



Direxionfunds

ANNUAL REPORT APRIL 30, 2009

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New York, New York 10004

(800) 851-0511

BULL FUNDS

BEAR FUNDS

INDEX EQUITY FUNDS

S&P 500® Bull 2.5X Fund  
NASDAQ-100® Bull 2.5X Fund  
Latin America Bull 2X Fund

S&P 500® Bear 2.5X Fund  
NASDAQ-100® Bear 2.5X Fund

CURRENCY FUNDS

Dollar Bull 2.5X Fund

Dollar Bear 2.5X Fund

SPECIALITY FUNDS

Commodity Trends Strategy Fund

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# Direxionfunds

Dear Shareholders,

This Annual report for the Direxion Funds covers the fiscal year May 1, 2008 to April 30, 2009 (the "Annual Period"). During the Annual Period, the S&P 500 Index declined -35.31%, the DJ Industrial Average Index declined -34.18% and the Nasdaq-100 Index declined -26.82%, all on a total return basis. The major story for the period was the negative impact of declining real estate valuations on the financial markets and the banking sector. Extraordinary government intervention throughout the period was deemed necessary to prevent a collapse of the financial system and severe damage to the economy. Falling energy and commodity prices, which would usually be expected to provide a tailwind to the economy, did not seem to matter. The U.S. Dollar halted its recent declines and actually rallied during the period as investors sought the safety of dollar-denominated assets.

Direxion's leveraged index funds seek to provide daily returns which are a multiple — positive or negative — of the return of a particular benchmark. The Direxion Funds maintain models which indicate the expected performance of each leveraged index fund in light of the path of the relevant benchmark, the fund's expense ratios and the impact of leveraging the fund's portfolio. The models, and a description of how they work, are available on the Direxion website ([www.direxionfunds.com](http://www.direxionfunds.com)). The models do not take into account the size of a Fund or any transaction fees associated with creating a Fund's portfolio, but do take into account a Fund's expense ratio and financing implications. A brief comparison of the actual versus expected returns for each of the funds in this Annual Report follows.

The NASDAQ-100 Bull 2.5X Fund and the NASDAQ-100 Bear 2.5X Fund seek to provide 250% and -250% of the daily return of the NASDAQ-100 Index. The NASDAQ-100 Bull 2.5X Fund returned -70.49%, 21 basis points higher than its expected return of -70.70%. The NASDAQ-100 Bear 2.5X Fund returned -7.08%, 118 basis points lower than its expected return of -5.90%. The NASDAQ-100 Index itself declined -26.82%.

The S&P 500 Bull 2.5X Fund and the S&P 500 Bear 2.5X Fund seek to provide 250% and -250% of the daily return of the S&P 500 Index. The S&P 500 Bull 2.5X Fund returned -78.48%, 26 basis points higher than its expected return of -78.22%. The S&P 500 Bear 2.5X Fund gained 25.39%, 89 basis points lower than its expected return of 26.28%. The S&P 500 Index itself declined -35.31%.

**The performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted.**

The Latin America Bull 2X Fund seeks to provide 200% of the daily return of the S&P Latin America 40 Index. The Latin America Bull 2X Fund returned -85.09%, 168 basis points lower than its expected return of -83.41%. The S&P Latin America 40 Index itself returned -44.33%.

The Dollar Bull 2.5X Fund and the Dollar Bear 2.5X Fund, which seeks to provide 250% and -250% of the daily return of the U.S. Dollar Index. The Dollar Bull 2.5X Fund returned 27.87%, 519 basis points lower than its expected return of 33.06% between June 2, 2008 and April 30, 2009. The Dollar Bear 2.5X Fund returned -33.31%, equal to its expected return of -33.31% over the fiscal year May 1, 2008 to April 30, 2009. The U.S. Dollar Index itself returned 16.67%.

The Commodity Trends Strategy Fund, which seeks daily investment results, before fees and expenses, of the performance of the Standard and Poor's Commodity Trends Indicator ("S&P CTI"). The Commodity Trends Strategy Fund returned -1.73%, 575 basis points higher than its expected return of -7.48%. The S&P CTI Index itself declined -5.96% for the period of June 11, 2008 (Fund inception date) through April 30, 2009.

As always, we thank you for using the Direxion Funds and we look forward to our mutual success.

Best Regards,



Daniel O'Neill  
*Chief Investment Officer*



Guy Talarico  
*Principal Financial Officer*

**The performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted.**

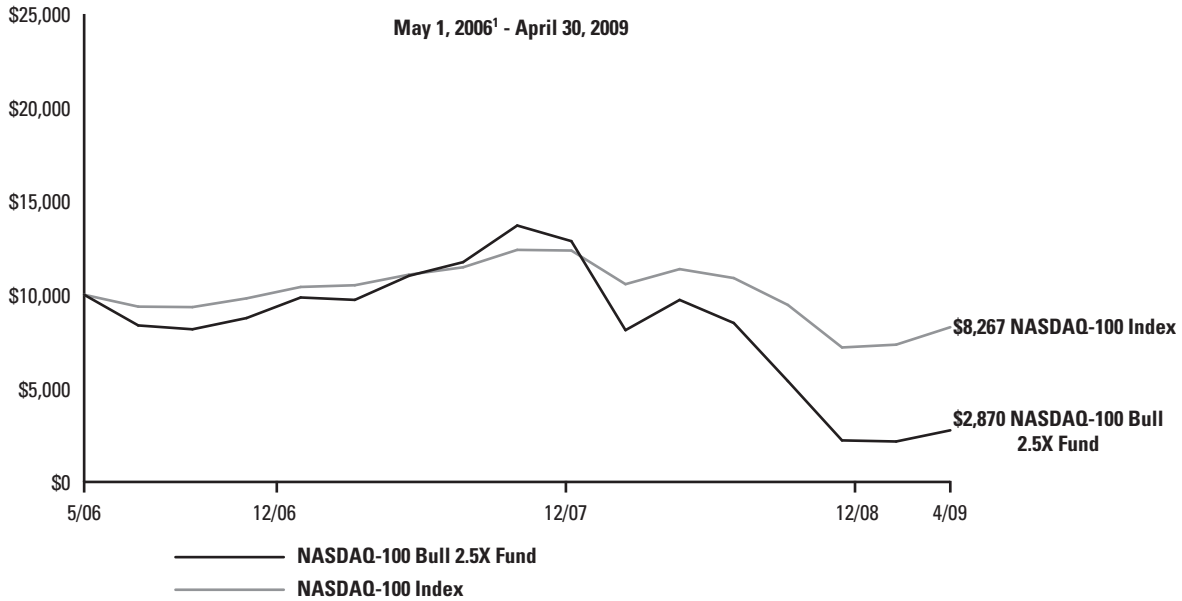
**To obtain performance data current to the most recent month-end, please call, toll-free, 1-800-851-0511 or visit [www.direxionfunds.com](http://www.direxionfunds.com).**

**The total annual fund operating expense of the NASDAQ-100 Bull 2.5X Fund, NASDAQ-100 Bear 2.5X Fund, S&P 500 Bull 2.5X Fund, S&P 500 Bear 2.5X Fund, Latin America Bull 2X Fund, Dollar Bull 2.5X Fund, Dollar Bear 2.5X Fund and Commodity Trends Strategy Fund is 1.81%, 1.81%, 1.85%, 1.80%, 1.75%, 1.80%, 1.71% and 2.00%, respectively, net of any fee, waivers or expense reimbursements.**

**An investment in any of the Direxion Funds is subject to a number of risks that could affect the value of its shares. It is important that investors closely review and understand these risks before making an investment. An investor should consider the investment objectives, risks, charges and expenses of the Direxion Funds carefully before investing. The prospectus contains this and other information about the Direxion Funds. To obtain a prospectus, please call the Direxion Funds at 1 800-851-0511. The prospectus should be read carefully before investing.**

**Distributed by: Rafferty Capital Markets, LLC  
Date of First Use: June 29, 2009**

**NASDAQ-100 Bull 2.5X Fund**  
**May 1, 2006<sup>1</sup> - April 30, 2009 (Unaudited)**



	Average Annual Total Return <sup>2</sup>	
	1 Year	Since Inception
NASDAQ-100 Bull 2.5X Fund	(70.49)%	(34.04)%
NASDAQ-100 Index	(27.29)%	(6.15)%

A Fund that meets its daily target over a period of time will 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 market fluctuation, the use of leverage and the Bear Funds' inverse correlation. The pursuit of daily goals may result in daily, leveraged compounding, which means that the return of an index over a period of time greater than one day multiplied by a fund's specified multiple or inverse multiple (e.g., 250% or -250%) will not generally equal a fund's performance over that same period.

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the NASDAQ-100 Index does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The performance data shown represents past performance and does not guarantee future results.

**Market Exposure**

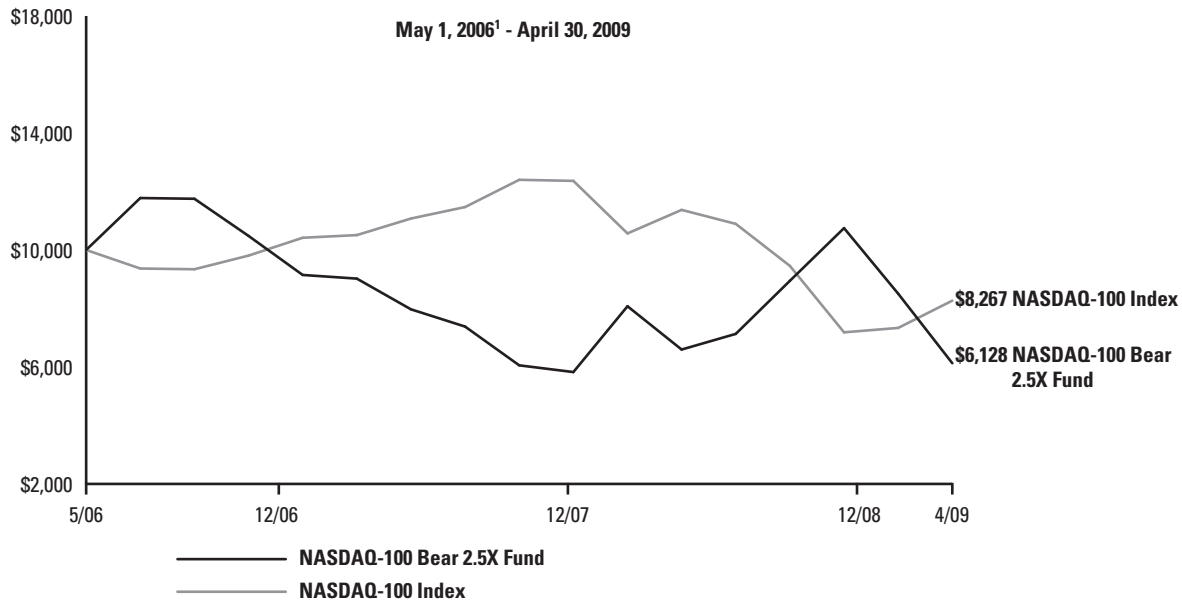
Investment Type	% Net Assets
Swap Contracts	249.8%
<b>Total Exposure</b>	<b>249.8%</b>

"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

**NASDAQ-100 Bear 2.5X Fund**  
**May 1, 2006<sup>1</sup> - April 30, 2009 (Unaudited)**



	Average Annual Total Return <sup>2</sup>	
	1 Year	Since Inception
NASDAQ-100 Bear 2.5X Fund	(7.08)%	(15.06)%
NASDAQ-100 Index	(27.29)%	(6.15)%

A Fund that meets its daily target over a period of time will 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 market fluctuation, the use of leverage and the Bear Funds' inverse correlation. The pursuit of daily goals may result in daily, leveraged compounding, which means that the return of an index over a period of time greater than one day multiplied by a fund's specified multiple or inverse multiple (e.g., 250% or -250%) will not generally equal a fund's performance over that same period.

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the NASDAQ-100 Index does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The performance data shown represents past performance and does not guarantee future results.

**Market Exposure**

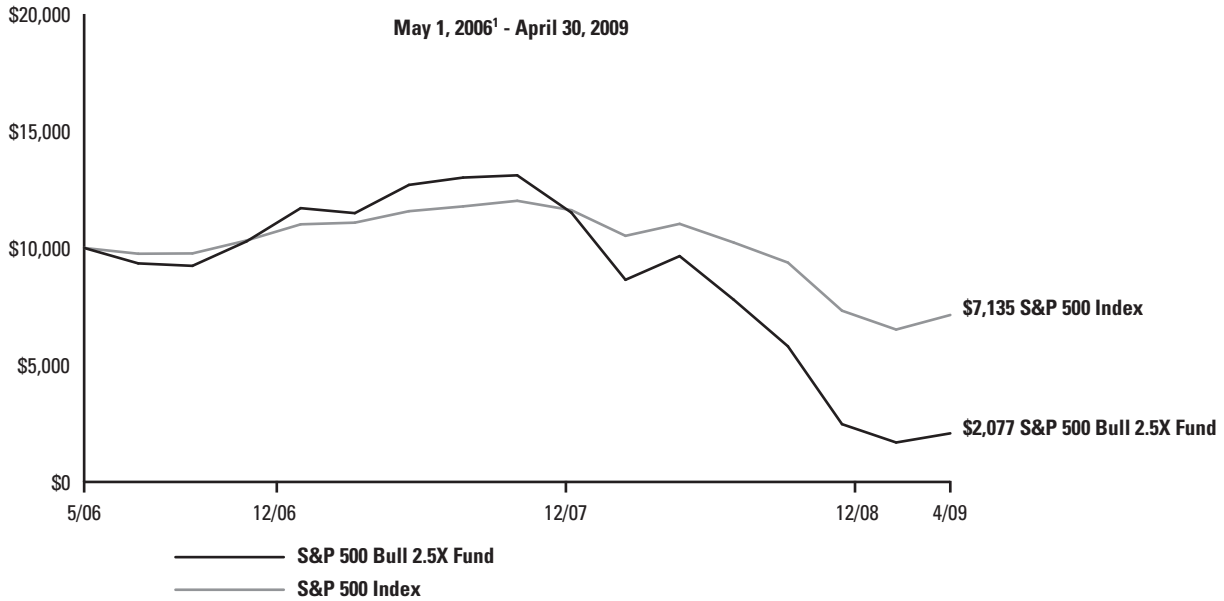
<u>Investment Type</u>	<u>% Net Assets</u>
Swap Contracts	(249.6)%
<b>Total Exposure</b>	<b>(249.6)%</b>

"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

**S&P 500 Bull 2.5X Fund**  
**May 1, 2006<sup>1</sup> - April 30, 2009 (Unaudited)**



	Average Annual Total Return <sup>2</sup>	
	1 Year	Since Inception
S&P 500 Bull 2.5X Fund	(78.48)%	(40.78)%
S&P 500 Index	(35.31)%	(10.64)%

A Fund that meets its daily target over a period of time will 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 market fluctuation, the use of leverage and the Bear Funds' inverse correlation. The pursuit of daily goals may result in daily, leveraged compounding, which means that the return of an index over a period of time greater than one day multiplied by a fund's specified multiple or inverse multiple (e.g., 250% or -250%) will not generally equal a fund's performance over that same period.

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the S&P 500 Index does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The performance data shown represents past performance and does not guarantee future results.

