

MainStay MacKay Total Return Bond Fund

(Formerly known as MainStay Total Return Bond Fund)

Message from the President and Annual Report

October 31, 2018



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



INVESTMENTS

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Message from the President

U.S. stocks generally gained ground, while international stocks and most bonds trended lower during the 12-month period ended October 31, 2018.

Within the U.S. stock market, large-cap stocks tended to outperform their smaller-cap counterparts, while growth stocks outperformed value-oriented issues. Among large-cap industry sectors, consumer discretionary and health care led the market's advance, followed by information technology and consumer staples. Basic materials underperformed broad market averages by the greatest margin, with industrials and financials lagging to a lesser degree. Communications services, real estate, energy and utilities ended the reporting period relatively flat.

Strong U.S. economic growth and rising levels of corporate earnings supported the stock market's gains throughout the reporting period. U.S. gross domestic product (GDP), a measure of economic growth, expanded at its fastest rate since 2000 during the reporting period, while wages surged and unemployment dipped to levels not seen in 49 years. U.S. corporate sales and earnings also significantly exceeded expectations, supported, in part, by a business-friendly tax bill signed into law on December 22, 2017. According to FactSet, a financial data and analytics provider, in the third quarter of 2018, 78% of S&P 500® companies reported a positive earnings-per-share (EPS) surprise, while 61% reported a positive sales surprise.

Economic growth in the rest of the world proved more moderate. Despite gradual improvements since the 2007 financial crisis, much of the developed world outside of the United States continued to exhibit relatively modest GDP growth rates and high levels of unemployment. International stock markets were further undermined by increasingly protectionist U.S. trade policies. European Union and Japanese attempts to negotiate settlements of their trade conflicts with the United States achieved only limited success, while tensions between the United States and China escalated toward an all-out trade war, with each country imposing significant tariffs on a widening range of the other's goods. In this environment, most international stocks ended the reporting period with significant losses. Emerging-market stocks were hit especially hard by trade uncertainties and the rising value of the U.S. dollar.

Domestic and international bonds suffered in an environment of rising interest rates and increasing inflationary pressures. In contrast to central banks in many other developed nations, which maintained low interest rates and accommodative fiscal policies, the U.S. Federal Reserve (the Fed) raised the

benchmark federal funds rate 25 basis points (0.25%) four times during the reporting period, gradually increasing the rate from 1.25% at the beginning of the reporting period to 2.25% in September 2018. Shortly after its September rate hike, the Fed signaled that additional increases were likely, and might rise above the so-called normalized levels previously expected. The Fed's aggressive stance drove bonds lower in the final month of the reporting period. All types and durations of bonds suffered in this environment, with longer-term instruments tending to underperform shorter-term ones, and with all grades of corporate bonds underperforming more conservative government bonds. While municipal bonds produced mildly negative returns as well, most outperformed their taxable government and corporate counterparts.

October 2018 proved volatile for equities as well, with several broad U.S. market indices retreating sharply from record levels set the previous month. Several factors contributed to market volatility, among them mounting trade tensions between the United States and China, the potential for rising inflation, an increase in disappointing corporate earnings forecasts, signs of faltering global economic growth and concerns that the U.S. economy might slow significantly in 2019.

High levels of market volatility are generally regarded as a sign of investor uncertainty. As a MainStay investor, you can rely on the discipline and dedication of our portfolio managers as they pursue the objectives of their individual Funds using the investment strategies and processes outlined in the prospectus. Our market experience and professional insight free you to focus on your long-term investment goals, while we work to maximize your returns and manage the continually changing risks associated with your investments.

The report that follows contains additional information on the market events, investment decisions and specific securities that shaped your Fund's performance during the 12 months ended October 31, 2018. We encourage you to read the report carefully and use it to evaluate your Fund's performance in light of your long-range financial plan.

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.

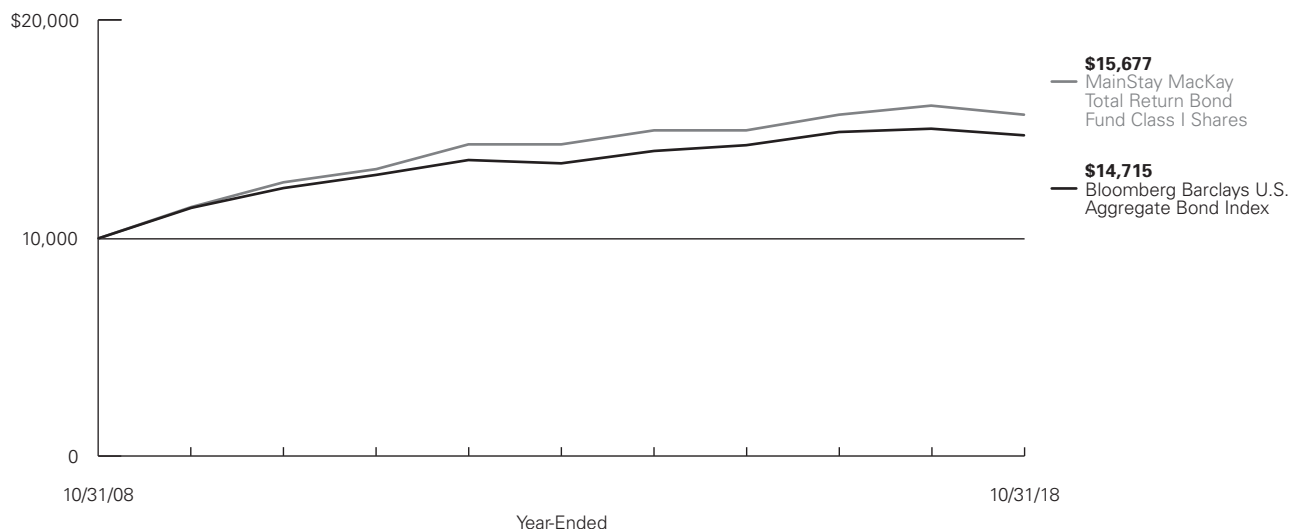
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Investors should refer to the Fund's Summary Prospectus and/or Prospectus and consider the Fund's investment objectives, strategies, risks, charges and expenses carefully before investing. The Summary Prospectus and/or Prospectus contain this and other 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 nylinvestments.com/funds. 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 nylinvestments.com/funds.



Average Annual Total Returns for the Year-Ended October 31, 2018

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	-7.15%	0.61%	3.78%	0.94%
		Excluding sales charges		-2.78	1.54	4.26	0.94
Investor Class Shares	Maximum 4.5% Initial Sales Charge	With sales charges	2/28/2008	-7.36	0.56	3.69	1.03
		Excluding sales charges		-2.99	1.49	4.17	1.03
Class B Shares ³	Maximum 5% CDSC if Redeemed Within the First Six Years of Purchase	With sales charges	1/2/2004	-8.39	0.38	3.39	1.78
		Excluding sales charges		-3.64	0.75	3.39	1.78
Class C Shares	Maximum 1% CDSC if Redeemed Within One Year of Purchase	With sales charges	1/2/2004	-4.59	0.75	3.40	1.78
		Excluding sales charges		-3.64	0.75	3.40	1.78
Class I Shares	No Sales Charge		1/2/1991	-2.49	1.88	4.60	0.67
Class R1 Shares	No Sales Charge		6/29/2012	-2.59	1.78	1.94	0.77
Class R2 Shares	No Sales Charge		6/29/2012	-2.83	1.50	1.66	1.02
Class R3 Shares	No Sales Charge		2/29/2016	-3.08	1.37	1.37	1.27
Class R6 Shares	No Sales Charge		12/29/2014	-2.42	1.38	1.38	0.54

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	Ten Years
Bloomberg Barclays U.S. Aggregate Bond Index ⁴	-2.05%	1.83%	3.94%
Morningstar Intermediate-Term Bond Category Average ⁵	-1.87	1.79	4.55

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 MacKay 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, 2018, to October 31, 2018, 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, 2018, to October 31, 2018.

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, 2018. 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 5/1/18	Ending Account Value (Based on Actual Returns and Expenses) 10/31/18	Expenses Paid During Period ¹	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 10/31/18	Expenses Paid During Period ¹	Net Expense Ratio During Period ²
Class A Shares	\$1,000.00	\$993.70	\$4.52	\$1,020.67	\$4.58	0.90%
Investor Class Shares	\$1,000.00	\$993.10	\$5.22	\$1,019.96	\$5.30	1.04%
Class B Shares	\$1,000.00	\$989.20	\$8.97	\$1,016.18	\$9.10	1.79%
Class C Shares	\$1,000.00	\$989.30	\$8.98	\$1,016.18	\$9.10	1.79%
Class I Shares	\$1,000.00	\$995.20	\$3.02	\$1,022.18	\$3.06	0.60%
Class R1 Shares	\$1,000.00	\$995.70	\$3.52	\$1,021.68	\$3.57	0.70%
Class R2 Shares	\$1,000.00	\$993.40	\$4.77	\$1,020.42	\$4.84	0.95%
Class R3 Shares	\$1,000.00	\$992.20	\$6.03	\$1,019.16	\$6.11	1.20%
Class R6 Shares	\$1,000.00	\$996.60	\$2.67	\$1,022.53	\$2.70	0.53%

- 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. In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above-reported expense figures.
- Expenses are equal to the Fund's annualized expense ratio to reflect the six-month period.

Portfolio Composition as of October 31, 2018 (Unaudited)



See Portfolio of Investments beginning on page 11 for specific holdings within these categories. The Fund's portfolio is subject to change.

‡ Less than one-tenth of a percent.

Top Ten Holdings or Issuers Held as of October 31, 2018 (excluding short-term investments) (Unaudited)

1. Federal National Mortgage Association (Mortgage Pass-Through Securities), 2.50%–6.50%, due 6/1/31–6/1/57
 2. United States Treasury Notes, 2.875%–3.00%, due 10/31/20–8/15/28
 3. Federal Home Loan Mortgage Corporation (Mortgage Pass-Through Securities), 2.50%–6.50%, due 8/1/33–9/1/48
 4. United States Treasury Bonds, 3.125%–4.375%, due 11/15/39–5/15/48
 5. Morgan Stanley, 2.625%–6.25%, due 1/25/21–7/22/38
 6. Bank of America Corp., 3.248%–6.30%, due 6/17/19–12/20/28
 7. JPMorgan Chase & Co., 2.95%–5.50%, due 5/1/23–10/15/40
 8. Citigroup, Inc., 2.50%–5.30%, due 7/29/19–5/6/44
 9. Goldman Sachs Group, Inc., 3.00%–6.75%, due 4/26/22–10/1/37
 10. Government National Mortgage Association (Mortgage Pass-Through Securities), 3.50%–6.50%, due 7/15/28–12/1/47
-

Portfolio Management Discussion and Analysis (Unaudited)

Questions answered by portfolio managers Dan Roberts, PhD, Louis N. Cohen, CFA,¹ Stephen R. Cianci, CFA, and Neil Moriarty, III, of MacKay Shields LLC, the Fund's Subadvisor.

How did MainStay MacKay Total Return Bond Fund perform relative to its benchmark and peer group during the 12 months ended October 31, 2018?

For the 12 months ended October 31, 2018, Class I shares of MainStay MacKay Total Return Bond Fund returned -2.49%, underperforming the -2.05% return of the Fund's primary benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index. Over the same period, Class I shares also underperformed the -1.87% return of the Morningstar Intermediate-Term Bond Category Average.²

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

Treasury yields rose across the yield curve,³ though less so in longer maturities. Higher rates on the short-end of the curve reflect the market's response to two effects: the policy committee of the Federal Reserve raising its federal funds target rate four times to forestall an overheated economy, and ballooning Treasury issuance funding the budget deficit. More modest increases on the long-end of the curve reflect restrained inflation, trade policy flux and the failure of aggregate demand to pressure resource capacity.

