reflect a new contractual arrangement that became effective on July 1, 2009. Under this arrangement, the Adviser is obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

(3) The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

(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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Latin America Bull 2X Fund.

Expense Example

The table below is intended to help you compare the cost of investing in the Direxion Monthly Latin America Bull 2X Fund with the cost of investing in other mutual funds. The table assumes that you invest \$10,000 in the Fund for the periods shown and then redeem all of your shares at the end of the periods. It also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same through each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly Latin America Bull 2X Fund				
Investor Class	\$202	\$624	\$1,073	\$2,317

Direxion Monthly China Bull 2X Fund

Investment Objective. The Direxion Monthly China Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the FTSE/Xinhua China 25 Index.

China is considered an "emerging market." The term "emerging market" refers to an economy that is in the initial stages of industrialization and has been historically marked by low per capita income and lack of capital market transparency, but appears to be implementing political and/or market reforms resulting in greater capital market transparency, increased access for foreign investors and generally improved economic conditions. Emerging markets have the potential for significantly higher or lower rates of return and carry greater risks than more developed economies.

Principal Investment Strategy. The Direxion Monthly China Bull 2X Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the FTSE/Xinhua China 25 Index and/or financial instruments that, in combination, provide leveraged exposure to the FTSE/Xinhua China 25 Index with the Direxion Monthly China Bull 2X Fund creating long positions. The financial instruments in which the Fund may invest include ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the Direxion Monthly China Bull 2X Fund also holds U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the Direxion Monthly China Bull 2X Fund are Adverse Market Conditions Risk, Adviser's Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Currency Exchange Rate Risk, Early Close/Trading Halt Risk Emerging Markets Risk, Equity Securities Risk, Foreign Securities Risk, Gain Limitation Risk, Geographic Concentration Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Lower-Quality Debt Securities, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs, Tracking Error Risk and Valuation Time Risk.

For more information on the Direxion Monthly China Bull 2X Fund, including a description of each risk, please refer to the "Principal Risks" section above.

Also, it is important to note that China is a totalitarian country and the central government has historically exercised substantial control over virtually every sector of the Chinese economy. Government power raises the risk of nationalization, expropriation, or confiscation of property. The legal system is still developing and the ability to obtain or enforce judgments is uncertain. China's relationship with Taiwan is poor and the possibility of military action exists. China differs, often unfavorably, from more developed countries in such respects as structure, general development, government involvement, wealth

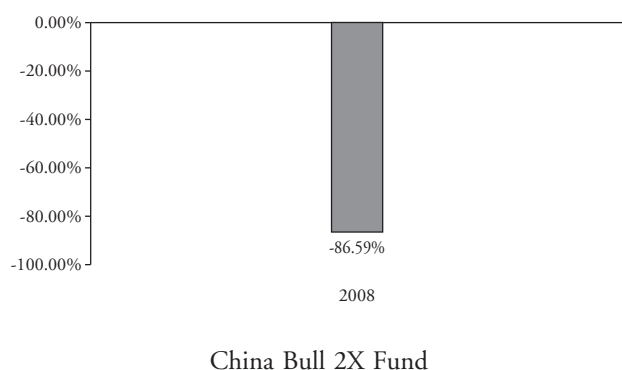
distribution, rate of inflation, growth rate, allocation of resources and capital reinvestment, among others.

Target Index. The FTSE/Xinhua China 25 Index consists of 25 of the largest and most liquid companies available to international investors traded on the Hong Kong Stock Exchange. The Index is weighted based on the total market value of each company so that companies with higher total market values generally have a higher representation in the Index. FTSE Xinhua Index Limited is not a sponsor of, or in any way affiliated with, the China Funds.

Performance. The bar chart and performance table below provide some indication of the risks of investing in the Direxion Monthly China Bull 2X Fund by showing how its performance has varied from year to year and by comparing the Direxion Monthly China Bull 2X Fund's average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in the Direxion Monthly China Bull 2X Fund by showing its highest and lowest quarterly returns. The Direxion Monthly China Bull 2X Fund's past performance (before and after taxes) is not necessarily an indication of how it will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The Direxion Monthly China Bull 2X Fund sought a daily target of 200% until September 30, 2009. At that time, the Direxion Monthly China Bull 2X Fund began to seek a monthly target of 200%. If the target of the Direxion Monthly China Bull 2X Fund had remained a daily target of 200% instead of a monthly target of 200%, the calendar year performance of the Direxion Monthly China Bull 2X Fund would have varied from that shown.

Total Return for the Calendar Years Ended December 31*



* Year-to-date total return as of September 30, 2009 for the China Bull 2X Fund was 64.04%.

Quarterly Returns

	Highest	Lowest
Direxion Monthly China Bull 2X Fund	(7.28)% (3rd quarter 2008)	(52.27)% (4th quarter 2008)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly China Bull 2X Fund⁽²⁾		
Return Before Taxes	(86.59)%	(86.12)%
Return After Taxes on Distributions ⁽²⁾	(86.61)%	(86.13)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(56.28)%	(72.26)%
FTSE/Xinhua China 25 Index ⁽⁵⁾	(50.80)%	(50.38)%

⁽¹⁾ The inception date of the Direxion Monthly China Bull 2X Fund was December 3, 2007.

⁽²⁾ Prior to September 30, 2009, the Direxion Monthly China Bull 2X Fund sought a daily target of 200%. Effective September 30, 2009, the Direxion Monthly China Bull 2X Fund seeks calendar month leveraged investment results, before fees and expenses, of 200% of its target index.

⁽³⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

⁽⁴⁾ The "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

⁽⁵⁾ The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The tables below describe the fees and expenses you may pay if you buy and hold shares of the Direxion Monthly China Bull 2X Fund. The expense

information below reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly China Bull 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.13%</u>
Total Annual Operating Expenses	<u><u>2.03%</u></u>

⁽¹⁾ Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

⁽²⁾ The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

⁽³⁾ The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor

Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

⁽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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly China Bull 2X Fund.

Expense Example

The table below is intended to help you compare the cost of investing in the Direxion Monthly China Bull 2X Fund with the cost of investing in other mutual funds. The table assumes that you invest \$10,000 in the Fund for the periods shown and then redeem all of your shares at the end of the periods. It also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same through each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly China Bull 2X Fund				
Investor Class	\$206	\$637	\$1,093	\$2,358

SPECIALTY FUNDS

Direxion Monthly Commodity Bull 2X Fund

Investment Objective. The Direxion Monthly Commodity Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month price performance of the Morgan Stanley® Commodity Related Equity Index.

Principal Investment Strategy. The Direxion Monthly Commodity Bull 2X Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the Morgan Stanley® Commodity Related Equity Index and/or financial instruments that, in combination, provide leveraged exposure to the Morgan Stanley® Commodity Related Equity Index with the Direxion Monthly Commodity Bull 2X Fund creating long positions. The financial instruments in which the Direxion Monthly Commodity Bull 2X Fund may invest include ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the Direxion Monthly Commodity Bull 2X Fund also holds U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the Direxion Monthly Commodity Bull 2X Fund Adverse Market Conditions Risk, Adviser's Investment Strategy Risk, Aggressive Investment Techniques Risk, Concentration Risk, Counterparty Risk, Credit Risk, Early Close/Trading Halt Risk, Equity Securities Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs and Tracking Error Risk.

For more information on the risks of the Direxion Monthly Commodity Bull 2X Fund, including a description of each risk, please refer to the "Principal Risks" section above.

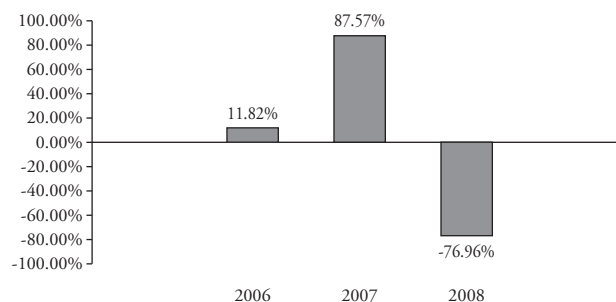
Target Index. The Morgan Stanley® Commodity Related Equity Index is an equal-dollar weighted index of 20 stocks involved in commodity-related industries such as energy,

non-ferrous metals, agriculture and forest products. Morgan Stanley® is not a sponsor of, or in any way affiliated with, the Direxion Monthly Commodity Bull 2X Fund.

Performance. The bar chart and performance tables below provide some indication of the risks of investing in the Direxion Monthly Commodity Bull 2X Fund by comparing its performance with those of a broad measure of market performance. The information below also illustrates the risks of investing in the Direxion Monthly Commodity Bull 2X Fund by showing its highest and lowest quarterly returns. The Direxion Monthly Commodity Bull 2X Fund's past performance (before and after taxes) is not necessarily an indication of how it will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The Direxion Monthly Commodity Bull 2X Fund sought a daily target of 200% until September 30, 2009. At that time, the Direxion Monthly Commodity Bull 2X Fund began to seek a monthly target of 200%. If the target of the Direxion Monthly Commodity Bull 2X Fund had remained a daily target of 200% instead of a monthly target of 200%, the calendar year performance of the Direxion Monthly Commodity Bull 2X Fund would have varied from that shown.

Total Return for the Calendar Year Ended December 31*



Direxion Monthly Commodity Bull 2X Fund

* Year-to-date total return as of September 30, 2009 for the Direxion Monthly Commodity Bull 2X Fund was 66.76%.

Quarterly Returns

	Highest	Lowest
Direxion Monthly Commodity Bull 2X Fund	30.91% (2nd quarter 2007)	(58.95)% (4th quarter 2008)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly Commodity Bull 2X Fund⁽²⁾		
Return Before Taxes	(76.96)%	(14.53)%
Return After Taxes on Distributions ⁽³⁾	(76.97)%	(16.05)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽³⁾⁽⁴⁾	(50.03)%	(11.40)%
Morgan Stanley Commodity Related Equity Index ⁽⁵⁾	(42.20)%	4.39 %

⁽¹⁾ The inception date of the Direxion Monthly Commodity Bull 2X Fund was February 17, 2005.

⁽²⁾ Prior to September 30, 2009, the Direxion Monthly Commodity Bull 2X Fund sought a daily target of 200%. Effective September 30, 2009, the Direxion Monthly Commodity Bull 2X Fund seeks calendar month leveraged investment results, before fees and expenses, of 200% of its target index.

⁽³⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

⁽⁴⁾ The “Return After Taxes on Distributions and Sale of Fund Shares” may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

⁽⁵⁾ The performance of the index does not reflect deductions for fees, expenses or taxes.

Fees and Expenses. The tables below describe the fees and expenses you may pay if you buy and hold shares of the Direxion Monthly Commodity Bull 2X Fund. The expense information below reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly Commodity Bull 2X Fund

Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽³⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.12%</u>
Total Annual Operating Expenses	<u><u>2.02%</u></u>

⁽¹⁾ Although no sales loads or transaction fees are charged, 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 Fund’s transfer agent. Please note that this fee is subject to change.

⁽²⁾ The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

⁽³⁾ The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

⁽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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly Commodity Bull 2X Fund.

Expense Example

The table below is intended to help you compare the cost of investing in the Direxion Monthly Commodity Bull 2X Fund with the cost of investing in other mutual funds. The table assumes that you invest \$10,000 in the Direxion

Monthly Commodity Bull 2X Fund for the periods shown and then redeem all of your shares at the end of the periods. It also assumes that your investment has a 5% return each year and that the Commodity Fund’s operating expenses remain the same through each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly Commodity Bull 2X Fund				
Investor Class	\$205	\$634	\$1,088	\$2,348

FIXED INCOME FUNDS

Direxion Monthly 10 Year Note Bull 2X Fund

Direxion Monthly 10 Year Note Bear 2X Fund

Investment Objective. The Direxion Monthly 10 Year Note Bull 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the calendar month performance of the NYSE Current 10-Year U.S. Treasury Index. The Direxion Monthly 10 Year Note Bear 2X Fund seeks monthly investment results, before fees and expenses, of 200% of the inverse (or opposite) of the calendar month performance of the NYSE Current 10-Year U.S. Treasury Index. (Collectively, the Direxion Monthly 10 Year Note Bull 2X Fund and the Direxion Monthly 10 Year Note Bear 2X Fund are referred to as the “10 Year Note Funds.”)

Principal Investment Strategy. Each 10 Year Note Fund, under normal circumstances, invests at least 80% of its net assets in securities that comprise the NYSE Current 10-Year U.S. Treasury Index and/or financial instruments that, in combination, provide leveraged exposure to the NYSE Current 10-Year U.S. Treasury Index with the Direxion Monthly 10 Year Note Bull 2X Fund creating long positions and the Direxion Monthly 10 Year Note Bear 2X Fund creating short positions. The financial instruments in which the 10 Year Note Funds may invest include ETFs, stock index futures contracts, options on stock index futures contracts, swap agreements and options on securities and on stock indices to produce economically leveraged investment results. On a day-to-day basis, the 10 Year Note Funds also hold U.S. government securities and repurchase agreements to collateralize these futures and options contracts and swap agreements.

Risks. The principal risks of investing in the 10 Year Note Funds are Adverse Market Conditions Risk, Adviser’s Investment Strategy Risk, Aggressive Investment Techniques Risk, Concentration Risk, Counterparty Risk, Credit Risk, Debt Instrument Risk, Early Close/Trading Halt Risk, Gain Limitation Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Leverage Risk, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, Negative Implications of Monthly Goals in Volatile Markets, Non-Diversification Risk, Regulatory Risk, Risks of Investing in Other Investment Companies and ETFs, Tracking Error Risk and U.S. Government Securities Risk.

Additional risks of investing in the Direxion Monthly 10 Year Note Bear 2X Fund are Inverse Correlation Risk and Shorting Risk. For more information on the risks of the 10 Year Note Funds, including a description of each risk, please refer to the “Principal Risks” section above.

Target Index. The NYSE Current 10-Year U.S. Treasury Index is a one-security index comprised of the most recently issued 10-Year Treasury Note. Notes eligible for inclusion must be U.S. dollar-denominated Treasury notes with a fixed rate, non-zero coupon that are non-callable with a maturity of 10 years at issuance. The issue chosen at rebalancing is the most recently issued eligible Treasury note that settles on or before the final calendar day of the month. The official index close is calculated each trading day using the 4:00 p.m. Eastern time end-of-day bid. On days that the U.S. equity markets close early, the bond price is derived at the closing time of the New York Stock Exchange, or 1:00 p.m. EST. On days when the US bond market has a suggested early close, as determined by the Securities Industry and Financial Markets Association (“SIFMA”), the bond price is derived at the suggested close of 2:00 p.m. EST. Calculations of index returns and characteristics adhere to US Treasury market trading and settlement conventions. At time of issuance, this includes Actual/Actual day count convention with a semiannual payment frequency. Bonds trade on a clean price basis (quoted without accrued interest). New issuance is evaluated at each month-end rebalancing. If a new, eligible, US Treasury note or bond has been issued during the month, the existing issue in the index is sold on the rebalancing date and all proceeds including coupon reinvestment are rolled into the newly selected issue. The indices do not take transaction costs (bid-offer spreads) into account. Bid-side prices are used for the bond index calculations. For the month during which a coupon is paid, the cash flow is adjusted at a fixed money-market rate until the end of the month. The reinvestment rate is based on the USD One Month LIBOR rate as of the last business date of the previous month. The cash received on any given date during the month assumes that there are coupon payments during the period and therefore the reinvestment rate is applied to the actual number of days between the coupon payment date and the last calculated index day.

