# MARKETFIELD FUND

**March 31, 2017**

MARKETFIELD
ASSET MANAGEMENT

## 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

| | |
|---|---|
| CUSIP Class I | 89834E245 |
| CUSIP Class A | 89834E278 |
| CUSIP Class C | 89834E252 |
| CUSIP Class R6 | 89834E229 |
| Inception Date | 7/31/2007 |
| Benchmark | S&P 500 Index |
| Net Assets | $543.6 million |
| Number of Holdings | 79 |

## Portfolio Allocation

*(Excluding Cash) (As of 03/31/17)*

| | |
|---|---|
| Equity Long* | 93.4% |
| Equity Short* | -29.6% |
| Fixed Income Long | 1.1% |

**Option deltas not reflected. Equity Long includes notional value of long future positions of 3.3%.*

## Performance

Quarterly Average Annual Total Return As of 3/31/17

| | Tickers | 1 Mo | 3 Mo | YTD | 1 Yr | 3 Yr | 5 Yr | Since Inception |
|---|---|---|---|---|---|---|---|---|
| Class I (7/31/2007) | MFLDX | 2.37% | 5.00% | 5.00% | 6.78% | -5.98% | 0.28% | 4.44% |
| Class A (Max. 5.5% load) (10/05/12) | MFADX | -3.23% | -0.86% | -0.86% | 0.67% | -7.97% | -1.07% | 3.59% |
| Class A (NAV) (10/05/12) | MFADX | 2.40% | 4.91% | 4.91% | 6.55% | -6.21% | 0.06% | 4.19% |
| Class C (Max. 1.0% CDSC) (10/05/12) | MFCDX | 1.34% | 3.78% | 3.78% | 4.70% | -6.92% | -0.70% | 3.41% |
| Class R6 (6/17/13) | MFRIX | 2.36% | 5.05% | 5.05% | 6.90% | -5.85% | 0.39% | 4.50% |
| S&P 500® Index (7/31/2007) | SPXT | 0.12% | 6.07% | 6.07% | 17.17% | 10.37% | 13.30% | 7.45% |

**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. For performance information current to the most recent month-end, visit our web site at http://www.marketfield.com/fund/.**

Total Annual Fund Operating Expenses are: Class I: 2.66%, Class A: 2.91%, Class C: 3.67%, and Class R6: 2.64%. Expenses include Dividend Expense on Securities Sold Short and Broker Fees and Charges on Short Sales.

Performance data for the classes varies based on differences in their fee and expense structures. The performance figures for Class I shares reflect the historical performance of the then-existing shares of MainStay Marketfield Fund (the predecessor to the Fund, for which the Adviser served as the investment sub-advisor) for periods from October 5, 2012 to April 8, 2016. The performance figures for Class I shares also reflect the historical performance of the then-existing shares of the predecessor fund to MainStay Marketfield Fund (which was subject to a different fee structure, and for which a predecessor entity to the Adviser served as the investment adviser)for periods prior to October 5, 2012. The returns in the table below for periods prior to October 5, 2012 have been calculated using the expenses of the predecessor fund to the MainStay Marketfield Fund. Performance figures for Class A and Class C shares, first offered on October 5, 2012, include the historical performance of Class I shares through October 4, 2012 and are adjusted to reflect differences in fees and expenses. Performance figures for Class R6 shares, first offered on June 17, 2013, include the historical performance of Class I shares through June 16, 2013. Performance data for the classes varies based on differences in their fee and expense structures. The returns in the table above for periods prior to October 5, 2012 have been calculated using the expenses of the predecessor fund to the MainStay Marketfield Fund. Performance data for the classes varies based on differences in their fee and expense structures. Unadjusted, the performance for the newer classes would likely have been different because of differences in certain fees and expenses attributable to each share class.