The stock market tempered its momentum as investors questioned the durability of the current business cycle and the ability of corporations to absorb such headwinds as a weaker dollar and higher financing costs. Swayed by similar effects, corporate-bond spreads⁴ widened.

The Fund underperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, primarily due to the Fund's overweight position in the financial sector. Financials (such as bonds issued by banks) tended to lag during the period.

The Fund's underweight position in securitized product (mortgage- and asset-backed securities) had mixed results. On the positive side, the posture aided performance relative to the benchmark because mortgage- and asset-backed spreads widened to comparable-duration⁵ U.S. Treasury securities. On the negative side, the Fund's underweight position dampened the Fund's yield.

Three factors bolstered the Fund's relative performance. First, Treasury yields rose, on average, during the period. With its shorter duration, the Fund was less sensitive than the benchmark to this change. Second, overweight positions in

credit-related product (investment-grade corporate bonds; high-yield corporate bonds) offered a healthy yield advantage to comparable-duration U.S. Treasury securities. The yield advantage offset the downside effects of spread widening in the credit sectors. Third, a pairs trade, in which we shorted the 10-year Italian government bond (BTPS) and took an equivalent long position in the 10-year German Bund, performed admirably as the yield gap between BTPS and Bunds widened.

During the reporting period, how was the Fund's performance materially affected by investments in derivatives?

As detailed above, the Fund executed a Bunds/BTPS synthetic pairs trade using overseas treasury futures, which positively contributed to performance. (Contributions take weightings and total returns into account.) We used U.S. Treasury futures for duration and yield-curve management.

Were there any changes to the Fund during the reporting period?

Effective February 28, 2018, MainStay Total Return Bond Fund was renamed MainStay MacKay Total Return Bond Fund. For more information on this change, please refer to the supplement dated December 15, 2017. Effective October 18, 2018, Stephen Cianci and Neil Moriarty were added as portfolio managers of the Fund. For more information on this change, refer to the supplement dated October 18, 2018.

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

The Fund and benchmark durations were relatively unchanged over the period, hovering near 5.8 years and 6.0 years, respectively. We maintained the Fund's duration shorter than the benchmark to buffer the Fund against higher U.S. Treasury yields.

Duration posture influences total return in two ways: a price-sensitivity effect and a yield effect. Given its shorter duration, we believe that the portfolio is less sensitive than the benchmark to changes in Treasury yields. Accordingly, as Treasury yields rose, the short-duration posture advantaged performance relative to the benchmark and longer-duration peers. The yield effect, however, was a performance headwind, as the presence of the Treasury futures, as well as the portfolio's overall shorter duration, dampened the portfolio's yield.

1. Louis Cohen will serve as a portfolio manager of the Fund until on or about December 31, 2018.

2. See page 5 for other share class returns, which may be higher or lower than Class I share returns. See page 6 for more information on benchmark and peer group returns.

3. The yield curve is a line that plots the yields of various securities of similar quality—typically U.S. Treasury issues—across a range of maturities. The U.S. Treasury yield curve serves as a benchmark for other debt and is used in economic forecasting.

4. 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.

5. 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.

Which sectors were the strongest contributors to the Fund's performance and which sectors were particularly weak?

For corporate bonds, the Fund's better-performing holdings included communications companies (such as AT&T, Time Warner, Verizon and Comcast) and health care companies (such as CVS and Zoetis), which rationalized capacity via integration. Aerospace and defense holdings (such as KLX and Textron) benefited from economic growth.

On the negative side, the possibility of higher interest rates and slower loan growth pinching margins and profitability detracted from the performance of the banking sector, undermining returns from companies such as Goldman Sachs, Citigroup and JP Morgan. Higher consumer loan rates and trade tensions weighed on consumer-related entities such as Ford and General Motors. Emerging market credits, such as Pemex, were slowed by the prospect of higher funding rates as Treasury yields rose. Finally, higher mortgage rates depressed housing affordability, hampering the outlook for homebuilders, such as TriPointe, which were also hurt by the increased costs of construction materials due to trade tariffs.

How did the Fund's sector weightings change during the reporting period?

As we entered the period, we began to reduce the Fund's credit-risk exposure due to richer valuations and economic headwinds. The Fund accomplished this by rotating roughly 4% of assets from high-yield corporate bonds to U.S. Treasury securities, AAA-rated⁶ commercial mortgage backed-securities and AAA-rated asset-backed securities.

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

Relative to its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, the Fund finished the period overweight in high-yield credit and high-grade credit. Offsetting the sector overweights were underweights in U.S. Treasury securities, agency debentures and residential mortgage-backed securities. The Fund's weightings in asset-backed securities and commercial mortgage-backed securities were similar to the benchmark. Our sector allocation commits capital to credit-sensitive sectors, and de-emphasizes lower-yielding sectors (such as Treasuries, agency debentures and cash) and sectors sensitive to interest-rate volatility (such as residential mortgage-backed securities).

6. An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's ("S&P"), and in the opinion of S&P, the obligor's capacity to meet its financial commitment on the obligation is extremely strong. When applied to Fund holdings, ratings are based solely on the creditworthiness of the bonds in the portfolio and are not meant to represent the security or safety of the Fund.

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, 2018

	Principal Amount	Value
Long-Term Bonds 98.5%†		
Asset-Backed Securities 0.9%		
Automobile Asset-Backed Securities 0.1%		
BMW Floorplan Master Owner Trust		
Series 2018-1, Class A1		
3.15%, due 5/15/23 (a)	\$ 1,680,000	\$ 1,672,288
Credit Cards 0.6%		
American Express Credit Account		
Master Trust		
Series 2018-9, Class A		
2.66% (1 Month LIBOR + 0.38%), due 4/15/26 (b)	3,250,000	3,252,929
Citibank Credit Card Issuance Trust		
Series 2018-A6, Class A6		
3.21%, due 12/7/24	3,880,000	3,859,178
		7,112,107
Other Asset-Backed Securities 0.2%		
Verizon Owner Trust		
Series 2018-1A, Class A1A		
2.82%, due 9/20/22 (a)	2,475,000	2,457,332
Total Asset-Backed Securities (Cost \$11,275,495)		11,241,727
Corporate Bonds 54.6%		
Aerospace & Defense 0.6%		
Harris Corp.		
5.054%, due 4/27/45	3,000,000	3,089,201
KLX, Inc.		
5.875%, due 12/1/22 (a)	4,395,000	4,526,850
		7,616,051
Agriculture 0.9%		
Altria Group, Inc.		
5.375%, due 1/31/44	700,000	712,777
9.25%, due 8/6/19	2,838,000	2,972,415
Cargill, Inc.		
4.307%, due 5/14/21 (a)	3,000,000	3,056,385
Philip Morris International, Inc.		
4.25%, due 11/10/44	2,100,000	1,890,585
4.375%, due 11/15/41	1,075,000	982,129
Reynolds American, Inc.		
8.125%, due 6/23/19	720,000	742,250
		10,356,541
Airlines 0.5%		
American Airlines, Inc.		
Series 2017-2, Class AA, Pass Through Trust		
3.35%, due 4/15/31	5,837,633	5,539,909

	Principal Amount	Value
Auto Manufacturers 0.8%		
Ford Motor Co.		
7.45%, due 7/16/31	\$ 400,000	\$ 420,974
9.215%, due 9/15/21	2,355,000	2,661,181
Ford Motor Credit Co. LLC		
8.125%, due 1/15/20	2,580,000	2,703,594
General Motors Co.		
5.20%, due 4/1/45	2,860,000	2,476,348
General Motors Financial Co., Inc.		
3.20%, due 7/13/20	1,620,000	1,605,663
		9,867,760
Auto Parts & Equipment 0.1%		
ZF North America Capital, Inc.		
4.00%, due 4/29/20 (a)	1,065,000	1,064,904
Banks 11.7%		
Bank of America Corp.		
3.248%, due 10/21/27	5,450,000	5,005,573
3.30%, due 1/11/23	680,000	664,780
3.419%, due 12/20/28 (c)	468,000	431,263
3.50%, due 4/19/26	2,750,000	2,615,841
3.593%, due 7/21/28 (c)	2,300,000	2,161,747
3.705%, due 4/24/28 (c)	5,000,000	4,744,831
4.25%, due 10/22/26	6,900,000	6,706,904
5.125%, due 6/17/19 (c)(d)	2,075,000	2,069,812
6.30%, due 3/10/26 (c)(d)	1,500,000	1,580,625
Bank of New York Mellon Corp.		
4.625%, due 9/20/26 (c)(d)	1,325,000	1,250,469
Barclays PLC		
2.75%, due 11/8/19	3,740,000	3,713,902
5.20%, due 5/12/26	2,500,000	2,426,557
Citigroup, Inc.		
2.50%, due 7/29/19	5,880,000	5,860,950
3.40%, due 5/1/26	1,950,000	1,830,241
3.70%, due 1/12/26	4,190,000	4,006,544
3.887%, due 1/10/28 (c)	3,489,000	3,336,499
4.05%, due 7/30/22	580,000	582,480
5.30%, due 5/6/44	2,314,000	2,331,484
Discover Bank		
7.00%, due 4/15/20	1,340,000	1,399,823
8.70%, due 11/18/19	474,000	497,657
Goldman Sachs Group, Inc.		
3.00%, due 4/26/22	11,325,000	11,023,392
3.50%, due 11/16/26	4,305,000	4,021,553
6.75%, due 10/1/37	1,610,000	1,879,306
Huntington National Bank		
3.55%, due 10/6/23	1,820,000	1,794,394
JPMorgan Chase & Co.		
2.95%, due 10/1/26	4,870,000	4,462,581
3.375%, due 5/1/23	6,500,000	6,337,701
3.782%, due 2/1/28 (c)	3,900,000	3,751,687

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, 2018 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Banks (continued)		
JPMorgan Chase & Co. (continued)		
4.005%, due 4/23/29 (c)	\$ 4,000,000	\$ 3,878,355
5.50%, due 10/15/40	745,000	819,267
Lloyds Banking Group PLC		
4.582%, due 12/10/25	8,183,000	7,891,977
Morgan Stanley		
2.625%, due 11/17/21	5,755,000	5,581,441
3.591%, due 7/22/28 (c)	6,850,000	6,415,116
3.875%, due 1/27/26	380,000	367,403
3.971%, due 7/22/38 (c)	1,035,000	935,246
4.875%, due 11/1/22	3,945,000	4,069,796
5.00%, due 11/24/25	4,535,000	4,636,934
5.75%, due 1/25/21	5,000,000	5,227,050
6.25%, due 8/9/26	2,000,000	2,208,491
Royal Bank of Scotland Group PLC		
5.125%, due 5/28/24	5,985,000	5,898,470
6.00%, due 12/19/23	280,000	287,711
Santander Holdings USA, Inc.		
4.40%, due 7/13/27	1,108,000	1,034,089
Wachovia Corp.		
5.50%, due 8/1/35	1,220,000	1,286,502
Wells Fargo & Co.		
5.375%, due 11/2/43	265,000	272,821
Wells Fargo Bank N.A.		
2.60%, due 1/15/21	3,865,000	3,790,791
5.85%, due 2/1/37	555,000	621,357
		<u>141,711,413</u>
Beverages 1.1%		
Constellation Brands, Inc.		
3.875%, due 11/15/19	5,000,000	5,031,289
4.50%, due 5/9/47	2,740,000	2,453,833
4.75%, due 11/15/24	1,905,000	1,951,320
PepsiCo, Inc.		
2.00%, due 4/15/21	4,565,000	4,428,761
		<u>13,865,203</u>
Biotechnology 0.5%		
Biogen, Inc.		
2.90%, due 9/15/20	2,010,000	1,991,501
Gilead Sciences, Inc.		
2.55%, due 9/1/20	4,010,000	3,962,503
		<u>5,954,004</u>
Building Materials 0.9%		
Masco Corp.		
3.50%, due 11/15/27	5,000,000	4,534,876
Standard Industries, Inc.		
5.375%, due 11/15/24 (a)	4,940,000	4,742,400
USG Corp.		
5.50%, due 3/1/25 (a)	1,960,000	1,979,600
		<u>11,256,876</u>