Neither the Trust nor the Fund is sponsored, endorsed, sold or promoted by NYSE EURONEXT or its affiliates (“NYSE EURONEXT”). NYSE EURONEXT makes no

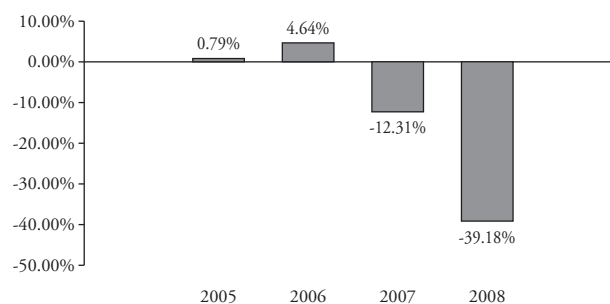
representation or warranty regarding the advisability of investing in securities generally, in the Fund particularly, or the ability of the NYSE Current 10-Year US Treasury IndexSM, to track general stock market performance.

NYSE EURONEXT MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE NYSE TREASURY INDEXES OR ANY DATA INCLUDED THEREIN. IN NO EVENT SHALL NYSE EURONEXT HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

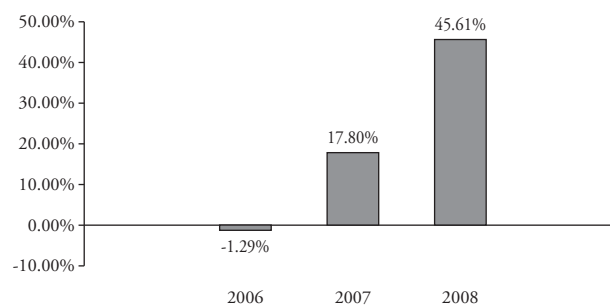
Performance. The bar chart and performance table below provide some indication of the risks of investing in the 10 Year Note Funds by comparing its average annual returns with those of a broad measure of market performance. The information below also illustrates the risks of investing in the 10 Year Note Funds by showing their highest and lowest quarterly returns. The 10 Year Note Funds' past performance (before and after taxes) is not necessarily an indication of how it will perform in the future.

The performance shown reflects previous daily, instead of monthly, targets. The Direxion Monthly 10 Year Note Bull 2X Fund sought a daily target of 250% until September 30, 2009, and the Direxion Monthly 10 Year Note Bear 2X Fund sought a daily target of 200% until April 30, 2006, and 250% until September 30, 2009. On September 30, 2009, the 10 Year Note Funds began to seek a monthly target of 200%. If the target of the 10 Year Note Funds had remained a daily target of 250% instead of a monthly target of 200%, the calendar year performance of the 10 Year Note Funds would have varied from that shown.

Total Return for the Calendar Year Ended December 31*



Direxion Monthly 10 Year Note Bear 2X Fund



Direxion Monthly 10 Year Note Bull 2X Fund

* Year-to-date total return as of September 30, 2009 for the Direxion Monthly 10 Year Note Bear 2X Fund and the Direxion Monthly 10 Year Note Bull 2X Fund were 10.91% and -11.77%, respectively.

Quarterly Returns

	Highest	Lowest
Direxion Monthly 10 Year Note Bear 2X Fund	7.96% (2nd quarter 2008)	(30.74)% (4th quarter 2008)
Direxion Monthly 10 Year Note Bull 2X Fund	33.53% (4th quarter 2008)	(8.20)% (2nd quarter 2008)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Direxion Monthly 10 Year Note Bear 2X Fund⁽²⁾		
Return Before Taxes	(39.18)%	(13.89)%
Return After Taxes on Distributions ⁽³⁾	(39.18)%	(14.19)%
Return After Taxes on Distributions and Sale Fund Shares ⁽³⁾⁽⁴⁾	25.47 %	(11.34)%
10-Year Treasury Note ⁽⁵⁾⁽⁶⁾	20.06 %	8.10 %
NYSE Current 10-Year Treasury Index ⁽⁵⁾⁽⁶⁾⁽⁷⁾	N/A	(2.73)%
Direxion Monthly 10 Year Note Bull 2X Fund⁽²⁾		
Return Before Taxes	45.61 %	14.79 %
Return After Taxes on Distributions ⁽³⁾	45.61 %	14.22 %
Return After Taxes on Distributions and Sale Fund Shares ⁽³⁾⁽⁴⁾	29.65 %	12.50 %
10-Year Treasury Note ⁽⁵⁾⁽⁶⁾	20.06 %	8.93 %
NYSE Current 10-Year Treasury Index ⁽⁵⁾⁽⁶⁾⁽⁷⁾	N/A	(2.73)%

(1) The inception date of the Direxion Monthly 10 Year Note Bear 2X Fund was May 17, 2004 and the Direxion Monthly 10 Year Note Bull 2X Fund was March 31, 2005.

(2) Prior to September 30, 2009, the 10 Year Note Funds sought a daily target of 250%. Effective September 30, 2009, the 10 Year Note Funds seek calendar month leveraged investment results, before fees and expenses, of 200%, or 200% of the inverse, of its target index.

(3) After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

(4) The "Return After Taxes on Distributions and Sale of Fund Shares" may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

(5) The performance of the 10-Year Treasury Note does not reflect deductions for fees, expenses or taxes.

(6) The performance of the NYSE Current 10-Year U.S. Treasury Index does not reflect deductions for fees, expenses or taxes.

(7) Effective August 31, 2009, the 10-Year Note Funds replaced their performance benchmark index, the 10-Year Treasury Note, with the NYSE Current 10-Year Treasury Index. When calculating performance, the NYSE Current 10-Year U.S. Treasury Index reflects the investment style of the 10 Year Note Fund. The NYSE Current 10-Year Note Treasury Index commenced operations on April 2, 2009. The Average Annual Total Return Since Inception shown in the table above is for the period from April 2, 2009 to November 30, 2009.

Fees and Expenses. The tables below describe the fees and expenses you may pay if you buy and hold shares of 10 Year Note Funds. The expense information below reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Direxion Monthly 10 Year Note Bear 2X Fund	
Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾⁽⁵⁾	<u>6.28%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	0.16%
Total Annual Operating Expenses ⁽⁵⁾	<u>7.44%</u>
Direxion Monthly 10 Year Note Bull 2X Fund	
Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾⁽⁵⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	0.03%
Total Annual Operating Expenses ⁽⁵⁾	<u>1.93%</u>

(1) Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

(2) The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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.

- (3) The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee of up to 1.00% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.
- (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 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.90% for the Direxion Monthly 10 Year Note Bull 2X Fund and 7.28% for the Direxion Monthly 10 Year Note Bear 2X Fund.
- (5) The 10 Year Note Funds may take short positions in securities. Such additional expenses associated with these investments are included in the calculation above. Although dividends and interest accruing on short positions are an expense to the 10 Year Note Funds, these expenses are generally reduced by interest income earned on the proceeds from the short sales. If these income reductions were included above, the Other Expenses and Total Annual Operating Expenses would be lower. For the fiscal year ended August 31, 2009, only the Direxion Monthly 10 Year Note Bear 2X Fund entered into short positions. If these expenses and Acquired Fund Fees and Expenses were not included, the Direxion Monthly 10 Year Note Bear 2X Fund’s Other Expenses and Total Annual Operating Expenses would be 0.90% and 1.90%, respectively.

Expense Example

The table below is intended to help you compare the cost of investing in the 10 Year Note Funds with the cost of investing in other mutual funds. The table assumes that you invest \$10,000 in the 10 Year Note Funds for the periods shown and then redeem all of your shares at the end of the periods. It also assumes that your investment has a 5% return each year and that the 10 Year Note Funds’ operating expenses remain the same through each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Direxion Monthly 10 Year Note Bear 2X Fund				
Investor Class	\$735	\$2,151	\$3,500	\$6,593
Direxion Monthly 10 Year Note Bull 2X Fund				
Investor Class	\$196	\$ 606	\$1,042	\$2,254

Dynamic HY Bond Fund

HY Bear Fund

Investment Objective. The Dynamic HY Bond Fund seeks to maximize total return (income plus capital appreciation) by investing primarily in debt instruments, including convertible securities, and derivatives of such instruments, with an emphasis on lower-quality debt instruments. The HY Bear Fund seeks to profit from a decline in the value of lower-quality debt instruments by creating short positions in such instruments and derivatives of such instruments. The term “bear” is used in the financial markets to describe a market which is declining in value. Generally, “bear” mutual funds attempt to profit from anticipated declines in the value of a security, industry, or market and may use aggressive techniques like selling short in pursuit of their objectives. (Collectively, the Dynamic HY Bond Fund and the HY Bear Fund are referred to as the “High Yield Funds.”)

Principal Investment Strategy. In attempting to meet the High Yield Funds’ objectives, the Adviser will, under normal circumstances, invest at least 80% of each High Yield Fund’s net assets (plus any borrowing for investment purposes) in high yield debt instruments, commonly referred to as “junk bonds,” or derivatives of such instruments. Debt instruments include corporate debt securities, convertible securities, zero-coupon securities and restricted securities. The Adviser will generally create long positions for the Dynamic HY Bond

Fund and short positions for the HY Bear Fund. There is no limit on the amount of the HY Bear Fund's assets which may be invested in short positions.

High yield debt instruments are generally rated lower than Baa by Moody's Investors Service®, Inc. ("Moody's") or lower than BBB by S&P®. Up to 15% of each Fund's assets may be invested in instruments generally rated below Caa by Moody's or CCC by S&P® or derivatives of such instruments. Investments may include instruments in the lowest rating category of each rating agency, or unrated bonds that the Adviser determines are of comparable quality. Such instruments may be in default and are generally regarded by the rating organizations as having extremely poor prospects of ever attaining any real investment standing. In addition, high yield debt instruments are typically issued with maturities of 10 years or less, and are callable after four to five years. Generally, the longer the bond's maturity, the more vulnerable its price is to interest rate fluctuations.

The Adviser performs its own investment analysis and does not rely principally on the ratings assigned by the rating organizations. Because of the greater number of considerations involved in investing in lower-rated instruments, the achievement of each High Yield Fund's objective depends more on the analytical abilities of the portfolio management team than would be the case if each High Yield Fund were investing primarily in instruments in the higher rating categories.

To ensure that each High Yield Fund's portfolio maintains sufficient liquidity to meet potential redemptions by active Fund shareholders while gaining exposure to the high yield bond market, each High Yield Fund invests a substantial portion of its assets in derivative securities, such as futures contracts, options contracts, swap agreements, options on futures contracts, financial instruments such as futures and options on high yield bond indices, and baskets of high yield securities based on various high yield bond indices. Such investments may generate a return that is more positive or more negative than what would be generated if each High Yield Fund maintained its assets in cash or cash equivalents to meet redemption requests. There is no limit on the amount of each High Yield Fund's assets that may be invested in derivative securities.

The High Yield Funds may invest in cash or cash equivalents for temporary defensive purposes when market conditions

warrant. When a High Yield Fund is invested in such temporary defensive instruments, the Fund will not achieve its investment objective.

The Adviser uses a "bottom up" approach to investing. The Adviser studies industry and economic trends, but focuses on researching individual issuers and derivative instruments. Each company and derivative instrument in which the High Yield Funds invest passes through a research process and stands on its own merits as a viable investment in the Adviser's opinion.

To achieve the investment objective of the Dynamic HY Bond Fund, the Adviser:

- Seeks to achieve price appreciation and minimize price volatility by identifying instruments that are likely to be upgraded by qualified rating organizations;
- Employs research and credit analysis to minimize purchasing instruments that may default by determining the likelihood of timely payment of interest and principal; and/or
- Invests the Dynamic HY Bond Fund's assets in other instruments, including derivative securities, consistent with its objective of high current income and capital appreciation but permitting it to maintain sufficient liquidity to meet redemptions.

To achieve the investment objective of the HY Bear Fund, the Adviser uses the same analytical tools it employs for the Dynamic HY Bond Fund in pursuit of the opposite objective. The Adviser:

- Seeks to identify instruments that are likely to be downgraded by qualified rating organizations and therefore suffer a decline in principal value;
- Employs research and credit analysis to identify instruments that may default on timely payment of interest and principal and suffer a decline in principal value; and/or
- Creates short positions in instruments which have relatively low yield in order to minimize short interest expense and maintain sufficient liquidity to meet redemptions.

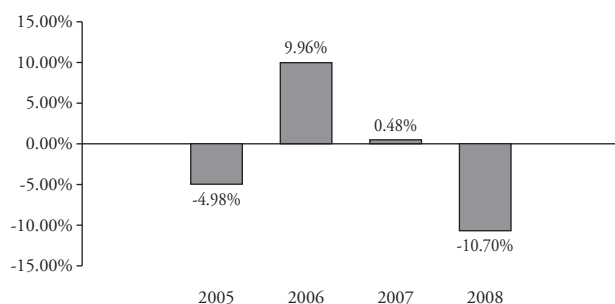
Risks. The principal risks of investing in the High Yield Funds are Adverse Market Conditions Risk, Adviser's Investment Strategy Risk, Aggressive Investment Techniques Risk, Counterparty Risk, Credit Risk, Early Close/Trading Halt Risk, Interest Rate Risk, Lower-Quality Debt Securities Risk, Market Risk, Market

Timing Activity and High Portfolio Turnover, Non-Diversification Risk, Regulatory Risk and Risks of Investing in Other Investment Companies and ETFs.

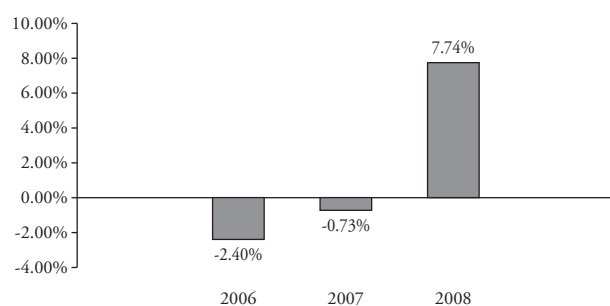
An additional risk of investing in the HY Bear Fund is Shorting Risk. For more information on the risks of the High Yield Funds, including a description of each risk, please refer to the “Principal Risks” section above.