**Market Exposure**

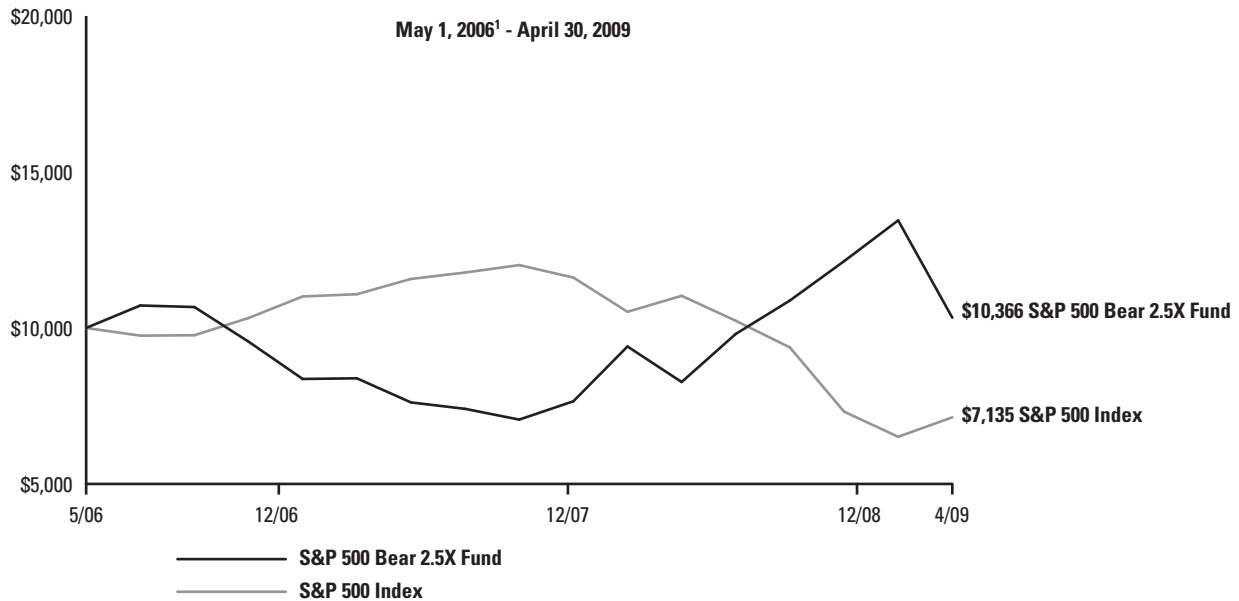
Investment Type	% Net Assets
Futures Contracts	(2.0)%
Swap Contracts	250.1%
<b>Total Exposure</b>	<b>248.1%</b>

"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

**S&P 500 Bear 2.5X Fund**  
**May 1, 2006<sup>1</sup> - April 30, 2009 (Unaudited)**



**Average Annual Total Return<sup>2</sup>**

	<u>1 Year</u>	<u>Since Inception</u>
<b>S&amp;P 500 Bear 2.5X Fund</b>	25.39%	1.21%
<b>S&amp;P 500 Index</b>	(35.31)%	(10.64)%

A Fund that meets its daily target over a period of time will 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 market fluctuation, the use of leverage and the Bear Funds' inverse correlation. The pursuit of daily goals may result in daily, leveraged compounding, which means that the return of an index over a period of time greater than one day multiplied by a fund's specified multiple or inverse multiple (e.g., 250% or -250%) will not generally equal a fund's performance over that same period.

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the S&P 500 Index does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The performance data shown represents past performance and does not guarantee future results.

**Market Exposure**

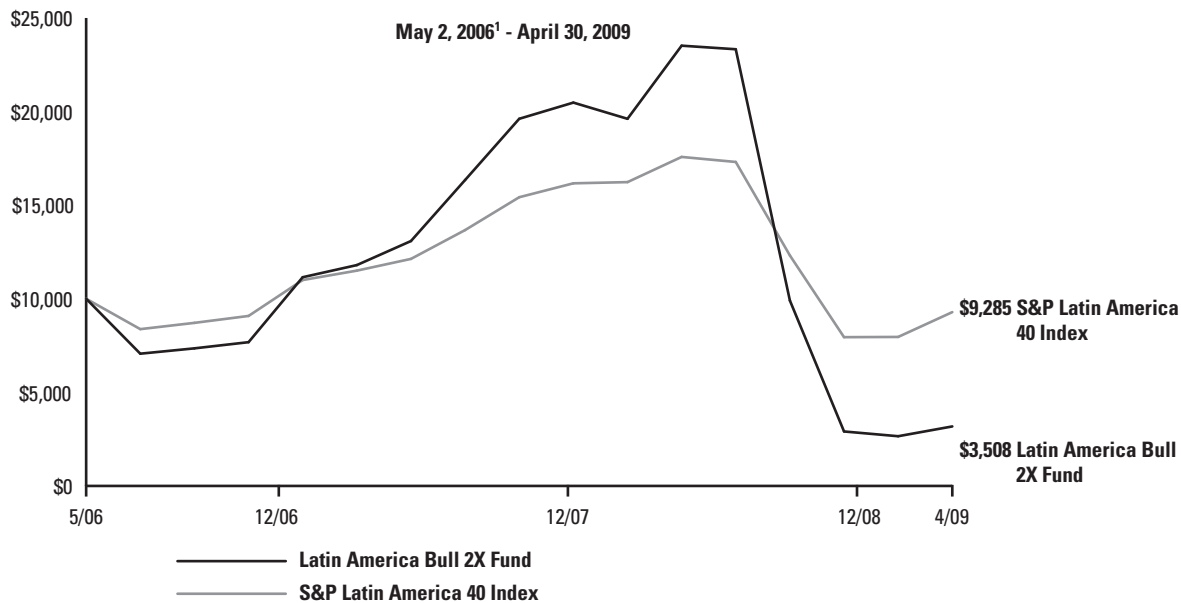
<u>Investment Type</u>	<u>% Net Assets</u>
<b>Swap Contracts</b>	<b>(250.6)%</b>
<b>Total Exposure</b>	<b>(250.6)%</b>

"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

**Latin America Bull 2X Fund**  
**May 2, 2006<sup>1</sup> - April 30, 2009 (Unaudited)**



**Average Annual Total Return<sup>2</sup>**

	<u>1 Year</u>	<u>Since Inception</u>
<b>Latin America Bull 2X Fund</b>	(85.09)%	(29.47)%
<b>S&amp;P Latin America 40 Index</b>	(47.17)%	(2.44)%

A Fund that meets its daily target over a period of time will 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 market fluctuation, the use of leverage and the Bear Funds' inverse correlation. The pursuit of daily goals may result in daily, leveraged compounding, which means that the return of an index over a period of time greater than one day multiplied by a fund's specified multiple or inverse multiple (e.g., 250% or -250%) will not generally equal a fund's performance over that same period.

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the S&P Latin America 40 Index does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The performance data shown represents past performance and does not guarantee future results.

**Market Exposure**

<u>Investment Type</u>	<u>% Net Assets</u>
<b>Investment Companies</b>	<b>0.1%</b>
<b>Swap Contracts</b>	<b>202.5%</b>
<b>Total Exposure</b>	<b>202.6%</b>

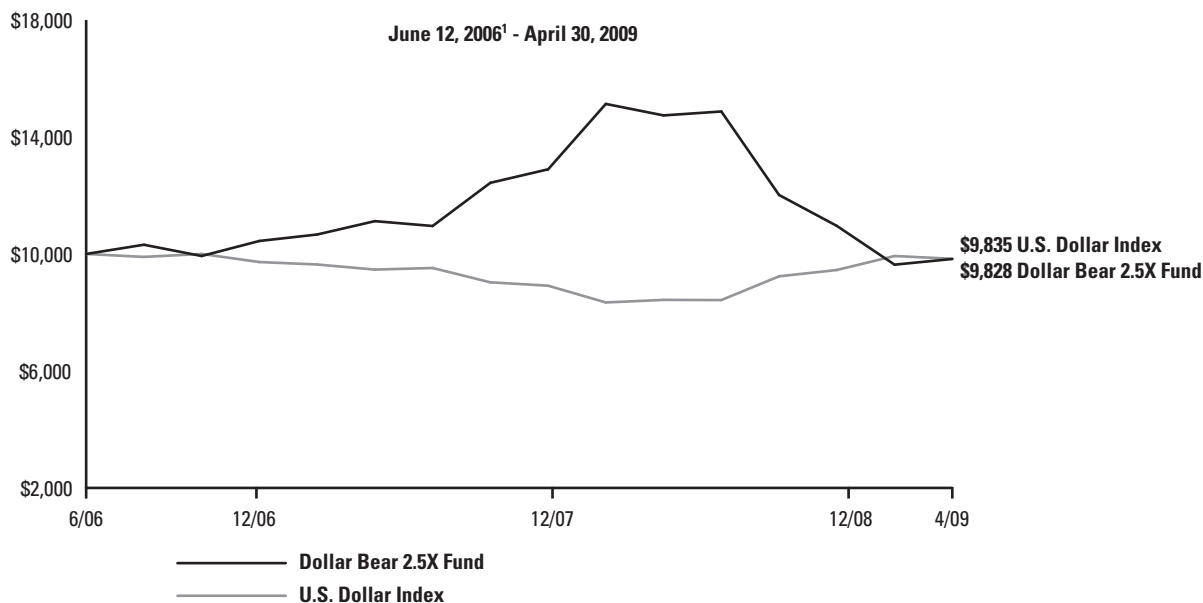
"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

## Dollar Bear 2.5X Fund

June 12, 2006<sup>1</sup> - April 30, 2009 (Unaudited)



### Average Annual Total Return<sup>2</sup>

	1 Year	Since Inception
Dollar Bear 2.5X Fund	(33.31)%	(0.60)%
U.S. Dollar Index	16.67%	(0.58)%

A Fund that meets its daily target over a period of time will 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 market fluctuation, the use of leverage and the Bear Funds' inverse correlation. The pursuit of daily goals may result in daily, leveraged compounding, which means that the return of an index over a period of time greater than one day multiplied by a fund's specified multiple or inverse multiple (e.g., 250% or -250%) will not generally equal a fund's performance over that same period.

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the U.S. Dollar does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The performance data shown represents past performance and does not guarantee future results.

### Market Exposure

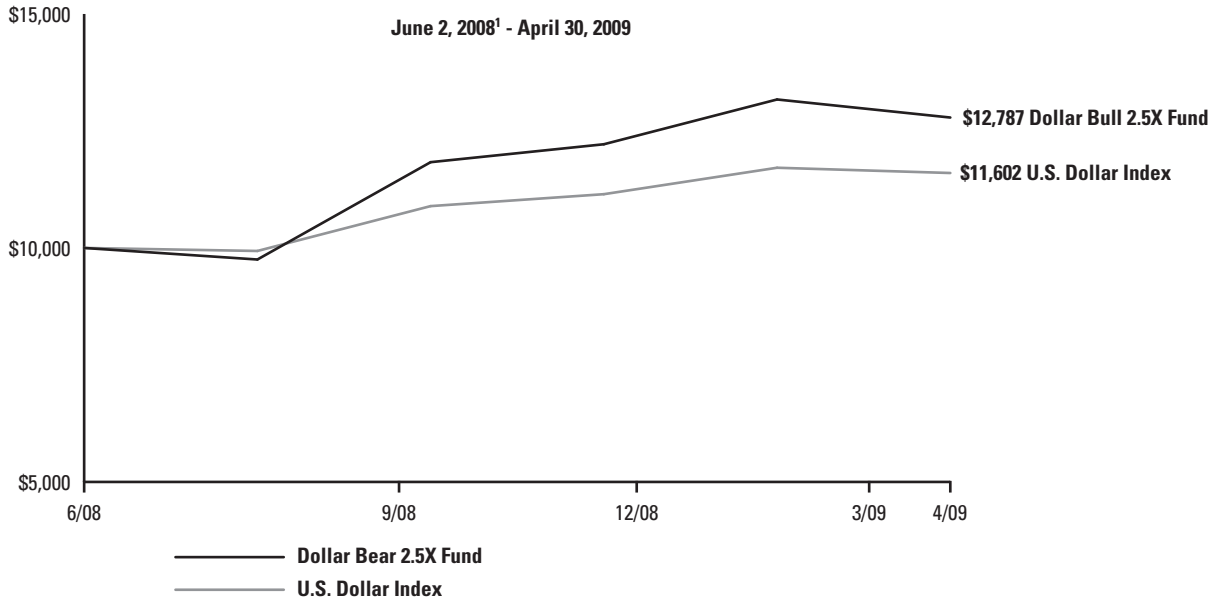
Investment Type	% Net Assets
Futures Contracts	(249.6)%
Total Exposure	(249.6)%

"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

**Dollar Bull 2.5X Fund**  
**June 2, 2008<sup>1</sup> - April 30, 2009 (Unaudited)**



	<u>Total Return<sup>2</sup> Since Inception</u>
<b>Dollar Bull 2.5X Fund</b>	<b>27.87%</b>
<b>U.S. Dollar Index</b>	<b>16.02%</b>

A Fund that meets its daily target over a period of time will 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 market fluctuation, the use of leverage and the Bear Funds' inverse correlation. The pursuit of daily goals may result in daily, leveraged compounding, which means that the return of an index over a period of time greater than one day multiplied by a fund's specified multiple or inverse multiple (e.g., 250% or -250%) will not generally equal a fund's performance over that same period.

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the U.S. Dollar does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The performance data shown represents past performance and does not guarantee future results.

**Market Exposure**

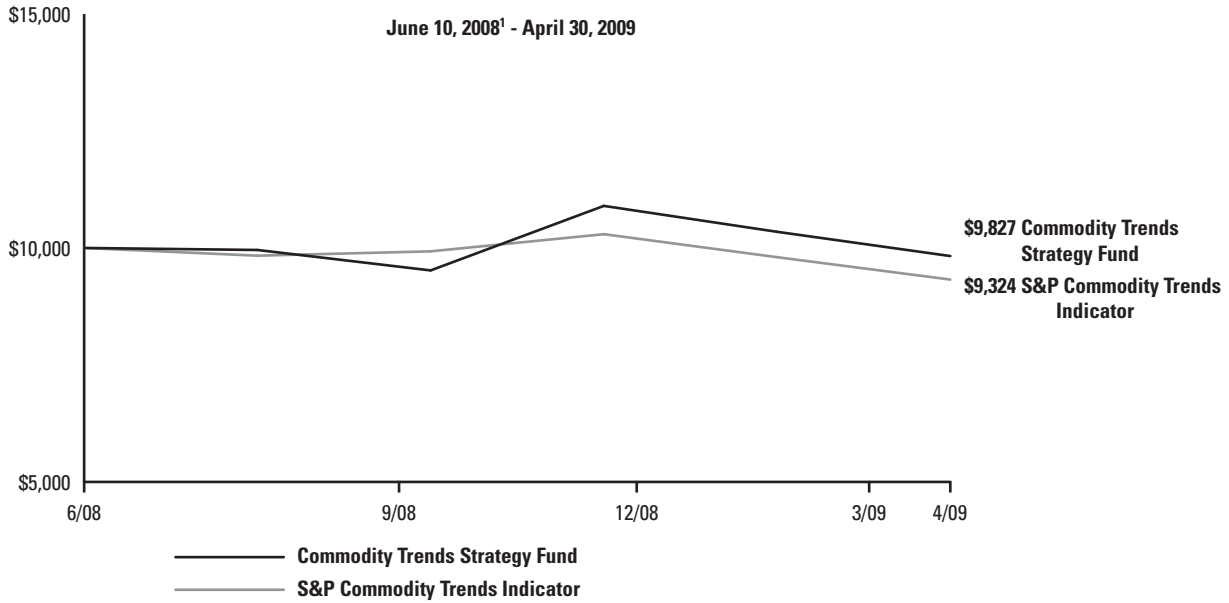
<u>Investment Type</u>	<u>% Net Assets</u>
<b>Futures Contracts</b>	<b>251.4%</b>
<b>Total Exposure</b>	<b>251.4%</b>

"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

**Commodity Trends Strategy Fund**  
**June 10, 2008<sup>1</sup> - April 30, 2009 (Unaudited)**



	<u>Total Return<sup>2</sup> Since Inception</u>
<b>Commodity Trends Strategy Fund</b>	<b>(1.73)%</b>
<b>S&amp;P Commodity Trends Indicator</b>	<b>(6.75)%</b>

This chart illustrates the performance of a hypothetical \$10,000 investment made on the Fund's inception, and is not intended to imply any future performance. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares. The performance of the S&P Commodity Trends Indicator does not reflect the deduction of fees associated with a mutual fund, such as investment management fees. Investors cannot invest directly in an index, although they can invest in its underlying securities.

The Fund imposes a 1.00% redemption fee on shares redeemed (through sales or exchanges) within 90 days of the date of purchase. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced.