	Principal Amount	Value
Chemicals 1.8%		
Air Liquide Finance S.A. (a)		
1.375%, due 9/27/19	\$ 3,625,000	\$ 3,571,270
1.75%, due 9/27/21	2,470,000	2,355,671
Braskem Netherlands Finance B.V.		
4.50%, due 1/10/28 (a)	5,665,000	5,262,785
Eastman Chemical Co.		
2.70%, due 1/15/20	5,320,000	5,280,216
Mexichem S.A.B. de C.V.		
4.00%, due 10/4/27 (a)	2,400,000	2,130,000
W.R. Grace & Co.		
5.125%, due 10/1/21 (a)	3,095,000	3,118,213
		<u>21,718,155</u>
Commercial Services 0.2%		
United Rentals North America, Inc.		
5.50%, due 5/15/27	1,485,000	1,408,894
5.875%, due 9/15/26	1,380,000	1,352,400
		<u>2,761,294</u>
Computers 0.7%		
Apple, Inc.		
1.55%, due 8/4/21	2,215,000	2,118,704
3.85%, due 8/4/46	1,605,000	1,466,879
Dell International LLC / EMC Corp.		
3.48%, due 6/1/19 (a)	4,880,000	4,886,109
		<u>8,471,692</u>
Cosmetics & Personal Care 0.5%		
First Quality Finance Co., Inc.		
4.625%, due 5/15/21 (a)	3,815,000	3,748,237
Unilever Capital Corp.		
1.375%, due 7/28/21	2,450,000	2,325,822
		<u>6,074,059</u>
Diversified Financial Services 2.3%		
AerCap Ireland Capital DAC / AerCap		
Global Aviation Trust		
3.50%, due 5/26/22	3,690,000	3,599,263
4.50%, due 5/15/21	1,240,000	1,253,385
Air Lease Corp.		
3.25%, due 3/1/25	3,700,000	3,434,173
4.25%, due 9/15/24	6,445,000	6,354,663
Ally Financial, Inc.		
7.50%, due 9/15/20	166,000	175,960
8.00%, due 11/1/31	3,580,000	4,304,950
Capital One Bank USA N.A.		
3.375%, due 2/15/23	3,046,000	2,944,224
Discover Financial Services		
3.85%, due 11/21/22	1,526,000	1,496,333
International Lease Finance Corp.		
5.875%, due 8/15/22	2,200,000	2,316,781
Peachtree Corners Funding Trust		
3.976%, due 2/15/25 (a)	1,780,000	1,727,256
		<u>27,606,988</u>

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	Principal Amount	Value
Corporate Bonds (continued)		
Electric 1.6%		
Duquesne Light Holdings, Inc. (a)		
3.616%, due 8/1/27	\$ 1,645,000	\$ 1,523,804
5.90%, due 12/1/21	3,000,000	3,147,187
FirstEnergy Transmission LLC		
5.45%, due 7/15/44 (a)	3,000,000	3,185,489
IPALCO Enterprises, Inc.		
3.45%, due 7/15/20	1,375,000	1,364,393
N.V. Energy, Inc.		
6.25%, due 11/15/20	5,000,000	5,265,748
PPL Capital Funding, Inc.		
5.00%, due 3/15/44	1,000,000	1,006,365
Puget Energy, Inc.		
6.50%, due 12/15/20	3,155,000	<u>3,328,960</u>
		<u>18,821,946</u>
Electronics 0.5%		
Honeywell International, Inc.		
1.85%, due 11/1/21	6,400,000	<u>6,138,112</u>
Environmental Controls 0.4%		
Waste Management, Inc.		
2.40%, due 5/15/23	4,605,000	<u>4,368,875</u>
Food 1.8%		
Kerry Group Financial Services Unlimited Co.		
3.20%, due 4/9/23 (a)	4,375,000	4,238,427
Mondelez International Holdings Netherlands B.V. (a)		
1.625%, due 10/28/19	4,170,000	4,100,510
2.00%, due 10/28/21	4,495,000	4,277,964
Nestle Holdings, Inc.		
4.00%, due 9/24/48 (a)	2,395,000	2,241,256
Post Holdings, Inc.		
5.00%, due 8/15/26 (a)	1,735,000	1,600,537
Smithfield Foods, Inc.		
2.70%, due 1/31/20 (a)	1,840,000	1,808,447
Tyson Foods, Inc.		
5.15%, due 8/15/44	3,000,000	<u>2,967,561</u>
		<u>21,234,702</u>
Food Services 0.3%		
Aramark Services, Inc.		
5.125%, due 1/15/24	4,000,000	<u>3,980,000</u>
Forest Products & Paper 0.1%		
Georgia-Pacific LLC		
2.539%, due 11/15/19 (a)	1,665,000	<u>1,652,381</u>

	Principal Amount	Value
Gas 0.4%		
Atmos Energy Corp.		
4.30%, due 10/1/48	\$ 1,465,000	\$ 1,425,457
NiSource, Inc.		
3.49%, due 5/15/27	2,935,000	2,755,352
Southern California Gas Co.		
3.20%, due 6/15/25	915,000	<u>884,940</u>
		<u>5,065,749</u>
Health Care—Products 1.0%		
Becton Dickinson & Co.		
3.363%, due 6/6/24	6,075,000	5,804,778
Zimmer Biomet Holdings, Inc.		
3.55%, due 4/1/25	6,900,000	<u>6,508,265</u>
		<u>12,313,043</u>
Health Care—Services 0.4%		
Anthem, Inc.		
4.65%, due 1/15/43	1,895,000	1,789,718
Cigna Corp.		
3.25%, due 4/15/25	2,755,000	<u>2,594,553</u>
		<u>4,384,271</u>
Holding Company—Diversified 0.3%		
CK Hutchison International (17) II, Ltd.		
3.25%, due 9/29/27 (a)	3,575,000	<u>3,288,668</u>
Home Builders 0.8%		
NVR, Inc.		
3.95%, due 9/15/22	6,420,000	6,377,706
TRI Pointe Group, Inc. / TRI Pointe Homes, Inc.		
5.875%, due 6/15/24	3,180,000	<u>2,969,325</u>
		<u>9,347,031</u>
Home Furnishing 0.7%		
Whirlpool Corp.		
4.85%, due 6/15/21	8,850,000	<u>9,056,070</u>
Insurance 2.8%		
Alterra Finance LLC		
6.25%, due 9/30/20	2,900,000	3,032,797
American International Group, Inc.		
4.20%, due 4/1/28	1,950,000	1,872,371
AXA Equitable Holdings, Inc.		
4.35%, due 4/20/28 (a)	5,025,000	4,801,553
Hartford Financial Services Group, Inc.		
6.00%, due 1/15/19	600,000	602,939
Liberty Mutual Group, Inc. (a)		
4.25%, due 6/15/23	2,020,000	2,026,500
6.50%, due 5/1/42	3,675,000	4,281,707
Markel Corp.		
3.625%, due 3/30/23	2,515,000	2,458,954

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Portfolio of Investments October 31, 2018 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Insurance (continued)		
Metropolitan Life Global Funding I		
1.95%, due 9/15/21 (a)	\$ 3,840,000	\$ 3,675,428
Protective Life Corp.		
7.375%, due 10/15/19	4,180,000	4,339,781
Protective Life Global Funding		
2.161%, due 9/25/20 (a)	2,500,000	2,443,045
Prudential Financial, Inc.		
7.375%, due 6/15/19	3,550,000	3,643,691
Voya Financial, Inc.		
3.65%, due 6/15/26	1,305,000	1,234,430
		<u>34,413,196</u>
Internet 1.1%		
Alibaba Group Holding, Ltd.		
3.40%, due 12/6/27	5,000,000	4,564,163
Amazon.com, Inc.		
5.20%, due 12/3/25	3,000,000	3,248,339
Match Group, Inc.		
5.00%, due 12/15/27 (a)	4,285,000	4,081,462
Tencent Holdings, Ltd.		
3.80%, due 2/11/25 (a)	2,000,000	1,925,696
		<u>13,819,660</u>
Iron & Steel 0.5%		
ArcelorMittal		
7.00%, due 10/15/39	3,100,000	3,430,438
Vale Overseas, Ltd.		
6.875%, due 11/21/36	2,280,000	2,531,461
		<u>5,961,899</u>
Lodging 0.4%		
MGM Resorts International		
6.00%, due 3/15/23	5,000,000	5,075,000
Media 2.5%		
Charter Communications Operating LLC / Charter Communications Operating Capital		
4.464%, due 7/23/22	4,000,000	4,046,877
Comcast Corp.		
3.70%, due 4/15/24	1,584,900	1,578,511
3.95%, due 10/15/25	2,086,600	2,083,151
4.25%, due 10/15/30	1,435,000	1,415,350
Grupo Televisa S.A.B.		
6.125%, due 1/31/46	2,500,000	2,528,908
NBC Universal Media LLC		
5.15%, due 4/30/20	7,900,000	8,115,090
Time Warner Entertainment Co., L.P.		
8.375%, due 3/15/23	3,660,000	4,218,176
Virgin Media Secured Finance PLC		
5.25%, due 1/15/21	1,160,000	1,173,050

	Principal Amount	Value
Media (continued)		
Warner Media LLC		
3.80%, due 2/15/27	\$ 5,660,000	\$ 5,303,374
		<u>30,462,487</u>
Mining 0.4%		
Anglo American Capital PLC		
4.875%, due 5/14/25 (a)	2,780,000	2,740,538
Teck Resources, Ltd.		
8.50%, due 6/1/24 (a)	1,441,000	1,563,485
		<u>4,304,023</u>
Miscellaneous—Manufacturing 0.9%		
Amsted Industries, Inc.		
5.375%, due 9/15/24 (a)	5,850,000	5,645,250
Textron Financial Corp.		
4.049% (3 Month LIBOR + 1.735%), due 2/15/67 (a)(b)	5,685,000	4,860,675
		<u>10,505,925</u>
Oil & Gas 2.9%		
Chevron Corp.		
1.961%, due 3/3/20	1,855,000	1,829,002
Concho Resources, Inc.		
4.30%, due 8/15/28	3,090,000	3,014,997
Continental Resources, Inc.		
5.00%, due 9/15/22	4,199,000	4,240,276
Marathon Petroleum Corp.		
5.00%, due 9/15/54	2,080,000	1,922,539
6.50%, due 3/1/41	1,580,000	1,773,288
Petrobras Global Finance B.V.		
7.375%, due 1/17/27	8,100,000	8,394,435
Petroleos Mexicanos		
6.75%, due 9/21/47	6,955,000	5,969,476
Valero Energy Corp.		
6.125%, due 2/1/20	3,216,000	3,324,520
6.625%, due 6/15/37	4,000,000	4,580,283
		<u>35,048,816</u>
Packaging & Containers 0.3%		
WestRock Co. (a)		
3.00%, due 9/15/24	2,400,000	2,252,165
3.375%, due 9/15/27	1,000,000	916,917
		<u>3,169,082</u>
Pharmaceuticals 1.2%		
Bayer U.S. Finance II LLC		
3.50%, due 6/25/21 (a)	1,920,000	1,907,798
CVS Health Corp.		
2.80%, due 7/20/20	6,880,000	6,810,207
4.78%, due 3/25/38	750,000	721,658
5.05%, due 3/25/48	750,000	731,296
CVS Pass-Through Trust		
5.789%, due 1/10/26 (a)(e)	52,991	54,749

