

MainStay Total Return Bond Fund

Message from the President and Annual Report

October 31, 2017



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Message from the President

The 12 months ended October 31, 2017, brought strong performance to equity markets in the United States and abroad.

According to FTSE-Russell data for the U.S. market, stocks at all capitalization levels earned solid double-digit overall returns during the reporting period. Total returns for stocks in general exceeded 20% at all capitalization levels. Growth stocks were particularly strong, outperforming value stocks for companies of all sizes except among microcaps, where value stocks outperformed growth stocks.

Several factors contributed to the strength of domestic and international stock markets during the reporting period. Following the U.S. presidential election in November 2016, many investors looked forward to business tax incentives and possible tax cuts for consumers that could stimulate economic growth. During the reporting period, corporate earnings reports remained strong; and growth in U.S. real gross domestic product remained positive, with a substantial advance during the second quarter of 2017. Developed international markets and emerging markets were also strong, boosted by positive macroeconomic data and growing confidence that Europe was well on its way to financial recovery. Despite wide variations among emerging markets, many saw strong appreciation in local-currency terms and benefited from a weaker U.S. dollar.

During the reporting period, the Federal Open Market Committee raised the federal funds target range three times—in December of 2016 and in March and June of 2017. These incremental increases raised the federal funds target range to 1.00% to 1.25% by the end of the reporting period. These tightening moves were followed by higher U.S. Treasury yields at all maturities, with the greatest increases at the short-end of the maturity spectrum.

As interest rates rise, bond prices tend to decline (and vice versa). As a result, some portions of the U.S. Treasury market recorded negative total returns during the reporting period. Agency securities posted small but positive total returns, as did

asset-backed and mortgage-backed securities. Other bond categories, particularly those with looser ties to U.S. interest rates, did considerably better. Emerging-market debt recorded solid single-digit returns; high-yield bonds were generally stronger; and convertible bonds, which are closely tied to the performance of underlying stocks, provided some of the strongest overall returns of any fixed-income sector during the reporting period.

At MainStay, we have always encouraged investors to diversify their investments and maintain a long-term perspective, even when markets are strong. Asset classes that perform well in one environment may perform differently in another; and in today's ever-changing world, wide market swings are not unknown.

MainStay offers Funds with a wide array of investment objectives to help our shareholders pursue the appropriate diversification for their long-range financial goals. We also offer several investment boutiques, allowing our shareholders to choose the style—or mix of styles—that's best suited to their investment needs. We believe that relatively few individual investors can match the level of professional experience and market insight that our portfolio managers provide.

The report that follows provides more detailed information on the specific markets, investment strategies and portfolio decisions that affected your MainStay Fund during the 12 months ended October 31, 2017. We encourage you to read the report carefully and use it to help you evaluate your progress toward your financial goals.

Sincerely,



Kirk C. Lehneis
President

The opinions expressed are as of the date of this report and are subject to change. There is no guarantee that any forecast made will come to pass. This material does not constitute investment advice and is not intended as an endorsement of any specific investment. Past performance is no guarantee of future results.

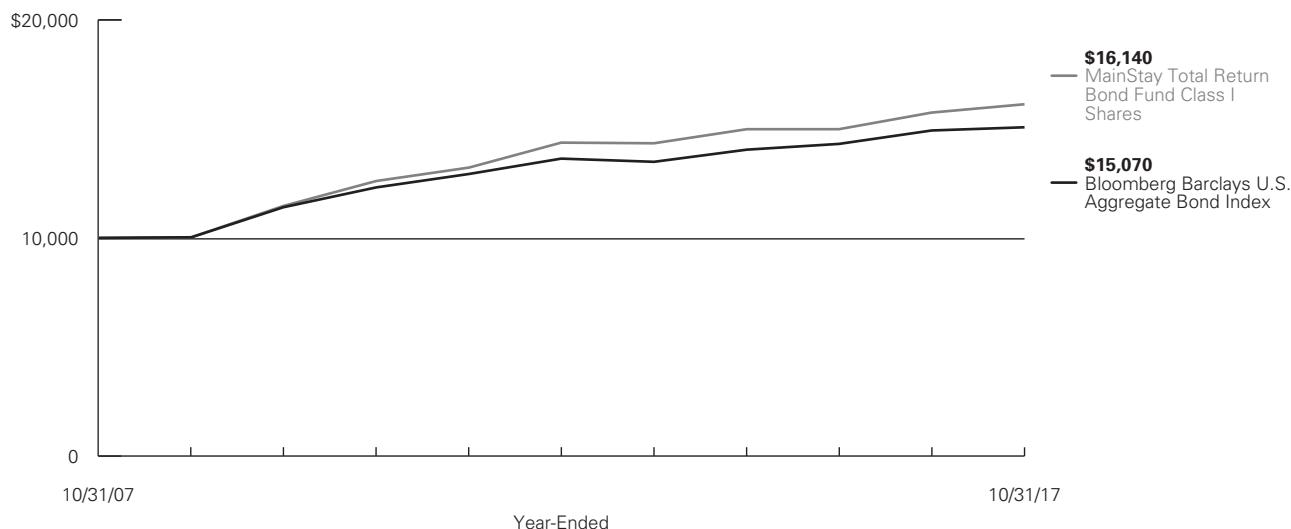
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Investors should refer to the Fund's Summary Prospectus and/or Prospectus and consider the Fund's investment objectives, strategies, risks, charges and expenses carefully before investing. The Summary Prospectus and/or Prospectus contain this and other information about the Fund. You may obtain copies of the Fund's Summary Prospectus, Prospectus and Statement of Additional Information free of charge, upon request, by calling toll-free 800-MAINSTAY (624-6782), by writing to NYLIFE Distributors LLC, Attn: MainStay Marketing Department, 30 Hudson Street, Jersey City, NJ 07302 or by sending an e-mail to MainStayShareholderServices@nylim.com. These documents are also available via the MainStay Funds' website at mainstayinvestments.com/documents. Please read the Summary Prospectus and/or Prospectus carefully before investing.

Investment and Performance Comparison¹ (Unaudited)

Performance data quoted represents past performance. Past performance is no guarantee of future results. Because of market volatility and other factors, current performance may be lower or higher than the figures shown. Investment return and principal value will fluctuate, and as a result, when shares are redeemed, they may be worth more or less than their original cost. The graph below depicts the historical performance of Class I shares of the Fund. Performance will vary from class to class based on differences in class-specific expenses and sales charges. For performance information current to the most recent month-end, please call 800-MAINSTAY (624-6782) or visit mainstayinvestments.com.



Average Annual Total Returns for the Year-Ended October 31, 2017

Class	Sales Charge		Inception Date	One Year	Five Years or Since Inception	Ten Years or Since Inception	Gross Expense Ratio ²
Class A Shares	Maximum 4.5% Initial Sales Charge	With sales charges	1/2/2004	-2.37%	1.09%	4.08%	1.13%
		Excluding sales charges		2.23	2.03	4.56	1.13
Investor Class Shares	Maximum 4.5% Initial Sales Charge	With sales charges	2/28/2008	-2.48	1.05	3.81	0.98
		Excluding sales charges		2.11	1.99	4.31	0.98
Class B Shares ³	Maximum 5% CDSC if Redeemed Within the First Six Years of Purchase	With sales charges	1/2/2004	-3.64	0.86	3.69	1.73
		Excluding sales charges		1.36	1.23	3.69	1.73
Class C Shares	Maximum 1% CDSC if Redeemed Within One Year of Purchase	With sales charges	1/2/2004	0.36	1.21	3.69	1.73
		Excluding sales charges		1.36	1.21	3.69	1.73
Class I Shares	No Sales Charge		1/2/1991	2.56	2.36	4.90	0.88
Class R1 Shares	No Sales Charge		6/29/2012	2.46	2.26	2.81	0.98
Class R2 Shares	No Sales Charge		6/29/2012	2.18	1.98	2.53	1.24
Class R3 Shares	No Sales Charge		2/29/2016	1.93	4.13	N/A	1.48
Class R6 Shares	No Sales Charge		12/29/2014	2.62	2.75	N/A	0.53

1. The performance table and graph do not reflect the deduction of taxes that a shareholder would pay on distributions or Fund share redemptions. Total returns reflect maximum applicable sales charges as indicated in the table above, if any, changes in share price, and reinvestment of dividend and capital gain distributions. The graph assumes the initial investment amount shown above and reflects the deduction of all sales charges that would have applied for the period of investment. Performance figures may reflect certain fee waivers and/or expense limitations, without which total returns may have

been lower. For more information on share classes and current fee waivers and/or expense limitations (if any), please refer to the Notes to Financial Statements.

2. The gross expense ratios presented reflect the Fund's "Total Annual Fund Operating Expenses" from the most recent Prospectus and may differ from other expense ratios disclosed in this report.

3. Class B shares are closed to all new purchases as well as additional investments by existing Class B shareholders.

The footnotes on the next page are an integral part of the table and graph and should be carefully read in conjunction with them.

Benchmark Performance	One Year	Five Years or Since Inception	Ten Years or Since Inception
Bloomberg Barclays U.S. Aggregate Bond Index ⁴	0.90%	2.04%	4.19%
Morningstar Intermediate-Term Bond Category Average ⁵	1.52	2.07	4.20

4. The Bloomberg Barclays U.S. Aggregate Bond Index is the Fund's primary broad-based securities market index for comparison purposes. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities. Results assume reinvestment

of all income and capital gains. An investment cannot be made directly in an index.

5. The Morningstar Intermediate-Term Bond Category Average is representative of funds that invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 3.5 to 6.0 years. Results are based on average total returns of similar funds with all dividends and capital gain distributions reinvested.

The footnotes on the preceding page are an integral part of the table and graph and should be carefully read in conjunction with them.

Cost in Dollars of a \$1,000 Investment in MainStay Total Return Bond Fund (Unaudited)

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from May 1, 2017, to October 31, 2017, and the impact of those costs on your investment.

Example

As a shareholder of the Fund you incur two types of costs: (1) transaction costs, including exchange fees and sales charges (loads) on purchases (as applicable), and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees, and other Fund expenses (as applicable). This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 made at the beginning of the six-month period and held for the entire period from May 1, 2017, to October 31, 2017.

This example illustrates your Fund's ongoing costs in two ways:

Actual Expenses

The second and third data columns in the table below provide information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid during the six months ended October 31, 2017. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then

multiply the result by the number under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The fourth and fifth data columns in the table below provide information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balances or expenses you paid for the six-month period shown. You may use this information to compare the ongoing costs of investing in the Fund with the ongoing costs of investing in other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as exchange fees or sales charges (loads). Therefore, the fourth and fifth data columns of the table are useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

Share Class	Beginning Account Value 5/1/17	Ending Account Value (Based on Actual Returns and Expenses) 10/31/17	Expenses Paid During Period ¹	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 10/31/17	Expenses Paid During Period ¹	Net Expense Ratio During Period ²
Class A Shares	\$1,000.00	\$1,020.10	\$4.58	\$1,020.70	\$4.58	0.90%
Investor Class Shares	\$1,000.00	\$1,020.50	\$5.04	\$1,020.20	\$5.04	0.99%
Class B Shares	\$1,000.00	\$1,015.80	\$8.84	\$1,016.40	\$8.84	1.74%
Class C Shares	\$1,000.00	\$1,015.80	\$8.84	\$1,016.40	\$8.84	1.74%
Class I Shares	\$1,000.00	\$1,021.70	\$3.06	\$1,022.20	\$3.06	0.60%
Class R1 Shares	\$1,000.00	\$1,021.20	\$3.57	\$1,021.70	\$3.57	0.70%
Class R2 Shares	\$1,000.00	\$1,019.90	\$4.84	\$1,020.40	\$4.84	0.95%
Class R3 Shares	\$1,000.00	\$1,018.60	\$6.11	\$1,019.20	\$6.11	1.20%
Class R6 Shares	\$1,000.00	\$1,022.10	\$2.60	\$1,022.60	\$2.60	0.51%

1. Expenses are equal to the Fund's annualized expense ratio of each class multiplied by the average account value over the period, divided by 365 and multiplied by 184 (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period.
2. Expenses are equal to the Fund's annualized expense ratio to reflect the six-month period.

Portfolio Composition as of October 31, 2017 (Unaudited)



See Portfolio of Investments beginning on page 11 for specific holdings within these categories.

‡ Less than one-tenth of a percent.

Top Ten Holdings as of October 31, 2017 (excluding short-term investment) (Unaudited)

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Federal National Mortgage Association (Mortgage Pass-Through Securities), 2.50%–6.50%, due 4/1/18–11/15/47 2. Federal Home Loan Mortgage Corporation (Mortgage Pass-Through Securities), 2.50%–6.50%, due 1/1/21–11/15/47 3. United States Treasury Notes, 1.25%–2.50%, due 8/31/20–11/15/26 4. United States Treasury Bonds, 2.50%–6.25%, due 5/15/30–2/15/47 5. Goldman Sachs Group, Inc., 3.00%–6.75%, due 1/18/18–10/1/37 | <ol style="list-style-type: none"> 6. Morgan Stanley, 2.625%–5.75%, due 1/25/21–7/22/38 7. Bank of America Corp., 3.30%–6.30%, due 1/24/22–12/29/49 8. Citigroup, Inc., 2.50%–5.30%, due 7/29/19–5/6/44 9. Government National Mortgage Association (Mortgage Pass-Through Securities), 3.50%–6.50%, due 7/15/28–11/15/47 10. AT&T, Inc., 3.80%–5.00%, due 3/1/21–3/1/24 |
|--|---|
-

Portfolio Management Discussion and Analysis (Unaudited)

Questions answered by portfolio managers Dan Roberts, PhD, and Louis N. Cohen, CFA, of MacKay Shields LLC, the Fund's Subadvisor.

How did MainStay Total Return Bond Fund perform relative to its primary benchmark and peers during the 12 months ended October 31, 2017?

Excluding all sales charges, MainStay Total Return Bond Fund returned 2.23% for Class A shares, 2.11% for Investor Class shares, and 1.36% for Class B and Class C shares for the 12 months ended October 31, 2017. Over the same period, the Fund's Class I shares returned 2.56%, Class R1 shares returned 2.46%, Class R2 shares returned 2.18%, Class R3 shares returned 1.93% and Class R6 shares returned 2.62%. For the 12 months ended October 31, 2017, all share classes outperformed the 0.90% return of the Bloomberg Barclays U.S. Aggregate Bond Index,¹ which is the Fund's broad-based securities-market index. Over the same period, all share classes except Class B and Class C shares outperformed the 1.52% return of the Morningstar Intermediate-Term Bond Category Average.² See page 5 for Fund returns with applicable sales charges.

What factors affected the Fund's relative performance during the reporting period?

The Fund's outperformance relative to the Bloomberg Barclays U.S. Aggregate Bond Index was primarily the result of overweight positions in credit (investment-grade corporate bonds and high-yield corporate bonds). In each case, the positions offered a yield advantage and enhanced total return as credit spreads³ narrowed in relation to comparable-duration U.S. Treasury securities during the reporting period. Most industries held in the Fund generated positive returns, with financials, basic industry, capital goods and technology being the strongest contributors to the Fund's relative performance. (Contributions take weightings and total returns into account.) Throughout the reporting period, our strategy was to maintain overweight positions in spread products. The Fund reduced its allocation to high-yield corporate bonds in favor of investment-grade corporate bonds as spreads continued to narrow during the reporting period. U.S. Treasury yields rose across the maturity spectrum during the reporting period. Because the Fund's duration⁴ was shorter than that of the Bloomberg Barclays U.S. Aggregate Bond Index during the reporting period, the Fund was less sensitive than its benchmark to this change.

Detracting from performance was the Fund's underweight position relative to the Bloomberg Barclays U.S. Aggregate Bond Index in commercial-mortgage backed securities. Moving directionally with corporate bonds, commercial mortgage-backed

securities outperformed comparable-duration U.S. Treasury securities, although they underperformed comparable-duration corporate bonds. The latter fact corroborated our view that corporate bonds offered better relative value than commercial mortgage-backed securities during the reporting period.

What was the Fund's duration strategy during the reporting period?

The Fund maintained an intermediate duration during the reporting period. At the end of the reporting period, the Fund's 5.8-year duration was 0.2 years shorter than the duration of the Bloomberg Barclays U.S. Aggregate Bond Index. To keep the Fund nearly fully invested while maintaining a shorter-duration posture, the Fund held U.S. Treasury futures.

The Fund's duration affected the Fund in two ways: through price-sensitivity and yield. Because the Fund's duration was shorter than that of the Bloomberg Barclays U.S. Aggregate Bond Index, the Fund was less sensitive than its benchmark to changes in U.S. Treasury yields. As U.S. Treasury yields rose, the Fund's shorter-duration posture helped performance relative to the benchmark and longer-duration peers.

What specific factors, risks or market forces prompted significant decisions for the Fund during the reporting period?

Throughout the reporting period we promoted credit risk as the principal driver of performance. We expected credit (investment-grade corporate bonds, high-yield corporate bonds and bank loans) to have returns that were superior to those on government-related debt because a low-interest-rate environment could spark healthy demand for higher-yielding products. While we continued to believe that credit spreads could tighten modestly, we reduced the Fund's exposure to high-yield credits in favor of investment-grade credits as spreads continued to tighten.

During the reporting period we also selectively and rather moderately added to the Fund's weighting in emerging-market debt, with a focus on quasi-sovereigns in stable regimes such as Mexico as well as hard-currency corporate bonds that provided a margin of safety. Valuations generally remained fair across the credit sectors, but we believe that greater vigilance may be needed as we navigate the late stages of the current economic cycle.

1. See footnote on page 6 for more information on the Bloomberg Barclays U.S. Aggregate Bond Index.
2. See footnote on page 6 for more information on the Morningstar Intermediate-Term Bond Category Average.
3. The terms "spread" and "yield spread" may refer to the difference in yield between a security or type of security and comparable U.S. Treasury issues. The terms may also refer to the difference in yield between two specific securities or types of securities at a given time. The term "spread product" refers to asset classes that typically trade at a spread to comparable U.S. Treasury securities.
4. Duration is a measure of the price sensitivity of a fixed-income investment to changes in interest rates. Duration is expressed as a number of years and is considered a more accurate sensitivity gauge than average maturity.

During the reporting period, which market segments were the strongest positive contributors to the Fund's performance and which market segments were particularly weak?

During the reporting period the Fund's position in high-yield corporate bonds was the most substantial positive contributor to performance on an absolute and a relative basis. Our positions within investment-grade corporate bonds and, to a lesser degree, emerging-market debt also contributed positively to returns.

Among corporate bonds, there were several positive contributors to the Fund's performance.

- Lower interest rates enabled banks to preserve margins and profitability. Among the Fund holdings that benefited were Goldman Sachs, Bank of America, Citigroup, Lloyds Banking Group, JPMorgan Chase & Co., and Ally Financial.
- Commodity-sensitive sectors (energy and metals/mining) rebounded on prospects of improved economic growth. Fund holdings such as Marathon Petroleum, Valero, AK Steel and Arcelor Mittal contributed positively to performance.
- Pricing power and stronger investment income enabled the Fund's holdings in property/casualty insurers, such as XL Group, Liberty Mutual, Validus and Markel, to benefit the Fund's performance.

During the reporting period, however, other corporate sectors detracted from the Fund's performance.

- Shifting consumer-spending patterns and online competition led to sluggish performance for Fund retail holdings such as

Nordstrom, Dollar Tree and Limited Brands, for whom mall traffic is a key source of revenue.

- Fierce competition among media, telecommunication services and cable platforms weakened the performance of Fund positions in NBC Universal, Verizon and Time Warner.

Did the Fund make any significant purchases or sales during the reporting period?

We modestly lowered the Fund's risk profile by paring back exposure to high-yield corporate bonds and investing the proceeds into investment-grade corporate bonds. We also narrowed the Fund's duration gap in relation to the Bloomberg Barclays U.S. Aggregate Bond Index. Although we had a small exposure to commercial mortgage-backed securities, we elected not to reinvest paydowns back into the sector, so the Fund's weighting in commercial mortgage-backed securities declined moderately. Other trading activity for the reporting period consisted primarily of relative-value trades in corporate bonds, reinvestments of mortgage paydowns and responses to periodic contributions and withdrawals.

How was the Fund positioned at the end of the reporting period?

As of October 31, 2017, the Fund held overweight positions relative to the Bloomberg Barclays U.S. Aggregate Bond Index in high-yield and high-grade corporate bonds. As of the same date, the Fund held underweight positions relative to the Index in U.S. Treasury securities, agency debentures, agency mortgage-backed securities and asset-backed securities.

The opinions expressed are those of the portfolio managers as of the date of this report and are subject to change. There is no guarantee that any forecasts will come to pass. This material does not constitute investment advice and is not intended as an endorsement of any specific investment.

Portfolio of Investments October 31, 2017

	Principal Amount	Value
Long-Term Bonds 95.7%†		
Corporate Bonds 56.0%		
Aerospace & Defense 0.6%		
Harris Corp.		
5.054%, due 4/27/45	\$ 3,000,000	\$ 3,467,955
KLX, Inc.		
5.875%, due 12/1/22 (a)	4,395,000	4,598,269
		<u>8,066,224</u>
Agriculture 1.2%		
Altria Group, Inc.		
5.375%, due 1/31/44	700,000	839,597
9.25%, due 8/6/19	2,838,000	3,193,086
Bunge, Ltd. Finance Corp.		
3.25%, due 8/15/26	2,635,000	2,557,048
Cargill, Inc.		
4.307%, due 5/14/21 (a)	3,000,000	3,194,064
Philip Morris International, Inc.		
1.625%, due 2/21/19	1,000,000	997,917
4.25%, due 11/10/44	2,100,000	2,199,437
4.375%, due 11/15/41	1,075,000	1,139,186
Reynolds American, Inc.		
8.125%, due 6/23/19	720,000	789,338
		<u>14,909,673</u>
Airlines 0.5%		
American Airlines, Inc.		
Series 2017-2, Class AA, Pass Through Trust		
3.35%, due 4/15/31	6,000,000	6,030,000
Auto Manufacturers 1.0%		
Ford Motor Co.		
7.45%, due 7/16/31	2,095,000	2,721,203
9.215%, due 9/15/21	2,355,000	2,879,372
Ford Motor Credit Co. LLC		
8.125%, due 1/15/20	2,580,000	2,891,695
General Motors Co.		
5.20%, due 4/1/45	2,860,000	2,926,078
General Motors Financial Co., Inc.		
3.20%, due 7/13/20	1,620,000	1,656,428
		<u>13,074,776</u>
Banks 10.9%		
◆ Bank of America Corp.		
3.30%, due 1/11/23	680,000	696,583
3.705% (3-month USD-LIBOR-BBA + 1.512%), due 4/24/28 (b)	5,000,000	5,111,992
4.25%, due 10/22/26	11,900,000	12,494,422
5.125% (3-month USD-LIBOR-BBA + 3.387%), due 6/17/19 (b)(c)(d)	2,075,000	2,124,281

	Principal Amount	Value
Banks (continued)		
Bank of America Corp. (continued)		
5.70%, due 1/24/22	\$ 415,000	\$ 465,861
6.30% (3-month USD-LIBOR-BBA + 4.553%), due 3/10/26 (b)(c)(d)	1,500,000	1,708,920
Bank of New York Mellon Corp.		
4.625% (3-month USD-LIBOR-BBA + 3.131%), due 9/20/26 (b)(c)(d)	1,325,000	1,363,094
Barclays Bank PLC		
6.05%, due 12/4/17 (a)	4,028,000	4,043,266
Barclays PLC		
2.75%, due 11/8/19	3,740,000	3,775,642
◆ Citigroup, Inc.		
2.50%, due 7/29/19	5,880,000	5,918,809
3.40%, due 5/1/26	1,950,000	1,967,659
3.70%, due 1/12/26	4,190,000	4,319,480
3.887% (3-month USD-LIBOR-BBA + 1.563%), due 1/10/28 (b)	3,489,000	3,596,141
4.05%, due 7/30/22	580,000	608,568
5.30%, due 5/6/44	2,314,000	2,713,691
Discover Bank		
7.00%, due 4/15/20	1,340,000	1,480,441
8.70%, due 11/18/19	474,000	527,333
◆ Goldman Sachs Group, Inc.		
3.00%, due 4/26/22	11,325,000	11,434,234
3.50%, due 11/16/26	4,305,000	4,311,047
3.625%, due 1/22/23	2,850,000	2,947,894
5.95%, due 1/18/18	1,000,000	1,009,150
6.15%, due 4/1/18	5,000,000	5,089,651
6.75%, due 10/1/37	1,610,000	2,125,536
JPMorgan Chase & Co.		
2.95%, due 10/1/26	4,870,000	4,784,067
3.375%, due 5/1/23	6,500,000	6,663,400
5.50%, due 10/15/40	745,000	922,958
Lloyds Banking Group PLC		
4.582%, due 12/10/25	8,183,000	8,630,150
◆ Morgan Stanley		
2.625%, due 11/17/21	5,755,000	5,763,307
3.591% (3-month USD-LIBOR-BBA + 1.34%), due 7/22/28 (b)	1,850,000	1,862,229
3.875%, due 1/27/26	380,000	396,450
3.971% (3-month USD-LIBOR-BBA + 1.455%), due 7/22/38 (b)	1,035,000	1,048,313
4.35%, due 9/8/26	1,875,000	1,965,424
4.875%, due 11/1/22	3,945,000	4,271,976
5.00%, due 11/24/25	4,535,000	4,946,840
5.75%, due 1/25/21	5,000,000	5,517,623
Regions Bank		
7.50%, due 5/15/18	392,000	403,445

† Percentages indicated are based on Fund net assets.

◆ Among the Fund's 10 largest holdings, as of October 31, 2017, excluding short-term investment. May be subject to change daily. (Unaudited)

The notes to the financial statements are an integral part of, and should be read in conjunction with, the financial statements.

Portfolio of Investments October 31, 2017 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Banks (continued)		
Royal Bank of Scotland Group PLC		
5.125%, due 5/28/24	\$ 5,985,000	\$ 6,404,049
6.00%, due 12/19/23	280,000	311,972
Santander Holdings USA, Inc.		
4.40%, due 7/13/27 (a)	1,108,000	1,137,817
Wachovia Corp.		
5.50%, due 8/1/35	1,220,000	1,441,748
Wells Fargo & Co.		
5.375%, due 11/2/43	265,000	311,440
Wells Fargo Bank N.A.		
5.85%, due 2/1/37	555,000	695,037
		<u>137,311,940</u>
Beverages 2.5%		
Anheuser-Busch InBev Finance, Inc.		
2.65%, due 2/1/21	6,180,000	6,258,853
Anheuser-Busch InBev Worldwide, Inc.		
7.75%, due 1/15/19	6,765,000	7,228,843
Constellation Brands, Inc.		
3.875%, due 11/15/19	5,000,000	5,177,690
4.50%, due 5/9/47	2,740,000	2,921,356
4.75%, due 11/15/24	1,905,000	2,095,158
PepsiCo, Inc.		
2.00%, due 4/15/21	4,565,000	4,552,670
4.00%, due 5/2/47	3,620,000	3,777,480
		<u>32,012,050</u>
Biotechnology 0.5%		
Biogen, Inc.		
2.90%, due 9/15/20	2,010,000	2,052,167
Gilead Sciences, Inc.		
2.55%, due 9/1/20	4,010,000	4,065,635
		<u>6,117,802</u>
Building Materials 1.0%		
Masco Corp.		
3.50%, due 11/15/27	5,000,000	4,948,513
Standard Industries, Inc.		
5.375%, due 11/15/24 (a)	4,940,000	5,211,206
USG Corp.		
5.50%, due 3/1/25 (a)	1,960,000	2,102,100
		<u>12,261,819</u>
Chemicals 1.8%		
Air Liquide Finance S.A. (a)		
1.375%, due 9/27/19	3,625,000	3,580,612
1.75%, due 9/27/21	2,470,000	2,411,762
Braskem Netherlands Finance B.V.		
4.50%, due 1/10/28 (a)	5,665,000	5,638,375
Eastman Chemical Co.		
2.70%, due 1/15/20	5,320,000	5,381,349

	Principal Amount	Value
Chemicals (continued)		
Mexichem S.A.B. de C.V.		
4.00%, due 10/4/27 (a)	\$ 2,400,000	\$ 2,398,800
WR Grace & Co-Conn		
5.125%, due 10/1/21 (a)	3,095,000	3,327,125
		<u>22,738,023</u>
Commercial Services 0.2%		
United Rentals North America, Inc.		
5.50%, due 5/15/27	1,485,000	1,588,950
5.875%, due 9/15/26	1,380,000	1,504,200
		<u>3,093,150</u>
Computers 1.0%		
Apple, Inc.		
1.55%, due 8/4/21	2,215,000	2,168,831
3.85%, due 8/4/46	1,605,000	1,623,219
Hewlett Packard Enterprise Co.		
2.85%, due 10/5/18	6,145,000	6,196,895
HP, Inc.		
4.65%, due 12/9/21	2,200,000	2,372,278
		<u>12,361,223</u>
Cosmetics & Personal Care 0.3%		
Unilever Capital Corp.		
1.375%, due 7/28/21	4,450,000	4,326,784
Diversified Financial Services 1.9%		
AerCap Ireland Capital DAC / AerCap		
Global Aviation Trust		
3.50%, due 5/26/22	3,690,000	3,791,565
4.50%, due 5/15/21	1,240,000	1,316,870
Air Lease Corp.		
4.25%, due 9/15/24	2,445,000	2,594,602
Ally Financial, Inc.		
6.25%, due 12/1/17	53,000	53,159
7.50%, due 9/15/20	166,000	186,958
8.00%, due 11/1/31	3,580,000	4,734,550
Bear Stearns Cos. LLC		
7.25%, due 2/1/18	275,000	278,750
Capital One Bank USA N.A.		
3.375%, due 2/15/23	3,046,000	3,096,918
Discover Financial Services		
3.85%, due 11/21/22	1,526,000	1,574,307
International Lease Finance Corp.		
5.875%, due 8/15/22	2,200,000	2,482,263
Peachtree Corners Funding Trust		
3.976%, due 2/15/25 (a)	1,780,000	1,814,855
Protective Life Global Funding		
2.161%, due 9/25/20 (a)	2,500,000	2,488,884
		<u>24,413,681</u>

	Principal Amount	Value
Corporate Bonds (continued)		
Electric 1.6%		
Duquesne Light Holdings, Inc. (a)		
3.616%, due 8/1/27	\$ 1,645,000	\$ 1,636,815
5.90%, due 12/1/21	3,000,000	3,351,329
FirstEnergy Transmission LLC		
5.45%, due 7/15/44 (a)	3,000,000	3,470,081
IPALCO Enterprises, Inc.		
3.45%, due 7/15/20	1,375,000	1,393,906
N.V. Energy, Inc.		
6.25%, due 11/15/20	5,000,000	5,559,509
PPL Capital Funding, Inc.		
5.00%, due 3/15/44	1,000,000	1,149,124
Public Service Co. of New Mexico		
7.95%, due 5/15/18	604,000	623,692
Puget Energy, Inc.		
6.50%, due 12/15/20	3,155,000	3,534,273
		<u>20,718,729</u>
Electronics 0.5%		
Honeywell International, Inc.		
1.85%, due 11/1/21	6,400,000	6,326,296
Environmental Controls 0.4%		
Waste Management, Inc.		
2.40%, due 5/15/23	4,605,000	4,525,803
Food 1.6%		
Kerry Group Financial Services		
3.20%, due 4/9/23 (a)	4,375,000	4,366,974
Mondelez International Holdings		
Netherlands B.V. (a)		
1.625%, due 10/28/19	4,170,000	4,128,563
2.00%, due 10/28/21	4,495,000	4,411,030
Post Holdings, Inc.		
5.00%, due 8/15/26 (a)	1,735,000	1,743,675
Tyson Foods, Inc.		
5.15%, due 8/15/44	5,000,000	5,729,202
		<u>20,379,444</u>
Food Services 0.3%		
Aramark Services, Inc.		
5.125%, due 1/15/24	4,000,000	4,230,000
Gas 0.3%		
NiSource Finance Corp.		
3.49%, due 5/15/27	2,935,000	2,975,300
Southern California Gas Co.		
3.20%, due 6/15/25	915,000	933,917
		<u>3,909,217</u>

	Principal Amount	Value
Health Care—Products 1.3%		
Alere, Inc.		
6.50%, due 6/15/20	\$ 3,405,000	\$ 3,460,331
Becton Dickinson & Co.		
3.363%, due 6/6/24	6,075,000	6,125,548
Zimmer Biomet Holdings, Inc.		
3.55%, due 4/1/25	6,900,000	7,019,636
		<u>16,605,515</u>
Health Care—Services 0.5%		
Anthem, Inc.		
4.65%, due 1/15/43	1,895,000	2,050,437
Cigna Corp.		
3.25%, due 4/15/25	3,730,000	3,759,046
		<u>5,809,483</u>
Home Builders 1.4%		
CalAtlantic Group, Inc.		
5.875%, due 11/15/24	2,320,000	2,582,450
KB Home		
7.25%, due 6/15/18	4,700,000	4,817,500
NVR, Inc.		
3.95%, due 9/15/22	6,420,000	6,743,904
TRI Pointe Group, Inc. / TRI Pointe		
Homes, Inc.		
5.875%, due 6/15/24	3,180,000	3,442,350
		<u>17,586,204</u>
Home Furnishing 0.8%		
Whirlpool Corp.		
4.85%, due 6/15/21	8,850,000	9,532,311
Insurance 2.4%		
Alterra Finance LLC		
6.25%, due 9/30/20	2,900,000	3,188,824
Hartford Financial Services Group, Inc.		
6.00%, due 1/15/19	600,000	627,920
Liberty Mutual Group, Inc. (a)		
4.25%, due 6/15/23	2,020,000	2,148,139
6.50%, due 3/15/35	335,000	425,426
6.50%, due 5/1/42	3,675,000	4,832,078
Markel Corp.		
3.625%, due 3/30/23	2,515,000	2,582,692
5.00%, due 3/30/43	2,500,000	2,737,736
Protective Life Corp.		
6.40%, due 1/15/18	3,050,000	3,079,458
7.375%, due 10/15/19	4,180,000	4,582,591
Prudential Financial, Inc.		
7.375%, due 6/15/19	3,550,000	3,855,140
Voya Financial, Inc.		
2.90%, due 2/15/18	1,178,000	1,181,264
3.65%, due 6/15/26	1,305,000	1,316,288
		<u>30,557,556</u>

The notes to the financial statements are an integral part of, and should be read in conjunction with, the financial statements.

Portfolio of Investments October 31, 2017 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Internet 0.4%		
Match Group, Inc.		
6.75%, due 12/15/22	\$ 4,820,000	\$ 4,970,625
Iron & Steel 0.5%		
ArcelorMittal		
7.50%, due 10/15/39	3,100,000	3,871,125
Vale Overseas, Ltd.		
6.875%, due 11/21/36	2,280,000	2,716,734
		<u>6,587,859</u>
Lodging 0.8%		
MGM Resorts International		
6.00%, due 3/15/23	5,000,000	5,482,000
Wyndham Worldwide Corp.		
2.50%, due 3/1/18	1,735,000	1,737,370
4.15%, due 4/1/24	2,290,000	2,321,124
		<u>9,540,494</u>
Media 2.5%		
Charter Communications Operating LLC/ Charter Communications Operating Capital		
4.464%, due 7/23/22	4,000,000	4,224,297
NBC Universal Media LLC		
5.15%, due 4/30/20	7,900,000	8,507,929
Time Warner Cable LLC		
8.75%, due 2/14/19	7,000,000	7,573,347
Time Warner Entertainment Co., L.P.		
8.375%, due 3/15/23	3,660,000	4,543,506
Time Warner, Inc.		
3.80%, due 2/15/27	5,660,000	5,657,532
Virgin Media Secured Finance PLC		
5.25%, due 1/15/21	1,160,000	1,235,400
		<u>31,742,011</u>
Mining 0.6%		
Anglo American Capital PLC		
4.875%, due 5/14/25 (a)	2,780,000	2,969,276
FMG Resources (August 2006) Pty, Ltd.		
9.75%, due 3/1/22 (a)	3,985,000	4,453,238
		<u>7,422,514</u>
Miscellaneous—Manufacturing 0.9%		
Amsted Industries, Inc.		
5.375%, due 9/15/24 (a)	5,850,000	6,142,500
Textron Financial Corp.		
3.05% (3-month USD-LIBOR-BBA + 1.735%), due 2/15/67 (a)(b)	5,685,000	4,945,950
		<u>11,088,450</u>

	Principal Amount	Value
Oil & Gas 2.6%		
Chevron Corp.		
1.961%, due 3/3/20	\$ 1,855,000	\$ 1,859,554
Continental Resources, Inc.		
5.00%, due 9/15/22	5,250,000	5,309,063
Marathon Petroleum Corp.		
5.00%, due 9/15/54	2,080,000	2,037,592
6.50%, due 3/1/41	1,580,000	1,938,305
Petrobras Global Finance B.V.		
7.375%, due 1/17/27	8,100,000	8,995,050
Petroleos Mexicanos		
6.75%, due 9/21/47 (a)	6,955,000	7,168,518
Valero Energy Corp.		
6.625%, due 6/15/37	4,000,000	5,134,543
		<u>32,442,625</u>
Packaging & Containers 0.3%		
WestRock Co. (a)		
3.00%, due 9/15/24	2,400,000	2,391,366
3.375%, due 9/15/27	1,000,000	995,027
		<u>3,386,393</u>
Pharmaceuticals 0.6%		
Allergan Funding SCS		
4.75%, due 3/15/45	814,000	858,706
Zoetis, Inc.		
3.25%, due 2/1/23	3,885,000	3,996,105
4.70%, due 2/1/43	2,745,000	3,002,992
		<u>7,857,803</u>
Pipelines 2.5%		
Andeavor Logistics, L.P. / Tesoro Logistics Finance Corp.		
6.25%, due 10/15/22	4,000,000	4,260,000
Columbia Pipeline Group, Inc.		
3.30%, due 6/1/20	5,680,000	5,818,470
EnLink Midstream Partners, L.P.		
4.40%, due 4/1/24	4,130,000	4,281,951
Kinder Morgan Energy Partners, L.P.		
6.375%, due 3/1/41	385,000	445,413
MPLX, L.P.		
4.875%, due 6/1/25	5,305,000	5,745,785
Spectra Energy Partners, L.P.		
4.75%, due 3/15/24	5,137,000	5,613,701
Targa Resources Partners, L.P. / Targa Resources Partners Finance Corp.		
4.125%, due 11/15/19	5,500,000	5,555,000
		<u>31,720,320</u>
Real Estate 0.5%		
ProLogis, L.P.		
4.25%, due 8/15/23	5,400,000	5,850,003

	Principal Amount	Value
Corporate Bonds (continued)		
Real Estate Investment Trusts 1.3%		
Alexandria Real Estate Equities, Inc.		
4.60%, due 4/1/22	\$ 3,325,000	\$ 3,547,031
Crown Castle International Corp.		
3.20%, due 9/1/24	5,580,000	5,544,879
5.25%, due 1/15/23	126,000	139,456
Ventas Realty, L.P. / Ventas Capital Corp.		
4.00%, due 4/30/19	2,920,000	2,993,815
4.25%, due 3/1/22	1,370,000	1,446,273
Welltower, Inc.		
3.75%, due 3/15/23	570,000	592,007
5.25%, due 1/15/22	2,445,000	2,683,740
		<u>16,947,201</u>
Retail 2.9%		
Alimentation Couche-Tard, Inc.		
2.70%, due 7/26/22 (a)	7,345,000	7,335,210
CK Hutchison International (17) II, Ltd.		
3.25%, due 9/29/27 (a)	3,575,000	3,529,436
CVS Health Corp.		
2.80%, due 7/20/20	6,880,000	6,961,772
CVS Pass-Through Trust		
5.789%, due 1/10/26 (a)(e)	59,046	64,399
Darden Restaurants, Inc.		
3.85%, due 5/1/27	5,980,000	6,106,255
Dollar Tree, Inc.		
5.75%, due 3/1/23	2,750,000	2,884,062
L Brands, Inc.		
8.50%, due 6/15/19	127,000	138,748
O'Reilly Automotive, Inc.		
4.625%, due 9/15/21	5,955,000	6,366,958
QVC, Inc.		
4.45%, due 2/15/25	1,535,000	1,570,883
4.85%, due 4/1/24	1,550,000	1,630,393
		<u>36,588,116</u>
Semiconductors 0.6%		
NXP B.V. / NXP Funding LLC		
4.625%, due 6/1/23 (a)	3,825,000	4,121,437
Qorvo, Inc.		
6.75%, due 12/1/23	3,618,000	3,916,485
		<u>8,037,922</u>
Software 0.7%		
Microsoft Corp.		
2.00%, due 8/8/23	3,540,000	3,454,767
4.10%, due 2/6/37	2,090,000	2,285,151
MSCI, Inc.		
4.75%, due 8/1/26 (a)	2,865,000	2,983,181
		<u>8,723,099</u>

	Principal Amount	Value
Telecommunications 3.5%		
◆ AT&T, Inc.		
3.80%, due 3/1/24	\$ 5,920,000	\$ 6,074,737
5.00%, due 3/1/21	6,300,000	6,840,603
Hughes Satellite Systems Corp.		
6.50%, due 6/15/19	946,000	1,001,578
Level 3 Financing, Inc.		
5.375%, due 1/15/24	2,160,000	2,243,700
5.375%, due 5/1/25	1,845,000	1,928,025
Sprint Capital Corp.		
6.875%, due 11/15/28	4,055,000	4,326,178
6.90%, due 5/1/19	475,000	501,125
8.75%, due 3/15/32	325,000	394,063
Sprint Spectrum Co. LLC / Sprint Spectrum Co. II LLC / Sprint Spectrum Co. III LLC		
3.36%, due 3/20/23 (a)	7,290,000	7,395,705
T-Mobile USA, Inc.		
6.375%, due 3/1/25	500,000	540,000
Telecom Italia Capital S.A.		
7.721%, due 6/4/38	480,000	621,000
Telefonica Emisiones SAU		
4.57%, due 4/27/23	5,110,000	5,546,760
VEON Holdings B.V.		
4.95%, due 6/16/24 (a)	3,975,000	4,067,458
Verizon Communications, Inc.		
3.45%, due 3/15/21	785,000	813,987
5.15%, due 9/15/23	1,955,000	2,191,153
		<u>44,486,072</u>
Toys, Games & Hobbies 0.3%		
Hasbro, Inc.		
5.10%, due 5/15/44	2,045,000	2,203,204
6.35%, due 3/15/40	1,500,000	1,829,571
		<u>4,032,775</u>
Total Corporate Bonds (Cost \$687,050,499)		<u>708,321,985</u>
Foreign Government Bonds 0.3%		
Sovereign 0.3%		
Portugal Government International Bond		
5.125%, due 10/15/24 (a)	2,050,000	2,170,212
Turkey Government International Bond		
6.625%, due 2/17/45	1,010,000	1,078,704
		<u>3,248,916</u>
Total Foreign Government Bonds (Cost \$3,236,258)		<u>3,248,916</u>

Portfolio of Investments October 31, 2017 (continued)

	Principal Amount	Value
Mortgage-Backed Securities 0.2%		
Commercial Mortgage Loans		
(Collateralized Mortgage Obligations) 0.2%		
Bayview Commercial Asset Trust		
Series 2006-4A, Class A1		
1.467% (1-month LIBOR + 0.23%), due 12/25/36 (a)(b)	\$ 73,726	\$ 70,455
Four Times Square Trust		
Series 2006-4TS, Class A		
5.401%, due 12/13/28 (a)	2,419,852	2,619,836
		<u>2,690,291</u>
Residential Mortgage (Collateralized Mortgage Obligation) 0.0%±		
Mortgage Equity Conversion Asset Trust		
Series 2007-FF2, Class A		
1.70%, due 2/25/42 (a)(b)(e)(f)(g)	267,769	228,294
Total Mortgage-Backed Securities (Cost \$2,961,096)		<u>2,918,585</u>

U.S. Government & Federal Agencies 39.2%

Fannie Mae (Collateralized Mortgage Obligation) 0.0%±		
Series 1991-66, Class J		
8.125%, due 6/25/21	105	113

◆ Federal Home Loan Mortgage Corporation

(Mortgage Pass-Through Securities) 10.2%

2.50%, due 1/1/32	10,201,939	10,254,726
2.50%, due 8/1/46	6,087,971	5,881,702
3.00%, due 6/1/43	6,655,932	6,699,373
3.00%, due 11/15/47 TBA (h)	7,200,000	7,206,188
3.00%, due 5/1/46	4,477,137	4,488,090
3.00%, due 9/1/47	3,973,307	3,979,354
3.229% (1-year Treasury Constant Maturity Rate + 2.25%), due 6/1/35 (b)		
	60,273	63,444
3.50%, due 12/1/41	6,245,684	6,451,521
3.50%, due 5/1/42	5,697,183	5,885,768
3.50%, due 2/1/43	5,803,718	5,995,807
3.50%, due 5/1/43	2,430,499	2,511,141
3.50%, due 5/1/44	8,389,578	8,683,412
3.50%, due 11/15/47 TBA (h)	8,500,000	8,738,066
3.50%, due 5/1/46	5,296,766	5,448,825
4.00%, due 8/1/31	1,433,609	1,520,013
4.00%, due 1/1/41	2,008,449	2,144,638
4.00%, due 2/1/41	3,709,988	3,941,640
4.00%, due 4/1/41	956,894	1,015,518
4.00%, due 1/1/42	11,415,457	12,151,248
4.00%, due 6/1/42	4,180,951	4,424,347
4.00%, due 8/1/44	7,101,257	7,555,854
4.50%, due 9/1/39	278,522	302,741
4.50%, due 1/1/40	1,897,735	2,054,749
4.50%, due 12/1/40	1,436,911	1,562,064

	Principal Amount	Value
Federal Home Loan Mortgage Corporation		
(Mortgage Pass-Through Securities) (continued)		
4.50%, due 5/1/41	\$ 1,301,264	\$ 1,405,350
4.50%, due 6/1/41	5,609,675	6,072,781
4.50%, due 8/1/41	2,376,471	2,560,829
5.00%, due 8/1/33	140,792	153,377
5.50%, due 1/1/21	36,283	37,661
5.50%, due 2/1/33	44,350	49,357
5.50%, due 7/1/34	151,086	168,816
5.50%, due 4/1/37	6,868	7,646
5.50%, due 5/1/37	4,707	5,220
5.50%, due 7/1/37	22,476	24,989
5.50%, due 1/1/38	54,154	60,890
6.00%, due 2/1/27	33,083	37,140
6.00%, due 3/1/36	42,157	47,726
6.50%, due 4/1/37	93,985	106,918
		<u>129,698,929</u>

◆ Federal National Mortgage Association

(Mortgage Pass-Through Securities) 12.3%

2.50%, due 11/1/31	9,967,282	10,018,673
2.50%, due 7/1/46	6,310,651	6,096,299
3.00%, due 4/1/43	2,035,179	2,047,289
3.50%, due 2/1/41	5,534,521	5,719,046
3.50%, due 3/1/41	477,639	493,623
3.50%, due 11/1/41	8,677,393	8,969,907
3.50%, due 1/1/42	1,563,359	1,623,353
3.50%, due 3/1/42	3,198,980	3,305,599
3.50%, due 10/1/42	2,728,642	2,818,507
3.50%, due 2/1/43	2,948,194	3,056,922
3.50%, due 3/1/43	5,479,728	5,660,558
3.50%, due 5/1/43	2,488,098	2,567,938
3.50%, due 6/1/43	798,455	824,792
3.50%, due 11/1/45	5,479,433	5,652,654
4.00%, due 9/1/31	1,108,767	1,173,856
4.00%, due 11/1/40	981,580	1,048,925
4.00%, due 1/1/41	2,583,662	2,751,850
4.00%, due 2/1/41	11,708,349	12,349,324
4.00%, due 3/1/41	2,529,936	2,702,656
4.00%, due 10/1/41	3,222,653	3,442,353
4.00%, due 1/1/42	6,059,721	6,431,230
4.00%, due 2/1/42	1,247,066	1,314,371
4.00%, due 3/1/42	7,853,633	8,335,728
4.00%, due 7/1/42	1,296,252	1,369,132
4.00%, due 9/1/42	3,641,828	3,853,314
4.00%, due 11/15/47 TBA (h)	4,500,000	4,723,242
4.50%, due 4/1/18	2,186	2,223
4.50%, due 7/1/18	15,842	16,112
4.50%, due 11/1/18	28,497	28,983
4.50%, due 6/1/23	104,085	108,997
4.50%, due 6/1/39	6,535,476	7,053,325
4.50%, due 8/1/39	2,930,247	3,188,441

	Principal Amount	Value
U.S. Government & Federal Agencies (continued)		
Federal National Mortgage Association		
(Mortgage Pass-Through Securities) (continued)		
4.50%, due 9/1/39	\$ 2,742,578	\$ 2,949,646
4.50%, due 1/1/40	397,123	426,485
4.50%, due 8/1/40	689,872	743,169
4.50%, due 9/1/40	5,724,295	6,189,730
4.50%, due 12/1/40	5,893,277	6,387,490
4.50%, due 7/1/41	3,000,847	3,252,647
4.50%, due 8/1/41	1,548,645	1,678,114
4.50%, due 11/15/47 TBA (h)	4,500,000	4,811,485
4.50%, due 8/1/42	1,645,742	1,783,615
5.00%, due 9/1/20	3,692	3,752
5.00%, due 10/1/20	29,764	30,397
5.00%, due 12/1/20	51,142	52,838
5.00%, due 7/1/33	271,031	296,092
5.00%, due 10/1/33	117,667	129,008
5.00%, due 5/1/35	651,230	714,084
5.00%, due 6/1/35	1,188,453	1,300,953
5.00%, due 7/1/35	111,459	122,124
5.00%, due 1/1/36	135,452	148,590
5.00%, due 2/1/36	998,459	1,094,817
5.00%, due 5/1/36	359,343	394,057
5.00%, due 9/1/36	99,648	109,265
5.50%, due 6/1/21	67,491	70,648
5.50%, due 6/1/33	658,672	737,192
5.50%, due 11/1/33	109,035	121,842
5.50%, due 12/1/33	78,247	87,447
5.50%, due 4/1/34	272,393	304,443
5.50%, due 5/1/34	384,386	429,588
5.50%, due 6/1/34	102,582	114,599
5.50%, due 3/1/35	140,347	156,519
5.50%, due 4/1/36	246,193	274,762
5.50%, due 12/1/36	59,696	66,470
5.50%, due 1/1/37	315,268	355,660
5.50%, due 4/1/37	213,770	237,305
5.50%, due 7/1/37	427,595	486,081
5.50%, due 8/1/37	87,309	97,483
5.50%, due 9/1/37	2,297	2,557
6.00%, due 1/1/33	39,852	45,115
6.00%, due 3/1/33	42,420	47,798
6.00%, due 8/1/34	1,893	2,157
6.00%, due 9/1/35	124,544	143,169
6.00%, due 6/1/36	44,816	50,872
6.00%, due 12/1/36	101,818	115,467
6.00%, due 4/1/37	21,469	22,521
6.00%, due 9/1/37	11,488	12,991
6.00%, due 10/1/37	77,318	82,346
6.00%, due 11/1/37	7,807	8,824
6.00%, due 1/1/38	1,607	1,808
6.00%, due 11/1/38	21,570	24,180
6.50%, due 6/1/31	20,182	22,370

	Principal Amount	Value
Federal National Mortgage Association		
(Mortgage Pass-Through Securities) (continued)		
6.50%, due 8/1/31	\$ 10,409	\$ 11,712
6.50%, due 10/1/31	7,257	8,172
6.50%, due 6/1/32	30,422	33,747
6.50%, due 6/1/36	3,539	4,030
6.50%, due 7/1/36	6,397	7,198
6.50%, due 8/1/36	1,153	1,284
6.50%, due 11/1/36	46,393	53,025
6.50%, due 2/1/37	20,736	22,984
6.50%, due 7/1/37	4,558	5,052
6.50%, due 8/1/37	23,395	25,931
6.50%, due 9/1/37	41,345	47,495
		<u>155,710,424</u>
◆ Government National Mortgage Association		
(Mortgage Pass-Through Securities) 1.1%		
3.50%, due 11/15/47 TBA (h)	9,350,000	9,700,259
4.00%, due 11/20/40	336,070	354,594
4.00%, due 12/20/44	3,030,629	3,203,950
6.00%, due 2/15/29	7,877	8,856
6.00%, due 4/15/29	47,832	54,361
6.00%, due 8/15/32	101,312	115,075
6.50%, due 7/15/28	13,360	15,106
6.50%, due 5/15/29	6,913	7,930
		<u>13,460,131</u>
◆ United States Treasury Bonds 7.0%		
2.50%, due 2/15/46	34,020,000	31,546,906
2.50%, due 5/15/46	7,093,000	6,570,722
2.875%, due 11/15/46	3,670,000	3,670,000
3.00%, due 2/15/47	22,120,000	22,673,864
3.375%, due 5/15/44	3,065,000	3,368,507
3.75%, due 11/15/43	6,195,000	7,238,954
5.375%, due 2/15/31	8,835,000	11,777,469
6.25%, due 5/15/30	1,240,000	1,751,936
		<u>88,598,358</u>
◆ United States Treasury Notes 8.5%		
1.25%, due 10/31/21	27,300,000	26,622,832
2.00%, due 11/30/20	1,450,000	1,460,535
2.00%, due 12/31/21	5,770,000	5,787,806
2.00%, due 2/15/23	16,400,000	16,347,469
2.00%, due 11/15/26	27,865,000	27,061,704
2.125%, due 8/31/20	14,630,000	14,792,302
2.50%, due 5/15/24	15,005,000	15,283,413
		<u>107,356,061</u>
United States Treasury Strip Principal 0.1%		
(zero coupon), due 8/15/23	820,000	725,843
Total U.S. Government & Federal Agencies (Cost \$494,702,255)		<u>495,549,859</u>
Total Long-Term Bonds (Cost \$1,187,950,108)		<u>1,210,039,345</u>

The notes to the financial statements are an integral part of, and should be read in conjunction with, the financial statements.

Portfolio of Investments October 31, 2017 (continued)

	Shares	Value
Common Stocks 0.0%‡		
Media 0.0%‡		
ION Media Networks, Inc. (e)(f)(g)(i)	2	\$ 1,357
Total Common Stocks (Cost \$0)		<u>1,357</u>

	Principal Amount	
Short-Term Investment 6.3%		
Repurchase Agreement 6.3%		
Fixed Income Clearing Corp. 0.34%, dated 10/31/17 due 11/1/17 Proceeds at Maturity \$79,882,449 (Collateralized by a United States Treasury Note with a rate of 1.75% and a maturity date of 1/31/23, with a Principal Amount of \$82,355,000 and a Market Value of \$81,482,037)	\$79,881,695	<u>79,881,695</u>
Total Short-Term Investment (Cost \$79,881,695)		<u>79,881,695</u>
Total Investments (Cost \$1,267,831,803)	102.0%	1,289,922,397
Other Assets, Less Liabilities	<u>(2.0)</u>	<u>(25,796,295)</u>
Net Assets	<u>100.0%</u>	<u>\$1,264,126,102</u>

‡ Less than one-tenth of a percent.

- (a) May be sold to institutional investors only under Rule 144A or securities offered pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.
- (b) Floating rate—Rate shown was the rate in effect as of October 31, 2017.
- (c) Securities are perpetual and, thus, do not have a predetermined maturity date. The date shown, if applicable, reflects the next call date.
- (d) Fixed to floating rate—Rate shown was the rate in effect as of October 31, 2017.
- (e) Fair valued security—Represents fair value as measured in good faith under procedures approved by the Board of Trustees. As of October 31, 2017, the total market value of fair valued securities was \$294,050, which represented less than one-tenth of a percent of the Fund's net assets.
- (f) Security in which significant unobservable inputs (Level 3) were used in determining fair value.
- (g) Illiquid security—As of October 31, 2017, the total market value of these securities deemed illiquid under procedures approved by the Board of Trustees was \$229,651, which represented less than one-tenth of a percent of the Fund's net assets. (Unaudited)
- (h) TBA—Securities purchased on a forward commitment basis with an approximate principal amount and maturity date. The actual principal amount and maturity date will be determined upon settlement. As of October 31, 2017, the total net market value of these securities was \$35,179,240, which represented 2.8% of the Fund's net assets. All or a portion of these securities are a part of a mortgage dollar roll agreement.
- (i) Restricted security.

As of October 31, 2017, the Fund held the following futures contracts¹:

Type	Number of Contracts Long (Short)	Expiration Date	Value at Trade Date	Current Notional Amount	Unrealized Appreciation (Depreciation) ²
2-Year United States Treasury Note	(245)	December 2017	\$(52,847,838)	\$(52,763,047)	\$ 84,791
5-Year United States Treasury Note	49	December 2017	5,805,077	5,742,188	(62,889)
10-Year United States Treasury Note	(184)	December 2017	(23,306,997)	(22,988,500)	318,497
			<u>\$(70,349,758)</u>	<u>\$(70,009,359)</u>	<u>\$340,399</u>

1. As of October 31, 2017, cash in the amount of \$263,331 was on deposit with a broker or futures commission merchant for futures transactions.
2. Represents the difference between the value of the contracts at the time they were opened and the value as of October 31, 2017.

The following is a summary of the fair valuations according to the inputs used as of October 31, 2017, for valuing the Fund's assets and liabilities.

Asset Valuation Inputs

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments in Securities (a)				
Long-Term Bonds				
Corporate Bonds	\$ —	\$ 708,321,985	\$ —	\$ 708,321,985
Foreign Government Bonds	—	3,248,916	—	3,248,916
Mortgage-Backed Securities (b)	—	2,690,291	228,294	2,918,585
U.S. Government & Federal Agencies	—	495,549,859	—	495,549,859
Total Long-Term Bonds	—	1,209,811,051	228,294	1,210,039,345
Common Stocks (c)	—	—	1,357	1,357
Short-Term Investment				
Repurchase Agreement	—	79,881,695	—	79,881,695
Total Investments in Securities	—	1,289,692,746	229,651	1,289,922,397
Other Financial Instruments				
Futures Contracts (d)	403,288	—	—	403,288
Total Investments in Securities and Other Financial Instruments	\$403,288	\$1,289,692,746	\$229,651	\$1,290,325,685

Liability Valuation Inputs

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other Financial Instruments				
Futures Contracts (d)	\$(62,889)	\$ —	\$ —	\$(62,889)

(a) For a complete listing of investments and their industries, see the Portfolio of Investments.

(b) The Level 3 security valued at \$228,294 is held in Residential Mortgage (Collateralized Mortgage Obligation) within the Mortgage-Backed Securities section of the Portfolio of Investments.

(c) The Level 3 security valued at \$1,357 is held in Media within the Common Stocks section of the Portfolio of Investments.

(d) The value listed for these securities reflects unrealized appreciation (depreciation) as shown on the Portfolio of Investments.

The Fund recognizes transfers between the levels as of the beginning of the period.

For the year ended October 31, 2017, the Fund did not have any transfers among levels. (See Note 2)

Portfolio of Investments October 31, 2017 (continued)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

Investments in Securities	Balance as of October 31, 2016	Accrued Discounts (Premiums)	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Purchases	Sales	Transfers in to Level 3	Transfers out of Level 3	Balance as of October 31, 2017	Change in Unrealized Appreciation (Depreciation) from Investments Still Held at October 31, 2017 (a)
Long-Term Bonds										
Corporate Bonds										
Oil & Gas	\$ 72,000	\$ —	\$ —	\$(72,000)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Mortgage-Backed Securities										
Residential Mortgage (Collateralized Mortgage Obligation)	254,444	—	—	5,427	—	(31,577)	—	—	228,294	690
Common Stock										
Media	1,071	—	—	286	—	—	—	—	1,357	286
Total	<u>\$327,515</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$(66,287)</u>	<u>\$ —</u>	<u>\$(31,577)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$229,651</u>	<u>\$976</u>

(a) Included in "change in unrealized appreciation (depreciation) on investments" in the Statement of Operations.

Statement of Assets and Liabilities as of October 31, 2017

Assets

Investment in securities, at value	
(identified cost \$1,267,831,803)	\$ 1,289,922,397
Cash collateral on deposit at broker for futures contracts	263,331
Receivables:	
Dividends and interest	10,047,059
Fund shares sold	1,145,321
Variation margin on futures contracts	18,511
Investment securities sold	1,720
Other assets	35,823
Total assets	<u>1,301,434,162</u>

Liabilities

Payables:	
Investment securities purchased	35,182,931
Fund shares redeemed	1,193,521
Manager (See Note 3)	575,108
Shareholder communication	137,588
Transfer agent (See Note 3)	115,863
NYLIFE Distributors (See Note 3)	34,714
Professional fees	17,343
Custodian	10,797
Trustees	3,122
Accrued expenses	12,025
Dividend payable	25,048
Total liabilities	<u>37,308,060</u>
Net assets	<u>\$ 1,264,126,102</u>

Composition of Net Assets

Shares of beneficial interest outstanding (par value of \$.001 per share) unlimited number of shares authorized	\$ 118,794
Additional paid-in capital	<u>1,267,034,921</u>
	1,267,153,715
Distributions in excess of net investment income	(25,048)
Accumulated net realized gain (loss) on investments, futures transactions and foreign currency transactions	(25,433,558)
Net unrealized appreciation (depreciation) on investments and futures contracts	<u>22,430,993</u>
Net assets	<u>\$ 1,264,126,102</u>

Class A

Net assets applicable to outstanding shares	\$ 55,473,955
Shares of beneficial interest outstanding	<u>5,214,667</u>
Net asset value per share outstanding	\$ 10.64
Maximum sales charge (4.50% of offering price)	<u>0.50</u>
Maximum offering price per share outstanding	<u>\$ 11.14</u>

Investor Class

Net assets applicable to outstanding shares	\$ 6,265,184
Shares of beneficial interest outstanding	<u>585,771</u>
Net asset value per share outstanding	\$ 10.70
Maximum sales charge (4.50% of offering price)	<u>0.50</u>
Maximum offering price per share outstanding	<u>\$ 11.20</u>

Class B

Net assets applicable to outstanding shares	\$ 4,913,409
Shares of beneficial interest outstanding	<u>461,361</u>
Net asset value and offering price per share outstanding	<u>\$ 10.65</u>

Class C

Net assets applicable to outstanding shares	\$ 20,214,702
Shares of beneficial interest outstanding	<u>1,895,942</u>
Net asset value and offering price per share outstanding	<u>\$ 10.66</u>

Class I

Net assets applicable to outstanding shares	\$1,173,384,229
Shares of beneficial interest outstanding	<u>110,271,841</u>
Net asset value and offering price per share outstanding	<u>\$ 10.64</u>

Class R1

Net assets applicable to outstanding shares	\$ 3,627,485
Shares of beneficial interest outstanding	<u>341,010</u>
Net asset value and offering price per share outstanding	<u>\$ 10.64</u>

Class R2

Net assets applicable to outstanding shares	\$ 127,238
Shares of beneficial interest outstanding	<u>11,965</u>
Net asset value and offering price per share outstanding	<u>\$ 10.63</u>

Class R3

Net assets applicable to outstanding shares	\$ 92,908
Shares of beneficial interest outstanding	<u>8,732</u>
Net asset value and offering price per share outstanding	<u>\$ 10.64</u>

Class R6

Net assets applicable to outstanding shares	\$ 26,992
Shares of beneficial interest outstanding	<u>2,538</u>
Net asset value and offering price per share outstanding	<u>\$ 10.64</u>

Statement of Operations for the year ended October 31, 2017

Investment Income (Loss)

Income

Interest	\$39,854,319
Other income	1,265
Dividends	273
Total income	<u>39,855,857</u>

Expenses

Manager (See Note 3)	6,029,519
Transfer agent (See Note 3)	1,632,274
Distribution/Service—Class A (See Note 3)	380,217
Distribution/Service—Investor Class (See Note 3)	21,654
Distribution/Service—Class B (See Note 3)	55,964
Distribution/Service—Class C (See Note 3)	228,663
Distribution/Service—Class R2 (See Note 3)	304
Distribution/Service—Class R3 (See Note 3)	398
Shareholder communication	181,177
Registration	145,396
Professional fees	105,753
Trustees	29,942
Custodian	16,425
Shareholder service (See Note 3)	3,864
Miscellaneous	60,725
Total expenses before waiver/reimbursement	8,892,275
Expense waiver/reimbursement from Manager (See Note 3)	<u>(748,789)</u>
Net expenses	<u>8,143,486</u>

Net investment income (loss) 31,712,371

Realized and Unrealized Gain (Loss) on Investments, Futures Contracts and Foreign Currency Transactions

Net realized gain (loss) on:

Investment transactions	(2,042,557)
Futures transactions	1,437,809
Foreign currency transactions	<u>191,730</u>

Net realized gain (loss) on investments, futures transactions and foreign currency transactions (413,018)

Net change in unrealized appreciation (depreciation) on:

Investments	(2,387,096)
Futures contracts	(105,837)
Foreign currency forward contracts	(231,565)
Translation of other assets and liabilities in foreign currencies	<u>15,135</u>

Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions (2,709,363)

Net realized and unrealized gain (loss) on investments, futures transactions and foreign currency transactions (3,122,381)

Net increase (decrease) in net assets resulting from operations \$28,589,990

Statements of Changes in Net Assets

for the years ended October 31, 2017 and October 31, 2016

	2017	2016
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ 31,712,371	\$ 39,066,231
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	(413,018)	(10,673,274)
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions	(2,709,363)	34,059,631
Net increase (decrease) in net assets resulting from operations	28,589,990	62,452,588
Dividends to shareholders:		
From net investment income:		
Class A	(3,494,316)	(9,825,205)
Investor Class	(192,918)	(236,429)
Class B	(84,718)	(144,332)
Class C	(346,587)	(539,757)
Class I	(27,638,468)	(28,053,614)
Class R1	(94,639)	(109,414)
Class R2	(2,833)	(22,939)
Class R3	(1,658)	(646)
Class R6	(726)	(748)
	(31,856,863)	(38,933,084)
Return of capital:		
Class A	(35,468)	—
Investor Class	(1,958)	—
Class B	(860)	—
Class C	(3,518)	—
Class I	(280,535)	—
Class R1	(961)	—
Class R2	(29)	—
Class R3	(17)	—
Class R6	(7)	—
	(323,353)	—
Total dividends to shareholders	(32,180,216)	(38,933,084)
Capital share transactions:		
Net proceeds from sale of shares	452,805,322	345,156,378
Net asset value of shares issued to shareholders in reinvestment of dividends	27,812,619	32,919,137
Cost of shares redeemed	(490,911,282)	(696,955,352)
Increase (decrease) in net assets derived from capital share transactions	(10,293,341)	(318,879,837)
Net increase (decrease) in net assets	(13,883,567)	(295,360,333)
Net Assets		
Beginning of year	1,278,009,669	1,573,370,002
End of year	\$1,264,126,102	\$1,278,009,669
Undistributed (distributions in excess of) net investment income at end of year		
	\$ (25,048)	\$ 585,601

The notes to the financial statements are an integral part of, and should be read in conjunction with, the financial statements.

Financial Highlights selected per share data and ratios

Class A	Year ended October 31,				
	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$ 10.66	\$ 10.46	\$ 10.82	\$ 10.71	\$ 11.14
Net investment income (loss)	0.29	0.28	0.27	0.34	0.34
Net realized and unrealized gain (loss) on investments	(0.06)	0.18	(0.32)	0.12	(0.39)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01	0.00 ‡	0.00 ‡	(0.00) ‡
Total from investment operations	0.23	0.47	(0.05)	0.46	(0.05)
Less dividends and distributions:					
From net investment income	(0.25)	(0.27)	(0.27)	(0.34)	(0.35)
From net realized gain on investments	—	—	(0.04)	(0.01)	(0.03)
Return of capital	(0.00) ‡	—	—	—	—
Total dividends and distributions	(0.25)	(0.27)	(0.31)	(0.35)	(0.38)
Net asset value at end of year	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.82	\$ 10.71
Total investment return (a)	2.23%	4.56%	(0.43%)	4.33%	(0.45%)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.44%	2.55%	2.56%	3.11%	3.11%
Net expenses	0.91%	1.00%	1.08%	0.86%	0.89%
Expenses (before waiver/reimbursement)	0.94%	1.13%	1.11%	0.96%	0.97%
Portfolio turnover rate	56%(b)	21%	28%	26%(b)	65%(b)
Net assets at end of year (in 000's)	\$ 55,474	\$ 294,002	\$ 507,633	\$ 324,814	\$ 58,425

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42%, 23% and 45% for the years ended October 31, 2017, 2014 and 2013, respectively.

Investor Class	Year ended October 31,				
	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$ 10.71	\$ 10.51	\$ 10.88	\$ 10.77	\$ 11.20
Net investment income (loss)	0.24	0.29	0.28	0.34	0.33
Net realized and unrealized gain (loss) on investments	(0.01)	0.19	(0.33)	0.11	(0.40)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01	0.00 ‡	0.00 ‡	(0.00) ‡
Total from investment operations	0.23	0.49	(0.05)	0.45	(0.07)
Less dividends and distributions:					
From net investment income	(0.24)	(0.29)	(0.28)	(0.33)	(0.33)
From net realized gain on investments	—	—	(0.04)	(0.01)	(0.03)
Return of capital	(0.00) ‡	—	—	—	—
Total dividends and distributions	(0.24)	(0.29)	(0.32)	(0.34)	(0.36)
Net asset value at end of year	\$ 10.70	\$ 10.71	\$ 10.51	\$ 10.88	\$ 10.77
Total investment return (a)	2.11%	4.81%	(0.46%)	4.16%	(0.57%)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.28%	2.71%	2.64%	3.03%	3.00%
Net expenses	1.00%	0.83%	1.01%	1.01%	1.00%
Expenses (before waiver/reimbursement)	1.03%	0.98%	1.03%	1.10%	1.09%
Portfolio turnover rate	56%(b)	21%	28%	26%(b)	65%(b)
Net assets at end of year (in 000's)	\$ 6,265	\$ 9,232	\$ 8,350	\$ 7,590	\$ 8,352

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42%, 23% and 45% for the years ended October 31, 2017, 2014 and 2013, respectively.

Financial Highlights selected per share data and ratios

Class B	Year ended October 31,				
	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$ 10.67	\$ 10.47	\$ 10.84	\$ 10.72	\$ 11.15
Net investment income (loss)	0.17	0.21	0.20	0.25	0.25
Net realized and unrealized gain (loss) on investments	(0.03)	0.19	(0.33)	0.12	(0.40)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01	0.00 ‡	0.00 ‡	(0.00) ‡
Total from investment operations	0.14	0.41	(0.13)	0.37	(0.15)
Less dividends and distributions:					
From net investment income	(0.16)	(0.21)	(0.20)	(0.24)	(0.25)
From net realized gain on investments	—	—	(0.04)	(0.01)	(0.03)
Return of capital	(0.00) ‡	—	—	—	—
Total dividends and distributions	(0.16)	(0.21)	(0.24)	(0.25)	(0.28)
Net asset value at end of year	\$ 10.65	\$ 10.67	\$ 10.47	\$ 10.84	\$ 10.72
Total investment return (a)	1.36%	3.95%	(1.21%)	3.50%	(1.33%)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	1.53%	1.96%	1.89%	2.28%	2.24%
Net expenses	1.75%	1.57%	1.76%	1.76%	1.75%
Expenses (before waiver/reimbursement)	1.78%	1.73%	1.78%	1.85%	1.84%
Portfolio turnover rate	56%(b)	21%	28%	26%(b)	65% (b)
Net assets at end of year (in 000's)	\$ 4,913	\$ 6,746	\$ 6,205	\$ 6,794	\$ 7,896

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42%, 23% and 45% for the years ended October 31, 2017, 2014 and 2013, respectively.

Class C	Year ended October 31,				
	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$ 10.68	\$ 10.48	\$ 10.85	\$ 10.73	\$ 11.17
Net investment income (loss)	0.17	0.21	0.20	0.25	0.25
Net realized and unrealized gain (loss) on investments	(0.03)	0.19	(0.33)	0.12	(0.41)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01	0.00 ‡	0.00 ‡	(0.00) ‡
Total from investment operations	0.14	0.41	(0.13)	0.37	(0.16)
Less dividends and distributions:					
From net investment income	(0.16)	(0.21)	(0.20)	(0.24)	(0.25)
From net realized gain on investments	—	—	(0.04)	(0.01)	(0.03)
Return of capital	(0.00) ‡	—	—	—	—
Total dividends and distributions	(0.16)	(0.21)	(0.24)	(0.25)	(0.28)
Net asset value at end of year	\$ 10.66	\$ 10.68	\$ 10.48	\$ 10.85	\$ 10.73
Total investment return (a)	1.36%	3.95%	(1.20%)	3.49%	(1.42%)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	1.53%	1.96%	1.89%	2.28%	2.24%
Net expenses	1.75%	1.58%	1.75%	1.76%	1.75%
Expenses (before waiver/reimbursement)	1.78%	1.73%	1.78%	1.85%	1.84%
Portfolio turnover rate	56%(b)	21%	28%	26%(b)	65% (b)
Net assets at end of year (in 000's)	\$ 20,215	\$ 28,430	\$ 24,259	\$ 26,485	\$ 28,683

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42%, 23% and 45% for the years ended October 31, 2017, 2014 and 2013, respectively.

Financial Highlights selected per share data and ratios

Class I	Year ended October 31,				
	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72	\$ 11.15
Net investment income (loss)	0.28	0.31	0.32	0.37	0.38
Net realized and unrealized gain (loss) on investments	(0.01)	0.19	(0.33)	0.12	(0.40)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01	0.00 ‡	0.00 ‡	(0.00)‡
Total from investment operations	0.27	0.51	(0.01)	0.49	(0.02)
Less dividends and distributions:					
From net investment income	(0.29)	(0.31)	(0.32)	(0.37)	(0.38)
From net realized gain on investments	—	—	(0.04)	(0.01)	(0.03)
Return of capital	(0.00)‡	—	—	—	—
Total dividends and distributions	(0.29)	(0.31)	(0.36)	(0.38)	(0.41)
Net asset value at end of year	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72
Total investment return (a)	2.56%	4.96%	(0.05%)	4.60%	(0.17%)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.66%	2.94%	3.05%	3.43%	3.41%
Net expenses	0.60%	0.60%	0.60%	0.60%	0.60%
Expenses (before waiver/reimbursement)	0.67%	0.88%	0.86%	0.71%	0.72%
Portfolio turnover rate	56%(b)	21%	28%	26%(b)	65%(b)
Net assets at end of year (in 000's)	\$1,173,384	\$ 935,533	\$1,021,724	\$ 852,556	\$ 762,533

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class I shares are not subject to sales charges. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42%, 23% and 45% for the years ended October 31, 2017, 2014 and 2013, respectively.

Class R1	Year ended October 31,				
	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72	\$ 11.15
Net investment income (loss)	0.27	0.30	0.31	0.36	0.36
Net realized and unrealized gain (loss) on investments	(0.01)	0.19	(0.33)	0.12	(0.39)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01	0.00 ‡	0.00 ‡	(0.00)‡
Total from investment operations	0.26	0.50	(0.02)	0.48	(0.03)
Less dividends and distributions:					
From net investment income	(0.28)	(0.30)	(0.31)	(0.36)	(0.37)
From net realized gain on investments	—	—	(0.04)	(0.01)	(0.03)
Return of capital	(0.00)‡	—	—	—	—
Total dividends and distributions	(0.28)	(0.30)	(0.35)	(0.37)	(0.40)
Net asset value at end of year	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72
Total investment return (a)	2.46%	4.86%	(0.14%)	4.49%	(0.27%)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.58%	2.84%	2.95%	3.31%	3.30%
Net expenses	0.70%	0.70%	0.70%	0.70%	0.70%
Expenses (before waiver/reimbursement)	0.77%	0.98%	0.96%	0.81%	0.82%
Portfolio turnover rate	56%(b)	21%	28%	26%(b)	65%(b)
Net assets at end of year (in 000's)	\$ 3,627	\$ 3,846	\$ 3,907	\$ 34	\$ 26

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R1 shares are not subject to sales charges. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42%, 23% and 45% for the years ended October 31, 2017, 2014 and 2013, respectively.

Financial Highlights selected per share data and ratios

Class R2	Year ended October 31,				
	2017	2016	2015	2014	2013
Net asset value at beginning of year	\$ 10.65	\$ 10.46	\$ 10.82	\$ 10.71	\$ 11.14
Net investment income (loss)	0.24	0.31	0.29	0.34	0.33
Net realized and unrealized gain (loss) on investments	(0.01)	0.15	(0.33)	0.11	(0.39)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.00 ‡	0.00 ‡	0.00 ‡	(0.00) ‡
Total from investment operations	0.23	0.46	(0.04)	0.45	(0.06)
Less dividends and distributions:					
From net investment income	(0.25)	(0.27)	(0.28)	(0.33)	(0.34)
From net realized gain on investments	—	—	(0.04)	(0.01)	(0.03)
Return of capital	(0.00) ‡	—	—	—	—
Total dividends and distributions	(0.25)	(0.27)	(0.32)	(0.34)	(0.37)
Net asset value at end of year	\$ 10.63	\$ 10.65	\$ 10.46	\$ 10.82	\$ 10.71
Total investment return (a)	2.18%	4.44%	(0.35%)	4.24%	(0.52%)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.32%	2.64%	2.67%	3.09%	3.04%
Net expenses	0.95%	0.95%	0.95%	0.95%	0.95%
Expenses (before waiver/reimbursement)	1.02%	1.24%	1.20%	1.06%	1.07%
Portfolio turnover rate	56%(b)	21%	28%	26%(b)	65%(b)
Net assets at end of year (in 000's)	\$ 127	\$ 115	\$ 1,266	\$ 27	\$ 26

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R2 shares are not subject to sales charges. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42%, 23% and 45% for the years ended October 31, 2017, 2014 and 2013, respectively.

Class R3	Year ended	February 29,
	October 31, 2017	2016** through October 31, 2016
Net asset value at beginning of period	\$ 10.66	\$ 10.31
Net investment income (loss)	0.21	0.15
Net realized and unrealized gain (loss) on investments	(0.01)	0.35
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01
Total from investment operations	0.20	0.51
Less dividends:		
From net investment income	(0.22)	(0.16)
Return of capital	(0.00) ‡	—
Total dividends and distributions	(0.22)	(0.16)
Net asset value at end of period	\$ 10.64	\$ 10.66
Total investment return (a)	1.93%	4.98%
Ratios (to average net assets)/Supplemental Data:		
Net investment income (loss)	2.07%	2.26% ††
Net expenses	1.20%	1.20% ††
Expenses (before reimbursement/waiver)	1.27%	1.48% ††
Portfolio turnover rate	56%(b)	21%
Net assets at end of period (in 000's)	\$ 93	\$ 79

** Commencement of operations.

†† Annualized.

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R3 shares are not subject to sales charges. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42% for the year ended October 31, 2017.

Financial Highlights selected per share data and ratios

Class R6	Year ended October 31,		December 29, 2014** through October 31, 2015
	2017	2016	
Net asset value at beginning of period	\$ 10.66	\$ 10.46	\$ 10.71
Net investment income (loss)	0.29	0.36	0.27
Net realized and unrealized gain (loss) on investments	(0.02)	0.15	(0.25)
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.01	—
Total from investment operations	0.27	0.52	0.02
Less dividends:			
From net investment income	(0.29)	(0.32)	(0.27)
Return of capital	(0.00) ‡	—	—
Total dividends and distributions	(0.29)	(0.32)	(0.27)
Net asset value at end of period	\$ 10.64	\$ 10.66	\$ 10.46
Total investment return (a)	2.62%	5.04%	0.20%
Ratios (to average net assets)/Supplemental Data:			
Net investment income (loss)	2.74%	3.02%	3.07% ††
Net expenses	0.54%	0.53%	0.53% ††
Expenses (before waiver/reimbursement)	0.54%	0.53%	0.55% ††
Portfolio turnover rate	56%(b)	21%	28%
Net assets at end of period (in 000's)	\$ 27	\$ 26	\$ 26

** Commencement of operations.

†† Annualized.

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R6 shares are not subject to sales charges. For periods of less than one year, total return is not annualized.

(b) The portfolio turnover rate not including mortgage dollar roll were 42% for the year ended October 31, 2017.

Notes to Financial Statements

Note 1—Organization and Business

MainStay Funds Trust (the “Trust”) was organized as a Delaware statutory trust on April 28, 2009, and is governed by a Declaration of Trust. The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company, and is comprised of thirty-seven funds (collectively referred to as the “Funds”). These financial statements and notes relate to the MainStay Total Return Bond Fund (the “Fund”), a “diversified” fund, as that term is defined in the 1940 Act, as interpreted or modified by regulatory authorities having jurisdiction, from time to time.

The Fund currently has ten classes of shares registered for sale. Class I shares commenced operations on January 2, 1991. Class A, Class B, and Class C shares commenced operations on January 2, 2004. Investor Class shares commenced operations on February 28, 2008. Class R1 and Class R2 shares commenced operations on June 29, 2012. Class R6 shares commenced operations on December 29, 2014. Class R3 shares commenced operations on February 29, 2016. Class T shares were registered for sale effective as of February 28, 2017. As of October 31, 2017, Class T shares were not yet offered for sale.

Effective February 28, 2017, Class B shares of the MainStay Group of Funds were closed to all new purchases as well as additional investments by existing Class B shareholders. Existing Class B shareholders may continue to reinvest dividends and capital gains distributions, as well as exchange their Class B shares for Class B shares of other MainStay Group of Funds as permitted by the current exchange privileges. Class B shareholders continue to be subject to any applicable contingent deferred sales charge (“CDSC”) at the time of redemption. All other features of the Class B shares, including but not limited to the fees and expenses applicable to Class B shares, remain unchanged. Unless redeemed, Class B shareholders will remain in Class B shares of their respective fund until the Class B shares are converted to Class A or Investor Class shares pursuant to the applicable conversion schedule.

Class A and Investor Class shares are offered at net asset value (“NAV”) per share plus an initial sales charge. No initial sales charge applies to investments of \$1 million or more (and certain other qualified purchases) in Class A and Investor Class shares. Effective August 1, 2017, a CDSC of 1.00% may be imposed on certain redemptions of Class A and Investor Class shares made within 18 months of the date of purchase on shares that were purchased without an initial sales charge. For purchases of Class A and Investor Class shares made from January 1, 2017, through July 31, 2017, a CDSC of 1.00% may be imposed on certain redemptions of such shares made within 24 months of the date of purchase on shares that were purchased without an initial sales charge. For purchases of Class A and Investor Class shares made prior to January 1, 2017, a CDSC of 1.00% may be imposed on certain redemptions of such shares made within one year of the date of purchase on shares that were purchased without an initial sales charge. Class C shares are offered at NAV without an initial sales charge, although a 1.00% CDSC may be imposed on certain redemptions of such shares made within one year of the date of purchase of Class C shares. When Class B shares were offered, they were offered at NAV without an initial sales charge, although a CDSC that declines depending on the number of years a shareholder has held its Class B shares may be imposed on certain redemptions of such shares made within six years of the date of purchase of such shares. Class T shares

are currently expected to be offered at NAV per share plus an initial sales charge. Class I, Class R1, Class R2 and Class R3 shares are offered at NAV and are not subject to a sales charge. Class R6 shares are currently expected to be offered at NAV and to not be subject to a sales charge. Depending upon eligibility, Class B shares convert to either Class A or Investor Class shares at the end of the calendar quarter eight years after the date they were purchased. Additionally, as disclosed in the Fund’s prospectus, Class A shares may convert automatically to Investor Class shares and Investor Class shares may convert automatically to Class A shares. Under certain circumstances and as may be permitted by the Trust’s multiple class plan pursuant to Rule 18f-3 under the 1940 Act, specified share classes of the Fund may be converted to one or more other share classes of the Fund as disclosed in the capital share transactions within these Notes. The classes of shares have the same voting (except for issues that relate solely to one class), dividend, liquidation and other rights, and the same terms and conditions, except that under distribution plans pursuant to Rule 12b-1 under the 1940 Act, Class B and Class C shares are subject to higher distribution and/or service fees than Class A, Investor Class, Class T, Class R2 and Class R3 shares. Class I, Class R1 and Class R6 shares are not subject to a distribution and/or service fee. Class R1, Class R2 and Class R3 shares are subject to a shareholder service fee, which is in addition to fees paid under the distribution plans for Class R2 and Class R3 shares.

The Fund’s investment objective is to seek total return.

Note 2—Significant Accounting Policies

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification *Topic 946 Financial Services—Investment Companies*. The Fund prepares its financial statements in accordance with generally accepted accounting principles (“GAAP”) in the United States of America and follows the significant accounting policies described below.

(A) Securities Valuation. Investments are usually valued as of the close of regular trading on the New York Stock Exchange (the “Exchange”) (usually 4:00 p.m. Eastern time) on each day the Fund is open for business (“valuation date”).

The Board of Trustees of the Trust (the “Board”) adopted procedures establishing methodologies for the valuation of the Fund’s securities and other assets and delegated the responsibility for valuation determinations under those procedures to the Valuation Committee of the Trust (the “Valuation Committee”). The Board authorized the Valuation Committee to appoint a Valuation Subcommittee (the “Subcommittee”) to deal in the first instance with establishing the prices of securities for which market quotations are not readily available or the prices of which are not otherwise readily determinable under these procedures. The Subcommittee meets (in person, via electronic mail or via teleconference) on an as-needed basis. Subsequently, the Valuation Committee meets to ensure that actions taken by the Subcommittee were appropriate. The procedures state that, subject to the oversight of the Board and unless otherwise noted, the responsibility for the day-to-day valuation of portfolio assets (including fair value measurements for the Fund’s assets and liabilities) rests with New York Life Investment Management LLC (“New York Life Investments” or the “Manager”),

Notes to Financial Statements (continued)

aided to whatever extent necessary by the Subadvisor (as defined in Note 3(A)).

To assess the appropriateness of security valuations, the Manager, the Subadvisor or the Fund's third-party service provider, who is subject to oversight by the Manager, regularly compares prior day prices, prices on comparable securities and the sale prices to the prior and current day prices and challenges prices with changes exceeding certain tolerance levels with third-party pricing services or broker sources. For those securities valued through either a standardized fair valuation methodology or a fair valuation measurement, the Subcommittee deals in the first instance with such valuation and the Valuation Committee reviews and affirms, if appropriate, the reasonableness of the valuation based on such methodologies and measurements on a regular basis after considering information that is reasonably available and deemed relevant by the Valuation Committee. Any action taken by the Subcommittee with respect to the valuation of a portfolio security or other asset is submitted for review and ratification (if appropriate) to the Valuation Committee and the Board at the next regularly scheduled meeting.

"Fair value" is defined as the price the Fund would reasonably expect to receive upon selling an asset or liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the asset or liability. Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. "Inputs" refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities. The three-tier hierarchy of inputs is summarized below.

- Level 1—quoted prices in active markets for an identical asset or liability
- Level 2—other significant observable inputs (including quoted prices for a similar asset or liability in active markets, interest rates and yield curves, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund's own assumptions about the assumptions that market participants would use in measuring fair value of an asset or liability)

The level of an asset or liability within the fair value hierarchy is based on the lowest level of an input, both individually and in the aggregate, that is significant to the fair value measurement. As of October 31, 2017, the aggregate value by input level of the Fund's assets and liabilities is included at the end of the Fund's Portfolio of Investments.

The Fund may use third-party vendor evaluations, whose prices may be derived from one or more of the following standard inputs, among others:

• Benchmark yields	• Reported trades
• Broker/dealer quotes	• Issuer spreads
• Two-sided markets	• Benchmark securities
• Bids/offers	• Reference data (corporate actions or material event notices)
• Industry and economic events	• Comparable bonds
• Monthly payment information	

An asset or liability for which market values cannot be measured using the methodologies described above is valued by methods deemed reasonable in good faith by the Valuation Committee, following the procedures established by the Board, to represent fair value. Under these procedures, the Fund generally uses a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant information. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the asset or liability are discounted to calculate fair value. Discounts may also be applied due to the nature and/or duration of any restrictions on the disposition of the asset or liability. Fair value represents a good faith approximation of the value of a security. Fair value determinations involve the consideration of a number of subjective factors, an analysis of applicable facts and circumstances and the exercise of judgment. As a result, it is possible that the fair value for a security determined in good faith in accordance with the Fund's valuation procedures may differ from valuations for the same security determined by other funds using their own valuation procedures. Although the Fund's valuation procedures are designed to value a security at the price the Fund may reasonably expect to receive upon the security's sale in an orderly transaction, there can be no assurance that any fair value determination thereunder would, in fact, approximate the amount that the Fund would actually realize upon the sale of the security or the price at which the security would trade if a reliable market price were readily available. During the year ended October 31, 2017, there were no material changes to the fair value methodologies.

Securities which may be valued in this manner include, but are not limited to: (i) a security for which trading has been halted or suspended; (ii) a debt security that has recently gone into default and for which there is not a current market quotation; (iii) a security of an issuer that has entered into a restructuring; (iv) a security that has been de-listed from a national exchange; (v) a security for which the market price is not readily available from a third-party pricing source or, if so provided, does not, in the opinion of the Manager or Subadvisor reflect the security's market value; (vi) a security subject to trading collars for which no or limited trading takes place; and (vii) a security whose principal market has been temporarily closed at a time when, under normal conditions, it would be open. Securities for which market quotations or observable inputs are not readily available are generally categorized as Level 3 in the hierarchy. As of October 31, 2017, securities that were fair valued in such a manner are shown in the Portfolio of Investments.

Equity securities are valued at the last quoted sales prices as of the close of regular trading on the relevant exchange on each valuation

date. Securities that are not traded on the valuation date are valued at the mean of the last quoted bid and ask prices. Prices are normally taken from the principal market in which each security trades.

Futures contracts are valued at the last posted settlement price on the market where such futures are primarily traded. Investments in mutual funds, including money market funds, are valued at their respective NAVs as of the close of the Exchange on the valuation date. These securities are generally categorized as Level 1 in the hierarchy.

Debt securities (other than convertible and municipal bonds) are valued at the evaluated bid prices (evaluated mean prices in the case of convertible and municipal bonds) supplied by a pricing agent or brokers selected by the Manager, in consultation with the Subadvisor. Those values reflect broker/dealer supplied prices and electronic data processing techniques, if the evaluated bid or mean prices are deemed by the Manager, in consultation with the Subadvisor, to be representative of market values at the regular close of trading of the Exchange on each valuation date. Debt securities purchased on a delayed delivery basis are marked to market daily until settlement at the forward settlement date. Debt securities, including corporate bonds, U.S. government & federal agency bonds, municipal bonds, foreign bonds, convertible bonds, asset-backed securities and mortgage-backed securities are generally categorized as Level 2 in the hierarchy.

Temporary cash investments acquired in excess of 60 days to maturity at the time of purchase are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities and ratings), both as furnished by independent pricing services. Other temporary cash investments which mature in 60 days or less at the time of purchase ("Short-Term Investments") are valued using the amortized cost method of valuation, unless the use of such method would be inappropriate. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of the difference between such cost and the value on maturity date. Amortized cost approximates the current fair value of a security. Securities valued using the amortized cost method are not valued using quoted prices in an active market and are generally categorized as Level 2 in the hierarchy.

Foreign currency forward contracts are valued at their fair market values measured on the basis of the mean between the last current bid and ask prices based on dealer or exchange quotations and are generally categorized as Level 2 in the hierarchy.

The information above is not intended to reflect an exhaustive list of the methodologies that may be used to value portfolio investments. The valuation procedures permit the use of a variety of valuation methodologies in connection with valuing portfolio investments. The methodology used for a specific type of investment may vary based on the market data available or other considerations. The methodologies summarized above may not represent the specific means by which portfolio investments are valued on any particular business day.

A portfolio security or other asset may be determined to be illiquid under procedures approved by the Board. Illiquidity of a security might prevent the sale of such security at a time when the Manager or Subadvisor might wish to sell, and these securities could have the effect of decreasing the overall level of the Fund's liquidity. Further, the lack of

an established secondary market may make it more difficult to value illiquid securities, requiring the Fund to rely on judgments that may be somewhat subjective in measuring value, which could vary materially from the amount that the Fund may realize upon disposition. Difficulty in selling illiquid securities may result in a loss or may be costly to the Fund. Under the supervision of the Board, the Manager or Subadvisor determines the liquidity of the Fund's investments; in doing so, the Manager or Subadvisor may consider various factors, including (i) the frequency of trades and quotations; (ii) the number of dealers and prospective purchasers; (iii) dealer undertakings to make a market; and (iv) the nature of the security and the market in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer). Illiquid securities are often valued in accordance with methods deemed by the Board in good faith to be reasonable and appropriate to accurately reflect their fair value. The liquidity of the Fund's investments, as shown in the Portfolio of Investments, was determined as of October 31, 2017 and can change at any time in response to, among other relevant factors, market conditions or events or developments with respect to an individual issuer or instrument. As of October 31, 2017, securities deemed to be illiquid under procedures approved by the Board are shown in the Portfolio of Investments.

(B) Income Taxes. The Fund's policy is to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), applicable to regulated investment companies and to distribute all of its taxable income to the shareholders of the Fund within the allowable time limits. Therefore, no federal, state and local income tax provisions are required.

Management evaluates the Fund's tax positions to determine if the tax positions taken meet the minimum recognition threshold in connection with accounting for uncertainties in income tax positions taken or expected to be taken for the purposes of measuring and recognizing tax liabilities in the financial statements. Recognition of tax benefits of an uncertain tax position is permitted only to the extent the position is "more likely than not" to be sustained assuming examination by taxing authorities. Management has analyzed the Fund's tax positions taken on federal, state and local income tax returns for all open tax years (for up to three tax years) and has concluded that no provisions for federal, state and local income tax are required in the Fund's financial statements. The Fund's federal, state and local income tax and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state and local departments of revenue.

(C) Dividends and Distributions to Shareholders. Dividends and distributions are recorded on the ex-dividend date. The Fund intends to declare and pay dividends from net investment income, if any, at least monthly and distributions from net realized capital and currency gains, if any, at least annually. Unless the shareholder elects otherwise, all dividends and distributions are reinvested in the same class of shares of the Fund, at NAV. Dividends and distributions to shareholders are determined in accordance with federal income tax regulations and may differ from determinations using GAAP.

(D) Security Transactions and Investment Income. The Fund records security transactions on the trade date. Realized gains and losses on security transactions are determined using the identified cost

Notes to Financial Statements (continued)

method. Interest income is accrued as earned using the effective interest rate method and includes any realized gains and losses from repayments of principal on mortgage-backed securities. Discounts and premiums on securities purchased, other than Short-Term Investments, for the Fund are accreted and amortized, respectively. Discounts and premiums on Short-Term Investments are accreted and amortized, respectively, on the straight-line method. The straight-line method approximates the effective interest method for Short-Term Investments. Income from payment-in-kind securities is accreted daily based on the effective interest method.

Investment income and realized and unrealized gains and losses on investments of the Fund are allocated pro rata to separate classes of shares based upon their relative net assets on the date the income is earned or realized and unrealized gains and losses are incurred.

The Fund may place a debt security on non-accrual status and reduce related interest income by ceasing current accruals and writing off all or a portion of any interest receivables when the collection of all or a portion of such interest has become doubtful. A debt security is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is reasonably assured.

(E) Expenses. Expenses of the Trust are allocated to the individual Funds in proportion to the net assets of the respective Funds when the expenses are incurred, except where direct allocations of expenses can be made. Expenses (other than transfer agent expenses and fees incurred under the shareholder services plans and/or the distribution plans further discussed in Note 3(B)) are allocated to separate classes of shares pro rata based upon their relative net assets on the date the expenses are incurred. The expenses borne by the Fund, including those of related parties to the Fund, are shown in the Statement of Operations.

(F) Use of Estimates. In preparing financial statements in conformity with GAAP, management makes estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

(G) Repurchase Agreements. The Fund may enter into repurchase agreements (i.e., buy a security from another party with the agreement that it be sold back in the future) to earn income. The Fund may enter into repurchase agreements only with counterparties, usually financial institutions, that are deemed by the Manager or Subadvisor to be creditworthy, pursuant to guidelines established by the Board. During the term of any repurchase agreement, the Manager or Subadvisor will continue to monitor the creditworthiness of the counterparty. Under the 1940 Act, repurchase agreements are considered to be collateralized loans by the Fund to the counterparty secured by the securities transferred to the Fund.

Repurchase agreements are subject to counterparty risk, meaning the Fund could lose money by the counterparty's failure to perform under the terms of the agreement. The Fund mitigates this risk by ensuring the repurchase agreement is collateralized by cash, U.S. government securities, fixed income securities and/or other securities. The collateral is held by the Fund's custodian and valued daily on a mark to market basis to determine if the value, including accrued interest, exceeds the repurchase price. In the event of the counterparty's default on the obligation to repurchase, the Fund has the right to liquidate the

collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, such as in the event of default or bankruptcy by the counterparty, realization and/or retention of the collateral may be limited or subject to delay, to legal proceedings and possible realized loss to the Fund.

(H) Futures Contracts. A futures contract is an agreement to purchase or sell a specified quantity of an underlying instrument at a specified future date and price, or to make or receive a cash payment based on the value of a financial instrument (e.g., foreign currency, interest rate, security, or securities index). The Fund is subject to risks such as market price risk and/or interest rate risk in the normal course of investing in these transactions. Upon entering into a futures contract, the Fund is required to pledge to the broker or futures commission merchant an amount of cash and/or U.S. government securities equal to a certain percentage of the collateral amount, known as the "initial margin." During the period the futures contract is open, changes in the value of the contract are recognized as unrealized appreciation or depreciation by marking to market such contract on a daily basis to reflect the market value of the contract at the end of each day's trading. The Fund agrees to receive from or pay to the broker or futures commission merchant an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as "variation margin." When the futures contract is closed, the Fund records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract.

The use of futures contracts involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. The contract or notional amounts and variation margin reflect the extent of the Fund's involvement in open futures positions. There are several risks associated with the use of futures contracts as hedging techniques. There can be no assurance that a liquid market will exist at the time when the Fund seeks to close out a futures contract. If no liquid market exists, the Fund would remain obligated to meet margin requirements until the position is closed. Futures may involve a small initial investment relative to the risk assumed, which could result in losses greater than if they had not been used. Futures may be more volatile than direct investments in the instrument underlying the futures and may not correlate to the underlying instrument, causing a given hedge not to achieve its objectives. The Fund's activities in futures contracts have minimal counterparty risk as they are conducted through regulated exchanges that guarantee the futures against default by the counterparty. In the event of a bankruptcy or insolvency of a futures commission merchant that holds margin on behalf of the Fund, the Fund may not be entitled to the return of the entire margin owed to the Fund, potentially resulting in a loss. The Fund may invest in futures contracts to help manage the duration and yield curve of the portfolio while minimizing the exposure to wider bid/ask spreads in traditional bonds. The Fund's investment in futures contracts and other derivatives may increase the volatility of the Fund's NAVs and may result in a loss to the Fund. As of October 31, 2017, all open futures contracts are shown in the Portfolio of Investments.

(I) Foreign Currency Forward Contracts. The Fund may enter into foreign currency forward contracts, which are agreements to buy or sell foreign currencies on a specified future date at a specified rate. The

Fund is subject to foreign currency exchange rate risk in the normal course of investing in these transactions. During the period the forward contract is open, changes in the value of the contract are recognized as unrealized appreciation or depreciation by marking to market such contract on a daily basis to reflect the market value of the contract at the end of each day's trading. Cash movement occurs on settlement date. When the forward contract is closed, the Fund records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract. The Fund may purchase and sell foreign currency forward contracts for purposes of seeking to enhance portfolio returns and manage portfolio risk more efficiently. Foreign currency forward contracts may also be used to gain exposure to a particular currency or to hedge against the risk of loss due to changing currency exchange rates. Foreign currency forward contracts to purchase or sell a foreign currency may also be used in anticipation of future purchases or sales of securities denominated in foreign currency, even if the specific investments have not yet been selected.

The use of foreign currency forward contracts involves, to varying degrees, elements of risk in excess of the amount recognized in the Statement of Assets and Liabilities, including counterparty risk, market risk, and illiquidity risk. Counterparty risk is heightened for these instruments because foreign currency forward contracts are not exchange-traded and therefore no clearinghouse or exchange stands ready to meet the obligations under such contracts. Thus, the Fund faces the risk that its counterparties under such contracts may not perform their obligations. Market risk is the risk that the value of a foreign currency forward contract will depreciate due to unfavorable changes in exchange rates. Illiquidity risk arises because the secondary market for foreign currency forward contracts may have less liquidity relative to markets for other securities and financial instruments. Risks also arise from the possible movements in the foreign exchange rates underlying these instruments. While the Fund may enter into forward contracts to reduce currency exchange risks, changes in currency exchange rates may result in poorer overall performance for the Fund than if it had not engaged in such transactions. Exchange rate movements can be large, depending on the currency, and can last for extended periods of time, affecting the value of the Fund's assets. Moreover, there may be an imperfect correlation between the Fund's holdings of securities denominated in a particular currency and forward contracts entered into by the Fund. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to the risk of currency exchange loss. The unrealized appreciation (depreciation) on forward contracts also reflects the Fund's exposure at the valuation date to credit loss in the event of a counterparty's failure to perform its obligations.

(J) Foreign Currency Transactions. The Fund's books and records are maintained in U.S. dollars. Prices of securities denominated in foreign currency amounts are translated into U.S. dollars at the mean between the buying and selling rates last quoted by any major U.S. bank at the following dates:

- (i) market value of investment securities, other assets and liabilities—at the valuation date; and
- (ii) purchases and sales of investment securities, income and expenses—at the date of such transactions.

The assets and liabilities that are denominated in foreign currency amounts are presented at the exchange rates and market values at the close of the period. The realized and unrealized changes in net assets arising from fluctuations in exchange rates and market prices of securities are not separately presented.

Net realized gain (loss) on foreign currency transactions represents net gains and losses on foreign currency forward contracts, net currency gains or losses realized as a result of differences between the amounts of securities sale proceeds or purchase cost, dividends, interest and withholding taxes as recorded on the Fund's books, and the U.S. dollar equivalent amount actually received or paid. Net currency gains or losses from valuing such foreign currency denominated assets and liabilities, other than investments at valuation date exchange rates, are reflected in unrealized foreign exchange gains or losses.

(K) Rights and Warrants. Rights are certificates that permit the holder to purchase a certain number of shares, or a fractional share, of a new stock from the issuer at a specific price. Warrants are instruments that entitle the holder to buy an equity security at a specific price for a specific period of time. These investments can provide a greater potential for profit or loss than an equivalent investment in the underlying security. Prices of these investments do not necessarily move in tandem with the prices of the underlying securities.

There is risk involved in the purchase of rights and warrants in that these investments are speculative investments. The Fund could also lose the entire value of its investment in warrants if such warrants are not exercised by the date of its expiration. The Fund is exposed to risk until the sale or exercise of each right or warrant is completed. As of October 31, 2017, the Fund did not hold any rights or warrants.

(L) Dollar Rolls. The Fund may enter into dollar roll transactions in which it sells mortgage-backed securities ("MBS") from its portfolio to a counterparty from whom it simultaneously agrees to buy a similar security on a delayed delivery basis. The Fund generally transfers MBS where the MBS are "to be announced," therefore, the Fund accounts for these transactions as purchases and sales.

The securities sold in connection with the dollar rolls are removed from the portfolio and a realized gain or loss is recognized. The securities the Fund has agreed to acquire are included at market value in the Portfolio of Investments and liabilities for such purchase commitments are included as payables for investments purchased. During the roll period, the Fund foregoes principal and interest paid on the securities. The Fund is compensated by the difference between the current sales price and the forward price for the future as well as by the earnings on the cash proceeds of the initial sale. Dollar rolls may be renewed without physical delivery of the securities subject to the contract. The Fund maintains liquid assets from its portfolio having a value not less than the repurchase price, including accrued interest. Dollar roll transactions involve certain risks, including the risk that the securities returned to the Fund at the end of the roll period, while substantially similar, could be inferior to what was initially sold to the counterparty.

The Fund accounts for a dollar roll transaction as a purchase and sale whereby the difference in the sales price and purchase price of the security sold is recorded as a realized gain (loss).

(M) Securities Lending. In order to realize additional income, the Fund may engage in securities lending, subject to the limitations set

Notes to Financial Statements (continued)

forth in the 1940 Act and relevant guidance by the staff of the Securities and Exchange Commission ("SEC"). In the event the Fund does engage in securities lending, the Fund will lend through its custodian, State Street Bank and Trust Company ("State Street"). State Street will manage the Fund's collateral in accordance with the lending agreement between the Fund and State Street, and indemnify the Fund against counterparty risk. The loans will be collateralized by U.S. Treasury securities at least equal at all times to the market value of the securities loaned. The Fund may bear the risk of delay in recovery of, or loss of rights in, the securities loaned should the borrower of the securities experience financial difficulty. The Fund may also record a realized gain or loss on securities deemed sold due to a borrower's inability to return securities on loan. The Fund bears the risk of any loss on investment of the collateral. The Fund will receive compensation for lending its securities in the form of fees or it will retain a portion of interest on the investment of any cash received as collateral. The Fund will also continue to receive interest and dividends on the securities loaned and any gain or loss in the market price of the securities loaned that may occur during the term of the loan will be for the account of the Fund. During the year ended October 31, 2017, the Fund did not have any portfolio securities on loan.

(N) Restricted Securities. Restricted securities, as disclosed in Note 5, are securities which have been purchased through a private offering and cannot be resold to the general public without prior registration under the Securities Act of 1933, as amended. Disposal of these securities may involve time-consuming negotiations and expenses, and it may be difficult to obtain a prompt sale at an acceptable price.

(O) Foreign Securities Risk. The Fund may invest in foreign securities, which carry certain risks that are in addition to the usual risks inherent in domestic securities. These risks include those resulting from currency fluctuations, future adverse political or economic developments and possible imposition of currency exchange blockages or other foreign governmental laws or restrictions. These risks are likely to be greater in emerging markets than in developed markets. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by, among other things, economic or political developments in a specific country, industry or region.

(P) Indemnifications. Under the Trust's organizational documents, its officers and trustees are indemnified against certain liabilities that may arise out of performance of their duties to the Trust. Additionally, in the normal course of business, the Fund enters into contracts with third-party service providers that contain a variety of representations and warranties and which may provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. Based on experience, management is of the view that the risk of loss in connection with these potential indemnification obligations is remote. However, there can be no assurance that material liabilities related to such obligations will not arise in the future, which could adversely impact the Fund.

(Q) Large Transaction Risks. From time to time, the Fund may receive large purchase or redemption orders from affiliated or unaffiliated mutual funds or other investors. Such large transactions could have adverse effects on the Fund's performance if the Fund were

required to sell securities or invest cash at times when it otherwise would not do so. This activity could also accelerate the realization of capital gains and increase the Fund's transaction costs. The Fund has adopted procedures designed to mitigate the negative impacts of such large transactions, but there can be no assurance that these procedures will be effective.

(R) Quantitative Disclosure of Derivative Holdings. The following tables show additional disclosures related to the Fund's derivative and hedging activities, including how such activities are accounted for and their effect on the Fund's financial positions, performance and cash flows. In order to keep the Fund nearly fully invested, while maintaining a short duration posture, the Fund executed a duration tilt with U.S. Treasury futures. The Fund entered into futures contracts to help manage the duration and yield curve positioning of the portfolio while minimizing the exposure to wider bid/ask spreads in traditional bonds. These derivatives are not accounted for as hedging instruments.

Fair value of derivative instruments as of October 31, 2017:

Asset Derivatives

	Statement of Assets and Liabilities Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets—Net unrealized appreciation on investments and futures contracts (a)	\$403,288	\$403,288
Total Fair Value		\$403,288	\$403,288

Liability Derivatives

	Statement of Assets and Liabilities Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets—Net unrealized appreciation on investments and futures contracts (a)	\$(62,889)	\$(62,889)
Total Fair Value		\$(62,889)	\$(62,889)

(a) Includes cumulative appreciation (depreciation) of futures contracts as reported in the Portfolio of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

The effect of derivative instruments on the Statement of Operations for the year ended October 31, 2017:

Realized Gain (Loss)

	Statement of Operations Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net realized gain (loss) on futures transactions	\$1,437,809	\$1,437,809
Total Realized Gain (Loss)		\$1,437,809	\$1,437,809

Change in Unrealized Appreciation (Depreciation)

	Statement of Operations Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net change in unrealized appreciation (depreciation) on futures contracts	\$ —	\$(105,837)	\$(105,837)
Forward Contracts	Net change in unrealized appreciation (depreciation) on translation of other assets and liabilities in foreign currencies and foreign currency forward contracts	(231,565)	—	(231,565)
Total Change in Unrealized Appreciation (Depreciation)		\$(231,565)	\$(105,837)	\$(337,402)

Average Notional Amount

	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts Long	\$ —	\$ 6,455,438	\$ 6,455,438
Futures Contracts Short	\$ —	\$(100,527,233)	\$(100,527,233)
Forward Contracts Long (a)	\$ 3,241,360	\$ —	\$ 3,241,360
Forward Contracts Short (b)	\$(3,689,699)	\$ —	\$(3,689,699)

(a) Positions were open three months during the reporting period.