The performance data shown represents past performance and does not guarantee future results.

**Market Exposure**

<u>Investment Type</u>	<u>% Net Assets</u>
<b>Swap Contracts</b>	<b>98.7%</b>
<b>Total Exposure</b>	<b>98.7%</b>

"Market Exposure" includes the value of total investments (including the contract value of any derivatives) and excludes any short-term investments and cash equivalents divided by Net Assets.

<sup>1</sup> Commencement of operations.

<sup>2</sup> As of April 30, 2009.

## Expense Example

### April 30, 2009 (Unaudited)

As a shareholder of a mutual fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments, reinvested dividends, or other distributions; redemption fees; and exchange fees; and (2) ongoing costs, including management fees; distribution and/or service fees; and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held the entire period (November 1, 2008 — April 30, 2009).

#### **Actual Expenses**

The first line of the table below provides information about actual account values and actual expenses. Although the Fund charges no sales load or transactions fees, you will be assessed fees for outgoing wire transfers, returned checks or stop payment orders at prevailing rates charged by U.S. Bancorp Fund Services, LLC, the Funds' transfer agent. If you request a redemption be made by wire transfer, currently a \$15.00 fee is charged by the Funds' transfer agent. You will be charged a redemption fee equal to 1.00% of the net amount of the redemption if you redeem those shares of the Commodity Trends Strategy Fund that have been held for less than 90 days. To the extent a Fund invests in shares of other investment companies as part of its investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests in addition to the expenses of the Fund. Actual expenses of underlying funds may vary. These expenses are not included in the examples presented on preceding page. The preceding examples include, but are not limited to, investment advisory, shareholder servicing, fund accounting, custody and transfer agent fees. However, the example below does not include portfolio trading commissions and related expenses or other extraordinary expenses as determined under generally accepted accounting principles. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

#### **Hypothetical Example for Comparison Purposes**

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Funds' actual expense ratios and an assumed rate of return of 5% per year before expenses, which is not the Funds' actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as wire transfers, returned checks or stop payment orders. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

## Expense Example Tables

April 30, 2009 (Unaudited)

	Expense Ratio <sup>1</sup>	Beginning Account Value November 1, 2008	Ending Account Value April 30, 2009	Expenses Paid During Period <sup>2</sup>
<b>NASDAQ-100 Bull 2.5X Fund</b>				
Based on actual fund return	1.89%	\$1,000.00	\$ 910.30	\$ 8.95
Based on hypothetical 5% return	1.89%	1,000.00	1,015.42	9.44
<b>NASDAQ-100 Bear 2.5X Fund</b>				
Based on actual fund return	1.88%	1,000.00	578.60	7.36
Based on hypothetical 5% return	1.88%	1,000.00	1,015.47	9.39
<b>S&amp;P 500 Bull 2.5X Fund</b>				
Based on actual fund return	1.88%	1,000.00	633.30	7.61
Based on hypothetical 5% return	1.88%	1,000.00	1,015.47	9.39
<b>S&amp;P 500 Bear 2.5X Fund</b>				
Based on actual fund return	1.90%	1,000.00	784.30	8.41
Based on hypothetical 5% return	1.90%	1,000.00	1,015.37	9.49
<b>Latin America Bull 2X Fund</b>				
Based on actual fund return	2.15%	1,000.00	993.40	10.63
Based on hypothetical 5% return	2.15%	1,000.00	1,014.13	10.74
<b>Dollar Bear 2.5X Fund</b>				
Based on actual fund return	1.89%	1,000.00	1,022.40	9.48
Based on hypothetical 5% return	1.89%	1,000.00	1,015.42	9.44
<b>Dollar Bull 2.5X Fund<sup>3</sup></b>				
Based on actual fund return	1.66%	1,000.00	876.20	7.72
Based on hypothetical 5% return	1.66%	1,000.00	1,016.56	8.30
<b>Commodity Trends Strategy Fund<sup>4</sup></b>				
Based on actual fund return	2.00%	1,000.00	876.10	9.30
Based on hypothetical 5% return	2.00%	1,000.00	1,014.88	9.99

<sup>1</sup> Annualized ratio of net expenses incurred in the most recent fiscal half-year.

<sup>2</sup> Expenses are equal to the Fund's annualized expense ratio, multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half-year/period, then divided by 365.

<sup>3</sup> Fund commenced operation on June 2, 2008.

<sup>4</sup> Fund commenced operations June 10, 2008.

## Allocation of Portfolio Holdings

April 30, 2009 (Unaudited)

	<u>Cash*</u>	<u>Investment Companies</u>	<u>Futures</u>	<u>Swaps</u>	<u>Total</u>
NASDAQ-100 Bull 2.5X Fund	96%	—	—	4%	100%
NASDAQ-100 Bear 2.5X Fund	111%	—	—	(11%)	100%
S&P 500 Bull 2.5X Fund	98%	—	0%**	2%	100%
S&P 500 Bear 2.5X Fund	109%	—	—	(9%)	100%
Latin America Bull 2X Fund	100%	0%**	—	0%**	100%
Dollar Bear 2.5X Fund	98%	—	2%	—	100%
Dollar Bull 2.5X Fund	101%	—	(1%)	—	100%
Commodity Trends Strategy Fund	101%	—	—	(1%)	100%

\* Cash, cash equivalents and other assets less liabilities.

\*\* Percentage is less than 0.5%.

**NASDAQ-100 Bull 2.5X Fund****Schedule of Investments****April 30, 2009**

<u>Shares</u>		<u>Value</u>
<b>SHORT TERM INVESTMENTS - 73.1%</b>		
<b>MONEY MARKET FUNDS - 73.1%</b>		
4,837,661	Fidelity Institutional Money Market Government Portfolio	\$ 4,837,661
4,837,661	Fidelity Institutional Money Market Portfolio	4,837,661
4,606,131	Goldman Sachs Financial Square Government Fund	4,606,131
4,837,661	Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>4,837,661</u>
	TOTAL SHORT TERM INVESTMENTS (Cost \$19,119,114)	<u>\$19,119,114</u>
	TOTAL INVESTMENTS (Cost \$19,119,114) - 73.1%	\$19,119,114
	Other Assets in Excess of Liabilities - 26.9%	<u>7,036,387</u>
	TOTAL NET ASSETS - 100.0%	<u>\$26,155,501</u>

Percentages are stated as a percent of net assets.

**NASDAQ-100 Bull 2.5X Fund****Long Equity Swap Contracts****April 30, 2009**

<u>Counterparty</u>	<u>Reference Entity</u>	<u>Number of Contracts</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Unrealized Appreciation</u>
Credit Suisse Capital, LLC	NASDAQ-100 Index	46,865	\$64,314,000	6/4/2010	<u>\$1,032,415</u>

The accompanying notes are an integral part of these financial statements.

**NASDAQ-100 Bear 2.5X Fund****Schedule of Investments****April 30, 2009**

<u>Shares</u>		<u>Value</u>
<b>SHORT TERM INVESTMENTS - 65.1%</b>		
<b>MONEY MARKET FUNDS - 65.1%</b>		
1,075,022	Fidelity Institutional Money Market Government Portfolio	\$1,075,022
1,075,022	Fidelity Institutional Money Market Portfolio	1,075,022
1,055,507	Goldman Sachs Financial Square Government Fund	1,055,507
1,075,022	Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>1,075,022</u>
	<b>TOTAL SHORT TERM INVESTMENTS</b> (Cost \$4,280,573)	<u>\$4,280,573</u>
	<b>TOTAL INVESTMENTS</b> (Cost \$4,280,573) - 65.1%	\$4,280,573
	Other Assets in Excess of Liabilities - 34.9%	<u>2,292,013</u>
	<b>TOTAL NET ASSETS - 100.0%</b>	<u><u>\$6,572,586</u></u>

Percentages are stated as a percent of net assets.

**NASDAQ-100 Bear 2.5X Fund****Short Equity Swap Contracts****April 30, 2009**

<u>Counterparty</u>	<u>Reference Entity</u>	<u>Number of Contracts</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Unrealized Depreciation</u>
Credit Suisse Capital, LLC	NASDAQ-100 Index	11,765	\$15,672,975	6/4/2010	<u><u>\$(730,576)</u></u>

The accompanying notes are an integral part of these financial statements.

**S&P 500 Bull 2.5X Fund****Schedule of Investments****April 30, 2009**

<u>Shares</u>		<u>Value</u>
<b>SHORT TERM INVESTMENTS - 74.8%</b>		
<b>MONEY MARKET FUNDS - 74.8%</b>		
8,055,490	Fidelity Institutional Money Market Government Portfolio	\$ 8,055,490
8,055,490	Fidelity Institutional Money Market Portfolio	8,055,490
7,705,116	Goldman Sachs Financial Square Government Fund	7,705,116
8,055,490	Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>8,055,490</u>
	TOTAL SHORT TERM INVESTMENTS (Cost \$31,871,586)	<u>\$31,871,586</u>
	TOTAL INVESTMENTS (Cost \$31,871,586) - 74.8%	<u>\$31,871,586</u>
	Other Assets in Excess of Liabilities - 25.2%	<u>10,739,279</u>
	TOTAL NET ASSETS - 100.0%	<u><u>\$42,610,865</u></u>

Percentages are stated as a percent of net assets.

**S&P 500 Bull 2.5X Fund****Short Futures Contracts****April 30, 2009**

<u>Contracts</u>		<u>Unrealized Depreciation</u>
20	S&P 500 Mini Futures Expiring June 2009 (Underlying Face Amount at Market Value \$869,500)	<u>\$(18,335)</u>

**S&P 500 Bull 2.5X Fund****Long Equity Swap Contracts****April 30, 2009**

<u>Counterparty</u>	<u>Reference Entity</u>	<u>Number of Contracts</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Unrealized Appreciation</u>
Credit Suisse Capital LLC	S&P 500 Index	122,050	\$105,529,627	6/4/2010	<u>\$1,019,019</u>

The accompanying notes are an integral part of these financial statements.

**S&P 500 Bear 2.5X Fund****Schedule of Investments****April 30, 2009**

<u>Shares</u>		<u>Value</u>
<b>SHORT TERM INVESTMENTS - 45.0%</b>		
<b>MONEY MARKET FUNDS - 45.0%</b>		
2,850,101	Fidelity Institutional Money Market Government Portfolio	\$ 2,850,101
2,850,101	Fidelity Institutional Money Market Portfolio	2,850,101
3,539,150	Goldman Sachs Financial Square Government Fund	3,539,150
2,850,100	Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>2,850,100</u>
	TOTAL SHORT TERM INVESTMENTS (Cost \$12,089,452)	<u>\$12,089,452</u>
	TOTAL INVESTMENTS (Cost \$12,089,452) - 45.0%	\$12,089,452
	Other Assets in Excess of Liabilities - 55.0%	<u>14,795,318</u>
	TOTAL NET ASSETS - 100.0%	<u>\$26,884,770</u>

Percentages are stated as a percent of net assets.

**S&P 500 Bear 2.5X Fund****Short Equity Swap Contracts****April 30, 2009**

<u>Counterparty</u>	<u>Reference Entity</u>	<u>Number of Contracts</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Unrealized Depreciation</u>
Credit Suisse Capital LLC	S&P 500 Index	77,150	\$65,004,683	6/4/2010	<u>\$(2,366,605)</u>

The accompanying notes are an integral part of these financial statements.

**Latin American Bull 2X Fund**

**Schedule of Investments**

**April 30, 2009**

<u>Shares</u>		<u>Value</u>
<b>INVESTMENT COMPANIES - 0.1%</b>		
1,200	iShares MSCI Brazil Index	\$ 54,120
	<b>TOTAL INVESTMENT COMPANIES</b>	
	(Cost \$45,729)	<u>\$ 54,120</u>
<b>SHORT TERM INVESTMENTS - 40.9%</b>		
<b>MONEY MARKET FUNDS - 40.9%</b>		
4,565,492	Fidelity Institutional Money Market Government Portfolio	4,565,492
4,565,492	Fidelity Institutional Money Market Portfolio	4,565,492
4,544,129	Goldman Sachs Financial Square Government Fund	4,544,129
4,565,492	Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>4,565,492</u>
	<b>TOTAL SHORT TERM INVESTMENTS</b>	
	(Cost \$18,240,605)	<u>\$18,240,605</u>
	<b>TOTAL INVESTMENTS</b>	
	(Cost \$18,286,334) - 41.0%	\$18,294,725
	Other Assets in Excess of Liabilities - 59.0%	<u>26,306,031</u>
	<b>TOTAL NET ASSETS - 100.0%</b>	<u><u>\$44,600,756</u></u>

Percentages are stated as a percent of net assets.

**Latin American Bull 2X Fund**

**Long Equity Swap Contracts**

**April 30, 2009**

<u>Counterparty</u>	<u>Reference Entity</u>	<u>Number of Contracts</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Unrealized Appreciation</u>
Merrill Lynch	iShares S&P Latin America 40 Index	3,029,607	\$90,342,881	5/28/2010	<u>\$—</u>

The accompanying notes are an integral part of these financial statements.

**Dollar Bear 2.5X Fund**  
**Schedule of Investments**  
**April 30, 2009**

<u>Shares</u>	<u>Value</u>
<b>SHORT TERM INVESTMENTS - 114.9%</b>	
<b>MONEY MARKET FUNDS - 114.9%</b>	
2,808,227 Fidelity Institutional Money Market Government Portfolio	\$ 2,808,227
2,808,227 Fidelity Institutional Money Market Portfolio	2,808,227
2,084,250 Goldman Sachs Financial Square Government Fund	2,084,250
2,808,228 Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>2,808,228</u>
TOTAL SHORT TERM INVESTMENTS (Cost \$10,508,932)	<u>\$10,508,932</u>
TOTAL INVESTMENTS (Cost \$10,508,932) - 114.9%	\$10,508,932
Liabilities in Excess of Other Assets - (14.9)%	<u>(1,359,947)</u>
TOTAL NET ASSETS - 100.0%	<u>\$ 9,148,985</u>

Percentages are stated as a percent of net assets.

**Dollar Bear 2.5X Fund**  
**Short Futures Contracts**  
**April 30, 2009**

<u>Contracts</u>	<u>Unrealized Appreciation</u>
269 Dollar Index Futures Contract Expiring June 2009 (Underlying Face Amount at Market Value \$22,836,755)	<u>\$176,822</u>

The accompanying notes are an integral part of these financial statements.

**Dollar Bull 2.5X Fund**  
**Schedule of Investments**  
**April 30, 2009**

<u>Shares</u>	<u>Value</u>
<b>SHORT TERM INVESTMENTS - 22.5%</b>	
<b>MONEY MARKET FUNDS - 22.5%</b>	
183,759 Fidelity Institutional Money Market Government Portfolio	\$ 183,759
183,759 Fidelity Institutional Money Market Portfolio	183,759
171,074 Goldman Sachs Financial Square Government Fund	171,074
183,759 Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>183,759</u>
TOTAL SHORT TERM INVESTMENTS (Cost \$722,351)	<u>\$ 722,351</u>
TOTAL INVESTMENTS (Cost \$722,351) - 22.5%	\$ 722,351
Other Assets in Excess of Liabilities - 77.5%	<u>2,485,334</u>
TOTAL NET ASSETS - 100.0%	<u><u>\$3,207,685</u></u>

Percentages are stated as a percent of net assets.

**Dollar Bull 2.5X Fund**  
**Futures Contracts**  
**April 30, 2009**

<u>Contracts</u>	<u>Unrealized Depreciation</u>
95 Dollar Index Futures Contract Expiring June 2009 (Underlying Face Amount at Market Value \$8,065,025)	<u><u>\$(27,104)</u></u>

The accompanying notes are an integral part of these financial statements.

