

# MainStay MacKay Total Return Bond Fund

## Message from the President and Annual Report

October 31, 2019

Beginning on January 1, 2021, paper copies of each MainStay Fund's annual and semiannual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from MainStay Funds or from your financial intermediary. Instead, the reports will be made available on the MainStay Funds' website. You will be notified by mail and provided with a website address to access the report each time a new report is posted to the website.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. At any time, you may elect to receive reports and other communications from MainStay Funds electronically by calling toll-free 800-624-6782, by sending an e-mail to [MainStayShareholderServices@nylim.com](mailto:MainStayShareholderServices@nylim.com), or by contacting your financial intermediary.

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INVESTMENTS

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# Message from the President

Stock and bond markets generally gained ground during the 12-month reporting period ended October 31, 2019, despite concerns regarding slowing U.S. and global economic growth and international trade conflicts.

After trending higher in November 2018, U.S. stocks and bonds dipped sharply in December 2018, over concerns regarding the pace of economic growth, a U.S. government shutdown and the potential impact of trade disputes between the United States and other nations, particularly China. U.S. markets recovered quickly in 2019 as trade tensions eased, the government reopened and the U.S. Federal Reserve Board (“Fed”) adopted a more accommodative tone regarding the future direction of interest rates. A wide spectrum of equity and fixed-income sectors gained ground through April 2019. Mixed macro-economic signals and the inability of China and the United States to reach a trade agreement caused the market’s recovery to suffer during the spring and summer months of 2019. However, accommodative monetary policies from several central banks, including a series of interest rate cuts by the Fed, along with better-than-expected corporate earnings reassured investors and enabled markets to resume their advance.

Persistent, albeit slow, U.S. economic growth underpinned the U.S. stock market’s advance during the reporting period, positioning major U.S. equity indices to reach record territory by late October 2019. Sector strength shifted as investor sentiment alternated between risk-on and risk-off positions. In general, for the reporting period, cyclical, growth-oriented stocks outperformed their value-oriented counterparts by a small margin, with the information technology sector leading the large-cap S&P 500® Index. However, the traditionally more defensive areas of real estate and utilities generated above-average performance as well. Communication services, consumer discretionary, industrials and consumer staples performed in the middle of the pack, while materials, financials and health care lagged. Only the energy sector suffered declines, undermined by weak oil prices and concerns about future energy demand.

In the fixed-income markets, slowing economic growth, modest inflation and the Fed’s interest rate cuts created an environment of falling yields and rising prices for most bonds, with many areas of the market offering historically low yields by the end of the reporting period. Higher-credit-quality, longer-duration securities generally produced strong returns, with investment-

grade corporates and long-term Treasury bonds delivering particularly strong performance. A similar dynamic characterized the performance of the municipal bond market, with longer-term, higher-grade issues performing relatively well. On average, municipal bonds roughly matched the gains of corporate issues while providing tax-advantaged returns for eligible investors.

International stock and bond markets tended to underperform their U.S. counterparts, constrained by lackluster economic growth in the Eurozone and dramatically slowing growth in China and related parts of Asia amid persistent trade tensions with the United States. Uncertainties surrounding the unending Brexit drama took a further toll on investor confidence, with Britain seemingly unable to resolve its internal conflicts over how, or whether, to exit from the European Union. Nevertheless, on average, international securities delivered modestly positive returns, bolstered by the accommodative monetary policies implemented by European and Asian central banks. Bonds from both emerging and developed markets generally produced stronger returns than equities while repeating the pattern of outperformance by higher-quality, longer-term instruments seen in the United States.

As the economic growth cycle lengthens, investors are left to ponder how best to position their portfolios for an uncertain future. When the yield curve inverted earlier this year prompting concerns of a potential recession, we were reminded that the direction of the economy is continually subject to change, and perceptions of the economy can shift even more rapidly. As a MainStay investor, you can rely on us to manage our Funds with unflagging energy and dedication so that you can remain focused on your long-term objectives in the face of uncertainty and change. Our goal remains to provide you with the consistently reliable financial tools you need to achieve your long-term objectives.

Sincerely,



Kirk C. Lehneis  
President

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

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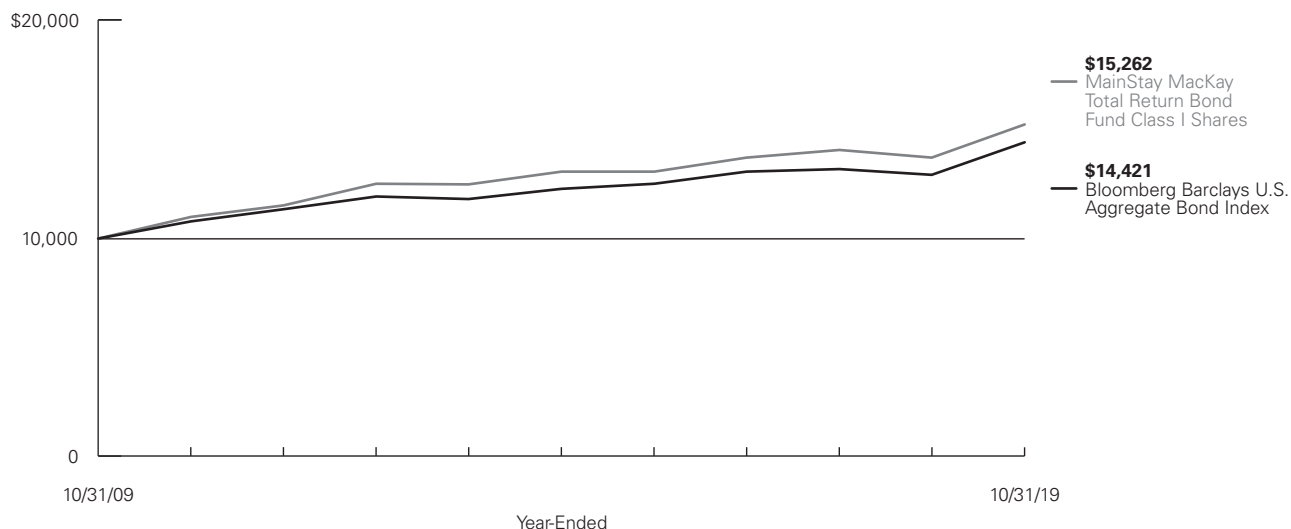
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**Investors should refer to the Fund's Summary Prospectus and/or Prospectus and consider the Fund's investment objectives, strategies, risks, charges and expenses carefully before investing. The Summary Prospectus and/or Prospectus contain this and 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 800-624-6782, 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](mailto:MainStayShareholderServices@nylim.com). These documents are also available via the MainStay Funds' website at [nylinvestments.com/funds](http://nylinvestments.com/funds). Please read the Summary Prospectus and/or Prospectus carefully before investing.**

# Investment and Performance Comparison<sup>1</sup> (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 800-624-6782 or visit [nylinvestments.com/funds](http://nylinvestments.com/funds).



## Average Annual Total Returns for the Year-Ended October 31, 2019

Class	Sales Charge		Inception Date	One Year	Five Years or Since Inception	Ten Years or Since Inception	Gross Expense Ratio <sup>2</sup>
Class A Shares	Maximum 4.5% Initial Sales Charge	With sales charges	1/2/2004	5.89%	1.85%	3.50%	0.90%
		Excluding sales charges		10.88	2.79	3.98	0.90
Investor Class Shares	Maximum 4.5% Initial Sales Charge	With sales charges	2/28/2008	5.76	1.80	3.41	1.05
		Excluding sales charges		10.74	2.74	3.89	1.05
Class B Shares <sup>3</sup>	Maximum 5% CDSC if Redeemed Within the First Six Years of Purchase	With sales charges	1/2/2004	4.85	1.59	3.12	1.80
		Excluding sales charges		9.85	1.96	3.12	1.80
Class C Shares	Maximum 1% CDSC if Redeemed Within One Year of Purchase	With sales charges	1/2/2004	8.84	1.96	3.11	1.80
		Excluding sales charges		9.84	1.96	3.11	1.80
Class I Shares	No Sales Charge		1/2/1991	11.20	3.13	4.32	0.65
Class R1 Shares	No Sales Charge		6/29/2012	10.98	3.01	3.12	0.75
Class R2 Shares	No Sales Charge		6/29/2012	10.82	2.75	2.86	1.00
Class R3 Shares	No Sales Charge		2/29/2016	10.44	3.77	N/A	1.24
Class R6 Shares	No Sales Charge		12/29/2014	11.27	3.35	N/A	0.53

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

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

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

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

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

<b>Benchmark Performance</b>	<b>One Year</b>	<b>Five Years</b>	<b>Ten Years</b>
Bloomberg Barclays U.S. Aggregate Bond Index <sup>4</sup>	11.51%	3.24%	3.73%
Morningstar Intermediate Core-Plus Bond Category Average <sup>5</sup>	10.42	3.18	4.29

4. The Bloomberg Barclays U.S. Aggregate Bond Index is the Fund's primary broad-based securities market index for comparison purposes. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities. Results assume reinvestment of all income and capital gains. An investment cannot be made directly in an index.

5. The Morningstar Intermediate Core-Plus Bond Category Average is representative of funds that invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, but generally have greater flexibility than core offerings to hold non-core sectors such as corporate high yield, bank loan, emerging-markets debt, and non-U.S. currency exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the Morningstar Core Bond Index. Results are based on average total returns of similar funds with all dividends and capital gain distributions reinvested.