Performance. The bar chart and performance tables below provide some indication of the risks of investing in the High Yield Funds by comparing their performance with those of a broad measure of market performance. The information below also illustrates the risks of investing in the High Yield Funds by showing their highest and lowest quarterly returns. The High Yield Funds’ past performance (before and after taxes) is not necessarily an indication of how they will perform in the future.

Total Return for the Calendar Year Ended December 31*



Dynamic HY Bond Fund



HY Bear Fund

* Year-to-date total return as of September 30, 2009 for the Dynamic HY Bond Fund and the HY Bear Fund was -1.38% and -11.66%, respectively.

Quarterly Returns

	Highest	Lowest
Dynamic HY Bond Fund	4.50% (4th quarter 2006)	(7.95)% (1st quarter 2005)
HY Bear Fund	3.81% (1st quarter 2008)	(2.09)% (3rd quarter 2007)

Average Annual Total Returns as of December 31, 2008

	1 Year	Since Inception ⁽¹⁾
Dynamic HY Bond Fund		
Return Before Taxes	(10.70)%	(0.12)%
Return After Taxes on Distributions ⁽²⁾	(12.64)%	(2.30)%
Return After Taxes on Distributions and Sale of Fund Shares ⁽²⁾⁽³⁾	(6.92)%	(1.29)%
Barclays Capital U.S. Aggregate Bond Index ⁽⁴⁾	5.24 %	5.08 %
Barclays Capital U.S. Corporate High-Yield Bond Index ⁽⁵⁾	(26.16)%	(1.24)%
Lipper High Yield Bond Fund Index ⁽⁶⁾	(28.84)%	2.39 %
HY Bear Fund		
Return Before Taxes	7.74 %	0.73 %
Return After Taxes on Distributions ⁽²⁾	6.06 %	0.09 %
Return After Taxes on Distributions and Sale of Fund Shares ⁽²⁾⁽³⁾	4.99 %	0.25 %
Barclays Capital U.S. Aggregate Bond Index ⁽⁴⁾	5.24 %	5.11 %
Barclays Capital U.S. Corporate High-Yield Bond Index ⁽⁵⁾	(26.16)%	(5.02)%
Lipper High Yield Bond Fund Index ⁽⁶⁾	(28.84)%	(6.46)%

⁽¹⁾ The inception date of the Dynamic HY Bond Fund was July 1, 2004 and the HY Bear Fund was September 20, 2005.

⁽²⁾ After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown. Furthermore, the after-tax returns shown are not relevant to those who hold their shares through tax-deferred arrangements such as 401(k) plans or IRAs.

⁽³⁾ The “Return After Taxes on Distributions and Sale of Fund Shares” may be higher than other return figures because when a capital loss occurs upon redemption of fund shares, a tax deduction is provided that benefits the investor.

(4) The Barclays Capital U.S. Aggregate Bond Index (formerly known as the Lehman U.S. Aggregate Bond Index) is an unmanaged, market value weighted index of investment grade, fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of at least one year. The performance of the index does not reflect deductions for fees, expenses or taxes.

(5) The Barclays Capital U.S. Corporate High-Yield Bond Index covers the US Dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index excludes Emerging Markets debt. Effective December 29, 2009, the Barclays Capital U.S. Corporate High-Yield Bond Index has replaced the Barclays Capital U.S. Aggregate Bond Index as a more appropriate comparative benchmark.

(6) The Lipper High Yield Bond Fund Index is the average of the 30 largest mutual funds in the Lipper High Current Yield Bond Fund category. These funds aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues.

Fees and Expenses. 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 reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Dynamic HY Bond Fund	
Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾	<u>0.85%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.16%</u>
Total Annual Operating Expenses	<u><u>2.01%</u></u>

HY Bear Fund	
Management Fees	0.75%
Distribution and/or Service (12b-1) Fees ⁽³⁾	0.25%
Other Expenses ⁽²⁾⁽⁵⁾	<u>0.90%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽⁴⁾	<u>0.14%</u>
Total Annual Operating Expenses ⁽⁵⁾	<u><u>2.04%</u></u>

(1) Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

(2) The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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) The Board of Trustees has adopted an Investor Class Rule 12b-1 Plan pursuant to which the Investor Class shares of the Fund may pay an annual Rule 12b-1 fee up to 0.40% of average daily net assets. The Board has currently authorized the Investor Class shares to pay annual Rule 12b-1 fees of 0.25%.

(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 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 Net Annual Fund Operating Expenses in the table above

includes 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. Without Acquired Fund Fees and Expenses, the Total Annual Fund Operating Expenses would have been 1.85% for the Dynamic HY Bond Fund and 1.90% for the HY Bear Fund.

- (5) The Funds may take short positions in securities. Such additional expenses associated with these investments are included in the calculation above. Although dividends and interest accruing on short positions are an expense to a Fund, these expenses are generally reduced by interest income earned on the proceeds from the short sales. If these income reductions were included above, the Other Expenses and Total Annual Operating Expenses would be lower. For the fiscal year ended August 31, 2009, the Dynamic HY Bond Fund entered into short positions. If these expenses and Acquired Fund Fees and Expenses were not included, the Dynamic HY Bond Fund’s Other

Expenses and Total Annual Operating Expenses would be 0.60% and 1.85%, respectively.

Expense Example

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

	1 Year	3 Years	5 Years	10 Years
Dynamic HY Bond Fund				
Investor Class	\$204	\$630	\$1,083	\$2,338
HY Bear Fund				
Investor Class	\$207	\$640	\$1,098	\$2,369

U.S. GOVERNMENT MONEY MARKET FUND

Investment Objective. The U.S. Government Money Market Fund seeks to provide security of principal, current income and liquidity.

Principal Investment Strategy. The U.S. Government Money Market Fund seeks to achieve these objectives by investing in high quality, U.S. dollar-denominated short-term obligations that have been determined by the Board of Trustees or by Rafferty to present minimal credit risk. Under normal circumstances, the U.S. Government Money Market Fund invests at least 80% of its net assets in (1) obligations issued or guaranteed by the U.S. government and its agencies and U.S. government-sponsored enterprises (“U.S. government obligations”); (2) repurchase agreements that are fully collateralized by such obligations; and (3) money market funds that under normal circumstances invest at least 80% of their assets in U.S. government obligations and repurchase agreements that are fully collateralized by such obligations. In order to maintain a stable share price, the U.S. Government Money Market Fund maintains an average dollar-weighted maturity of 90 days or less. Securities purchased by the U.S. Government Money Market Fund generally have remaining maturities of 397 days or less, although instruments subject to repurchase agreements may bear longer final maturities.

Risks. The principal risks of investing in the U.S. Government Money Market Fund are:

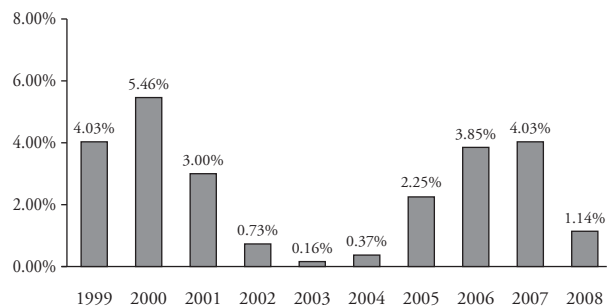
- The yield paid by the U.S. Government Money Market Fund is subject to changes in interest rates. As a result, there is risk that a decline in short-term interest rates would lower its yield and the overall return on your investment.
- Although the U.S. Government Money Market Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the U.S. Government Money Market Fund.
- Your investment in the U.S. Government Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government institution.
- Securities issued by U.S. government-sponsored entities, such as the Federal National Mortgage Association (“Fannie Mae[®]”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac[®]”), are not backed by the full faith and credit of the U.S. government and are not insured or guaranteed by the U.S. government.

- The value of your investment could be eroded over time by the effects of inflation.
- Security selection by Rafferty may cause the U.S. Government Money Market Fund to underperform other funds with similar investment objectives.
- If a portfolio security declines in credit quality or goes into default, it also could affect the U.S. Government Money Market Fund’s yield.

Additional risks of investing in the U.S. Government Money Market Fund are Adverse Market Conditions Risk, Debt Instrument Risk, Market Risk, U.S. Government Securities Risk, Regulatory Risk, Interest Rate Risk and Credit Risk. For more information on these risks, including a description, please refer to the “Principal Risks” section above.

Performance. The bar chart and performance table below provide some indication of the risks of investing in the U.S. Government Money Market Fund by showing how its performance has varied from year to year. The information below also illustrates the risks of investing in the U.S. Government Money Market Fund by showing its highest and lowest quarterly returns. The U.S. Government Money Market Fund’s past performance is not necessarily an indication of how it will perform in the future.

Total Return for the Calendar Years Ended December 31*



U.S. Government Money Market Fund

* Year-to-date total return as of September 30, 2009 for the U.S. Government Money Market Fund was 0.10%.

Quarterly Returns

	Highest	Lowest
U.S. Government Money Market Fund	1.37% (4th quarter 2000)	0.01% (2nd quarter 2004)

Average Annual Total Returns as of December 31, 2008

	1 Year	5 Years	10 Years
U.S. Government Money Market Fund	1.14%	2.32%	2.49%

Fees and Expenses. The tables below describe the fees and expenses you may pay if you buy and hold shares of the U.S. Government Money Market Fund. The expense information below reflects actual expenses incurred for the fiscal year ended August 31, 2009.

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

Maximum Sales Charge Imposed on Purchases:	None
Maximum Deferred Sales Charge:	None

Annual Operating Expenses⁽²⁾ (as a percentage of daily assets):

Management Fees	0.50%
Distribution and/or Service (12b-1) Fees	None
Other Expenses ⁽²⁾	<u>0.70%</u>
Shareholder Servicing Fee	0.25%
Acquired Fund Fees and Expenses ⁽³⁾	<u>0.17%</u>
Total Annual Operating Expenses ⁽⁴⁾	<u><u>1.37%</u></u>

⁽¹⁾ Although no sales loads or transaction fees are charged, 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 Fund's transfer agent. Please note that this fee is subject to change.

⁽²⁾ The Adviser is contractually obligated to pay all expenses of the Funds other than the following: management fees, distribution and/or service fees, shareholder servicing 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⁾ The Funds are required to disclose Acquired Fund Fees and Expenses in the fee table above. Acquired Fund Fees and Expenses are indirect fees 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 Net Annual Fund Operating Expenses in the table above includes 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. Without Acquired Fund Fees and Expenses the Total Annual Operating Expenses would have been 1.20%.

⁽⁴⁾ The Adviser has voluntarily agreed to waive its investment advisory fees and/or reimburse certain expenses of the Fund to the extent that it becomes necessary in order to maintain a positive yield. There is no guarantee that the Fund will be able to maintain a positive yield. The Adviser may withdraw this expense limitation at any time. The Adviser may recoup any such waived fees and/or reimbursed expenses within three years provided that such recoupment does not cause the Fund's seven-day yield to fall below 1%.

Expense Example

The table below is intended to help you compare the cost of investing in the U.S. Government Money Market Fund with the cost of investing in other mutual funds. The table assumes that you invest \$10,000 in the U.S. Government Money Market Fund for the periods shown and then redeem all of your shares at the end of the periods. It also assumes that your investment has a 5% return each year and that the U.S. Government Money Market Fund's operating expenses remain the same through each year. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

Investor Class	1 Year	3 Years	5 Years	10 Years
	\$139	\$434	\$750	\$1,646

ABOUT YOUR INVESTMENT

Share Price of the Funds

A Fund's share price is known as its net asset value ("NAV"). Each Fund (other than the 10-Year Note Funds and the High Yield Funds) calculates its NAV as of the close of regular trading on the NYSE, usually 4:00 p.m. Eastern time, each day the NYSE is open for business ("Business Day.")

Except as discussed below, each of the 10-Year Note Funds and the High Yield Funds also calculates its NAV as of the close of regular trading on the NYSE, usually 4:00 p.m. Eastern time, each Business Day. However, on days that the Securities Industry and Financial Markets Association ("SIFMA") recommends that the bond markets close all day, the 10-Year Note Funds and the High Yield Funds do not calculate their NAVs, even if the NYSE is open for business. Similarly, on days that the bond markets, the NYSE, or both the bond markets and the NYSE close early, each of the 10-Year Note Funds and the High Yield Funds calculates its NAV as of the earliest closing time between the bond markets and the NYSE, subject to the discretion of the Adviser. The value of a Fund's assets that trade in markets outside the United States or in currencies other than the U.S. dollar may fluctuate on days that foreign markets are open but the Funds are not open for business.

All shareholder transaction orders received in good form by the Funds' transfer agent or an authorized financial intermediary by the close of regular trading (generally 4:00 p.m. Eastern time) will be processed at that day's NAV.

Share price is calculated by dividing a Fund's net assets by its shares outstanding. The Funds use the following methods to price securities held in their portfolios:

- Equity securities, OTC securities, swap agreements, closed-end investment companies, options, futures and options on futures are valued at their last sales price, or if not available, the average of the last bid and ask prices;
- Securities primarily traded in the NASDAQ Global Market® are valued using the NASDAQ® Official Closing Price ("NOCP");
- Short-term debt securities with a maturity of 60 days or less and money market securities are valued using the "amortized" cost method;
- Other debt securities are valued by using the closing bid and asked prices provided by the Funds' pricing service or,

if such prices are unavailable, by a pricing matrix method; and

- Securities and other assets for which market quotations are unavailable or unreliable are valued at fair value estimates by the Adviser under the oversight of the Board of Trustees.

Fair Value Pricing. Portfolio securities and other assets are valued chiefly by market prices from the primary market in which they are traded. Securities are priced at a fair value as determined by the Adviser, under the oversight of the Board of Trustees, when reliable market quotations are not readily available, the Funds' pricing service does not provide a valuation for such securities, the Funds' pricing service provides a valuation that in the judgment of the Adviser does not represent fair value, the Adviser believes that the market price is stale, or an event that affects the value of an instrument (a "Significant Event") has occurred since the closing prices were established, but before the time as of which the Funds calculate their NAVs. Examples of Significant Events may include: (1) events that relate to a single issuer or to an entire market sector; (2) significant fluctuations in domestic or foreign markets; or (3) occurrences not tied directly to the securities markets, such as natural disasters, armed conflicts, or significant government actions. If such Significant Events occur, the Funds may value the instruments at fair value, taking into account such events when it calculates each Fund's NAV. Fair value determinations are made in good faith in accordance with procedures adopted by the Board of Trustees. In addition, the Funds may also fair value an instrument if trading in a particular instrument is halted and does not resume prior to the closing of the exchange or other market.

