MainStay Investments®

MARKETFIELD
ASSET MANAGEMENT

February 28, 2013

MainStay Marketfield Fund

Fund Overview

Objective

The investment objective of the Fund is capital appreciation. We endeavor to accomplish this by seeking low-volatility absolute returns in excess of broad equity indexes.

Strategy & Process

The Fund attempts to provide returns on capital substantially in excess of the risk-free rate rather than matching any particular index or external benchmark. The Fund has a broad investment charter that allows it to utilize equity securities, fixed-income instruments, commodities, futures and options. Additionally, with respect to 50% of the Fund's net assets, the Fund may engage in short sales of index-related and other equity securities to reduce its equity exposure or to profit from an anticipated decline in the price of the security sold short.
The use of short selling could result in increased volatility of returns.

Fund Facts

Fund Statistics

CUSIP: Class A: 56064B878
Class I: 56064B852
Class R2: 56064B845

Inception Date 7/31/07
Benchmark S&P 500 Index
Net Assets $6,479M
Number of Holdings 99

Top Ten Long Equity Holdings (As of 2/28/13)

Holding	%
iShares MSCI Mexico ETF	2.9%
BASF SE (Germany)	2.4%
SPDR S&P Regional Banking ETF	2.1%
iShares Dow Jones Transport Avg. ETF	2.1%
Eagle Materials Inc.	2.0%
CRH PLC (UK)	1.9%
iShares MSCI Italy Index ETF	1.7%
Buzzi Unicem SpA (Italy)	1.7%
General Electric Co.	1.7%
Union Pacific Corp.	1.6%
TOTAL	20.1%

Portfolio Allocation (As of 2/28/13)

Equity Long 80%
Equity Short 41%

★★★★★ OVERALL MORNINGSTAR RATING™ (CLASS I)
AMONG 97 LONG-SHORT EQUITY FUNDS AS OF 2/28/13

Ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3 year Morningstar Rating metrics.*

Fund Performance

Monthly Average Annual Total Returns as of 2/28/13

	Tickers	YTD	One Year	Three Year	Five Year	Inception
Class A (Max. 5.5% load) (10/08/2012)	MFADX	-1.68%	7.81%	8.01%	8.19%	8.14%
Class A (NAV) (10/08/2012)	MFADX	4.04%	14.09%	10.07%	9.42%	9.24%
Class I (07/31/2007)	MFLDX	4.10%	14.33%	10.33%	9.68%	9.50%
Class R2 (10/08/2012)	MFRDX	4.11%	13.95%	9.95%	9.31%	9.12%
S&P 500	N/A	6.61%	13.46%	13.50%	4.94%	2.98%**

**Inception date used was for Class I (07/31/07)

Quarterly Average Annual Total Returns as of 12/31/12

	Tickers	One Year	Three Year	Five Year	Inception
Class A (Max. 5.5% load) (10/08/2012)	MFADX	7.06%	8.09%	7.49%	7.60%
Class A (NAV) (10/08/2012)	MFADX	13.29%	10.15%	8.71%	8.73%
Class I (07/31/2007)	MFLDX	13.50%	10.40%	8.97%	8.99%
Class R2 (10/08/2012)	MFRDX	13.06%	10.00%	8.58%	8.60%
S&P 500	N/A	16.00%	10.87%	1.66%	1.90%**

**Inception date used was for Class I (07/31/07)

Total Annual Fund Operating Expenses: Class A: 2.70%, Class R2: 2.80%, and Class I: 2.45%; Effective October 5, 2012, New York Life Investment Management LLC ("New York Life Investments") has contractually agreed to waive fees and/or reimburse expenses so that Total Annual Fund Operating Expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase or sale of portfolio investments, and acquired (underlying) fund fees and expenses) for Class I shares do not exceed 1.56% of its average daily net assets. This agreement will be in effect for a two-year period unless extended by New York Life Investments and approved by the Board of Trustees.

Average annual total returns include the change in share price and reinvestment of capital gains and distributions. Effective 10/8/12, Marketfield Fund was renamed MainStay Marketfield Fund. At that time, the Fund's existing no-load shares were redesignated Class I shares. Performance for Class A and R2 shares, first offered 10/8/12, includes the historical performance of Class I shares from inception through 10/8/12, adjusted to reflect the applicable sales charge and fees and expenses for such shares. Class I shares are generally available only to corporate and institutional investors.

Performance reflects the reinvestment of dividends and other earnings and is net of advisory fees. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data to the most recent month end may be obtained by calling 800–MAINSTAY (624–6782).

