MARKETFIELD
ASSET MANAGEMENT

January 2016

MainStay Marketfield Fund

Fund Overview

Objective

The investment objective of the Fund is capital appreciation.

Strategy & Process

The Fund seeks long-term growth of capital above that of the broad equity market over a full market cycle, with volatility that is lower than that of the broad equity market. Correlation between the Fund and the broad equity market may vary considerably over a full market cycle. 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 securities 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	$2,142 M
Number of Holdings	89

Top Ten Long Holdings (Excluding Cash)

(As of 1/31/16)

Merlin Properties Socimi SA (Spain)	2.2%
Industria de Diseno Textil SA (Spain)	2.0%
Siemens AG (Germany)	1.8%
3M Co.	1.8%
Kennedy Wilson Europe Real Estate Plc (UK)	1.7%
iShares U.S. Home Construction ETF	1.7%
D.R. Horton, Inc.	1.7%
Grifols SA (Spain)	1.7%
Costco Wholesale Corp.	1.6%
Raytheon Co.	1.6%
TOTAL:	17.8%

Portfolio Allocation (As of 1/31/16)

Equity Long	52%
Equity Short	-32%
Equity Index Futures Short*	-3%

Option delta not reflected.

**Notional Value*

Fund Performance

Monthly Average Annual Total Returns as of 1/31/16

	Tickers	YTD	One Year	Three Years	Five Years	Inception
Class I (7/31/2007)	MFLDX	-3.43%	-9.27%	-4.69%	1.00%	4.45%
Class A (Max. 5.5% load) (10/05/2012)	MFADX	-8.76%	-14.43%	-6.67%	-0.36%	3.51%
Class A (NAV) (10/05/2012)	MFADX	-3.45%	-9.45%	-4.89%	0.77%	4.20%
Class R2 (10/05/2012)	MFRDX	-3.46%	-9.54%	-5.00%	0.65%	4.09%
S&P 500® Index (7/31/2007)	N/A	-4.96%	-0.67%	11.30%	10.91%	5.71%

Quarterly Average Annual Total Returns as of 12/31/15

	Tickers	YTD	One Year	Three Years	Five Years	Inception
Class I (7/31/2007)	MFLDX	-8.31%	-8.31%	-2.04%	2.05%	4.93%
Class A (Max. 5.5% load) (10/05/2012)	MFADX	-13.51%	-13.51%	-4.08%	0.67%	3.98%
Class A (NAV) (10/05/2012)	MFADX	-8.48%	-8.48%	-2.26%	1.82%	4.68%
Class R2 (10/05/2012)	MFRDX	-8.57%	-8.57%	-2.35%	1.70%	4.57%
HFRI Macro Discretionary Thematic Index (12/31/2007)	N/A	0.23%	0.23%	-0.18%	-0.75%	0.29%
S&P 500® Index (7/31/2007)	N/A	1.38%	1.38%	15.13%	12.57%	6.41%

Performance data quoted represents past performance. Past performance is no guarantee of future results. Due to market volatility, current performance may be less or higher than the figures shown. Investment return and principal value will fluctuate, so that upon redemption, shares may be worth more or less than their original cost. Performance figures for Class I shares reflect a contractual fee waiver and/or expense limitation agreement in effect through 2/28/16, without which total returns may have been lower. This agreement shall renew automatically for one-year terms unless written notice is provided prior to the start of the next term or upon approval of the Board. For performance information current to the most recent month-end, visit our web site at mainstayinvestments.com.

Total Annual Fund Operating Expenses are: Class A: 2.73%, Class I: 2.47%, and Class R2: 2.84%. Expenses include *Dividend Expense on Securities Sold Short and Broker Fees and Charges on Short Sales* for each share class, without which, the total net expenses are as follows: Class A: 1.86%, Class I: 1.61%, and Class R2: 1.96%.

Average annual total returns include the change in share price and reinvestment of capital gains and distributions. Effective 10/5/12, Marketfield Fund became MainStay Marketfield Fund. At that time, the Fund's existing no-load shares became Class I shares. Performance for Class I shares reflects the historical performance of the then-existing shares of Marketfield Fund (which were subject to a different fee structure) for periods prior to 10/5/12. Performance for Class A shares includes the historical performance of Class I shares, adjusted to reflect the differences in fees and expenses. Class I shares are generally available only to corporate and institutional investors. Class R shares are available only through corporate-sponsored retirement programs.