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	Principal Amount	Value
Corporate Bonds (continued)		
Pharmaceuticals (continued)		
Zoetis, Inc.		
3.25%, due 8/20/21	\$ 395,000	\$ 392,965
3.25%, due 2/1/23	3,885,000	3,805,366
		<u>14,424,039</u>
Pipelines 2.0%		
Andeavor Logistics, L.P. / Tesoro Logistics Finance Corp.		
6.25%, due 10/15/22	1,491,000	1,537,594
Columbia Pipeline Group, Inc.		
3.30%, due 6/1/20	5,680,000	5,656,565
Kinder Morgan Energy Partners, L.P.		
6.375%, due 3/1/41	385,000	414,953
MPLX, L.P.		
4.875%, due 6/1/25	5,305,000	5,408,382
Spectra Energy Partners, L.P.		
4.75%, due 3/15/24	5,137,000	5,214,590
Targa Resources Partners, L.P. / Targa Resources Partners Finance Corp.		
4.125%, due 11/15/19	5,500,000	5,500,000
		<u>23,732,084</u>
Real Estate Investment Trusts 1.7%		
Alexandria Real Estate Equities, Inc.		
4.60%, due 4/1/22	1,265,000	1,295,193
Boston Properties, L.P.		
3.20%, due 1/15/25	4,050,000	3,847,824
Crown Castle International Corp.		
3.20%, due 9/1/24	5,580,000	5,269,808
5.25%, due 1/15/23	126,000	131,396
ProLogis, L.P.		
4.25%, due 8/15/23	5,400,000	5,549,267
Ventas Realty, L.P. / Ventas Capital Corp.		
4.25%, due 3/1/22	1,370,000	1,392,024
Welltower, Inc.		
3.75%, due 3/15/23	570,000	563,591
5.25%, due 1/15/22	2,445,000	2,543,091
		<u>20,592,194</u>
Retail 1.9%		
Alimentation Couche-Tard, Inc.		
2.70%, due 7/26/22 (a)	7,345,000	7,038,181
Darden Restaurants, Inc.		
3.85%, due 5/1/27	5,980,000	5,685,044
O'Reilly Automotive, Inc.		
4.625%, due 9/15/21	5,955,000	6,101,071
QVC, Inc.		
4.85%, due 4/1/24	1,550,000	1,528,312
Walmart, Inc.		
3.125%, due 6/23/21	2,115,000	2,114,154
		<u>22,466,762</u>

	Principal Amount	Value
Semiconductors 0.6%		
NXP B.V. / NXP Funding LLC		
4.625%, due 6/1/23 (a)	\$ 3,825,000	\$ 3,791,531
Qorvo, Inc.		
5.50%, due 7/15/26 (a)	3,400,000	3,408,500
		<u>7,200,031</u>
Software 1.1%		
Microsoft Corp.		
2.00%, due 8/8/23	3,540,000	3,317,122
2.40%, due 8/8/26	2,500,000	2,279,975
4.10%, due 2/6/37	2,090,000	2,094,193
MSCI, Inc.		
4.75%, due 8/1/26 (a)	2,865,000	2,764,725
salesforce.com, Inc.		
3.25%, due 4/11/23	3,000,000	2,966,899
		<u>13,422,914</u>
Telecommunications 3.2%		
AT&T, Inc.		
3.514% (3 Month LIBOR + 1.18%), due 6/12/24 (b)	3,645,000	3,655,111
3.80%, due 3/1/24	5,920,000	5,809,941
Hughes Satellite Systems Corp.		
6.50%, due 6/15/19	946,000	959,102
Level 3 Financing, Inc.		
5.375%, due 1/15/24	2,160,000	2,138,400
5.375%, due 5/1/25	1,845,000	1,801,181
Rogers Communications, Inc.		
3.625%, due 12/15/25	1,360,000	1,311,904
4.30%, due 2/15/48	750,000	694,887
Sprint Capital Corp.		
6.875%, due 11/15/28	1,170,000	1,150,987
Sprint Spectrum Co. LLC / Sprint Spectrum Co. II LLC / Sprint Spectrum Co. III LLC (a)		
3.36%, due 3/20/23	5,467,500	5,412,825
4.738%, due 9/20/29	3,205,000	3,200,994
T-Mobile USA, Inc.		
6.375%, due 3/1/25	500,000	515,625
Telecom Italia Capital S.A.		
7.721%, due 6/4/38	480,000	486,000
Telefonica Emisiones SAU		
4.57%, due 4/27/23	5,110,000	5,220,927
VEON Holdings B.V.		
4.95%, due 6/16/24 (a)	3,950,000	3,738,951
Verizon Communications, Inc.		
5.15%, due 9/15/23	1,955,000	2,074,389
		<u>38,171,224</u>
Toys, Games & Hobbies 0.2%		
Hasbro, Inc.		
5.10%, due 5/15/44	1,350,000	1,214,450

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, 2018 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Toys, Games & Hobbies (continued)		
Hasbro, Inc. (continued)		
6.35%, due 3/15/40	\$ 1,500,000	\$ 1,569,485
		<u>2,783,935</u>
Total Corporate Bonds (Cost \$675,531,359)		<u>659,068,968</u>

Mortgage-Backed Securities 1.9%

Commercial Mortgage Loans

(Collateralized Mortgage Obligations) 1.9%

Bayview Commercial Asset Trust		
Series 2006-4A, Class A1		
2.511% (1 Month LIBOR + 0.23%), due 12/25/36 (a)(b)	59,004	56,751
BX Commercial Mortgage Trust		
Series 2018-IND, Class A		
3.03% (1 Month LIBOR + 0.75%), due 11/15/35 (a)(b)(f)	3,710,000	3,707,621
COMM Mortgage Trust		
Series 2013-CR8, Class A4		
3.334%, due 6/10/46	2,697,326	2,669,893
Four Times Square Trust		
Series 2006-4TS, Class A		
5.401%, due 12/13/28 (a)	2,362,381	2,447,948
JP Morgan Chase Commercial Mortgage Securities Trust		
Series 2018-AON, Class A		
4.128%, due 7/5/31 (a)	3,250,000	3,314,198
JPMBB Commercial Mortgage Securities Trust		
Series 2015-C28, Class A4		
3.227%, due 10/15/48	3,239,000	3,140,721
Wells Fargo Commercial Mortgage Trust (a)(g)		
Series 2018-1745, Class A		
3.749%, due 6/15/36	3,450,000	3,373,462
Series 2018-AUS, Class A		
4.058%, due 7/17/36	3,950,000	3,929,714
		<u>22,640,308</u>

Residential Mortgage (Collateralized Mortgage Obligation) 0.0%†

Mortgage Equity Conversion Asset Trust		
Series 2007-FF2, Class A		
3.13% (1 Year Treasury Constant Maturity Rate + 0.47%), due 2/25/42 (a)(b)(e)(f)(h)	239,263	223,017
Total Mortgage-Backed Securities (Cost \$23,178,666)		<u>22,863,325</u>

	Principal Amount	Value
U.S. Government & Federal Agencies 41.1%		
Fannie Mae (Collateralized Mortgage Obligation) 0.2%		
Series 2018-26, Class P		
3.50%, due 8/25/46	\$ 2,394,118	\$ 2,378,748
Series 1991-66, Class J		
8.125%, due 6/25/21	72	75
		<u>2,378,823</u>

Federal Home Loan Mortgage Corporation 0.3%

Federal Home Loan Mortgage Corporation		
Series 4759, Class MA		
3.00%, due 9/15/45	3,362,158	3,264,567

Federal Home Loan Mortgage Corporation

(Mortgage Pass-Through Securities) 9.4%

2.50%, due 8/1/46	5,639,567	5,159,808
3.00%, due 2/1/46	4,748,802	4,510,442
3.00%, due 4/1/47	14,000,000	13,262,980
3.00%, due 12/1/47	3,000,000	2,839,489
3.50%, due 12/1/41	5,610,674	5,511,440
3.50%, due 5/1/42	4,904,077	4,817,628
3.50%, due 2/1/43	5,104,466	5,014,255
3.50%, due 5/1/43	2,087,219	2,050,092
3.50%, due 5/1/44	7,312,050	7,182,894
3.50%, due 5/1/46	4,551,252	4,445,722
4.00%, due 1/1/41	1,678,563	1,693,637
4.00%, due 2/1/41	1,293,615	1,305,237
4.00%, due 4/1/41	815,379	822,699
4.00%, due 11/1/41	1,420,000	1,432,785
4.00%, due 6/1/42	3,551,838	3,585,729
4.00%, due 8/1/44	6,124,839	6,179,728
4.00%, due 3/1/46	6,150,575	6,162,208
4.00%, due 8/1/48	9,873,498	9,880,460
4.349% (1 Year Treasury Constant Maturity Rate + 2.25%), due 6/1/35 (b)		
	41,179	43,359
4.50%, due 9/1/39	240,926	248,695
4.50%, due 1/1/40	1,528,258	1,583,580
4.50%, due 12/1/40	1,230,393	1,274,896
4.50%, due 5/1/41	1,134,514	1,175,614
4.50%, due 6/1/41	4,743,557	4,915,021
4.50%, due 8/1/41	2,019,349	2,091,841
4.50%, due 7/1/48	9,753,971	9,995,266
4.50%, due 9/1/48	6,000,752	6,156,617
5.00%, due 8/1/33	116,608	123,437
6.00%, due 3/1/36	36,089	39,695
6.50%, due 4/1/37	76,743	85,367
		<u>113,590,621</u>

Federal National Mortgage Association

(Mortgage Pass-Through Securities) 13.1%

2.50%, due 7/1/46	5,994,402	5,483,723
3.00%, due 12/1/37	2,649,564	2,546,461

	Principal Amount	Value
U.S. Government & Federal Agencies (continued)		
Federal National Mortgage Association		
(Mortgage Pass-Through Securities) (continued)		
3.00%, due 5/1/38	\$ 5,307,078	\$ 5,099,776
3.00%, due 1/1/45	3,790,000	3,612,741
3.00%, due 12/1/47	3,020,000	2,860,823
3.00%, due 6/1/57	6,077,502	5,694,545
3.50%, due 2/1/43	1,630,000	1,601,140
3.50%, due 5/1/43	4,500,068	4,418,718
3.50%, due 7/1/43	4,367,206	4,290,309
3.50%, due 12/1/44	1,610,000	1,581,495
3.50%, due 11/1/45	4,723,671	4,617,943
3.50%, due 3/1/46	9,160,000	9,002,111
3.50%, due 9/1/48	2,310,000	2,269,101
4.00%, due 7/1/38	2,905,541	2,941,063
4.00%, due 8/1/38	1,912,791	1,936,945
4.00%, due 10/1/38	7,610,000	7,712,416
4.00%, due 1/1/41	2,183,580	2,202,610
4.00%, due 2/1/41	190,952	192,517
4.00%, due 1/1/42	5,367,117	5,407,898
4.00%, due 3/1/42	6,532,202	6,575,085
4.00%, due 7/1/42	1,173,607	1,182,526
4.00%, due 1/1/43	3,045,979	3,058,796
4.00%, due 11/1/43	6,248,326	6,340,145
4.00%, due 1/1/46	7,350,000	7,403,772
4.00%, due 6/1/48	9,746,825	9,751,506
4.00%, due 9/1/48	5,819,034	5,821,858
4.50%, due 6/1/39	2,778,985	2,877,993
4.50%, due 9/1/39	1,772,846	1,835,943
4.50%, due 1/1/40	332,023	343,950
4.50%, due 8/1/40	575,293	596,013
4.50%, due 9/1/40	5,061,164	5,243,454
4.50%, due 2/1/41	2,560,000	2,658,755
4.50%, due 4/1/41	770,421	801,614
4.50%, due 8/1/42	12,400,000	12,856,213
4.50%, due 6/1/48	9,626,369	9,862,595
5.00%, due 10/1/41	3,434,573	3,632,177
5.50%, due 9/1/48	3,050,000	3,273,492
6.00%, due 1/1/33	33,058	36,011
6.00%, due 3/1/33	32,067	34,443
6.00%, due 8/1/34	1,541	1,682
6.00%, due 9/1/35	108,992	120,182
6.00%, due 6/1/36	29,339	31,940
6.00%, due 12/1/36	86,489	94,424
6.00%, due 4/1/37	12,974	13,436
6.00%, due 9/1/37	9,671	10,536
6.00%, due 10/1/37	31,942	33,679
6.00%, due 11/1/37	5,875	6,395
6.00%, due 1/1/38	1,305	1,405
6.00%, due 11/1/38	19,742	21,201
6.50%, due 6/1/31	16,337	17,790
6.50%, due 8/1/31	8,479	9,233
6.50%, due 10/1/31	6,029	6,639