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

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

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from May 1, 2019, to October 31, 2019, 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, 2019, to October 31, 2019.

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, 2019. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then

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

### Hypothetical Example for Comparison Purposes

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

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

Share Class	Beginning Account Value 5/1/19	Ending Account Value (Based on Actual Returns and Expenses) 10/31/19	Expenses Paid During Period <sup>1</sup>	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 10/31/19	Expenses Paid During Period <sup>1</sup>	Net Expense Ratio During Period <sup>2</sup>
Class A Shares	\$1,000.00	\$1,056.00	\$4.56	\$1,020.77	\$4.48	0.88%
Investor Class Shares	\$1,000.00	\$1,054.80	\$5.49	\$1,019.86	\$5.40	1.06%
Class B Shares	\$1,000.00	\$1,051.00	\$9.36	\$1,016.08	\$9.20	1.81%
Class C Shares	\$1,000.00	\$1,051.00	\$9.36	\$1,016.08	\$9.20	1.81%
Class I Shares	\$1,000.00	\$1,057.50	\$3.11	\$1,022.18	\$3.06	0.60%
Class R1 Shares	\$1,000.00	\$1,055.90	\$3.63	\$1,021.68	\$3.57	0.70%
Class R2 Shares	\$1,000.00	\$1,054.70	\$4.92	\$1,020.42	\$4.84	0.95%
Class R3 Shares	\$1,000.00	\$1,053.40	\$6.21	\$1,019.16	\$6.11	1.20%
Class R6 Shares	\$1,000.00	\$1,057.80	\$2.75	\$1,022.53	\$2.70	0.53%

- Expenses are equal to the Fund's annualized expense ratio of each class multiplied by the average account value over the period, divided by 365 and multiplied by 184 (to reflect the six-month period). The table above represents the actual expenses incurred during the six-month period. In addition to the fees and expenses which the Fund bears directly, it also indirectly bears a pro rata share of the fees and expenses of the underlying funds in which it invests. Such indirect expenses are not included in the above-reported expense figures.
- Expenses are equal to the Fund's annualized expense ratio to reflect the six-month period.

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## Portfolio Composition as of October 31, 2019 (Unaudited)



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

‡ Less than one-tenth of a percent.

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## Top Ten Holdings or Issuers Held as of October 31, 2019 (excluding short-term investments) (Unaudited)

- |  |  |
|--|--|
| 1. Federal National Mortgage Association (Mortgage Pass-Through Securities), 2.50%–6.50%, due 9/1/33–6/1/57  | 6. Government National Mortgage Association, 2.75%–3.00%, due 1/16/40–6/20/49        |
| 2. United States Treasury Bonds, 2.875%–4.50%, due 5/15/38–5/15/49   | 7. Morgan Stanley, 2.625%–6.25%, due 1/25/21–7/22/28                                 |
| 3. Federal Home Loan Mortgage Corporation (Mortgage Pass-Through Securities), 3.00%–6.50%, due 4/1/37–2/1/49 | 8. Bank of America Corp, 3.248%–6.30%, due 1/11/23–12/20/28                          |
| 4. Federal Home Loan Mortgage Corporation, 2.50%–3.50%, due 5/25/29–9/25/49                                  | 9. United States Treasury Inflation—Indexed Notes, 0.75%–0.875%, due 7/15/28–1/15/29 |
| 5. United States Treasury Notes, 1.50%–1.625%, due 10/31/21–8/15/29  | 10. Federal National Mortgage Association, 3.00%–3.50%, due 7/25/43–10/25/49         |
-



# Portfolio Management Discussion and Analysis (Unaudited)

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

## **How did MainStay MacKay Total Return Bond Fund perform relative to its benchmark and peer group during the 12 months ended October 31, 2019?**

For the 12 months ended October 31, 2019, Class I shares of MainStay MacKay Total Return Bond Fund returned 11.20%, underperforming the 11.51% return of the Fund's primary benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index. Over the same period, Class I shares outperformed the 10.42% return of the Morningstar Intermediate Core-Plus Bond Category Average.<sup>2</sup>

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

Effective December 31, 2018, Louis Cohen no longer served as a portfolio manager of the Fund. Dan Roberts, Stephen Cianci and Neil Moriarty, III, continue to manage the Fund. For more information about this change refer to the supplement dated October 18, 2018.

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

The reporting period got off to a tumultuous start, in large part due to a variety of political and economic developments, including, but not limited to, fears of weaker growth in China, Japan and the European Union; restrictive U.S. Federal Reserve ("Fed") policy; the U.S. administration's public criticism of the Fed; trade wars with China; and the uncertainty surrounding the U.K.'s Brexit negotiations to separate from the European Union.

At the beginning of 2019, the Fed reversed course on their rate policy and announced that the Fed funds benchmark rate had risen to a level consistent with its policy objectives. The market focused on the fact that not only was the Fed no longer tightening monetary policy, but it may reverse course and begin to cut rates. Indeed, over the ensuing months, the Fed cut rates three times. In an unusual set of circumstances, both Treasury securities and stocks rallied on the Fed's pause and eventual loosening stance, reflecting cautious optimism regarding the durability of the current business cycle. Swayed by similar effects, corporate bond spreads<sup>3</sup> tightened during the reporting period, as did spreads of credit-related securitized<sup>4</sup> products (asset-backed and commercial mortgage-backed securities).

The Fund underperformed the Bloomberg Barclays U.S. Aggregate Bond Index largely due to underweight exposure to long maturity Treasuries, which detracted from relative performance as Treasury yields fell.

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

The Fund executed a Bunds/BTPS synthetic pairs trade using overseas Treasury futures. Specifically, the Fund shorted the 10-year Italian government bond (BTPS) and took an equivalent long position in the 10-year German Bund on the expectation that the yield gap between BTPS and Bunds would widen. In addition, the Fund employed U.S. Treasury futures for duration<sup>5</sup> and yield-curve<sup>6</sup> management. The use of these derivatives had a positive impact on performance.

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

The Fund began the reporting period 0.2 years shorter in duration than the Bloomberg Barclays U.S. Aggregate Bond Index. Given the change in economic data during the reporting period, we chose to extend the Fund's duration posture relative to the benchmark. As of October 31, 2019, the Fund had an effective duration of 5.95 years while benchmark duration was 5.81 years.

## **During the reporting period, which sectors were the strongest contributors to the Fund's performance and which sectors were particularly weak?**

The Fund's positions in Treasury securities, investment-grade corporate bonds and high-yield bonds all contributed positively to relative performance during the reporting period. (Contributions take weightings and total returns into account.) The Fund's Treasury holdings, concentrated on the long end of the yield curve, performed well on an absolute basis, but the Fund's underweight position in Treasury bonds, relative to the benchmark, offset some of these returns. Securitized assets, including residential mortgage-backed securities (RMBS) and consumer-related asset-backed securities (ABS), though positive for the reporting period, lagged the benchmark's overall return of the market since these securities are generally shorter duration in nature.

1. Dan Roberts will serve as a portfolio manager of the Fund until January 1, 2020.

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

3. The 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.

4. A securitization is a financial instrument created by an issuer by combining a pool of financial assets (such as mortgages). The financial instrument is then marketed to investors, sometimes in tiers.

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.

**What were some of the Fund's largest purchases and sales during the reporting period?**

As credit spreads narrowed during the reporting period and the compensation for "risk" compressed, we reduced the Fund's exposure to credit in the form of high-yield bonds and bank loans. At the same time, we added securitized assets—such as ABS, RMBS and commercial mortgage-backed securities (CMBS)—into the Fund, both to reduce volatility and for diversification purposes.

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

During the reporting period, we reduced the Fund's exposure to corporate bonds, both high yield and investment grade, and

purchased agency RMBS, CMBS and ABS, all of which were AAA-rated.<sup>7</sup> This rotation improved liquidity and the overall credit quality of the Fund as spreads tightened.

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

Relative to the Bloomberg Barclays U.S. Aggregate Bond Index, the Fund finished the reporting period holding overweight exposure to investment-grade corporate bonds and high-yield bonds. At the same point in time, the Fund held underweight exposure to U.S. Treasury securities.