Equity allocations may include fixed-income exposure.

Top Five Sectors—Net

Industrials	11.0%
Consumer Discretionary	9.6%
Information Technology	2.9%
Consumer Staples	2.5%
Health Care	2.4%

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, CIO, and Portfolio Manager

Michael C. Aronstein is President, Chief Investment Officer, and Portfolio Manager of Marketfield Asset Management LLC. He was one of the founding partners of Marketfield, which was created in 2007. 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 degree 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 $2,142 million in MainStay Marketfield Fund, and $56 million in Marketfield Fund Dublin; total assets under management are $2,198 million.

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

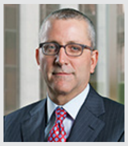
Mr. Johnson joined Marketfield Asset Management LLC as Director of Research in April 2011. Mr. Johnson is a graduate of the University of North Carolina at Chapel Hill. He received his MBA in 1984 from Darden School of Business, University of Virginia. Prior to joining Marketfield, Mr. Johnson was an 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.

Michael Shaoul
Chairman and CEO

Michael Shaoul is Chairman and CEO of Marketfield Asset Management LLC. Mr. Shaoul is one of the founding partners of Marketfield, which was created in 2007. In his role at Marketfield, he helps formulate the top-down insights that inform the firm's investment decisions and authors a daily commentary that communicates these ideas with clients. He is a frequent contributor to the financial media, which values his views on economic cycles and investment markets. In 1996, Mr. Shaoul joined Oscar Gruss & Son Incorporated. He became its CEO in 2001 and held this position until 2014. He is Treasurer of American Friends of Tel Aviv University and a member of the Board of North American Friends of Manchester University. He was awarded a PhD in Accounting and Finance from the University of Manchester (UK) in 1993.

Myles D. Gillespie
Principal, Senior Trader

Myles D. Gillespie joined Marketfield Asset Management LLC 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 & 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).



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 to 1995. Mr. Lyss specializes in special situations, including merger arbitrage, spinoffs, bankruptcy, and post-bankruptcy valuations. Prior to re-joining Oscar Gruss in 1997, Mr. Lyss was employed by Arnhold & S. Bleichroeder from 1995 to 1997 in institutional 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.

Before You Invest

Before considering an investment in the Fund, you should understand that you could lose money.

The Fund regularly makes short sales of securities, which involves the risk that losses may exceed the original amount invested. 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. However, a mutual fund investor's risk is limited to the amount invested in a fund. Investments in absolute return strategies are not intended to outperform stocks and bonds during strong market rallies.

Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. These risks may be greater for emerging markets. Investing in smaller companies involves special risks, including higher volatility and lower liquidity. Investing in mid-cap stocks may carry more risk than investing in stocks of larger, more well-established companies. 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 involves the risk that the macroeconomic trends identified by portfolio management will not come to fruition and their advantageous duration may not last as long as portfolio management forecasts. The Fund may invest in derivatives, which may increase the volatility of the Fund's NAV and may result in a loss to the Fund.

MainStay Marketfield Fund is subadvised by Marketfield Asset Management LLC and distributed by NYLIFE Distributors LLC, 169 Lackawanna Avenue, Parsippany, NJ 07054 (effective April 1, 2016, the address will be 30 Hudson Street, Jersey City, NJ 07302), 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, nor its affiliates provide tax, legal, or accounting advice. Please consult your own advisors on these matters.

Notional value is the total value of a leveraged position's assets.

The S&P 500® Index is a trademark of McGraw Hill Financial Inc. The S&P 500® Index is widely regarded as the standard index for measuring large-cap U.S. stock market performance. The securities holdings and volatility of the Fund differ significantly from the stocks that make up the S&P 500 Index.

