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CONTACT: Dawn Ringel, Warner Communications
781-449-8456 or dawn@warnerpr.com

The Potomac Funds Becomes Direxion Funds **New Management Unveils Strategic Plan, Debuts 2.5x Leveraged Index Funds**

BOSTON, MA and NEW YORK, NY, May 8, 2006 – The Potomac Funds, a leading provider of leveraged index and alternative-class mutual fund products, today announced a name change to **Direxion**fund, as part of a sweeping new strategic plan. In addition to its new name, **Direxion**fund announced a new executive team and introduction of several new 2.5x leveraged index funds. The company has also established new executive offices in Boston, MA at the Prudential Tower, which include the Sales, Marketing, Product and Administrative services units. Investment Management and Trading Operations will remain in New York City.

“We’re taking the company and the leveraged index and alternative-class mutual fund category in exciting new directions,” said Ron Fernandes, the new Chief Executive Officer of **Direxion**fund. “It’s an important time to be in the leveraged index and alternative-class mutual fund market, to help investment advisors grow their businesses and to transition the entire sector from a small entrepreneurial segment of the fund universe to a professionally managed, well-recognized and fully-utilized category.”

“We like our business opportunities within the segment, we like the timing of our expansion and we believe the market will embrace our new products, services and distribution team,” added Daniel D. O’Neill, President and Chief Investment Officer. “We believe we have the right team, the right products and the right plan at the right time to establish a leadership position and be the first choice of advisors using leveraged index and alternative-class mutual fund products.”

The upside growth potential for the leveraged index and alternative-class mutual fund industry is significant. Currently, the leveraged index and alternative-class mutual fund market has about \$22 billion under management, just a fraction of the more than \$9 trillion in the total mutual fund market.

New Products and Enhanced Service Build on New Leadership

“**Direxion**fund’s new business strategy is built upon a continuous wave of product innovation, exceptional customer service, and a commitment to building strategic relationships with a focused group of distribution partners,” said Mr. Fernandes. “We’ll put our Advisors, and their clients, first, we’ll do things right and we will be absolutely focused on execution.”

On the product side, the company filed and received approval, effective May 1st, for approximately 30 new funds. During 2006, the company will stage a phased roll-out of these products, which include a new group of 2.5x leveraged index funds. By the end of 2006, **Direxion**fund will offer up to 16 Bull and Bear 2.5x leveraged index funds—including domestic equity, international and fixed income funds. In all, **Direxion**fund plans to offer approximately 50 funds by the end of 2006.

In addition, the company is committed to providing value-added services for the investment advisors who actively manage client portfolios using these products. These services will be actively delivered and widely available to **Direxionfunds'** core customers within the registered investment advisor and independent broker dealer channels.

"We're aiming to demystify, simplify and streamline the use of leveraged index and alternative-class mutual funds for our advisors and their clients," said Mr. Fernandes. "As advisors increase their use of leveraged products to manage their portfolios, we will provide the education and support they need to attract and retain clients to grow their practices."

New Leaders Set Stage for Growth

Mr. Fernandes is among a team of new **Direxionfunds** leaders who are poised to move the company into a new stage of growth. He and his team have successfully grown major financial services businesses multiple times within highly competitive environments including the Wealth Management businesses of Sun Life (U.S.) and multiple lines at Wheat First Butcher Singer, Inc.

Dan O'Neill, who has already been responsible for growing **Direxionfunds** to approximately \$1 billion in assets, continues as the President and Chief Investment Officer of **Direxionfunds**, where he is leading all investment management and trading operations and the development, filing and launch of new products and services. Joining him on the executive team are William P. Franca, Executive Vice President, National Sales and Todd Kellerman as Vice President, Business Services.

Direxionfunds will also focus on relationship-building initiatives, which will include expansion of its sales team. The company will add experienced wholesalers to serve investment advisors, and build a new sales desk to support these wholesalers and their customers.

New Boston Location

Direxionfunds has opened a new executive and sales office to serve the financial advisory community. The new office is located at 800 Boylston Street, Prudential Tower, Suite 1575, Boston, MA 02199 and is reachable by phone at 877-437-9363.

About Direxionfunds

Direxion Funds, managed by Rafferty Asset Management, LLC, is a major provider of leveraged index and alternative-class mutual fund products for investment advisors and sophisticated investors who seek to effectively manage risk and return in both bull and bear markets. Founded in 1997, the company has approximately \$1 billion in assets under management. The company's highly professional management team has successfully grown major financial services businesses in highly competitive environments. Their business strategy is built on continuous product innovation, exceptional customer service and a commitment to building strategic relationships with a focused group of distribution partners. **Direxionfunds** has offices in New York and Boston. For more information, please call 877-437-9363 or see www.direxionfunds.com