## Regions Exposure *(As of 03/31/17)*

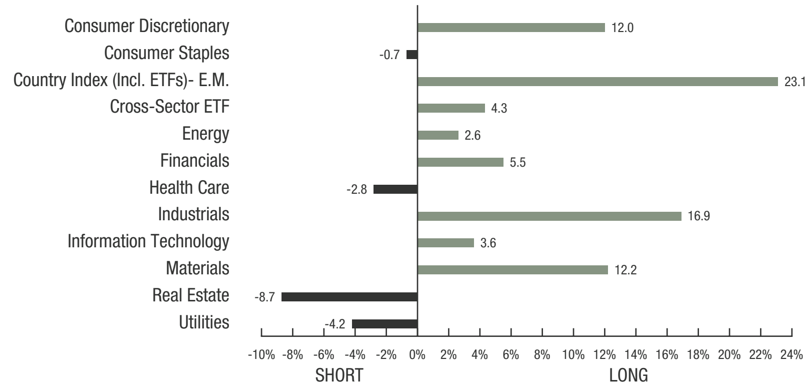
| | Long | Short | Net |
|---|---|---|---|
| U.S | 44.50 | -29.60 | 14.90% |
| Emerging Markets | 25.90 | 0.00 | 25.90% |
| Japan | 4.60 | 0.00 | 4.60% |
| Europe | 13.30 | 0.00 | 13.30% |
| Canada | 3.50 | 0.00 | 3.50% |
| Australia | 1.60 | 0.00 | 1.60% |

## Portfolio Management

**Michael C. Aronstein**
President, Chief Investment Officer
Portfolio Manager
Marketfield Asset Management LLC

**Michael Shaoul**
Chairman, CEO
Portfolio Manager
Marketfield Asset Management LLC

## Sectors Net Exposure




## 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.*

Notional value is the total value of a leveraged position's assets. Correlation is a statistical measure of the degree to which the movements of two variables (stock/option/convertible prices or returns) are related. Option Delta is the relationship between the option price and the underlying price, which reflects the sensitivity of the price of the option to changes in the price of the underlying security.

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. An investment cannot be made directly into an index.

Regions and Sectors Exposures are subject to change and are not recommendations to buy or sell any security. Only equities and equity instruments classified in Regions and Sectors Exposures. Options premiums, and not delta exposure, are used in Sectors and Regions Exposures, when applicable. Options premiums, and not delta exposure, are used in Sectors and Regions Exposures, when applicable. The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P"). GICS is a service mark of MSCI and S&P and has been licensed for use by U.S. Bancorp Fund Services, LLC.

**Diversification does not assure a profit nor protect against loss in a declining market.**

**For more information about Marketfield Fund, call 800-311-6583 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.**

The Marketfield Fund is managed by Marketfield Asset Management LLC and distributed by Quasar Distributors, LLC.

## Contact Us

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## Commentary

Chairman's Report March 2017

The Marketfield Fund (the Fund) generated a return of 5.00% after fees and expenses in Q1 2017 compared to a gain by the S&P 500 (SPX) index of 5.53% and a total return of 6.07%. Despite the fact that the Fund generated a very similar return to the SPX index for the entire quarter our monthly returns differed substantially from the Index, generating 3.61% in January, -1.01% in February and 2.37% in March, compared to monthly total returns of 1.90%, 3.97% and 0.12% for these three months by the SPX index. This underlies the degree to which our portfolio has been constructed with a global bias, with substantial positions in Europe, emerging markets and Japan, and the fact that our US exposure is concentrated in specific sectors rather than at the overall SPX index level.

We are satisfied with Q1 performance and given that our average net exposure was around 60%, the 5.0% generated indicates considerable outperformance by our allocations against that of the overall SPX Index. It also marks our best quarterly performance since Q1 2013.

In terms of attribution, positive performance was driven mostly by emerging markets which make up the largest portion of our long exposure. The Fund's largest exposures are to China, South Korea, Taiwan, Mexico and Brazil primarily through various broad and country specific ETFs.

Other strong long side performance was recorded by our European financial exposure and US homebuilders and housing related equites. The weakest portion of our long exposure in Q1 was commodity related equities which started the quarter strongly and then gave up a good portion of their Q4 post-election gains as investors lost faith in the new political administration.