**Commodity Trends Strategy Fund**  
**Consolidated Schedule of Investments**  
**April 30, 2009**

<u>Shares</u>		<u>Value</u>
<b>SHORT TERM INVESTMENTS - 76.5%</b>		
<b>MONEY MARKET FUNDS - 76.5%</b>		
69,754,463	Fidelity Institutional Money Market Government Portfolio	\$ 69,754,463
69,754,462	Fidelity Institutional Money Market Portfolio	69,754,462
68,886,174	Goldman Sachs Financial Square Government Fund	68,886,174
69,754,462	Morgan Stanley Institutional Liquidity Fund - Treasury Portfolio	<u>69,754,462</u>
	<b>TOTAL SHORT TERM INVESTMENTS</b> (Cost \$278,149,561)	<u>\$278,149,561</u>
	<b>TOTAL INVESTMENTS</b> (Cost \$278,149,561) - 76.5%	\$278,149,561
	Other Assets in Excess of Liabilities - 23.5%	<u>85,668,120</u>
	<b>TOTAL NET ASSETS - 100.0%</b>	<u><u>\$363,817,681</u></u>

Percentages are stated as a percent of net assets.

**Commodity Trends Strategy Fund**  
**Long Equity Swap Contracts**  
**April 30, 2009**

<u>Counterparty</u>	<u>Reference Entity</u>	<u>Number of Contracts</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Unrealized Depreciation</u>
Goldman Sachs	S&P Commodity Trends Indicator	1,000	\$ 9,480	6/18/2009	\$ (104)
Merrill Lynch	S&P Commodity Trends Indicator	171,254	340,207,545	10/14/2010	(4,065,972)
Merrill Lynch	S&P Commodity Trends Indicator	3,529	7,000,781	10/19/2010	(72,488)
Merrill Lynch	S&P Commodity Trends Indicator	8,084	16,001,575	10/22/2010	(128,733)
		<u>183,867</u>	<u>\$363,219,381</u>		<u>\$(4,267,297)</u>

The accompanying notes are an integral part of these financial statements.

## Statements of Assets and Liabilities

April 30, 2009

	<b>NASDAQ-100 Bull 2.5X Fund</b>	<b>NASDAQ-100 Bear 2.5X Fund</b>
<b>Assets:</b>		
Investments, at market value (Note 2)	\$ 19,119,114	\$ 4,280,573
Receivable for Fund shares sold	368,384	490,476
Unrealized appreciation on swaps	1,032,415	—
Deposit at broker for swaps	5,900,000	2,570,000
Dividends and interest receivable	6,437	3,201
Other assets	39,856	31,780
Total Assets	<u>26,466,206</u>	<u>7,376,030</u>
<b>Liabilities:</b>		
Payable for Fund shares redeemed	265,084	46,041
Unrealized depreciation on swaps	—	730,576
Accrued distribution expense	4,236	1,663
Accrued advisory expense	10,588	522
Accrued expenses and other liabilities	30,797	24,642
Total Liabilities	<u>310,705</u>	<u>803,444</u>
<b>Net Assets</b>	<u><u>\$ 26,155,501</u></u>	<u><u>\$ 6,572,586</u></u>
<b>Net Assets Consist Of:</b>		
Capital stock	\$ 62,063,987	\$11,795,666
Accumulated undistributed net investment income (loss)	—	—
Accumulated undistributed net realized gain (loss)	(36,940,901)	(4,492,504)
Net unrealized appreciation (depreciation) on:		
Swaps	1,032,415	(730,576)
Total Net Assets	<u><u>\$ 26,155,501</u></u>	<u><u>\$ 6,572,586</u></u>
<b>Calculation of Net Asset Value Per Share - Investor Class:</b>		
Net assets	\$ 26,155,501	\$ 6,572,586
Shares outstanding (unlimited shares of beneficial interest authorized, no par value)	828,386	564,005
Net asset value, redemption price and offering price per share	<u>\$ 31.57</u>	<u>\$ 11.65</u>
Cost of Investments	<u><u>\$ 19,119,114</u></u>	<u><u>\$ 4,280,573</u></u>

The accompanying notes are an integral part of these financial statements.

## Statements of Assets and Liabilities

April 30, 2009

	<u>S&amp;P 500 Bull 2.5X Fund</u>	<u>S&amp;P 500 Bear 2.5X Fund</u>
<b>Assets:</b>		
Investments, at market value (Note 2)	\$ 31,871,586	\$12,089,452
Receivable for Fund shares sold	350,769	9,048,571
Deposit at broker for swaps	9,530,000	9,140,000
Deposit at broker for futures	134,509	—
Due from broker for swaps	3,023	—
Unrealized appreciation on swaps	1,019,019	—
Variation margin receivable	26,260	—
Dividends and interest receivable	13,975	6,889
Other assets	20,206	20,363
Total Assets	<u>42,969,347</u>	<u>30,305,275</u>
<b>Liabilities:</b>		
Payable for Fund shares redeemed	236,869	892,607
Unrealized depreciation on swaps	—	2,366,605
Due to broker for futures	44,509	6,920
Due to broker for swaps	—	100,750
Accrued distribution expense	8,338	3,626
Accrued advisory expense	25,206	14,228
Accrued expenses and other liabilities	43,560	35,769
Total Liabilities	<u>358,482</u>	<u>3,420,505</u>
<b>Net Assets</b>	<u>\$ 42,610,865</u>	<u>\$26,884,770</u>
<b>Net Assets Consist Of:</b>		
Capital stock	\$ 67,438,231	\$33,369,029
Accumulated undistributed net investment income (loss)	—	—
Accumulated undistributed net realized gain (loss)	(25,828,050)	(4,117,654)
Net unrealized appreciation (depreciation)		
Futures	(18,335)	—
Swaps	<u>1,019,019</u>	<u>(2,366,605)</u>
Total Net Assets	<u>\$ 42,610,865</u>	<u>\$26,884,770</u>
<b>Calculation of Net Asset Value Per Share - Investor Class:</b>		
Net assets	\$ 42,610,865	\$26,884,770
Shares outstanding (unlimited shares of beneficial interest authorized, no par value)	2,199,298	1,391,644
Net asset value, redemption price and offering price per share	<u>\$ 19.37</u>	<u>\$ 19.32</u>
Cost of Investments	<u>\$ 31,871,586</u>	<u>\$12,089,452</u>

The accompanying notes are an integral part of these financial statements.

## Statements of Assets and Liabilities

April 30, 2009

	<u>Latin America Bull 2X Fund</u>	<u>Dollar Bear 2.5X Fund</u>
<b>Assets:</b>		
Investments, at market value (Note 2)	\$ 18,294,725	\$10,508,932
Receivable for Fund shares sold	163,540	268,094
Deposit at broker for futures	—	311,433
Deposit at broker for swaps	22,866,713	—
Due from broker for futures	—	242,767
Due from broker for swaps	3,400,313	—
Dividends and interest receivable	15,300	3,605
Other assets	45,270	19,700
Total Assets	<u>44,785,861</u>	<u>11,354,531</u>
<b>Liabilities:</b>		
Payable for Fund shares redeemed	99,444	2,087,330
Variation margin payable	—	82,147
Accrued distribution expense	8,884	2,295
Accrued advisory expense	19,855	7,406
Accrued expenses and other liabilities	56,922	26,368
Total Liabilities	<u>185,105</u>	<u>2,205,546</u>
<b>Net Assets</b>	<u>\$ 44,600,756</u>	<u>\$ 9,148,985</u>
<b>Net Assets Consist Of:</b>		
Capital stock	\$ 271,691,538	\$14,414,863
Accumulated undistributed net investment income (loss)	—	—
Accumulated undistributed net realized gain (loss)	(227,099,173)	(5,442,700)
Net unrealized appreciation (depreciation)		
Investments	8,391	—
Futures	—	176,822
Total Net Assets	<u>\$ 44,600,756</u>	<u>\$ 9,148,985</u>
<b>Calculation of Net Asset Value Per Share - Investor Class:</b>		
Net assets	\$ 44,600,756	\$ 9,148,985
Shares outstanding (unlimited shares of beneficial interest authorized, no par value)	1,902,285	501,632
Net asset value, redemption price and offering price per share	<u>\$ 23.45</u>	<u>\$ 18.24</u>
Cost of Investments	<u>\$ 18,286,334</u>	<u>\$10,508,932</u>

The accompanying notes are an integral part of these financial statements.

## Statements of Assets and Liabilities

April 30, 2009

	<u>Dollar Bull 2.5X Fund</u>	<u>Commodity Trends Strategy Fund (Consolidated)</u>
<b>Assets:</b>		
Investments, at market value (Note 2)	\$ 722,351	\$278,149,561
Receivable for Fund shares sold	2,400,164	2,506,878
Receivable from Adviser	25,105	—
Deposit at broker for futures	115,099	—
Deposit at broker for swaps	—	88,166,283
Variation margin receivable	5,962	—
Dividends and interest receivable	473	118,689
Other assets	14,478	20,220
Total Assets	<u>3,283,632</u>	<u>368,961,631</u>
<b>Liabilities:</b>		
Payable for Fund shares redeemed	7,200	152,130
Unrealized depreciation on swaps	—	4,267,297
Due to broker for futures	48,799	—
Accrued distribution expense	383	71,618
Accrued advisory expense	—	289,353
Accrued expenses and other liabilities	19,565	363,552
Total Liabilities	<u>75,947</u>	<u>5,143,950</u>
<b>Net Assets</b>	<u><u>\$3,207,685</u></u>	<u><u>\$363,817,681</u></u>
<b>Net Assets Consist Of:</b>		
Capital stock	\$3,996,663	\$368,084,978
Accumulated undistributed net investment income (loss)	—	—
Accumulated undistributed net realized gain (loss)	(761,874)	—
Net unrealized appreciation (depreciation)	—	—
Futures	(27,104)	—
Swaps	—	(4,267,297)
Total Net Assets	<u><u>\$3,207,685</u></u>	<u><u>\$363,817,681</u></u>
<b>Calculation of Net Asset Value Per Share - Investor Class:</b>		
Net assets	\$3,207,685	\$363,817,681
Shares outstanding (unlimited shares of beneficial interest authorized, no par value)	87,281	12,365,264
Net asset value, redemption price and offering price per share	<u>\$ 36.75</u>	<u>\$ 29.42</u>
Cost of Investments	<u><u>\$ 722,351</u></u>	<u><u>\$278,149,561</u></u>

The accompanying notes are an integral part of these financial statements.

**Statements of Operations**  
**Year Ended April 30, 2009**

	<b>NASDAQ-100 Bull 2.5X Fund</b>	<b>NASDAQ-100 Bear 2.5X Fund</b>
<b>Investment income:</b>		
Dividend income	\$ —	\$ —
Interest income	302,334	137,003
Total investment income	302,334	137,003
<b>Expenses:</b>		
Investment advisory fees	158,779	80,109
Distribution expenses	52,926	26,703
Shareholder servicing fees	52,926	26,703
Administration fees	8,168	4,063
Fund accounting fees	17,773	9,408
Custody fees	4,759	2,388
Transfer agent fees	33,316	17,680
Federal and state registration fees	30,153	30,801
Professional fees	20,428	17,431
Reports to shareholders	10,746	2,939
Trustees' fees and expenses	2,316	1,912
Other	17,446	17,843
Total expenses before reimbursement	409,736	237,980
Less: Reimbursement of expenses by Adviser	(24,439)	(43,541)
Less: Expenses paid indirectly (Note 6)	(1,992)	(1,370)
Total expenses	383,305	193,069
<b>Net investment income (loss)</b>	<b>(80,971)</b>	<b>(56,066)</b>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized gain (loss) on:		
Investments	487,564	16,539
Options written	287,249	125,435
Futures	2,964,067	119,379
Swaps	(26,592,110)	1,692,127
	(22,853,230)	1,953,480
Change in unrealized appreciation (depreciation) on:		
Investments	(204,481)	(9,426)
Options written	(27,599)	(21,000)
Futures	(974,429)	17,257
Swaps	688,594	610,046
	(517,915)	596,877
Net realized and unrealized gain (loss) on investments	(23,371,145)	2,550,357
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$(23,452,116)</b>	<b>\$2,494,291</b>

The accompanying notes are an integral part of these financial statements.

**Statements of Operations**  
**Year Ended April 30, 2009**

	<b>S&amp;P 500 Bull 2.5X Fund</b>	<b>S&amp;P 500 Bear 2.5X Fund</b>
<b>Investment income:</b>		
Dividend income	\$ 171	\$ 16,731
Interest income	247,006	275,359
Total investment income	247,177	292,090
<b>Expenses:</b>		
Investment advisory fees	206,013	192,516
Distribution expenses	68,671	64,172
Shareholder servicing fees	68,671	64,172
Administration fees	9,983	9,682
Fund accounting fees	21,591	23,518
Custody fees	6,305	5,647
Transfer agent fees	43,146	37,410
Federal and state registration fees	21,322	36,273
Professional fees	15,231	25,258
Reports to shareholders	12,226	10,277
Trustees' fees and expenses	3,257	2,675
Other	20,648	24,242
Total expenses before reimbursement	497,064	495,842
Plus: Recoupment of previously waived expenses	13,194	—
Less: Reimbursement of expenses by Adviser	—	(32,278)
Less: Expenses paid indirectly (Note 6)	(1,297)	(1,774)
Total expenses	508,961	461,790
<b>Net investment income (loss)</b>	<b>(261,784)</b>	<b>(169,700)</b>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized gain (loss) on:		
Investments	335,332	(150,985)
Written Options	68,593	(230,864)
Futures	(1,323,807)	4,945,325
Swaps	(22,496,024)	37,732,715
	(23,415,906)	42,296,191
Change in unrealized appreciation (depreciation) on:		
Investments	(241,712)	(146,892)
Written Options	(16,200)	(10,950)
Futures	130,035	821
Swaps	1,019,019	(2,217,690)
	891,142	(2,374,711)
Net realized and unrealized gain (loss) on investments	(22,524,764)	39,921,480
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$ (22,786,548)</b>	<b>\$ 39,751,780</b>

The accompanying notes are an integral part of these financial statements.

**Statements of Operations**  
**Year Ended April 30, 2009**

	<u>Latin America Bull 2X Fund</u>	<u>Dollar Bear 2.5X Fund</u>
<b>Investment income:</b>		
Dividend income (net of foreign withholding tax of \$27,837 and \$-, respectively)	\$ 874,247	\$ —
Interest income	1,754,183	199,211
Total investment income	<u>2,628,430</u>	<u>199,211</u>
<b>Expenses:</b>		
Investment advisory fees	913,161	100,428
Distribution expenses	304,387	33,476
Shareholder servicing fees	304,387	33,476
Administration fees	52,159	5,242
Fund accounting fees	101,648	11,322
Custody fees	28,852	2,939
Transfer agent fees	215,471	21,398
Federal and state registration fees	50,776	26,148
Professional fees	93,797	29,083
Reports to shareholders	93,784	6,751
Trustees' fees and expenses	9,211	2,041
Other	41,984	5,636
Total expenses before reimbursement	2,209,617	277,940
Less: Reimbursement of expenses by Adviser	(78,811)	(34,674)
Less: Expenses paid indirectly (Note 6)	(6,252)	(2,225)
Total expenses	<u>2,124,554</u>	<u>241,041</u>
<b>Net investment income (loss)</b>	<u>503,876</u>	<u>(41,830)</u>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized gain (loss) on:		
Investments	(14,850,384)	—
Written options	(890,458)	—
Futures	(43,059)	(5,962,646)
Swaps	<u>(197,837,003)</u>	<u>—</u>
	<u>(213,620,904)</u>	<u>(5,962,646)</u>
Change in unrealized appreciation (depreciation) on:		
Investments	(14,562,301)	—
Written options	(412,846)	—
Futures	—	707,704
Swaps	<u>5,997,259</u>	<u>—</u>
	<u>(8,977,888)</u>	<u>707,704</u>
Net realized and unrealized gain (loss) on investments	<u>(222,598,792)</u>	<u>(5,254,942)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u><u>\$ (222,094,916)</u></u>	<u><u>\$ (5,296,772)</u></u>

The accompanying notes are an integral part of these financial statements.

