

The Direxion Dynamic High Yield Bond and HY Bear fund provide liquid access to the High Yield market. Whether investing passively or actively, these funds provide investors with the opportunity to capitalize on trends in the High Yield market in ways that may provide a portfolio with:

- > Alpha
- > Low or Non Correlating Returns
- > The Possibility for Enhanced Overall Portfolio Returns
- > Preservation of Capital

Consider the multiple features of Direxion Dynamic High Yield Bond and Direxion High Yield Bear:

Multi Directional Investing

Direxion Dynamic High Yield Bond fund and High Yield Bear fund provide investors with the ability to take advantage of both rising and declining high yield markets.



Long Exposure

Total Return in High Yield Bonds - The Direxion Dynamic HY Bond Fund (PDHYX) seeks to maximize total return (income plus capital appreciation) by strategically investing in high yield bond indices while maintaining a long only approach.

Short Exposure

Total Return in Declining High Yield Bonds - The Direxion High Yield Bear Fund (PHBRX) seeks to profit from declining high yield bond prices by shorting high yield indices used for core exposure. In addition, the fund's investment approach also attempts to avoid being fully invested in rising markets to limit loss potential.

Liquidity

Transaction costs and liquidity risk have traditionally been major hindrances to trading the high yield sector. Recent product innovations however, have reduced this risk significantly. The high yield market now has a credit derivative index that frequently trades in excess of \$1 billion in daily volume which provides for efficient execution and liquidity. Direxion achieves daily liquidity through the strategic use of these high yield indices for core exposure. By investing in indices, liquidity risk compared to that of an individual bond fund is reduced and transaction costs are lower.

No Transaction Costs

Investing in indices at the portfolios core not only reduces liquidity risk, it also reduces transaction costs. Direxion does not assess sales charges or transaction fees (fund expenses do apply, as noted in the fund prospectus). This provides investors with the ability to enter and exit Direxion's funds freely. **Note:** *Although Direxion does not charge transaction fees, your platform may.*

Tactical Treasury Exposure

Direxion's High Yield funds invest in Treasury securities only on a short term basis to take advantage of market opportunities. Direxion Dynamic HY Bond attempts to avoid holding Treasuries in improving economic environments to avoid a "flight from quality" in the Treasury market. In these instances, high quality debt becomes relatively less favorable and high yield bonds typically become more favorable due to a reduction in perceived risk, potential for improved credit ratings and higher coupon rates. Conversely, Direxion HY Bear attempts to avoid being short Treasuries in deteriorating economic environments to avoid a "flight to quality" rally in the Treasury market which can hinder portfolio performance. The ability to tactically respond to changing economic conditions provides Direxion's high yield funds with a unique advantage in comparison with other high yield products.



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High Yield Strategies

The flexibility provided by Direxion's high yield line-up provides investors the ability to freely exploit active and passive strategies such as:

Tactical Trading

Relatively lower volatility levels in the high yield sector have often been conducive to tactically taking advantage of short term sector performance. Historically, outright returns have generally averaged less than stocks but a successful active or tactical approach can potentially provide strong relative performance with less volatility than many equity strategies, particularly in volatile and bear markets. Tactically trading the sector, combined with a high amount of income generated by high yield instruments, is a strategy particularly valuable for capital preservation and income generation.

Hedging

Many investors with allocations to the high yield sector or stocks may anticipate a decline in prices but are unable to avoid downturns for reasons such as illiquidity, redemption fees and tax consequences. Direxion's High Yield Bear Fund allows for hedging over both long and short periods of time without incurring short term trading fees or sales charges. Furthermore, as a core hedge, relatively lower levels of volatility in the HY sector can mean a better hedging vehicle with relatively less "whipsaw" than short stock positions. A Short High Yield position can also be an excellent compliment to short equity positions, particularly in markets associated with a credit crunch.



Asset Allocation

High yield bonds have historically generated excess returns during the end of recessionary cycles. Any successful multi-strategy approach that omits the high yield market may be potentially missing out on one of the market's great alpha generators. Including these funds in your asset allocation strategy may help reduce your portfolio's volatility and correlation to the overall equity market while generating incremental excess return.

To further discuss how Direxion's Dynamic High Yield Bond Fund and High Yield Bear Fund may be beneficial to your investment strategy, please call the Direxion Team at 877-437-9363.

The principal risks of investing in the Dynamic High Yield Bond Fund include risks of the Investment Adviser's Investment Strategy, Credit Risk and Lower-Quality Debt Instruments, Market Timing Activity and High Portfolio Turnover, Risks of Aggressive Investment Techniques, Risks of Investing in Derivatives, Swap Agreement Risks, Adverse Market Conditions, Interest Rate Changes, Prepayment Risk, Risk of Non-Diversification, and Risk of Shorting Instruments.

The risks of investing in the High Yield Bear Fund are risks of the Investment Adviser's Investment Strategy, Credit Risk and Lower-Quality Debt Instruments, Market Timing Activity and High Portfolio Turnover, Risks of Aggressive Investment Techniques, Risks of Investing in Derivatives, Swap Agreement Risks, Adverse Market Conditions, Interest Rate Changes, Prepayment Risk, Risk of Non-Diversification, and Risk of Shorting Instruments. For more information on the risks of the fund, including a description of each risk, please refer to the prospectus.

An investor should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. The prospectus contains this and other information about the funds. To obtain a prospectus, please call the Direxion funds at 1 800-851-0511. The prospectus should be read carefully before investing.

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