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

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

# Portfolio of Investments October 31, 2019

	Principal Amount	Value
<b>Long-Term Bonds 97.0%†</b>		
<b>Asset-Backed Securities 3.8%</b>		
<b>Auto Floor Plan Asset-Backed Securities 0.3%</b>		
Ford Credit Floorplan Master Owner Trust		
Series 2018-4, Class A		
4.06%, due 11/15/30	\$ 3,575,000	\$ 3,969,068
<b>Automobile Asset-Backed Securities 0.8%</b>		
BMW Floorplan Master Owner Trust		
Series 2018-1, Class A1		
3.15%, due 5/15/23 (a)	1,680,000	1,714,272
Santander Retail Auto Lease Trust		
Series 2019-B, Class A3		
2.30%, due 1/20/23 (a)	2,720,000	2,738,860
Toyota Auto Loan Extended Note Trust		
Series 2019-1A, Class A		
2.56%, due 11/25/31 (a)	2,980,000	3,050,893
World Omni Auto Receivables Trust		
Series 2019-A, Class A3		
3.04%, due 5/15/24	2,605,000	2,659,567
		<u>10,163,592</u>
<b>Credit Cards 1.4%</b>		
American Express Credit Account		
Master Trust		
Series 2018-9, Class A		
2.408% (1 Month LIBOR + 0.38%), due 4/15/26 (b)	3,250,000	3,247,734
Series 2019-1, Class A		
2.87%, due 10/15/24	2,295,000	2,351,959
Capital One Multi-Asset Execution Trust		
Series 2019-A2, Class A2		
1.72%, due 8/15/24	3,550,000	3,541,421
Series 2019-A3, Class A3		
2.06%, due 8/15/28	2,680,000	2,667,943
Citibank Credit Card Issuance Trust		
Series 2018-A6, Class A6		
3.21%, due 12/7/24	3,880,000	4,040,280
Discover Card Execution Note Trust		
Series 2019-A1, Class A1		
3.04%, due 7/15/24	2,685,000	2,754,069
		<u>18,603,406</u>
<b>Other Asset-Backed Securities 1.3%</b>		
DLL Securitization Trust		
Series 2019-MT3, Class A3		
2.08%, due 2/21/23 (a)	4,360,000	4,358,694
Hilton Grand Vacations Trust		
Series 2019-AA, Class A		
2.34%, due 7/25/33 (a)	3,648,194	3,657,312
MMAF Equipment Finance LLC		
Series 2019-A, Class A3		
2.84%, due 11/13/23 (a)	3,400,000	3,458,812

	Principal Amount	Value
<b>Other Asset-Backed Securities (continued)</b>		
MVW Owner Trust		
Series 2019-2A, Class A		
2.22%, due 10/20/38 (a)	\$ 3,460,000	\$ 3,457,301
Sierra Receivables Funding Co.		
Series 2019-3A, Class A		
2.34%, due 8/15/36 (a)	2,190,000	2,189,963
		<u>17,122,082</u>
Total Asset-Backed Securities (Cost \$48,958,082)		
		<u>49,858,148</u>
<b>Corporate Bonds 45.7%</b>		
<b>Aerospace &amp; Defense 0.2%</b>		
L3Harris Technologies, Inc.		
4.854%, due 4/27/35	585,000	694,260
5.054%, due 4/27/45	1,215,000	1,521,371
		<u>2,215,631</u>
<b>Agriculture 0.6%</b>		
Altria Group, Inc.		
4.80%, due 2/14/29	2,555,000	2,804,949
Cargill, Inc.		
4.307%, due 5/14/21 (a)	3,000,000	3,113,828
JBS Investments II GmbH		
7.00%, due 1/15/26 (a)	1,800,000	1,951,200
		<u>7,869,977</u>
<b>Airlines 0.4%</b>		
American Airlines Pass-Through Trust		
Series 2019-1, Class AA		
3.15%, due 8/15/33	2,245,000	2,347,955
JetBlue Pass Through Trust		
Series 2019-1, Class AA		
2.75%, due 11/15/33	2,605,000	2,630,503
		<u>4,978,458</u>
<b>Auto Manufacturers 0.5%</b>		
Ford Motor Credit Co. LLC		
3.35%, due 11/1/22	1,280,000	1,283,815
4.063%, due 11/1/24	3,630,000	3,642,414
4.25%, due 9/20/22	1,015,000	1,043,896
		<u>5,970,125</u>
<b>Banks 10.6%</b>		
Bank of America Corp.		
3.248%, due 10/21/27	5,450,000	5,666,566
3.30%, due 1/11/23	680,000	705,010
3.419%, due 12/20/28 (c)	468,000	489,862
3.50%, due 4/19/26	2,750,000	2,924,123
3.593%, due 7/21/28 (c)	2,300,000	2,439,828
3.705%, due 4/24/28 (c)	5,000,000	5,346,421
4.25%, due 10/22/26	6,900,000	7,490,939
6.30%, due 3/10/26 (c)(d)	1,500,000	1,705,560

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, 2019 (continued)

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Banks (continued)</b>		
Barclays PLC		
4.61%, due 2/15/23 (c)	\$ 1,205,000	\$ 1,258,699
BB&T Corp.		
3.75%, due 12/6/23	4,150,000	4,404,654
Branch Banking & Trust Co.		
2.636% (5 Year Treasury Constant Maturity Rate + 1.15%), due 9/17/29 (b)	3,100,000	3,091,867
Citibank N.A.		
3.165%, due 2/19/22 (c)	4,170,000	4,232,251
Citigroup, Inc.		
3.40%, due 5/1/26	1,950,000	2,045,972
3.70%, due 1/12/26	4,190,000	4,455,720
3.887%, due 1/10/28 (c)	3,489,000	3,752,362
4.05%, due 7/30/22	580,000	608,632
5.30%, due 5/6/44	2,314,000	2,907,634
Credit Suisse Group A.G.		
2.593%, due 9/11/25 (a)(c)	1,375,000	1,370,252
Discover Bank		
8.70%, due 11/18/19	474,000	475,171
Goldman Sachs Group, Inc.		
3.50%, due 11/16/26	4,305,000	4,485,287
6.75%, due 10/1/37	735,000	1,000,097
HSBC Holdings PLC		
3.973%, due 5/22/30 (c)	1,830,000	1,976,014
Huntington National Bank		
3.55%, due 10/6/23	1,820,000	1,920,829
JPMorgan Chase & Co.		
2.95%, due 10/1/26	4,870,000	5,026,510
3.375%, due 5/1/23	6,500,000	6,770,767
3.782%, due 2/1/28 (c)	3,900,000	4,194,860
4.005%, due 4/23/29 (c)	4,000,000	4,368,116
5.50%, due 10/15/40	745,000	984,331
Lloyds Banking Group PLC		
4.582%, due 12/10/25	8,183,000	8,789,321
Morgan Stanley		
2.625%, due 11/17/21	5,755,000	5,820,318
3.591%, due 7/22/28 (c)	5,265,000	5,556,205
3.875%, due 1/27/26	380,000	410,436
4.875%, due 11/1/22	3,945,000	4,231,629
5.00%, due 11/24/25	4,535,000	5,097,959
5.75%, due 1/25/21	5,000,000	5,225,597
6.25%, due 8/9/26	2,000,000	2,431,507
Royal Bank of Scotland Group PLC		
5.125%, due 5/28/24	3,550,000	3,829,473
6.00%, due 12/19/23	280,000	310,936
U.S. Bank N.A.		
3.45%, due 11/16/21	4,935,000	5,089,826
Wachovia Corp.		
5.50%, due 8/1/35	1,220,000	1,549,013

	Principal Amount	Value
<b>Banks (continued)</b>		
Wells Fargo & Co.		
5.375%, due 11/2/43	\$ 265,000	\$ 335,646
Wells Fargo Bank N.A.		
2.60%, due 1/15/21	3,865,000	3,897,991
5.85%, due 2/1/37	555,000	734,414
		<u>139,408,605</u>
<b>Beverages 0.8%</b>		
Anheuser-Busch InBev Worldwide, Inc.		
4.15%, due 1/23/25	970,000	1,060,465
4.75%, due 1/23/29	1,930,000	2,243,058
Constellation Brands, Inc.		
4.50%, due 5/9/47	2,740,000	3,045,388
PepsiCo, Inc.		
2.00%, due 4/15/21 (e)	4,565,000	4,583,101
		<u>10,932,012</u>
<b>Building Materials 0.3%</b>		
Standard Industries, Inc.		
5.375%, due 11/15/24 (a)	3,830,000	3,940,304
<b>Chemicals 1.1%</b>		
Air Liquide Finance S.A.		
1.75%, due 9/27/21 (a)	2,470,000	2,460,395
Braskem Netherlands Finance B.V.		
4.50%, due 1/10/28 (a)	2,830,000	2,839,905
Huntsman International LLC		
4.50%, due 5/1/29	2,949,000	3,117,322
Orbia Advance Corp. S.A.B. de C.V.		
4.00%, due 10/4/27 (a)	2,400,000	2,436,000
W.R. Grace & Co.		
5.125%, due 10/1/21 (a)	3,095,000	3,211,062
		<u>14,064,684</u>
<b>Commercial Services 0.9%</b>		
Ashtead Capital, Inc.		
4.00%, due 5/1/28 (a)	1,435,000	1,440,381
Herc Holdings, Inc.		
5.50%, due 7/15/27 (a)	2,800,000	2,901,500
IHS Markit, Ltd.		
4.25%, due 5/1/29	3,745,000	4,034,152
PayPal Holdings, Inc.		
2.65%, due 10/1/26	3,455,000	3,496,794
		<u>11,872,827</u>
<b>Computers 0.6%</b>		
Dell International LLC / EMC Corp. (a)		
4.90%, due 10/1/26	6,467,000	7,016,635
5.30%, due 10/1/29	1,275,000	1,408,599
		<u>8,425,234</u>

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Distribution &amp; Wholesale 0.1%</b>		
Performance Food Group, Inc. 5.50%, due 10/15/27 (a)	\$ 1,350,000	\$ 1,427,625
<b>Diversified Financial Services 2.2%</b>		
AerCap Ireland Capital DAC / AerCap Global Aviation Trust 3.50%, due 5/26/22	3,690,000	3,795,100
4.50%, due 5/15/21	240,000	248,262
Air Lease Corp. 4.25%, due 9/15/24	6,445,000	6,918,712
Allied Universal Holdco LLC / Allied Universal Finance Corp. 6.625%, due 7/15/26 (a)	2,570,000	2,743,475
Ally Financial, Inc. 3.875%, due 5/21/24	1,270,000	1,326,388
7.50%, due 9/15/20	166,000	173,055
8.00%, due 11/1/31	4,495,000	6,253,669
Capital One Bank USA N.A. 3.375%, due 2/15/23	3,046,000	3,138,300
Discover Financial Services 3.85%, due 11/21/22	1,526,000	1,598,515
International Lease Finance Corp. 5.875%, due 8/15/22	2,200,000	2,411,869
		<u>28,607,345</u>
<b>Electric 1.4%</b>		
Connecticut Light & Power Co. 4.00%, due 4/1/48	1,805,000	2,121,921
Duquesne Light Holdings, Inc. (a) 3.616%, due 8/1/27	1,645,000	1,670,609
5.90%, due 12/1/21	3,000,000	3,200,670
N.V. Energy, Inc. 6.25%, due 11/15/20	5,000,000	5,212,490
PPL Capital Funding, Inc. 5.00%, due 3/15/44	1,000,000	1,177,949
Puget Energy, Inc. 6.50%, due 12/15/20	3,155,000	3,304,220
Southern California Edison Co. 4.00%, due 4/1/47	2,055,000	2,160,327
		<u>18,848,186</u>
<b>Electronics 0.5%</b>		
Honeywell International, Inc. 1.85%, due 11/1/21	6,400,000	6,412,689
<b>Environmental Controls 0.5%</b>		
Waste Connections, Inc. 3.50%, due 5/1/29	1,880,000	2,009,062
Waste Management, Inc. 2.40%, due 5/15/23	4,605,000	4,665,349
		<u>6,674,411</u>

	Principal Amount	Value
<b>Food 1.5%</b>		
JBS USA LUX S.A. / JBS Food Co. / JBS USA Finance, Inc. 5.50%, due 1/15/30 (a)	\$ 1,930,000	\$ 2,077,163
Kerry Group Financial Services Unlimited Co. 3.20%, due 4/9/23 (a)	4,375,000	4,450,876
Mars, Inc. (a) 3.20%, due 4/1/30	1,100,000	1,185,726
3.60%, due 4/1/34	930,000	1,040,657
Mondelez International Holdings Netherlands B.V. 2.00%, due 10/28/21 (a)	4,495,000	4,496,852
Smithfield Foods, Inc. (a) 2.70%, due 1/31/20	1,840,000	1,840,166
5.20%, due 4/1/29	960,000	1,059,905
Tyson Foods, Inc. 5.15%, due 8/15/44	3,000,000	3,666,781
		<u>19,818,126</u>
<b>Gas 0.4%</b>		
Atmos Energy Corp. 4.30%, due 10/1/48	1,465,000	1,760,191
NiSource, Inc. 3.49%, due 5/15/27	2,935,000	3,086,715
Southern California Gas Co. 3.20%, due 6/15/25	915,000	954,001
		<u>5,800,907</u>
<b>Health Care—Products 1.3%</b>		
Becton Dickinson & Co. 3.363%, due 6/6/24	6,075,000	6,363,269
4.669%, due 6/6/47	2,500,000	3,006,895
Zimmer Biomet Holdings, Inc. 3.55%, due 4/1/25	6,900,000	7,297,979
		<u>16,668,143</u>
<b>Health Care—Services 0.2%</b>		
Anthem, Inc. 4.65%, due 1/15/43	1,895,000	2,102,235
<b>Holding Company—Diversified 0.3%</b>		
CK Hutchison International (17) II, Ltd. 3.25%, due 9/29/27 (a)	3,575,000	3,674,690
<b>Home Builders 0.6%</b>		
NVR, Inc. 3.95%, due 9/15/22	6,420,000	6,701,184
TRI Pointe Group, Inc. / TRI Pointe Homes, Inc. 5.875%, due 6/15/24	1,320,000	1,422,300
		<u>8,123,484</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, 2019 (continued)

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Home Furnishing 0.5%</b>		
Whirlpool Corp.		
4.85%, due 6/15/21	\$ 5,890,000	\$ 6,145,606
<b>Insurance 1.9%</b>		
AXA Equitable Holdings, Inc.		
4.35%, due 4/20/28	5,025,000	5,417,930
Liberty Mutual Group, Inc.		
3.951%, due 10/15/50 (a)	3,675,000	3,796,800
Markel Corp.		
3.625%, due 3/30/23 (e)	2,515,000	2,612,989
Metropolitan Life Global Funding I		
1.95%, due 9/15/21 (a)	3,840,000	3,846,311
Peachtree Corners Funding Trust		
3.976%, due 2/15/25 (a)	1,780,000	1,878,929
Reliance Standard Life Global Funding II		
2.50%, due 10/30/24 (a)	3,950,000	3,958,212
Voya Financial, Inc.		
3.65%, due 6/15/26	1,305,000	1,376,249
Willis North America, Inc.		
2.95%, due 9/15/29	2,640,000	2,626,986
		<u>25,514,406</u>
<b>Internet 1.8%</b>		
Alibaba Group Holding, Ltd.		
3.40%, due 12/6/27	5,000,000	5,193,308
Amazon.com, Inc.		
5.20%, due 12/3/25	3,000,000	3,530,258
Expedia Group, Inc.		
3.25%, due 2/15/30 (a)	4,965,000	4,968,383
GrubHub Holdings, Inc.		
5.50%, due 7/1/27 (a)	2,220,000	2,081,250
Tencent Holdings, Ltd. (a)		
3.28%, due 4/11/24	4,365,000	4,494,852
3.80%, due 2/11/25	2,000,000	2,109,987
Weibo Corp.		
3.50%, due 7/5/24	1,825,000	1,859,567
		<u>24,237,605</u>
<b>Iron &amp; Steel 0.6%</b>		
ArcelorMittal		
4.55%, due 3/11/26	3,215,000	3,399,663
Vale Overseas, Ltd.		
6.25%, due 8/10/26	2,290,000	2,668,308
6.875%, due 11/21/36	1,094,000	1,391,568
		<u>7,459,539</u>
<b>Lodging 0.6%</b>		
Las Vegas Sands Corp.		
3.20%, due 8/8/24	2,205,000	2,256,167
MGM Resorts International		
6.00%, due 3/15/23	5,000,000	5,514,100
		<u>7,770,267</u>

	Principal Amount	Value
<b>Media 1.9%</b>		
Charter Communications Operating LLC / Charter Communications Operating Capital Corp.		
4.464%, due 7/23/22	\$ 4,000,000	\$ 4,205,053
Comcast Corp.		
3.70%, due 4/15/24	1,584,900	1,695,023
3.95%, due 10/15/25	2,086,600	2,287,349
4.25%, due 10/15/30	1,435,000	1,648,104
4.70%, due 10/15/48	2,195,000	2,703,007
Diamond Sports Group LLC / Diamond Sports Finance Co.		
6.625%, due 8/15/27 (a)(e)	3,988,000	4,107,640
Grupo Televisa S.A.B.		
5.25%, due 5/24/49	1,890,000	2,068,099
Time Warner Entertainment Co., L.P.		
8.375%, due 3/15/23	3,660,000	4,358,645
Walt Disney Co.		
6.65%, due 11/15/37 (a)	1,640,000	2,454,319
		<u>25,527,239</u>
<b>Mining 0.4%</b>		
Anglo American Capital PLC		
4.875%, due 5/14/25 (a)	2,780,000	3,019,277
Corp. Nacional del Cobre de Chile		
3.00%, due 9/30/29 (a)	2,435,000	2,429,083
		<u>5,448,360</u>
<b>Miscellaneous—Manufacturing 0.3%</b>		
Textron Financial Corp.		
3.893% (3 Month LIBOR + 1.735%), due 2/15/67 (a)(b)	5,685,000	4,277,963
<b>Oil &amp; Gas 1.8%</b>		
Concho Resources, Inc.		
4.30%, due 8/15/28	3,090,000	3,334,449
Continental Resources, Inc.		
5.00%, due 9/15/22	2,886,000	2,908,034
Gazprom OAO Via Gaz Capital S.A. (a)		
4.95%, due 3/23/27	358,000	386,996
4.95%, due 2/6/28	2,531,000	2,757,859
Marathon Petroleum Corp.		
6.50%, due 3/1/41	1,580,000	2,025,841
Petrobras Global Finance B.V.		
7.375%, due 1/17/27	1,599,000	1,936,389
Petroleos Mexicanos		
6.75%, due 9/21/47	5,835,000	5,805,825
Valero Energy Corp.		
4.00%, due 4/1/29	2,270,000	2,426,133
6.625%, due 6/15/37	1,660,000	2,166,121
		<u>23,747,647</u>

