MainStay Investments®

MARKETFIELD
ASSET MANAGEMENT

September 30, 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 .... $15,654 M
Number of Holdings 108

Top Ten Long Equity Holdings
(As of 9/30/13)

iShares MSCI Japan ETF........................ 3.4%
iShares MSCI Mexico ETF 1.7%
SPDR S&P Regional Banking ETF 1.7%
Taiheiyo Cement Corp. (Japan).............. 1.6%
Facebook, Inc...................................... 1.6%
Bank of Ireland 1.6%
BASF SE (Germany)............................. 1.3%
Apache Corp.. 1.2%
Sekisui House, Ltd. (Japan)..................... 1.2%
UniCredit SpA (Italy) 1.2%
TOTAL: 16.5%

Portfolio Allocation (As of 9/30/13)

Equity Long 73%
Equity Short 28%
Futures Short 13%

Option delta not reflected.

★★★★★ OVERALL MORNINGSTAR RATING™ (CLASS I)
AMONG 121 LONG-SHORT EQUITY FUNDS AS OF 9/30/13

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 5 year Morningstar Rating metrics. *Class I shares received 5 stars among 121 Long-Short Equity Funds for the three-year period and 5 stars among 74 Long-Short Equity Funds for the five-year period.*

Fund Performance

Quarterly Average Annual Total Returns as of 9/30/13

	Tickers	YTD	One Year	Three Year	Five Year	Inception
Class A (Max. 5.5% load) (10/08/2012)	MFADX	7.27%	9.91%	10.79%	10.25%	8.86%
Class A (NAV) (10/08/2012)	MFADX	13.51%	16.31%	12.90%	11.50%	9.86%
Class I (07/31/2007)	MFLDX	13.76%	16.57%	13.17%	11.78%	10.15%
Class R2 (10/08/2012)	MFRDX	13.53%	16.18%	12.78%	11.39%	9.75%
S&P 500 Index	N/A	19.79%	19.34%	16.27%	10.02%	4.66*%

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

Total Annual Fund Operating Expenses: Class A: 4.15%, Class R2: 3.91%, and Class I: 2.94%; 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.

Equity allocations may include fixed-income exposure.

Top Five Sectors—Net

Industrials.. 14.1%
Materials 13.7%
Consumer Discretionary.................................... 10.9%
Financials.. 5.6%
Energy... 3.4%

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, Chief Investment Officer, and Portfolio Manager

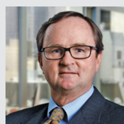
Michael C. Aronstein is Portfolio Manager of MainStay Marketfield Fund. In 2004, Mr. Aronstein joined Oscar Gruss & Son Incorporated, where he held the position of Chief Investment Strategist. Prior to joining Oscar Gruss, Mr. Aronstein was Chief Investment Strategist at Preservation Group, a provider 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 $15,654 million in MainStay Marketfield Fund, $198 million in MainStay VP Marketfield Portfolio & $684 million in Marketfield Fund Dublin; total assets under management are $16,536 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.

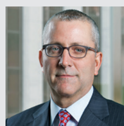
Michael Shaoul
Chairman and CEO

Michael Shaoul 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.



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 & 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. 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 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.

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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, 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 involve 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.

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 often involve leverage, may increase the volatility of the Fund's NAV, and may result in a loss to the Fund.

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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 contains this and other information about the investment company. Please read the prospectus or summary prospectus carefully before investing.

Commentary

During the past several months, the issue of income and wealth disparities has been increasingly cited in popular media and, as a consequence, is being raised in our discussions with investors.

Income distributions are closely linked to monetary conditions and are an aspect of the macroeconomic environment that has developed in response to the extraordinary policies embraced by central banks around the world.

Periods of monetary and credit inflation are invariably characterized by wide imbalances in the distribution of income and wealth. The reasons are straightforward and readily apparent at present.

Inflation is a serious systemic problem not because prices go up but because prices go up unevenly. If, during the course of an expansion in money and credit, all prices and wages rose proportionately, most of the relational distortions would be between existing debtors and creditors. Once the phenomenon was recognized, lenders would adjust rates and availability of credit to reflect the inflationary risks.

The real problem arises when a sustained monetary expansion, supported by the central bank, allows sustained expansions in certain asset types that are able to take direct advantage of the generous monetary conditions. The aggregate value and price levels of these assets can inflate to levels at which their balance sheet influence within the society grows beyond all bounds of normalcy.