We built positions in a diverse basket of commodity producers across industrial metals, precious metals and agriculture several months before the US election based on the belief that the global economy has entered a period of general recovery that represents a genuine rather than politically inspired reflation. We are neither particularly surprised or disappointed that the post-election euphoria has dissipated so quickly and from our perspective the election-related volatility seen in recent months has been a distraction from the more important trend of improving economic activity, particularly in the global industrial sectors. Our small energy allocation was the only long sided sector to lose money during the quarter reflecting the weakness in crude oil during March.

On the short side we lost money on most positions, as would be expected during a broad equity rally. Most of our short positions were up in line with the overall SPX Index but our US REIT shorts were generally up considerably less and a few individual positions declined over the quarter, justifying our decision to make this the largest short sided allocation for the Fund.

Regarding the allocation of the portfolio, we made very few changes during the quarter. The Fund remains approximately 60% net long with a significant bias towards global equity markets. Our exposure to Japan declined due to the expiration of the call options that we purchased in late 2016 and we trimmed some exposure to industrial commodity related equities during the strong rally at the start of January and added to precious metal exposure in February. We also closed out the remaining biotech short positions in the portfolio. The overall effect of these changes was minimal and we remain positioned to take advantage of a period of better global economic activity and an increased flow of investor funds to global equity markets.

April 13, 2017

Michael Shaoul

Chairman, CEO & Portfolio Manager

## Commentary (continued)

Barbarians at the State

We are not normally inclined to focus our commentaries on geopolitical analyses and current events. These tend to be covered exhaustively and discussed ad nauseam in all corners of media and other public forums. Present circumstances are, however, unusual to a degree that begs attention from any investor professing a long-term, macroeconomic perspective.

The discussion that follows will, we hope, provide some abstract, mildly practical context from which to consider the apparent turmoil that dominates the headlines.

There is a general recognition that the almost revolutionary political changes dominating headlines in the U.S. are part of a larger, global tide of revulsion aimed at established political authorities and the structures through which they exercise power.

We would argue that the pressure on many of the institutions and regulatory structures under siege reflects serious flaws in the fundamental assumptions upon which they are based. The social protectionism gaining ground in certain Western democracies may be indicative of a fundamental incompatibility between certain cultures that precludes their common habitation inside one sovereign state.

We are; however, more concerned with the internal fissures that are afflicting societies where cultural norms are widely held and economic status is the divisive element.

The most remarkable aspect of the past decade is the ongoing experiment in global monetary policy. It is intertwined across geographies to an extent previously unknown, in both practice and ideology. Intended and unintended consequences are extreme in any historical context. Effects on interest rates, asset prices, nominal wealth accumulation and distribution are largely unprecedented.

A basic error permeates one important aspect of contemporary economic analysis and sheds light on the extreme unevenness that characterizes the current economic cycle and has stirred populist and anti-establishment fervor in many societies. The standard practice of treating inflation as a blended index comprising consumption goods (indices looking at input prices are seldom used in monetary deliberations among central bankers) neglects the entire point of incorporating inflationary tendencies into policy analysis.

Inflation is a detrimental consequence of overly expansive monetary and credit conditions precisely because it is manifest so unevenly across an economy. Policies that provoke inflationary outcomes in prices of capital assets, production inputs or consumer goods have the effect of selecting winners and losers within the society. Monetary expansions underpinned by credit are not evenly extended to all corners of an economy.

Institutional providers of credit are, in every cycle, inclined en masse to favor a particular form of collateral offered by a certain type of borrower. The specifics of the favored applicants change from cycle to cycle, but the disproportionate flows of credit and wealth always create a cadre that is clearly doing better than the population at large.

If policies of expansion (and the consequent windfall for some portion of the economy) occur after the collapse of a previous inflationary boom still weighs on a large segment of the population, anger, social unrest and political fractures follow close behind.