**Statements of Operations**  
**Year Ended April 30, 2009**

	<u>Dollar Bull 2.5X Fund<sup>1</sup></u>	<u>Commodity Trends Strategy Fund<sup>2</sup> (Consolidated)</u>
<b>Investment income:</b>		
Dividend income	\$ —	\$ —
Interest income	91,772	1,024,293
Total investment income	<u>91,772</u>	<u>1,024,293</u>
<b>Expenses:</b>		
Investment advisory fees	48,686	1,307,494
Distribution expenses	16,229	326,873
Shareholder servicing fees	16,229	326,873
Administration fees	2,416	50,196
Fund accounting fees	6,814	100,166
Custody fees	1,921	29,837
Transfer agent fees	14,974	129,390
Federal and state registration fees	24,286	35,742
Professional fees	22,427	127,343
Reports to shareholders	3,920	45,230
Trustees' fees and expenses	1,127	7,718
Other	<u>2,795</u>	<u>150,943</u>
Total expenses before reimbursement	161,824	2,637,805
Less: Reimbursement of expenses by Adviser	(50,770)	(24,076)
Less: Expenses paid indirectly (Note 6)	<u>—</u>	<u>(284)</u>
Total expenses	<u>111,054</u>	<u>2,613,445</u>
<b>Net investment income (loss)</b>	<u>(19,282)</u>	<u>(1,589,152)</u>
<b>Realized and unrealized gain (loss) on investments:</b>		
Net realized gain (loss) on:		
Securities sold short	—	2,877
Futures	2,406,673	—
Swaps	<u>(50,503)</u>	<u>(27,151,811)</u>
	<u>2,356,170</u>	<u>(27,148,934)</u>
Change in unrealized appreciation (depreciation) on:		
Futures	(27,104)	—
Swaps	<u>—</u>	<u>(4,267,297)</u>
	<u>(27,104)</u>	<u>(4,267,297)</u>
Net realized and unrealized gain (loss) on investments	<u>2,329,066</u>	<u>(31,416,231)</u>
<b>Net increase (decrease) in net assets resulting from operations</b>	<u>\$2,309,784</u>	<u>(33,005,383)</u>

<sup>1</sup> Represents the period of June 2, 2008 (commencement of operations) to April 30, 2009.

<sup>2</sup> Represents the period of June 10, 2008 (commencement of operations) to April 30, 2009.

The accompanying notes are an integral part of these financial statements.

## Statements of Changes in Net Assets

	<b>NASDAQ-100 Bull 2.5X Fund</b>		<b>NASDAQ-100 Bear 2.5X Fund</b>	
	Year Ended April 30, 2009	Year Ended April 30, 2008	Year Ended April 30, 2009	Year Ended April 30, 2008
<b>Operations:</b>				
Net investment income (loss)	\$ (80,971)	\$ 375,567	\$ (56,066)	\$ 207,102
Net realized gain (loss) on investments	(22,853,230)	(8,043,530)	1,953,480	(4,036,017)
Change in net unrealized appreciation (depreciation) on investments	<u>(517,915)</u>	<u>861,088</u>	<u>596,877</u>	<u>(1,331,683)</u>
Net increase (decrease) in net assets resulting from operations	<u>(23,452,116)</u>	<u>(6,806,875)</u>	<u>2,494,291</u>	<u>(5,160,598)</u>
<b>Distributions to shareholders</b>				
Net investment income	—	(1,000,004)	(526,007)	—
Net realized gains	(867,580)	(2,000,002)	—	—
Return of capital	(15,509)	—	—	—
Total distributions	<u>(883,089)</u>	<u>(3,000,006)</u>	<u>(526,007)</u>	<u>—</u>
<b>Capital share transactions</b>				
Proceeds from shares sold	197,806,750	179,922,370	167,423,170	140,493,605
Proceeds from shares issued to holders in reinvestment of distributions	664,702	2,858,247	486,176	—
Cost of shares redeemed	<u>(169,511,180)</u>	<u>(158,514,277)</u>	<u>(172,391,526)</u>	<u>(134,405,383)</u>
Net increase (decrease) in net assets resulting from capital share transactions	<u>28,960,272</u>	<u>24,266,340</u>	<u>(4,482,180)</u>	<u>6,088,222</u>
<b>Total increase (decrease) in net assets</b>	<u>4,625,067</u>	<u>14,459,459</u>	<u>(2,513,896)</u>	<u>927,624</u>
<b>Net assets:</b>				
Beginning of year	<u>21,530,434</u>	<u>7,070,975</u>	<u>9,086,482</u>	<u>8,158,858</u>
End of year	<u>\$ 26,155,501</u>	<u>\$ 21,530,434</u>	<u>\$ 6,572,586</u>	<u>\$ 9,086,482</u>
<b>Accumulated undistributed net investment income (loss), end of year</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,866,628</u>

The accompanying notes are an integral part of these financial statements.

## Statements of Changes in Net Assets

	<b>S&amp;P 500 Bull 2.5X Fund</b>		<b>S&amp;P 500 Bear 2.5X Fund</b>	
	Year Ended April 30, 2009	Year Ended April 30, 2008	Year Ended April 30, 2009	Year Ended April 30, 2008
<b>Operations:</b>				
Net investment income (loss)	\$ (261,784)	\$ 211,554	\$ (169,700)	\$ 237,771
Net realized gain (loss) on investments	(23,415,906)	(2,916,160)	42,296,191	1,800,449
Change in net unrealized appreciation (depreciation) on investments	<u>891,142</u>	<u>182,079</u>	<u>(2,374,711)</u>	<u>11,802</u>
Net increase (decrease) in net assets resulting from operations	<u>(22,786,548)</u>	<u>(2,522,527)</u>	<u>39,751,780</u>	<u>2,050,022</u>
<b>Distributions to shareholders</b>				
Net investment income	—	—	(645,243)	—
Net realized gains	—	—	—	—
Return of capital	<u>(16,961)</u>	<u>(122,813)</u>	<u>—</u>	<u>—</u>
Total distributions	<u>(16,961)</u>	<u>(122,813)</u>	<u>(645,243)</u>	<u>—</u>
<b>Capital share transactions</b>				
Proceeds from shares sold	345,736,874	150,181,127	614,853,896	208,372,170
Proceeds from shares issued to holders in reinvestment of distributions	15,993	120,956	622,833	—
Cost of shares redeemed	<u>(299,946,093)</u>	<u>(138,431,007)</u>	<u>(636,694,534)</u>	<u>(205,817,308)</u>
Net increase (decrease) in net assets resulting from capital share transactions	<u>45,806,774</u>	<u>11,871,076</u>	<u>(21,217,805)</u>	<u>2,554,862</u>
<b>Total increase (decrease) in net assets</b>	<u>23,003,265</u>	<u>9,225,736</u>	<u>17,888,732</u>	<u>4,604,884</u>
<b>Net assets:</b>				
Beginning of year	<u>19,607,600</u>	<u>10,381,864</u>	<u>8,996,038</u>	<u>4,391,154</u>
End of year	<u>\$ 42,610,865</u>	<u>\$ 19,607,600</u>	<u>\$ 26,884,770</u>	<u>\$ 8,996,038</u>
<b>Accumulated undistributed net investment income (loss), end of year</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements.

## Statements of Changes in Net Assets

	<b>Latin America Bull 2X Fund</b>		<b>Dollar Bear 2.5X Fund</b>	
	Year Ended April 30, 2009	Year Ended April 30, 2008	Year Ended April 30, 2009	Year Ended April 30, 2008
<b>Operations:</b>				
Net investment income (loss)	\$ 503,876	\$ 1,085,911	\$ (41,830)	\$ 269,281
Net realized gain (loss) on investments	(213,620,904)	39,231,954	(5,962,646)	2,048,886
Change in net unrealized appreciation (depreciation) on investments	<u>(8,977,888)</u>	<u>8,566,953</u>	<u>707,704</u>	<u>(637,780)</u>
Net increase (decrease) in net assets resulting from operations	<u>(222,094,916)</u>	<u>48,884,818</u>	<u>(5,296,772)</u>	<u>1,680,387</u>
<b>Distributions to shareholders</b>				
Net investment income	(503,876)	(27,616,957)	—	(149,620)
Net realized gains	—	(13,751,953)	—	(839,282)
Return of capital	<u>(3,826,290)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total distributions	<u>(4,330,166)</u>	<u>(41,368,910)</u>	<u>—</u>	<u>(988,902)</u>
<b>Capital share transactions</b>				
Proceeds from shares sold	252,868,532	846,491,771	299,446,702	116,193,276
Proceeds from shares issued to holders in reinvestment of distributions	4,212,558	39,000,470	—	868,004
Cost of shares redeemed	<u>(269,196,685)</u>	<u>(656,034,151)</u>	<u>(307,979,838)</u>	<u>(97,568,631)</u>
Net increase (decrease) in net assets resulting from capital share transactions	<u>(12,115,595)</u>	<u>229,458,090</u>	<u>(8,533,136)</u>	<u>19,492,649</u>
<b>Total increase (decrease) in net assets</b>	<u>(238,540,677)</u>	<u>236,973,998</u>	<u>(13,829,908)</u>	<u>20,184,134</u>
<b>Net assets:</b>				
Beginning of year	<u>283,141,433</u>	<u>46,167,435</u>	<u>22,978,893</u>	<u>2,794,759</u>
End of year	<u>\$ 44,600,756</u>	<u>\$ 283,141,433</u>	<u>\$ 9,148,985</u>	<u>\$ 22,978,893</u>
<b>Accumulated undistributed net investment income, end of year</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral part of these financial statements.

## Statements of Changes in Net Assets

	<b>Dollar Bull 2.5X Fund</b>	<b>Commodity Trends Strategy Fund (Consolidated)</b>
	June 2, 2008 <sup>1</sup> to April 30, 2009	June 10, 2008 <sup>1</sup> to April 30, 2009
<b>Operations:</b>		
Net investment income (loss)	\$ (19,282)	\$ (1,589,152)
Net realized gain (loss) on investments	2,356,170	(27,148,934)
Change in net unrealized appreciation (depreciation) on investments	(27,104)	(4,267,297)
Net increase (decrease) in net assets resulting from operations	2,309,784	(33,005,383)
<b>Distributions to shareholders</b>		
Net investment income	—	—
Net realized gains	(393,682)	—
Return of capital	—	(293,844)
Total distributions	(393,682)	(293,844)
<b>Capital share transactions</b>		
Proceeds from shares sold	291,011,100	447,840,095
Proceeds from shares issued to holders in reinvestment of distributions	247,034	189,854
Cost of shares redeemed	(289,966,551)	(50,913,041)
Net increase (decrease) in net assets resulting from capital share transactions	1,291,583	397,116,908
<b>Total increase (decrease) in net assets</b>	<b>3,207,685</b>	<b>363,817,681</b>
<b>Net assets:</b>		
Beginning of period	—	—
End of period	<b>\$ 3,207,685</b>	<b>\$363,817,681</b>
<b>Accumulated undistributed net investment income, end of period</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>1</sup> Commencement of operations.

The accompanying notes are an integral part of these financial statements.

## Financial Highlights April 30, 2009

Year/Period	RATIOS TO AVERAGE NET ASSETS														
	Net Asset Value, Beginning of Year/Period	Net Investment Income (Loss) <sup>4</sup>	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 <sup>3</sup>	Net Expenses <sup>3</sup> Paid Indirectly <sup>3</sup>	Portfolio Turnover Rate <sup>5</sup>
<b>NASDAQ-100 Bull 2.5X Fund<sup>6</sup></b>															
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%	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%	28%
May 1, 2006 <sup>1</sup> to April 30, 2007	140.00	1.61	11.55	13.16	—	(8.61)	—	(8.61)	—	144.55	10.11% <sup>2,6</sup>	7,071	3.42%	1.75%	920% <sup>2</sup>
<b>NASDAQ-100 Bear 2.5X Fund</b>															
Year ended April 30, 2009	13.19	(0.09)	(0.27)	(0.36)	(1.18)	—	—	(1.18)	—	11.65	(7.08%)	6,573	2.23%	1.81%	0%
Year ended April 30, 2008	15.94	0.30	(3.05)	(2.75)	—	—	—	—	—	13.19	(17.25%)	9,086	2.38%	1.75%	0%
May 1, 2006 <sup>1</sup> to April 30, 2007	20.00	0.60	(4.66)	(4.06)	—	—	—	—	—	15.94	(20.30%) <sup>2</sup>	8,159	3.23%	1.75%	0%
<b>S&amp;P 500 Bull 2.5X Fund<sup>10</sup></b>															
Year ended April 30, 2009	90.05	(0.21)	(70.46)	(70.67)	—	—	(0.01)	(0.01)	—	19.37	(78.48%)	42,611	1.81%	1.85%	578%
Year ended April 30, 2008	119.40	2.50	(31.00)	(28.50)	—	—	(0.85)	(0.85)	—	90.05	(23.97%) <sup>7</sup>	19,608	2.46%	1.75%	190%
May 1, 2006 <sup>1</sup> to April 30, 2007	100.00	3.50	22.95	26.45	(3.65)	(3.40)	—	(7.05)	—	119.40	26.95% <sup>2</sup>	10,382	3.15%	1.75%	0%
<b>S&amp;P Bear 2.5X Fund</b>															
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%	195%
Year ended April 30, 2008	14.78	0.34	0.93	1.27	—	—	—	—	—	16.05	8.59%	8,996	2.44%	1.75%	168%
May 1, 2006 <sup>1</sup> to April 30, 2007	20.00	0.51	(5.25)	(4.74)	—	(0.48)	—	(0.48)	—	14.78	(23.87%) <sup>2,6</sup>	4,391	7.03%	1.75%	0%
<b>Latin America Bull 2X Fund<sup>11</sup></b>															
Year ended April 30, 2009	177.90	0.30	(151.98)	(151.68)	(0.32)	—	(2.45)	(2.77)	—	23.45	(85.09%) <sup>12</sup>	44,601	1.82%	1.75%	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%	521%
May 2, 2006 <sup>1</sup> to April 30, 2007	100.00	2.10	27.45	29.55	(7.75)	(1.00)	—	(8.75)	—	120.80	30.83% <sup>2</sup>	46,167	2.26%	1.75%	861% <sup>2</sup>
<b>Dollar Bear 2.5X Fund</b>															
Year ended April 30, 2009	27.35	(0.08)	(9.03)	(9.11)	—	—	—	—	—	18.24	(33.31%)	9,149	2.08%	1.80%	0%
Year ended April 30, 2008	22.16	0.50	6.39	6.89	(0.26)	(1.44)	—	(1.70)	—	27.35	32.50%	22,979	1.95%	1.75%	0%
June 12, 2006 <sup>1</sup> to April 30, 2007	20.00	0.60	1.64	2.24	(0.05)	(0.03)	—	(0.08)	—	22.16	11.22% <sup>2,8</sup>	2,795	6.54%	1.75%	0%
<b>Dollar Bull 2.5X Fund</b>															
June 2, 2008 <sup>1</sup> to April 30, 2009	30.00	(0.11)	8.62	8.51	—	(1.76)	—	(1.76)	—	36.75	27.87% <sup>2</sup>	3,208	2.49%	1.71%	0%
<b>Commodity Trends Strategy Fund</b>															
June 10, 2008 <sup>1</sup> to April 30, 2009	30.00	(0.34)	(0.21)	(0.55)	—	—	(0.08)	(0.08)	0.05	29.42	(1.73%) <sup>2,12</sup>	363,818	2.02%	2.00%	0%

<sup>1</sup> Commencement of operations.

<sup>2</sup> Not annualized.

<sup>3</sup> Annualized.

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

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> 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.

<sup>9</sup> 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.

<sup>10</sup> 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.

<sup>11</sup> 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.

<sup>12</sup> 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.

**Direxion Funds**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**April 30, 2009**

**1. ORGANIZATION**

Direxion Funds (the "Trust") was organized as a Massachusetts Business Trust on June 6, 1997 and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end management investment company issuing its shares in series, each series representing a distinct portfolio with its own investment objective and policies. The Trust currently has 35 series of which 8 are included in this report: NASDAQ-100<sup>®</sup> Bull 2.5X Fund, NASDAQ-100<sup>®</sup> Bear 2.5X Fund, S&P 500<sup>®</sup> Bull 2.5X Fund, S&P 500<sup>®</sup> Bear 2.5X Fund, Latin America Bull 2X Fund, Dollar Bear 2.5X Fund, Dollar Bull 2.5X Fund, and the Commodity Trends Strategy Fund (each a "Fund" and collectively, the "Funds"). Each Fund is a non-diversified series of the Trust pursuant to the 1940 Act. The 8 Funds included in this report offer only Investor Class of shares. During the year ended April 30, 2009, the Board of Trustees, based upon the recommendation of management, closed three series: the Mid Cap Bull 2.5X Fund, Latin America Bear 2X Fund and Japan Bull 2X Fund.