The HFRI Macro Discretionary Thematic Index is a broad-based hedge fund index, consisting of strategies that are primarily reliant on the evaluation of market data, relationships, and influences, as interpreted by an individual or group of individuals who make decisions on portfolio positions. These strategies employ an investment process most heavily influenced by top-down analysis of macroeconomic variables.

An investment cannot be made directly into an index.

Yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates.

Obtain the Prospectus

For more information about MainStay Funds,® 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 contains this and other information about the investment company. Please read the prospectus or summary prospectus carefully before investing.

MARKETFIELD
ASSET MANAGEMENT

January 2016

Commentary

Chairman's Report

The Fund's performance for 2015 was disappointing, given that we generated negative returns for the second consecutive year. Unlike 2014 when our entire macro viewpoint turned out to be misplaced, causing both the long and short sides of our portfolio to lose money, the majority of our losses in 2015 were generated by our allocation to Chinese equities listed in Hong Kong.

In this case, we proved to be mostly correct about the resilience of the overall Chinese economy, which continued to see weakness contained in a specific portion of the economy. However, we placed too much confidence in the competence of Chinese regulatory authorities and the ability of Hong Kong markets to insulate themselves from a speculative boom and bust in Mainland markets. We had started to trim positions just before the market cracked, but should (in retrospect) have been more aggressive.

Having suffered sharp declines in Chinese exposure during June and July, we elected to hedge our exposure using U.S. index options, on the basis that weakness in China was likely to spread quickly to global markets. This proved to be the correct call, and we comfortably navigated a very sharp correction in global equities during August. With our confidence in the competence of Chinese monetary and regulatory authorities diminished, we cut back our exposure substantially during the 4th quarter and have continued to cut back during 2016.

Other than China, our performance reflects a generally difficult investment environment. Although the S&P 500 Index generated a small positive return, the majority of positive performance was driven by a small number of issuers with leadership, narrowing as the year progressed. Losing sectors continued to suffer losses as the year progressed, in contrast to 2011 (the last flat year), which saw a late-year, strong, broad rebound trim losses across all sectors.

Our remaining long side themes performed adequately. European commercial real estate and Japanese equities continued to recover, although both saw gains front loaded and experienced difficult summers. Our exposure to the U.S. housing cycle was neither helpful nor harmful, with losses in homebuilders themselves offset by gains in housing-related equities.

Despite the disappointing overall performance, we did finish the year in a much more comfortable place than 2014. Having seen our reflationary thesis torn apart, we were forced to retrench and reform our opinion about the likely direction of the economic cycle. However, our decision to liquidate the vast majority of commodity-related exposure in late 2014 helped shield our portfolio from the deep damage wrought in energy and materials during the whole of 2015.

As 2015 progressed, we became more and more convinced that the commodity sectors are the first to show the effect of an investment boom fueled by low interest rates, causing supply to overwhelm demand, rather than a special case which would see weakness contained within them.

By the end of 2015, we had identified a number of sectors that we believe are likely to follow commodity-related equities along a downward path, allowing our short book to be focused in particular areas, rather than generic index hedges. With the overall investment environment deteriorating, identifying the likely locus of liquidation is always critical and we believe that reliance upon, or involvement with high yield and the low end of investment-grade credit, is likely to be the key determining factor for underperformance.

This certainly has been the case during the early weeks of 2016, although the vast majority of the calendar year remains ahead of us. Overall, we believe that the investment landscape has started to be transformed into one that is much more friendly to active fund management that has the capability to hedge.

Thus far, investors' nerves have largely held in the face of periodic volatility and there has been no obvious change in the increasing preference for passive, smart beta product. Although popularity does not in itself doom an investment strategy to failure, substantial changes in investment cycles have a habit of upending investment fashion. We do believe that 2015 marked a key turning point for the long, profitable bull markets in global equity and credit and that 2016's rocky start is a warning that times are changing.

February 1, 2016
Michael Shaoul
Chairman, CEO

Commentary (continued)

Portfolio Manager's Commentary

For the first time in nearly a decade, the year-end macroeconomic environment is unfolding within the context of a Federal Reserve Board that is intentionally tightening monetary policy.