The S&P 500 Index (SPX) is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The securities holdings and volatility of the Fund differ significantly from the stocks that make up the SPX.

Top five sectors–net

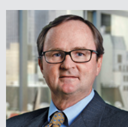
Sector	%
Industrial	25.5%
Materials	12.7%
Consumer Discretionary	7.3%
Consumer Staples	4.9%
Energy	0.9%

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Current and future portfolio holdings are subject to risk.
There can be no guarantee that investment objectives will be met.

Management Team

Michael C. Aronstein
President, Chief Investment Officer, and Portfolio Manager

Michael C. Aronstein is Portfolio Manager of MainStay Marketfield Fund. In 2004, Mr. Aronstein joined Oscar Gruss & Son Incorporated, where he held the position of Chief Investment Strategist. Prior to joining Oscar Gruss, Mr. Aronstein was Chief Investment Strategist at Preservation Group, a provider of independent macroeconomic and strategic advice to professional investors. Mr. Aronstein began his investment career in 1979 at Merrill Lynch, serving positions as Senior Market Analyst, Senior Investment Strategist, and Manager of Global Investment Strategy. Mr. Aronstein spent six years as President of Comstock Partners, a diversified investment advisor, and left to found West Course Capital, a discretionary commodity management firm. Mr. Aronstein graduated from Yale College with a Bachelor of Arts in 1974. His views on macroeconomic and strategic issues are regularly sought by and disseminated through the financial print and visual media. Mr. Aronstein manages $6,479 million in MainStay Marketfield Fund and $554 million in The Marketfield Fund, Ltd.; total assets under management are $7,033 million.

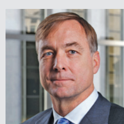


Myles D. Gillespie
Principal, Senior Trader

Myles D. Gillespie joined Marketfield Asset Management in 2007. Myles is a graduate of The Hotchkiss School and holds a Bachelor of Arts degree from Franklin and Marshall College (Class of 1983). From 1983 to 1986, he worked as a stock index futures trader with Henderson Brothers and in 1986 became a NYSE Specialist at Quick & Reilly. He was appointed Executive Vice President of JCC Specialist Corp., the successor firm to Quick and Reilly, in 1989. In 1999 he became President of Fleet Specialist, Inc., the successor firm to JCC Specialist Corp., retiring from this position in 2004. During his time at the NYSE, Myles served as a NYSE floor Official (1993-1999) and NYSE floor Governor (2001-2004).

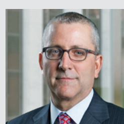
Michael Shaoul
Chairman and CEO

Michael Shaoul also serves as Chief Executive Officer of Oscar Gruss and Son Incorporated, a position he has held since December 2001. He joined Oscar Gruss in 1996 as Chief Operating Officer. Between 1992 and 1996, Mr. Shaoul ran Park Square Associates, a Manhattan-based real estate investment and management company. He was awarded a Ph.D. in Accounting and Finance in 1992 from Manchester University (UK). Mr. Shaoul has written articles on behalf of *Barron's* and has been regularly quoted in *The Wall Street Journal* and Dow Jones Newswires regarding his opinions on the investment markets.



David C. Johnson, Jr.
Principal, Director of Research

Mr. Johnson joined Marketfield Asset Management LLC as Director of Research in April 2011. Mr. Johnson is a graduate of the University of North Carolina at Chapel Hill. He received his MBA in 1984 from Darden School of Business, University of Virginia. Prior to joining Marketfield, Mr. Johnson was an investment analyst, portfolio manager, and head of business development at Wilkinson O'Grady & Co., Inc. He spent the first 10 years of his career in the fixed-income department of Salomon Brothers, where he managed one of its primary sales groups. Mr. Johnson was president of Preservation Group, where he worked closely with Mr. Aronstein.



Andrew Lyss
Principal, Senior Trader

Mr. Lyss joined Marketfield Asset Management LLC in 2012. He was previously Executive Vice President at Oscar Gruss, which he re-joined in 1997. Mr. Lyss previously worked for Oscar Gruss from 1993 to1995. Mr. Lyss specializes in special situations, including merger arbitrage, spinoffs, bankruptcy, and post-bankruptcy valuations. He has twenty-three years of securities industry experience. Prior to re-joining Oscar Gruss in 1997, Mr. Lyss was employed by Arnhold & S. Bleichroeder from 1995 to 1997 in insttutional sales and by Prudential Securities from 1983 to 1989 in varied positions. Mr. Lyss received a BS/BA from the University of Denver in 1982.