Attempts to determine the fair value of securities introduce an element of subjectivity to the pricing of securities. As a result, the price of a security determined through fair valuation techniques may differ from the price quoted or published by other sources and may not accurately reflect the market value of the security when trading resumes. If a reliable market quotation becomes available for a security formerly valued through fair valuation techniques, Rafferty compares the market quotation to the fair value price to evaluate the effectiveness of the Funds' fair valuation procedures.

Rule 12b-1 Fees

This Prospectus describes distribution plans under Rule 12b-1 pursuant to which the Funds pay for distribution and services provided to Fund shareholders. Because 12b-1 fees are paid out of the Funds' assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

Pursuant to the Investor Class plan, which applies to all Funds, the Investor Class of each Fund, other than the U.S. Government Money Market Fund and the High Yield Funds, may pay an annual Rule 12b-1 fee of up to 1.00% of the average daily net assets. The Investor Class of the High Yield Funds may pay annual Rule 12b-1 fees of up to 0.40% of the average daily net assets. The U.S. Money Market Fund is not covered by the Investor Class plan. Accordingly, the Investor Class of that Fund does not pay Rule 12b-1 fees. The Board has currently authorized the Investor Class of each Fund covered by the plan to pay a maximum annual Rule 12b-1 fee of 0.25% of the average daily net assets of the Fund's Investor Class. In addition, the Board has authorized the Investor Class of each Fund, including the U.S. Government Money Market Fund, to pay a separate annualized shareholder servicing fee of 0.25% of the average daily net assets.

Under an agreement with the Funds, your registered investment adviser, financial planner, broker-dealer or other financial intermediary ("Financial Advisor"), may receive Rule 12b-1 fees and/or Shareholder Servicing fees from the Funds. In exchange, your Financial Advisor may provide a number of services, such as: placing your orders and issuing confirmations; providing investment advice, research and other advisory services; handling correspondence for individual accounts; acting as the sole shareholder of record for individual shareholders; issuing shareholder statements and reports; executing daily investment "sweep" functions; and other shareholder services as described in the Funds' SAI. For more information on these and other services, you should speak directly to your Financial Advisor. Your Financial Advisor may charge additional account fees for services beyond those specified above.

Additional Payments to Financial Intermediaries

The Adviser (and its affiliates) may make substantial payments to financial intermediaries and service providers

for distribution and/or shareholder servicing activities, out of their own resources, including the profits from the advisory fees the Adviser receives from the Funds. These payments may be made to financial intermediaries for marketing, promotional or related expenses. These payments, sometimes referred to as "revenue sharing," do not change the price paid by investors to purchase shares of the Funds or the amount investors in the Funds would receive as proceeds from the redemption of such shares and will not increase the expenses of investing in the Funds.

Examples of "revenue sharing" payments include, but are not limited to, payment to financial institutions for "shelf space" or access to a third party platform or portfolio offering list or other marketing programs, including, but not limited to, inclusion of a Fund on preferred or recommended sales lists, mutual fund "supermarket" platforms and other formal sales programs; granting the Adviser access to the financial institution's sales force; granting the Adviser access to the financial institution's conferences and meetings; assistance in training and educating the financial institution's personnel; and obtaining other forms of marketing support. Revenue sharing payments also may be made to financial intermediaries that provide various services to the Funds, including but not limited to, record keeping, shareholder servicing, transaction processing, sub-accounting services and other administrative services. The Adviser may make other payments or allow other promotional incentives to financial intermediaries to the extent permitted by the SEC, by the Financial Industry Regulatory Authority, Inc. ("FINRA") and by other applicable laws and regulations.

The level of revenue sharing payments made to financial intermediaries may be a fixed fee or based upon one or more of the following factors: gross sales, current asset and/or number of accounts of a Fund attributable to the financial institution, or other factors as agreed to by the Adviser and the financial institution or any combination thereof. The amount of these revenue sharing payments is determined at the discretion of the Adviser from time to time, may be substantial, and may be different for different financial institutions depending upon the services provided by the financial institution. Such payments may provide an incentive for the financial institution to make shares of a Fund available to its customers and may allow the Funds greater access to the financial institution's customers.

Shareholder Services Guide

You may invest in the Funds through traditional investment accounts, including an Automatic Investment Plan, IRAs (including Roth IRAs), self-directed retirement plans or company sponsored retirement plans. Applications and descriptions of any service fees for retirement or other accounts are available directly from the Funds. You may invest directly with the Funds or through certain financial intermediaries. Any transaction effected through a financial intermediary may be subject to a processing fee. The minimum initial investment is set forth below and may be invested in as many of the Funds as you wish, subject to a minimum investment in each Fund of \$1,000. Rafferty may waive these minimum requirements at its discretion. Contact Rafferty if you need additional information or assistance.

Shares of the Funds have not been registered for sale outside of the United States. The Funds generally do not sell shares to investors residing outside of the United States, even if they are United States citizens or lawful permanent residents, except to investors with United States military APO or FPO addresses.

Purchase Methods	Initial Purchases	Subsequent Purchases
Minimum Investment: Traditional Investment Accounts	\$25,000 or a lesser amount if you are a client of a securities dealer, bank or other financial institution.*	\$500
Minimum Investment: Retirement Accounts (Regular, Roth and Spousal IRAs)	\$25,000 or a lesser amount if you are a client of a securities dealer, bank or other financial institution.*	\$0
By Mail	<ul style="list-style-type: none"> • Complete and sign your Application. Remember to include all required documents (if any). • Make a check payable to "Direxion Funds" and indicate the Fund you would like to purchase. • Send the signed Application and check to: Direxion Funds P.O. Box 701 Milwaukee, Wisconsin 53201-0701 (Do not send via express mail or overnight delivery to the P.O. Box address.) 	<ul style="list-style-type: none"> • Complete an Investment Slip or provide written instructions with your name, account number and the fund in which you would like to invest. • Make a check payable to "Direxion Funds" and indicate the Fund you would like to purchase and your account number. • Send the Investment Slip and check to: Direxion Funds P.O. Box 701 Milwaukee, Wisconsin 53201-0701

Purchase Methods	Initial Purchases	Subsequent Purchases
By Wire	<ul style="list-style-type: none"> • Contact Direxion at (800) 851-0511 to make arrangements to send in your Application via facsimile or mail. • Fax or mail the Application according to instructions the representative will give you. • Call (800) 851-0511 to: (a) confirm receipt of the Application; (b) to receive an account number; and (c) a confirmation number. • Send the original Application to: Direxion Funds P.O. Box 701 Milwaukee, Wisconsin 53201-701 <p>Wired funds must be received prior to market close to be eligible for same day pricing. The Funds and U.S. Bank, N.A. are not responsible for the consequences of delays resulting from the banking or Federal Reserve wire system or from incomplete wiring instructions.</p>	<ul style="list-style-type: none"> • Contact Direxion at (800) 851-0511 with your account number, the amount wired and the Fund(s) in which you want to invest. • You will receive a confirmation number; retain your confirmation number. • Instruct your bank to wire the money to: US Bank NA, Milwaukee, WI 53202 ABA 075000022 Credit: US Bancorp Fund Services, LLC ACCT # 112-952-137 FFC: Direxion Funds (Your name and Direxion Account Number)
By Telephone		<ul style="list-style-type: none"> • You must have elected the "Purchase by Telephone" option on your Application, your account must be open for 15 days and you must have banking information established on your account prior to purchasing shares by telephone. • The minimum telephone purchase is \$500.00. • Contact Direxion at (800) 851-0511 to purchase additional shares of the Fund(s). Orders will be accepted via the electronic funds transfer through the Automated Clearing House ("ACH") network. • Shares will be purchased at the NAV calculated on the day your order is placed provided that your order is received prior to market close.
By ACH		<ul style="list-style-type: none"> • Call (800) 851-0511 to process your request and have your bank account drafted.
Through Financial Intermediaries	Contact your financial intermediary.	Contact your financial intermediary.

* The Adviser may set different investment minimums for certain securities dealers, banks, and other financial institutions that provide certain shareholder services or omnibus processing for the Funds in fee-based mutual fund programs.

Contact Information

By Telephone	(800) 851-0511
Fax	(Faxes may be accepted, but must be pre-authorized by a representative. Please call (800) 851-0511 to receive authorization and the fax number.)
Internet	www.direxionfunds.com
Regular Mail	Direxion Funds P.O. Box 701 Milwaukee, Wisconsin 53201-0701
Overnight Mail	Direxion Funds Mutual Fund Services - 3rd Floor 615 East Michigan Street Milwaukee, Wisconsin 53202

Instructions for Exchanging or Redeeming Shares

By Mail	Send written instructions sufficient to process your request to: Direxion Funds P.O. Box 701 Milwaukee, Wisconsin 53201-0701
By Telephone	(800) 851-0511 for Individual Investors (877) 437-9363 for Financial Professionals
By Internet	<ul style="list-style-type: none">• Log on to www.direxionfunds.com. Establish an account ID and password by following the instructions on the site.• Follow the instructions on the site.
Through Financial Intermediaries	Contact your financial intermediary.

ACCOUNT AND TRANSACTION POLICIES

Payment for Shares. All purchases must be made in U.S. dollars through a U.S. bank. The Funds will not accept payment in cash or money orders. The Funds also do not accept cashier's checks in amounts of less than \$10,000. In addition, to prevent check fraud, the Funds do not accept third party checks, U.S. Treasury checks, credit card checks, traveler's checks, or starter checks for the purchase of shares. We are unable to accept post-dated checks, post-date on-line bill pay checks or any conditional order or payment. If your check does not clear, you will be charged a \$25.00 fee. In addition, you may be responsible for losses sustained by the Fund for any returned payment.

You will receive written confirmation by mail, but we do not issue share certificates.

Anti-Money Laundering Program. The Funds' transfer agent will verify certain information from investors as part of the Funds' anti-money laundering program.

The USA PATRIOT Act of 2001 requires financial institutions, including the Funds, to adopt certain policies and programs to prevent money laundering activities, including procedures to verify the identity of customers opening new accounts. When completing a new Account Application, you will be required to supply your full name, date of birth, social security number and permanent street address to assist in verifying your identity. Mailing addresses containing only a P.O. Box will not be accepted. Until such verification is made, the Funds may temporarily limit additional share purchases. In addition, the Funds may limit additional share purchases or close an account if they are unable to verify a shareholder's identity. As required by law, the Funds may employ various procedures, such as comparing the information to fraud databases or requesting additional information or documentation from you, to ensure that the information supplied by you is correct.

If the Funds do not have a reasonable belief of the identity of a shareholder, the account will be rejected or the shareholder will not be allowed to perform a transaction on the account until such information is received. The Funds may also reserve the right to close the account within five business days if clarifying information and/or documentation is not received.

Good Form. Good form means that your purchase (whether direct or through a financial intermediary) is complete and

contains all necessary information, has all supporting documentation (such as trust documents, beneficiary designations, proper signature guarantees, IRA rollover forms, etc.) and is accompanied by sufficient purchase proceeds. For a purchase request to be in good form, it must include: (1) the name of the Fund; (2) the dollar amount of shares to be purchased; and (3) your purchase application or investment stub. An Application that is sent to the transfer agent does not constitute a purchase order until the transfer agent processes the Application and receives correct payment by check or wire transfer. The Funds do not consider the U.S. Postal Service or other independent delivery services to be its agents.

Certain transactions through a financial intermediary may not be deemed in good form if such financial intermediary failed to properly notify the Funds of such trade or trades. In particular, financial intermediaries that transact in shares of the Funds through the Fundserv must, in many cases, notify the Funds of trades before placing them in the Fundserv system. In the event that a financial intermediary transacts in shares of the Funds through the Fundserv system without notifying the Funds of such trades in advance, such transaction may be deemed not to have been received in good order. In practice, this means that a confirmation from a financial intermediary is not binding on the Funds. In the event that a trade is deemed not to have been received in good form, for whatever reason, a purchase, redemption or exchange request may be rejected or canceled and, in the event of a redemption which is canceled, the Funds shall have the right to a return of proceeds. Cancellation of a trade is processed at the NAV at which the trade was originally received and is ordinarily completed the next business day. Please contact your financial intermediary to determine how it processes transactions in shares of the Funds.

Financial Intermediaries. Financial intermediaries are responsible for placing orders promptly with the Funds and forwarding payment promptly, as well as ensuring that you receive copies of the Funds' Prospectus. Financial intermediaries may charge fees for the services they provide to you in connection with processing your transaction order or maintaining your account with them. Each intermediary also may have its own rules about share transactions, limits on the number of share transactions you are permitted to make in a given time period, and may have earlier cut-off times for processing your transaction. For more information about your financial intermediary's rules and procedures, you should contact your financial intermediary directly. In

addition, Rafferty may, from time to time, at its own expense, compensate financial intermediaries for distribution or marketing services.

Order Policies. There are certain times when you may be unable to sell shares of the Funds or proceeds may be delayed. This may occur during emergencies, unusual market conditions or when the Funds cannot determine the value of their assets or sell their holdings. The Funds reserve the right to reject any purchase order or suspend offering of their shares. Generally, a Fund may reject a purchase if it is disruptive to the efficient management of the Fund.

Telephone Transactions. For your protection, the Funds may require some form of personal identification prior to accepting your telephone request such as verification of your social security number, account number or other information. We also may record the conversation for accuracy. During times of unusually high market activity or extreme market changes, you should be aware that it may be difficult to place your request in a timely manner. If you previously declined telephone privileges and would like to add this option to your account, please contact the Funds at (800) 851-0511 for instructions. IRA accounts are not eligible for telephone redemption privileges. The maximum amount that may be redeemed by telephone is \$100,000.

Automatic Investment Plan. For your convenience, the Funds offer an Automatic Investment Plan (“AIP”). Under the AIP, after you make your initial minimum investment of \$25,000, you authorize the Funds to withdraw the amount you wish to invest from your personal bank account on a monthly basis. The AIP requires a minimum monthly investment of \$500. If you wish to participate in the AIP, please complete the “Automatic Investment Plan” section on the Account Application or call the Funds at (800) 851-0511. In order to participate in the AIP, your bank or financial institution must be a member of the ACH network. The Funds may terminate or modify this privilege at any time. You may change your investment amount or terminate your participation in the AIP at any time by notifying the Funds’ transfer agent by telephone or in writing, five days prior to the effective date of the next transaction. A fee, currently \$25, will be imposed if your AIP transaction is returned.