	Principal Amount	Value
Federal National Mortgage Association		
(Mortgage Pass-Through Securities) (continued)		
6.50%, due 6/1/32	\$ 22,087	\$ 24,050
6.50%, due 6/1/36	2,712	2,977
6.50%, due 7/1/36	4,631	5,061
6.50%, due 8/1/36	935	1,018
6.50%, due 11/1/36	36,495	40,611
6.50%, due 2/1/37	11,118	12,107
6.50%, due 7/1/37	4,438	4,833
6.50%, due 8/1/37	21,234	23,122
6.50%, due 9/1/37	35,316	38,456
		<u>158,179,453</u>
Government National Mortgage Association		
(Mortgage Pass-Through Securities) 1.2%		
3.50%, due 8/20/47	5,543,858	5,449,020
3.50%, due 12/1/47 TBA (i)	6,850,000	6,727,717
4.00%, due 11/20/40	277,160	281,514
4.00%, due 12/20/44	2,433,041	2,468,204
6.00%, due 2/15/29	6,936	7,430
6.00%, due 4/15/29	37,881	41,132
6.00%, due 8/15/32	87,858	95,368
6.50%, due 7/15/28	12,224	13,330
6.50%, due 5/15/29	5,847	6,446
		<u>15,090,161</u>
United States Treasury Bonds 6.3%		
3.125%, due 5/15/48	65,980,000	62,572,752
4.375%, due 11/15/39	11,655,000	13,475,183
		<u>76,047,935</u>
United States Treasury Notes 10.6%		
2.875%, due 10/31/20	45,000,000	44,996,484
2.875%, due 10/31/23	55,360,000	55,072,388
2.875%, due 8/15/28	2,905,000	2,836,120
3.00%, due 10/31/25	25,090,000	24,964,550
		<u>127,869,542</u>
Total U.S. Government & Federal Agencies (Cost \$506,662,912)		<u>496,421,102</u>
Total Long-Term Bonds (Cost \$1,216,648,432)		<u>1,189,595,122</u>
Shares		
Common Stocks 0.0%‡		
Commercial Services & Supplies 0.0%‡		
Quad/Graphics, Inc.	1	<u>15</u>
Media 0.0%‡		
ION Media Networks, Inc. 3/12/10 (e)(f)(h)(j)	2	<u>1,239</u>
Total Common Stocks (Cost \$0)		<u>1,254</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, 2018 (continued)

	Shares	Value
Short-Term Investments 3.4%		
Affiliated Investment Company 3.2%		
MainStay U.S. Government Liquidity Fund, 2.075% (k)	38,712,580	\$ 38,712,580
Total Affiliated Investment Company (Cost \$38,712,580)		<u>38,712,580</u>

	Principal Amount	
U.S. Governments 0.2%		
United States Treasury Bills 2.133%, due 11/15/18 (l)	\$ 2,730,000	<u>2,727,768</u>
Total U.S. Governments (Cost \$2,727,768)		<u>2,727,768</u>
Total Short-Term Investments (Cost \$41,440,348)		<u>41,440,348</u>
Total Investments (Cost \$1,258,088,780)	101.9%	1,231,036,724
Other Assets, Less Liabilities	(1.9)	<u>(22,792,088)</u>
Net Assets	<u>100.0%</u>	<u>\$1,208,244,636</u>

† Percentages indicated are based on Fund net assets.

‡ 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, 2018.

- (c) Fixed to floating rate—Rate shown was the rate in effect as of October 31, 2018.
- (d) Securities are perpetual and, thus, do not have a predetermined maturity date. The date shown, if applicable, reflects the next call date.
- (e) Fair valued security—Represents fair value as measured in good faith under procedures approved by the Board of Trustees. As of October 31, 2018, the total market value of fair valued securities was \$279,005, which represented less than one-tenth of a percent of the Fund's net assets.
- (f) Illiquid security—As of October 31, 2018, the total market value of these securities deemed illiquid under procedures approved by the Board of Trustees was \$3,931,877, which represented 0.3% of the Fund's net assets. (Unaudited)
- (g) Collateral strip rate—A bond whose interest was based on the weighted net interest rate of the collateral. The coupon rate adjusts periodically based on a predetermined schedule. Rate shown was the rate in effect as of October 31, 2018.
- (h) Security in which significant unobservable inputs (Level 3) were used in determining fair value.
- (i) 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, 2018, the total net market value of these securities was \$6,727,717, which represented 0.6% of the Fund's net assets. All or a portion of these securities are a part of a mortgage dollar roll agreement.
- (j) Restricted security. (see Note 2(n))
- (k) Current yield as of October 31, 2018.
- (l) Interest rate shown represents yield to maturity.

As of October 31, 2018, the Fund held the following futures contracts¹:

Type	Number of Contracts		Value at Trade Date	Current Notional Amount	Unrealized Appreciation (Depreciation) ²
	Long	Expiration Date			
2-Year United States Treasury Note	180	December 2018	\$ 38,044,848	\$ 37,918,125	\$(126,723)
5-Year United States Treasury Note	(481)	December 2018	(54,528,567)	(54,056,133)	472,434
10-Year United States Treasury Note	(122)	December 2018	(14,451,001)	(14,449,375)	1,626
10-Year United States Treasury Ultra Note	(83)	December 2018	(10,369,598)	(10,384,078)	(14,480)
United States Treasury Long Bond	45	December 2018	6,496,981	6,215,625	(281,356)
United States Treasury Ultra Bond	98	December 2018	15,605,970	14,623,438	(982,532)
Euro-BTP	(22)	December 2018	(3,057,936)	(3,031,063)	26,873
Euro Bund	18	December 2018	3,271,850	3,267,334	(4,516)
			<u>\$(18,987,453)</u>	<u>\$(19,896,127)</u>	<u>\$(908,674)</u>

1. As of October 31, 2018, cash in the amount of \$424,339 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, 2018.

The following abbreviation is used in the preceding pages:
 BTP—Buoni del Tesoro Poliennali (Eurex Exchange index)

The following is a summary of the fair valuations according to the inputs used as of October 31, 2018, 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				
Asset-Backed Securities	\$ —	\$ 11,241,727	\$ —	\$ 11,241,727
Corporate Bonds	—	659,068,968	—	659,068,968
Mortgage-Backed Securities (b)	—	22,640,308	223,017	22,863,325
U.S. Government & Federal Agencies	—	496,421,102	—	496,421,102
Total Long-Term Bonds	—	1,189,372,105	223,017	1,189,595,122
Common Stocks (c)	15	—	1,239	1,254
Short-Term Investments				
Affiliated Investment Company	38,712,580	—	—	38,712,580
U.S. Governments	—	2,727,768	—	2,727,768
Total Short-Term Investments	38,712,580	2,727,768	—	41,440,348
Total Investments in Securities	38,712,595	1,192,099,873	224,256	1,231,036,724
Other Financial Instruments				
Futures Contracts (d)	500,933	—	—	500,933
Total Investments in Securities and Other Financial Instruments	\$39,213,528	\$1,192,099,873	\$224,256	\$1,231,537,657

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)	\$(1,409,607)	\$ —	\$ —	\$(1,409,607)

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

(b) The Level 3 security valued at \$223,017 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 \$1,239 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.

Portfolio of Investments October 31, 2018 (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, 2017	Accrued Discounts (Premiums)	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Purchases	Sales (a)	Transfers in to Level 3	Transfers out of Level 3	Balance as of October 31, 2018	Change in Unrealized Appreciation (Depreciation) from Investments Still Held at October 31, 2018 (b)
Long-Term Bonds										
Mortgage-Backed Securities										
Residential Mortgage (Collateralized Mortgage Obligation)	\$228,293	\$ —	\$ —	\$23,230	\$ —	\$(28,506)	\$ —	\$ —	\$223,017	\$23,230
Common Stock										
Media	1,357	—	—	(118)	—	—	—	—	1,239	(118)
Total	<u>\$229,650</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$23,112</u>	<u>\$ —</u>	<u>\$(28,506)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$224,256</u>	<u>\$23,112</u>

(a) Sales include principal reductions.

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

Statement of Assets and Liabilities as of October 31, 2018

Assets

Investment in securities, at value	
(identified cost \$1,219,376,200)	\$1,192,324,144
Investment in affiliated investment companies, at value	
(identified cost \$38,712,580)	38,712,580
Cash collateral on deposit at broker for futures contracts	424,339
Receivables:	
Investment securities sold	26,740,920
Dividends and interest	9,678,823
Fund shares sold	997,935
Other assets	47,057
Total assets	<u>1,268,925,798</u>

Liabilities

Due to custodian	24,380,296
Payables:	
Investment securities purchased	34,011,255
Fund shares redeemed	1,431,253
Manager (See Note 3)	486,117
Transfer agent (See Note 3)	217,390
Shareholder communication	45,637
NYLIFE Distributors (See Note 3)	26,537
Professional fees	18,886
Variation margin on futures contracts	16,553
Custodian	11,119
Trustees	3,036
Accrued expenses	18,433
Dividend payable	14,650
Total liabilities	<u>60,681,162</u>
Net assets	<u>\$1,208,244,636</u>

Composition of Net Assets

Shares of beneficial interest outstanding (par value of	
\$.001 per share) unlimited number of shares authorized	\$ 119,631
Additional paid-in capital	<u>1,276,115,290</u>
	1,276,234,921
Total distributable earnings (loss)	<u>(67,990,285)</u>
Net assets	<u>\$1,208,244,636</u>

Class A

Net assets applicable to outstanding shares	\$ 44,526,592
Shares of beneficial interest outstanding	<u>4,409,997</u>
Net asset value per share outstanding	\$ 10.10
Maximum sales charge (4.50% of offering price)	<u>0.48</u>
Maximum offering price per share outstanding	<u>\$ 10.58</u>

Investor Class

Net assets applicable to outstanding shares	\$ 5,513,570
Shares of beneficial interest outstanding	<u>543,081</u>
Net asset value per share outstanding	\$ 10.15
Maximum sales charge (4.50% of offering price)	<u>0.48</u>
Maximum offering price per share outstanding	<u>\$ 10.63</u>

Class B

Net assets applicable to outstanding shares	\$ 2,987,193
Shares of beneficial interest outstanding	<u>295,513</u>
Net asset value and offering price per share outstanding	<u>\$ 10.11</u>

Class C

Net assets applicable to outstanding shares	\$ 14,837,129
Shares of beneficial interest outstanding	<u>1,466,048</u>
Net asset value and offering price per share outstanding	<u>\$ 10.12</u>

Class I

Net assets applicable to outstanding shares	\$1,016,021,922
Shares of beneficial interest outstanding	<u>100,598,746</u>
Net asset value and offering price per share outstanding	<u>\$ 10.10</u>

Class R1

Net assets applicable to outstanding shares	\$ 4,148,030
Shares of beneficial interest outstanding	<u>410,860</u>
Net asset value and offering price per share outstanding	<u>\$ 10.10</u>

Class R2

Net assets applicable to outstanding shares	\$ 73,481
Shares of beneficial interest outstanding	<u>7,280</u>
Net asset value and offering price per share outstanding	<u>\$ 10.09</u>

Class R3

Net assets applicable to outstanding shares	\$ 173,408
Shares of beneficial interest outstanding	<u>17,174</u>
Net asset value and offering price per share outstanding	<u>\$ 10.10</u>

Class R6

Net assets applicable to outstanding shares	\$ 119,963,311
Shares of beneficial interest outstanding	<u>11,882,645</u>
Net asset value and offering price per share outstanding	<u>\$ 10.10</u>