This commentary will consider the broad implications for capital markets in the aftermath of the most intensive cycle of monetary ease in modern history. We will attempt to explain mechanisms utilized by the Federal Reserve (and other central banks) to force liquidity into the system and suppress certain important interest rates. We will look at the effects within markets, the banking system, and the economy with the intention of identifying anomalies that now present systemic risks.

The first response of the Federal Reserve to the crisis of 2008 was immediate and far-reaching liquidity provisions to replace the funding channels that had supported banks' and other financial institutions' holdings of securities. The problem centered on mortgage-backed pools for which there were no markets, once private funding channels collapsed. Support for commercial paper and money funds, as well as failing institutions and dollar-starved, foreign central banks was also forthcoming. In substance, there was a widespread run on the banking system by wholesale market funding sources, rather than retail depositors.

Had the Fed failed to act at this point, a liquidity seizure similar to 1931-1932 was nearly certain, and the resulting destruction of wealth would have ushered in an acute depression in real economic activity. As it was, the belated response of the Federal Reserve to the collapse in property prices and mortgage markets that began in 2006 allowed the real economic damage to approach historic extremes.

In the ensuing six years, the Fed's balance sheet expanded from about $2 trillion in Q4 2008 to $4.5 trillion in mid-2014. As per their stated intentions, the growth stopped there and their assets have remained static.

The post-crisis actions of the Federal Reserve shifted from emergency liquidity provision and credit support to yield curve manipulation through the purchase of long-dated treasury securities. This had the effect of suppressing interest rates toward the long end of the yield curve. In conjunction with a funds rate near zero, rates of return on safe securities at all maturity levels were meager. The theory held that this would force savers and institutional investors to accept more risk in providing capital for business spending.

From our perspective, the actions of the Federal Reserve during the great accommodation became increasingly less effective as the cycle progressed. The banking system rescue was reasonably successful, and the credit support of various markets accomplished the goal of lowering spreads and allowing mortgage and corporate finance to proceed.

The unintended consequences in these cases were reasonably modest in the context of the overall goals.

With the advent of a third, larger round of quantitative ease in 2012, unintended consequences began to dominate intended benefits, leaving global markets in a position that was unstable and fraught with system-wide risks.

From the end of 2012 to the summer of 2014, bank reserves in the U.S. grew by about $1.25 trillion as the Federal Reserve purchased long- dated treasury securities. These became excess reserves, and did not serve to stimulate business lending by the banking system, which was paralyzed by increased regulatory and capital strictures.

The removal of a large part of the flow of longer-dated, high-quality bonds from the system acted as a supercharger to the movement of fixed income investors to riskier assets. The Federal Reserve was, in effect, subsidizing bond issuers by eliminating a good portion of the competitive flow from markets. This same process was underway with a number of other developed market central banks, and ushered in a period of private credit issuance unprecedented in modern finance.

Nearly all of the credit growth since 2009 has taken place outside the banking system through bond issuance. The only borrowers able to access the channel are, for the most part, institutions. Households had their try in the mortgage boom of 2000-2007 and remain in the penalty box.

Commentary (continued)

The subsidy provided by the Federal Reserve allowed institutional borrowers a clear field to access funds at record lows in both base rates and credit spreads. Nominal costs for all categories of borrower were the lowest in centuries.

Between the end of 2009 and today, total domestic, non-financial, credit market debt outstanding has increased by around $8 trillion. This has been accomplished with no growth in direct holdings of the household sector. In the same period, total assets of commercial banks have increased by less than $4 trillion. This is in spite of the trillions in reserves pumped into banks by the Fed.

The global banking system did not utilize its swollen reserve base to fund the massive expansion in debt. That begs the question of whom or what provided the demand for all of these fixed income securities issued at record high valuation and low yields on the back of a 34-year bull market in bonds.

We can identify two distinct sources of demand.

The first is the official, international investment community which, led by China, held about 12 trillion of dollar reserves by the end of 2014. The accumulation of these reserves was a secondary effect of monetary ease in the U.S. and the colossal current account deficits that it enabled, along with continuing private investment flows from developed to developing markets.

These outward bound dollar flows were manifest clearly in the growth of central bank reserves, as well as sovereign wealth funds. With the reversal of fortunes in commodity markets and among emerging economies, dollar flows have reversed.