Signature Guarantees. In certain instances when you sell shares of the Funds, we will need your signature guaranteed. Signature guarantees may be available at your bank, stockbroker or a national securities exchange. A notary public cannot guarantee signatures. Your signature must be guaranteed if:

- You are changing your account ownership;
- Your account registration or address has changed in the last 30 days;
- The redemption proceeds are sent to any person, address or bank account other than the one listed on record with the Funds;
- The proceeds are payable to a third party;
- The sale is greater than \$100,000;
- You are establishing or modifying certain services on an account; or
- There are other unusual situations as determined by the Funds’ transfer agent.

Exchange Policies. You may exchange Investor Class shares of your current Fund(s) for Investor Class shares of any other Fund and Service Class shares of your current Fund(s) for Service Class shares of any other Fund (including Funds not offered in this Prospectus) at the next determined NAV after receipt of your order in good form without any charges. The Funds can only honor exchanges between accounts registered in the same name and having the same address and taxpayer identification number. If your exchange establishes a new position in a Fund, you must exchange at least \$1,000 or, if your account value is less than that, your entire account balance will be exchanged. You may exchange by telephone unless you declined telephone exchange privileges on your Account Application.

Redemption Proceeds. Redemption proceeds from any sale of shares will normally be sent within seven days from the time a Fund receives your request in good order. For investments that have been made by check, payment on sales requests may be delayed until the Funds’ transfer agent is reasonably satisfied that the purchase payment has been collected by a Fund, which may require up to 10 calendar days. Your proceeds will be sent via check, wire or electronic funds transfer through the ACH network using the address or bank account listed on the transfer agent’s records. You will be charged a wire transfer fee of \$15.00, which will be deducted from your account balance on dollar specific redemption requests or from the proceeds on share specific requests. This fee is in addition to any fees that

may be imposed by your bank. Your proceeds will be wired only to the bank listed on the transfer agent's records. Shareholders who have an IRA or other retirement plan must indicate on their redemption request whether to withhold federal income tax. Redemption requests failing to indicate an election not to have tax withheld will generally be subject to 10% withholding. The Funds also offer a Systematic Withdrawal Plan for shareholders who require periodic payments, such as those from IRAs. For more information on this option, please contact the Funds at (800) 851-0511.

Low Balance Accounts. If your total account balance falls below \$10,000 due to withdrawals, then we may sell your shares of the Funds. We will inform you in writing 30 days prior to selling your shares. If you do not bring your total account balance up to \$10,000 within 30 days, we may sell your shares and send you the proceeds. We will not sell your shares if your account value falls due to market fluctuations.

Redemption In-Kind. The Funds reserve the right to pay redemption proceeds to you in whole or in part by a distribution of securities from a Fund's portfolio. It is not expected that the Funds would do so except in unusual circumstances. If a Fund pays your redemption proceeds by a distribution of securities, you could incur brokerage or other charges in converting the securities to cash and will bear any market risks associated with such securities until they are converted into cash.

Short Term Trading. The Funds, other than the U.S. Government Money Market Fund, anticipate that a significant portion of their assets will come from professional money managers and investors who use the Funds as part of their "asset allocation" and/or "market timing" investment strategies. These strategies often call for frequent trading to take advantage of anticipated changes in market conditions.

Frequent trading increases the rate of the Funds' portfolio turnover, which increases the overall expenses of managing the Funds, due to increased brokerage commissions or dealer mark-ups/mark-downs and other transaction costs on the sale of securities and reinvestments in other securities. In addition, frequent trading may dilute the value of Fund shares held by long-term shareholders and may interfere with

the efficient management of the Funds' portfolios. The Funds reserve the right to reject any purchase orders, suspend the offering of Fund shares and impose restrictions in connection with abusive trading practices.

None of the Funds currently imposes any trading restrictions on Fund shareholders or actively monitors for trading abuses.

The U.S. Government Money Market Fund anticipates that like all money market funds, it may be generally used by investors for short-term investments, often in place of bank checking or savings accounts for cash management purposes. Investors often seek money market funds for the ability to add and withdraw their funds quickly, without restriction. Also, the Trust does not believe that the U.S. Government Money Market Fund will be the target of abusive trading practices, because it seeks to maintain a \$1.00 per share price and typically does not fluctuate in value based on market prices.

The Funds' Board of Trustees has approved the short-term trading policy of the Funds. The costs associated with the Funds' portfolio turnover will have a negative impact on longer-term investors.

Money Market Fund Checking Policies. You may write checks against your U.S. Government Money Market Fund account if you request and complete a signature card. With these checks, you may sell shares of the U.S. Government Money Market Fund simply by writing a check for at least \$500. You may not write a check to close your account. If you place a stop payment order on a check, we will charge you \$25.

Electronic Delivery of Reports. Direxion Fund shareholders can save paper by electing to receive their account documents by e-mail in place of paper copies. You may choose electronic delivery for Prospectuses, supplements, Annual and Semi-Annual Reports. To enroll in E-Delivery you can opt-in when completing a direct account application with Direxion Funds. You can also register, cancel, change your e-mail address or change your consent options by logging onto www.direxionfunds.com/edelivery.com.

MANAGEMENT OF THE FUNDS

Rafferty provides investment services to the Funds. Rafferty attempts to manage the investment of the Funds' assets consistent with their investment objectives, policies and limitations. Rafferty has been managing mutual funds since June 1997. Rafferty is located at 33 Whitehall Street, 10th Floor, New York, New York 10004. As of September 30, 2009, the Adviser had approximately \$5.8 billion in assets under management.

Under an investment advisory agreement between the Trust and Rafferty, the Funds pay Rafferty the following fees at an annualized rate based on a percentage of the Funds' daily net assets.

	<u>Advisory Fees Charged</u>
All Funds (except U.S. Government Money Market Fund)	0.75%
U.S. Government Money Market Fund	0.50%

A discussion regarding the basis on which the Board of Trustees approved the investment advisory agreements in 2009 for the Small Cap Funds, the Direxion Monthly Commodity Bull 2X Fund, the Emerging Market Funds, Developed Funds, Direxion Monthly China Bull 2X Fund, 10 Year Note Funds, the High Yield Funds and the U.S. Government Money Market Fund is included in the Funds' Annual Report for the period ended August 31, 2009.

A discussion regarding the basis on which the Board of Trustees approved the investment advisory agreements in 2009 for the S&P 500[®] Funds, the NASDAQ-100[®] Funds, the Dollar Funds and the Direxion Monthly Latin America Bull 2X Fund is included in the Funds' Semi-Annual Report for the period ended October 31, 2009.

An investment committee of Rafferty employees has the day-to-day responsibility for managing the Funds. The investment committee generally decides the target allocation of each Fund's investments and on a day-to-day basis an individual portfolio manager executes transactions for the Funds consistent with the target allocation. The portfolio managers rotate among the Funds periodically so that no single portfolio manager is responsible for a specific Fund for extended periods of time. The members of the investment committee responsible for managing the Funds are Paul Brigandi, Tony Ng, Adam Gould and Aram Babikian.

Loren L. Norton has managed the High Yield Funds since joining Rafferty in May 2006. Mr. Norton is a Vice President and Portfolio Manager at Rafferty and serves as its chief high

yield strategist. He has 8 years of experience in the fixed income markets. Prior to joining Rafferty, Mr. Norton was a Vice President and Credit Derivatives Trader at Credit Suisse from 2003 to 2005. He also was an Associate and Credit Derivatives Trader at Morgan Stanley from 2001 to 2002. As a Credit Derivatives Trader, he was responsible for buying and selling high yield, crossover and investment grade sector single name credit derivatives. He has a BBA in Finance from the University of Massachusetts and MBA from Columbia Business School.

Mr. Brigandi has been a Portfolio Manager for the Funds at Rafferty since June 2004. Mr. Brigandi was previously involved in the equity trading training program for Fleet Boston Financial Corporation from August 2002 to April 2004. Mr. Brigandi is a 2002 graduate of Fordham University.

Mr. Ng has been a Portfolio Manager for the Funds at Rafferty since April 2006. Mr. Ng was previously a Team Leader in the Trading Assistant Group with Goldman Sachs from 2004 to 2006. He was employed with Deutsche Asset Management from 1998 to 2004. Mr. Ng graduated from State University at Buffalo in 1998.

Mr. Gould has been a Portfolio Manager at Rafferty Asset Management since January of 2007. Prior to joining Rafferty, Mr. Gould was an Index Fund Portfolio Manager at the Bank of New York, responsible for managing ten domestic Index funds, and 20 separately managed accounts. Before joining the Bank of New York in May of 2005, Mr. Gould received an MBA from Georgetown University. Prior to attending graduate school, Mr. Gould was a NASDAQ Market Maker at Deutsche Bank from 1999 through 2002. He completed his undergraduate studies at the University of Wisconsin in 1999, graduating with a Bachelor of Science.

Mr. Babikian is a Portfolio Manager and joined Rafferty in September of 2008. Prior to joining Rafferty, Mr. Babikian worked for Goldman Sachs as a client derivative portfolio valuations analyst. Mr. Babikian graduated from Baruch College in 2005 with a Bachelor of Business Administration in Finance.

The Funds' SAI provides additional information about the investment committee members' compensation, other accounts they manage and their ownership of securities in the Funds.

PORTFOLIO HOLDINGS

A description of the Funds' policies and procedures with respect to the disclosure of the Funds' portfolio securities is available in the Funds' SAI. Currently, disclosure of the Funds' holdings is required to be made quarterly within 60 days of the end of each fiscal quarter in the Annual Report and Semi-Annual Report to Fund shareholders and in the quarterly holdings report on Form N-Q. The Annual and Semi-Annual Reports will be available by contacting the Direxion Funds, c/o U.S. Bancorp Fund Services, LLC, P.O. Box 701, Milwaukee, Wisconsin 53201-0701 or calling (800) 851-0511.

DISTRIBUTIONS AND TAXES

Distributions. Each Fund, except the U.S. Government Money Market Fund (“Money Market Fund”), distributes dividends from its net investment income at least annually. The Money Market Fund ordinarily declares dividends from its net investment income daily and usually distributes them monthly. Net investment income generally consists of interest income and dividends received on investments, less expenses.

Each Fund also distributes any realized net capital gains and net gains from foreign currency transactions, if any, at least annually. A Fund realizes capital gains mainly from sales of its portfolio assets for a profit.

Dividends and other distributions (collectively, “distributions”) will be reinvested in additional Fund shares automatically at the distributing Fund’s NAV per share unless you request otherwise in writing. Normally, distributions are taxable to shareholders whether received in cash or reinvested. If you elect to receive distributions from a Fund by check and the U.S. Postal Service office cannot deliver the check or the check remains uncashed for six months, the Fund reserves the right to reinvest the check in your account at the Fund’s then current NAV per share and to reinvest all subsequent distributions in shares of the Fund until an updated address is received.

Due to the pattern of purchases and redemptions in many of the Funds, a Fund’s total net assets may fluctuate significantly over the course of a year. Because a Fund may declare and pay distributions at any time, an investor may receive a distribution, which may be taxable, shortly after making an investment in that Fund.

Taxes. Tax consequences of a distribution will vary depending on whether the distribution is from investment income, or net capital gain, and in the latter case, how long a Fund has held the assets the sale of which generated the gains, not how long you held your Fund shares. Distributions of net gains on sales of assets held for one year or less are taxed as dividends (that is, ordinary income). Gains on sales of assets held longer than one year (long-term capital gains) are taxed at lower capital gains rates (minimum of 15% for individual shareholders).

The following table illustrates the potential tax consequences for taxable accounts:

Type of Transaction	Tax Rate/Treatment*
Dividend (other than qualified dividend income (“QDI”)) distribution	Ordinary income rate
Distribution of QDI (see below)	Long-term capital gains rate
Distribution of net short-term capital gains	Ordinary income rate
Distribution of net long-term capital gains	Long-term capital gains rate
Sale or exchange of Fund shares owned for more than one year	Long-term capital gain or loss
Sale or exchange of Fund shares owned for one year or less	Gain is taxed at the same rate as ordinary income; loss is subject to special rules

* Tax consequences for tax-deferred retirement accounts (such as IRAs) or non-taxable shareholders generally will be different. You should consult your tax specialist for more information about your personal situation.

QDI consists of dividends a Fund receives from most U.S. corporations and “qualified foreign corporations,” provided that the Fund satisfies certain holding period and other requirements regarding the stock on which the dividends were paid. Dividends received from other investment companies will only qualify for QDI treatment to the extent that the other investment company designates the qualifying portion to its shareholders. A Fund’s dividends attributable to its QDI are taxed to individual shareholders at the long-term capital gains rate, a maximum federal rate of 15% for shareholders who satisfy those restrictions regarding their Fund shares. These special rules generally apply to taxable years beginning before January 1, 2011.

If you are a non-retirement account shareholder of a Fund, then each year we will send you a Form 1099 that tells you the amount of Fund distributions you received for the prior calendar year, the tax status of those distributions and a list of reportable redemption transactions. Normally, distributions are taxable in the year you receive them. However, any distributions declared in the last three months of a calendar year and paid in January of the following year generally are taxable as if received on December 31 of the year they are declared.

If you are a non-corporate shareholder of a Fund and do not provide the Fund with your correct taxpayer identification number (normally your social security number), the Fund is required to withhold and remit to the Internal Revenue Service (“IRS”) 28% of all dividends and (except in the case of the Money Market Fund) other distributions and redemption proceeds otherwise payable to you. If you are

such a shareholder and are otherwise subject to backup withholding, we also are required to withhold and remit to the IRS 28% of all dividends and (again, except in the case of the Money Market Fund) other distributions otherwise payable to you. Any tax withheld may be applied against your tax liability when you file your tax return.

MASTER/FEEDER OPTION

A Fund may in the future operate under a master/feeder structure. This means that a Fund would be a “feeder” fund that attempts to meet its objective by investing all or a portion of its investable assets in a “master” fund with the same investment objective. The “master” fund would purchase securities for investment. It is expected that any such investment company would be managed by Rafferty in substantially the same manner as the Funds. If permitted by law at that time, the Board of Trustees may approve the implementation of such a structure for one or more Funds without seeking shareholder approval. However, the Trustees’ approval will be given only if the investment(s) in the master fund(s) is (are) in the best interests of the Funds and their shareholders. In making that determination, the Trustees will consider, among other things, the benefits to shareholders and/or the opportunity to reduce costs and achieve operational efficiencies. You also will receive a 30-day notice prior to the implementation of the master/feeder structure for your fund.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the financial performance of the Investor Class shares of the Funds below for the periods indicated. The information set forth below was audited by Ernst & Young LLP, whose report, along with the Funds' financial statements, are included in the Annual Report, which is available upon request. Certain information reflects financial results for a single Investor Class share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions).