Statement of Operations for the year ended October 31, 2018

Investment Income (Loss)

Income

Interest	\$ 39,708,969
Dividend distributions from affiliated investment companies	436,482
Other	3,913
Total income	<u>40,149,364</u>

Expenses

Manager (See Note 3)	6,017,335
Transfer agent (See Note 3)	1,335,075
Distribution/Service—Class A (See Note 3)	128,279
Distribution/Service—Investor Class (See Note 3)	14,614
Distribution/Service—Class B (See Note 3)	39,009
Distribution/Service—Class C (See Note 3)	179,728
Distribution/Service—Class R2 (See Note 3)	238
Distribution/Service—Class R3 (See Note 3)	340
Registration	137,514
Professional fees	114,168
Shareholder communication	47,736
Trustees	27,079
Custodian	13,096
Shareholder service (See Note 3)	4,256
Miscellaneous	59,763
Total expenses before waiver/reimbursement	8,118,230
Expense waiver/reimbursement from Manager (See Note 3)	(486,355)
Net expenses	<u>7,631,875</u>
Net investment income (loss)	<u>32,517,489</u>

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

Net realized gain (loss) on:	
Investment transactions	(17,003,361)
Futures transactions	1,954,073
Foreign currency transactions	239
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	<u>(15,049,049)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments	(49,142,650)
Futures contracts	(1,249,073)
Translation of other assets and liabilities in foreign currencies	(21,018)
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions	<u>(50,412,741)</u>
Net realized and unrealized gain (loss) on investments, futures transactions and foreign currency transactions	<u>(65,461,790)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$(32,944,301)</u>

Statements of Changes in Net Assets

for the years ended October 31, 2018 and October 31, 2017

	2018	2017
Increase (Decrease) in Net Assets		
Operations:		
Net investment income (loss)	\$ 32,517,489	\$ 31,712,371
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	(15,049,049)	(413,018)
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions	(50,412,741)	(2,709,363)
Net increase (decrease) in net assets resulting from operations	(32,944,301)	28,589,990
Distributions to shareholders ⁽¹⁾ :		
Class A	(1,202,913)	
Investor Class	(128,668)	
Class B	(56,075)	
Class C	(260,422)	
Class I	(26,684,977)	
Class R1	(104,327)	
Class R2	(2,141)	
Class R3	(1,464)	
Class R6	(3,577,384)	
	(32,018,371)	
Dividends to shareholders from net investment income:		
Class A		(3,494,316)
Investor Class		(192,918)
Class B		(84,718)
Class C		(346,587)
Class I		(27,638,468)
Class R1		(94,639)
Class R2		(2,833)
Class R3		(1,658)
Class R6		(726)
		(31,856,863)
Distributions to shareholders from return of capital:		
Class A	(13,507)	(35,468)
Investor Class	(1,445)	(1,958)
Class B	(630)	(860)
Class C	(2,924)	(3,518)
Class I	(299,624)	(280,535)
Class R1	(1,171)	(961)
Class R2	(24)	(29)
Class R3	(16)	(17)
Class R6	(40,168)	(7)
	(359,509)	(323,353)
Total dividends and distributions to shareholders	(32,377,880)	(32,180,216)

	2018	2017
Capital share transactions:		
Net proceeds from sale of shares	\$ 488,740,788	\$ 452,805,322
Net asset value of shares issued to shareholders in reinvestment of dividends and distributions	31,592,157	27,812,619
Cost of shares redeemed	(510,892,230)	(490,911,282)
Increase (decrease) in net assets derived from capital share transactions	9,440,715	(10,293,341)
Net increase (decrease) in net assets	(55,881,466)	(13,883,567)
Net Assets		
Beginning of year	1,264,126,102	1,278,009,669
End of year ⁽²⁾	\$1,208,244,636	\$1,264,126,102

(1) For the year ended October 31, 2018, the requirement to disclose dividends and distributions paid to shareholders from net investments income and/or net realized gain on investments was modified and are now presented together as distributions to shareholders.

(2) End of year net assets includes undistributed (overdistributed) net investment income of \$(25,048) in 2017. The requirement to disclose the corresponding amount as of October 31, 2018 was eliminated. See Note 4 for tax basis of distributable earnings.

Financial Highlights selected per share data and ratios

Class A	Year ended October 31,				
	2018	2017	2016	2015	2014
Net asset value at beginning of year	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.82	\$ 10.71
Net investment income (loss)	0.25 (a)	0.29	0.28	0.27	0.34
Net realized and unrealized gain (loss) on investments	(0.54)	(0.06)	0.18	(0.32)	0.12
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.01	0.00 ‡	0.00 ‡
Total from investment operations	(0.29)	0.23	0.47	(0.05)	0.46
Less dividends and distributions:					
From net investment income	(0.25)	(0.25)	(0.27)	(0.27)	(0.34)
From net realized gain on investments	—	—	—	(0.04)	(0.01)
Return of capital	(0.00)‡	(0.00)‡	—	—	—
Total dividends and distributions	(0.25)	(0.25)	(0.27)	(0.31)	(0.35)
Net asset value at end of year	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.82
Total investment return (b)	(2.78%)	2.23%	4.56%	(0.43%)	4.33%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.40%	2.44%	2.55%	2.56%	3.11%
Net expenses (c)	0.90%	0.91%	1.00%	1.08%	0.86%
Expenses (before waiver/reimbursement) (c)	0.90%	0.94%	1.13%	1.11%	0.96%
Portfolio turnover rate	95% (d)	56%(d)	21%	28%	26%(d)
Net assets at end of year (in 000's)	\$ 44,527	\$ 55,474	\$ 294,002	\$ 507,633	\$ 324,814

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63%, 42% and 23% for the years ended October 31, 2018, 2017 and 2014, respectively.

Investor Class	Year ended October 31,				
	2018	2017	2016	2015	2014
Net asset value at beginning of year	\$ 10.70	\$ 10.71	\$ 10.51	\$ 10.88	\$ 10.77
Net investment income (loss)	0.24 (a)	0.24	0.29	0.28	0.34
Net realized and unrealized gain (loss) on investments	(0.56)	(0.01)	0.19	(0.33)	0.11
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.01	0.00 ‡	0.00 ‡
Total from investment operations	(0.32)	0.23	0.49	(0.05)	0.45
Less dividends and distributions:					
From net investment income	(0.23)	(0.24)	(0.29)	(0.28)	(0.33)
From net realized gain on investments	—	—	—	(0.04)	(0.01)
Return of capital	(0.00)‡	(0.00)‡	—	—	—
Total dividends and distributions	(0.23)	(0.24)	(0.29)	(0.32)	(0.34)
Net asset value at end of year	\$ 10.15	\$ 10.70	\$ 10.71	\$ 10.51	\$ 10.88
Total investment return (b)	(2.99%)	2.11%	4.81%	(0.46%)	4.16%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.27%	2.28%	2.71%	2.64%	3.03%
Net expenses (c)	1.04%	1.00%	0.83%	1.01%	1.01%
Expenses (before waiver/reimbursement) (c)	1.05%	1.03%	0.98%	1.03%	1.10%
Portfolio turnover rate	95% (d)	56%(d)	21%	28%	26%(d)
Net assets at end of year (in 000's)	\$ 5,514	\$ 6,265	\$ 9,232	\$ 8,350	\$ 7,590

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63%, 42% and 23% for the years ended October 31, 2018, 2017 and 2014, respectively.

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 B	Year ended October 31,				
	2018	2017	2016	2015	2014
Net asset value at beginning of year	\$ 10.65	\$ 10.67	\$ 10.47	\$ 10.84	\$ 10.72
Net investment income (loss)	0.16 (a)	0.17	0.21	0.20	0.25
Net realized and unrealized gain (loss) on investments	(0.55)	(0.03)	0.19	(0.33)	0.12
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.01	0.00 ‡	0.00 ‡
Total from investment operations	(0.39)	0.14	0.41	(0.13)	0.37
Less dividends and distributions:					
From net investment income	(0.15)	(0.16)	(0.21)	(0.20)	(0.24)
From net realized gain on investments	—	—	—	(0.04)	(0.01)
Return of capital	(0.00)‡	(0.00)‡	—	—	—
Total dividends and distributions	(0.15)	(0.16)	(0.21)	(0.24)	(0.25)
Net asset value at end of year	\$ 10.11	\$ 10.65	\$ 10.67	\$ 10.47	\$ 10.84
Total investment return (b)	(3.64%)	1.36%	3.95%	(1.21%)	3.50%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	1.51%	1.53%	1.96%	1.89%	2.28%
Net expenses (c)	1.79%	1.75%	1.57%	1.76%	1.76%
Expenses (before waiver/reimbursement) (c)	1.80%	1.78%	1.73%	1.78%	1.85%
Portfolio turnover rate	95% (d)	56%(d)	21%	28%	26%(d)
Net assets at end of year (in 000's)	\$ 2,987	\$ 4,913	\$ 6,746	\$ 6,205	\$ 6,794

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63%, 42% and 23% for the years ended October 31, 2018, 2017 and 2014, respectively.

Class C	Year ended October 31,				
	2018	2017	2016	2015	2014
Net asset value at beginning of year	\$ 10.66	\$ 10.68	\$ 10.48	\$ 10.85	\$ 10.73
Net investment income (loss)	0.16 (a)	0.17	0.21	0.20	0.25
Net realized and unrealized gain (loss) on investments	(0.55)	(0.03)	0.19	(0.33)	0.12
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.01	0.00 ‡	0.00 ‡
Total from investment operations	(0.39)	0.14	0.41	(0.13)	0.37
Less dividends and distributions:					
From net investment income	(0.15)	(0.16)	(0.21)	(0.20)	(0.24)
From net realized gain on investments	—	—	—	(0.04)	(0.01)
Return of capital	(0.00)‡	(0.00)‡	—	—	—
Total dividends and distributions	(0.15)	(0.16)	(0.21)	(0.24)	(0.25)
Net asset value at end of year	\$ 10.12	\$ 10.66	\$ 10.68	\$ 10.48	\$ 10.85
Total investment return (b)	(3.64%)	1.36%	3.95%	(1.20%)	3.49%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	1.51%	1.53%	1.96%	1.89%	2.28%
Net expenses (c)	1.79%	1.75%	1.58%	1.75%	1.76%
Expenses (before waiver/reimbursement) (c)	1.80%	1.78%	1.73%	1.78%	1.85%
Portfolio turnover rate	95% (d)	56%(d)	21%	28%	26%(d)
Net assets at end of year (in 000's)	\$ 14,837	\$ 20,215	\$ 28,430	\$ 24,259	\$ 26,485

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63%, 42% and 23% for the years ended October 31, 2018, 2017 and 2014, respectively.

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 I	Year ended October 31,				
	2018	2017	2016	2015	2014
Net asset value at beginning of year	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72
Net investment income (loss)	0.28 (a)	0.28	0.31	0.32	0.37
Net realized and unrealized gain (loss) on investments	(0.54)	(0.01)	0.19	(0.33)	0.12
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.01	0.00 ‡	0.00 ‡
Total from investment operations	(0.26)	0.27	0.51	(0.01)	0.49
Less dividends and distributions:					
From net investment income	(0.28)	(0.29)	(0.31)	(0.32)	(0.37)
From net realized gain on investments	—	—	—	(0.04)	(0.01)
Return of capital	(0.00)‡	(0.00)‡	—	—	—
Total dividends and distributions	(0.28)	(0.29)	(0.31)	(0.36)	(0.38)
Net asset value at end of year	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83
Total investment return (b)	(2.49%)	2.56%	4.96%	(0.05%)	4.60%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.70%	2.66%	2.94%	3.05%	3.43%
Net expenses (c)	0.60%	0.60%	0.60%	0.60%	0.60%
Expenses (before waiver/reimbursement) (c)	0.65%	0.67%	0.88%	0.86%	0.71%
Portfolio turnover rate	95% (d)	56%(d)	21%	28%	26%(d)
Net assets at end of year (in 000's)	\$1,016,022	\$1,173,384	\$ 935,533	\$1,021,724	\$ 852,556

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63%, 42% and 23% for the years ended October 31, 2018, 2017 and 2014, respectively.