Episodes of this type of asset inflation have become commonplace during the past several decades. They parallel a rise in a central banking philosophy that might be termed the Greenspan/Bernanke doctrine, whereby all episodes of asset deflation raise the specter of the 1930s and are peremptorily arrested by one monetary expansion after another.

The result is an accumulation of relative value in financial and tangible collateral forms that are able to take advantage of the credit mechanisms supported by the central bank and its private sector conduits for policy. Modern banking systems and capital markets extend credit largely through capital market lending or lending against collateral forms that can eventually be brought within the scope of capital markets.

Contemporary inflations in developed economies all begin and develop in the form of asset inflations. By the time enough consumption goods have felt the spillover effects and begun to reflect changes in popular measures like Consumer Price Index (CPI), the main damage has been done and the risks of catastrophic displacements are severe.

As the process of asset inflation progresses, there is a portion of society that derives income by taking a share of the value of some entity that is overseen or involved in a transaction. Many sales and marketing functions are compensated in this manner, with a proportion of the transaction price going to the selling agent. A simple, recent example took place in residential property markets a decade ago, where, over the course of five years many house prices doubled and tripled as a result of the ill advised expansion of mortgage credit. During the process, individuals who were compensated based on a percentage of the transaction values in which they were involved saw their incomes skyrocket, while overall wage and price growth in most of the system remained subdued.

A similar dynamic is apparent now in all aspects of credit markets, where the sheer size of debt instruments that are traded, financed and managed is such that anyone receiving a percentage of the transaction or portfolio value as a compensatory basis is accruing enormous relative wealth.

Since the summer of 1987, during which the new style of central banking began to take hold, total credit market debt outstanding (and available to trade and manage) has increased fivefold, while CPI has doubled.

Assets of sovereign wealth funds, pension funds and private individuals able to tie their compensation to nominal asset sizes have similarly outpaced everything else in the system. As nominal financial wealth has ballooned, the race to bring increasingly inappropriate assets under the umbrella of capital market leverage and to direct investment streams toward them has proceeded apace.

Wine, art, spare bedrooms and piles of stored commodities have all been capitalized as investment media. Those owning, selling or advising on these have been able to join the ranks of the disproportionately wealthy. They are not yet reviled like the traditional denizens of capital markets and banking, but the trend is not promising.

Commentary Cont.

The wealth disparities that arise as destructive side effects of monetary inflation are clearest in the least free economies, where the concentration of economic benefit from all circumstances is orchestrated by authoritarian governments. For the most exaggerated (and least productive) arrogations of wealth, one only needs to turn toward the centrally controlled economies of Russia, China, and the Middle Eastern oil sheikdoms. The politically privileged within these societies have become caricatures of excess and mindless consumption. Whole industries, loosely bound under the rubric of "luxury" have arisen to cater to the whims of this cohort.

In the developed economies, it is not paramount (though it is very helpful if one is involved in a politically correct enterprise with poor natural economics) that one be related to the ruling family to rapidly accrue outsized wealth. One simply has to be on good terms with the policy of the central bank, either through foresight or good fortune.

We are highlighting the connection between inflationary monetary policy, asset inflation and the destructive consequences within society because we believe that the inflationary effects are on the verge of expanding within the real economy. This will place even more pressure on those wrestling with the burdens of poverty.

A gradual and unanticipated acceleration of prices within traditional economic sectors is likely to be the next phase of consequence of a monetary experiment that has far outlived its usefulness. The Federal Reserve Board's (FRB's) first actions five years ago as a lender of last resort were appropriate. Now that lending to anyone with a plausible collateral story has become the national pastime, the Fed has mutated into a cheerleading squad for the bond market.

The most radical monetary experiment in many generations is not likely to end well. We are at the early stages of positioning the portfolio for a time when markets no longer welcome policies that are appropriate for 1932. It is likely that the process will take years. Like most of the incipient long-term trends that we have witnessed, the pace of development and popular recognition is very deliberate.

We have continued to move equity holdings toward more economically geared businesses. Our exposure to materials producers continues to rise. Short positions are mainly in companies that are vulnerable to margin pressures should input and employment costs begin to rise. We continue to regard the recent rally in high grade fixed income markets as another selling opportunity.

Oct. 29, 2013

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, nor investment advice.