MainStay Investments®

MARKETFIELD
ASSET MANAGEMENT

February 28, 2013

Before You Invest

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. The Fund regularly makes short sales of securities, which involves the risk that losses may exceed the original amount invested. However, a mutual fund investor's risk is limited to the amount invested in a fund. The Fund may also use options and futures contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors. Investments in absolute return strategies are not intended to outperform stocks and bonds during strong market rallies.

**© 2013 Morningstar, Inc. All Rights Reserved. The information contained herein (1) is proprietary to Morningstar, (2) may not be copied or distributed and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ (based on a Morningstar Risk Adjusted Return measure that accounts for variation in a fund's monthly performance, including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) MainStay Marketfield Fund Class I received 5 stars among 97 Long-Short Equity Funds for the three-year period & 5 stars among 64 Long-Short Equity Funds for the five year period ending 2/28/13.*

MainStay Marketfield Fund is subadvised by Marketfield Asset Management LLC and distributed by NYLIFE Distributors LLC, 169 Lackawanna Avenue, Parsippany, NJ 07054, a wholly owned subsidiary of New York Life Insurance Company. NYLIFE Distributors LLC is a Member FINRA/SIPC.

MainStay Investments® is a registered service mark and name under which New York Life Investment Management LLC does business. MainStay Investments, an indirect subsidiary of New York Life Insurance Company, New York, NY 10010, provides investment advisory products and services.

Neither New York Life Investment Management LLC, its representatives or affiliates provide tax, legal or accounting advice. Please consult your own advisors on these matters.

The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time.

Obtain the Prospectus

For more information, call 800-MAINSTAY (624-6782) for a prospectus or summary prospectus. Investors are asked to consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus or summary prospectus contain this and other information about the investment company. Please read the prospectus or summary prospectus carefully before investing.

Commentary

Price cycles in markets can be viewed through the lens of their psychological correlates. The transit of prices from bottom to top is both a cause and reflection of a gradual shift in the collective mood from despair to euphoria. Secular extremes of attitude and price are normally not too difficult to identify. The real problem for investors occurs during the midpoints in long trends, where clear-cut extremes no longer exist. Markets can be thought of as evidencing mixed moods during this stage.

Clear, categorical extremes in mood and market prices are few and far between. Most of an investor's time is spent trying to reckon with markets that are moving in the great middle ground between peak and trough, which, to make life difficult, comprises the majority of any meaningful trend.

Our approach to this particular difficulty relies on life cycle diversification. By this we mean owning stocks within thematic groupings that are in different stages of their long-term trends. Broad markets and asset classes can be looked upon in their entireties to try to discern extremes, but even with clear examples such as the 1989 peak in Japan or the 1974 and 2008 lows in U.S. equities the underlying components in the broad indices can be far away from the secular extremes reflected by the broad averages.

Bear and bull markets alike have specific, well-defined leadership groups. Not all or even the majority of broad index members will account for the conceptual excesses and their psychological correlates that define extremes in price. Energy, financial and housing stocks did not provoke investors to maniacal excesses in 1999 and 2000, and yet all suffered small collateral damage during the collapse of the technology theme that drove the bull market and its subsequent retreat.

This is why we find it counterproductive to think or speak in broad, index level terms about the potential risks and rewards in any asset class. Risks arise because specific sectors within markets have risen to levels that reflect unwarranted fundamental optimism. Unless we can identify the specific, analytic and conceptual error underlying the enthusiasm for a certain type of asset, we will stay away from the short side.

It is not enough to say, "stocks are very expensive", ergo sell. Our approach requires us to specify which stocks in particular are mispriced, why they have become so and what fundamental, macroeconomic prospects are on the horizon that will prove the optimism surrounding them wrong.

In the current investment environment, the advent of ETFs and the evolution of investment advisory roles from single security recommendations to broad, asset allocation advice has created larger, correlated security groupings. Investment management firms have, likewise, spent less time on bottom-up, single security selection and have introduced fewer and fewer products that rely upon that discipline.

Much of this is in response to the broad, categorical effects of the panic of 2008, which, for a few months, spared no asset class. Individual security selection was fruitless as a short-term defense.

At the moment, residual effects of that turmoil remain in evidence, though less emphatically. The secular bull market in equities, which we date to the early months of 2009, has progressed to a point at which valuations of U.S. equities are not as remarkably depressed and attractive as they were four years ago.