Class R1	Year ended October 31,				
	2018	2017	2016	2015	2014
Net asset value at beginning of year	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72
Net investment income (loss)	0.27 (a)	0.27	0.30	0.31	0.36
Net realized and unrealized gain (loss) on investments	(0.54)	(0.01)	0.19	(0.33)	0.12
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.01	0.00 ‡	0.00 ‡
Total from investment operations	(0.27)	0.26	0.50	(0.02)	0.48
Less dividends and distributions:					
From net investment income	(0.27)	(0.28)	(0.30)	(0.31)	(0.36)
From net realized gain on investments	—	—	—	(0.04)	(0.01)
Return of capital	(0.00)‡	(0.00)‡	—	—	—
Total dividends and distributions	(0.27)	(0.28)	(0.30)	(0.35)	(0.37)
Net asset value at end of year	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83
Total investment return (b)	(2.59%)	2.46%	4.86%	(0.14%)	4.49%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.61%	2.58%	2.84%	2.95%	3.31%
Net expenses (c)	0.70%	0.70%	0.70%	0.70%	0.70%
Expenses (before waiver/reimbursement) (c)	0.75%	0.77%	0.98%	0.96%	0.81%
Portfolio turnover rate	95% (d)	56%(d)	21%	28%	26%(d)
Net assets at end of year (in 000's)	\$ 4,148	\$ 3,627	\$ 3,846	\$ 3,907	\$ 34

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63%, 42% and 23% for the years ended October 31, 2018, 2017 and 2014, respectively.

Financial Highlights selected per share data and ratios

Class R2	Year ended October 31,				
	2018	2017	2016	2015	2014
Net asset value at beginning of year	\$ 10.63	\$ 10.65	\$ 10.46	\$ 10.82	\$ 10.71
Net investment income (loss)	0.24 (a)	0.24	0.31	0.29	0.34
Net realized and unrealized gain (loss) on investments	(0.54)	(0.01)	0.15	(0.33)	0.11
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.00 ‡	0.00 ‡	0.00 ‡
Total from investment operations	(0.30)	0.23	0.46	(0.04)	0.45
Less dividends and distributions:					
From net investment income	(0.24)	(0.25)	(0.27)	(0.28)	(0.33)
From net realized gain on investments	—	—	—	(0.04)	(0.01)
Return of capital	(0.00)‡	(0.00)‡	—	—	—
Total dividends and distributions	(0.24)	(0.25)	(0.27)	(0.32)	(0.34)
Net asset value at end of year	\$ 10.09	\$ 10.63	\$ 10.65	\$ 10.46	\$ 10.82
Total investment return (b)	(2.83%)	2.18%	4.44%	(0.35%)	4.24%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.35%	2.32%	2.64%	2.67%	3.09%
Net expenses (c)	0.95%	0.95%	0.95%	0.95%	0.95%
Expenses (before waiver/reimbursement) (c)	1.00%	1.02%	1.24%	1.20%	1.06%
Portfolio turnover rate	95% (d)	56%(d)	21%	28%	26%(d)
Net assets at end of year (in 000's)	\$ 73	\$ 127	\$ 115	\$ 1,266	\$ 27

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63%, 42% and 23% for the years ended October 31, 2018, 2017 and 2014, respectively

Class R3	Year ended October 31,		February 29, 2016** through October 31, 2016
	2018	2017	
Net asset value at beginning of period	\$ 10.64	\$ 10.66	\$ 10.31
Net investment income (loss)	0.22 (a)	0.21	0.15
Net realized and unrealized gain (loss) on investments	(0.54)	(0.01)	0.35
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.01
Total from investment operations	(0.32)	0.20	0.51
Less dividends and distributions:			
From net investment income	(0.22)	(0.22)	(0.16)
Return of capital	(0.00)‡	(0.00)‡	—
Total dividends and distributions	(0.22)	(0.22)	(0.16)
Net asset value at end of period	\$ 10.10	\$ 10.64	\$ 10.66
Total investment return (b)	(3.08%)	1.93%	4.98%
Ratios (to average net assets)/Supplemental Data:			
Net investment income (loss)	2.15%	2.07%	2.26%††
Net expenses (c)	1.20%	1.20%	1.20%††
Expenses (before reimbursement/waiver) (c)	1.24%	1.27%	1.48%††
Portfolio turnover rate	95% (d)	56%(d)	21%
Net assets at end of period (in 000's)	\$ 173	\$ 93	\$ 79

** Inception date.

†† Annualized.

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63% and 42% for the years ended October 31, 2018 and 2017, respectively

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 R6	Year ended October 31,			December 29, 2014** through October 31, 2015
	2018	2017	2016	
Net asset value at beginning of period	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.71
Net investment income (loss)	0.29 (a)	0.29	0.36	0.27
Net realized and unrealized gain (loss) on investments	(0.54)	(0.02)	0.15	(0.25)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	0.00 ‡	0.01	—
Total from investment operations	(0.25)	0.27	0.52	0.02
Less dividends:				
From net investment income	(0.29)	(0.29)	(0.32)	(0.27)
Return of capital	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.29)	(0.29)	(0.32)	(0.27)
Net asset value at end of period	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46
Total investment return (b)	(2.42%)	2.62%	5.04%	0.20%
Ratios (to average net assets)/Supplemental Data:				
Net investment income (loss)	2.81%	2.74%	3.02%	3.07%††
Net expenses (c)	0.53%	0.54%	0.53%	0.53%††
Expenses (before waiver/reimbursement) (c)	0.53%	0.54%	0.53%	0.55%††
Portfolio turnover rate	95% (d)	56%(d)	21%	28%
Net assets at end of period (in 000's)	\$ 119,963	\$ 27	\$ 26	\$ 26

** Inception date.

†† Annualized.

‡ Less than one cent per share.

(a) Per share data based on average shares outstanding during the year.

(b) 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.

(c) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro-rata share of the fees and expenses of the Underlying Funds in which it invests. Such indirect expenses are not included in the above expense ratios.

(d) The portfolio turnover rates not including mortgage dollar rolls were 63% and 42% for the years ended October 31, 2018 and 2017, respectively

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 MacKay Total Return Bond Fund (formerly known as 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, 2018, 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 funds in the 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 plus an initial sales charge. Class I, Class R1, Class R2, Class R3 and class R6 shares are offered at NAV without 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

Notes to Financial Statements (continued)

“Manager”), 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, 2018, 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, 2018, 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 delisted 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 the 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 valued in this manner are generally categorized as Level 3 in the hierarchy. As of October 31, 2018, 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. The evaluations are market-based measurements processed through a pricing application and represents the pricing agent's good faith determination as to what a holder may receive in an orderly transaction under market conditions. The rules based logic utilizes valuation techniques that reflect participants' assumptions and vary by asset class and per methodology, maximizing the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs. 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 and 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 the 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 could 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 the Subadvisor determine the liquidity of the Fund's investments; in doing so, the Manager or the 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, 2018 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, 2018, 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

Notes to Financial Statements (continued)

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 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, for the Fund are accreted and amortized, respectively. 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 the 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.

Additionally, the Fund may invest in mutual funds, which are subject to management fees and other fees that may increase the costs of investing in mutual funds versus the costs of owning the underlying securities directly. These indirect expenses of mutual funds are not included in the amounts shown as expenses in the Fund's Statement of Operations or in the expense ratios included in the financial highlights.

(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 the Subadvisor to be creditworthy, pursuant to guidelines established by the Board. During the term of any repurchase agreement, the Manager or the 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. As of October 31, 2018, the Fund did not hold any repurchase agreements.

(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, 2018, 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, 2018, 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

Notes to Financial Statements (continued)

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 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 and/or U.S. Government Agency securities issued or guaranteed by the United States government or its agencies or instrumentalities 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. As of October 31, 2018, 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, 2018:

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)	\$500,933	\$500,933
Total Fair Value		\$500,933	\$500,933

Liability Derivatives

	Statement of Assets and Liabilities Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets—Net unrealized depreciation on investments and futures contracts (a)	\$(1,409,607)	\$(1,409,607)
Total Fair Value		\$(1,409,607)	\$(1,409,607)

(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, 2018:

Realized Gain (Loss)

	Statement of Operations Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net realized gain (loss) on futures transactions	\$1,954,073	\$1,954,073
Total Realized Gain (Loss)		<u>\$1,954,073</u>	<u>\$1,954,073</u>

Change in Unrealized Appreciation (Depreciation)

	Statement of Operations Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net change in unrealized appreciation (depreciation) on futures contracts	\$(1,249,073)	\$(1,249,073)
Total Change in Unrealized Appreciation (Depreciation)		<u>\$(1,249,073)</u>	<u>\$(1,249,073)</u>

Average Notional Amount

	Interest Rate Contracts Risk	Total
Futures Contracts Long	\$ 82,155,518	\$ 82,155,518
Futures Contracts Short	<u>(88,128,782)</u>	<u>(88,128,782)</u>

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 an Amended and Restated 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, 2018, 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. New York Life Investments has also 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) of Class R6 do not exceed those of Class I. These agreements will remain in effect until February 28, 2019, 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 of the Board.

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, 2018, New York Life Investments earned fees from the Fund in the amount of \$6,017,335 and waived its fees and/or reimbursed expenses in the amount of \$486,355.

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

Effective December 22, 2017, pursuant to an agreement between the Trust and New York Life Investments, New York Life Investments is responsible for providing or procuring certain regulatory reporting services for the Fund. The Fund will reimburse New York Life Investments for the actual costs incurred by New York Life Investments in connection with providing or procuring these services for the Fund.

Notes to Financial Statements (continued)

(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, its affiliates or independent third-party service providers are 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, 2018, shareholder service fees incurred by the Fund were as follows:

Class R1	\$4,093
Class R2	95
Class R3	68

(C) Sales Charges. During the year ended October 31, 2018, 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 \$12,223 and \$3,756, respectively.

During the year ended October 31, 2018, the Fund was also advised that the Distributor retained CDSCs on redemptions of Class A, Class B and Class C shares of \$1,608, \$6,653 and \$2,052, 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 DST Asset Manager Solutions, Inc. ("DST"), pursuant to which DST performs certain transfer agent services on behalf of NYLIM Service Company LLC. During the year ended October 31, 2018, transfer agent expenses incurred by the Fund were as follows:

Class A	\$ 62,195
Investor Class	15,626
Class B	10,417
Class C	48,019
Class I	1,193,646
Class R1	4,978
Class R2	115
Class R3	79

(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) Investments in Affiliates (in 000's). During the year ended October 31, 2018, purchases and sales transactions, income earned from investments and shares held of investment companies managed by New York Life Investments or its affiliates were as follows:

Affiliated Investment Companies	Value, Beginning of Year	Purchases at Cost	Proceeds from Sales	Net Realized Gain/(Loss) on sales	Change in Unrealized Appreciation/ (Depreciation)	Value, End of Year	Dividend Income	Other Distributions	Shares End of Year
MainStay U.S. Government Liquidity Fund	\$ —	\$574,351	\$(535,638)	\$ —	\$ —	\$38,713	\$436	\$ —	38,713

(G) Capital. As of October 31, 2018, New York Life and its affiliates beneficially held shares of the Fund with the values and percentages of net assets as follows:

Class R1	\$24,223	0.6%
Class R2	27,696	37.7
Class R3	25,876	14.9
Class R6	26,283	0.0‡

‡ Less than one-tenth of a percent.