The large accumulations of dollar denominated assets in which both reserves and sovereign wealth fund holdings have been stored are now consistent sources of supply, rather than demand. In certain ways, it is reminiscent of the late 1990s, during which there was a relentless liquidation of gold holdings from central banks. The gold price fell by nearly 40% between 1996 and 1999.

We have made the point over and over through many cycles that all bull markets end with surging supply rather than a sudden dose of caution on the part of buyers. Buyers remain enthusiastic, but burgeoning supply eventually overwhelms their buying power and changes the price trend. Once prices transition from rising to declining, the downtrend recruits its own additional supply until a full-fledged bear market ensues.

Fixed income is the asset type where we see the most dangerous imbalance between expectation and risk. It is also the market that has seen the most consistent and abnormal increase in issuance since the advent of quantitative easing.

On the heels of a 34-year bull market in bonds of all varieties, it appears that we are now past the inflection point at which supply overwhelms demand and traditional buyers have shifted into the sellers' camp.

Official holders of dollar denominated securities are in liquidation mode, as their political imperatives shift to supporting domestic economies without resorting exclusively to the printing press. The list of official sellers of dollar assets is extensive and comprises countries including China, Saudi Arabia, Russia, and Brazil, as well as a litany of smaller holders. For the past decade, they have provided reliable bids for fixed income assets. That dynamic has now reversed.

The second great source of demand for fixed income securities has been investment companies or, in common parlance, mutual funds.

Between the end of the 2008-2009 recession and the end of 2015, mutual funds added almost three trillion dollars of debt securities to their holdings. Unlike equities, the value of fixed income holdings does not normally reflect any meaningful amount of appreciation, as they mature at par and do not retain any cash flow (with the small exception of zero coupon issues). As a consequence, growth in asset size comes entirely from additional purchases.

During the same period, household ownership of mutual fund assets rose by about five trillion dollars. Some of that is attributable to equity price appreciation, but households have been net sellers of equity holdings throughout the era of QE.

Commentary (continued)

With households representing about 90% of mutual fund ownership and funds having bought around three trillion dollars of debt securities in the past half-decade, it is reasonable to assert that, alongside foreign official buyers, retail fund buyers have provided the bulk of financing for the bond binge.

A year and a half of poor performance from high-yield and emerging market funds has turned retail flows negative. Fund redemptions are spreading across a growing spectrum of income products, where they are met with increasingly less liquid markets.

Compounding the supply and demand dilemma is the ever-present new issue calendar, where both investment-grade and high-yield issuers stand ready for any signs of stability to bring new supply to market.

A further, unwelcome supply source for high-yield markets lurks in the large number of existing issues that are, at present, barely hanging on to investment-grade rating and look likely to add to high-yield supply in the near future. Rating agencies are quick on the downgrade trigger after facing universal condemnation for their failures to identify trouble in 2007-2008.

Quantitative easing has enabled a form of credit expansion for which there is no direct precedent. As such, there is no historic data set to provide quantitative models with statistical antecedents from which they can calculate probabilities and risk. This is the great flaw in modern econometric orthodoxy, of which central banks are the most ardent and fully committed practitioners. It is also why they are subject to bouts of collective oblivion at the verge of every financial calamity.

The members of the current Federal Reserve Board and staff are no wiser than their immediate predecessors, who were shocked by the financial contagion proceeding from the three-year collapse in property prices between 2006 and 2008. They acted forcefully once the catastrophe was unfolding before everyone's eyes, but not sooner. Forecast models that require quantitative input from past experience cannot, by their very nature, consider unprecedented circumstances, which are precisely the source of major, systemic risks.

If we are correct about broad risks in credit markets, effects in equity markets could be serious. The corporate sector has enjoyed the advantages offered by borrowing costs that were manipulated well below natural levels. As flows from lenders continue to recede, different operating imperatives for corporate and financial managers should emerge. Cash, that most reviled of assets, may begin to assert its value as willing lenders become fewer and more discerning.

February 1, 2016
Michael C. Aronstein
President, CIO & Portfolio Manager

The information provided herein represents the opinion of the Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice.