

MainStay Total Return Bond Fund

Message from the President and Annual Report

October 31, 2016



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Message from the President

During the 12 months ended October 31, 2016, the U.S. stock and bond markets were somewhat volatile but generally ended the reporting period in positive territory. In the fall of 2015 and early 2016, the market appeared to be focused on China's economic weakness and a prolonged decline in oil prices. Although energy-related companies felt the brunt of these setbacks, the stock market as a whole declined until mid-February, when oil prices began to rise and stocks began a relatively steady recovery.

In late June, the United Kingdom voted to leave the European Union in a referendum popularly known as "Brexit." The news caused a temporary slump in stocks around the world. Although the British pound dropped in value following the vote, stocks generally recovered through the end of the reporting period. As the end of the reporting period approached, speculation about the upcoming U.S. presidential election heightened market volatility.

According to FTSE-Russell data, U.S. stocks as a whole tended to provide positive returns during the reporting period, with large-capitalization stocks generally outperforming stocks of smaller companies. Value stocks outpaced growth stocks at all capitalization levels, with the largest differences among small- to mid-cap stocks.

International and emerging-market stocks provided mixed performance. Rocked by Brexit, European stocks as a whole declined during the reporting period, while stocks in the Asia-Pacific region (with or without Japan) tended to provide positive returns. International stocks as a whole declined, while global stocks advanced slightly. Emerging-market stocks were considerably stronger, boosted by advances in India and Latin America and higher prices for oil, metals and other commodities.

Anticipation of a possible Federal Reserve rate hike led to volatility in the bond market, but the Federal Open Market Committee chose not to raise the federal funds target rate during the reporting period. Short-term U.S. Treasury yields rose during the reporting period, and longer-term U.S. Treasury yields declined. Overall, the U.S. bond market provided positive returns, with longer-term bonds generally outperforming shorter-term securities. High-yield bonds, particularly

longer-term issues, were strong performers. Municipal bonds generally provided positive single-digit total returns for the 12 months ended October 31, 2016.

Central banks around the world remained highly accommodative during the reporting period, particularly in light of Brexit. Shortly after the U.K. referendum, more than a third of all sovereign debt carried negative yields. As an asset class, emerging-market bonds provided double-digit positive returns during the reporting period, and world bonds as a whole provided positive single-digit positive returns.

At MainStay, we know that political, economic and market events may influence the performance of your Fund investments. While our portfolio managers often pay close attention to such events, their primary emphasis is seeking to invest for the long-term investment needs of our shareholders. With this in mind, they seek to pursue the investment objectives of their respective Funds using the principal investment strategies and investment processes outlined in the prospectus. By placing your assets in the care of our investment professionals, you gain access to their extensive market insight, strategic investment discipline and in-depth experience in risk-management over a wide range of market cycles.

The report that follows provides more detailed information about the market forces, portfolio strategies and individual securities that influenced the performance of your MainStay Fund during the 12 months ended October 31, 2016. We invite you to read the report carefully as part of your personal investment-review process.

We thank you for your business, and we look forward to a continuing relationship as you pursue your long-range financial goals.

Sincerely,



Stephen P. Fisher
President

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

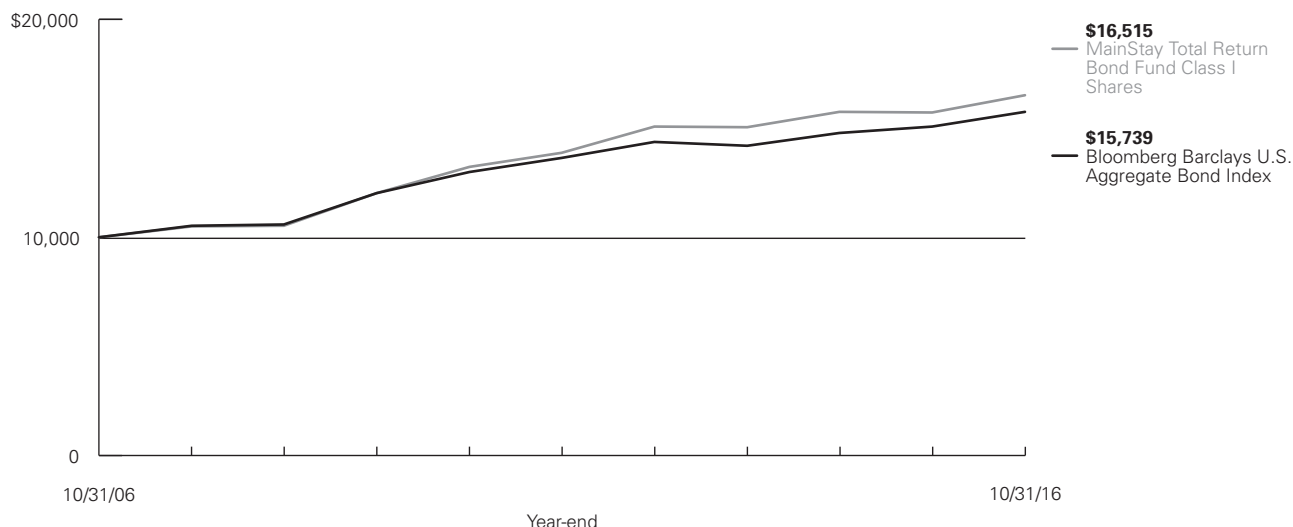
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Investors should refer to the Fund's Summary Prospectus and/or Prospectus and consider the Fund's investment objectives, strategies, risks, charges and expenses carefully before investing. The Summary Prospectus and/or Prospectus contain this and other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

Investment and Performance Comparison¹ (Unaudited)

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



Average Annual Total Returns for the Year Ended October 31, 2016

Class	Sales Charge		One Year	Five Years	Ten Years	Gross Expense Ratio ²
Class A Shares	Maximum 4.5% Initial Sales Charge	With sales charges	-0.14%	2.24%	4.32%	1.08%
		Excluding sales charges	4.56	3.19	4.80	1.08
Investor Class Shares ³	Maximum 4.5% Initial Sales Charge	With sales charges	0.10	2.22	4.25	1.01
		Excluding sales charges	4.81	3.16	4.74	1.01
Class B Shares	Maximum 5% CDSC if Redeemed Within the First Six Years of Purchase	With sales charges	-1.05	2.03	3.94	1.76
		Excluding sales charges	3.95	2.39	3.94	1.76
Class C Shares	Maximum 1% CDSC if Redeemed Within One Year of Purchase	With sales charges	2.95	2.38	3.94	1.76
		Excluding sales charges	3.95	2.38	3.94	1.76
Class I Shares	No Sales Charge		4.96	3.54	5.14	0.83
Class R1 Shares ⁴	No Sales Charge		4.86	3.43	5.04	0.93
Class R2 Shares ⁴	No Sales Charge		4.44	3.15	4.77	1.18
Class R3 Shares ⁵	No Sales Charge		4.33	2.92	4.51	1.43
Class R6 Shares ⁶	No Sales Charge		5.04	3.56	5.16	0.53

- 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 (if any), 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 the financial statements.
- 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.
- Performance figures for Investor Class shares, first offered on February 28, 2008, include the historical performance of Class A shares through February 27, 2008, adjusted for differences in certain fees and expenses.

- Unadjusted, the performance shown for the Investor Class shares would likely have been different.
- Performance figures for Class R1 and Class R2 shares, first offered on June 29, 2012, include the historical performance of Class I shares through June 28, 2012, adjusted for differences in certain fees and expenses. Unadjusted, the performance shown for the Class R1 and the Class R2 shares would likely have been different.
- Performance figures for Class R3 shares, first offered on February 29, 2016, include the historical performance of Class I shares through February 28, 2016, adjusted for differences in certain fees and expenses. Unadjusted, the performance shown for the Class R3 shares would likely have been different.
- Performance figures for Class R6 shares, first offered on December 29, 2014, include the historical performance of Class I shares through December 28, 2014, adjusted for differences in certain fees and expenses. Unadjusted, the performance shown for the Class R6 shares would likely have been different.

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 ⁷	4.37%	2.90%	4.64%
Average Lipper Core Bond Fund ⁸	4.28	2.98	4.21

7. 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.

8. The Average Lipper Core Bond Fund is representative of funds that invest at least 85% in domestic investment-grade issues (rated in the top four grades) with any remaining investment in non-benchmark sectors such as high-yield, global and emerging market debt. These funds maintain dollar-weighted average maturities of five to ten years. This benchmark is a product of Lipper Inc. Lipper Inc. is an independent monitor of fund performance. Results are based on average total returns of similar funds with all dividend and capital gain distributions reinvested.

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

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

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from May 1, 2016, to October 31, 2016, 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, 2016, to October 31, 2016.

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, 2016. 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

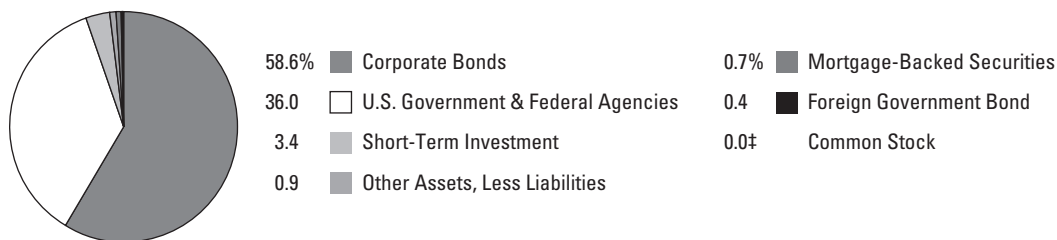
The fourth and fifth data columns in the table below provide information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values 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 Funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other 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 5/1/16	Ending Account Value (Based on Actual Returns and Expenses) 10/31/16	Expenses Paid During Period ¹	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 10/31/16	Expenses Paid During Period ¹
Class A Shares	\$1,000.00	\$1,023.50	\$4.68	\$1,020.50	\$4.67
Investor Class Shares	\$1,000.00	\$1,024.30	\$3.92	\$1,021.30	\$3.91
Class B Shares	\$1,000.00	\$1,020.60	\$7.72	\$1,017.50	\$7.71
Class C Shares	\$1,000.00	\$1,020.60	\$7.72	\$1,017.50	\$7.71
Class I Shares	\$1,000.00	\$1,025.10	\$3.05	\$1,022.10	\$3.05
Class R1 Shares	\$1,000.00	\$1,024.60	\$3.56	\$1,021.60	\$3.56
Class R2 Shares	\$1,000.00	\$1,021.80	\$4.83	\$1,020.40	\$4.82
Class R3 Shares	\$1,000.00	\$1,022.00	\$6.10	\$1,019.10	\$6.09
Class R6 Shares	\$1,000.00	\$1,025.50	\$2.70	\$1,022.50	\$2.69

1. Expenses are equal to the Fund's annualized expense ratio of each class (0.92% for Class A, 0.77% for Investor Class, 1.52% for Class B and Class C, 0.60% for Class I, 0.70% for Class R1, 0.95% for Class R2, 1.20% for Class R3 and 0.53% for Class R6) multiplied by the average account value over the period, divided by 366 and multiplied by 184 (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period.

Portfolio Composition as of October 31, 2016 (Unaudited)



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

‡ Less than one-tenth of a percent.

Top Ten Holdings or Issuers Held as of October 31, 2016 (excluding short-term investment) (Unaudited)

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Federal National Mortgage Association (Mortgage Pass-Through Securities), 3.00%–6.50%, due 2/1/17–6/1/43 2. Federal Home Loan Mortgage Corporation (Mortgage Pass-Through Securities), 2.50%–6.50%, due 1/1/21–8/1/46 3. United States Treasury Notes, 1.25%–2.50%, due 1/31/20–8/15/25 4. United States Treasury Bonds, 2.75%–6.25%, due 5/15/30–8/15/45 5. JPMorgan Chase & Co., 3.375%–5.50%, due 5/1/23–2/1/44 | <ol style="list-style-type: none"> 6. Bank of America Corp., 3.30%–6.30%, due 1/24/22–12/29/49 7. Goldman Sachs Group, Inc. (The), 3.625%–6.75%, due 1/18/18–10/1/37 8. Morgan Stanley, 4.875%–5.75%, due 1/25/21–11/24/25 9. NBC Universal Media LLC, 5.15%–5.95%, due 4/30/20–4/1/41 10. Citigroup, Inc., 2.50%–5.875%, due 7/29/19–5/6/44 |
|---|---|
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Portfolio Management Discussion and Analysis (Unaudited)

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

How did MainStay Total Return Bond Fund perform relative to its primary benchmark and peers during the 12 months ended October 31, 2016?

Excluding all sales charges, MainStay Total Return Bond Fund returned 4.56% for Class A shares, 4.81% for Investor Class shares and 3.95% for Class B and Class C shares for the 12 months ended October 31, 2016. Over the same period, the Fund's Class I shares returned 4.96%, Class R1 shares returned 4.86%, Class R2 shares returned 4.44%, Class R3 shares¹ returned 4.33% and Class R6 shares returned 5.04%. For the 12 months ended October 31, 2016, all share classes except Class B, Class C and Class R3 shares outperformed the 4.37% return of the Bloomberg Barclays U.S. Aggregate Bond Index,² which is the Fund's broad-based securities-market index. Over the same period, all share classes except Class B and Class C shares outperformed the 4.28% return of the Average Lipper³ Core Bond Fund. See page 5 for Fund returns with applicable sales charges.

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

The Fund's allocation to spread product⁴ generally affects relative performance when the compensation demanded for credit risk or interest-rate risk rises or falls. In a stressed market where investors seek safe harbors, the market typically demands more compensation for risk, often enabling defensively-postured portfolios to outperform as prices for riskier assets fall. In a market with an appetite for risk, the risk premium for spread product generally falls, frequently leading to tighter spreads, higher prices for risk assets and superior returns for aggressively postured portfolios. We believe that peer funds that were more defensively postured than the Fund, either through reduced commitments to credit risk or longer portfolio durations,⁵ would likely have been disadvantaged relative to the Fund during the reporting period. We believe that peer funds that were more aggressively postured, with larger commitments to credit-sensitive sectors such as high-yield corporate bonds, would likely have had better performance than the Fund.

The Fund's performance relative to the Bloomberg Barclays U.S. Aggregate Bond Index benefited primarily from the following:

- Overweight positions in credit-related product, such as investment-grade corporate bonds and high-yield corporate

bonds, offered a yield advantage from both the securities' incremental yield and the narrowing of yield spreads.

- The Fund's average return for its credit-related product was superior to the return of the credit sector in the Index.
- The Fund's concentration of assets near the 10-year maturity point of the U.S. Treasury yield curve⁶ contrasted with the more uniform distribution of the Bloomberg Barclays U.S. Aggregate Bond Index. During the reporting period, the Fund benefited from the narrowing of yields between shorter-maturity U.S. Treasury securities and the 10-year maturity yield.
- Within its residential mortgage-backed position, the Fund emphasized agency pass-through securities⁷ with stable cash flow profiles. These securities are collateralized by pools of loans with restrained refinancing incentive, such as smaller-balance loans. In a period of falling mortgage rates, this defense against refinancing enabled the securities to preserve yield by moderating prepayment speeds. Underweighting Ginnie Mae mortgage-backed securities relative to the Index also contributed to the Fund's relative performance, as prices of Ginnie Mae securities fell because of the potential for faster prepayment speeds on resurgent refinancing activity among borrowers eligible for Federal Housing Administration mortgages.

The primary headwind for the Fund's performance relative to the Bloomberg Barclays U.S. Aggregate Bond Index was declining U.S. Treasury yields. With its shorter duration, the Fund was less sensitive than the Index and longer-duration peers to this change.

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

The Fund maintained an intermediate duration during the reporting period. At the end of the reporting period, the Fund had a duration of 5.2 years, which was shorter than the duration of the Bloomberg Barclays U.S. Aggregate Bond Index. The Fund used positions in U.S. Treasury futures to help keep the Fund's duration shorter than the duration of the Bloomberg Barclays U.S. Aggregate Bond Index. As the reporting period progressed, we closed a portion of the Fund's U.S. Treasury futures positions to lengthen the Fund's duration while keeping it shorter than the benchmark's duration.

1. See footnote on page 5 for more information on Class R3 shares.

2. See footnote on page 6 for more information on the Bloomberg Barclays U.S. Aggregate Bond Index.

3. See footnote on page 6 for more information on Lipper Inc.

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.

6. 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.

7. Mortgage pass-through securities consist of a pool of residential mortgage loans in which homeowners' monthly payments of principal, interest and prepayments pass from the original bank through a government agency or an investment bank to investors.

The Fund's duration affected its returns in two ways: through price-sensitivity and yield. Because the Fund's duration was shorter than that of the Bloomberg Barclays U.S. Aggregate Bond Index, the Fund was less sensitive than its benchmark to changes in U.S. Treasury yields. Accordingly, the short-duration posture detracted from the Fund's performance relative to the benchmark and longer-duration peers as U.S. Treasury yields fell, on average, during the reporting period. The yield effect was also a performance headwind for the Fund, as the presence of U.S. Treasury futures lowered the Fund's yield.

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

We promoted credit risk as the principal driver of performance during the reporting period. We expected corporate bonds (both investment grade and high yield) to have returns superior to those of government-related debt for three reasons. First, we believed that the prospects of the credit-related sectors were aligned with the decision of the Federal Reserve's monetary policymaking committee to maintain a low short-term interest rate policy. Second, we felt that low interest rates would be likely to spark healthy demand for higher-yielding products. Third, generally improving corporate profitability led us to believe that corporations were doing more with less: less leverage, less short-term debt and smaller funding gaps. In our opinion, these improving credit fundamentals supported a narrowing of spreads alongside a favorable balance of supply and demand for corporate bonds. In addition, we believed that the strong performance of the stock market would buoy the returns of corporate bonds across the credit-quality spectrum. The prospect of narrowing spreads reinforced the Fund's decision to invest in corporate bonds at various quality levels, because yields appeared to be favorable and because corporate bond prices generally tend to rise as spreads narrow.

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

During the reporting period, lower interest rates enabled banks to preserve margins and profitability. Among the Fund's bank holdings that contributed positively to performance were PNC Bank, Citigroup and JPMorgan Chase. (Contributions take weightings and total returns into account.) Homebuilders and related entities, such as KB Homes and Building Materials Corp. benefited from the upturn in housing. Technology-related credits such as Freescale Semiconductors outperformed on merger potential and healthy momentum among technology stocks. Rebounding prices in iron ore lifted the profitability of companies such as Cliffs Natural Resources, while anti-dumping

legislation provided relief to steel producers such as U.S. Steel and AK Steel. Streamlined pricing plans led wireless operators such as Sprint and T-Mobile to win share from wirelines. Pharmaceuticals and biotechnology companies such as Zoetis capitalized on a rapidly advancing state of the art.

On the downside, weak consumer spending patterns and online competition led to sluggish performance among retailers such as Macy's and Nordstrom, for whom mall traffic is a key source of revenue. Mispricing of risk and mispricing of acquisitions were concerns for the insurance sector, and the Fund's positions in Liberty Mutual and XL Group detracted from performance. Energy-related entities such as Chesapeake Energy, Icahn Enterprises and Energy Transfer Partners suffered losses because of price volatility. Further downstream, pipeline entities such as Enlink Midstream and Access Midstream also detracted from results.

As discussed earlier, we favored mortgage-backed securities with underlying loans that we believed were less apt to refinance. The stability of these securities' cash-flow profiles led to better relative performance against the backdrop of declining U.S. Treasury yields and mortgage rates.

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

The majority of the Fund's trading activity took the form of relative-value trades in corporate bonds, reinvesting mortgage paydowns and responding to periods of cash contributions and withdrawals. As previously noted, we also extended the Fund's duration by closing some of its U.S. Treasury futures positions.

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

The Fund's sector weightings were relatively stable during the reporting period. The Fund did, however, execute a quality-upgrade trade, shifting 2% of its net assets from high-yield corporate bonds to investment-grade corporate bonds.

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

As of October 31, 2016, the Fund held overweight positions relative to the Bloomberg Barclays U.S. Aggregate Bond Index in investment-grade corporate bonds and high-yield corporate bonds. As of the same date, the Fund held underweight positions relative to the Index in U.S. Treasury securities, agency debentures, agency mortgage-backed securities and asset-backed securities. The Fund's sector allocation committed capital to credit-sensitive sectors and deemphasized sectors that are typically lower yielding, such as U.S. Treasury securities, agency debentures and cash.

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 made 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, 2016

	Principal Amount	Value
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Long-Term Bonds 95.7%† Corporate Bonds 58.6%

Aerospace & Defense 0.5%

KLX, Inc.		
5.875%, due 12/1/22 (a)	\$ 5,805,000	\$ 5,907,748
TransDigm, Inc.		
6.50%, due 7/15/24	475,000	499,938
		<u>6,407,686</u>

Agriculture 1.7%

Altria Group, Inc.		
5.375%, due 1/31/44	700,000	853,871
9.25%, due 8/6/19	2,838,000	3,421,961
Bunge, Ltd. Finance Corp.		
3.25%, due 8/15/26	3,930,000	3,933,604
Cargill, Inc.		
4.307%, due 5/14/21 (a)	3,000,000	3,284,148
6.00%, due 11/27/17 (a)	1,050,000	1,100,925
7.35%, due 3/6/19 (a)	1,340,000	1,514,786
Philip Morris International, Inc.		
4.25%, due 11/10/44	3,300,000	3,459,730
4.375%, due 11/15/41	3,175,000	3,368,116
Reynolds American, Inc.		
8.125%, due 6/23/19	720,000	837,248
		<u>21,774,389</u>

Auto Manufacturers 1.3%

Ford Motor Co.		
7.45%, due 7/16/31	2,095,000	2,752,696
9.215%, due 9/15/21	2,355,000	3,041,979
Ford Motor Credit Co. LLC		
8.125%, due 1/15/20	2,580,000	3,038,593
General Motors Financial Co., Inc.		
3.15%, due 1/15/20	5,750,000	5,849,153
3.20%, due 7/13/20	1,620,000	1,647,634
		<u>16,330,055</u>

Auto Parts & Equipment 0.5%

Goodyear Tire & Rubber Co. (The)		
7.00%, due 5/15/22	450,000	473,063
MPG Holdco I, Inc.		
7.375%, due 10/15/22	5,700,000	5,806,875
		<u>6,279,938</u>

Banks 9.8%

◆ Bank of America Corp.		
3.30%, due 1/11/23	680,000	699,458
4.25%, due 10/22/26	11,900,000	12,503,449
5.125%, due 12/29/49 (b)	2,075,000	2,045,535
5.70%, due 1/24/22	415,000	479,393
6.30%, due 12/29/49 (b)	1,500,000	1,636,725

	Principal Amount	Value
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Banks (continued)

Barclays Bank PLC		
6.05%, due 12/4/17 (a)	\$ 4,028,000	\$ 4,195,645
Barclays PLC		
2.75%, due 11/8/19	3,740,000	3,769,987
◆ Citigroup, Inc.		
2.50%, due 7/29/19	5,880,000	5,976,056
4.05%, due 7/30/22	580,000	613,010
5.30%, due 5/6/44	3,000,000	3,308,964
5.875%, due 1/30/42	3,489,000	4,387,097
Discover Bank		
7.00%, due 4/15/20	1,340,000	1,513,267
8.70%, due 11/18/19	474,000	549,745
◆ Goldman Sachs Group, Inc. (The)		
3.625%, due 1/22/23	2,850,000	2,998,591
5.95%, due 1/18/18	1,000,000	1,052,136
6.15%, due 4/1/18	5,000,000	5,307,720
6.75%, due 10/1/37	5,000,000	6,306,195
◆ JPMorgan Chase & Co.		
3.375%, due 5/1/23	11,500,000	11,769,756
4.85%, due 2/1/44	7,255,000	8,424,760
5.50%, due 10/15/40	745,000	908,604
Lloyds Banking Group PLC		
4.582%, due 12/10/25 (a)	8,183,000	8,315,262
Mellon Capital III		
1.875%, due 9/5/66 (b)	GBP 2,400,000	2,734,907
◆ Morgan Stanley		
4.875%, due 11/1/22	\$ 3,945,000	4,333,030
5.00%, due 11/24/25	4,535,000	5,016,195
5.75%, due 1/25/21	5,000,000	5,668,720
Regions Bank		
7.50%, due 5/15/18	392,000	424,787
Royal Bank of Scotland Group PLC		
5.125%, due 5/28/24	5,985,000	5,925,449
6.00%, due 12/19/23	280,000	289,026
Santander Bank N.A.		
2.00%, due 1/12/18	1,175,000	1,174,586
Wachovia Corp.		
5.50%, due 8/1/35	1,220,000	1,391,448
Wells Fargo & Co.		
4.65%, due 11/4/44	1,110,000	1,147,314
4.90%, due 11/17/45	215,000	231,118
5.375%, due 11/2/43	1,070,000	1,222,736
5.606%, due 1/15/44	7,240,000	8,489,653
Wells Fargo Bank N.A.		
5.85%, due 2/1/37	555,000	681,542
		<u>125,491,866</u>
Beverages 1.5%		
Anheuser-Busch InBev Finance, Inc.		
2.65%, due 2/1/21	6,180,000	6,320,366

† Percentages indicated are based on Fund net assets.

◆ Among the Fund's 10 largest holdings or issuers, as of October 31, 2016, excluding short-term investment. May be subject to change daily. (Unaudited)

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

Portfolio of Investments October 31, 2016 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Beverages (continued)		
Anheuser-Busch InBev Worldwide, Inc. 7.75%, due 1/15/19	\$ 6,765,000	\$ 7,647,833
Constellation Brands, Inc. 3.875%, due 11/15/19	5,000,000	5,231,250
		<u>19,199,449</u>
Biotechnology 0.5%		
Biogen, Inc. 2.90%, due 9/15/20	2,010,000	2,072,875
Gilead Sciences, Inc. 2.55%, due 9/1/20	4,010,000	4,109,737
		<u>6,182,612</u>
Building Materials 0.6%		
Standard Industries, Inc. 5.375%, due 11/15/24 (a)	4,940,000	5,106,725
USG Corp. 5.50%, due 3/1/25 (a)	1,960,000	2,087,400
		<u>7,194,125</u>
Chemicals 1.7%		
Air Liquide Finance S.A. 1.375%, due 9/27/19 (a)	3,625,000	3,604,160
1.75%, due 9/27/21 (a)	2,470,000	2,438,638
Dow Chemical Co. (The) 9.40%, due 5/15/39	1,000	1,587
Eastman Chemical Co. 2.70%, due 1/15/20	5,320,000	5,419,106
Huntsman International LLC 5.125%, due 11/15/22	4,500,000	4,657,500
WR Grace & Co. 5.125%, due 10/1/21 (a)	5,595,000	5,958,675
		<u>22,079,666</u>
Commercial Services 0.5%		
United Rentals North America, Inc. 4.625%, due 7/15/23	1,885,000	1,946,263
7.625%, due 4/15/22	3,750,000	3,987,675
		<u>5,933,938</u>
Computers 1.5%		
Apple, Inc. 1.55%, due 8/4/21	2,215,000	2,191,169
3.85%, due 8/4/46	1,605,000	1,562,926
Hewlett Packard Enterprise Co. 3.10%, due 10/5/18 (a)	6,145,000	6,282,802
HP, Inc. 4.65%, due 12/9/21	2,200,000	2,398,132
NCR Corp. 5.00%, due 7/15/22	3,150,000	3,199,203
6.375%, due 12/15/23	2,975,000	3,146,062
		<u>18,780,294</u>

	Principal Amount	Value
Diversified Financial Services 0.4%		
Alterra Finance LLC 6.25%, due 9/30/20	\$ 2,900,000	\$ 3,296,363
Peachtree Corners Funding Trust 3.976%, due 2/15/25 (a)	1,780,000	1,786,444
		<u>5,082,807</u>
Electric 2.1%		
Calpine Corp. 5.75%, due 1/15/25	4,595,000	4,468,638
Duquesne Light Holdings, Inc. 5.90%, due 12/1/21 (a)	3,000,000	3,453,291
FirstEnergy Transmission LLC 5.45%, due 7/15/44 (a)	4,500,000	4,965,084
IPALCO Enterprises, Inc. 3.45%, due 7/15/20	1,375,000	1,409,375
5.00%, due 5/1/18	1,000,000	1,045,000
N.V. Energy, Inc. 6.25%, due 11/15/20	5,000,000	5,809,810
PPL Capital Funding, Inc. 5.00%, due 3/15/44	1,000,000	1,112,696
Public Service Co. of New Mexico 7.95%, due 5/15/18	604,000	659,558
Puget Energy, Inc. 6.50%, due 12/15/20	3,155,000	3,639,687
		<u>26,563,139</u>
Electronics 0.7%		
Honeywell International, Inc. 1.85%, due 11/1/21	6,400,000	6,380,691
Tyco Electronics Group S.A. 6.55%, due 10/1/17	2,945,000	3,085,506
		<u>9,466,197</u>
Engineering & Construction 0.2%		
SBA Tower Trust 2.933%, due 12/15/42 (a)	3,225,000	3,232,534
Entertainment 0.0%†		
Isle of Capri Casinos, Inc. 8.875%, due 6/15/20	450,000	476,438
Finance—Auto Loans 0.3%		
Ally Financial, Inc. 6.25%, due 12/1/17	53,000	54,921
7.50%, due 9/15/20	166,000	187,165
8.00%, due 11/1/31	3,580,000	4,278,100
		<u>4,520,186</u>
Finance—Commercial 0.3%		
CIT Group, Inc. 6.625%, due 4/1/18 (a)	3,835,000	4,026,750
Finance—Consumer Loans 0.4%		
Springleaf Finance Corp. 6.00%, due 6/1/20	5,000,000	5,043,750

	Principal Amount	Value
Corporate Bonds (continued)		
Finance—Credit Card 0.4%		
Capital One Bank USA N.A.		
3.375%, due 2/15/23	\$ 3,046,000	\$ 3,111,318
Discover Financial Services		
3.85%, due 11/21/22	1,526,000	<u>1,574,744</u>
		<u>4,686,062</u>
Finance—Investment Banker/Broker 0.1%		
Bear Stearns Cos. LLC (The)		
7.25%, due 2/1/18	275,000	294,103
Jefferies Group LLC		
6.45%, due 6/8/27	945,000	<u>1,054,347</u>
		<u>1,348,450</u>
Food 1.8%		
Kerry Group Financial Services		
3.20%, due 4/9/23 (a)	4,375,000	4,311,217
Mondelez International Holdings Netherlands B.V.		
1.625%, due 10/28/19 (a)	4,170,000	4,155,326
2.00%, due 10/28/21 (a)	4,495,000	4,450,409
Tyson Foods, Inc.		
5.15%, due 8/15/44	5,000,000	5,647,690
Unilever Capital Corp.		
1.375%, due 7/28/21	4,450,000	<u>4,380,322</u>
		<u>22,944,964</u>
Food Services 0.2%		
Aramark Services, Inc.		
4.75%, due 6/1/26 (a)	1,405,000	1,405,000
5.125%, due 1/15/24 (a)	810,000	848,475
5.75%, due 3/15/20	507,000	<u>521,576</u>
		<u>2,775,051</u>
Health Care—Products 1.0%		
Alere, Inc.		
6.50%, due 6/15/20	3,405,000	3,448,959
Mallinckrodt International Finance S.A./ Mallinckrodt CB LLC		
5.75%, due 8/1/22 (a)	475,000	450,062
Zimmer Biomet Holdings, Inc.		
3.55%, due 4/1/25	8,900,000	<u>9,054,958</u>
		<u>12,953,979</u>
Health Care—Services 2.3%		
Anthem, Inc.		
2.30%, due 7/15/18	7,949,000	8,013,570
4.65%, due 1/15/43	3,895,000	4,127,878
Cigna Corp.		
3.25%, due 4/15/25	3,730,000	3,770,023
DaVita, Inc.		
5.75%, due 8/15/22	1,775,000	1,819,410
Fresenius Medical Care U.S. Finance II, Inc.		
5.625%, due 7/31/19 (a)	2,690,000	2,911,925

	Principal Amount	Value
Health Care—Services (continued)		
Fresenius Medical Care U.S. Finance II, Inc. (continued)		
6.50%, due 9/15/18 (a)	\$ 65,000	\$ 70,038
Fresenius Medical Care U.S. Finance, Inc.		
5.75%, due 2/15/21 (a)	825,000	921,937
6.875%, due 7/15/17	1,250,000	1,287,500
HCA, Inc.		
5.00%, due 3/15/24	5,000,000	5,207,500
MPH Acquisition Holdings LLC		
7.125%, due 6/1/24 (a)	735,000	<u>786,377</u>
		<u>28,916,158</u>
Home Builders 1.7%		
CalAtlantic Group, Inc.		
5.875%, due 11/15/24	5,820,000	6,212,850
KB Home		
7.25%, due 6/15/18	4,700,000	4,982,000
NVR, Inc.		
3.95%, due 9/15/22	6,420,000	6,764,998
TRI Pointe Group, Inc./TRI Pointe Homes, Inc.		
5.875%, due 6/15/24	3,180,000	<u>3,295,275</u>
		<u>21,255,123</u>
Home Furnishing 0.8%		
Whirlpool Corp. (MTN)		
4.85%, due 6/15/21	8,850,000	<u>9,867,564</u>
Insurance 3.2%		
Genworth Holdings, Inc.		
4.90%, due 8/15/23	3,487,000	2,859,340
Hartford Financial Services Group, Inc. (The)		
6.00%, due 1/15/19	600,000	651,621
6.10%, due 10/1/41	2,495,000	2,985,158
Liberty Mutual Group, Inc.		
4.25%, due 6/15/23 (a)	2,020,000	2,181,990
6.50%, due 3/15/35 (a)	335,000	409,973
6.50%, due 5/1/42 (a)	3,675,000	4,480,677
Markel Corp.		
3.625%, due 3/30/23	2,515,000	2,574,502
5.00%, due 3/30/43	2,500,000	2,636,455
Protective Life Corp.		
6.40%, due 1/15/18	3,050,000	3,200,658
7.375%, due 10/15/19	4,180,000	4,795,990
Prudential Financial, Inc.		
7.375%, due 6/15/19	3,550,000	4,059,308
Validus Holdings, Ltd.		
8.875%, due 1/26/40	2,570,000	3,502,522
Voya Financial, Inc.		
2.90%, due 2/15/18	2,577,000	2,619,456
3.65%, due 6/15/26	1,305,000	1,296,130
XLIT, Ltd.		
6.50%, due 10/29/49 (b)	4,475,000	<u>3,431,766</u>
		<u>41,685,546</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, 2016 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Internet 0.4%		
Match Group, Inc.		
6.75%, due 12/15/22	\$ 4,820,000	\$ 5,127,275
Iron & Steel 1.0%		
AK Steel Corp.		
7.625%, due 10/1/21	2,525,000	2,512,375
ArcelorMittal		
8.00%, due 10/15/39	3,100,000	3,332,500
Cliffs Natural Resources, Inc.		
4.875%, due 4/1/21	4,380,000	3,690,150
United States Steel Corp.		
7.50%, due 3/15/22	2,950,000	2,824,625
		<u>12,359,650</u>
Leisure Time 0.1%		
NCL Corp., Ltd.		
5.25%, due 11/15/19 (a)	1,905,000	1,933,575
Lodging 1.7%		
MGM Resorts International		
6.00%, due 3/15/23	5,000,000	5,412,500
Wyndham Worldwide Corp.		
2.50%, due 3/1/18	1,735,000	1,750,948
4.25%, due 3/1/22	6,370,000	6,728,752
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp.		
5.50%, due 3/1/25 (a)	7,510,000	7,528,775
		<u>21,420,975</u>
Machinery—Construction & Mining 0.0%		
Terex Corp.		
6.00%, due 5/15/21	470,000	478,225
Machinery—Diversified 0.5%		
Zebra Technologies Corp.		
7.25%, due 10/15/22	6,100,000	6,572,750
Media 3.3%		
Charter Communications Operating LLC/Charter Communications Operating Capital		
4.464%, due 7/23/22 (a)	4,000,000	4,260,712
Clear Channel Worldwide Holdings, Inc. Series B		
6.50%, due 11/15/22	405,000	412,493
CSC Holdings LLC		
5.50%, due 4/15/27 (a)	1,710,000	1,734,581
6.625%, due 10/15/25 (a)	135,000	146,306
DISH DBS Corp.		
4.625%, due 7/15/17	600,000	611,250
5.875%, due 7/15/22	475,000	490,437

	Principal Amount	Value
Media (continued)		
iHeartCommunications, Inc.		
9.00%, due 9/15/22	\$ 4,925,000	\$ 3,496,750
◆ NBC Universal Media LLC		
5.15%, due 4/30/20	7,900,000	8,797,701
5.95%, due 4/1/41	4,474,000	5,826,508
Time Warner Cable, Inc.		
8.75%, due 2/14/19	7,000,000	8,039,864
Time Warner Entertainment Co., L.P.		
8.375%, due 3/15/23	3,660,000	4,729,382
Time Warner, Inc.		
7.70%, due 5/1/32	1,980,000	2,735,317
Virgin Media Secured Finance PLC		
5.25%, due 1/15/21	1,160,000	1,235,400
		<u>42,516,701</u>
Miscellaneous—Manufacturing 0.8%		
Amsted Industries, Inc.		
5.375%, due 9/15/24 (a)	5,850,000	5,850,000
Gates Global LLC / Gates Global Co.		
6.00%, due 7/15/22 (a)	870,000	822,150
Textron Financial Corp.		
6.00%, due 2/15/67 (a)(b)	5,685,000	4,107,412
		<u>10,779,562</u>
Oil & Gas 1.8%		
Chesapeake Energy Corp. (Escrow Claim Shares)		
6.775%, due 3/15/19 (c)(d)(e)	225,000	72,000
Chevron Corp.		
1.961%, due 3/3/20	1,855,000	1,875,537
CITGO Petroleum Corp.		
6.25%, due 8/15/22 (a)	4,025,000	4,115,562
Continental Resources, Inc.		
5.00%, due 9/15/22	5,250,000	5,145,000
Marathon Petroleum Corp.		
5.00%, due 9/15/54	2,080,000	1,786,720
6.50%, due 3/1/41	3,480,000	3,756,277
SM Energy Co.		
5.00%, due 1/15/24	2,000,000	1,860,000
Valero Energy Corp.		
6.625%, due 6/15/37	4,000,000	4,681,220
		<u>23,292,316</u>
Packaging & Containers 0.3%		
Ardagh Packaging Finance PLC / Ardagh Holdings USA, Inc.		
6.75%, due 1/31/21 (a)	475,000	489,250
Owens-Brockway Glass Container, Inc.		
5.00%, due 1/15/22 (a)	3,000,000	3,138,750
Reynolds Group Issuer, Inc. / Reynolds Group Issuer LLC		
8.25%, due 2/15/21	475,000	496,257
		<u>4,124,257</u>

	Principal Amount	Value
Corporate Bonds (continued)		
Pharmaceuticals 1.0%		
Actavis Funding SCS		
4.75%, due 3/15/45	\$ 2,435,000	\$ 2,554,149
Zoetis, Inc.		
3.25%, due 2/1/23	6,885,000	7,035,616
4.70%, due 2/1/43	2,745,000	2,820,592
		<u>12,410,357</u>
Pipelines 2.9%		
Columbia Pipeline Group, Inc.		
3.30%, due 6/1/20	5,680,000	5,865,486
EnLink Midstream Partners, L.P.		
4.40%, due 4/1/24	4,130,000	4,108,756
Hiland Partners Holdings LLC / Hiland Partners Finance Corp.		
5.50%, due 5/15/22 (a)	2,850,000	2,955,635
Kinder Morgan Energy Partners, L.P.		
6.375%, due 3/1/41	385,000	416,946
MPLX, L.P.		
4.875%, due 6/1/25	7,505,000	7,828,841
Spectra Energy Partners, L.P.		
4.75%, due 3/15/24	5,137,000	5,613,657
Targa Resources Partners, L.P. / Targa Resources Partners Finance Corp.		
4.125%, due 11/15/19	5,500,000	5,548,125
Tesoro Logistics, L.P. / Tesoro Logistics Finance Corp.		
6.25%, due 10/15/22	4,000,000	4,240,000
		<u>36,577,446</u>
Private Equity 0.4%		
Icahn Enterprises, L.P. / Icahn Enterprises Finance Corp.		
5.875%, due 2/1/22	2,255,000	2,145,069
6.00%, due 8/1/20	2,605,000	2,559,412
		<u>4,704,481</u>
Real Estate 0.5%		
ProLogis, L.P.		
4.25%, due 8/15/23	5,400,000	5,922,634
Real Estate Investment Trusts 1.6%		
Alexandria Real Estate Equities, Inc.		
4.60%, due 4/1/22	3,325,000	3,606,438
American Tower Corp.		
4.50%, due 1/15/18	2,750,000	2,842,975
Crown Castle International Corp.		
5.25%, due 1/15/23	126,000	140,794
Iron Mountain, Inc.		
5.75%, due 8/15/24	5,425,000	5,560,625
Ventas Realty, L.P. / Ventas Capital Corp.		
4.00%, due 4/30/19	2,920,000	3,064,490
4.25%, due 3/1/22	1,370,000	1,483,925

	Principal Amount	Value
Real Estate Investment Trusts (continued)		
Welltower, Inc.		
3.75%, due 3/15/23	\$ 570,000	\$ 594,235
5.25%, due 1/15/22	2,445,000	2,763,488
Weyerhaeuser Co.		
7.375%, due 10/1/19	131,000	149,584
		<u>20,206,554</u>
Retail 2.0%		
CVS Health Corp.		
2.80%, due 7/20/20	6,880,000	7,089,076
CVS Pass-Through Trust		
5.789%, due 1/10/26 (a)(d)	64,778	72,812
Dollar Tree, Inc.		
5.75%, due 3/1/23	3,470,000	3,695,550
L Brands, Inc.		
8.50%, due 6/15/19	127,000	147,638
Macy's Retail Holdings, Inc.		
7.45%, due 7/15/17	2,740,000	2,857,973
Nordstrom, Inc.		
5.00%, due 1/15/44	1,837,000	1,867,649
O'Reilly Automotive, Inc.		
4.625%, due 9/15/21	5,955,000	6,549,940
QVC, Inc.		
4.45%, due 2/15/25	1,535,000	1,514,110
4.85%, due 4/1/24	1,550,000	1,572,393
		<u>25,367,141</u>
Semiconductors 0.3%		
NXP B.V. / NXP Funding LLC		
4.625%, due 6/1/23 (a)	3,825,000	4,188,375
Software 0.5%		
Microsoft Corp.		
2.00%, due 8/8/23	3,540,000	3,491,091
MSCI, Inc.		
4.75%, due 8/1/26 (a)	2,865,000	2,886,488
		<u>6,377,579</u>
Telecommunications 3.2%		
AT&T, Inc.		
5.00%, due 3/1/21	6,300,000	6,925,338
Hughes Satellite Systems Corp.		
6.50%, due 6/15/19	946,000	1,032,322
Level 3 Financing, Inc.		
5.375%, due 1/15/24	2,160,000	2,203,200
5.375%, due 5/1/25	1,845,000	1,872,675
Sprint Capital Corp.		
6.875%, due 11/15/28	755,000	694,600
6.90%, due 5/1/19	475,000	499,938
8.75%, due 3/15/32	325,000	329,875
Sprint Spectrum Co. LLC / Sprint Spectrum Co. II LLC / Sprint Spectrum Co. III LLC		
3.36%, due 3/20/23 (a)	3,745,000	3,754,362

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, 2016 (continued)

	Principal Amount	Value
Corporate Bonds (continued)		
Telecommunications (continued)		
T-Mobile USA, Inc.		
6.375%, due 3/1/25	\$ 500,000	\$ 535,940
6.731%, due 4/28/22	4,500,000	4,702,500
Telecom Italia Capital S.A.		
7.721%, due 6/4/38	480,000	529,200
Telefonica Emisiones SAU		
4.57%, due 4/27/23	5,110,000	5,593,968
Verizon Communications, Inc.		
3.45%, due 3/15/21	785,000	825,828
5.15%, due 9/15/23	9,680,000	11,072,565
		<u>40,572,311</u>
Toys, Games & Hobbies 0.3%		
Hasbro, Inc.		
5.10%, due 5/15/44	2,045,000	2,147,140
6.35%, due 3/15/40	1,500,000	1,796,470
		<u>3,943,610</u>
Total Corporate Bonds (Cost \$734,736,790)		
		<u>749,374,490</u>

Foreign Government Bond 0.4%

	Principal Amount	Value
Sovereign 0.4%		
Colombia Government		
International Bond		
5.00%, due 6/15/45	4,500,000	4,567,500
Total Foreign Government Bond (Cost \$4,641,835)		
		<u>4,567,500</u>

Mortgage-Backed Securities 0.7%

	Principal Amount	Value
Commercial Mortgage Loans (Collateralized Mortgage Obligations) 0.7%		
Bayview Commercial Asset Trust		
Series 2006-4A, Class A1		
0.764%, due 12/25/36 (a)(b)	87,798	75,681
Commercial Mortgage Loan Trust		
Series 2008-LS1, Class A4B		
6.093%, due 12/10/49 (f)	3,158,295	3,239,848
Four Times Square Trust		
Series 2006-4TS, Class A		
5.401%, due 12/13/28 (a)	2,470,000	2,765,117
LB-UBS Commercial Mortgage Trust		
Series 2007-C6, Class A4		
5.858%, due 7/15/40 (b)	804,659	812,618
Wachovia Bank Commercial Mortgage Trust		
Series 2007-C33, Class A4		
5.959%, due 2/15/51 (f)	2,106,109	2,124,496
		<u>9,017,760</u>

	Principal Amount	Value
Residential Mortgage (Collateralized Mortgage Obligation) 0.0%‡		
Mortgage Equity Conversion Asset Trust		
Series 2007-FF2, Class A		
1.07%, due 2/25/42 (a)(b)(c)(d)	\$ 299,346	\$ 254,444
Total Mortgage-Backed Securities (Cost \$9,313,286)		
		<u>9,272,204</u>

U.S. Government & Federal Agencies 36.0%

	Principal Amount	Value
Fannie Mae (Collateralized Mortgage Obligation) 0.0%‡		
Series 1991-66, Class J		
8.125%, due 6/25/21	143	156

◆ Federal Home Loan Mortgage Corporation

(Mortgage Pass-Through Securities) 9.7%

	Principal Amount	Value
2.50%, due 8/1/46	6,405,449	6,394,534
2.755%, due 6/1/35 (b)	83,098	87,896
3.00%, due 6/1/43	7,520,707	7,756,816
3.00%, due 5/1/46	4,903,533	5,052,437
3.00%, due 11/1/46 TBA (g)	4,500,000	4,632,619
3.50%, due 12/1/41	7,287,175	7,671,257
3.50%, due 5/1/42	6,705,129	7,058,636
3.50%, due 2/1/43	6,633,536	6,984,128
3.50%, due 5/1/43	2,760,141	2,919,734
3.50%, due 5/1/44	9,642,995	10,231,231
3.50%, due 5/1/46	6,118,100	6,425,536
4.00%, due 8/1/31	1,791,419	1,933,163
4.00%, due 1/1/41	2,460,150	2,700,700
4.00%, due 2/1/41	4,329,194	4,706,802
4.00%, due 4/1/41	1,142,507	1,239,047
4.00%, due 1/1/42	13,616,767	14,889,640
4.00%, due 6/1/42	4,945,450	5,361,059
4.00%, due 8/1/44	8,305,395	9,062,670
4.50%, due 9/1/39	325,684	364,650
4.50%, due 1/1/40	2,301,592	2,548,014
4.50%, due 12/1/40	1,670,787	1,872,371
4.50%, due 5/1/41	1,624,952	1,793,652
4.50%, due 6/1/41	6,989,590	7,747,251
4.50%, due 8/1/41	3,027,201	3,333,881
5.00%, due 8/1/33	179,899	200,901
5.50%, due 1/1/21	56,026	59,501
5.50%, due 2/1/33	61,512	69,072
5.50%, due 7/1/34	188,866	215,582
5.50%, due 4/1/37	9,043	10,228
5.50%, due 5/1/37	6,524	7,390
5.50%, due 7/1/37	30,141	34,140
5.50%, due 1/1/38	59,849	67,917
6.00%, due 2/1/27	43,343	49,547
6.00%, due 3/1/36	55,615	64,302
6.50%, due 4/1/37	112,550	134,655
		<u>123,680,959</u>

	Principal Amount	Value
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U.S. Government & Federal Agencies (continued)

◆ Federal National Mortgage Association

(Mortgage Pass-Through Securities) 12.0%

3.00%, due 4/1/43	\$ 2,274,590	\$ 2,346,658
3.50%, due 2/1/41	6,551,139	6,906,648
3.50%, due 3/1/41	573,434	604,511
3.50%, due 11/1/41	10,395,760	10,949,706
3.50%, due 1/1/42	1,814,325	1,943,612
3.50%, due 3/1/42	3,899,852	4,116,743
3.50%, due 10/1/42	3,147,429	3,340,822
3.50%, due 2/1/43	3,305,319	3,522,924
3.50%, due 3/1/43	6,013,931	6,388,158
3.50%, due 5/1/43	2,721,543	2,867,857
3.50%, due 6/1/43	902,836	958,944
4.00%, due 9/1/31	1,390,763	1,501,017
4.00%, due 11/1/40	1,150,838	1,263,666
4.00%, due 1/1/41	3,026,273	3,311,575
4.00%, due 2/1/41	13,882,436	14,887,167
4.00%, due 3/1/41	3,005,992	3,300,350
4.00%, due 10/1/41	3,791,717	4,163,514
4.00%, due 1/1/42	7,196,646	7,810,471
4.00%, due 2/1/42	1,779,291	1,908,193
4.00%, due 3/1/42	9,540,025	10,351,925
4.00%, due 7/1/42	1,848,662	1,996,968
4.00%, due 9/1/42	4,088,721	4,439,032
4.50%, due 4/1/18	9,935	10,202
4.50%, due 7/1/18	59,036	60,639
4.50%, due 11/1/18	81,030	83,286
4.50%, due 6/1/23	143,254	152,553
4.50%, due 6/1/39	8,556,518	9,403,955
4.50%, due 8/1/39	3,551,548	3,953,029
4.50%, due 9/1/39	3,532,397	3,875,395
4.50%, due 1/1/40	513,363	561,192
4.50%, due 8/1/40	973,239	1,064,158
4.50%, due 9/1/40	7,103,587	7,823,485
4.50%, due 12/1/40	7,082,339	7,846,464
4.50%, due 7/1/41	3,557,016	3,929,233
4.50%, due 8/1/41	1,886,664	2,085,959
4.50%, due 8/1/42	2,024,187	2,239,853
5.00%, due 9/1/17	12,465	12,781
5.00%, due 9/1/20	11,531	11,824
5.00%, due 10/1/20	49,353	51,910
5.00%, due 12/1/20	80,369	85,406
5.00%, due 7/1/33	362,603	403,204
5.00%, due 10/1/33	151,308	168,305
5.00%, due 5/1/35	843,998	938,279
5.00%, due 6/1/35	1,527,080	1,697,254
5.00%, due 7/1/35	139,928	155,161
5.00%, due 1/1/36	172,843	191,795
5.00%, due 2/1/36	1,300,186	1,442,854
5.00%, due 5/1/36	470,808	522,242
5.00%, due 9/1/36	127,484	141,447

	Principal Amount	Value
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Federal National Mortgage Association

(Mortgage Pass-Through Securities) (continued)

5.50%, due 2/1/17	\$ 1,840	\$ 1,843
5.50%, due 6/1/21	110,475	117,985
5.50%, due 6/1/33	841,585	955,965
5.50%, due 11/1/33	137,192	156,085
5.50%, due 12/1/33	96,766	110,020
5.50%, due 4/1/34	351,191	399,612
5.50%, due 5/1/34	492,800	560,610
5.50%, due 6/1/34	127,298	144,976
5.50%, due 3/1/35	178,059	202,698
5.50%, due 4/1/36	323,914	367,497
5.50%, due 12/1/36	79,901	90,468
5.50%, due 1/1/37	397,231	453,769
5.50%, due 4/1/37	270,973	306,384
5.50%, due 7/1/37	455,130	529,359
5.50%, due 8/1/37	113,120	128,553
5.50%, due 9/1/37	2,777	3,139
6.00%, due 8/1/17	1,802	1,822
6.00%, due 1/1/33	54,508	63,154
6.00%, due 3/1/33	64,909	75,215
6.00%, due 8/1/34	2,223	2,572
6.00%, due 9/1/35	152,707	179,214
6.00%, due 6/1/36	53,908	61,772
6.00%, due 12/1/36	118,061	137,033
6.00%, due 4/1/37	39,290	42,578
6.00%, due 9/1/37	14,651	16,812
6.00%, due 10/1/37	124,349	133,107
6.00%, due 11/1/37	9,980	11,429
6.00%, due 1/1/38	2,465	2,828
6.00%, due 11/1/38	128,800	147,433
6.50%, due 6/1/31	21,364	24,569
6.50%, due 8/1/31	13,121	15,608
6.50%, due 10/1/31	9,193	10,664
6.50%, due 6/1/32	31,630	36,374
6.50%, due 6/1/36	4,925	5,907
6.50%, due 7/1/36	7,941	9,132
6.50%, due 8/1/36	1,433	1,681
6.50%, due 11/1/36	62,005	71,306
6.50%, due 2/1/37	31,530	38,089
6.50%, due 7/1/37	5,522	6,350
6.50%, due 8/1/37	23,959	27,553
6.50%, due 9/1/37	51,968	60,043
6.50%, due 3/1/38	108,234	124,469
		<u>153,628,003</u>

Government National Mortgage Association

(Mortgage Pass-Through Securities) 0.4%

4.00%, due 11/20/40	431,746	466,927
4.00%, due 12/20/44	4,068,677	4,359,397
6.00%, due 2/15/29	10,542	12,071
6.00%, due 4/15/29	58,162	68,078
6.00%, due 8/15/32	121,117	142,098

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, 2016 (continued)

	Principal Amount	Value
U.S. Government & Federal Agencies (continued)		
Government National Mortgage Association (Mortgage Pass-Through Securities) (continued)		
6.50%, due 7/15/28	\$ 15,511	\$ 17,941
6.50%, due 5/15/29	8,402	9,947
		<u>5,076,459</u>
◆ United States Treasury Bonds 5.8%		
2.75%, due 11/15/42	3,490,000	3,622,104
2.875%, due 8/15/45	4,462,000	4,728,328
3.00%, due 11/15/44	32,555,000	35,360,329
3.125%, due 8/15/44	14,895,000	16,569,526
5.375%, due 2/15/31	8,650,000	12,286,382
6.25%, due 5/15/30	1,240,000	1,866,345
		<u>74,433,014</u>
◆ United States Treasury Notes 8.0%		
1.25%, due 1/31/20	16,110,000	16,202,504
2.00%, due 11/30/20	1,450,000	1,494,463
2.00%, due 8/15/25	7,370,000	7,496,381
2.125%, due 8/31/20	14,630,000	15,143,191
2.125%, due 5/15/25	24,525,000	25,216,678
2.25%, due 11/15/24	28,500,000	29,631,108
2.50%, due 5/15/24	7,075,000	7,493,974
		<u>102,678,299</u>
United States Treasury Strip Principal 0.1%		
(zero coupon), due 8/15/23	820,000	735,753
Total U.S. Government & Federal Agencies (Cost \$450,278,303)		<u>460,232,643</u>
Total Long-Term Bonds (Cost \$1,198,970,214)		<u>1,223,446,837</u>

	Shares	
Common Stock 0.0%‡		
Media 0.0%‡		
ION Media Networks, Inc. (c)(d)(e)	2	1,071
Total Common Stock (Cost \$4)		<u>1,071</u>

	Principal Amount	Value
Short-Term Investment 3.4%		
Repurchase Agreement 3.4%		
Fixed Income Clearing Corp.		
0.03%, dated 10/31/16		
due 11/1/16		
Proceeds at Maturity \$43,263,075		
(Collateralized by a United State Treasury Note with a rate of 1.5% and a maturity date of 12/31/18, with a Principal Amount of \$43,320,000 and a Market Value of \$44,132,250)		
	\$ 43,263,039	\$ 43,263,039
Total Short-Term Investment (Cost \$43,263,039)		<u>43,263,039</u>
Total Investments (Cost \$1,242,233,257) (h)	99.1%	1,266,710,947
Other Assets, Less Liabilities	<u>0.9</u>	<u>11,298,722</u>
Net Assets	<u>100.0%</u>	<u>\$1,278,009,669</u>

‡ Less than one-tenth of a percent.

- (a) May be sold to institutional investors only under Rule 144A or securities offered pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.
- (b) Floating rate—Rate shown was the rate in effect as of October 31, 2016.
- (c) Illiquid security—As of October 31, 2016, the total market value of these securities deemed illiquid under procedures approved by the Board of Trustees was \$327,515, which represented less than one-tenth of a percent of the Fund's net assets (Unaudited).
- (d) Fair valued security—Represents fair value as measured in good faith under procedures approved by the Board of Trustees. As of October 31, 2016, the total market value of these securities was \$400,327, which represented less than one-tenth of a percent of the Fund's net assets.
- (e) Restricted security. (See Note 2 M)
- (f) 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, 2016.
- (g) 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, 2016, the total net market value of these securities was \$4,632,619, which represented 0.4% of the Fund's net assets. All or a portion of these securities are a part of a mortgage dollar roll agreement.
- (h) As of October 31, 2016, cost was \$1,242,233,557 for federal income tax purposes and net unrealized appreciation was as follows:

Gross unrealized appreciation	\$34,021,917
Gross unrealized depreciation	<u>(9,544,527)</u>
Net unrealized appreciation	<u>\$24,477,390</u>

As of October 31, 2016, the Fund held the following foreign currency forward contracts:

Foreign Currency Buy Contracts	Expiration Date	Counterparty		Contract Amount Purchased	Contract Amount Sold	Unrealized Appreciation (Depreciation)
Pound Sterling vs. U.S. Dollar	11/1/16	JPMorgan Chase Bank	GBP	2,549,000	\$3,133,852	\$ (13,874)

Foreign Currency Sales Contracts				Contract Amount Sold	Contract Amount Purchased	
Pound Sterling vs. U.S. Dollar	11/1/16	JPMorgan Chase Bank	GBP	2,549,000	\$3,367,280	247,302
Pound Sterling vs. U.S. Dollar	2/1/17	JPMorgan Chase Bank		2,408,000	2,951,808	(1,863)
Net unrealized appreciation (depreciation) on foreign currency forward contracts						\$231,565

As of October 31, 2016, the Fund held the following futures contracts¹:

Type	Number of Contracts Long (Short)	Expiration Date	Notional Amount	Unrealized Appreciation (Depreciation) ²
2-Year United States Treasury Note	(553)	December 2016	\$(120,631,766)	\$ 180,688
10-Year United States Treasury Note	(422)	December 2016	(54,701,750)	685,733
United States Treasury Long Bond	52	December 2016	8,461,375	(420,185)
			<u>\$(166,872,141)</u>	<u>\$ 446,236</u>

- As of October 31, 2016, cash in the amount of \$727,645 was on deposit with a broker for futures transactions.
- Represents the difference between the value of the contracts at the time they were opened and the value as of October 31, 2016.

The following abbreviations are used in the preceding pages:

GBP—British Pound Sterling

MTN—Medium Term Note

The following is a summary of the fair valuations according to the inputs used as of October 31, 2016, for valuing the Fund's assets and liabilities.

Asset Valuation Inputs

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments in Securities (a)				
Long-Term Bonds				
Corporate Bonds (b)	\$ —	\$ 749,302,490	\$ 72,000	\$ 749,374,490
Foreign Government Bond	—	4,567,500	—	4,567,500
Mortgage-Backed Securities (c)	—	9,017,760	254,444	9,272,204
U.S. Government & Federal Agencies	—	460,232,643	—	460,232,643
Total Long-Term Bonds	—	<u>1,223,120,393</u>	<u>326,444</u>	<u>1,223,446,837</u>
Common Stock (d)	—	—	1,071	1,071
Short-Term Investment				
Repurchase Agreement	—	43,263,039	—	43,263,039
Total Investments in Securities	—	<u>1,266,383,432</u>	<u>327,515</u>	<u>1,266,710,947</u>
Other Financial Instruments				
Foreign Currency Forward Contracts (e)	—	247,302	—	247,302
Futures Contracts Short (e)	866,421	—	—	866,421
Total Other Financial Instruments	<u>866,421</u>	<u>247,302</u>	<u>—</u>	<u>1,113,723</u>
Total Investments in Securities and Other Financial Instruments	<u>\$866,421</u>	<u>\$1,266,630,734</u>	<u>\$327,515</u>	<u>\$1,267,824,670</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, 2016 (continued)

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				
Foreign Currency Forwards Contracts (e)	\$ —	\$(15,737)	\$ —	\$ (15,737)
Futures Contracts Long (e)	(420,185)	—	—	(420,185)
Total Other Financial Instruments	<u>\$(420,185)</u>	<u>\$(15,737)</u>	<u>\$ —</u>	<u>\$(435,922)</u>

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

(b) The Level 3 security valued at \$72,000 is held in Oil & Gas within the Corporate Bonds section of the Portfolio of Investments.

(c) The Level 3 security valued at \$254,444 is held in Residential Mortgage (Collateralized Mortgage Obligation) within the Mortgage-Backed Securities section of the Portfolio of Investments.

(d) The Level 3 security valued at \$1,071 is held in Media within the Common Stocks section of the Portfolio of Investments.

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

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

For the year ended October 31, 2016, the Fund did not have any transfers between Level 1 and Level 2 fair value measurements. (See Note 2)

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, 2015	Accrued Discounts (Premiums)	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Purchases	Sales	Transfers in to Level 3	Transfers out of Level 3	Balance as of October 31, 2016	Change in Unrealized Appreciation (Depreciation) from Investments Still Held at October 31, 2016 (a)
Long-Term Bonds										
Corporate Bonds										
Oil & Gas	\$ 58,500	\$ —	\$ —	\$13,500	\$ —	\$ —	\$ —	\$ —	\$ 72,000	\$13,500
Mortgage-Backed Securities										
Residential Mortgage (Collateralized Mortgage Obligation)	259,712	—	—	12,043	—	(17,311)	—	—	254,444	8,929
Common Stock										
Media	869	—	—	202	—	—	—	—	1,071	202
Total	<u>\$319,081</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$25,745</u>	<u>\$ —</u>	<u>\$(17,311)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$327,515</u>	<u>\$22,631</u>

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

Statement of Assets and Liabilities as of October 31, 2016

Assets

Investment in securities, at value	
(identified cost \$1,242,233,257)	\$1,266,710,947
Cash collateral on deposit at broker	727,645
Cash denominated in foreign currencies	
(identified cost \$234,214)	219,637
Cash	3,352
Receivables:	
Investment securities sold	23,896,772
Interest	11,056,512
Fund shares sold	5,792,175
Other assets	41,714
Unrealized appreciation on foreign currency forward contracts	247,302
Total assets	<u>1,308,696,056</u>

Liabilities

Payables:	
Investment securities purchased	27,188,461
Fund shares redeemed	1,759,697
Transfer agent (See Note 3)	545,934
Manager (See Note 3)	481,122
NYLIFE Distributors (See Note 3)	96,472
Shareholder communication	39,204
Custodian	31,856
Variation margin on futures contracts	31,266
Professional fees	22,687
Trustees	3,696
Accrued expenses	11,322
Dividend payable	458,933
Unrealized depreciation on foreign currency forward contracts	15,737
Total liabilities	<u>30,686,387</u>
Net assets	<u>\$1,278,009,669</u>

Composition of Net Assets

Shares of beneficial interest outstanding (par value of	
\$.001 per share) unlimited number of shares authorized	\$ 119,884
Additional paid-in capital	<u>1,277,650,525</u>
	1,277,770,409
Undistributed net investment income	585,601
Accumulated net realized gain (loss) on investments, futures	
transactions and foreign currency transactions	(25,486,697)
Net unrealized appreciation (depreciation) on investments and	
futures contracts	24,923,926
Net unrealized appreciation (depreciation) on translation of	
other assets and liabilities in foreign currencies and foreign	
currency forward contracts	216,430
Net assets	<u>\$1,278,009,669</u>

Class A

Net assets applicable to outstanding shares	<u>\$ 294,002,364</u>
Shares of beneficial interest outstanding	<u>27,592,769</u>
Net asset value per share outstanding	\$ 10.66
Maximum sales charge (4.50% of offering price)	0.50
Maximum offering price per share outstanding	<u>\$ 11.16</u>

Investor Class

Net assets applicable to outstanding shares	<u>\$ 9,232,016</u>
Shares of beneficial interest outstanding	<u>861,715</u>
Net asset value per share outstanding	\$ 10.71
Maximum sales charge (4.50% of offering price)	0.50
Maximum offering price per share outstanding	<u>\$ 11.21</u>

Class B

Net assets applicable to outstanding shares	<u>\$ 6,745,566</u>
Shares of beneficial interest outstanding	<u>632,379</u>
Net asset value and offering price per share outstanding	<u>\$ 10.67</u>

Class C

Net assets applicable to outstanding shares	<u>\$ 28,430,020</u>
Shares of beneficial interest outstanding	<u>2,662,119</u>
Net asset value and offering price per share outstanding	<u>\$ 10.68</u>

Class I

Net assets applicable to outstanding shares	<u>\$ 935,533,050</u>
Shares of beneficial interest outstanding	<u>87,753,301</u>
Net asset value and offering price per share outstanding	<u>\$ 10.66</u>

Class R1

Net assets applicable to outstanding shares	<u>\$ 3,846,470</u>
Shares of beneficial interest outstanding	<u>360,896</u>
Net asset value and offering price per share outstanding	<u>\$ 10.66</u>

Class R2

Net assets applicable to outstanding shares	<u>\$ 114,913</u>
Shares of beneficial interest outstanding	<u>10,788</u>
Net asset value and offering price per share outstanding	<u>\$ 10.65</u>

Class R3

Net assets applicable to outstanding shares	<u>\$ 78,965</u>
Shares of beneficial interest outstanding	<u>7,409</u>
Net asset value and offering price per share outstanding	<u>\$ 10.66</u>

Class R6

Net assets applicable to outstanding shares	<u>\$ 26,305</u>
Shares of beneficial interest outstanding	<u>2,468</u>
Net asset value and offering price per share outstanding	<u>\$ 10.66</u>

Statement of Operations for the year ended October 31, 2016

Investment Income (Loss)

Income	
Interest	\$ 49,336,241
Expenses	
Manager (See Note 3)	6,866,268
Transfer agent (See Note 3)	4,723,995
Distribution/Service—Class A (See Note 3)	987,815
Distribution/Service—Investor Class (See Note 3)	21,591
Distribution/Service—Class B (See Note 3)	72,574
Distribution/Service—Class C (See Note 3)	270,204
Distribution/Service—Class R2 (See Note 3)	2,158
Distribution/Service—Class R3 (See Note 3)	134
Registration	175,576
Professional fees	129,577
Shareholder communication	88,469
Custodian	49,915
Trustees	35,787
Shareholder service (See Note 3)	4,728
Miscellaneous	55,382
Total expenses before waiver/reimbursement	13,484,173
Expense waiver/reimbursement from Manager (See Note 3)	(3,189,348)
Reimbursement from custodian (a)	(24,815)
Net expenses	10,270,010
Net investment income (loss)	39,066,231

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

Net realized gain (loss) on:	
Investment transactions	(9,008,338)
Futures transactions	(2,264,882)
Foreign currency transactions	599,946
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	(10,673,274)
Net change in unrealized appreciation (depreciation) on:	
Investments	33,798,239
Futures contracts	123,297
Translation of other assets and liabilities in foreign currencies and foreign currency forward contracts	138,095
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions	34,059,631
Net realized and unrealized gain (loss) on investments, futures transactions and foreign currency transactions	23,386,357
Net increase (decrease) in net assets resulting from operations	\$ 62,452,588

(a) Reimbursement from custodian represents a refund for overbilling of prior years' custody out-of-pocket fees.

Statements of Changes in Net Assets

for the years ended October 31, 2016 and October 31, 2015

	2016	2015		2016	2015
Increase (Decrease) in Net Assets			Net Assets		
Operations:			Beginning of year	\$1,573,370,002	\$1,218,299,486
Net investment income (loss)	\$ 39,066,231	\$ 46,611,600	End of year	<u>\$1,278,009,669</u>	<u>\$1,573,370,002</u>
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	(10,673,274)	(12,073,509)	Undistributed net investment income at end of year	<u>\$ 585,601</u>	<u>\$ 91,539</u>
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions	34,059,631	(39,410,901)			
Net increase (decrease) in net assets resulting from operations	<u>62,452,588</u>	<u>(4,872,810)</u>			
Dividends and distributions to shareholders:					
From net investment income:					
Class A	(9,825,205)	(13,092,038)			
Investor Class	(236,429)	(208,027)			
Class B	(144,332)	(125,040)			
Class C	(539,757)	(484,885)			
Class I	(28,053,614)	(32,478,277)			
Class R1	(109,414)	(117,706)			
Class R2	(22,939)	(16,727)			
Class R3	(646)	—			
Class R6	(748)	(669)			
	<u>(38,933,084)</u>	<u>(46,523,369)</u>			
From net realized gain on investments:					
Class A	—	(1,274,521)			
Investor Class	—	(29,982)			
Class B	—	(26,068)			
Class C	—	(104,212)			
Class I	—	(3,755,344)			
Class R1	—	(15,833)			
Class R2	—	(104)			
	<u>—</u>	<u>(5,206,064)</u>			
Total dividends and distributions to shareholders	<u>(38,933,084)</u>	<u>(51,729,433)</u>			
Capital share transactions:					
Net proceeds from sale of shares	345,156,378	849,937,751			
Net asset value of shares issued to shareholders in reinvestment of dividends and distributions	32,919,137	45,884,906			
Cost of shares redeemed	<u>(696,955,352)</u>	<u>(484,149,898)</u>			
Increase (decrease) in net assets derived from capital share transactions	<u>(318,879,837)</u>	<u>411,672,759</u>			
Net increase (decrease) in net assets	<u>(295,360,333)</u>	<u>355,070,516</u>			

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

Financial Highlights selected per share data and ratios

Class A	Year ended October 31,				
	2016	2015	2014	2013	2012
Net asset value at beginning of year	\$ 10.46	\$ 10.82	\$ 10.71	\$ 11.14	\$ 10.85
Net investment income (loss)	0.28	0.27	0.34	0.34	0.35
Net realized and unrealized gain (loss) on investments	0.18	(0.32)	0.12	(0.39)	0.50
Net realized and unrealized gain (loss) on foreign currency transactions	0.01	0.00 ‡	0.00 ‡	(0.00)‡	—
Total from investment operations	0.47	(0.05)	0.46	(0.05)	0.85
Less dividends and distributions:					
From net investment income	(0.27)	(0.27)	(0.34)	(0.35)	(0.36)
From net realized gain on investments	—	(0.04)	(0.01)	(0.03)	(0.20)
Total dividends and distributions	(0.27)	(0.31)	(0.35)	(0.38)	(0.56)
Net asset value at end of year	\$ 10.66	\$ 10.46	\$ 10.82	\$ 10.71	\$ 11.14
Total investment return (a)	4.56%	(0.43%)	4.33%	(0.45%)	8.20%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.55%	2.56%	3.11%	3.11%	3.27%
Net expenses	1.00%	1.08%	0.86%	0.89%	0.89%
Expenses (before waiver/reimbursement)	1.13%	1.11%	0.96%	0.97%	0.98%
Portfolio turnover rate	21%	28%	26%(b)	65% (b)	65%(b)
Net assets at end of year (in 000's)	\$ 294,002	\$ 507,633	\$ 324,814	\$ 58,425	\$ 66,161

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions.

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45% and 38% for the years ended October 31, 2014, 2013 and 2012, respectively.

Investor Class	Year ended October 31,				
	2016	2015	2014	2013	2012
Net asset value at beginning of year	\$ 10.51	\$ 10.88	\$ 10.77	\$ 11.20	\$ 10.90
Net investment income (loss)	0.29	0.28	0.34	0.33	0.34
Net realized and unrealized gain (loss) on investments	0.19	(0.33)	0.11	(0.40)	0.51
Net realized and unrealized gain (loss) on foreign currency transactions	0.01	0.00 ‡	0.00 ‡	(0.00)‡	—
Total from investment operations	0.49	(0.05)	0.45	(0.07)	0.85
Less dividends and distributions:					
From net investment income	(0.29)	(0.28)	(0.33)	(0.33)	(0.35)
From net realized gain on investments	—	(0.04)	(0.01)	(0.03)	(0.20)
Total dividends and distributions	(0.29)	(0.32)	(0.34)	(0.36)	(0.55)
Net asset value at end of year	\$ 10.71	\$ 10.51	\$ 10.88	\$ 10.77	\$ 11.20
Total investment return (a)	4.81%	(0.46%)	4.16%	(0.57%)	8.14%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.71%	2.64%	3.03%	3.00%	3.16%
Net expenses	0.83%	1.01%	1.01%	1.00%	1.00%
Expenses (before waiver/reimbursement)	0.98%	1.03%	1.10%	1.09%	1.09%
Portfolio turnover rate	21%	28%	26%(b)	65% (b)	65%(b)
Net assets at end of year (in 000's)	\$ 9,232	\$ 8,350	\$ 7,590	\$ 8,352	\$ 8,670

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions.

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45% and 38% for the years ended October 31, 2014, 2013 and 2012, respectively.

Financial Highlights selected per share data and ratios

Class B	Year ended October 31,				
	2016	2015	2014	2013	2012
Net asset value at beginning of year	\$ 10.47	\$ 10.84	\$ 10.72	\$ 11.15	\$ 10.86
Net investment income (loss)	0.21	0.20	0.25	0.25	0.26
Net realized and unrealized gain (loss) on investments	0.19	(0.33)	0.12	(0.40)	0.50
Net realized and unrealized gain (loss) on foreign currency transactions	0.01	0.00 ‡	0.00 ‡	(0.00)‡	—
Total from investment operations	0.41	(0.13)	0.37	(0.15)	0.76
Less dividends and distributions:					
From net investment income	(0.21)	(0.20)	(0.24)	(0.25)	(0.27)
From net realized gain on investments	—	(0.04)	(0.01)	(0.03)	(0.20)
Total dividends and distributions	(0.21)	(0.24)	(0.25)	(0.28)	(0.47)
Net asset value at end of year	\$ 10.67	\$ 10.47	\$ 10.84	\$ 10.72	\$ 11.15
Total investment return (a)	3.95%	(1.21%)	3.50%	(1.33%)	7.27%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	1.96%	1.89%	2.28%	2.24%	2.41%
Net expenses	1.57%	1.76%	1.76%	1.75%	1.75%
Expenses (before waiver/reimbursement)	1.73%	1.78%	1.85%	1.84%	1.84%
Portfolio turnover rate	21%	28%	26%(b)	65% (b)	65%(b)
Net assets at end of year (in 000's)	\$ 6,746	\$ 6,205	\$ 6,794	\$ 7,896	\$ 10,129

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions.

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45% and 38% for the years ended October 31, 2014, 2013 and 2012, respectively.

Class C	Year ended October 31,				
	2016	2015	2014	2013	2012
Net asset value at beginning of year	\$ 10.48	\$ 10.85	\$ 10.73	\$ 11.17	\$ 10.87
Net investment income (loss)	0.21	0.20	0.25	0.25	0.26
Net realized and unrealized gain (loss) on investments	0.19	(0.33)	0.12	(0.41)	0.51
Net realized and unrealized gain (loss) on foreign currency transactions	0.01	0.00 ‡	0.00 ‡	(0.00)‡	—
Total from investment operations	0.41	(0.13)	0.37	(0.16)	0.77
Less dividends and distributions:					
From net investment income	(0.21)	(0.20)	(0.24)	(0.25)	(0.27)
From net realized gain on investments	—	(0.04)	(0.01)	(0.03)	(0.20)
Total dividends and distributions	(0.21)	(0.24)	(0.25)	(0.28)	(0.47)
Net asset value at end of year	\$ 10.68	\$ 10.48	\$ 10.85	\$ 10.73	\$ 11.17
Total investment return (a)	3.95%	(1.20%)	3.49%	(1.42%)	7.36%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	1.96%	1.89%	2.28%	2.24%	2.41%
Net expenses	1.58%	1.75%	1.76%	1.75%	1.75%
Expenses (before waiver/reimbursement)	1.73%	1.78%	1.85%	1.84%	1.84%
Portfolio turnover rate	21%	28%	26%(b)	65% (b)	65%(b)
Net assets at end of year (in 000's)	\$ 28,430	\$ 24,259	\$ 26,485	\$ 28,683	\$ 39,141

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions.

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45% and 38% for the years ended October 31, 2014, 2013 and 2012, respectively.

Financial Highlights selected per share data and ratios

Class I	Year ended October 31,				
	2016	2015	2014	2013	2012
Net asset value at beginning of year	\$ 10.46	\$ 10.83	\$ 10.72	\$ 11.15	\$ 10.85
Net investment income (loss)	0.31	0.32	0.37	0.38	0.38
Net realized and unrealized gain (loss) on investments	0.19	(0.33)	0.12	(0.40)	0.51
Net realized and unrealized gain (loss) on foreign currency transactions	0.01	0.00 ‡	0.00 ‡	(0.00)‡	—
Total from investment operations	0.51	(0.01)	0.49	(0.02)	0.89
Less dividends and distributions:					
From net investment income	(0.31)	(0.32)	(0.37)	(0.38)	(0.39)
From net realized gain on investments	—	(0.04)	(0.01)	(0.03)	(0.20)
Total dividends and distributions	(0.31)	(0.36)	(0.38)	(0.41)	(0.59)
Net asset value at end of year	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72	\$ 11.15
Total investment return (a)	4.96%	(0.05%)	4.60%	(0.17%)	8.61%
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.94%	3.05%	3.43%	3.41%	3.55%
Net expenses	0.60%	0.60%	0.60%	0.60%	0.60%
Expenses (before waiver/reimbursement)	0.88%	0.86%	0.71%	0.72%	0.73%
Portfolio turnover rate	21%	28%	26%(b)	65% (b)	65%(b)
Net assets at end of year (in 000's)	\$ 935,533	\$ 1,021,724	\$ 852,556	\$ 762,533	\$ 756,608

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class I shares are not subject to sales charges.

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45% and 38% for the years ended October 31, 2014, 2013 and 2012, respectively.

Class R1	Year ended October 31,					June 29, 2012** through October 31, 2012
	2016	2015	2014	2013		
Net asset value at beginning of period	\$ 10.46	\$ 10.83	\$ 10.72	\$ 11.15	\$ 10.87	
Net investment income (loss)	0.30	0.31	0.36	0.36	0.12	
Net realized and unrealized gain (loss) on investments	0.19	(0.33)	0.12	(0.39)	0.28	
Net realized and unrealized gain (loss) on foreign currency transactions	0.01	0.00 ‡	0.00 ‡	(0.00)‡	—	
Total from investment operations	0.50	(0.02)	0.48	(0.03)	0.40	
Less dividends and distributions:						
From net investment income	(0.30)	(0.31)	(0.36)	(0.37)	(0.12)	
From net realized gain on investments	—	(0.04)	(0.01)	(0.03)	—	
Total dividends and distributions	(0.30)	(0.35)	(0.37)	(0.40)	(0.12)	
Net asset value at end of period	\$ 10.66	\$ 10.46	\$ 10.83	\$ 10.72	\$ 11.15	
Total investment return (a)	4.86%	(0.14%)	4.49%	(0.27%)	3.70%(b)	
Ratios (to average net assets)/Supplemental Data:						
Net investment income (loss)	2.84%	2.95%	3.31%	3.30%	3.36%††	
Net expenses	0.70%	0.70%	0.70%	0.70%	0.73%††	
Expenses (before waiver/reimbursement)	0.98%	0.96%	0.81%	0.82%	0.82%††	
Portfolio turnover rate	21%	28%	26%(c)	65% (c)	65%(c)	
Net assets at end of period (in 000's)	\$ 3,846	\$ 3,907	\$ 34	\$ 26	\$ 26	

** Commencement of operations.

†† Annualized.

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R1 shares are not subject to sales charges.

(b) Total investment return is not annualized.

(c) The portfolio turnover rate not including mortgage dollar roll were 23%, 45% and 38% for the years ended October 31, 2014, 2013 and the period ended October 31, 2012, respectively.

Financial Highlights selected per share data and ratios

Class R2	Year ended October 31,				June 29, 2012** through October 31, 2012
	2016	2015	2014	2013	
Net asset value at beginning of period	\$ 10.46	\$ 10.82	\$ 10.71	\$ 11.14	\$ 10.86
Net investment income (loss)	0.31	0.29	0.34	0.33	0.11
Net realized and unrealized gain (loss) on investments	0.15	(0.33)	0.11	(0.39)	0.28
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	0.00 ‡	0.00 ‡	(0.00)‡	—
Total from investment operations	0.46	(0.04)	0.45	(0.06)	0.39
Less dividends and distributions:					
From net investment income	(0.27)	(0.28)	(0.33)	(0.34)	(0.11)
From net realized gain on investments	—	(0.04)	(0.01)	(0.03)	—
Total dividends and distributions	(0.27)	(0.32)	(0.34)	(0.37)	(0.11)
Net asset value at end of period	\$ 10.65	\$ 10.46	\$ 10.82	\$ 10.71	\$ 11.14
Total investment return (a)	4.44%	(0.35%)	4.24%	(0.52%)	3.62%(b)
Ratios (to average net assets)/Supplemental Data:					
Net investment income (loss)	2.64%	2.67%	3.09%	3.04%	3.10%††
Net expenses	0.95%	0.95%	0.95%	0.95%	0.98%††
Expenses (before waiver/reimbursement)	1.24%	1.20%	1.06%	1.07%	1.07%††
Portfolio turnover rate	21%	28%	26%(c)	65% (c)	65%(c)
Net assets at end of period (in 000's)	\$ 115	\$ 1,266	\$ 27	\$ 26	\$ 26

** Commencement of operations.

†† Annualized.

‡ Less than one cent per share.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R2 shares are not subject to sales charges.

(b) Total investment return is not annualized.

(c) The portfolio turnover rate not including mortgage dollar roll were 23%, 45% and 38% for the years ended October 31, 2014, 2013 and the period ended October 31, 2012, respectively.

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

** Commencement of operations.

†† Annualized.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R3 shares are not subject to sales charges.

(b) Total investment return is not annualized.

Financial Highlights selected per share data and ratios

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

** Commencement of operations.

†† Annualized.

(a) Total investment return is calculated exclusive of sales charges and assumes the reinvestment of dividends and distributions. Class R6 shares are not subject to sales charges.

(b) Total investment return is not annualized.

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-nine funds (collectively referred to as the “Funds”). These financial statements and notes relate to the MainStay Total Return Bond Fund (formerly known as MainStay Intermediate Term 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 offers nine classes of shares. 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 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, but a contingent deferred sales charge (“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 made before January 1, 2017. Effective January 1, 2017, a CDSC of 1.00% may be imposed on certain redemptions of Class A and Investor Class shares made within 24 months of the date of purchase of such shares that were made without an initial sales charge after January 1, 2017. Class B and Class C shares are 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 redemptions made within six years of the date of purchase of such shares and a 1.00% CDSC may be imposed on redemptions made within one year of the date of purchase of Class C shares. Class I, Class R1, Class R2, Class R3 and Class R6 shares are offered at NAV and are not subject to a sales charge. Depending upon eligibility, Class B shares convert to either Class A or Investor Class shares at the end of the calendar quarter eight years after the date they were purchased. Additionally, depending upon eligibility, Class A shares may convert to Investor Class shares and Investor Class shares may convert to Class A shares. Under certain circumstances and as may be permitted by the Trust’s multiple class plan under Rule 18f-3 of the 1940 Act, an exchange/conversion may be made from specified share classes of the Fund to one or more other share classes of the Fund as disclosed in the capital share transactions within these notes. The nine 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 Class B and Class C shares are subject to higher distribution and/or service fee rates than Class A, Investor Class, Class R2 and Class R3 shares under a distribution plan pursuant to Rule 12b-1 under the 1940 Act. 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. This is in addition to any fees paid under a distribution plan, where applicable.

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 (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 Sub-Committee (the “Sub-Committee”) 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 Sub-Committee 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 Sub-Committee were appropriate. The procedures recognize that, subject to the oversight of the Board and unless otherwise noted, the responsibility for the day-to-day valuation of portfolio assets (including fair value measurements for the Fund’s assets and liabilities) rests with New York Life Investment Management LLC (“New York Life Investments” or the “Manager”), aided to whatever extent necessary by the Subadvisor (as defined in Note 3(A)) to the Fund.

To assess the appropriateness of security valuations, the Manager, 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 Sub-Committee 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 all relevant information that is reasonably available. Any action taken by the Sub-Committee with respect to the valuation of a portfolio security or other asset is submitted by the Valuation Committee to the Board for its review and ratification, if appropriate, at its 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

Notes to Financial Statements (continued)

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, 2016, 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	• Issuer spreads
• Broker/dealer quotes	• Benchmark securities
• Two-sided markets	• Reference data (corporate actions or material event notices)
• Bids/offers	• Comparable bonds
• Industry and economic events	• Monthly payment information
• Reported trades	

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 its 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, 2016, there were no material changes to the fair value methodologies.

Equity and non-equity securities which may be valued in this manner include, but are not limited to: (i) a security for which trading has been halted or suspended; (ii) a debt security that has recently gone into default and for which there is not a current market quotation; (iii) a security of an issuer that has entered into a restructuring; (iv) a security that has been de-listed from a national exchange; (v) a security for which the market price is not readily available from a third party pricing source or, if so provided, does not, in the opinion of the Manager or Subadvisor reflect the security's market value; (vi) a security subject to trading collars for which no or limited trading takes place; and (vii) a security whose principal market has been temporarily closed at a time when, under normal conditions, it would be open. Securities for which market quotations or observable inputs are not readily available are generally categorized as Level 3 in the hierarchy. As of October 31, 2016, securities that were fair valued in such a manner are shown in the Portfolio of Investments.

Equity securities and shares of Exchange-Traded Funds ("ETFs") are valued at the last quoted sales prices as of the close of regular trading on the relevant exchange on each valuation date. Securities that are not traded on the valuation date are valued at the mean of the last quoted bid and ask prices. Prices are normally taken from the principal market in which each security trades. Futures contracts are valued at the last posted settlement price on the market where such futures are primarily traded. Investments in mutual funds, including money market funds, are valued at their respective NAVs as of the close of the Exchange on the valuation date. These securities are generally categorized as Level 1 in the hierarchy.

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

Temporary cash investments acquired in excess of 60 days to maturity at the time of purchase are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by

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

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

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

A Fund security or other asset may be determined to be illiquid under procedures approved by the Board. Illiquidity might prevent the sale of such security or other asset at a time when the Manager or Sub-advisor might wish to sell, and these investments 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 investments, 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 investments may result in a loss or may be costly to the Fund. Under the supervision of the Board, the Manager or Subadvisor determines the liquidity of the Fund's investments; in doing so, the Manager or Subadvisor may consider various factors, including (i) the frequency of trades and quotations, (ii) the number of dealers and prospective purchasers, (iii) dealer undertakings to make a market, and (iv) the nature of the security and the market in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer). Illiquid investments 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, 2016 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, 2016, 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 and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state and local departments of revenue.

(C) Dividends and Distributions to Shareholders. Dividends and distributions are recorded on the ex-dividend date. The Fund intends to declare and pay dividends from net investment income, if any, at least monthly and distributions from net realized capital and currency gains, if any, at least annually. Unless the shareholder elects otherwise, all dividends and distributions are reinvested in the same class of shares of the Fund, at NAV. Dividends and distributions to shareholders are determined in accordance with federal income tax regulations and may differ from 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, other than Short-Term Investments, for the Fund are accreted and amortized, respectively. Discounts and premiums on Short-Term Investments are accreted and amortized, respectively, on the straight-line method. The straight-line method approximates the effective interest method for short-term investments. Income from payment-in-kind securities is accreted daily based on the effective interest method.

Investment income and realized and unrealized gains and losses on investments of the Fund are allocated to separate classes of shares pro rata 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

Notes to Financial Statements (continued)

plans further discussed in Note 3(B)) are allocated to separate classes of shares pro rata based upon their relative net assets on the date the expenses are incurred. The expenses borne by the Fund, including those of related parties to the Fund, are shown in the Statement of Operations.

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

(G) Repurchase Agreements. The Fund may enter into repurchase agreements to earn income. The Fund may enter into repurchase agreements only with financial institutions that are deemed by the Manager or Subadvisor to be creditworthy, pursuant to guidelines established by the Board. During the term of any repurchase agreement, the Manager or Subadvisor will continue to monitor the creditworthiness of the seller. Under the 1940 Act, repurchase agreements are considered to be collateralized loans by the Fund to the seller secured by the securities transferred to the Fund.

When the Fund enters into repurchase agreements, the Fund's custodian takes possession of the collateral pledged for investments in the repurchase agreement. The underlying collateral is 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 seller'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 to the agreement, realization and/or retention of the collateral may be subject to legal proceedings and possible realized loss to the Fund.

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

The use of futures contracts involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. The contract or notional amounts and variation margin reflect the extent of the Fund's involvement in open futures

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

(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 the 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) 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, 2016, the Fund did not hold any rights or warrants.

(K) Dollar Rolls. The Fund may enter into dollar roll transactions in which it sells mortgage-backed securities ("MBS") from its portfolio to a counterparty from whom it simultaneously agrees to buy a similar security on a delayed delivery basis. The Fund generally transfers MBS where the MBS are "to be announced," therefore, the Fund accounts for these transactions as purchases and sales. The securities sold in connection with the dollar rolls are removed from the portfolio and a realized gain or loss is recognized. The securities the Fund has agreed to acquire are included at market value in the Portfolio of Investments and liabilities for such purchase commitments are included as payables for investments purchased. During the roll period, the Fund foregoes principal and interest paid on the securities. The Fund is compensated by the difference between the current sales price and the forward price for the future as well as by the earnings on the cash proceeds of the initial sale. Dollar rolls may be renewed without physical delivery of the securities subject to the contract. The Fund maintains liquid assets from its portfolio having a value not less than the repurchase price, including accrued interest. Dollar roll transactions involve certain risks, including the risk that the security 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).

(L) 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 cash 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 cash or securities at least equal at all times to the market value of the securities loaned. Collateral will consist of U.S. government securities, cash equivalents or irrevocable letters of credit. The Fund may bear the risk of delay in recovery of, or loss of rights in, the securities loaned should the borrower of the securities experience financial difficulty. The Fund may also record a realized gain or loss on securities deemed sold due to a borrower's inability to return securities on loan. The Fund bears the risk of any loss on investment of the collateral. The Fund will receive compensation for lending its securities in the form of fees or it will retain a portion of interest on the investment of any cash received as collateral. The Fund will also continue to receive interest and dividends on the securities loaned and any gain or loss in the market price of the securities loaned that may occur during the term of the loan will be for the account of the Fund. During the year ended October 31, 2016, the Fund did not have any portfolio securities on loan.

(M) 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.

(N) 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.

(O) 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.

(P) 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

Notes to Financial Statements (continued)

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 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, 2016:

Asset Derivatives

		Statement of Assets and Liabilities Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets—Net unrealized appreciation (depreciation) on investments and futures contracts (a)		\$ —	\$ 866,421	\$ 866,421
Forward Contracts	Unrealized appreciation on foreign currency forward contracts		247,302	—	247,302
Total Fair Value			\$247,302	\$866,421	\$1,113,723

Liability Derivatives

		Statement of Assets and Liabilities Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets—Net unrealized appreciation (depreciation) on investments and futures contracts (a)		\$ —	\$(420,185)	\$(420,185)
Forward Contracts	Unrealized depreciation on foreign currency forward contracts		(15,737)	—	(15,737)
Total Fair Value			\$(15,737)	\$(420,185)	\$(435,922)

(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, 2016:

Realized Gain (Loss)

		Statement of Operations Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net realized gain (loss) on futures transactions		\$ —	\$(2,264,882)	\$(2,264,882)
Forward Contracts	Net realized gain (loss) on foreign currency transactions		643,063	—	643,063
Total Realized Gain (Loss)			\$643,063	\$(2,264,882)	\$(1,621,819)

Change in Unrealized Appreciation (Depreciation)

		Statement of Operations Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net change in unrealized appreciation (depreciation) on futures contracts		\$ —	\$123,297	\$123,297
Forward Contracts	Net change in unrealized appreciation (depreciation) on translation of other assets and liabilities in foreign currencies and foreign currency forward contracts		153,692	—	153,692
Total Change in Unrealized Appreciation (Depreciation)			\$153,692	\$123,297	\$276,989

Average Notional Amount

	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts Long	\$ —	\$ 18,518,969	\$ 18,518,969
Futures Contracts Short	\$ —	\$(382,992,721)	\$(382,992,721)
Forward Contracts Long	\$ 1,302,434	\$ —	\$ 1,302,434
Forward Contracts Short	\$(4,288,309)	\$ —	\$(4,288,309)

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, among other things, 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 of the Fund. MacKay Shields LLC (“MacKay Shields” or the “Subadvisor”), a registered investment adviser and an indirect, wholly-owned subsidiary of New York Life, serves as Subadvisor to the Fund and is responsible for the day-to-day portfolio management of the Fund. Pursuant to the terms of a Subadvisory Agreement (“Subadvisory Agreement”) between New York Life Investments and MacKay Shields, New York Life Investments pays for the services of the Subadvisor.

Under the Management Agreement, which came into effect on February 28, 2015, the Fund pays the Manager a monthly fee for services performed and 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, 2016, the effective management fee rate (exclusive of any applicable waivers/reimbursements) was 0.49%.

New York Life Investments has contractually agreed to waive fees and/or reimburse expenses so that Total Annual Fund Operating Expenses do not exceed the following percentages of average daily net assets: Class A, 0.92% 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 R1 shares, Class R2 shares and Class R3 shares. This agreement will remain in effect until March 1, 2017, and shall renew automatically for one-year terms unless New York Life Investments provides written notice of termination prior to the start of the next term or upon approval by the Board. Total Annual Fund Operating Expenses excludes 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.

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, 2016, New York Life Investments earned fees from the Fund in the amount of \$6,866,268 and waived its fees and/or reimbursed expenses in the amount of \$3,189,348.

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.

(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 and Class R2 Plans, the Distributor receives a monthly distribution fee from the Class A, Investor Class and Class R2 shares at an annual rate of 0.25% of the average daily net assets of the Class A, Investor Class 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 R6 shares are not subject to a distribution and/or service fee.

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

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

During the year ended October 31, 2016, shareholder service fees incurred by the Fund were as follows:

Class R1	\$3,838
Class R2	863
Class R3	27

(C) Sales Charges. During the year ended October 31, 2016, 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 \$18,343 and \$6,401, respectively.

During the year ended October 31, 2016, the Fund was also advised that the Distributor retained CDSCs on redemptions of Class A, Class B and Class C shares of \$539, \$3,450 and \$5,995, 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

Notes to Financial Statements (continued)

Service Company LLC and the Trust. NYLIM Service Company LLC has entered into an agreement with Boston Financial Data Services, Inc. ("BFDS") pursuant to which BFDS performs certain transfer agent services on behalf of NYLIM Service Company LLC. During the year ended October 31, 2016, transfer agent expenses incurred by the Fund were as follows:

Class A	\$1,364,593
Investor Class	16,831
Class B	14,099
Class C	52,612
Class I	3,259,488
Class R1	13,174
Class R2	3,105
Class R3	93

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

(F) Capital. As of October 31, 2016, New York Life and its affiliates beneficially held shares of the Fund with values and percentages of net assets as follows:

Class R2	\$27,901	24.2%
Class R3	26,196	33.2
Class R6	26,248	99.8

Note 4—Federal Income Tax

As of October 31, 2016, 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)
\$1,044,534	\$(24,808,597)	\$(458,933)	\$24,462,256	\$239,260

Note 5—Restricted Securities

As of October 31, 2016, the Fund held the following restricted securities:

Security	Date of Acquisition	Principal Amount/ Shares	Cost	10/31/16 Value	Percent of Net Assets
Chesapeake Energy Corp. (Escrow Claim Shares) Corporate Bond 6.775%, due 3/15/19	11/26/14	\$225,000	\$—	\$72,000	0.0%‡
ION Media Networks, Inc. Common Stock	3/12/10	2	4	1,071	0.0‡
Total			\$ 4	\$73,071	0.0%‡

‡ Less than one-tenth of a percent.

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

The following table discloses the current year reclassifications between undistributed net investment income (loss), accumulated net realized gain (loss) on investments, and additional paid-in capital arising from permanent differences; net assets as of October 31, 2016 were not affected.

Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss) on Investments	Additional Paid-In Capital
\$360,915	\$(360,915)	\$—

The reclassifications for the Fund are primarily due to foreign currency gain (loss), mortgage dollar rolls, and defaulted bonds.

As of October 31, 2016, for federal income tax purposes, capital loss carryforwards of \$20,902,111 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	\$5,130	\$15,772

During the years ended October 31, 2016 and October 31, 2015, the tax character of distributions paid as reflected in the Statements of Changes in Net Assets was as follows:

	2016	2015
Distributions paid from:		
Ordinary Income	\$38,933,084	\$47,407,628
Long-Term Capital Gain	—	4,321,805
Total	\$38,933,084	\$51,729,433

Note 6—Custodian

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

Note 7—Line of Credit

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

Effective August 2, 2016, under an amended and restated 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 Bank of New York Mellon, who serves as the agent to the syndicate. The commitment fee is allocated among the Fund and certain affiliated funds based upon their respective net assets and other factors. Interest on any revolving credit loan is charged based upon the Federal Funds Advances Rate or the one month London InterBank Offered Rate, whichever is higher. The Credit Agreement expires on August 1, 2017, although the Fund, certain affiliated funds and the syndicate of banks may renew the Credit Agreement for an additional year on the same or different terms. Prior to August 2, 2016, the aggregate commitment amount was \$600,000,000 with an additional uncommitted amount of \$100,000,000, and the commitment fee was at an annual rate of 0.10% of the average commitment amount. During the year ended October 31, 2016, 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 alternate 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, 2016, 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, 2016, purchases and sales of U.S. government securities were \$161,007 and \$285,208, respectively. Purchases and sales of securities, other than U.S. government securities and short-term securities, were \$126,636 and \$319,759, respectively.