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	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Packaging &amp; Containers 0.5%</b>		
Ardagh Packaging Finance PLC / Ardagh Holdings USA, Inc.		
4.25%, due 9/15/22 (a)	\$ 3,600,000	\$ 3,645,000
WRKCo, Inc.		
3.00%, due 9/15/24	2,400,000	2,456,935
3.375%, due 9/15/27	1,000,000	1,031,253
		<u>7,133,188</u>
<b>Pharmaceuticals 0.8%</b>		
Bayer U.S. Finance II LLC		
3.50%, due 6/25/21 (a)	1,920,000	1,958,393
Bristol-Myers Squibb Co.		
3.40%, due 7/26/29 (a)	3,635,000	3,909,758
Zoetis, Inc.		
3.25%, due 8/20/21	395,000	403,297
3.25%, due 2/1/23	3,885,000	4,012,611
		<u>10,284,059</u>
<b>Pipelines 1.7%</b>		
Columbia Pipeline Group, Inc.		
3.30%, due 6/1/20	5,680,000	5,713,765
Enterprise Products Operating LLC		
3.125%, due 7/31/29	2,535,000	2,602,634
4.20%, due 1/31/50	630,000	666,233
Kinder Morgan Energy Partners, L.P.		
6.375%, due 3/1/41	385,000	470,525
MPLX, L.P.		
4.875%, due 6/1/25	5,305,000	5,826,313
6.25%, due 10/15/22 (a)	1,491,000	1,517,849
Spectra Energy Partners, L.P.		
4.75%, due 3/15/24	5,137,000	5,601,991
		<u>22,399,310</u>
<b>Real Estate 0.3%</b>		
American Tower Corp.		
3.375%, due 5/15/24	4,000,000	4,170,796
<b>Real Estate Investment Trusts 1.4%</b>		
Alexandria Real Estate Equities, Inc.		
3.375%, due 8/15/31	2,090,000	2,196,859
Boston Properties, L.P.		
3.20%, due 1/15/25	4,050,000	4,211,308
Crown Castle International Corp.		
3.20%, due 9/1/24	5,580,000	5,792,564
5.25%, due 1/15/23	126,000	137,628
ProLogis, L.P.		
4.25%, due 8/15/23	5,400,000	5,835,507
		<u>18,173,866</u>
<b>Retail 1.8%</b>		
Alimentation Couche-Tard, Inc.		
2.70%, due 7/26/22 (a)	7,345,000	7,431,055

	Principal Amount	Value
<b>Retail (continued)</b>		
CVS Health Corp.		
4.78%, due 3/25/38	\$ 750,000	\$ 832,436
5.05%, due 3/25/48	750,000	864,473
CVS Pass-Through Trust		
5.789%, due 1/10/26 (a)	46,585	50,199
Darden Restaurants, Inc.		
3.85%, due 5/1/27	5,980,000	6,299,700
O'Reilly Automotive, Inc.		
4.625%, due 9/15/21	5,955,000	6,189,327
Starbucks Corp.		
4.45%, due 8/15/49	2,300,000	2,659,025
		<u>24,326,215</u>
<b>Savings &amp; Loans 0.2%</b>		
Nationwide Building Society		
3.96%, due 7/18/30 (a)(c)	2,105,000	2,259,736
<b>Semiconductors 0.6%</b>		
Broadcom, Inc.		
3.125%, due 10/15/22 (a)	3,750,000	3,819,029
NXP B.V. / NXP Funding LLC		
4.625%, due 6/1/23 (a)	3,825,000	4,078,208
		<u>7,897,237</u>
<b>Software 0.6%</b>		
Fiserv, Inc.		
2.75%, due 7/1/24	1,275,000	1,303,529
3.20%, due 7/1/26	810,000	846,304
Microsoft Corp.		
2.00%, due 8/8/23	3,540,000	3,575,366
2.40%, due 8/8/26	2,500,000	2,564,194
		<u>8,289,393</u>
<b>Telecommunications 2.7%</b>		
AT&T, Inc.		
3.312% (3 Month LIBOR + 1.18%), due 6/12/24 (b)	3,645,000	3,708,340
3.80%, due 3/1/24	5,920,000	6,260,006
3.80%, due 2/15/27	5,660,000	6,070,795
4.35%, due 3/1/29	1,040,000	1,149,878
Level 3 Financing, Inc.		
5.375%, due 1/15/24	2,160,000	2,203,200
Rogers Communications, Inc.		
3.625%, due 12/15/25	1,360,000	1,449,546
Sprint Communications, Inc.		
6.00%, due 11/15/22	1,800,000	1,903,500
Sprint Spectrum Co. LLC / Sprint Spectrum Co. II LLC / Sprint Spectrum Co. III LLC		
4.738%, due 9/20/29 (a)	6,245,000	6,658,794
T-Mobile USA, Inc.		
6.375%, due 3/1/25 (e)	500,000	518,855

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, 2019 (continued)

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Telecommunications (continued)</b>		
VEON Holdings B.V. 4.95%, due 6/16/24 (a)	\$ 3,950,000	\$ 4,203,945
Verizon Communications, Inc. 5.15%, due 9/15/23	1,955,000	<u>2,183,501</u>
		<u>36,310,360</u>
<b>Utilities 0.3%</b>		
Duke Energy Progress LLC 3.45%, due 3/15/29	3,695,000	<u>4,017,131</u>
Total Corporate Bonds (Cost \$573,625,866)		<u>603,225,621</u>

## Mortgage-Backed Securities 14.5%

### Agency (Collateralized Mortgage Obligations) 8.6%

Federal Home Loan Mortgage Corporation		
REMIC Series 4691, Class HA 2.50%, due 6/15/40	3,536,951	3,572,255
REMIC, Series 4926, Class BL 2.50%, due 10/25/49 (f)	4,280,000	4,312,956
Series 4759, Class MA 3.00%, due 9/15/45	3,046,793	3,117,636
REMIC, Series 4913, Class UA 3.00%, due 3/15/49	5,321,152	5,401,609
REMIC, Series 4900, Class BE 3.00%, due 3/25/49	3,738,252	3,835,656
REMIC, Series 4908, Class BD 3.00%, due 4/25/49	3,230,000	3,329,638
REMIC, Series 4911, Class MB 3.00%, due 9/25/49	6,095,000	6,242,083
REMIC, Series 4926, Class BP 3.00%, due 10/25/49 (f)	6,680,000	6,893,760
Series 2019-1, Class A1 3.50%, due 5/25/29	2,626,893	2,731,416
REMIC Series 4818, Class BD 3.50%, due 3/15/45	3,553,780	3,654,982
REMIC Series 4869, Class BA 3.50%, due 11/15/47	5,644,108	5,789,837
REMIC Series 4884, Class BA 3.50%, due 6/15/48	3,329,891	3,423,948
REMIC Series 4888, Class BA 3.50%, due 9/15/48	2,439,791	2,538,225
REMIC Series 4877, Class AT 3.50%, due 11/15/48	3,274,924	3,446,835
Federal National Mortgage Association		
REMIC Series 2013-77, Class CY 3.00%, due 7/25/43	2,941,000	3,065,294
Series 2019-25, Class PA 3.00%, due 5/25/48	3,002,080	3,080,039
Series 2019-13, Class PE 3.00%, due 3/25/49	3,801,811	3,884,556

	Principal Amount	Value
<b>Agency (Collateralized Mortgage Obligations) (continued)</b>		
Federal National Mortgage Association (continued)		
REMIC, Series 2019-58, Class LP 3.00%, due 10/25/49	\$ 6,945,000	\$ 7,132,365
REMIC Series 2019-13, Class CA 3.50%, due 4/25/49	5,431,611	5,705,176
Government National Mortgage Association		
Series 2017-155, Class KQ 2.75%, due 2/20/47	5,298,998	5,403,042
Series 2014-91, Class MA 3.00%, due 1/16/40	3,378,757	3,487,308
Series 2018-127, Class PB 3.00%, due 9/20/47	5,285,581	5,402,519
REMIC Series 2019-29, Class PE 3.00%, due 10/20/48	2,992,672	3,051,409
Series 2019-29, Class CB 3.00%, due 10/20/48	2,748,058	2,804,036
Series 2019-59, Class KA 3.00%, due 12/20/48	5,251,252	5,383,959
Series 2019-43, Class PL 3.00%, due 4/20/49	2,894,919	2,989,364
Series 2019-74, Class AT 3.00%, due 6/20/49	3,964,429	<u>4,066,589</u>
		<u>113,746,492</u>

### Commercial Mortgage Loans

#### (Collateralized Mortgage Obligations) 4.9%

Bank		
Series 2019-BN21, Class A5 2.851%, due 10/17/52	6,990,000	7,207,766
Series 2019-BN19, Class A2 2.926%, due 8/15/61	4,430,000	4,603,207
Bayview Commercial Asset Trust		
Series 2006-4A, Class A1 2.248% (1 Month LIBOR + 0.23%), due 12/25/36 (a)(b)	46,177	44,594
Benchmark Mortgage Trust		
Series 2019-B12, Class A5 3.116%, due 8/15/52	4,417,000	4,665,576
COMM Mortgage Trust		
Series 2013-CR8, Class A4 3.334%, due 6/10/46	2,550,658	2,632,193
Four Times Square Trust		
Series 2006-4TS, Class A 5.401%, due 12/13/28 (a)	2,301,565	2,369,205
FREMFI Mortgage Trust (a)(g)		
Series 2013-K33, Class B 3.499%, due 8/25/46	3,345,000	3,493,691
Series 2013-K35, Class B 3.939%, due 12/25/46	2,735,000	2,887,538



	Principal Amount	Value
<b>Mortgage-Backed Securities (continued)</b>		
<b>Commercial Mortgage Loans</b>		
<b>(Collateralized Mortgage Obligations) (continued)</b>		
FRESB Multifamily Mortgage		
Pass-Through Trust		
Series 2019-SB59, Class A10F		
3.47%, due 1/25/29 (g)	\$ 1,482,430	\$ 1,565,020
GS Mortgage Securities Trust		
Series 2019-GC42, Class A4		
3.001%, due 9/1/52	1,795,000	1,876,405
Series 2019-GC40, Class A4		
3.16%, due 7/10/52	3,114,000	3,296,186
Hawaii Hotel Trust		
Series 2019-MAUI, Class A		
3.178% (1 Month LIBOR + 1.15%), due 5/15/38 (a)(b)	2,490,000	2,492,348
Hudson Yards Mortgage Trust		
Series 2019-30HY, Class A		
3.228%, due 7/10/39 (a)	3,225,000	3,430,949
JP Morgan Chase Commercial Mortgage Securities Trust		
Series 2018-AON, Class A		
4.128%, due 7/5/31 (a)	4,240,000	4,532,833
Series 2013-C16, Class A4		
4.166%, due 12/15/46	2,610,000	2,808,064
JPMBB Commercial Mortgage Securities Trust		
Series 2015-C28, Class A4		
3.227%, due 10/15/48	3,314,000	3,475,567
One Bryant Park Trust		
Series 2019-OBP, Class A		
2.516%, due 9/15/54 (a)	6,075,000	6,066,252
Wells Fargo Commercial Mortgage Trust (a)(g)		
Series 2018-1745, Class A		
3.749%, due 6/15/36	2,900,000	3,180,310
Series 2018-AUS, Class A		
4.058%, due 8/17/36	3,950,000	4,391,996
		<u>65,019,700</u>
<b>Residential Mortgages (Collateralized Mortgage Obligations) 0.6%</b>		
JP Morgan Mortgage Trust (a)(h)		
Series 2019-1, Class A3		
4.00%, due 5/25/49	1,609,101	1,632,232
Series 2019-LTV1, Class A4		
4.00%, due 6/25/49	1,142,026	1,166,233
Series 2019-2, Class A4		
4.00%, due 8/25/49	1,594,241	1,604,081
Series 2019-3, Class A3		
4.00%, due 9/25/49	1,938,334	1,964,986
Series 2019-5, Class A4		
4.00%, due 11/25/49	1,822,768	1,829,844
		<u>8,197,376</u>

	Principal Amount	Value
<b>Whole Loan (Collateralized Mortgage Obligations) 0.4%</b>		
Chase Home Lending Mortgage Trust		
Series 2019-ATR2, Class A3		
3.50%, due 7/25/49 (a)(h)	\$ 2,427,046	\$ 2,463,925
Fannie Mae Connecticut Avenue Securities		
Series 2016-C06, Class 1M2		
6.268% (1 Month LIBOR + 4.25%), due 4/25/29 (b)	2,210,000	2,348,779
		<u>4,812,704</u>
Total Mortgage-Backed Securities (Cost \$188,218,473)		<u>191,776,272</u>
<b>Municipal Bonds 0.2%</b>		
<b>New York 0.2%</b>		
New York State Thruway Authority, Revenue Bonds		
Series M		
2.90%, due 1/1/35	2,020,000	2,044,765
Total Municipal Bonds (Cost \$2,020,000)		<u>2,044,765</u>
<b>U.S. Government &amp; Federal Agencies 32.8%</b>		
<b>Fannie Mae (Collateralized Mortgage Obligation) 0.2%</b>		
Series 2018-26, Class P		
3.50%, due 8/25/46	2,213,828	2,273,707
Series 1991-66, Class J		
8.125%, due 6/25/21	41	42
		<u>2,273,749</u>
<b>Federal Home Loan Mortgage Corporation (Mortgage Pass-Through Securities) 6.3%</b>		
3.00%, due 4/1/47	1,896,381	1,946,928
3.00%, due 12/1/47	483,194	494,435
3.50%, due 8/1/38	6,588,258	6,825,794
3.50%, due 1/1/43	1,395,524	1,481,283
3.50%, due 1/1/44	2,471,402	2,594,242
3.50%, due 1/1/45	1,988,396	2,104,616
3.50%, due 11/1/45	1,836,257	1,927,749
3.50%, due 3/1/46	3,250,549	3,416,465
3.50%, due 11/1/46	7,645,436	7,971,350
4.00%, due 6/1/42	3,055,011	3,246,903
4.00%, due 7/1/44	1,473,221	1,574,805
4.00%, due 3/1/45	1,376,782	1,471,486
4.00%, due 12/1/46	2,277,533	2,409,507
4.00%, due 2/1/48	2,915,875	3,061,905
4.00%, due 8/1/48	7,634,613	7,935,394
4.00%, due 10/1/48	1,956,934	2,096,375
4.00%, due 2/1/49	2,635,672	2,743,031
4.50%, due 8/1/44	1,413,706	1,572,495
4.50%, due 12/1/44	6,236,472	6,758,239
4.50%, due 7/1/45	4,113,054	4,452,111

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, 2019 (continued)

	Principal Amount	Value
<b>U.S. Government &amp; Federal Agencies (continued)</b>		
<b>Federal Home Loan Mortgage Corporation</b>		
<b>(Mortgage Pass-Through Securities) (continued)</b>		
4.50%, due 4/1/46	\$ 664,106	\$ 719,399
4.50%, due 8/1/47	1,373,117	1,508,359
4.50%, due 7/1/48	7,193,159	7,562,665
4.50%, due 9/1/48	4,836,675	5,101,707
5.00%, due 11/1/41	1,967,419	2,173,665
6.50%, due 4/1/37	58,546	65,845
		<u>83,216,753</u>
<b>Federal National Mortgage Association</b>		
<b>(Mortgage Pass-Through Securities) 12.0%</b>		
2.50%, due 12/1/37	4,604,179	4,619,567
3.00%, due 12/1/37	2,343,108	2,409,631
3.00%, due 5/1/38	4,742,277	4,876,694
3.00%, due 10/1/44	6,200,265	6,396,451
3.00%, due 1/1/45	3,390,775	3,497,849
3.00%, due 3/1/47	4,934,366	5,065,098
3.00%, due 12/1/47	687,435	705,526
3.00%, due 6/1/57	5,352,903	5,511,614
3.50%, due 3/1/37	756,317	793,132
3.50%, due 2/1/42	3,547,326	3,702,099
3.50%, due 2/1/43	1,421,383	1,507,852
3.50%, due 5/1/43	4,022,038	4,218,535
3.50%, due 7/1/43	3,840,074	4,062,407
3.50%, due 11/1/44	2,046,713	2,147,122
3.50%, due 12/1/44	1,428,578	1,500,613
3.50%, due 11/1/45	4,072,073	4,255,222
3.50%, due 3/1/46	8,064,445	8,461,084
3.50%, due 2/1/48	9,325,882	9,621,479
3.50%, due 9/1/48 TBA (i)	3,215,000	3,300,901
4.00%, due 7/1/38	2,619,119	2,763,979
4.00%, due 8/1/38	1,707,658	1,817,673
4.00%, due 10/1/38	6,706,824	7,138,941
4.00%, due 3/1/42	1,454,967	1,544,527
4.00%, due 1/1/43	2,530,929	2,687,820
4.00%, due 1/1/46	6,344,609	6,777,441
4.00%, due 3/1/46	664,581	708,641
4.00%, due 6/1/48	5,989,893	6,258,998
4.00%, due 9/1/48	5,270,995	5,572,364
4.00%, due 2/1/49	2,082,619	2,163,831
4.50%, due 2/1/41	2,151,797	2,367,401
4.50%, due 4/1/41	669,740	742,557
4.50%, due 8/1/42	10,664,396	11,560,747
4.50%, due 12/1/43	3,556,610	3,845,975
4.50%, due 8/1/44	1,941,256	2,102,704
4.50%, due 6/1/48	7,363,713	7,773,812
4.50%, due 7/1/48	4,886,849	5,158,037
5.00%, due 9/1/33	2,287,203	2,524,930
5.00%, due 9/1/41	562,783	621,024
5.00%, due 10/1/41	2,882,524	3,179,751

	Principal Amount	Value
<b>Federal National Mortgage Association</b>		
<b>(Mortgage Pass-Through Securities) (continued)</b>		
5.50%, due 7/1/41	\$ 2,551,497	\$ 2,871,206
6.00%, due 4/1/37	10,107	10,933
6.00%, due 10/1/37	27,295	29,419
6.00%, due 7/1/39	522,198	600,235
6.50%, due 10/1/39	509,226	573,800
		<u>158,049,622</u>
<b>United States Treasury Bonds 8.2%</b>		
2.875%, due 5/15/49	71,260,000	82,110,448
4.375%, due 11/15/39	13,500,000	18,739,160
4.50%, due 5/15/38	5,715,000	7,987,382
		<u>108,836,990</u>
<b>United States Treasury Notes 4.1%</b>		
1.50%, due 10/31/21	46,700,000	46,674,461
1.50%, due 10/31/24	6,015,000	6,008,656
1.625%, due 8/15/29	1,715,000	1,704,750
		<u>54,387,867</u>
<b>United States Treasury Inflation—Indexed Notes 2.0%</b>		
0.75%, due 7/15/28 (j)	6,377,779	6,712,430
0.875%, due 1/15/29 (j)	18,624,380	19,807,922
		<u>26,520,352</u>
Total U.S. Government & Federal Agencies (Cost \$411,792,785)		<u>433,285,333</u>
Total Long-Term Bonds (Cost \$1,224,615,206)		<u>1,280,190,139</u>

	Shares	
<b>Common Stocks 0.0%‡</b>		
<b>Commercial Services &amp; Supplies 0.0%‡</b>		
Quad/Graphics, Inc.	1	5
<b>Media 0.0%‡</b>		
ION Media Networks, Inc. (f)(k)(l)(m)	2	793
Total Common Stocks (Cost \$0)		<u>798</u>
<b>Short-Term Investments 6.8%</b>		
<b>Affiliated Investment Company 6.3%</b>		
MainStay U.S. Government Liquidity Fund, 1.76% (n)	83,216,467	83,216,467
Total Affiliated Investment Company (Cost \$83,216,467)		<u>83,216,467</u>

	Principal Amount	Value
<b>U.S. Government &amp; Federal Agencies 0.2%</b>		
United States Treasury Bills		
1.644%, due 11/26/19 (o)	\$ 3,150,000	\$ 3,146,325
Total U.S. Government & Federal Agencies (Cost \$3,146,325)		<u>3,146,325</u>

	Shares	
<b>Unaffiliated Investment Company 0.3%</b>		
State Street Navigator Securities Lending		
Government Money Market		
Portfolio, 1.75% (n)(p)	4,407,348	4,407,348
Total Unaffiliated Investment Company (Cost \$4,407,348)		<u>4,407,348</u>
Total Short-Term Investments (Cost \$90,770,140)		<u>90,770,140</u>
Total Investments (Cost \$1,315,385,346)	103.8%	1,370,961,077
Other Assets, Less Liabilities	<u>(3.8)</u>	<u>(50,814,584)</u>
Net Assets	<u>100.0%</u>	<u>\$1,320,146,493</u>

† Percentages indicated are based on Fund net assets.