The objective of the NASDAQ-100<sup>®</sup> Bull 2.5X Fund is to seek daily investment results, before fees and expenses, of 250% of the price performance of the NASDAQ-100<sup>®</sup> Index. The objective of the NASDAQ-100<sup>®</sup> Bear 2.5X Fund is to seek daily investment results, before fees and expenses, of 250% of the inverse (or opposite) of the price performance of the NASDAQ-100<sup>®</sup> Index. (Collectively, the NASDAQ-100<sup>®</sup> Bull 2.5X Fund and the NASDAQ-100<sup>®</sup> Bear 2.5X Fund are referred to as the "NASDAQ-100<sup>®</sup> Funds.") Each NASDAQ-100<sup>®</sup> Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the NASDAQ-100<sup>®</sup> Index and/or financial instruments that, in combination, provide leveraged exposure to the NASDAQ-100<sup>®</sup> Index with the NASDAQ-100<sup>®</sup> Bull 2.5X Fund creating long positions and the NASDAQ-100<sup>®</sup> Bear 2.5X Fund creating short positions.

The objective of the S&P 500<sup>®</sup> Bull 2.5X Fund is to seek daily investment results, before fees and expenses, of 250% of the price performance of the S&P 500<sup>®</sup> Index. The objective of the S&P 500<sup>®</sup> Bear 2.5X Fund is to seek daily investment results, before fees and expenses, of 250% of the inverse (or opposite) of the price performance of the S&P 500<sup>®</sup> Index. (Collectively, the S&P 500<sup>®</sup> Bull 2.5X Fund and the S&P 500<sup>®</sup> Bear 2.5X Fund are referred to as the "S&P 500<sup>®</sup> Funds.") Each S&P 500<sup>®</sup> Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the S&P 500<sup>®</sup> Index and/or financial instruments that, in combination, provide leveraged exposure to the S&P 500<sup>®</sup> Index with the S&P 500<sup>®</sup> Bull 2.5X Fund creating long positions and the S&P 500<sup>®</sup> Bear 2.5X Fund creating short positions.

The objective of the Latin America Bull 2X Fund is to seek daily investment results, before fees and expenses, of 200% of the price performance of the S&P<sup>®</sup> Latin America 40 Index (the "Latin America Index"). The Latin America Bull 2X Fund, under normal circumstances, invests at least 80% of its net assets in the equity securities that comprise the Latin America Index and/or financial instruments that, in combination, provide leveraged exposure to the Latin America Index while creating long positions.

The objective of the Dollar Bull 2.5X Fund is to seek daily investment results, before fees and expenses, of 250% of the price performance of the U.S. Dollar<sup>®</sup> Index (the "USD<sup>®</sup>X"). The Dollar Bull 2.5X Fund, under normal circumstances, invests at least 80% of its net assets in financial instruments that, in combination, provide leveraged exposure to the USD<sup>®</sup>X while creating long positions. The objective of the Dollar Bear 2.5X Fund is to seek daily investment results, before fees and expenses, of 250% of the inverse (or opposite) of the price performance of the U.S. Dollar<sup>®</sup> Index (the "USD<sup>®</sup>X"). The Dollar Bear 2.5X Fund, under normal circumstances, invests at least 80% of its net assets in financial instruments that, in combination, provide leveraged exposure to the USD<sup>®</sup>X while creating short positions.

The objective of the Commodity Trends Strategy Fund is to seek daily investment results, before fees and expenses, of the performance of the Standard and Poor's Commodity Trends Indicator ("S&P CTI").

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. These policies are in conformity with U.S. generally accepted accounting principles (“GAAP”).

**a) Investment Valuation** – The Net Asset Value (“NAV”) of each Fund is determined daily, Monday through Friday, as of the close of regular trading on the New York Stock Exchange (“NYSE”), each day the NYSE is open for business. The value of all portfolio securities and other assets held by a Fund will be determined as of the time a Fund calculates its NAV, 4:00 p.m. Eastern Time (“Valuation Time”). Equity securities and exchange-traded funds are valued at their last sales price, or if not available, at the average of the last bid and ask prices. Futures are valued at the settlement price established on the exchange on which they are traded, if that settlement price reflects trading prior to the Valuation Time. If the settlement price established by the exchange reflects trading after the Valuation Time, then the last sales price prior to Valuation Time will be used. Options are valued at the composite price, using the National Best Bid and Offer quotes (“NBBO”). NBBO consists of the highest available bid price and lowest ask price across any of the exchanges on which an option is quoted. Specifically, composite pricing looks at the last trades on the exchanges where the options are traded. If there are no trades for the option on a given business day, the composite pricing calculates the mean of the highest bid and lowest ask price across the exchanges where the option is traded. Over-the-counter (“OTC”) securities are valued at the average of the last bid and ask prices. Securities primarily traded on the NASDAQ National Market are valued using the NASDAQ Official Closing Price (“NOCP”). Investments in open-end mutual funds are valued at their respective net asset values on the valuation dates. Swaps are valued based upon prices from third party vendor models or quotations from market makers to the extent available. 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 mean prices provided by the Fund’s pricing service or, if such services are unavailable, by a pricing matrix method. Securities for which reliable market quotations are not readily available, the Funds’ pricing service does not provide a valuation for such securities, the Fund’s pricing service provides valuation that in the judgment of Rafferty Asset Managements, LLC (the “Adviser”) does not represent fair value, or the Fund or Adviser believes the market price is stale will be fair valued as determined by the Adviser under the supervision of the Board of Trustees.

**b) Repurchase Agreements** – Each Fund may enter into repurchase agreements with institutions that are members of the Federal Reserve System or securities dealers who are members of a national securities exchange or are primary dealers in U.S. government securities. In connection with transactions in repurchase agreements, it is the Trust’s policy that the Fund receives, as collateral, cash and/or securities (primarily U.S. government securities) whose market value, including accrued interest, at all times will be at least equal to 100% of the amount invested by the Fund in each repurchase agreement. If the seller defaults, and the value of the collateral declines, recovery on the collateral by the Fund may be delayed or limited. The Funds were not invested in repurchase agreements at April 30, 2009.

**c) Swap Contracts** – Each Fund may enter into equity swap contracts. Standard equity swap contracts are between two parties that agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross amount to be exchanged is calculated with respect to a “notional amount” (i.e. the return on or increase in value of a particular dollar amount invested in a “basket” of securities representing a particular index or industry sector). The Fund’s obligations are accrued daily (offset by any amounts owed to the funds.)

In a “long” equity swap agreement, the counterparty will generally agree to pay the Funds the amount, if any, by which the notional amount of swap contract would have increased in value if the Funds had been invested in the particular securities, plus dividends that would have been received on those securities. The Funds will agree to pay the counterparty a floating rate of interest on the notional amount of the swap contract plus the amount, if any, by which the notional amount would have decreased in value had it been invested in such securities plus, in certain instances, commissions or trading spreads on the notional amounts. Thus, the return on the swap contract should be the gain or loss on the notional amount plus dividends on the securities less the interest paid by the Fund on the notional amount. Payments may be made at the conclusion of the contract or periodically during its term. Swap contracts do not include the delivery of securities. The net amount of the excess, if any, of the Fund’s obligations over its entitlement with respect to each swap is accrued on a daily basis and an amount of cash or liquid assets, having an aggregate net asset value at least equal to such accrued excess is maintained in a segregated account. Until a swap contract is settled in cash, the gain or loss on the notional amount plus dividends on the

securities less the interest paid by the Funds on the notional amount are recorded as “unrealized gains or losses on swaps and futures” and when cash is exchanged, the gain or loss is recorded as “realized gains or losses on swaps and futures”. Swap contracts are collateralized by the securities and cash of each particular Fund.

Each Fund may enter into swap contracts that provide the opposite return of the particular benchmark or security (“short” the index or security). The operations are similar to that of the swaps disclosed above except that the counterparty pays interest to the Fund on the notional amount outstanding and the dividends on the underlying securities reduce the return of the swap. These amounts are netted with any unrealized appreciation or depreciation to determine the value of the swap.

**d) Short Positions** – Each Fund may engage in short sale transactions. For financial statement purposes, an amount equal to the settlement amount is included in the Statement of Assets and Liabilities as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current value of the short position. Subsequent fluctuations in the market prices of short securities may require purchasing the securities at prices which may differ from the market value reflected on the Statement of Assets and Liabilities. The Fund is liable to the buyer for any dividends payable on securities while those securities are in a short position. As collateral for its short positions, the Fund is required under the 1940 Act to maintain assets consisting of cash, cash equivalents or liquid securities equal to the market value of the securities sold short. This collateral is required to be adjusted daily. The Funds were not invested in short positions at April 30, 2009.

**e) Stock Index Futures Contracts and Options on Futures Contracts** – Each Fund may purchase and sell stock index futures contracts and options on such futures contracts. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as “variation margin” and are recorded by the Fund as unrealized gains and losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. As collateral for futures contracts, the Fund is required under the 1940 Act to maintain assets consisting of cash, cash equivalents or liquid securities. This collateral is required to be adjusted daily to reflect the market value of the purchase obligation for long futures contracts or the market value of the instrument underlying the contract, but not less than the market price at which the futures contract was established, for short futures contracts. The Funds were not invested in options on futures contracts at April 30, 2009.

**f) Risks of Options, Futures Contracts, Options on Futures Contracts and Short Positions** – The risks inherent in the use of options, futures contracts, options on futures contracts and short positions include 1) adverse changes in the value of such instruments; 2) imperfect correlation between the price of options and futures contracts and options thereon and movements in the price of the underlying securities, index or futures contracts; 3) the possible absence of a liquid secondary market for any particular instrument at any time; 4) the possible need to defer closing out certain positions to avoid adverse tax consequences; and 5) the possible nonperformance by the counterparty under the terms of the contract. The Funds designate cash, cash equivalents and liquid securities as collateral for written options, futures contracts, options on futures contracts and short positions.

Transactions in options written during the year ended April 30, 2009 were as follows:

	<b>NASDAQ-100 Bull 2.5X Fund</b>		<b>NASDAQ-100 Bear 2.5X Fund</b>		<b>S&amp;P 500 Bull 2.5X Fund</b>	
	<u>Number of Contracts</u>	<u>Premiums Received</u>	<u>Number of Contracts</u>	<u>Premiums Received</u>	<u>Number of Contracts</u>	<u>Premiums Received</u>
Options outstanding at April 30, 2008	2,400	\$ 80,399	2,000	\$ 65,000	600	\$ 51,400
Options written	23,800	874,379	7,250	319,818	2,175	297,079
Options terminated in closing purchase transactions	(26,200)	(954,778)	(9,250)	(384,818)	(2,050)	(287,154)
Options expired	—	—	—	—	(650)	(48,200)
Option exercised	—	—	—	—	(75)	(13,125)
Options outstanding at April 30, 2009	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>	<u>—</u>	<u>\$ —</u>

	S&P 500 Bear 2.5X Fund		Latin America Bull 2X Fund	
	Number of Contracts	Premiums Received	Number of Contracts	Premiums Received
Options outstanding at April 30, 2008	500	\$ 40,400	23,000	\$ 2,420,346
Options written	4,500	703,552	60,100	2,680,693
Options terminated in closing purchase transactions	(4,300)	(678,802)	(71,600)	(4,492,043)
Options expired	(550)	(38,900)	(11,500)	(608,996)
Option exercised	(150)	(26,250)	—	—
Options outstanding at April 30, 2009	—	\$ —	—	\$ —

**g) Risks of Investing in Foreign Securities** – Investments in foreign securities involve greater risks than investing in domestic securities. As a result, the 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.

**h) Basis for Consolidation for the Commodity Trends Strategy Fund** – The Commodity Trends Strategy Fund may invest in up to 25% of its total assets in its Subsidiary, the Direxion CTS Fund (the “Subsidiary”). The Subsidiary, which is organized under the laws of the Cayman Islands, is wholly-owned and controlled by the Commodity Trends Strategy Fund. The Subsidiary acts as an investment vehicle in order to enter into certain investments for the Commodity Trends Strategy Fund consistent with the Commodity Trends Strategy Fund’s investment objectives and policies specified in its prospectus and statement of additional information. As April 30, 2009, the consolidated net assets of the Commodity Trends Strategy Fund were \$363,817,681, of which \$83,817,252, or approximately 23.04%, represented the Commodity Trends Strategy Fund’s ownership of all issued shares and voting rights of the Subsidiary.

**i) Security Transactions** – Investment transactions are recorded on trade date. The Funds determine the gain or loss realized from investment transactions by comparing the identified cost, which is the same basis used for federal income tax purposes, with the net sales proceeds.

**j) Federal Income Taxes** – Each Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code necessary to qualify as a regulated investment company and to make the requisite distributions of income and capital gains to its shareholders sufficient to relieve it from all or substantially all federal income taxes and excise taxes.

**k) Income and Expenses** – Dividend income is recorded on the ex-dividend date. Interest income, including amortization of premium and discount, and dividends received from money market funds, is recognized on an accrual basis. The Funds are charged for those expenses that are directly attributable to each series, such as advisory fees and registration costs. Expenses that are not directly attributable to a series are generally allocated among the Trust’s series in proportion to their respective net assets.

**l) Distributions to Shareholders** – Each Fund generally pays dividends from net investment income and distributes net realized capital gains, if any, at least annually. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from GAAP. Certain Funds also utilize earnings and profits distributed to shareholders on redemptions of shares as part of the dividends paid deduction. Distributions to shareholders are recorded on the ex-dividend date.

The tax character of distributions during the year or period ended April 30, 2009 and the year ended April 30, 2008, were as follows:

	<b>NASDAQ-100 Bull 2.5X Fund</b>		<b>NASDAQ-100 Bear 2.5X Fund</b>		<b>S&amp;P 500 Bull 2.5X Fund</b>	
	Year Ended April 30, 2009	Year Ended April 30, 2008	Year Ended April 30, 2009	Year Ended April 30, 2008	Year Ended April 30, 2009	Year Ended April 30, 2008
Distributions paid from:						
Ordinary Income	\$107,172	\$1,601,758	\$526,007	\$—	—	\$ —
Long-Term Capital Gains	760,408	1,398,248	—	—	—	—
Return of Capital	15,509	—	—	—	16,961	122,813
Total Distributions paid	<u>\$883,089</u>	<u>\$3,000,006</u>	<u>\$526,007</u>	<u>\$—</u>	<u>\$16,961</u>	<u>\$122,813</u>

	<b>S&amp;P 500 Bear 2.5X Fund</b>		<b>Latin America Bull 2X Fund</b>		<b>Dollar Bear 2.5X Fund</b>	
	Year Ended April 30, 2009	Year Ended April 30, 2008	Year Ended April 30, 2009	Year Ended April 30, 2008	Year Ended April 30, 2009	Year Ended April 30, 2008
Distributions paid from:						
Ordinary Income	\$645,243	\$—	\$ 503,876	\$41,368,910	\$—	\$485,333
Long-Term Capital Gains	—	—	—	—	—	503,569
Return of Capital	—	—	3,826,290	—	—	—
Total Distributions paid	<u>\$645,243</u>	<u>\$—</u>	<u>\$4,330,166</u>	<u>\$41,368,910</u>	<u>\$—</u>	<u>\$988,902</u>

	<b>Dollar Bull 2.5X Fund</b>		<b>Commodity Trends Strategy Fund</b>	
	Period Ended April 30, 2009 <sup>1</sup>	Period Ended April 30, 2009 <sup>2</sup>	Period Ended April 30, 2009 <sup>1</sup>	Period Ended April 30, 2009 <sup>2</sup>
Distributions paid from:				
Ordinary Income	\$155,172	\$ —		
Long-Term Capital Gains	238,510	—		
Return of Capital	—	293,844		
Total Distributions paid	<u>\$393,682</u>	<u>\$293,844</u>		

<sup>1</sup> Commenced operations on June 2, 2008.

