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Direxion Changes Investment Objective of Leveraged Index Mutual Funds

Funds to Begin Seeking Monthly Investment Results, Offering Tactical Approach for Sophisticated Investors

Newton, MA – October 1, 2009 - [Direxion](#), a pioneer in providing alternative investment strategies to sophisticated investors, announced that in response to market demands it has changed the investment objectives for all of its [Leveraged Index Mutual Funds](#). Effective September 30, 2009, the funds began seeking monthly investment results, rather than daily results.

The change is in response to industry dynamics, as sophisticated investors increasingly favor the use of ETFs when seeking leveraged products that rebalance on a daily basis.

“We realized that our leveraged mutual funds needed to evolve in order to meet the demands of the market. For investors who make frequent trades and seek daily betas, ETFs offer greater flexibility than mutual funds,” said Dan O’Neill, Direxion’s President. “As leaders in our field, we recognize and respond when product innovation is needed, which is why we have changed the investment objectives of our mutual funds to seek monthly results. We believe there is demand for monthly beta mutual funds, and that our modifications will be attractive to a certain segment of sophisticated investors.”

Also effective with this change, funds that sought to achieve 250% or -250% of the performance of their index on a daily basis will now seek to achieve 200% or -200% of the performance of their index on a monthly basis. The 200% beta level represents the largest market in daily beta products, making it the most attractive entry point for Direxion as the first to provide leveraged and inverse monthly beta mutual funds.

“Direxion’s leveraged products are powerful investment tools for sophisticated investors who seek magnified exposure to the markets,” said O’Neil continued. “While our Leveraged Daily ETFs are designed primarily for traders seeking more immediate results based on short-term market movements, our Leveraged Monthly Mutual Funds are well-suited for investors implementing sophisticated investment strategies with slightly longer time frames,” O’Neil said. Due to the inherent leverage within the funds, they are typically more volatile than non-leveraged funds and therefore investors should actively monitor and manage their investments.

The effects of compounding may still be substantial for the Monthly Mutual Funds over multiple-month periods. However, the exposure levels that investors obtain when they purchase a fund remain constant until the fund rebalances on the last trading day of the month, or until the investor

sells, whichever occurs earlier. This feature makes the Monthly Mutual Funds well-suited for sophisticated investors looking to implement short- to medium-term strategies.

If investors make intra-month purchases – that is, on any day other than the last trading day of the month – the total exposure of the fund may be higher or lower than the stated (2x or -2x) monthly objective. Direxion has developed a comprehensive suite of [educational literature and tools](#) to help investors better understand the funds' new objectives and how their investments should be expected to behave in the markets.

Direxion has filed to offer monthly beta ETFs in addition to its daily beta ETFs although Direxion does not know when, or if, such monthly beta ETFs will be able to reach the market. Direxion does not anticipate making any changes to the investment objectives of its current daily beta ETFs.

To request more information on Direxion Monthly Leveraged Index Mutual Funds, or to speak to a member of the Direxion team, please contact Katrine Winther-Olesen at (973) 400-1341 or katrine@jcpublicrelations.com.

About Direxion

Direxion Funds and Direxion Shares, managed by Rafferty Asset Management, LLC, offer leveraged index funds, ETFs and alternative-class 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 \$6.5 billion in assets under management as of 6/30/09. The company's business model is built on continuous product innovation, exceptional customer service and a commitment to building strategic relationships with distribution partners. *For more information, please visit www.direxionfunds.com.*

An investor should consider the investment objectives, risks, charges, and expenses of Direxion Funds carefully before investing. The prospectus contains this and other information about Direxion Funds. To obtain a prospectus, please visit www.direxionfunds.com. The prospectus should be read carefully before investing.

Investing in index funds may be more volatile than investing in broadly diversified funds. The use of leverage by a mutual fund increases the risk to the fund. The more a fund invests in leveraged instruments, the more the leverage will magnify gains or losses on those investments.

The risks associated with the funds are detailed in the prospectuses, which include Adverse Market Conditions Risk, Adviser's Investment Strategy Risk, Aggressive Investment Techniques Risk, Commodities Risk, Concentration Risk, Counterparty Risk, Credit Risk, Currency Exchange Rate Risk, Debt Instrument Risk, Depositary Receipt Risk, Early Close/Trading Halt Risk, Emerging Markets Risk, Equity Securities Risk, Foreign Securities Risk, Gain Limitation Risk, Geographic Concentration Risk, Interest Rate Risk, Intra-Calendar Month Investment Risk, Inverse Correlation Risk, Leverage Risk, Lower-Quality Debt Securities, Market Risk, Market Timing Activity and High Portfolio Turnover, Monthly Correlation Risk, and Negative Implications of Monthly Goals in Volatile Market.

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