‡ Less than one-tenth of a percent.

- (a) May be sold to institutional investors only under Rule 144A or securities offered pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.
- (b) Floating rate—Rate shown was the rate in effect as of October 31, 2019.
- (c) Fixed to floating rate—Rate shown was the rate in effect as of October 31, 2019.
- (d) Securities are perpetual and, thus, do not have a predetermined maturity date. The date shown, if applicable, reflects the next call date.
- (e) All or a portion of this security was held on loan. As of October 31, 2019, the aggregate market value of securities on loan was \$4,298,534. The Fund received cash collateral with a value of \$4,407,348 (See Note 2(M)).
- (f) Fair valued security—Represents fair value as measured in good faith under procedures approved by the Board of Trustees. As of October 31, 2019, the total market value of fair valued securities was \$11,207,509, which represented 0.8% of the Fund's net assets.
- (g) Collateral strip rate—A bond whose interest was based on the weighted net interest rate of the collateral. The coupon rate adjusts periodically based on a predetermined schedule. Rate shown was the rate in effect as of October 31, 2019.
- (h) Coupon rate may change based on changes of the underlying collateral or prepayments of principal. The coupon rate shown represents the rate at period end.
- (i) TBA—Securities purchased on a forward commitment basis with an approximate principal amount and maturity date. The actual principal

amount and maturity date will be determined upon settlement. As of October 31, 2019, the total net market value of these securities was \$3,300,901, which represented 0.3% of the Fund's net assets. All or a portion of these securities are a part of a mortgage dollar roll agreement.

- (j) Treasury Inflation Protected Security—Pays a fixed rate of interest on a principal amount that is continuously adjusted for inflation based on the Consumer Price Index-Urban Consumers.
- (k) Security in which significant unobservable inputs (Level 3) were used in determining fair value.
- (l) Illiquid investment—As of October 31, 2019, the total market value of these illiquid investments was \$793, which represented less than one-tenth of a percent of the Fund's net assets. (Unaudited)
- (m) Restricted security. (See Note 5)
- (n) Current yield as of October 31, 2019.
- (o) Interest rate shown represents yield to maturity.
- (p) Represents security purchased with cash collateral received for securities on loan.

# Portfolio of Investments October 31, 2019 (continued)

## Futures Contracts

As of October 31, 2019, the Portfolio held the following futures contracts<sup>1</sup>:

Type	Number of Contracts Long (Short)	Expiration Date	Value at Trade Date	Notional Amount	Unrealized Appreciation (Depreciation) <sup>2</sup>
<b>Long Contracts</b>					
5-Year United States Treasury Note	209	December 2019	\$ 24,920,444	\$ 24,913,453	\$ (6,991)
2-Year United States Treasury Note	424	December 2019	91,542,419	91,415,062	(127,357)
Euro Bund	18	December 2019	3,542,937	3,448,150	(94,787)
United States Treasury Long Bond	60	December 2019	9,639,610	9,682,500	42,890
United States Treasury Ultra Bond	170	December 2019	33,047,886	32,257,500	(790,386)
Total Long Contracts					(976,631)
<b>Short Contracts</b>					
10-Year United States Treasury Note	(316)	December 2019	(41,301,351)	(41,173,812)	127,539
10-Year United States Treasury Ultra Note	(202)	December 2019	(28,899,520)	(28,706,094)	193,426
Euro-BTP	(22)	December 2019	(3,555,805)	(3,544,801)	11,004
Total Short Contracts					331,969
Net Unrealized Depreciation					<u>\$(644,662)</u>

1. As of October 31, 2019, cash in the amount of \$1,019,554 was on deposit with a broker or futures commission merchant for futures transactions.

2. Represents the difference between the value of the contracts at the time they were opened and the value as of October 31, 2019.

The following abbreviation is used in the preceding pages:

BTP—Buoni del Tesoro Poliennali (Eurex Exchange index)

LIBOR—London Interbank Offered Rate

REMIC—Real Estate Mortgage Investment Conduit

The following is a summary of the fair valuations according to the inputs used as of October 31, 2019, for valuing the Fund's assets and liabilities:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Asset Valuation Inputs</b>				
Investments in Securities (a)				
Long-Term Bonds				
Asset-Backed Securities	\$ —	\$ 49,858,148	\$ —	\$ 49,858,148
Corporate Bonds	—	603,225,621	—	603,225,621
Mortgage-Backed Securities	—	191,776,272	—	191,776,272
Municipal Bonds	—	2,044,765	—	2,044,765
U.S. Government & Federal Agencies	—	433,285,333	—	433,285,333
Total Long-Term Bonds	—	1,280,190,139	—	1,280,190,139
Common Stocks (b)	5	—	793	798
Short-Term Investments				
Affiliated Investment Company	83,216,467	—	—	83,216,467
U.S. Government & Federal Agencies	—	3,146,325	—	3,146,325
Unaffiliated Investment Company	4,407,348	—	—	4,407,348
Total Short-Term Investments	87,623,815	3,146,325	—	90,770,140
Total Investments in Securities	87,623,820	1,283,336,464	793	1,370,961,077
Other Financial Instruments				
Futures Contracts (c)	374,859	—	—	374,859
Total Investments in Securities and Other Financial Instruments	<u>\$87,998,679</u>	<u>\$1,283,336,464</u>	<u>\$793</u>	<u>\$1,371,335,936</u>
<b>Liability Valuation Inputs</b>				
Other Financial Instruments				
Futures Contracts (c)	<u>\$(1,019,521)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$(1,019,521)</u>

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

(b) The Level 3 security valued at \$793 is held in Media within the Common Stocks section of the Portfolio of Investments.

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

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

<b>Investments in Securities</b>	<b>Balance as of October 31, 2018</b>	<b>Accrued Discounts (Premiums)</b>	<b>Realized Gain (Loss)</b>	<b>Change in Unrealized Appreciation (Depreciation)</b>	<b>Purchases</b>	<b>Sales (a)</b>	<b>Transfers in to Level 3</b>	<b>Transfers out of Level 3</b>	<b>Balance as of October 31, 2019</b>	<b>Change in Unrealized Appreciation (Depreciation) from Investments Still Held at October 31, 2019 (b)</b>
Long-Term Bonds										
Mortgage-Backed Securities	\$223,017	\$ —	\$(25,685)	\$16,246	\$ —	\$(213,578)	\$ —	\$ —	\$ —	\$ —
Common Stock	1,239	—	—	(446)	—	—	—	—	793	(446)
<b>Total</b>	<u>\$224,256</u>	<u>\$ —</u>	<u>\$(25,685)</u>	<u>\$15,800</u>	<u>\$ —</u>	<u>\$(213,578)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$793</u>	<u>\$(446)</u>

(a) Sales include principal reductions.

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

# Statement of Assets and Liabilities as of October 31, 2019

## Assets

Investment in unaffiliated securities, at value (identified cost \$1,232,168,879) including securities on loan of \$4,298,534	\$1,287,744,610
Investment in affiliated investment company, at value (identified cost \$83,216,467)	83,216,467
Cash collateral on deposit at broker for futures contracts	1,019,554
Receivables:	
Dividends and interest	8,823,656
Fund shares sold	2,852,259
Variation margin on futures contracts	326,843
Securities lending	891
Other assets	51,331
Total assets	<u>1,384,035,611</u>

## Liabilities

Cash collateral received for securities on loan	4,407,348
Payables:	
Investment securities purchased	57,655,714
Fund shares redeemed	944,433
Manager (See Note 3)	536,549
Transfer agent (See Note 3)	200,164
Shareholder communication	36,427
Professional fees	31,261
NYLIFE Distributors (See Note 3)	25,649
Custodian	17,734
Trustees	2,362
Accrued expenses	20,508
Dividend payable	10,969
Total liabilities	<u>63,889,118</u>
Net assets	<u>\$1,320,146,493</u>

## Composition of Net Assets

Shares of beneficial interest outstanding (par value of \$.001 per share) unlimited number of shares authorized	\$ 121,019
Additional paid-in capital	<u>1,290,924,270</u>
	1,291,045,289
Total distributable earnings (loss)	<u>29,101,204</u>
Net assets	<u>\$1,320,146,493</u>