<sup>2</sup> Commenced operations on June 10, 2008.

As of April 30, 2009, the components of distributable earnings of the Funds on a tax basis were as follows:

	<b>NASDAQ-100 Bull 2.5X Fund</b>	<b>NASDAQ-100 Bear 2.5X Fund</b>	<b>S&amp;P 500 Bull 2.5X Fund</b>	<b>S&amp;P 500 Bear 2.5X Fund</b>
Tax cost of investments	\$ 19,119,114	\$ 4,280,573	\$ 31,871,586	\$12,089,452
Gross unrealized appreciation	—	—	—	—
Gross unrealized depreciation	—	—	—	—
Net unrealized appreciation/(depreciation)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Undistributed ordinary income	—	—	—	—
Undistributed long-term capital gain	—	—	—	—
Total distributable earnings	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other accumulated gain/(loss)	(35,908,486)	(5,223,080)	(24,827,366)	(6,484,259)
Total accumulated earnings/(loss)	<u>\$(35,908,486)</u>	<u>\$(5,223,080)</u>	<u>\$(24,827,366)</u>	<u>\$(6,484,259)</u>

	<u>Latin America Bull 2X Fund</u>	<u>Dollar Bear 2.5X Fund</u>	<u>Dollar Bull 2.5X Fund</u>	<u>Commodity Trends Strategy Fund</u>
Tax cost of investments	\$ 18,335,902	\$10,508,932	\$ 722,351	\$278,149,561
Gross unrealized appreciation	8,391	—	—	—
Gross unrealized depreciation	(49,568)	—	—	—
Net unrealized appreciation/(depreciation)	<u>\$ (41,177)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Undistributed ordinary income	—	—	—	—
Undistributed long-term capital gain	—	—	—	—
Total distributable earnings	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other accumulated gain/(loss)	(227,049,605)	(5,265,878)	(788,978)	(4,267,297)
Total accumulated earnings/(loss)	<u><u>\$(227,090,782)</u></u>	<u><u>\$(5,265,878)</u></u>	<u><u>\$(788,978)</u></u>	<u><u>\$ (4,267,297)</u></u>

The difference between book cost of investments and tax cost of investments is attributable primarily to the tax deferral of losses on wash sales. Other accumulated gain/(loss) is generally comprised of capital loss carryforwards, post-October losses and/or unrealized gain/(loss) on derivative positions.

On the Statement of Assets and Liabilities, the following adjustments were made for permanent tax differences between accounting for net investment income and realized gains and losses under GAAP and tax reporting:

	<u>Net Investment Income (Loss)</u>	<u>Realized Gain (Loss)</u>	<u>Capital Stock</u>
NASDAQ-100 Bull 2.5X Fund	\$ 80,971	\$ —	\$ (80,971)
NASDAQ-100 Bear 2.5X Fund	(1,284,555)	2,322,055	(1,037,500)
S&P 500 Bull 2.5X Fund	261,784	—	(261,784)
S&P 500 Bear 2.5X Fund	814,943	(46,398,919)	45,583,976
Latin America Bull 2X Fund	—	—	—
Dollar Bear 2.5X Fund	41,830	1,444	(43,274)
Dollar Bull 2.5X Fund	19,282	(2,724,362)	2,705,080
Commodity Trends Strategy Fund	1,589,152	27,148,934	(28,738,086)

Net investment income and realized gains and losses for federal income tax purposes may differ from that reported on the financial statements because of permanent book-to-tax differences. GAAP requires that permanent differences in net investment income and realized gains and losses due to differences between financial reporting and tax reporting be reclassified between various components of net assets. The permanent differences primarily relate to swap contracts, net operating losses, and dividends on redemption adjustments with differing book and tax methods.

In order to meet certain excise tax distribution requirements, the Funds are required to measure and distribute annually, net capital gains realized during a twelve-month period ending October 31st. In connection with this, the Funds are permitted for tax purposes to defer into their next fiscal year any net capital losses incurred between November 1st and the end of their fiscal year, April 30, 2009.

At April 30, 2009, the following funds deferred, on a tax basis, post-October losses of:

	<u>Post October Loss Deferred</u>
NASDAQ-100 Bull 2.5X Fund	\$ 4,000,605
NASDAQ-100 Bear 2.5X Fund	4,492,504
S&P 500 Bull 2.5X Fund	13,342,454
S&P 500 Bear 2.5X Fund	4,117,654
Latin America Bull 2X Fund	2,121,979
Dollar Bear 2.5X Fund	—
Dollar Bull 2.5X Fund	788,978
Commodity Trends Strategy Fund	—

At April 30, 2009, the Funds had capital loss carryforwards on a tax basis of:

	Expires		Total
	4/30/2016	4/30/2017	
NASDAQ-100 Bull 2.5X Fund	—	32,940,296	32,940,296
NASDAQ-100 Bear 2.5X Fund	—	—	—
S&P 500 Bull 2.5X Fund	259,451	11,832,432	12,091,883
S&P 500 Bear 2.5X Fund	—	—	—
Latin America Bull 2X Fund	—	224,927,626	224,927,626
Dollar Bear 2.5X Fund	—	5,265,878	5,265,878
Dollar Bull 2.5X Fund	—	—	—
Commodity Trends Strategy Fund	—	—	—

The NASDAQ-100 Bear 2.5X Fund utilized \$4,794,636 of prior year capital loss carryover in the current year.

To the extent that the Funds realize future net capital gains, those gains will be offset by any unused capital loss carryover.

Financial Accounting Standards Board (“FASB”) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (“FIN 48”) requires the Funds to analyze all open tax years. Open tax years are those years that are open for examination by the relevant income taxing authority. As of April 30, 2009, open Federal and state income tax years include the tax years ended April 30, 2007, April 30, 2008, and April 30, 2009. The Funds have no examination in progress.

The Funds have reviewed all open tax years and concluded that the adoption of FIN 48 resulted in no effect to the Fund’s financial positions or results of operations. There is no tax liability resulting from uncertain income tax positions taken or expected to be taken on the tax returns for the fiscal year-end April 30, 2007, April 30, 2008, and April 30, 2009. The Funds are also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax expense will significantly change in twelve months.

**m) Credit Facility** – U.S. Bank, N.A. (“U.S. Bank”) has made available to the Latin America Bull 2X Fund a credit facility pursuant to a Line of Credit Agreement (“Line of Credit”) for meeting redemption requests. Available borrowing under the Line of Credit is limited to the lesser of \$14,500 or 33.33% of the Fund’s net assets. Borrowings under the Line of Credit are charged at prime rate less ½%. The Fund did not utilize the credit facility for the year ended April 30, 2009.

**n) Guarantees and Indemnifications** – In the ordinary course of business, the Funds enter into contracts that contain a variety of indemnification provisions pursuant to which the Funds agree to indemnify third parties upon occurrence of specified events. The Fund’s maximum exposure relating to these indemnification agreements is unknown. However, the Funds have not had prior claims or losses in connection with these provisions and believe the risk of loss is remote.

**o) Use of Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. REVERSE STOCK SPLITS

During the year ended April 30, 2009, shares of the NASDAQ-100 Bull 2.5X Fund, S&P 500 Bull 2.5X Fund and the Latin America Bull 2X Fund were adjusted to reflect a reverse stock split. The effect of the reverse stock split was to reduce the number of shares outstanding while maintaining the Fund's and each shareholders aggregate net asset value. A summary of the reverse stock splits is as follows:

	<u>Date</u>	<u>Rate</u>	<u>Net Asset Value Before Split</u>	<u>Net Asset Value After Split</u>	<u>Shares Outstanding Before Split</u>	<u>Shares Outstanding After Split</u>
NASDAQ-100 Bull 2.5X Fund	12/15/2008	7:1	\$3.49	\$24.43	6,058,704	865,529
S&P 500 Bull 2.5X Fund	12/15/2008	5:1	4.34	21.70	10,143,247	2,028,649
Latin America Bull 2X Fund	12/15/2008	5:1	3.83	19.15	8,682,787	1,736,557

The reverse stock splits have no impact on the net assets of the funds.

### 4. CAPITAL SHARE TRANSACTIONS

Capital share transactions for the Funds during the years ended April 30, 2009 and April 30, 2008 were as follows:

	<u>NASDAQ-100 Bull 2.5X Fund<sup>1</sup></u>		<u>NASDAQ-100 Bear 2.5X Fund</u>	
	<u>Year Ended April 30, 2009</u>	<u>Year Ended April 30, 2008</u>	<u>Year Ended April 30, 2009</u>	<u>Year Ended April 30, 2008</u>
Shares sold	18,646,631	1,361,682	10,326,433	9,462,805
Shares issued in reinvestment of distributions	165,761	19,413	21,427	—
Shares redeemed	(19,328,806)	(1,237,909)	(10,472,613)	(9,286,029)
Total net increase (decrease) from capital share transactions	<u>(516,414)</u>	<u>143,186</u>	<u>(124,753)</u>	<u>176,776</u>
	<u>S&amp;P 500 Bull 2.5X Fund<sup>2</sup></u>		<u>S&amp;P 500 Bear 2.5X Fund</u>	
	<u>Year Ended April 30, 2009</u>	<u>Year Ended April 30, 2008</u>	<u>Year Ended April 30, 2009</u>	<u>Year Ended April 30, 2008</u>
Shares sold	37,393,557	1,447,552	28,196,795	13,515,509
Shares issued in reinvestment of distributions	4,480	1,148	23,336	—
Shares redeemed	(36,287,404)	(1,317,931)	(27,389,095)	(13,252,074)
Total net increase (decrease) from capital share transactions	<u>1,110,633</u>	<u>130,769</u>	<u>831,036</u>	<u>263,435</u>
	<u>Latin American Bull 2X Fund<sup>3</sup></u>		<u>Dollar Bear 2.5X Fund</u>	
	<u>Year Ended April 30, 2009</u>	<u>Year Ended April 30, 2008</u>	<u>Year Ended April 30, 2009</u>	<u>Year Ended April 30, 2008</u>
Shares sold	13,658,016	5,205,192	15,142,762	4,484,186
Shares issued in reinvestment of distributions	971,447	283,434	—	37,543
Shares redeemed	(20,684,594)	(4,279,394)	(15,481,362)	(3,807,603)
Total net increase (decrease) from capital share transactions	<u>(6,055,131)</u>	<u>1,209,232</u>	<u>(338,600)</u>	<u>714,126</u>

	<b>Dollar Bull 2.5X Fund</b>	<b>Commodity Trends Strategy Fund</b>
	Period Ended April 30, 2009 <sup>4</sup>	Period Ended April 30, 2009 <sup>5</sup>
Shares sold	7,887,615	13,979,850
Shares issued in reinvestment of distributions	6,138	5,294
Shares redeemed	<u>(7,806,472)</u>	<u>(1,619,880)</u>
Total net increase (decrease) from capital share transactions	<u>87,281</u>	<u>12,365,264</u>

<sup>1</sup> Capital share transactions prior to December 15, 2008 have been adjusted to reflect the effect of the 7:1 reverse stock split.

<sup>2</sup> Capital share transactions prior to December 15, 2008 have been adjusted to reflect the effect of the 5:1 reverse stock split.

<sup>3</sup> Capital share transactions prior to December 15, 2008 have been adjusted to reflect the effect of the 5:1 reverse stock split.

<sup>4</sup> Commenced operations on June 2, 2008.

<sup>5</sup> Commenced operations on June 10, 2008.

## 5. INVESTMENT TRANSACTIONS

During the year ended April 30, 2009, the aggregate purchases and sales of investments (excluding short-term investments, swaps and futures contracts) were:

	<b>NASDAQ-100 Bull 2.5X Fund</b>	<b>NASDAQ-100 Bear 2.5X Fund</b>	<b>S&amp;P 500 Bull 2.5X Fund</b>	<b>S&amp;P 500 Bear 2.5X Fund</b>
Purchases	\$ 626,208	\$ —	\$2,833,706	\$2,000,796
Sales	5,696,384	172,348	7,908,646	5,162,169

	<b>Latin America Bull 2X Fund</b>	<b>Dollar Bear 2X Fund</b>	<b>Dollar Bull 2X Fund</b>	<b>Commodity Trends Strategy Fund</b>
Purchases	\$123,349,045	\$—	\$—	\$—
Sales	221,996,262	—	—	—

There were no purchases or sales of long-term U.S. government securities during the year ended April 30, 2009.

## 6. INVESTMENT ADVISORY AND OTHER AGREEMENTS

**Investment Advisory Fees:** The Funds have entered into an investment advisory agreement with the Adviser. The Adviser receives a fee, computed daily and payable monthly, at the annual rates presented below as applied to each Fund's average daily net assets. For the year ended April 30, 2009, the Adviser has contractually agreed to pay all operating expenses (excluding dividends on short positions), in excess of the annual cap on expenses presented below as applied to each Fund's average daily net assets. On November 6, 2008, the Board of Trustees approved changes to the annual expense caps of the NASDAQ-100 Bull 2.5X Fund, NASDAQ-100 Bear 2.5X Fund, S&P 500 Bull 2.5X Fund, S&P 500 Bear 2.5X Fund, Latin America Bull 2X Fund, Dollar Bear 2.5X Fund and Dollar Bull 2.5X Fund. Effective January 1, 2009 and extending through June 30, 2009, the annual expenses caps of these Funds increased from 1.75% to 1.95%. The Adviser may recover from the Funds the expenses paid in excess of the annual cap on expenses for the three previous years, as long as the recovery does not cause

the Fund to exceed the annual cap on expenses from the period in which those expenses were originally waived. For the year ended April 30, 2009, the Adviser paid or recouped the following expenses:

	<u>NASDAQ-100 Bull 2.5X Fund</u>	<u>NASDAQ-100 Bear 2.5X Fund</u>	<u>S&amp;P 500 Bull 2.5X Fund</u>	<u>S&amp;P 500 Bear 2.5X Fund</u>
Annual Advisory rate	0.75%	0.75%	0.75%	0.75%
Annual cap on expenses	1.95%	1.95%	1.95%	1.95%
Expenses paid in excess of annual cap on expenses — 2009	\$24,439	\$43,541	\$ —	\$32,278
Advisory expense waiver recovery — 2009	\$ —	\$ —	\$13,194	\$ —

	<u>Latin America Bull 2X Fund</u>	<u>Dollar Bear 2.5X Fund</u>	<u>Dollar Bull 2.5X Fund</u>	<u>Commodity Trends Strategy Fund</u>
Annual Advisory rate	0.75%	0.75%	0.75%	1.00%
Annual cap on expenses	1.95%	1.95%	1.95%	2.00%
Expenses paid in excess of annual cap on expenses — 2009	\$78,811	\$34,674	\$50,770	\$24,076
Advisory expense waiver recovery — 2009	\$ —	\$ —	\$ —	\$ —

Expenses subject to potential recovery expiring in:

	<u>NASDAQ-100 Bull 2.5X Fund</u>	<u>NASDAQ-100 Bear 2.5X Fund</u>	<u>S&amp;P 500 Bull 2.5X Fund</u>	<u>S&amp;P 500 Bear 2.5X Fund</u>
2010	\$115,531	\$ 79,014	\$ 83,903	\$108,118
2011	\$101,630	\$ 63,714	\$ 63,741	\$ 78,443
2012	\$ 28,401	\$ 43,541	\$ 520	\$ 32,278
Total	<u>\$245,562</u>	<u>\$186,269</u>	<u>\$148,164</u>	<u>\$218,839</u>

	<u>Latin America Bull 2X Fund</u>	<u>Dollar Bear 2.5X Fund</u>	<u>Dollar Bull 2.5X Fund</u>	<u>Commodity Trends Strategy Fund</u>
2010	\$ —	\$ 97,186	\$ —	\$ —
2011	\$ —	\$ 27,454	\$ —	\$ —
2012	\$78,811	\$ 34,674	\$50,770	\$24,076
Total	<u>\$78,811</u>	<u>\$159,314</u>	<u>\$50,770</u>	<u>\$24,076</u>

On May 20, 2009, the Board of Trustees, based upon on management's recommendation, approved a new Operating Services Agreement (the "Agreement"). Under the Agreement, the Adviser will be responsible for all expenses of the Trust except the following: management fees, distribution and/or service fees, acquired fund fees, taxes, leverage interest, dividends or interest on short positions, other interest expenses, brokerage commission and other extraordinary expenses outside the typical day-to-day operations of the Funds. Effective July 1, 2009, the annual expense caps will no longer be applicable. The Adviser will relinquish all recovery of expenses waived by the Funds for the previous three years.