Note 4—Federal Income Tax

As of October 31, 2018, 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:

	Federal Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation/ Depreciation
Investments				
in Securities	\$1,258,646,620	\$3,282,108	\$(30,892,004)	\$(27,609,896)

As of October 31, 2018, 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)
\$—	\$(40,344,720)	\$(14,650)	\$(27,630,915)	\$(67,990,285)

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

Note 5—Restricted Securities

As of October 31, 2018, the Fund held the following restricted security.

Security	Date(s) of Acquisition	Shares	Cost	10/31/18 Value	Percent of Net Assets
ION Media Networks, Inc. Common Stock	3/12/10	2	\$ —	\$1,239	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

As of October 31, 2018, for federal income tax purposes, capital loss carryforwards of \$40,344,720 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	\$10,892	\$29,453

During the years ended October 31, 2018 and October 31, 2017, the tax character of distributions paid as reflected in the Statements of Changes in Net Assets were as follows:

	2018	2017
Distributions paid from:		
Ordinary Income	\$32,018,371	\$31,856,863
Return of Capital	359,509	323,353
Total	\$32,377,880	\$32,180,216

secure a source of funds for temporary purposes to meet unanticipated or excessive redemption requests.

Effective July 31, 2018, 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

Notes to Financial Statements (continued)

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 London Interbank Offered Rate ("LIBOR"), whichever is higher. The Credit Agreement expires on July 30, 2019, 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 July 31, 2018, the aggregate commitment amount and the commitment fee were the same as those under the current Credit Agreement. During the year ended October 31, 2018, there were no borrowings made or outstanding with respect to the Fund under the Credit Agreement.

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 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, 2018, 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, 2018, purchases and sales of U.S. government securities were \$998,071 and \$967,867, respectively. Purchases and sales of securities, other than U.S. government securities and short-term securities, were \$166,870 and \$151,556, respectively.

Note 10—Capital Share Transactions

Class A	Shares	Amount
Year ended October 31, 2018:		
Shares sold	646,872	\$ 6,730,274
Shares issued to shareholders in reinvestment of dividends and distributions	105,387	1,090,579
Shares redeemed	(1,591,300)	(16,459,345)
Net increase (decrease) in shares outstanding before conversion	(839,041)	(8,638,492)
Shares converted into Class A (See Note 1)	57,271	595,321
Shares converted from Class A (See Note 1)	(22,900)	(235,989)
Net increase (decrease)	(804,670)	\$ (8,279,160)
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)

Investor Class	Shares	Amount
Year ended October 31, 2018:		
Shares sold	92,112	\$ 961,578
Shares issued to shareholders in reinvestment of dividends and distributions	12,343	128,305
Shares redeemed	(134,085)	(1,397,882)
Net increase (decrease) in shares outstanding before conversion	(29,630)	(307,999)
Shares converted into Investor Class (See Note 1)	35,937	373,239
Shares converted from Investor Class (See Note 1)	(48,997)	(511,997)
Net increase (decrease)	(42,690)	\$ (446,757)
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)

Class B	Shares	Amount
Year ended October 31, 2018:		
Shares sold	12,295	\$ 128,294
Shares issued to shareholders in reinvestment of dividends and distributions	4,910	50,891
Shares redeemed	(161,840)	(1,682,708)
Net increase (decrease) in shares outstanding before conversion	(144,635)	(1,503,523)
Shares converted from Class B (See Note 1)	(21,213)	(220,574)
Net increase (decrease)	(165,848)	\$ (1,724,097)
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)

Class C	Shares	Amount
Year ended October 31, 2018:		
Shares sold	182,074	\$ 1,911,951
Shares issued to shareholders in reinvestment of dividends and distributions	22,571	233,997
Shares redeemed	(634,539)	(6,587,915)
Net increase (decrease)	(429,894)	\$ (4,441,967)
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)

Class I	Shares	Amount
Year ended October 31, 2018:		
Shares sold	43,612,068	\$ 454,957,796
Shares issued to shareholders in reinvestment of dividends and distributions	2,547,046	26,362,305
Shares redeemed	(31,247,501)	(327,541,975)
Net increase (decrease) in shares outstanding before conversion	14,911,613	153,778,126
Shares converted from Class I (See Note 1)	(24,584,708)	(254,697,571)
Net increase (decrease)	(9,673,095)	\$(100,919,445)
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

Class R1	Shares	Amount
Year ended October 31, 2018:		
Shares sold	108,665	\$ 1,139,483
Shares issued to shareholders in reinvestment of dividends and distributions	10,210	105,498
Shares redeemed	(49,025)	(509,717)
Net increase (decrease)	69,850	\$ 735,264
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)

Class R2	Shares	Amount
Year ended October 31, 2018:		
Shares issued to shareholders in reinvestment of dividends and distributions	209	2,165
Shares redeemed	(4,894)	(50,985)
Net increase (decrease)	(4,685)	\$ (48,820)
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

Class R3	Shares	Amount
Year ended October 31, 2018:		
Shares sold	14,607	\$ 150,022
Shares issued to shareholders in reinvestment of dividends and distributions	83	865
Shares redeemed	(6,248)	(65,702)
Net increase (decrease)	8,442	\$ 85,185
Year 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

Class R6	Shares	Amount
Year ended October 31, 2018:		
Shares sold	2,213,200	\$ 22,761,390
Shares issued to shareholders in reinvestment of dividends and distributions	352,035	3,617,552
Shares redeemed	(15,269,836)	(156,596,001)
Net increase (decrease) in shares outstanding before conversion	(12,704,601)	(130,217,059)
Shares converted into Class R6 (See Note 1)	24,584,708	254,697,571
Net increase (decrease)	11,880,107	\$ 124,480,512
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

Note 11—Recent Accounting Pronouncement

In March 2017, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2017-08, which amends the amortization period for certain callable debt securities that are held at a premium. The amendment requires the premium to be amortized to the earliest call date. This amendment does not require an accounting change for securities held at a discount. This guidance is effective for

Notes to Financial Statements (continued)

fiscal years beginning after December 15, 2018. Management is currently evaluating the potential impact of this guidance to the financial statements.

Note 12—Subsequent Events

In connection with the preparation of the financial statements of the Fund as of and for the year ended October 31, 2018, events and transactions subsequent to October 31, 2018, 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

To the Shareholders and Board of Trustees
MainStay Funds Trust:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of MainStay Mackay Total Return Bond Fund (formerly, MainStay Total Return Bond Fund) (the Fund), one of the funds constituting MainStay Funds Trust, including the portfolio of investments, as of October 31, 2018, 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 related notes (collectively, the financial statements) and the financial highlights for each of the years or periods in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of October 31, 2018, 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.

Basis for Opinion

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 are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. 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, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of October 31, 2018, by correspondence with custodians, the transfer agent, and brokers or by other appropriate auditing procedures when replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of one or more New York Life Investment Management investment companies since 2003.

Philadelphia, Pennsylvania
December 21, 2018

Federal Income Tax Information (Unaudited)

The Fund is required under the Internal Revenue Code to advise shareholders in a written statement as to the federal tax status of dividends paid by the Fund during such fiscal years.

For the fiscal year ended October 31, 2018, the Fund designated approximately \$91,020 under the Internal Revenue Code as qualified dividend income eligible for reduced tax rates.

In February 2019, 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 2018. 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, 2018.

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, by visiting the MainStay Funds' website at nylinvestments.com/funds or on the SEC's website at www.sec.gov.

The Fund is required to file with the SEC its proxy voting records 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 nylinvestments.com/funds; 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 New York Life Investments at 800-MAINSTAY (624-6782).

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 MainStay Funds and MainStay Funds Trust), MainStay VP Funds Trust, MainStay MacKay 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 through the end of calendar year 2017. Mr. Meenan retired at the end of calendar year 2017. 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 Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Interested Trustee	Yie-Hsin Hung* 8/12/62	MainStay Funds: Trustee since 2017; MainStay Funds Trust: Trustee since 2017.	Senior Vice President of New York Life since joining in 2010, Member of the Executive Management Committee since 2017, Chief Executive Officer, New York Life Investment Management Holdings LLC & New York Life Investment Management LLC since 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.	83	<i>MainStay VP Funds Trust:</i> Trustee since 2017 (33 portfolios); and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2017.

* This Trustee is considered to be an "interested person" of the MainStay Group of Funds, MainStay VP Funds Trust and MainStay MacKay 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 S.A., Candriam France S.A.S., IndexIQ Advisors 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 Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
David H. Chow 12/29/57	MainStay Funds: Trustee since 2016, Advisory Board Member (June 2015 to December 2015); MainStay Funds Trust: Trustee since 2016, Advisory Board Member (June 2015 to December 2015).	Founder and CEO, DanCourt Management, LLC (since 1999)	83	<i>MainStay VP Funds Trust:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (33 portfolios); <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <i>Market 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	MainStay Funds: Chairman since 2017 and Trustee since 2007; MainStay Funds Trust: Chairman since 2017 and Trustee since 1990.**	President, Strategic Management Advisors LLC (since 1990)	83	<i>MainStay VP Funds Trust:</i> Chairman since January 2017 and Trustee since 2007 (33 portfolios)***; <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Chairman since 2017 and Trustee since 2011; and <i>Legg Mason Partners Funds:</i> Trustee since 1991 (54 portfolios).
Alan R. Latshaw 3/27/51	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)	83	<i>MainStay VP Funds Trust:</i> Trustee and Audit Committee Financial Expert since 2007 (33 portfolios)***; <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee and Audit Committee Financial Expert since 2011; <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)	83	<i>MainStay VP Funds Trust:</i> Trustee since 2007 (33 portfolios)***; and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.
Richard H. Nolan, Jr. 11/16/46	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)	83	<i>MainStay VP Funds Trust:</i> Trustee since 2006 (33 portfolios)***; and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.

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 Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Jacques P. Perold 5/12/58	MainStay Funds: Trustee since 2016, Advisory Board Member (June 2015 to December 2015); MainStay Funds Trust: Trustee since 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)	83	<i>MainStay VP Funds Trust:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (33 portfolios); <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <i>Allstate Corporation:</i> Director since 2015; <i>MSCI, Inc.:</i> Director since 2017 and <i>Boston University:</i> Trustee since 2014.
Richard S. Trutanic 2/13/52	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)	83	<i>MainStay VP Funds Trust:</i> Trustee since 2007 (33 portfolios)***; and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.

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

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

**** Pursuant to the Retirement Policy. Mr. Meenan retired from the Board effective December 31, 2017.

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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, MainStay Funds, MainStay Funds Trust (since 2017)	Chief Operating Officer and Senior Managing Director (since 2016), New York Life Investment Management LLC; Chairman of the Board (since 2017), NYLIFE Distributors LLC; Chairman of the Board, NYLIM Service Company LLC (since 2017); Trustee, President and Principal Executive Officer of IndexIQ Trust, IndexIQ ETF Trust and IndexIQ Active ETF Trust (since January 2018); President, MainStay MacKay DefinedTerm Municipal Opportunities Fund and MainStay VP Funds Trust (since 2017)**; Senior Managing Director, Global Product Development (From 2015—2016); Managing Director, Product Development (From 2010—2015), New York Life Investment Management LLC
Jack R. Benintende 5/12/64	Treasurer and Principal Financial and Accounting Officer, 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 MacKay 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, MainStay Funds and MainStay Funds Trust (since 2014)	Chief Compliance Officer, New York Life Investment Management LLC, IndexIQ Trust, IndexIQ ETF Trust and IndexIQ Active ETF Trust (since 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 MacKay DefinedTerm Municipal Opportunities Fund (since 2014); Assistant Secretary, MainStay Funds, MainStay Funds Trust and MainStay VP Funds Trust (2010 to 2014)**, MainStay MacKay DefinedTerm Municipal Opportunities Fund (2011 to 2014)
J. Kevin Gao 10/13/67	Secretary and Chief Legal Officer, 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 MacKay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2010)**
Scott T. Harrington 2/8/59	Vice President—Administration, MainStay Funds (since 2005), MainStay Funds Trust (since 2009)	Managing 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 MacKay 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 MacKay 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.

For more information

800-MAINSTAY (624-6782)

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