Year/Period	Ratios to Average Net Assets															
	Net Asset Value, Beginning of Year/Period	Net Investment Income (Loss) ¹	Net Realized and Unrealized Gain (Loss) on Investments	Net Increase (Decrease) in Net Asset Value Resulting from Operations	Dividends from Net Investment Income	Distributions from Realized Capital Gains	Return of Capital Distribution	Total Distributions	Redemption Fees Paid to Fund	Net Asset Value, End of Year/Period	Total Return	Net Assets, End of Year/Period ('000)	Total Expenses ³	Net Expenses ³	Net Investment Income (Loss) After Reimbursement/Recoupment ⁴	Portfolio Turnover Rate ⁵
Direxion Monthly NASDAQ-100 Bull 2X Fund⁹																
Year ended April 30, 2009	\$112.07	\$0.15	\$ (79.02)	\$ (79.17)	\$ —	\$ (1.31)	\$(0.02)	\$(1.33)	\$ —	\$ 31.57	(70.49%)	\$ 26,156	1.93%	1.81%	(0.38%)	83%
Year ended April 30, 2008	144.55	3.08	(15.54)	(12.46)	(7.07)	(12.95)	—	(20.02)	—	112.07	(11.69%)	21,530	2.35%	1.75%	2.22%	28%
May 1, 2006 ¹ to April 30, 2007	140.00	1.61	11.55	13.16	—	(8.61)	—	(8.61)	—	144.55	10.11% ^{2,6}	7,071	3.42%	1.75%	1.23%	920% ²
Direxion Monthly NASDAQ-100 Bear 2.5X Fund⁹																
Year ended April 30, 2009	13.19	(0.09)	(0.27)	(0.36)	(1.18)	—	—	(1.18)	—	11.65	(7.08%)	6,573	2.22%	1.81%	(0.52%)	0%
Year ended April 30, 2008	15.94	0.30	(3.05)	(2.75)	—	—	—	—	—	13.19	(17.25%)	9,086	2.38%	1.75%	2.03%	0%
May 1, 2006 ¹ to April 30, 2007	20.00	0.60	(4.66)	(4.06)	—	—	—	—	—	15.94	(20.30%) ²	8,159	3.23%	1.75%	3.03%	0%
Direxion Monthly S&P 500 Bull 2X Fund¹⁰																
Year ended April 30, 2009	90.05	(0.21)	(70.46)	(70.67)	—	—	(0.01)	(0.01)	—	19.37	(78.48%) ⁷	42,611	1.81%	1.85%	(0.95%)	578%
Year ended April 30, 2008	119.40	2.50	(31.00)	(28.50)	—	—	(0.85)	(0.85)	—	90.05	(23.97%) ⁷	19,608	2.46%	1.75%	2.35%	190%
May 1, 2006 ¹ to April 30, 2007	100.00	3.50	22.95	26.45	(3.65)	(3.40)	—	(7.05)	—	119.40	26.95% ²	10,382	3.15%	1.75%	3.21%	0%
Direxion Monthly S&P Bear 2X Fund																
Year ended April 30, 2009	16.05	(0.15)	4.53	4.38	(1.11)	—	—	(1.11)	—	19.32	25.39%	26,885	1.93%	1.80%	(0.66%)	195%
Year ended April 30, 2008	14.78	0.34	0.93	1.27	—	—	—	—	—	16.05	8.59%	8,996	2.44%	1.75%	2.10%	168%
May 1, 2006 ¹ to April 30, 2007	20.00	0.51	(5.25)	(4.74)	—	(0.48)	—	(0.48)	—	14.78	(23.87%) ^{2,6}	4,391	7.03%	1.75%	3.02%	0%
Direxion Monthly Latin America Bull 2X Fund¹¹																
Year ended April 30, 2009	177.90	0.30	(151.98)	(151.68)	(0.32)	—	(2.45)	(2.77)	—	23.45	(85.09%) ¹²	44,601	1.82%	1.75%	0.41%	120%
Year ended April 30, 2008	120.80	0.90	86.60	87.50	(20.30)	(10.10)	—	(30.40)	—	177.90	79.77%	283,141	1.64%	1.67%	0.57%	521%
May 2, 2006 ¹ to April 30, 2007	100.00	2.10	27.45	29.55	(7.75)	(1.00)	—	(8.75)	—	120.80	30.83% ²	46,167	2.26%	1.75%	2.07%	861% ²
Direxion Monthly Dollar Bear 2X Fund																
Year ended April 30, 2009	27.35	(0.08)	(9.03)	(9.11)	(0.26)	(1.44)	—	(1.70)	—	18.24	(33.31%)	9,149	2.08%	1.80%	(0.31%)	0%
Year ended April 30, 2008	22.16	0.50	6.39	6.89	(0.26)	(1.44)	—	(1.70)	—	27.35	32.50% ^{2,8}	22,979	1.95%	1.75%	1.99%	0%
June 12, 2006 ¹ to April 30, 2007	20.00	0.60	1.64	2.24	(0.05)	(0.03)	—	(0.08)	—	22.16	11.22% ^{2,8}	2,795	6.54%	1.75%	3.24%	0%
Direxion Monthly Dollar Bull 2X Fund																
June 2, 2008 ¹ to April 30, 2009	30.00	(0.11)	8.62	8.51	—	(1.76)	—	(1.76)	—	36.75	27.87% ²	3,208	2.49%	1.71%	(0.30%)	0%

1 Commencement of operations.

2 Not annualized.

3 Annualized.

4 Net investment income (loss) per share represents net investment income (loss) divided by the daily average shares of beneficial interest outstanding throughout each period.

5 Portfolio turnover is calculated without regard to short-term securities having a maturity of less than one year. Investments in options, swaps, and futures contracts and repurchase agreements are deemed short-term securities. The Fund's aggressive investment strategy may result in significant portfolio turnover to take advantage of anticipated changes in market conditions.

6 The Adviser made voluntary contributions to reduce the tracking error. If the contributions had not been made, the total return would have been 0.10% lower.

7 The Adviser made voluntary contributions to reduce the tracking error. If the contributions had not been made, the total return would have been 0.04% lower.

8 The Adviser made voluntary contributions to reduce the tracking error. If the contributions had not been made, the total return would have been 0.25% lower.

9 On December 15, 2008, the NASDAQ-100 Bull 2.5X Fund had a 7:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 7:1 reverse stock split.

10 On December 15, 2008, the S&P 500 Bull 2.5X Fund had a 5:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 5:1 reverse stock split.

11 On December 15, 2008, the Latin America Bull 2X Fund had a 5:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 5:1 reverse stock split.

12 The Adviser made an involuntary contribution for fund overdraft. If the contributions had not been made, the total return would have been less than .005% lower.

Ratios to Average Net Assets

Year/Period	Net Asset Value, Beginning of Year/Period	Net Investment Income (Loss) ¹	Net Realized and Unrealized Gain (Loss) on Investments ⁴	Net Increase (Decrease) in Net Asset Value Resulting from Operations	Dividends from Net Investment Income	Distributions from Realized Capital Gains	Return of Capital Distribution	Total Distributions	Net Asset Value, End of Year/Period	Total Return ⁵	Net Assets, End of Year/Period (\$00)	Including Short Interest		Excluding Short Interest		Net Investment Income (Loss) After Expense Reimbursement/ ¹⁰ Recoupment ¹	Portfolio Turnover Rate ⁶
												Total Expenses ¹	Net Expenses ¹	Total Expenses ¹	Net Expenses ¹		
Direxion Monthly Small Cap Bull 2X Fund¹¹																	
Year Ended August 31, 2009	\$ 80.66	\$(0.25)	\$55.87	\$(56.12)	\$	\$	\$	—	\$ 24.54	(69.58%)	\$14,559	—	—	2.16%	1.89%	(1.31%)	0%
Year ended August 31, 2008	120.08	1.10	(31.22)	(30.12)	(9.30)	—	—	(9.30)	80.66	(26.31%)	5,653	—	—	2.50%	1.75%	1.24%	723%
Year ended August 31, 2007	106.88	3.60	9.60	13.20	—	—	—	—	120.08	12.33%	3,561	—	—	3.19%	1.75%	2.76%	535%
Year ended August 31, 2006	113.20	2.96	(9.28)	(6.32)	—	—	—	—	106.88	(5.60%)	4,418	—	—	2.07%	1.75%	2.50%	762%
Year ended August 31, 2005	90.90	0.46	21.84	22.30	—	—	—	—	113.20	24.53%	15,573	—	—	1.75%	1.75%	0.43%	407%
Direxion Monthly Small Cap Bear 2X Fund																	
Year Ended August 31, 2009	10.20	(0.08)	(0.25)	(0.33)	(0.82)	—	(6.10)	(6.92)	2.95	(48.97%)	5,055	—	—	2.20%	1.86%	(1.18%)	0%
Year ended August 31, 2008	11.61	0.17	(1.16)	(0.99)	(0.42)	—	—	(0.42)	10.20	(8.95%)	13,365	—	—	2.27%	1.75%	1.39%	0%
Year ended August 31, 2007	15.12	0.39	(3.90)	(3.51)	—	—	—	—	11.61	(23.21%)	29,669	—	—	2.15%	1.75%	3.25%	0%
Year ended August 31, 2006	19.88	0.41	(3.70)	(3.29)	(0.75)	—	(0.72)	(1.47)	15.12	(17.09%)	16,190	—	—	1.75%	1.88%	2.23%	0%
Year ended August 31, 2005	26.48	0.15	(6.75)	(6.60)	—	—	—	—	19.88	(24.92%)	47,713	—	—	2.16%	1.95%	0.68%	0%
Direxion Monthly 10 Year Note Bull 2X Fund																	
Year Ended August 31, 2009	24.14	0.23	2.99	3.22	—	—	—	—	27.36	13.34%	24,451	—	—	1.73%	1.77%	0.88%	2,327%
Year ended August 31, 2008	20.12	0.40	4.35	4.75	(0.11)	(0.62)	—	(0.73)	24.14	24.07%	28,555	—	—	1.77%	1.75%	1.70%	2,086%
Year ended August 31, 2007	18.73	0.62	0.77	1.39	—	—	—	—	20.12	7.42%	8,215	8.80%	7.48%	3.07%	1.75%	3.20%	1,063%
Year ended August 31, 2006	20.96	0.62	(2.39)	(1.77)	(0.33)	—	(0.13)	(0.46)	18.73	(8.52%)	14,776	8.84%	5.84%	4.75%	1.75%	3.53%	889%
March 31, 2005 ² to August 31, 2005	20.00	0.22	0.74	0.96	—	—	—	—	20.96	4.80% ²	1,212	—	—	8.81%	1.60%	2.80%	1,444% ²
Direxion Monthly 10 Year Note Bear 2X Fund																	
Year Ended August 31, 2009	13.82	(0.76) ⁹	(2.17)	(2.93)	—	—	—	—	10.89	(21.20%)	15,721	7.23%	7.18%	1.85%	1.80%	(6.78%) ¹⁰	0%
Year ended August 31, 2008	17.57	(0.31) ⁹	(3.26)	(3.57)	(0.04)	—	(0.14)	(0.18)	13.82	(20.46%)	37,471	8.02%	7.88%	1.89%	1.75%	(2.09%) ¹⁰	0%
Year ended August 31, 2007	18.87	0.44 ⁹	(1.03)	(0.59)	(0.21)	(0.50)	—	(0.71)	17.57	(3.27%)	5,794	11.92%	11.40%	2.27%	1.75%	2.37% ¹⁰	0%
Year ended August 31, 2006	17.02	— ⁹	1.85	1.85	—	—	—	—	18.87	10.87%	8,201	10.45%	10.45%	1.75%	1.75%	0.02% ¹⁰	0%
Year ended August 31, 2005	17.96	(0.20) ⁹	(0.74)	(0.94)	—	—	—	—	17.02	(5.23%)	35,994	6.94%	7.06%	1.63%	1.75%	(1.13%) ¹⁰	0%

1 Annualized

2 Not annualized

3 Net investment income (loss) per share represents net investment income (loss) divided by the daily average shares of beneficial interest outstanding throughout each period.

4 The amounts shown may not correlate with aggregate gains and losses of portfolio securities due to timing of subscriptions and redemptions of Fund shares.

5 All returns reflect reinvested dividends, if any, but do not reflect the impact of taxes.

6 Portfolio turnover is calculated without regard to short-term securities having a maturity of less than one year. Investments in options, swaps, and futures contracts and repurchase agreements are deemed short-term securities. The Fund's aggressive investment strategy may result in significant portfolio turnover to take advantage of anticipated changes in market conditions.

7 Net investment income (loss) before interest on short positions for the year ended August 31, 2007 and the year ended August 31, 2006 was \$1.73 and \$1.33, respectively.

8 Net investment income (loss) ratio included interest on short positions. The ratio excluding interest on short positions for the year ended August 31, 2007 and 2006 was 8.93% and 7.63%, respectively.

9 Net investment income (loss) before interest on short positions for the years ended August 31, 2009, August 31, 2008, 2007, 2006 and 2005 were \$(0.16), \$0.05, \$0.59, \$2.25, \$1.64 and \$0.74, respectively.

10 Net investment income (loss) ratio included interest on short positions. The ratio excluding interest on short positions for the years ended August 31, 2009, August 31, 2008, 2007, 2006 and 2005 were (1.40)%, 4.04%, 12.02%, 8.73% and 4.31%, respectively.

11 On December 15, 2008, the Small Cap Bull 2.5X Fund had a 2:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 2:1 reverse stock split.