Note 10—Capital Share Transactions

Class A	Shares	Amount
Year ended October 31, 2016:		
Shares sold	8,603,156	\$ 90,658,335
Shares issued to shareholders in reinvestment of dividends and distributions	411,403	4,293,227
Shares redeemed	(29,801,751)	(313,490,578)
Net increase (decrease) in shares outstanding before conversion	(20,787,192)	(218,539,016)
Shares converted into Class A (See Note 1)	81,271	859,207
Shares converted from Class A (See Note 1)	(251,933)	(2,693,673)
Net increase (decrease)	(20,957,854)	\$(220,373,482)
Year ended October 31, 2015:		
Shares sold	31,969,846	\$ 343,668,822
Shares issued to shareholders in reinvestment of dividends and distributions	834,851	8,888,883
Shares redeemed	(14,277,361)	(151,409,711)
Net increase (decrease) in shares outstanding before conversion	18,527,336	201,147,994
Shares converted into Class A (See Note 1)	46,544	495,145
Shares converted from Class A (See Note 1)	(29,571)	(312,673)
Net increase (decrease)	18,544,309	\$ 201,330,466
Investor Class	Shares	Amount
Year ended October 31, 2016:		
Shares sold	220,774	\$ 2,335,993
Shares issued to shareholders in reinvestment of dividends and distributions	22,015	233,179
Shares redeemed	(161,508)	(1,700,013)
Net increase (decrease) in shares outstanding before conversion	81,281	869,159
Shares converted into Investor Class (See Note 1)	57,029	606,514
Shares converted from Investor Class (See Note 1)	(70,809)	(753,327)
Net increase (decrease)	67,501	\$ 722,346
Year ended October 31, 2015:		
Shares sold	220,706	\$ 2,365,266
Shares issued to shareholders in reinvestment of dividends and distributions	22,002	235,341
Shares redeemed	(159,111)	(1,704,351)
Net increase (decrease) in shares outstanding before conversion	83,597	896,256
Shares converted into Investor Class (See Note 1)	48,710	519,645
Shares converted from Investor Class (See Note 1)	(35,457)	(379,336)
Net increase (decrease)	96,850	\$ 1,036,565

Notes to Financial Statements (continued)

Class B	Shares	Amount
Year ended October 31, 2016:		
Shares sold	318,542	\$ 3,313,825
Shares issued to shareholders in reinvestment of dividends and distributions	10,562	111,355
Shares redeemed	(260,550)	(2,757,425)
Net increase (decrease) in shares outstanding before conversion	68,554	667,755
Shares converted from Class B (See Note 1)	(28,876)	(303,807)
Net increase (decrease)	39,678	\$ 363,948
Year ended October 31, 2015:		
Shares sold	149,904	\$ 1,606,189
Shares issued to shareholders in reinvestment of dividends and distributions	12,226	130,344
Shares redeemed	(165,933)	(1,767,203)
Net increase (decrease) in shares outstanding before conversion	(3,803)	(30,670)
Shares converted from Class B (See Note 1)	(30,271)	(322,781)
Net increase (decrease)	(34,074)	\$ (353,451)

Class C	Shares	Amount
Year ended October 31, 2016:		
Shares sold	1,238,799	\$ 12,951,730
Shares issued to shareholders in reinvestment of dividends and distributions	39,975	422,073
Shares redeemed	(931,002)	(9,769,985)
Net increase (decrease)	347,772	\$ 3,603,818
Year ended October 31, 2015:		
Shares sold	874,517	\$ 9,362,841
Shares issued to shareholders in reinvestment of dividends and distributions	43,942	469,006
Shares redeemed	(1,044,665)	(11,179,852)
Net increase (decrease)	(126,206)	\$ (1,348,005)

Class I	Shares	Amount
Year ended October 31, 2016:		
Shares sold	22,170,723	\$ 235,292,195
Shares issued to shareholders in reinvestment of dividends and distributions	2,635,629	27,725,556
Shares redeemed	(34,929,051)	(367,270,851)
Net increase (decrease) in shares outstanding before conversion	(10,122,699)	(104,253,100)
Shares converted into Class I (See Note 1)	213,305	2,285,086
Net increase (decrease)	(9,909,394)	\$(101,968,014)
Year ended October 31, 2015:		
Shares sold	45,480,484	\$ 486,738,742
Shares issued to shareholders in reinvestment of dividends and distributions	3,383,315	36,010,291
Shares redeemed	(29,902,162)	(317,045,250)
Net increase (decrease)	18,961,637	\$ 205,703,783

Class R1	Shares	Amount
Year ended October 31, 2016:		
Shares sold	36,796	\$ 385,710
Shares issued to shareholders in reinvestment of dividends and distributions	10,397	109,414
Shares redeemed	(59,816)	(626,758)
Net increase (decrease)	(12,623)	\$ (131,634)
Year ended October 31, 2015:		
Shares sold	446,749	\$ 4,818,422
Shares issued to shareholders in reinvestment of dividends and distributions	12,540	133,541
Shares redeemed	(88,877)	(949,253)
Net increase (decrease)	370,412	\$ 4,002,710

Class R2	Shares	Amount
Year ended October 31, 2016:		
Shares sold	12,704	\$ 135,136
Shares issued to shareholders in reinvestment of dividends and distributions	2,200	22,939
Shares redeemed	(125,190)	(1,333,167)
Net increase (decrease)	(110,286)	\$ (1,175,092)
Year ended October 31, 2015:		
Shares sold	125,946	\$ 1,351,527
Shares issued to shareholders in reinvestment of dividends and distributions	1,601	16,831
Shares redeemed	(8,956)	(94,278)
Net increase (decrease)	118,591	\$ 1,274,080

Class R3	Shares	Amount
Period ended October 31, 2016 (a):		
Shares sold	7,348	\$ 78,120
Shares issued to shareholders in reinvestment of dividends and distributions	61	646
Net increase (decrease)	7,409	\$ 78,766

Class R6	Shares	Amount
Year ended October 31, 2016:		
Shares sold	507	\$ 5,334
Shares issued to shareholders in reinvestment of dividends and distributions	71	748
Shares redeemed	(599)	(6,575)
Net increase (decrease)	(21)	\$ (493)
Period ended October 31, 2015 (b):		
Shares sold	2,426	\$ 25,942
Shares issued to shareholders in reinvestment of dividends and distributions	63	669
Net increase (decrease)	2,489	\$ 26,611

(a) Inception date was February 29, 2016.

(b) Inception date was December 29, 2014.

Note 11—Recent Accounting Pronouncement

In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, “final rules”) intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X is August 1,

2017. Management is currently evaluating the impact that the adoption of the amendments to Regulation S-X will have on the Fund’s financial statements and related disclosures.

Note 12—Subsequent Events

In connection with the preparation of the financial statements of the Fund as of and for the fiscal year ended October 31, 2016, events and transactions subsequent to October 31, 2016, 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 other than the following:

Effective February 28, 2017, Class B shares of the MainStay Group of Funds will be 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 as permitted by the current exchange privileges. Class B shareholders will continue to be subject to any applicable contingent deferred sales charge 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, will remain unchanged. Unless redeemed, Class B Shares 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.

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders of
MainStay Funds Trust:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the MainStay Total Return Bond Fund ("the Fund"), one of the funds constituting MainStay Funds Trust, as of October 31, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2016, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the MainStay Total Return Bond Fund of MainStay Funds Trust as of October 31, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Philadelphia, Pennsylvania
December 22, 2016

Federal Income Tax Information (Unaudited)

In February 2017, 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 2016. 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 ended October 31, 2016.

Proxy Voting Policies and Procedures and Proxy Voting Record

A description of the policies and procedures that New York Life Investments uses to vote proxies related to the Fund's securities is available without charge, upon request, (i) by visiting the Fund's website at mainstayinvestments.com; and (ii) on the Securities and Exchange Commission's ("SEC") website at www.sec.gov.

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

Shareholder Reports and Quarterly Portfolio Disclosure

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

Board of Trustees and Officers (Unaudited)

The Trustees and officers of the Funds are listed below. The Board oversees the MainStay Group of Funds, MainStay VP Funds Trust, MainStay DefinedTerm Municipal Opportunities Fund, the Manager and the Subadvisors, and elects the officers of the Funds who are responsible for the day-to-day operations of the Funds. Information pertaining to the Trustees and officers is set forth below. Each Trustee serves until his or her successor is elected and qualified or until his or her resignation, death or removal. Under the Retirement Policy, 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 (although the Board of Trustees may make exceptions from time to time). Officers serve a term of one year and are elected annually by the Board of Trustees. 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 Board Member	Other Directorships Held By Board Member
Interested Trustee	Christopher O. Blunt* 5/13/62	MainStay Funds: Trustee since January 2016; MainStay Funds Trust: Trustee since January 2016.	Executive Vice President (since 2009), President, Investments Group (since 2015), Member of the Executive Management Committee (since 2007), Co-President, Insurance and Agency Group (2012 to 2015), President, Insurance Group (2012 to 2014), Executive Vice President, Retirement Income Security (2008 to 2012), New York Life Insurance Company.	83	<i>MainStay VP Funds Trust:</i> Trustee since January 2016 (31 portfolios); and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since January 2016.

* This Trustee is considered to be an “interested person” of the MainStay Group of Funds within the meaning of the 1940 Act because of his affiliation with New York Life Insurance Company, New York Life Investment Management LLC, Cornerstone Capital Management Holdings LLC, MacKay Shields LLC, Institutional Capital 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.”

Non-Interested Trustee

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 Board Member	Other Directorships Held By Board Member
David H. Chow 12/29/57	MainStay Funds: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015); MainStay Funds Trust: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015).	Founder and CEO, DanCourt Management, LLC (since 1999)	83	<i>MainStay VP Funds Trust:</i> Trustee since January 2016, Advisory Board Member (June 2015 to December 2015); (31 portfolios); <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since January 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 (55 portfolios); and <i>Berea College of Kentucky:</i> Trustee since 2009.
Susan B. Kerley 8/12/51	MainStay Funds: Trustee since 2007; MainStay Funds Trust: Trustee since 1990.***	President, Strategic Management Advisors LLC (since 1990)	83	<i>MainStay VP Funds Trust:</i> Trustee since 2007 (31 portfolios)**; <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011; and <i>Legg Mason Partners Funds:</i> Trustee since 1991 (53 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 (31 portfolios)**; <i>MainStay 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	MainStay Funds: Chairman since 2013 and Trustee since 2007; MainStay Funds Trust: Chairman since 2013 and 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> Chairman since 2013 and Trustee since 2007 (31 portfolios)**; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Chairman since 2013 and 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 (31 portfolios)**; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.
Jacques P. Perold 5/12/58	MainStay Funds: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015); MainStay Funds Trust: Trustee since January 2016, Advisory Board Member (June 2015 to December 2015).	Retired; President, Fidelity Management & Research Company (2009 to 2014); Founder, President and Chief Executive Officer, Geode Capital Management, LCC (2001 to 2009)	83	<i>MainStay VP Funds Trust:</i> Trustee since January 2016, Advisory Board Member (June 2015 to December 2015); (31 portfolios); <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since January 2016, Advisory Board Member (June 2015 to December 2015); <i>Allstate Corporation:</i> Director since 2015; and <i>Boston University:</i> Trustee since 2014.

Non-Interested Trustee

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 Board Member	Other Directorships Held By Board Member
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 (31 portfolios)**; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.
John A. Weisser**** 10/22/41	MainStay Funds: Trustee since 2007; MainStay Funds Trust: Trustee since 2007.***	Retired; Managing Director of Salomon Brothers, Inc. (1971 to 1995)	83	<i>MainStay VP Funds Trust:</i> Trustee since 1997 (31 portfolios)**; <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011; <i>Direxion Insurance Trust:</i> Trustee since 2007 (1 portfolio); <i>Direxion Funds:</i> Trustee since 2007 (18 portfolios); and <i>Direxion Shares ETF Trust:</i> Trustee since 2008 (52 portfolios).

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

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

**** Pursuant to the Retirement Policy, Mr. Weisser will retire from the Board of Trustees on or about December 31, 2016.

Officers (Who Are Not Board Members)*

Name and Date of Birth	Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years
Stephen P. Fisher 2/22/59	President, MainStay Funds (since 2007), MainStay Funds Trust (since 2009)	Chairman and Chief Executive Officer (since 2014), President and Chief Operating Officer (2008 to 2013), NYLIFE Distributors LLC; Chairman of the Board, NYLIM Service Company LLC (since 2008); President (since May 2015), Co-President (2014 to 2015) and Senior Managing Director (since 2005), New York Life Investment Management LLC; President, MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2007)**
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 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 (since January 2016), Director and Associate General Counsel (2011 to 2014) and Vice President and Assistant General Counsel (2010 to 2011), New York Life Investment Management LLC; Vice President and Chief Compliance Officer, MainStay VP Funds Trust, MainStay DefinedTerm Municipal Opportunities Fund (since 2014); Assistant Secretary, MainStay Funds, MainStay Funds Trust and MainStay VP Funds Trust (2010 to 2014)**, MainStay DefinedTerm Municipal Opportunities Fund (2011 to 2014)
J. Kevin Gao 10/13/67	Secretary and Chief Legal Officer, MainStay Funds and MainStay Funds Trust (since 2010)	Managing Director and Associate General Counsel, New York Life Investment Management LLC (since 2010); Secretary and Chief Legal Officer, MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2010)**
Scott T. Harrington 2/8/59	Vice President—Administration, MainStay Funds (since 2005), MainStay Funds Trust (since 2009)	Director, New York Life Investment Management LLC (including predecessor advisory organizations) (since 2000); Member of the Board of Directors, New York Life Trust Company (since 2009); Vice President—Administration, MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2005)**

* The Officers listed above are considered to be “interested persons” of the MainStay Group of Funds 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 to serve a one year term.

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

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MainStay Funds

MainStay offers a wide range of Funds for virtually any investment need. The full array of MainStay open-end offerings is listed here, with information about the manager, subadvisors, legal counsel and independent registered public accounting firm.

Equity

U.S. Equity

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

International/Global Equity

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

Income

Taxable Bond

MainStay Floating Rate Fund
MainStay Global High Income Fund
MainStay Government Fund
MainStay High Yield Corporate Bond Fund
MainStay High Yield Opportunities Fund
MainStay Indexed Bond Fund
MainStay Short Duration High Yield Fund
MainStay Total Return Bond Fund
MainStay Unconstrained Bond Fund

Municipal/Tax Advantaged Bond

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

Money Market

MainStay Money Market Fund

Mixed Asset

MainStay Balanced Fund
MainStay Convertible Fund
MainStay Income Builder Fund

Alternative

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

Asset Allocation/Target Date

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

Manager

New York Life Investment Management LLC

New York, New York

Subadvisors

Candriam France S.A.S.³

Paris, France

Cornerstone Capital Management Holdings LLC³

New York, New York

Cushing Asset Management, LP

Dallas, Texas

Epoch Investment Partners, Inc.

New York, New York

Institutional Capital LLC³

Chicago, Illinois

MacKay Shields LLC³

New York, New York

Markston International LLC

White Plains, New York

NYL Investors LLC³

New York, New York

Winslow Capital Management, LLC

Minneapolis, Minnesota

Legal Counsel

Dechert LLP

Washington, District of Columbia

Independent Registered Public Accounting Firm

KPMG LLP

Philadelphia, Pennsylvania

1. This Fund is only registered for sale in AZ, CA, MI (Class A and Class I shares only), NV, OR, TX, UT and WA.

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

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

For more information

800-MAINSTAY (624-6782)

mainstayinvestments.com

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