In consideration for the services rendered pursuant to the Agreement, the Funds will pay to the Adviser, as compensation for the services provided by the Adviser under the Agreement, a monthly fee. The monthly fee is calculated on an annualized basis on the average net assets of each Fund and the below amount:

NASDAQ-100 Bull 2.5X Fund	0.65%
NASDAQ-100 Bear 2.5X Fund	0.65%
S&P 500 Bull 2.5X Fund	0.65%
S&P 500 Bear 2.5X Fund	0.65%
Latin America Bull 2X Fund	0.65%
Dollar Bear 2X Fund	0.65%
Dollar Bull 2X Fund	0.65%
Commodity Trends Strategy Fund	0.45%

Distribution Expenses: Shares of the Funds are subject to an annual 12b-1 fee of up to 1.00% of a Fund's average daily net assets. The Funds currently pay a 12b-1 fee of 0.25% of the Fund's average daily net assets.

Shareholder Servicing Fees: The Board of Trustees has also authorized each Fund's shares to pay a shareholder servicing fee of 0.25% of each Fund's average daily net assets. The Trust, on behalf of each Fund, pays the fee to financial institutions and other persons who provide services and maintain shareholder accounts.

Rafferty Capital Markets, LLC (the "Distributor") serves as principal underwriter of the Funds and acts as the Funds' distributor in a continuous public offering of the Funds' shares. The Distributor is an affiliate of the Adviser.

U.S. Bank N.A. and/or its affiliates receive revenue from certain broker-dealers that may receive Rule 12b-1 fees or other payments from mutual funds in which certain Direxion Funds may invest. The Board of Trustees agreed to have 70% of the fees received by U.S. Bank N.A. applied against custody invoices. These expense reductions are reflected on the Statement of Operations as "expenses paid indirectly". For the fiscal year ended April 30, 2009, the amount of custody expenses reduced by this revenue was as follows:

NASDAQ-100 Bull 2.5X Fund	\$ 1,992
NASDAQ-100 Bear 2.5X Fund	1,370
S&P 500 Bull 2.5X Fund	1,297
S&P 500 Bear 2.5X Fund	1,774
Latin America Bull 2X Fund	6,252
Dollar Bear 2X Fund	2,225
Dollar Bull 2X Fund	—
Commodity Trends Strategy Fund	<u>284</u>
	<u>\$15,194</u>

## 7. SUMMARY OF FAIR VALUE DISCLOSURE

In September 2006, FASB issued Standard No. 157, *Fair Value Measurement* ("FAS 157") effective for fiscal years beginning after November 15, 2007. FAS 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosure about the use of fair value measurements in an effort to make measurements of fair value more consistent and comparable. The Funds have adopted FAS 157 effective May 1, 2008. A summary of the fair value hierarchy under FAS 157 is described below.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.)

Level 3 – Significant unobservable inputs (including Fund's own assumptions in determining fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the credit risk associated with investing in those securities.

The following is a summary of the inputs used to value each Fund's net assets as of April 30, 2009:

Description	<b>NASDAQ-100 Bull 2.5X Fund</b>		<b>NASDAQ-100 Bear 2.5X Fund</b>	
	Investments in Securities	Other Financial Instruments*	Investments in Securities	Other Financial Instruments*
Level 1 – Quoted prices	\$19,119,114	\$ —	\$4,280,573	\$ —
Level 2 – Other significant observable inputs	—	1,032,415	—	(730,576)
Level 3 – Significant unobservable inputs	—	—	—	—
<b>Total</b>	<b>\$19,119,114</b>	<b>\$1,032,415</b>	<b>\$4,280,573</b>	<b>\$(730,576)</b>

Description	<b>S&amp;P 500 Bull 2.5X Fund</b>		<b>S&amp;P 500 Bear 2.5X Fund</b>	
	Investments in Securities	Other Financial Instruments*	Investments in Securities	Other Financial Instruments*
Level 1 – Quoted prices	\$31,871,586	\$ (18,335)	\$12,089,452	\$ —
Level 2 – Other significant observable inputs	—	1,019,019	—	(2,366,605)
Level 3 – Significant unobservable inputs	—	—	—	—
<b>Total</b>	<b>\$31,871,586</b>	<b>\$1,000,684</b>	<b>\$12,089,452</b>	<b>\$(2,366,605)</b>

Description	<b>Latin America Bull 2X Fund</b>		<b>Dollar Bear 2.5X Fund</b>	
	Investments in Securities	Other Financial Instruments*	Investments in Securities	Other Financial Instruments*
Level 1 – Quoted prices	\$18,294,725	\$—	\$10,508,932	\$176,822
Level 2 – Other significant observable inputs	—	—	—	—
Level 3 – Significant unobservable inputs	—	—	—	—
<b>Total</b>	<b>\$18,294,725</b>	<b>\$—</b>	<b>\$10,508,932</b>	<b>\$176,822</b>

Description	<b>Dollar Bull 2.5X Fund</b>		<b>Commodity Trends Strategy Fund</b>	
	Investments in Securities	Other Financial Instruments*	Investments in Securities	Other Financial Instruments*
Level 1 – Quoted prices	\$722,351	\$(27,104)	\$278,149,561	\$ —
Level 2 – Other significant observable inputs	—	—	—	(4,267,297)
Level 3 – Significant unobservable inputs	—	—	—	—
<b>Total</b>	<b>\$722,351</b>	<b>\$(27,104)</b>	<b>\$278,149,561</b>	<b>\$(4,267,297)</b>

\* Other financial instruments are derivative instruments not reflected in the Schedule of Investments, such as written options, futures and swap contracts. Futures and swap contracts are valued at the unrealized appreciation (depreciation) on the instrument.

## 8. NEW ACCOUNTING PRONOUNCEMENT

In March 2008, FASB issued its Statement on Financial Accounting Standards No. 161, *Disclosures about Derivatives Instruments and Hedging Activities* ("FAS 161"). This standard is intended to enhance financial statement disclosure for derivative instruments and hedging activities and enable investors to understand: a) how and why a fund uses derivatives instruments, b) how derivatives instruments and related hedge items are accounted for, and c) how derivative instruments and related hedge items affect a fund's financial position, results of operations and cash flows. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. As of April 30, 2009, management does not believe the adoption of FAS No. 161 will impact the financial statement amounts; however, additional footnote disclosures will be required about the use of derivative instruments and hedge items.

In April 2009, FASB issued Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP 157-4"). FSP 157-4 provides additional guidance for estimating fair value in accordance with FAS 157 when the volume and level of activity for the asset or liability have significantly decreased. FSP 157-4 also requires additional disaggregation of the current FAS 157

required disclosures. FSP 157-4 is effective for interim and annual reporting periods ending after June 15, 2009, and will be applied prospectively. At this time, management is evaluating the implications of FSP 157-4 and the impact it will have on the financial statement disclosures.

## **9. SUBSEQUENT EVENT**

On February 11, 2009, the Board of Trustees, based on recommendation from management, approved the creation of an Institutional Class of shares for the Commodity Trends Strategy Fund. The Commodity Trends Strategy commenced issuance of the Institutional Class of shares on May 1, 2009.

To the Shareholders and  
Board of Trustees of Direxion Funds

We have audited the accompanying statement of assets and liabilities of NASDAQ 100 Bull 2.5X Fund, NASDAQ 100 Bear 2.5X Fund, S&P 500 Bull 2.5X Fund, S&P 500 Bear 2.5X Fund, Latin America Bull 2.5X Fund, Dollar Bear 2.5X Fund, Dollar Bull 2.5X Fund and Commodity Trends Strategy Fund (eight of the series constituting Direxion Funds) (the "Funds"), including the schedules of investments, as of April 30, 2009, and the related statements of operations, the statement of changes in net assets, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control of financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of April 30, 2009, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Funds at April 30, 2009, the results of their operations, the changes in their net assets, and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

June 23, 2009  
Milwaukee, Wisconsin

**LONG-TERM CAPITAL GAIN DISTRIBUTIONS**

Each Fund hereby designates the following amounts as long-term capital gain distributions for purposes of the dividends paid deduction (including earnings and profits distributed to shareholders on redemption of Fund shares), during the year ended April 30, 2009.

NASDAQ-100 Bull 2.5X Fund	\$760,408
NASDAQ-100 Bear 2.5X Fund	—
S&P 500 Bull 2.5X Fund	—
S&P 500 Bear 2.5X Fund	—
Latin America Bull 2X Fund	—
Dollar Bear 2.5X Fund	—
Dollar Bull 2.5X Fund	238,510
Commodity Trends Strategy Fund	—

**QUALIFIED DIVIDEND INCOME/DIVIDENDS RECEIVED DEDUCTION**

For the year ended April 30, 2009, certain dividends paid by the Funds may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was as follows:

NASDAQ-100 Bull 2.5X Fund	0.0%
NASDAQ-100 Bear 2.5X Fund	0.0%
S&P 500 Bull 2.5X Fund	0.0%
S&P 500 Bear 2.5X Fund	0.0%
Latin America Bull 2X Fund	0.0%
Dollar Bear 2.5X Fund	0.0%
Dollar Bull 2.5X Fund	0.0%
Commodity Trends Strategy Fund	0.0%

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the year ended April 30, 2009, was as follows:

NASDAQ-100 Bull 2.5X Fund	0.0%
NASDAQ-100 Bear 2.5X Fund	0.0%
S&P 500 Bull 2.5X Fund	0.0%
S&P 500 Bear 2.5X Fund	0.0%
Latin America Bull 2X Fund	0.0%
Dollar Bear 2.5X Fund	0.0%
Dollar Bull 2.5X Fund	0.0%
Commodity Trends Strategy Fund	0.0%

**Direxion Funds**  
**TRUSTEES AND OFFICERS**

The business affairs of each Fund are managed by or under the direction of the Board of Trustees. Information pertaining to the Trustees and Officers of the Funds is set forth below. The SAI includes additional information about the Funds' Trustee and Officers and is available without charge, upon request by calling 1-800-851-0511.

**Interested Trustees**

<u>Name, Address and Age</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u># of Portfolios in Direxion Complex Overseen by Trustee<sup>(2)</sup></u>	<u>Other Trusteeships/ Directorships Held by Trustee</u>
Lawrence C. Rafferty <sup>(1)</sup> Age: 66 . . . . .	Chairman of the Board of Trustees	Lifetime of Trust until removal or resignation; Since 1997	Chairman and Chief Executive Officer of Rafferty, 1997-present; Chief Executive Officer of Rafferty Companies, LLC, 1996-present; Chief Executive Officer of Rafferty Capital Markets, Inc., 1995-present.	73	Board of Trustees, Fairfield University; Board of Directors, St. Vincent's Services; Executive Committee, Metropolitan Golf Association

**Non-Interested Trustees**

<u>Name, Address and Age</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past Five Years</u>	<u># of Portfolios in Direxion Complex Overseen by Trustee<sup>(2)</sup></u>	<u>Other Trusteeships/ Directorships Held by Trustee</u>
Daniel J. Byrne Age: 64 . . . . .	Trustee	Lifetime of Trust until removal or resignation; Since 1997	President and Chief Executive Officer of Byrne Securities Inc., 1992-present.	73	Trustee, The Opening Word Program, Wyandanch, New York
Gerald E. Shanley III Age: 65 . . . . .	Trustee	Lifetime of Trust until removal or resignation; Since 1997	Business Consultant, 1985-present; Trustee of Trust Under Will of Charles S. Payson, 1987-present; C.P.A. 1979-present.	73	None
John Weisser Age: 67 . . . . .	Trustee	Lifetime of Trust until removal or resignation; Since 2007	Retired, Since 1995; Salomon Brothers, Inc, 1971-1995, most recently as Managing Director.	73	MainStay VP Series Fund, Inc.

**Direxion Funds**  
**TRUSTEES AND OFFICERS**

**Officers**

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	# of Portfolios in Direxion Complex Overseen by Trustee <sup>(2)</sup>	Other Trusteeships/ Directorships Held by Trustee
Daniel D. O'Neill Age: 40 . . . . .	President; Chief Operating Officer and Chief Investment Officer	One Year; Since 1999 One Year; Since 2006	Managing Director of Rafferty, 1999-present.	N/A	N/A
William Franca Age: 52 . . . . .	Executive Vice President – Head of Distribution	One Year; Since 2006	Senior Vice President – National Sales, Massachusetts Financial Services/SunLife Financial Distributors, 2002-2004; Executive Vice President, Distribution, SunLife, 2001-2002.	N/A	N/A
Christopher Lewis Age: 38 . . . . .	Chief Compliance Officer	One Year; Since 2009	Director, Alaric Compliance Services, LLC, 2009 – present; Partner, Thacher Proffitt & Wood LLP, 2004-2008; Partner, Simmons & Simmons, 2002-2004.	N/A	N/A
Guy F. Talarico Age: 53 . . . . .	Principal Financial Officer and Treasurer	Once Year; Since 2008	CEO, Alaric Compliance Services LLC, 2006-present; Co-CEO EOS Compliance Services, LLC, 2004-2006; Senior Director, Investors Bank and Trust Co, 2001-2004; Division Executive, JP Morgan-Chase Bank, 1986-2001; Group Product Manager, Lever Brothers Company, 1977-1986.	N/A	N/A
Eric W. Falkeis 615 East Michigan Street Milwaukee, WI 53202 Age: 36 . . . . .	Secretary	One Year; Since 2004	Senior Vice President USBFS since September 2007; Chief Financial Officer, U.S. Bancorp Fund Services, LLC, since April 2006; Vice President, U.S. Bancorp Fund Services LLC, 1997-present; formerly, Chief Financial Officer, Quasar Distributors, LLC, 2000-2003.	N/A	N/A

<sup>(1)</sup> Mr. Rafferty is affiliated with Rafferty. Mr. Rafferty is the Chairman and Chief Executive Officer of Rafferty and owns a beneficial interest in Rafferty.

<sup>(2)</sup> The Direxion Complex consists of the Direxion Funds which currently offers for sale to the public 34 portfolios, the Direxion Insurance Trust which currently offers for sale 3 portfolios and the Direxion ETF Trust which currently offers for sale to the public 20 of the 40 funds currently registered with the SEC.

The address for all trustees and officers except Eric W. Falkeis is 33 Whitehall St., New York, NY 10004.



Direxionfunds

ANNUAL REPORT APRIL 30, 2009

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**Administrator, Transfer Agent, Dividend  
Paying Agent & Shareholding Servicing  
Agent**

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**Independent Registered Public Accounting Firm**

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Milwaukee, WI 53202

**Distributor**

Rafferty Capital Markets, LLC  
59 Hilton Avenue  
Garden City, NY 11530

The Fund's Proxy Voting Policies are available without charge by calling 1-800-851-0511, or by accessing the SEC's website, at [www.sec.gov](http://www.sec.gov).

The actual voting records relating to portfolio securities during the most recent twelve month period ended June 30 (starting with the year ending June 30, 2005) will be available without charge by calling 1-800-851-0511 or by accessing the SEC's website at [www.sec.gov](http://www.sec.gov).

Beginning with the Funds' first and third quarters ending after July 9, 2004, the Funds will file complete schedules of portfolio holdings with the SEC on Form N-Q. The Form N-Q will be available without charge, upon request, by calling 1-800-851-0511, or by accessing the SEC's website, at [www.sec.gov](http://www.sec.gov).

This report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.