12 Commencement of operations.

Ratios to Average Net Assets

Year/Period	Net Asset Value, Beginning of Year/Period	Net Investment Income (Loss) ³	Net Realized and Unrealized Gain (Loss) on Investments ⁴	Net Increase (Decrease) in Net Asset Value Resulting from Operations	Dividends from Net Investment Income	Distributions from Realized Capital Gains	Return of Capital Distribution	Total Distributions	Net Asset Value, End of Year/Period	Total Return ⁵	Including Short Interest		Excluding Short Interest		Net Investment Income (Loss) After Expense Reimbursement/ ⁶ Recoupment ⁷	Portfolio Turnover Rate ⁸
											Total Expenses ¹	Net Expenses ¹	Total Expenses ¹	Net Expenses ¹		
Dynamic HY Bond Fund																
Year Ended August 31, 2009	\$ 16.38	\$ (0.17) ⁹	\$ (1.57)	\$ (1.74)	\$ (1.11)	\$ —	\$ —	\$ (1.11)	\$ 13.53	(10.73%) ⁷	1.75%	1.73%	1.75%	1.73%	(1.24%) ⁹	889%
Year ended August 31, 2008	18.67	0.32	(1.38)	(1.06)	(1.23)	—	—	(1.23)	16.38	(5.85%) ⁷	—	—	1.74%	1.74%	1.80%	241%
Year ended August 31, 2007	18.16	0.79	0.51	1.30	(0.79)	—	—	(0.79)	18.67	7.24%	—	—	1.52%	1.52%	4.16%	426%
Year ended August 31, 2006	19.00	0.77	0.23	1.00	(1.84)	—	—	(1.84)	18.16	5.58%	—	—	1.46%	1.46%	4.18%	805%
Year ended August 31, 2005	20.35	0.84	(1.37)	(0.53)	(0.82)	—	—	(0.82)	19.00	(2.66%) ⁷	—	—	1.39%	1.39%	4.14%	622%
HY Bear Fund																
Year Ended August 31, 2009	18.74	(0.22)	(0.41)	(0.63)	(0.16)	(0.07)	—	(0.23)	17.88	(3.48%) ⁷	—	—	2.04%	1.88%	(1.15%) ¹¹	0%
Year ended August 31, 2008	19.23	0.25 ¹⁰	0.06	0.31	(0.16)	(0.64)	—	(0.80)	18.74	1.63%	2.37%	2.26%	1.86%	1.75%	1.31% ¹¹	0%
Year ended August 31, 2007	19.48	0.66 ¹⁰	(0.79)	(0.13)	(0.12)	—	—	(0.12)	19.23	(0.66%) ⁷	3.18%	3.22%	1.68%	1.72%	3.41% ¹¹	0%
September 30, 2005 ¹⁵ to August 31, 2006	20.00	0.45 ¹⁰	(0.97)	(0.52)	—	—	—	—	19.48	(2.60%) ²	3.72%	2.02%	3.45%	1.75%	2.51% ¹¹	1,150% ²
Direxion Monthly Commodity Bull 2X Fund¹²																
Year Ended August 31, 2009	90.21	(0.32)	(53.04)	(53.36)	—	(0.48)	—	(16.92)	36.85	(59.15%) ⁷	—	—	1.96%	1.88%	(1.07%) ¹¹	30%
Year ended August 31, 2008	96.06	0.39	10.68	11.07	(16.44)	(0.48)	—	(16.92)	90.21	10.93%	—	—	1.78%	1.75%	0.35%	168%
Year ended August 31, 2007	61.44	1.38	33.24	34.62	—	—	—	—	96.06	56.35%	—	—	2.06%	1.75%	1.56%	612%
Year ended August 31, 2006	75.09	1.29	(8.28)	(6.99)	—	(6.66)	—	(6.66)	61.44	(9.35%) ⁷	—	—	2.59%	1.75%	1.80%	8,528%
February 17, 2005 ¹⁵ to August 31, 2005	60.00	0.48	14.61	15.09	—	—	—	—	75.09	25.15% ²	—	—	2.00%	1.75%	1.37%	0% ²
Direxion Monthly Emerging Markets Bull 2X Fund¹³																
Year Ended August 31, 2009	106.45	(0.44)	(60.42)	(60.86)	—	(22.15)	(0.14)	(0.14)	45.45	(57.08%) ¹⁴	—	—	1.89%	1.89%	(1.34%) ¹¹	1,643%
Year ended August 31, 2008	194.45	1.45	(38.75)	(37.30)	(1.80)	(11.85)	(26.75)	(50.70)	106.45	(27.82%) ⁷	—	—	1.75%	1.75%	0.85%	2,796%
Year ended August 31, 2007	125.10	1.55	82.05	83.60	(2.40)	(11.85)	—	(14.25)	194.45	69.47%	—	—	2.02%	1.75%	0.83%	2,617%
November 1, 2005 ¹⁵ to August 31, 2006	100.00	1.00	25.95	26.95	(1.85)	—	—	(1.85)	125.10	27.06% ²	—	—	1.55%	1.55%	0.92%	954% ²

1 Annualized

2 Not annualized

3 Net investment income (loss) per share represents net investment income (loss) divided by the daily average shares of beneficial interest outstanding throughout each period.

4 The amounts shown may not correlate with aggregate gains and losses of portfolio securities due to timing of subscriptions and redemptions of Fund shares.

5 All returns reflect reinvested dividends, if any, but do not reflect the impact of taxes.

6 Portfolio turnover is calculated without regard to short-term securities having a maturity of less than one year. Investments in options, swaps, and futures contracts and repurchase agreements are deemed short-term securities. The Fund's aggressive investment strategy may result in significant portfolio turnover to take advantage of anticipated changes in market conditions.

7 The Adviser made a contribution due to trading error. If the contribution had not been made, the total return would have been lower by 0.41%.

8 Net investment income (loss) before interest on short positions for the year ended August 31, 2009 was \$(0.17).

9 Net investment income (loss) ratio included interest on short positions. The ratio excluding interest on short positions for the year ended August 31, 2009 was (1.24)%.

10 Net investment income (loss) before interest on short positions for the years ended August 31, 2008, 2007 and 2006 were \$0.35, \$0.94 and \$0.41, respectively.

11 Net investment income (loss) ratio included interest on short positions. The ratio excluding interest on short positions for the years ended August 31, 2008, 2007 and 2006 were 1.83%, 4.96% and 2.25%, respectively.

12 On December 15, 2008, the Commodity Bull 2X Fund had a 3:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 3:1 reverse stock split.

13 On December 15, 2008, the Emerging Markets Bull 2X Fund had a 5:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 5:1 reverse stock split.

14 The Administrator made a contribution due to a trading error. If the contribution had not been made, the total return would have been lower by 0.33%.

15 Commencement of operations.

Ratios to Average Net Assets

Year/Period	Net Asset Value Beginning of Year/Period	Net Investment Income (Loss) ³	Net Realized and Unrealized Gain (Loss) on Investments ⁴	Net Increase (Decrease) in Net Asset Value Resulting from Operations	Dividends from Net Investment Income	Distributions from Realized Capital Gains	Return of Capital Distribution	Total Distributions	Net Asset Value End of Year/Period	Total Return ⁵	Net Assets, End of Year/Period (\$00)	Including Short Interest		Excluding Short Interest		Net Investment Income (Loss) After Expense Reimbursement/Recoupment ¹	Portfolio Turnover Rate ²
												Total Expenses ¹	Net Expenses ¹	Total Expenses ¹	Net Expenses ¹		
Dirxion Monthly Emerging Markets																	
Bear 2X Fund																	
Year Ended August 31, 2009	\$ 26.43	\$(0.08)	\$ (15.75)	\$ (15.93)	\$ —	\$ —	\$(8.17)	\$ (8.17)	\$ 2.43	(83.00%)	\$ 1,586	—	—	3.43%	1.84%	(1.32%)	5.062%
Year ended August 31, 2008	28.60	0.09	(2.26)	(2.17)	—	—	—	—	26.43	(7.59%)	9,170	—	—	2.04%	1.75%	1.66%	0%
Year ended August 31, 2007	60.50	1.35	(32.00)	(30.65)	(1.25)	—	(1.25)	—	28.60	(51.25%)	22,589	—	—	2.59%	1.75%	3.49%	0%
November 4, 2005 ¹⁴ to August 31, 2006	100.00	1.70	(41.20)	(39.50)	—	—	—	—	60.50	(39.50%) ²	2,726	—	—	2.72%	1.71%	2.87%	0% ²
Dirxion Monthly Developed Markets																	
Bull 2X Fund⁸																	
Year Ended August 31, 2009	73.85	(0.36)	(35.52)	(35.98)	—	—	(2.39)	(2.39)	35.58	(47.42%)	3,164	—	—	2.60%	1.87%	(1.38%)	1,300%
Year ended August 31, 2008	131.55	0.55	(39.50)	(38.95)	(11.80)	(1.50)	(5.45)	(18.75)	73.85	(34.75%)	2,704	—	—	2.32%	1.75%	0.51%	1,078%
Year ended August 31, 2007	111.65	3.05	26.15	29.20	(7.70)	(1.60)	—	(9.30)	131.55	26.61%	10,486	—	—	2.03%	1.75%	2.35%	496%
January 25, 2006 ¹⁴ to August 31, 2006	100.00	(0.35)	12.00	11.65	—	—	—	—	111.65	11.65% ²	18,695	—	—	3.87%	1.70%	(0.51%)	251% ²
Dirxion Monthly Developed Markets																	
Bear 2X Fund																	
Year Ended August 31, 2009	15.56	(0.16)	(5.34)	(5.50)	(2.83)	—	—	(2.83)	7.23	(45.82%) ¹³	728	—	—	2.77%	1.84%	(1.03%)	0%
Year ended August 31, 2008	11.99	0.20	3.37	3.57	—	—	—	—	15.56	29.77%	11,133	—	—	1.88%	1.75%	1.60%	0%
Year ended August 31, 2007	15.90	0.43	(4.34)	(3.91)	—	—	—	—	11.99	(24.53%)	6,682	—	—	6.12%	1.75%	3.20%	0%
February 6, 2006 ¹⁴ to August 31, 2006	20.00	0.31	(4.41)	(4.10)	—	—	—	—	15.90	(20.50%) ²	2,787	—	—	2.83%	1.74%	3.10%	0% ²
Dirxion Monthly China Bull 2X Fund¹⁰																	
Year Ended August 31, 2009	100.92	(0.53)	(56.60)	(57.13)	(0.09)	—	(0.01)	(0.10)	43.69	(56.58%)	14,453	—	—	2.14%	1.90%	(1.54%)	3,606%
December 3, 2007 ¹⁴ to August 31, 2008	240.00	0.48	(139.56)	(139.08)	—	—	—	—	100.92	(57.95%) ²	6,295	—	—	2.81%	1.75%	0.46%	2,204% ²
U.S. Government Money Market Fund																	
Year Ended August 31, 2009	1.00	¹²	—	¹²	¹²	—	—	¹²	1.00	0.23%	49,355	—	—	1.29%	0.64%	0.24%	0%
Year ended August 31, 2008	1.00	0.02	—	0.02	(0.02)	—	(0.02)	(0.02)	1.00	2.23%	91,270	—	—	1.10%	0.99%	1.91%	0%
Year ended August 31, 2007	1.00	0.04	—	0.04	(0.04)	—	(0.04)	(0.04)	1.00	4.14%	48,488	—	—	1.21% ¹¹	1.18%	4.06%	0%
Year ended August 31, 2006	1.00	0.03	—	0.03	(0.03)	—	(0.03)	(0.03)	1.00	3.49%	27,309	—	—	1.00%	1.09%	3.37%	0%
Year ended August 31, 2005	1.00	0.02	—	0.02	(0.02)	—	(0.02)	(0.02)	1.00	1.54%	18,718	—	—	1.07%	1.00%	1.61%	0%

1 Annualized

2 Not annualized

3 Net investment income (loss) per share represents net investment income (loss) divided by the daily average shares of beneficial interest outstanding throughout each period.

4 The amounts shown may not correlate with aggregate gains and losses of portfolio securities due to timing of subscriptions and redemptions of Fund shares.

5 All returns reflect reinvested dividends, if any, but do not reflect the impact of taxes.

6 Portfolio turnover is calculated without regard to short-term securities having a maturity of less than one year. Investments in options, swaps, and futures contracts and repurchase agreements are deemed short-term securities.

7 The Fund's aggressive investment strategy may result in significant portfolio turnover to take advantage of anticipated changes in market conditions.

8 On May 19, 2008, the Emerging Markets Bear 2X Fund had a 5:1 reverse stock split. Per share data for all periods prior to May 19, 2008 has been adjusted to give effect to 5:1 reverse stock split.

9 On December 15, 2008, the Developed Markets Bull 2X Fund had a 5:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 5:1 reverse stock split.

10 The Adviser made a contribution due to a compliance violation. If the contribution had not been made, the total return would have been lower by 0.07%.

11 On December 15, 2008, the China Bull 2X Fund had a 12:1 reverse stock split. Per share data for all periods prior to December 15, 2008 has been adjusted to give effect to 12:1 reverse stock split.

12 The gross expense ratio reported includes additional expenses that were incurred by the Fund and waived under the terms of the Operating Expense Limitation Agreement.

13 Amount is less than \$0.01 per share.

14 The Adviser made a contribution due to a trading error. If the contribution had not been made, the total return would have been lower by 0.07%.

15 Commencement of operations.

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APPENDIX A

The following tables provide various data for each of the Funds. The first table for each Fund sets forth for the last ten years the annual return of the Fund's benchmark index and that return multiple by two. The second table for each Fund sets forth for the last ten years the hypothetical return of each Fund and its index, taking into account the effect of compounding.

Monthly S&P 500 Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	21.04%	42.08%	43.93%	2.09	1.85%
2000	-9.10%	-18.21%	-19.61%	2.15	-1.40%
2001	-11.89%	-23.77%	-25.37%	2.13	-1.60%
2002	-22.10%	-44.20%	-42.15%	1.91	2.05%
2003	28.68%	57.37%	63.01%	2.20	5.64%
2004	10.88%	21.76%	22.25%	2.04	0.49%
2005	4.91%	9.82%	9.43%	1.92	-0.39%
2006	15.79%	31.59%	33.46%	2.12	1.87%
2007	5.49%	10.99%	10.32%	1.88	-0.67%
2008	-37.00%	-74.00%	-63.13%	1.71	10.87%

Over the last 10 years the average intra-month beta for the S&P 500 Bull 2X Fund was 2.008. The lowest beta was 1.808 and the highest beta was 3.184. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 3.184, rather than the Fund's standard beta of 2.0. The standard deviation over the 10 year period was 0.096. Of the 2519 sample days over the last 10 years, 2485 or 98.6% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -54.22%.