(b) Positions were open six months during the reporting period.

Note 3—Fees and Related Party Transactions

(A) Manager and Subadvisor. New York Life Investments, a registered investment adviser and an indirect, wholly-owned subsidiary of New York Life Insurance Company (“New York Life”), serves as the Fund’s Manager, pursuant to an Amended and Restated Management Agreement (“Management Agreement”). The Manager provides offices,

conducts clerical, recordkeeping and bookkeeping services and keeps most of the financial and accounting records required to be maintained by the Fund. Except for the portion of salaries and expenses that are the responsibility of the Fund, the Manager pays the salaries and expenses of all personnel affiliated with the Fund and certain operational expenses of the Fund. The Fund reimburses New York Life Investments in an amount equal to a portion of the compensation of the Chief Compliance Officer attributable to the Fund. MacKay Shields LLC (“MacKay Shields” or the “Subadvisor”), a registered investment adviser and an indirect, wholly-owned subsidiary of New York Life, serves as Subadvisor to the Fund and is responsible for the day-to-day portfolio management of the Fund. Pursuant to the terms of a Subadvisory Agreement (“Subadvisory Agreement”) between New York Life Investments and MacKay Shields, New York Life Investments pays for the services of the Subadvisor.

Under the Management Agreement, the Fund pays the Manager a monthly fee for the services performed and the facilities furnished at an annual rate of the Fund’s average daily net assets as follows: 0.50% up to \$1 billion; 0.475% from \$1 billion to \$3 billion; and 0.465% in excess of \$3 billion. During the year ended October 31, 2017, the effective management fee rate (exclusive of any applicable waivers/reimbursements) was 0.50%.

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) do not exceed the following percentages of average daily net assets: Class A, 0.90% and Class I, 0.60%. New York Life Investments will apply an equivalent waiver or reimbursement, in an equal number of basis points of the Class A shares waiver/reimbursement to Investor Class shares, Class B shares, Class C shares, Class T shares, Class R1 shares, Class R2 shares and Class R3 shares. This agreement will remain in effect until February 28, 2018, and shall renew automatically for one-year terms unless New York Life Investments provides written notice of termination prior to the start of the next term or upon approval by the Board.

Prior to February 28, 2017, New York Life Investments had contractually agreed to waive fees and/or reimburse expenses so that Total Annual Fund Operating Expenses did not exceed the following percentages of average daily net assets: Class A, 0.92%.

In addition, New York Life Investments has agreed to voluntarily waive fees and/or reimburse expenses so that the Total Annual fund Operating Expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase and sale of portfolio investments, and acquired (underlying) fund fees and expenses) for Class R1, Class R2 and Class R3 shares of the Fund do not exceed 0.70%, 0.95% and 1.20%, respectively, of the Fund’s average daily net assets. This voluntary waiver or reimbursement may be discontinued at any time without notice.

During the year ended October 31, 2017, New York Life Investments earned fees from the Fund in the amount of \$6,029,519 and waived its fees and/or reimbursed expenses in the amount of \$748,789.

State Street provides sub-administration and sub-accounting services to the Fund pursuant to an agreement with New York Life Investments.

Notes to Financial Statements (continued)

These services include calculating the daily NAVs of the Fund, maintaining the general ledger and sub-ledger accounts for the calculation of the Fund's NAVs and assisting New York Life Investments in conducting various aspects of the Fund's administrative operations. For providing these services to the Fund, State Street is compensated by New York Life Investments.

(B) Distribution, Service and Shareholder Service Fees. The Trust, on behalf of the Fund, has entered into a distribution agreement with NYLIFE Distributors LLC (the "Distributor"), an indirect, wholly-owned subsidiary of New York Life. The Fund has adopted distribution plans (the "Plans") in accordance with the provisions of Rule 12b-1 under the 1940 Act.

Pursuant to the Class A, Investor Class, Class T and Class R2 Plans, the Distributor receives a monthly distribution fee from the Class A, Investor Class, Class T and Class R2 shares at an annual rate of 0.25% of the average daily net assets of the Class A, Investor Class, Class T and Class R2 shares for distribution and/or service activities as designated by the Distributor. Pursuant to the Class B and Class C Plans, Class B and Class C shares pay the Distributor a monthly distribution fee at an annual rate of 0.75% of the average daily net assets of the Class B and Class C shares, along with a service fee at an annual rate of 0.25% of the average daily net assets of the Class B and Class C shares, for a total 12b-1 fee of 1.00%. Pursuant to the Class R3 Plan, the Distributor receives a monthly distribution and/or service fee from the Class R3 shares at an annual rate of 0.50% of the average daily net assets of the Class R3 shares. Class I, Class R1 and Class R6 shares are not subject to a distribution and/or service fee.

The Plans provide that the distribution and service fees are payable to the Distributor regardless of the amounts actually expended by the Distributor for distribution of the Fund's shares and service activities.

In accordance with the Shareholder Services Plans for the Class R1, Class R2 and Class R3 shares, the Manager has agreed to provide, through its affiliates or independent third parties, various shareholder and administrative support services to shareholders of the Class R1, Class R2 and Class R3 shares. For its services, the Manager is entitled to a shareholder service fee accrued daily and paid monthly at an annual rate of 0.10% of the average daily net assets of the Class R1, Class R2 and Class R3 shares. This is in addition to any fees paid under a distribution plan under the Class R2 and R3 Plans.

During the year ended October 31, 2017, shareholder service fees incurred by the Fund were as follows:

Class R1	\$3,663
Class R2	122
Class R3	79

(C) Sales Charges. During the year ended October 31, 2017, the Fund was advised by the Distributor that the amount of initial sales charges retained on sales of Class A and Investor Class shares were \$19,124 and \$5,218, respectively.

During the year ended October 31, 2017, the Fund was also advised that the Distributor retained CDSCs on redemptions of Class A, Class B and Class C shares of \$2,883, \$11,384 and \$2,560, respectively.

(D) Transfer, Dividend Disbursing and Shareholder Servicing Agent.

NYLIM Service Company LLC, an affiliate of New York Life Investments, is the Fund's transfer, dividend disbursing and shareholder servicing agent pursuant to an agreement between NYLIM Service Company LLC and the Trust. NYLIM Service Company LLC has entered into an agreement with Boston Financial Data Services, Inc. ("BFDS") pursuant to which BFDS performs certain transfer agent services on behalf of NYLIM Service Company LLC. During the year ended October 31, 2017, transfer agent expenses incurred by the Fund were as follows:

Class A	\$ 202,781
Investor Class	20,845
Class B	13,459
Class C	54,986
Class I	1,335,127
Class R1	4,812
Class R2	160
Class R3	104

(E) Small Account Fee. Shareholders with small accounts adversely impact the cost of providing transfer agency services. In an effort to reduce total transfer agency expenses, the Fund has implemented a small account fee on certain types of accounts. Certain shareholders with an account balance of less than \$1,000 are charged an annual per account fee of \$20 (assessed semi-annually), the proceeds from which offset transfer agent fees as reflected in the Statement of Operations.

(F) Capital. As of October 31, 2017, New York Life and its affiliates beneficially held shares of the Fund with values and percentages of net assets as follows:

Class R2	\$28,565	22.5%
Class R3	26,750	28.8
Class R6	27,002	100.0

Note 4—Federal Income Tax

As of October 31, 2017, the cost and unrealized appreciation (depreciation) of the Fund's investment portfolio, including applicable derivative contracts and other financial instruments, as determined on a federal income tax basis, were as follows:

	Gross Federal Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation/ Depreciation
Investments				
in Securities	\$1,268,651,093	\$25,263,976	\$(3,992,672)	\$21,271,304

As of October 31, 2017, the components of accumulated gain (loss) on a tax basis were as follows:

Ordinary Income	Accumulated Capital and Other Gain (Loss)	Other Temporary Differences	Unrealized Appreciation (Depreciation)	Total Accumulated Gain (Loss)
\$—	\$(24,926,400)	\$(25,048)	\$21,923,835	\$(3,027,613)

The difference between book-basis and-tax basis unrealized appreciation (depreciation) is primarily due to mark to market of futures contracts, wash sale adjustments, and straddle losses deferred. The other temporary differences are primarily due to dividends payable.

The following table discloses the current year reclassifications between undistributed net investment income (loss), accumulated net realized gain (loss) on investments and additional paid-in capital arising from permanent differences; net assets as of October 31, 2017 were not affected.

Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss) on Investments	Additional Paid-In Capital
\$(466,157)	\$466,157	\$—

The reclassifications for the Fund are primarily due to foreign currency gain (loss) and bond bifurcation adjustment.

Note 5—Restricted Securities

As of October 31, 2017, the Fund held the following restricted security:

Security	Date of Acquisition	Principal Amount/ Shares	Cost	10/31/17 Value	Percent of Net Assets
ION Media Networks, Inc. Common Stock	3/12/10	\$2	\$0	\$1,357	0.0%‡

‡ Less than one-tenth of a percent.

Note 6—Custodian

State Street is the custodian of cash and securities held by the Fund. Custodial fees are charged to the Fund based on the Fund's net assets and/or the market value of securities held by the Fund and the number of certain transactions incurred by the Fund.

Note 7—Line of Credit

The Fund and certain other funds managed by New York Life Investments, maintain a line of credit with a syndicate of banks in order to secure a source of funds for temporary purposes to meet unanticipated or excessive redemption requests.

Effective August 1, 2017, under the credit agreement (the "Credit Agreement"), the aggregate commitment amount is \$600,000,000 with an additional uncommitted amount of \$100,000,000. The commitment fee is an annual rate of 0.15% of the average commitment amount payable quarterly, regardless of usage, to State Street, who serves as the agent to the syndicate. The commitment fee is allocated among the Fund and certain other funds managed by New York Life Investments

As of October 31, 2017, for federal income tax purposes, capital loss carryforwards of \$24,273,870 were available as shown in the table below, to the extent provided by the regulations to offset future realized gains of the Fund through the years indicated. To the extent that these capital loss carryforwards are used to offset future capital gains, it is probable that the capital gains so offset will not be distributed to shareholders. No capital gain distributions shall be made until any capital loss carryforwards have been fully utilized.

Capital Loss Available Through	Short-Term Capital Loss Amounts (000's)	Long-Term Capital Loss Amounts (000's)
Unlimited	\$6,692	\$17,582

During the years ended October 31, 2017 and October 31, 2016, the tax character of distributions paid as reflected in the Statements of Changes in Net Assets was as follows:

	2017	2016
Distributions paid from:		
Ordinary Income	\$31,856,863	\$38,933,084
Return of Capital	323,353	—
Total	\$32,180,216	\$38,933,084

based upon their respective net assets and other factors. Interest on any revolving credit loan is charged based upon the Federal Funds Rate or the one-month LIBOR, whichever is higher. The Credit Agreement expires on July 31, 2018, although the Fund, certain other funds managed by New York Life Investments and the syndicate of banks may renew the Credit Agreement for an additional year on the same or different terms. Prior to August 1, 2017, the aggregate commitment amount and commitment fee of the previous credit agreement were the same as those under the Credit Agreement, but Bank of New York Mellon served as agent to the syndicate. During the year ended October 31, 2017, there were no borrowings made or outstanding with respect to the Fund under the Credit Agreement or the credit agreement for which Bank of New York Mellon served as agent.

Note 8—Interfund Lending Program

Pursuant to an exemptive order issued by the SEC, the Fund, along with certain other funds managed by New York Life Investments, may participate in an interfund lending program. The interfund lending program provides an alternative credit facility that permits the Fund and certain

Notes to Financial Statements (continued)

other funds managed by New York Life Investments to lend or borrow money for temporary purposes directly to or from one another subject to the conditions of the exemptive order. During the year ended October 31, 2017, there were no interfund loans made or outstanding with respect to the Fund.

Note 9—Purchases and Sales of Securities (in 000's)

During the year ended October 31, 2017, purchases and sales of U.S. Government securities were \$440,407 and \$388,940, respectively. Purchases and sales of securities, other than U.S. Government securities and short-term securities, were \$,222,655 and \$276,163, respectively.

Note 10—Capital Share Transactions

Class A	Shares	Amount
Year ended October 31, 2017:		
Shares sold	4,592,999	\$ 48,060,430
Shares issued to shareholders in reinvestment of dividends and distributions	160,443	1,686,491
Shares redeemed	(7,903,014)	(83,292,088)
Net increase (decrease) in shares outstanding before conversion	(3,149,572)	(33,545,167)
Shares converted into Class A (See Note 1)	306,688	3,262,544
Shares converted from Class A (See Note 1)	(19,535,218)	(204,346,894)
Net increase (decrease)	(22,378,102)	\$(234,629,517)
Year ended October 31, 2016:		
Shares sold	8,603,156	\$ 90,658,335
Shares issued to shareholders in reinvestment of dividends and distributions	411,403	4,293,227
Shares redeemed	(29,801,751)	(313,490,578)
Net increase (decrease) in shares outstanding before conversion	(20,787,192)	(218,539,016)
Shares converted into Class A (See Note 1)	81,271	859,207
Shares converted from Class A (See Note 1)	(251,933)	(2,693,673)
Net increase (decrease)	(20,957,854)	\$(220,373,482)

Investor Class	Shares	Amount
Year ended October 31, 2017:		
Shares sold	142,162	\$ 1,505,184
Shares issued to shareholders in reinvestment of dividends and distributions	18,149	192,205
Shares redeemed	(187,898)	(1,988,073)
Net increase (decrease) in shares outstanding before conversion	(27,587)	(290,684)
Shares converted into Investor Class (See Note 1)	49,834	527,919
Shares converted from Investor Class (See Note 1)	(298,191)	(3,191,457)
Net increase (decrease)	(275,944)	\$ (2,954,222)
Year ended October 31, 2016:		
Shares sold	220,774	\$ 2,335,993
Shares issued to shareholders in reinvestment of dividends and distributions	22,015	233,179
Shares redeemed	(161,508)	(1,700,013)
Net increase (decrease) in shares outstanding before conversion	81,281	869,159
Shares converted into Investor Class (See Note 1)	57,029	606,514
Shares converted from Investor Class (See Note 1)	(70,809)	(753,327)
Net increase (decrease)	67,501	\$ 722,346
Class B		
Year ended October 31, 2017:		
Shares sold	24,740	\$ 260,432
Shares issued to shareholders in reinvestment of dividends and distributions	7,121	75,049
Shares redeemed	(172,378)	(1,813,480)
Net increase (decrease) in shares outstanding before conversion	(140,517)	(1,477,999)
Shares converted from Class B (See Note 1)	(30,501)	(321,185)
Net increase (decrease)	(171,018)	\$ (1,799,184)
Year ended October 31, 2016:		
Shares sold	318,542	\$ 3,313,825
Shares issued to shareholders in reinvestment of dividends and distributions	10,562	111,355
Shares redeemed	(260,550)	(2,757,425)
Net increase (decrease) in shares outstanding before conversion	68,554	667,755
Shares converted from Class B (See Note 1)	(28,876)	(303,807)
Net increase (decrease)	39,678	\$ 363,948

Class C	Shares	Amount
Year ended October 31, 2017:		
Shares sold	289,312	\$ 3,052,280
Shares issued to shareholders in reinvestment of dividends and distributions	27,502	290,203
Shares redeemed	(1,082,991)	(11,414,685)
Net increase (decrease)	(766,177)	\$ (8,072,202)
Year ended October 31, 2016:		
Shares sold	1,238,799	\$ 12,951,730
Shares issued to shareholders in reinvestment of dividends and distributions	39,975	422,073
Shares redeemed	(931,002)	(9,769,985)
Net increase (decrease)	347,772	\$ 3,603,818

Class I	Shares	Amount
Year ended October 31, 2017:		
Shares sold	37,770,017	\$ 399,475,075
Shares issued to shareholders in reinvestment of dividends and distributions	2,414,350	25,467,801
Shares redeemed	(37,156,043)	(391,668,469)
Net increase (decrease) in shares outstanding before conversion	3,028,324	33,274,407
Shares converted into Class I (See Note 1)	19,490,216	204,069,073
Net increase (decrease)	22,518,540	\$ 237,343,480
Year ended October 31, 2016:		
Shares sold	22,170,723	\$ 235,292,195
Shares issued to shareholders in reinvestment of dividends and distributions	2,635,629	27,725,556
Shares redeemed	(34,929,051)	(367,270,851)
Net increase (decrease) in shares outstanding before conversion	(10,122,699)	(104,253,100)
Shares converted into Class I (See Note 1)	213,305	2,285,086
Net increase (decrease)	(9,909,394)	\$(101,968,014)

Class R1	Shares	Amount
Year ended October 31, 2017:		
Shares sold	39,032	\$ 412,446
Shares issued to shareholders in reinvestment of dividends and distributions	9,072	95,600
Shares redeemed	(67,990)	(716,989)
Net increase (decrease)	(19,886)	\$ (208,943)
Year ended October 31, 2016:		
Shares sold	36,796	\$ 385,710
Shares issued to shareholders in reinvestment of dividends and distributions	10,397	109,414
Shares redeemed	(59,816)	(626,758)
Net increase (decrease)	(12,623)	\$ (131,634)

Class R2	Shares	Amount
Year ended October 31, 2017:		
Shares sold	1,574	\$ 16,598
Shares issued to shareholders in reinvestment of dividends and distributions	272	2,862
Shares redeemed	(669)	(7,017)
Net increase (decrease)	1,177	\$ 12,443
Year ended October 31, 2016:		
Shares sold	12,704	\$ 135,136
Shares issued to shareholders in reinvestment of dividends and distributions	2,200	22,939
Shares redeemed	(125,190)	(1,333,167)
Net increase (decrease)	(110,286)	\$ (1,175,092)

Class R3	Shares	Amount
Period ended October 31, 2017:		
Shares sold	1,198	\$ 12,783
Shares issued to shareholders in reinvestment of dividends and distributions	159	1,675
Shares redeemed	(34)	(368)
Net increase (decrease)	1,323	\$ 14,090
Year ended October 31, 2016:		
Shares sold	7,348	\$ 78,120
Shares issued to shareholders in reinvestment of dividends and distributions	61	646
Net increase (decrease)	7,409	\$ 78,766

Class R6	Shares	Amount
Year ended October 31, 2017:		
Shares sold	951	\$ 10,094
Shares issued to shareholders in reinvestment of dividends and distributions	70	733
Shares redeemed	(951)	(10,113)
Net increase (decrease)	70	\$ 714
Period ended October 31, 2015:		
Shares sold	507	\$ 5,334
Shares issued to shareholders in reinvestment of dividends and distributions	71	748
Shares redeemed	(599)	(6,575)
Net increase (decrease)	(21)	\$ (493)

Note 11—Subsequent Events

In connection with the preparation of the financial statements of the Fund as of and for the year ended October 31, 2017, events and transactions subsequent to October 31, 2017, through the date the financial statements were issued have been evaluated by the Fund's management for possible adjustment and/or disclosure. No subsequent events requiring financial statement adjustment or disclosure have been identified.