The inflation of the first decade of this century was concentrated in land prices which filtered through into housing prices in general. Banks, with the explicit backing and encouragement of Government Sponsored Enterprises, produced mortgage paper like the Russians produce vodka—in stupendous quantities with limited concern for quality.

Everyone able to get close to this stream of inflated credit enjoyed the relative spoils that the ascendant phases of inflation create. Benefits were widely distributed among tens of millions of homeowners, many of whom had their entire savings tied up in the equity of one or more properties.

When the inevitable reversal and deflation took place, the losses of nominal wealth and income were felt throughout the society. Personal balance sheets were decimated, and the core of the U.S. financial system came close to a terminal seizure.

The policy response to the collapse of the housing inflation was initially focused on restoring solvency to the banking system and capital markets. As time passed, the stated aims moved from repair to reflation. Herein lay the nucleus of the current tensions.

A basic rule of inflationary cycles in the modern era can be stated as follows: Expansive monetary policies meant to halt deflation in the aftermath of a widespread credit excess never reflate the sector that is causing the problem.

## Commentary (continued)

Instead, some new and unimpaired form of collateral attracts the attentions of bankers and capital markets. The new, fundamentally sound sector becomes the beneficiary of the loose policy and embarks on its own inflationary voyage. Those trapped in the aftermath of the prior credit festival are left on the sidelines as new groups enjoy the monetary expansion.

This sequence produces a toxic societal mix. It features prominently throughout western economic and social history since the 16th century. A reversal of the inflationary excesses in one type of business or financial activity takes years of sorting out once the underlying credit structure gives way. Participants are quickly driven from prosperity to distress.

When the traditional policy response of credit and monetary easing is introduced, those unfortunate enough to have been caught up in the last boom are forced to watch while some new, untroubled group enjoys the benefits of inflating nominal wealth. As the process continues, the disparity in relative fortunes among those who caught in the contraction of the old inflation and those now enjoying the fruits of a new one becomes immense.

The widespread social and political fissures arising reflect extremes that develop when a limited group is able to take advantage of leverage in ways that hyper inflate nominal wealth. The gulf between unicorn and eunuch is insurmountable.

Exaggerated monetary conditions do not, despite what the econometric models hold, have a categorical or neutral influence throughout an economy. They simply serve to exacerbate the fundamental disparities among sectors that always exist within the framework of any diversified, modern economy.

When banking crisis and sovereign default risk dominated the tone of the Eurozone, the subsequent (and ongoing) policy of nearly limitless expansion did not improve the relative circumstances of Greece or rural France in relation to Germany. The argument that the Euro is too strong for the peripheral economies and too weak for the northern core is valid. Implicit in it is the fundamental contradiction at the heart of modern central bank policy.

The fractures that result from the highly uneven effects of monetary extremes are behind the wildly divergent macroeconomic opinions currently featured among generally experienced observers. A large group sees the likelihood of further deflation in globally traded goods leading to a collapse in credit across much of the global banking system, with governments unable to honor their long-tailed financial and social obligations.

At the opposite end of the scale is a body of opinion anticipating a global transition to inflation, driven by escalations in manufacturing and service costs. The main risks in this environment would coalesce around fixed income markets where yields are extremely suppressed. Our own views tend toward this end of the spectrum, with the proviso that we anticipate a fairly long, largely benign process before any of the more dire consequences prevail.

Our portfolio allocations remain tilted toward global manufacturing and tradable goods, with a substantial net exposure to equities. This has been our basic posture for the past year. We added to risk in the aftermath of the U.S. elections. We assumed that policies aimed toward improving the condition of the portion of the population that saw very little benefit from monetary expansion would support both consumption and business investment.

April 13, 2017

Michael C. Aronstein

President, CIO & Portfolio Manager

The foregoing represents the opinions of the Chairman, CEO & Portfolio Manager and of the President, CIO & Portfolio Manager, respectively, and are not intended to be a forecast of future events, a guarantee of future results, or investment advice.