

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Direxion Hilton Tactical Income Fund		46-3128483	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Patrick Rudnick	646-572-3631	rudnickp@direxioninvestments.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
615 E. Michigan Street		Milwaukee, WI 53202	
<b>8</b> Date of action		<b>9</b> Classification and description	
8/31/2016		Nontaxable Return of Capital Distribution	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
254939168	N/A	HCYIX	N/A

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Direxion Hilton Tactical Income Fund paid a nontaxable return of capital distribution on the dates listed below to  
shareholders of record on the dates listed below.

Record Date: 01/29/2016	Ex-Date: 02/01/2016	
Record Date: 02/29/2016	Ex-Date: 03/01/2016	
Record Date: 03/31/2016	Ex-Date: 04/01/2016	
Record Date: 04/29/2016	Ex-Date: 05/02/2016	
Record Date: 05/31/2016	Ex-Date: 06/01/2016	
Record Date: 06/30/2016	Ex-Date: 07/01/2016	
Record Date: 07/29/2016	Ex-Date: 08/01/2016	

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The total nontaxable return of capital portion of the dividend paid to shareholders of record on  
the dates listed below is 0.180263 per share.

Record Date: 01/29/2016	Ex-Date: 02/01/2016	0.02805799 per share
Record Date: 02/29/2016	Ex-Date: 03/01/2016	0.02805799 per share
Record Date: 03/31/2016	Ex-Date: 04/01/2016	0.02805799 per share
Record Date: 04/29/2016	Ex-Date: 05/02/2016	0.02402225 per share
Record Date: 05/31/2016	Ex-Date: 06/01/2016	0.02402225 per share
Record Date: 06/30/2016	Ex-Date: 07/01/2016	0.02402225 per share
Record Date: 07/29/2016	Ex-Date: 08/01/2016	0.02402225 per share

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The tax basis of the shareholders of record for each dividend is lowered by the per share return of capital  
amount noted above. The rate was determined in accordance to IRC §301 and §316.

**Part II Organizational Action** (continued)

**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC §301, §316

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**18** Can any resulting loss be recognized? ▶ No loss can be recognized by the shareholders of record for the nontaxable return of capital distribution received.

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**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The information provided above will be reflected on the shareholder's 2016 1099-DIV statement, box 3.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here** Signature ▶ A signed copy is maintained by the issuer Date ▶ \_\_\_\_\_

<b>Paid Preparer Use Only</b>	Print your name ▶	Preparer's signature	Title ▶	Check <input type="checkbox"/> if self-employed	PTIN
	Print/Type preparer's name		Date	Firm's EIN ▶	
	Firm's name ▶			Phone no.	
	Firm's address ▶				