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders of
MainStay Funds Trust:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of MainStay Total Return Bond Fund ("the Fund"), one of the funds constituting MainStay Funds Trust, as of October 31, 2017, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2017, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of MainStay Total Return Bond as of October 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Philadelphia, Pennsylvania
December 21, 2017

Other Matters (Unaudited)

At a meeting held on June 22, 2017, the Board approved submitting the following proposals (“Proposals”) to shareholders of the Funds at a special meeting held on October 23, 2017 (with any postponements or adjournments, “Special Meeting”):

1. To elect eight Trustees to the Board; and
2. To approve amendments of the fundamental investment restrictions for certain funds.

On or about September 28, 2017, shareholders of record of the Funds as of the close of business August 24, 2017 were sent a proxy statement containing information regarding the Proposals. The proxy statement also included information about the Special Meeting, at which shareholders of the Funds were asked to consider and approve the Proposals, as applicable. In addition, the proxy statement included information about voting on the Proposals and options shareholders had to do so.

The Special Meeting was held on October 23, 2017, and Proposal 1 passed. The Special Meeting was adjourned with respect to Proposal 2. We reconvened the Meeting on December 14, 2017 and Proposal 2 passed.

The results of the Special Meeting with respect to Proposal 1 (all Funds and classes thereof voting together) were as follows:

Proposal 1—To elect eight Trustees to the Board:

Yie-Hsin Hung:

Votes For	Votes Withheld	Total
1,395,315,558.515	20,770,500.840	1,416,086,059.355

David H. Chow:

Votes For	Votes Withheld	Total
1,397,917,470.765	18,168,588.590	1,416,086,059.355

Susan B. Kerley:

Votes For	Votes Withheld	Total
1,396,818,692.317	19,267,367.038	1,416,086,059.355

Alan R. Latshaw:

Votes For	Votes Withheld	Total
1,396,373,783.248	19,712,276.107	1,416,086,059.355

Peter Meenan:

Votes For	Votes Withheld	Total
1,395,471,167.907	20,614,891.448	1,416,086,059.355

Richard H. Nolan, Jr.:

Votes For	Votes Withheld	Total
1,395,958,365.396	20,127,693.959	1,416,086,059.355

Jacques P. Perold:

Votes For	Votes Withheld	Total
1,396,793,762.076	19,292,297.279	1,416,086,059.355

Richard S. Trutanic:

Votes For	Votes Withheld	Total
1,396,080,652.375	20,005,406.980	1,416,086,059.355

Results for Proposal 2 are as follows:

Proposal 2:—To approve amendments of the fundamental investment restrictions:

Proposal 2.A—Borrowing:

Votes For	Votes Against	Abstentions	Broker Non-Votes
49,676,303.786	254,772.268	443,328.543	13,736,247.421

Proposal 2.B—Senior Securities:

Votes For	Votes Against	Abstentions	Broker Non-Votes
49,681,714.959	245,872.152	446,817.486	13,736,247.421

Proposal 2.C—Underwriting Securities:

Votes For	Votes Against	Abstentions	Broker Non-Votes
49,580,831.977	344,397.466	449,175.154	13,736,247.421

Proposal 2.D—Real Estate:

Votes For	Votes Against	Abstentions	Broker Non-Votes
49,055,900.353	870,087.946	448,416.298	13,736,247.421

Proposal 2.E—Commodities:

Votes For	Votes Against	Abstentions	Broker Non-Votes
48,979,923.856	947,299.604	447,181.137	13,736,247.421

Proposal 2.F—Making Loans:

Votes For	Votes Against	Abstentions	Broker Non-Votes
49,565,157.776	351,145.447	458,101.374	13,736,247.421

Proposal 2.G—Concentration of Investments:

Votes For	Votes Against	Abstentions	Broker Non-Votes
49,033,484.472	868,758.931	472,161.194	13,736,247.421

Proposal 2.H—Diversification:

Votes For	Votes Against	Abstentions	Broker Non-Votes
49,116,808.638	790,913.739	466,682.220	13,736,247.421

Federal Income Tax Information (Unaudited)

For the fiscal year ended October 31, 2017, the Fund designated approximately \$266 under the Internal Revenue Code as qualified dividend income eligible for reduced tax rates.

In February 2018, shareholders will receive an IRS Form 1099-DIV or substitute Form 1099, which will show the federal tax status of the distributions received by shareholders in calendar year 2017. The amounts that will be reported on such 1099-DIV or substitute Form 1099 will be the amounts you are to use on your federal income tax return and will differ from the amounts which we must report for the Fund's fiscal year end October 31, 2017.

Proxy Voting Policies and Procedures and Proxy Voting Record

A description of the policies and procedures that New York Life Investments uses to vote proxies related to the Fund's securities is available without charge, upon request, (i) by visiting the MainStay

Funds' website at mainstayinvestments.com; and (ii) on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

The Fund is required to file with the SEC its proxy voting records for the Fund for the 12-month period ending June 30 on Form N-PX. The most recent Form N-PX or proxy voting record is available free of charge upon request by calling 800-MAINSTAY (624-6782); visiting the MainStay Funds' website at mainstayinvestments.com; or on the SEC's website at www.sec.gov.

Shareholder Reports and Quarterly Portfolio Disclosure

The Fund is required to file its complete schedule of portfolio holdings with the SEC for its first and third fiscal quarters on Form N-Q. The Fund's Form N-Q is available without charge, on the SEC's website at www.sec.gov or by calling MainStay Investments at 800-MAINSTAY (624-6782). You also can obtain and review copies of Form N-Q by visiting the SEC's Public Reference Room in Washington, DC (information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330).

Board of Trustees and Officers (Unaudited)

The Trustees and officers of the Funds are listed below. The Board oversees the MainStay Group of Funds (which consists of The MainStay Funds and MainStay Funds Trust), MainStay VP Funds Trust, MainStay DefinedTerm Municipal Opportunities Fund, the Manager and the Subadvisors, and elects the officers of the Funds who are responsible for the day-to-day operations of the Funds. Information pertaining to the Trustees and officers is set forth below. Each Trustee serves until his or her successor is elected and qualified or until his or her resignation, death or removal. Under the Board's retirement policy, unless an exception is made, a Trustee must tender his or her resignation by the

end of the calendar year during which he or she reaches the age of 75. Mr. Meenan reached the age of 75 during the calendar year 2016, and his term was extended for one additional year. Accordingly, Mr. Meenan is expected to serve until the end of calendar year 2017, at which time he intends to retire. Officers are elected annually by the Board. The business address of each Trustee and officer listed below is 51 Madison Avenue, New York, New York 10010. A majority of the Trustees are not "interested persons" (as defined by the 1940 Act and rules adopted by the SEC thereunder) of the Fund ("Independent Trustees").

	Name and Date of Birth	Term of Office, Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in the MainStay Group of Funds Overseen by Trustee	Other Directorships Held by Trustee
Interested Trustee	Yie-Hsin Hung* 8/12/62	The MainStay Funds: Trustee since January 2017; MainStay Funds Trust: Trustee since January 2017.	Senior Vice President of New York Life since joining in 2010, Member of the Executive Management Committee since January 1, 2017, Chief Executive Officer, New York Life Investment Management Holdings LLC & New York Life Investment Management LLC since May 2015. Senior Managing Director and Co-President of New York Life Investment Management LLC from January 2014 to May 2015. Previously held positions of increasing responsibility, including head of NYLIM International, Alternative Growth Businesses, and Institutional investments since joining New York Life in 2010.	82	None

* This Trustee is considered to be an "interested person" of the MainStay Group of Funds, MainStay VP Funds Trust and MainStay DefinedTerm Municipal Opportunities Fund, within the meaning of the 1940 Act because of her affiliation with New York Life Insurance Company, New York Life Investment Management LLC, Candriam Belgium, Candriam France S.A.S., Cornerstone Capital Management Holdings LLC, MacKay Shields LLC, NYL Investors LLC, NYLIFE Securities LLC and/or NYLIFE Distributors LLC, as described in detail above in the column entitled "Principal Occupation(s) During Past Five Years."

Independent Trustees

Name and Date of Birth	Term of Office, Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in the MainStay Group of Funds Overseen by Trustee	Other Directorships Held by Trustee
David H. Chow 12/29/57	The MainStay Funds: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015); MainStay Funds Trust: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015).	Founder and CEO, DanCourt Management, LLC (since 1999)	82	<i>VanEck Vectors Group of Exchange-Traded Funds:</i> Independent Chairman of the Board of Trustees since 2008 and Trustee since 2006 (57 portfolios); and <i>Berea College of Kentucky:</i> Trustee since 2009.
Susan B. Kerley 8/12/51	The MainStay Funds: Chairman since January 2017 and Trustee since 2007; MainStay Funds Trust: Chairman since January 2017 and Trustee since 1990.**	President, Strategic Management Advisors LLC (since 1990)	82	<i>Legg Mason Partners Funds:</i> Trustee since 1991 (54 portfolios).
Alan R. Latshaw 3/27/51	The MainStay Funds: Trustee and Audit Committee Financial Expert since 2006; MainStay Funds Trust: Trustee and Audit Committee Financial Expert since 2007.**	Retired; Partner, Ernst & Young LLP (2002 to 2003); Partner, Arthur Andersen LLP (1989 to 2002); Consultant to the MainStay Funds Audit and Compliance Committee (2004 to 2006)	82	<i>State Farm Associates Funds Trusts:</i> Trustee since 2005 (4 portfolios); <i>State Farm Mutual Fund Trust:</i> Trustee since 2005 (15 portfolios); and <i>State Farm Variable Product Trust:</i> Trustee since 2005 (9 portfolios).
Peter Meenan 12/5/41	The MainStay Funds: Trustee since 2007; MainStay Funds Trust: Trustee since 2002.**	Retired; Independent Consultant (2004 to 2013); President and Chief Executive Officer, Babson—United, Inc. (financial services firm) (2000 to 2004); Independent Consultant (1999 to 2000); Head of Global Funds, Citicorp (1995 to 1999)	82	None
Richard H. Nolan, Jr. 11/16/46	The MainStay Funds: Trustee since 2007; MainStay Funds Trust: Trustee since 2007.**	Managing Director, ICC Capital Management (since 2004); President—Shields/Alliance, Alliance Capital Management (1994 to 2004)	82	None
Jacques P. Perold 5/12/58	The MainStay Funds: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015); MainStay Funds Trust: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015).	Retired; President, Fidelity Management & Research Company (2009 to 2014); Founder, President and Chief Executive Officer, Geode Capital Management, LCC (2001 to 2009)	82	<i>Allstate Corporation:</i> Director since 2015; MSCI, Inc. Director since March 2017 and <i>Boston University:</i> Trustee since 2014.
Richard S. Trutanic 2/13/52	The MainStay Funds: Trustee since 1994; MainStay Funds Trust: Trustee since 2007.**	Chairman and Chief Executive Officer, Somerset & Company (financial advisory firm) (since 2004); Managing Director, The Carlyle Group (private investment firm) (2002 to 2004); Senior Managing Director, Partner and Board Member, Groupe Arnault S.A. (private investment firm) (1999 to 2002)	82	None

** Includes prior service as a Director/Trustee of certain predecessor entities to MainStay Funds Trust.

Officers of the Trust (Who are not Trustees)*

Name and Date of Birth	Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years
Kirk C. Lehneis 6/29/74	President, The MainStay Funds, MainStay Funds Trust (since September 2017)	Chief Operating Officer and Senior Managing Director (since 2016), New York Life Investment Management LLC; Chairman of the Board (since September 2017), NYLIFE Distributors LLC; Chairman of the Board, NYLIM Service Company LLC (since September 2017); President, MainStay DefinedTerm Municipal Opportunities Fund and MainStay VP Funds Trust (since September 2017); Senior Managing Director, Global Product Development (From March 2015—May 2016); Managing Director, Product Development (From March 2010—February 2015)
Jack R. Benintende 5/12/64	Treasurer and Principal Financial and Accounting Officer, The MainStay Funds (since 2007), MainStay Funds Trust (since 2009)	Managing Director, New York Life Investment Management LLC (since 2007); Treasurer and Principal Financial and Accounting Officer, MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2007)**; and Assistant Treasurer, New York Life Investment Management Holdings LLC (2008 to 2012)
Kevin M. Bopp 2/24/69	Vice President and Chief Compliance Officer, The MainStay Funds and MainStay Funds Trust (since 2014)	Chief Compliance Officer, New York Life Investment Management LLC, IndexIQ ETF (since January 2016), Director and Associate General Counsel (2011 to 2014) and Vice President and Assistant General Counsel (2010 to 2011), New York Life Investment Management LLC; Vice President and Chief Compliance Officer, MainStay VP Funds Trust, MainStay DefinedTerm Municipal Opportunities Fund (since 2014); Assistant Secretary, MainStay Funds, MainStay Funds Trust and MainStay VP Funds Trust (2010 to 2014)**, MainStay DefinedTerm Municipal Opportunities Fund (2011 to 2014)
J. Kevin Gao 10/13/67	Secretary and Chief Legal Officer, The MainStay Funds and MainStay Funds Trust (since 2010)	Managing Director and Associate General Counsel, New York Life Investment Management LLC (since 2010); Secretary and Chief Legal Officer, MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2010)**
Scott T. Harrington 2/8/59	Vice President—Administration, The MainStay Funds (since 2005), MainStay Funds Trust (since 2009)	Director, New York Life Investment Management LLC (including predecessor advisory organizations) (since 2000); Member of the Board of Directors, New York Life Trust Company (since 2009); Vice President—Administration, MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2005)**

* The officers listed above are considered to be “interested persons” of the MainStay Group of Funds, MainStay VP Funds Trust and MainStay Defined Term Municipal Opportunities Fund within the meaning of the 1940 Act because of their affiliation with the MainStay Group of Funds, New York Life Insurance Company and/or its affiliates, including New York Life Investment Management LLC, NYLIM Service Company LLC, NYLIFE Securities LLC and/or NYLIFE Distributors LLC, as described in detail in the column captioned “Principal Occupation(s) During Past Five Years.” Officers are elected annually by the Board.

** Includes prior service as an officer of MainStay VP Series Fund, Inc., the predecessor to MainStay VP Funds Trust.

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MainStay Funds

Equity

U.S. Equity

MainStay Common Stock Fund
MainStay Cornerstone Growth Fund
MainStay Epoch U.S. All Cap Fund
MainStay Epoch U.S. Equity Yield Fund
MainStay Epoch U.S. Small Cap Fund
MainStay Large Cap Growth Fund
MainStay MAP Equity Fund
MainStay S&P 500 Index Fund
MainStay U.S. Equity Opportunities Fund

International/Global Equity

MainStay Candriam Emerging Markets Equity Fund
MainStay Emerging Markets Equity Fund
MainStay Epoch Capital Growth Fund
MainStay Epoch Global Choice Fund
MainStay Epoch Global Equity Yield Fund
MainStay Epoch International Choice Fund
MainStay Epoch International Small Cap Fund
MainStay International Equity Fund
MainStay International Opportunities Fund

Income

Taxable Bond

MainStay Emerging Markets Debt Fund
MainStay Floating Rate Fund
MainStay Government Fund
MainStay High Yield Corporate Bond Fund
MainStay Indexed Bond Fund
MainStay Short Duration High Yield Fund
MainStay Total Return Bond Fund
MainStay Unconstrained Bond Fund

Municipal/Tax Advantaged Bond

MainStay California Tax Free Opportunities Fund¹
MainStay High Yield Municipal Bond Fund
MainStay New York Tax Free Opportunities Fund²
MainStay Tax Advantaged Short Term Bond Fund
MainStay Tax Free Bond Fund

Money Market

MainStay Money Market Fund

Mixed Asset

MainStay Balanced Fund
MainStay Convertible Fund
MainStay Income Builder Fund

Alternative

MainStay Absolute Return Multi-Strategy Fund
MainStay Cushing Energy Income Fund
MainStay Cushing MLP Premier Fund
MainStay Cushing Renaissance Advantage Fund

Asset Allocation/Target Date

MainStay Conservative Allocation Fund
MainStay Growth Allocation Fund
MainStay Moderate Allocation Fund
MainStay Moderate Growth Allocation Fund
MainStay Retirement 2010 Fund
MainStay Retirement 2020 Fund
MainStay Retirement 2030 Fund
MainStay Retirement 2040 Fund
MainStay Retirement 2050 Fund
MainStay Retirement 2060 Fund

Manager

New York Life Investment Management LLC

New York, New York

Subadvisors

Candriam Belgium S.A.³

Brussels, Belgium

Candriam France S.A.S.³

Paris, France

Cornerstone Capital Management Holdings LLC³

New York, New York

Cushing Asset Management, LP

Dallas, Texas

Epoch Investment Partners, Inc.

New York, New York

MacKay Shields LLC³

New York, New York

Markston International LLC

White Plains, New York

NYL Investors LLC³

New York, New York

Winslow Capital Management, LLC

Minneapolis, Minnesota

Legal Counsel

Dechert LLP

Washington, District of Columbia

Independent Registered Public Accounting Firm

KPMG LLP

Philadelphia, Pennsylvania

1. Class A and Class I shares of this Fund are registered for sale in AZ, CA, MI, NV, OR, TX, UT and WA. Class I shares are registered for sale in CO, FL, GA, HI, ID, MA, MD, NH, NJ and NY.

2. This Fund is registered for sale in CA, CT, DE, FL, MA, NJ, NY and VT.

3. An affiliate of New York Life Investment Management LLC.

For more information

800-MAINSTAY (624-6782)

mainstayinvestments.com

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. The MainStay Funds® are managed by New York Life Investment Management LLC and distributed by NYLIFE Distributors LLC, 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.

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Not FDIC/NCUA Insured	Not a Deposit	May Lose Value	No Bank Guarantee	Not Insured by Any Government Agency
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