Monthly S&P 500 Bear 2X Fund

	Index Annual Return	-200% of Index Annual Return	Annual Return of -2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	21.04%	-42.08%	-35.65%	(1.69)	6.43%
2000	-9.10%	18.21%	11.27%	(1.24)	-6.94%
2001	-11.89%	23.77%	15.30%	(1.29)	-8.47%
2002	-22.10%	44.20%	44.95%	(2.03)	0.75%
2003	28.68%	-57.37%	-42.85%	(1.49)	14.52%
2004	10.88%	-21.76%	-20.09%	(1.85)	1.67%
2005	4.91%	-9.82%	-10.78%	(2.19)	-0.96%
2006	15.79%	-31.59%	-26.49%	(1.68)	5.10%
2007	5.49%	-10.99%	-12.51%	(2.28)	-1.52%
2008	-37.00%	74.00%	114.99%	(3.11)	41.00%

Over the last 10 years the average intra-month beta for the S&P 500 Bear 2X Fund was -2.012. The lowest beta was -2.935 and the highest beta was -0.945. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of -2.935, rather than the Fund's standard beta of -2.0. The standard deviation over the 10 year period was 0.215. Of the 2519 sample days over the last 10 years, 2430 or 96.4% fell between -2.5 and -1.5. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -23.76%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

Monthly NASDAQ Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	101.95%	203.90%	265.38%	2.60	61.48%
2000	-36.84%	-73.69%	-68.57%	1.86	5.12%
2001	-32.65%	-65.31%	-68.31%	2.09	-3.00%
2002	-37.58%	-75.16%	-66.55%	1.77	8.62%
2003	49.12%	98.25%	116.50%	2.37	18.25%
2004	10.44%	20.87%	19.60%	1.88	-1.27%
2005	1.49%	2.97%	0.66%	0.44	-2.31%
2006	6.79%	13.58%	12.03%	1.77	-1.55%
2007	18.67%	37.34%	38.44%	2.06	1.10%
2008	-41.89%	-83.77%	-70.25%	1.68	13.52%

Over the last 10 years the average intra-month beta for the NASDAQ Bull 2X Fund was 2.014. The lowest beta was 1.652 and the highest beta was 3.184. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 3.184, rather than the Fund's standard beta of 2.0. The standard deviation over the 10 year period was 0.154. Of the 2519 sample days over the last 10 years, 2190 or 86.9% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -54.22%.

Monthly NASDAQ Bear 2X Fund

	Index Annual Return	-200% of Index Annual Return	Annual Return of -2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	101.95%	-203.90%	-85.32%	(0.84)	118.58%
2000	-36.84%	73.69%	39.18%	(1.06)	-34.50%
2001	-32.65%	65.31%	-1.81%	0.06	-67.11%
2002	-37.58%	75.16%	65.70%	(1.75)	-9.47%
2003	49.12%	-98.25%	-59.22%	(1.21)	39.03%
2004	10.44%	-20.87%	-22.67%	(2.17)	-1.80%
2005	1.49%	-2.97%	-9.95%	(6.70)	-6.98%
2006	6.79%	-13.58%	-16.81%	(2.48)	-3.23%
2007	18.67%	-37.34%	-32.74%	(1.75)	4.61%
2008	-41.89%	83.77%	124.65%	(2.98)	40.88%

Over the last 10 years the average intra-month beta for the NASDAQ Bear 2X Fund was -2.069. The lowest beta was -5.407 and the highest beta was -0.945. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of -5.407, rather than the Fund's standard beta of -2.0. The standard deviation over the 10 year period was 0.441. Of the 2519 sample days over the last 10 years, 2100 or 83.3% fell between -2.5 and -1.5. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -53.18%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

Monthly Small Cap Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	21.26%	42.51%	42.27%	1.99	-0.25%
2000	-3.02%	-6.04%	-12.19%	4.04	-6.15%
2001	2.49%	4.97%	-0.84%	(0.34)	-5.81%
2002	-20.48%	-40.97%	-40.50%	1.98	0.47%
2003	47.25%	94.51%	109.89%	2.33	15.38%
2004	18.33%	36.66%	37.04%	2.02	0.38%
2005	4.55%	9.11%	7.26%	1.59	-1.85%
2006	18.37%	36.73%	37.58%	2.05	0.85%
2007	-1.57%	-3.13%	-4.60%	2.94	-1.46%
2008	-33.79%	-67.57%	-61.12%	1.81	6.45%

Over the last 10 years the average intra-month beta for the Small Cap Bull 2X Fund was 2.015. The lowest beta was 1.798 and the highest beta was 4.118. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 4.118, rather than the Fund's standard beta of 2.0. The standard deviation over the 10 year period was 0.134. Of the 2522 sample days over the last 10 years, 2419 or 95.9% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -67.93%.

Monthly Small Cap Bear 2X Fund

	Index Annual Return	-200% of Index Annual Return	Annual Return of -2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	21.26%	-42.51%	-39.23%	(1.85)	3.28%
2000	-3.02%	6.04%	-16.09%	5.33	-22.13%
2001	2.49%	-4.97%	-18.62%	(7.49)	-13.65%
2002	-20.48%	40.97%	35.79%	(1.75)	-5.18%
2003	47.25%	-94.51%	-59.13%	(1.25)	35.38%
2004	18.33%	-36.66%	-33.29%	(1.82)	3.37%
2005	4.55%	-9.11%	-13.84%	(3.04)	-4.73%
2006	18.37%	-36.73%	-32.85%	(1.79)	3.88%
2007	-1.57%	3.13%	-0.99%	0.63	-4.12%
2008	-33.79%	67.57%	79.16%	(2.34)	11.59%

Over the last 10 years the average intra-month beta for the Small Cap Bear 2X Fund was -2.013. The lowest beta was -3.009 and the highest beta was -0.786. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of -0.3009, rather than the Fund's standard beta of -2.0. The standard deviation over the 10 year period was 0.261. Of the 2522 sample days over the last 10 years, 2362 or 93.6% fell between -2.5 and -1.5. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -33.03%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

Monthly Dollar Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	8.18%	16.35%	16.60%	2.03	0.25%
2000	7.55%	15.10%	14.70%	1.95	-0.40%
2001	6.56%	13.13%	12.98%	1.98	-0.15%
2002	-12.76%	-25.52%	-24.49%	1.92	1.04%
2003	-14.66%	-29.32%	-27.81%	1.90	1.51%
2004	-6.98%	-13.97%	-13.86%	1.98	0.11%
2005	12.76%	25.53%	26.59%	2.08	1.06%
2006	-8.25%	-16.50%	-16.15%	1.96	0.35%
2007	-8.31%	-16.63%	-16.18%	1.95	0.45%
2008	6.01%	12.03%	10.74%	1.79	-1.29%

Over the last 10 years the average intra-month beta for the Dollar Bull 2X Fund was 2.0007. The lowest beta was 1.839 and the highest beta was 2.213. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 2.213, rather than the Fund's standard beta of 2.0. The standard deviation over the 10 year period was 0.03. Of the 2593 sample days over the last 10 years, 2592 or 99.96% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -17.59%.

Monthly Dollar Bear 2X Fund

	Index Annual Return	-200% of Index Annual Return	Annual Return of -2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	8.18%	-16.35%	-15.48%	(1.89)	0.87%
2000	7.55%	-15.10%	-15.73%	(2.08)	-0.63%
2001	6.56%	-13.13%	-13.34%	(2.03)	-0.22%
2002	-12.76%	25.52%	28.62%	(2.24)	3.10%
2003	-14.66%	29.32%	34.04%	(2.32)	4.72%
2004	-6.98%	13.97%	14.12%	(2.02)	0.15%
2005	12.76%	-25.53%	-22.47%	(1.76)	3.06%
2006	-8.25%	16.50%	17.48%	(2.12)	0.99%
2007	-8.31%	16.63%	17.99%	(2.16)	1.37%
	6.01%	-12.03%	-15.15%	(2.52)	-3.12%

Over the last 10 years the average intra-month beta for the Dollar Bear 2X Fund was -2.003. The lowest beta was -2.707 and the highest beta was -1.551. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of -2.707, rather than the Fund's standard beta of -2.0. The standard deviation over the 10 year period was 0.093. Of the 2593 sample days over the last 10 years, 2588 or 99.8% fell between -2.5 and -1.5. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -10.99%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

Monthly Emerging Markets Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
2003	56.26%	112.51%	136.64%	2.43	24.12%
2004	24.63%	49.25%	50.43%	2.05	1.17%
2005	32.62%	65.23%	68.92%	2.11	3.68%
2006	31.19%	62.38%	64.00%	2.05	1.61%
2007	33.31%	66.61%	70.85%	2.13	4.24%
2008	-48.88%	-97.77%	-78.91%	1.61	18.85%

Over the relevant period the average intra-month beta for the Emerging Markets Bull 2X Fund was 2.021. The lowest beta was 1.769 and the highest beta was 8.713. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 8.713, rather than the Fund's standard beta of 2.0. The standard deviation over the 6 year period was 0.296. Of the 1429 sample days, 1329 or 93.0% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -87.04%.

Monthly Emerging Markets Bear 2X Fund

	Index Annual Return	-200% of Index Annual Return	Annual Return of -2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
2003	56.26%	-112.51%	-63.57%	(1.13)	48.94%
2004	24.63%	-49.25%	-41.71%	(1.69)	7.54%
2005	32.62%	-65.23%	-50.27%	(1.54)	14.96%
2006	31.19%	-62.38%	-50.57%	(1.62)	11.81%
2007	33.31%	-66.61%	-51.16%	(1.54)	15.45%
2008	-48.88%	97.77%	155.84%	(3.19)	58.07%

Over the relevant period the average intra-month beta for the Emerging Markets Bear 2X Fund was -2.052. The lowest beta was -3.279 and the highest beta was -0.603. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of -0.3.279, rather than the Fund's standard beta of -2.0. The standard deviation over the 6 year period was 0.321. Of the 1429 sample days, 1284 or 89.8% fell between -2.5 and -1.5. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -29.89%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

Monthly Developed Markets Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
2001	3.98%	7.95%	7.99%	2.01	0.04%
2002	-15.42%	-30.84%	-31.15%	2.02	-0.30%
2003	39.79%	79.57%	90.00%	2.26	10.43%
2004	18.95%	37.90%	39.78%	2.10	1.89%
2005	13.32%	26.64%	27.08%	2.03	0.44%
2006	25.81%	51.62%	56.38%	2.18	4.77%
2007	9.94%	19.88%	19.67%	1.98	-0.21%
2008	-41.04%	-82.07%	-69.25%	1.69	12.83%

Over the relevant period the average intra-month beta for the Developed Markets Bull 2X Fund was 2.009. The lowest beta was 1.835 and the highest beta was 4.007. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 4.007, rather than the Fund's standard beta of 2.0. The standard deviation over 8 year period was 0.118. Of the 1804 sample days, 1745 or 96.7% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -66.75%.

Monthly Developed Markets Bear 2X Fund

	Index Annual Return	-200% of Index Annual Return	Annual Return of -2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
2001	3.98%	-7.95%	-7.83%	(1.97)	0.12%
2002	-15.42%	30.84%	26.73%	(1.73)	-4.11%
2003	39.79%	-79.57%	-53.72%	(1.35)	25.85%
2004	18.95%	-37.90%	-32.01%	(1.69)	5.88%
2005	13.32%	-26.64%	-24.70%	(1.85)	1.94%
2006	25.81%	-51.62%	-39.27%	(1.52)	12.35%
2007	9.94%	-19.88%	-19.85%	(2.00)	0.03%
2008	-41.04%	82.07%	123.72%	(3.01)	41.64%

Over the relevant period the average intra-month beta for the Developed Markets Bear 2X Fund was -2.015. The lowest beta was -2.737 and the highest beta was -0.799. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of -2.737, rather than the Fund's standard beta of -2.0. The standard deviation over the 8 year period was 0.222. Of the 1804 sample days, 1750 or 97.0% fell between -2.5 and -1.5. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -20.33%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

Monthly Latin America Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
2005	54.60%	109.20%	124.61%	2.28	15.41%
2006	41.06%	82.11%	85.93%	2.09	3.81%
2007	48.47%	96.93%	109.96%	2.27	13.03%
2008	-47.18%	-94.37%	-79.97%	1.69	14.40%

Over the last 4 years, the average intra-month beta for the Latin America Bull 2X Fund was 2.072. The lowest beta was 1.753 and the highest beta was 18.376. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 2.072, rather than the Fund's standard beta of 2.0. The standard deviation over the 4 year period was 0.706. Of the 1008 sample days over the relevant period, 888 or 88.0% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -94.25%.

Monthly China Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
2005	13.31%	26.63%	24.04%	1.81	-2.59%
2006	83.17%	166.34%	212.83%	2.56	46.49%
2007	54.72%	109.44%	109.02%	1.99	-0.42%
2008	-47.78%	-95.57%	-79.80%	1.67	15.77%

Over the relevant period the average intra-month beta for the China Bull 2X Fund was 2.032. The lowest beta was 1.7 and the highest beta was 8.887. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 8.887, rather than the Fund's standard beta of 2.0. The standard deviation over the 4 year period was 0.311. Of the 1008 sample days, 865 or 85.8% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -87.32%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

Monthly Commodity Bull 2X Fund

	Index Annual Return	200% of Index Annual Return	Annual Return of 2X Monthly Fund	Fund Return/Index Return	Effect of Compounding
1999	21.45%	42.90%	40.44%	1.89	-2.46%
2000	15.54%	31.07%	24.99%	1.61	-6.09%
2001	-1.50%	-2.99%	-6.30%	4.21	-3.31%
2002	-5.26%	-10.53%	-14.04%	2.67	-3.51%
2003	44.14%	88.27%	101.02%	2.29	12.75%
2004	24.23%	48.46%	50.54%	2.09	2.08%
2005	19.90%	39.80%	39.37%	1.98	-0.43%
2006	21.48%	42.97%	41.95%	1.95	-1.01%
2007	43.48%	86.97%	100.01%	2.30	13.04%
2008	-42.20%	-84.40%	-75.11%	1.78	9.29%

Over the last 10 years the average intra-month beta for the Commodity Bull 2X Fund was 2.013. The lowest beta was 1.704 and the highest beta was 8.527. In other words, an investor purchasing shares in the Fund intra-month and on the day when the most extreme beta was reached would have been exposed to a beta of 8.527, rather than the Fund's standard beta of 2.0. The standard deviation over the 10 year period was 0.226. Of the 2516 relevant sample days, 2413 or 95.9% fell between 1.8 and 2.2. The greatest intra-month loss an investor could have incurred in this fund during the relevant time period was -86.72%.

Note that the information above is historical and will not reflect the future performance of a Fund or its benchmark index.

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INVESTOR CLASS

PROSPECTUS

33 Whitehall Street, 10th Floor

New York, New York 10004

(800) 851-0511

MORE INFORMATION ON THE DIREXION FUNDS

Statement of Additional Information ("SAI"):

The Funds' SAI contains more information on the Funds and their investment policies. The SAI is incorporated in this Prospectus by reference (meaning it is legally part of this Prospectus). A current SAI is on file with the Securities and Exchange Commission ("SEC").

Annual and Semi-Annual Reports to Shareholders:

The Funds' reports provide additional information on their investment holdings, performance data and a letter discussing the market conditions and investment strategies that significantly affected the Funds' performance during that period.

To Obtain the SAI or Fund Reports Free of Charge:

Write to: Direxion Funds
P.O. Box 701
Milwaukee, Wisconsin 53201-0701

Call: (800) 851-0511

By Internet: www.direxionfunds.com

These documents and other information about the Funds can be reviewed and copied at the SEC Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Reports and other information about the Funds may be viewed on screen or downloaded from the EDGAR Database on the SEC's website at <http://www.sec.gov>. Copies of these documents may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549-1520.

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