Appreciation for the domestic equity markets is more widely expressed in the media and among industry commentators. This is, we believe, more an acknowledgement of what has already happened than a wholesale enthusiasm for future prospects. Nevertheless, the more constructive mood coincides with a point in the market's cycle where normal and painful cyclical contractions are a real possibility.

Returning to our description of our own investment process, we stated that before we acted on the probability of a thematic shift, we demand that we are able to identify specific places where the change is taking place and the probable fundamental changes behind it.

In the present case, potential vulnerability in equities is a function of deteriorating fundamentals within certain of the major emerging market economies. Among the most vulnerable are Brazil, India and China. We cite these mainly because they are where the majority of outside capital and economic exchange is involved. None is as bad as Argentina or Venezuela, but with the remarkable exception of a number of U.S. mutual funds involved in Venezuelan bonds, there is very little directly at stake in these countries.

Commentary Cont.

Developed market companies with important exposures to the major emerging economies are already showing signs of pressure from deterioration in those regions. In the U.S., stocks of companies more sensitive to domestic demand and those less tied to capital spending cycles in emerging markets (EM) are performing notably better.

The deterioration in economic prospects in much of the developing world reflects the fact that they are out of phase with the credit cycle in the U.S. Whereas long-term credit expansion (with the exception of the government sector) in the U.S. peaked during the late stages of the housing boom, private sector and bank credit in China, India and Brazil enjoyed a further, speculative advance following the 2008 financial panic. The peaks of credit excess in these economies are similar to where we were in 2006-7. In fact, China continues to grow credit at a world record pace in spite of already weakening fundamentals.

The asynchronous relationship between the life cycle stages of the U.S. economy and markets and those in the developing world proceeds from the fact that the fundamental problems underlying the events of 2007-8 were entirely a consequence of the speculation in housing and housing finance that took place in the U.S. and parts of Western Europe. EM economies and banking systems were hardly involved. In 2008 their markets sold off with everything else, but there was little if any fundamental justification for the liquidation. That is why we had nearly half of our portfolio invested in equities related to recovery in EM by the first quarter of 2009.

Fundamentals have now come full circle. Emerging market assets, because they shook off the effects of 2008, have come to be regarded as structurally invulnerable. That was true four years ago but not today.

The impressive economic performance from the early years of the 21st century until 2011 was mainly attributable to the large-scale migration of productive capital assets from Western companies needing to take advantage of extraordinarily low costs of production. Where capital did not migrate, demand did, allowing locally owned companies to take full advantage of the consumer wealth that exists in the developed economies.

The remarkable competitive advantages enjoyed by most major emerging market economies have been undermined by inflation. The main factor keeping emerging economies from more serious reversals than have already occurred is the continued influx of developed world portfolio flows, particularly in fixed income markets. These have had the effect of keeping local credit conditions reasonably accommodative in spite of deteriorating macroeconomic fundamentals.

Popular wisdom holds that EM performance will be rekindled once the various governments alight upon the precise policy headings to assure robust, non-inflationary growth. This attitude is part of a grander, contemporary delusion that madly overemphasizes the role of governments in fashioning prosperity. There is a proper role, but it is largely a matter of restraint rather than positive action.

At the moment, global macroeconomic conditions comprise economies in three distinct stages of their longer-term cycles. The U.S. private sector is well along in the recovery stage, more than five years past the peak in its last, destructive credit cycle. Europe, burdened by mistakenly tight central bank policy until 2011, is just on the verge of turning up, similar to where we were in late 2009. Japan is 23 years from the peak of its last internal credit excess, and looks finally to be on the verge of an appropriate monetary expansion.

The big emerging economies are just past the peak of a major private sector and banking system credit cycle, which will begin to be reflected in more distress and headline failures. To the extent that fixed income flows from U.S. and European retail funds begin to slow, the nasty stage of credit stringency in EM will begin sooner.

Because the major parts of the macroeconomic picture are out of phase, judging the timing of when each predominates in market tone is difficult. It is why we maintain seemingly conflicted exposures in the fund, having a portion of the portfolio exposed to each of the three main macroeconomic themes. This leads us to long exposure in the momentum stage of the U.S. equity market and the early recovery stage in Europe, short positions in what we regard as the unfolding bear markets in the major emerging economies and long duration dollar bonds in both the U.S. and EM.

March 25, 2013

Michael C. Aronstein
President, CIO & Portfolio Manager