## Class A

Net assets applicable to outstanding shares	<u>\$ 56,472,644</u>
Shares of beneficial interest outstanding	<u>5,178,402</u>
Net asset value per share outstanding	\$ 10.91
Maximum sales charge (4.50% of offering price)	0.51
Maximum offering price per share outstanding	<u>\$ 11.42</u>

## Investor Class

Net assets applicable to outstanding shares	<u>\$ 6,557,167</u>
Shares of beneficial interest outstanding	<u>597,936</u>
Net asset value per share outstanding	\$ 10.97
Maximum sales charge (4.50% of offering price)	0.52
Maximum offering price per share outstanding	<u>\$ 11.49</u>

## Class B

Net assets applicable to outstanding shares	<u>\$ 2,515,395</u>
Shares of beneficial interest outstanding	<u>230,381</u>
Net asset value and offering price per share outstanding	<u>\$ 10.92</u>

## Class C

Net assets applicable to outstanding shares	<u>\$ 11,915,962</u>
Shares of beneficial interest outstanding	<u>1,089,997</u>
Net asset value and offering price per share outstanding	<u>\$ 10.93</u>

## Class I

Net assets applicable to outstanding shares	<u>\$1,056,593,532</u>
Shares of beneficial interest outstanding	<u>96,858,739</u>
Net asset value and offering price per share outstanding	<u>\$ 10.91</u>

## Class R1

Net assets applicable to outstanding shares	<u>\$ 26,957</u>
Shares of beneficial interest outstanding	<u>2,472</u>
Net asset value and offering price per share outstanding (a)	<u>\$ 10.90</u>

## Class R2

Net assets applicable to outstanding shares	<u>\$ 81,415</u>
Shares of beneficial interest outstanding	<u>7,468</u>
Net asset value and offering price per share outstanding	<u>\$ 10.90</u>

## Class R3

Net assets applicable to outstanding shares	<u>\$ 250,794</u>
Shares of beneficial interest outstanding	<u>22,999</u>
Net asset value and offering price per share outstanding	<u>\$ 10.90</u>

## Class R6

Net assets applicable to outstanding shares	<u>\$ 185,732,627</u>
Shares of beneficial interest outstanding	<u>17,030,976</u>
Net asset value and offering price per share outstanding	<u>\$ 10.91</u>

(a) The difference between the recalculated and stated NAV was caused by rounding.

# Statement of Operations for the year ended October 31, 2019

## Investment Income (Loss)

### Income

Interest	\$ 43,618,447
Dividends-affiliated	734,286
Securities lending	12,816
Dividends-unaffiliated	866
Total income	<u>44,366,415</u>

### Expenses

Manager (See Note 3)	6,229,429
Transfer agent (See Note 3)	1,232,271
Distribution/Service—Class A (See Note 3)	122,286
Distribution/Service—Investor Class (See Note 3)	14,655
Distribution/Service—Class B (See Note 3)	26,432
Distribution/Service—Class C (See Note 3)	138,746
Distribution/Service—Class R2 (See Note 3)	194
Distribution/Service—Class R3 (See Note 3)	1,040
Registration	154,603
Professional fees	138,923
Shareholder communication	66,847
Custodian	57,797
Trustees	31,379
Shareholder service (See Note 3)	1,928
Miscellaneous	58,145
Total expenses before waiver/reimbursement	8,274,675
Expense waiver/reimbursement from Manager (See Note 3)	(454,998)
Net expenses	<u>7,819,677</u>
Net investment income (loss)	<u>36,546,738</u>

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

Net realized gain (loss) on:	
Unaffiliated investment transactions	13,651,208
Futures transactions	698,291
Foreign currency transactions	(34,363)
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	<u>14,315,136</u>
Net change in unrealized appreciation (depreciation) on:	
Unaffiliated investments	82,627,787
Futures contracts	264,012
Translation of other assets and liabilities in foreign currencies	18,899
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currencies	<u>82,910,698</u>
Net realized and unrealized gain (loss) on investments, futures transactions and foreign currency transactions	<u>97,225,834</u>
Net increase (decrease) in net assets resulting from operations	<u>\$133,772,572</u>

# Statements of Changes in Net Assets

for the years ended October 31, 2019 and October 31, 2018

	2019	2018
<b>Increase (Decrease) in Net Assets</b>		
Operations:		
Net investment income (loss)	\$ 36,546,738	\$ 32,517,489
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	14,315,136	(15,049,049)
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currencies	82,910,698	(50,412,741)
Net increase (decrease) in net assets resulting from operations	133,772,572	(32,944,301)
Distributions to shareholders:		
Class A	(1,280,678)	(1,202,913)
Investor Class	(143,070)	(128,668)
Class B	(44,686)	(56,075)
Class C	(233,901)	(260,422)
Class I	(29,763,400)	(26,684,977)
Class R1	(47,586)	(104,327)
Class R2	(1,981)	(2,141)
Class R3	(4,787)	(1,464)
Class R6	(4,801,485)	(3,577,384)
	(36,321,574)	(32,018,371)
Distributions to shareholders from return of capital:		
Class A	—	(13,507)
Investor Class	—	(1,445)
Class B	—	(630)
Class C	—	(2,924)
Class I	—	(299,624)
Class R1	—	(1,171)
Class R2	—	(24)
Class R3	—	(16)
Class R6	—	(40,168)
	—	(359,509)
Total distributions to shareholders	(36,321,574)	(32,377,880)
Capital share transactions:		
Net proceeds from sale of shares	331,151,915	488,740,788
Net asset value of shares issued to shareholders in reinvestment of distributions	36,167,837	31,592,157
Cost of shares redeemed	(352,868,893)	(510,892,230)
Increase (decrease) in net assets derived from capital share transactions	14,450,859	9,440,715
Net increase (decrease) in net assets	111,901,857	(55,881,466)
<b>Net Assets</b>		
Beginning of year	1,208,244,636	1,264,126,102
End of year	\$1,320,146,493	\$1,208,244,636



# Financial Highlights selected per share data and ratios

Class A	Year ended October 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of year	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.82
Net investment income (loss)	0.27	0.25 (a)	0.29	0.28	0.27
Net realized and unrealized gain (loss) on investments	0.82	(0.54)	(0.06)	0.18	(0.32)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.01	0.00 ‡
Total from investment operations	1.09	(0.29)	0.23	0.47	(0.05)
<b>Less dividends and distributions:</b>					
From net investment income	(0.28)	(0.25)	(0.25)	(0.27)	(0.27)
From net realized gain on investments	—	—	—	—	(0.04)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.28)	(0.25)	(0.25)	(0.27)	(0.31)
Net asset value at end of year	\$ 10.91	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46
Total investment return (b)	10.88%	(2.78%)	2.23%	4.56%	(0.43%)
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.63%	2.40%	2.44%	2.55%	2.56%
Net expenses (c)	0.88%	0.90%	0.91%	1.00%	1.08%
Expenses (before waiver/reimbursement) (c)	0.89%	0.90%	0.94%	1.13%	1.11%
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of year (in 000's)	\$ 56,473	\$ 44,527	\$ 55,474	\$ 294,002	\$ 507,633

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

Investor Class	Year ended October 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of year	\$ 10.15	\$ 10.70	\$ 10.71	\$ 10.51	\$ 10.88
Net investment income (loss)	0.26	0.24 (a)	0.24	0.29	0.28
Net realized and unrealized gain (loss) on investments	0.82	(0.56)	(0.01)	0.19	(0.33)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.01	0.00 ‡
Total from investment operations	1.08	(0.32)	0.23	0.49	(0.05)
<b>Less dividends and distributions:</b>					
From net investment income	(0.26)	(0.23)	(0.24)	(0.29)	(0.28)
From net realized gain on investments	—	—	—	—	(0.04)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.26)	(0.23)	(0.24)	(0.29)	(0.32)
Net asset value at end of year	\$ 10.97	\$ 10.15	\$ 10.70	\$ 10.71	\$ 10.51
Total investment return (b)	10.74%	(2.99%)	2.11%	4.81%	(0.46%)
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.46%	2.27%	2.28%	2.71%	2.64%
Net expenses (c)	1.05%	1.04%	1.00%	0.83%	1.01%
Expenses (before waiver/reimbursement) (c)	1.06%	1.05%	1.03%	0.98%	1.03%
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of year (in 000's)	\$ 6,557	\$ 5,514	\$ 6,265	\$ 9,232	\$ 8,350

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

# Financial Highlights selected per share data and ratios

Class B	Year ended October 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of year	\$ 10.11	\$ 10.65	\$ 10.67	\$ 10.47	\$ 10.84
Net investment income (loss)	0.20	0.16 (a)	0.17	0.21	0.20
Net realized and unrealized gain (loss) on investments	0.79	(0.55)	(0.03)	0.19	(0.33)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.01	0.00 ‡
Total from investment operations	0.99	(0.39)	0.14	0.41	(0.13)
<b>Less dividends and distributions:</b>					
From net investment income	(0.18)	(0.15)	(0.16)	(0.21)	(0.20)
From net realized gain on investments	—	—	—	—	(0.04)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.18)	(0.15)	(0.16)	(0.21)	(0.24)
Net asset value at end of year	\$ 10.92	\$ 10.11	\$ 10.65	\$ 10.67	\$ 10.47
Total investment return (b)	9.85%	(3.64%)	1.36%	3.95%	(1.21%)
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	1.73%	1.51%	1.53%	1.96%	1.89%
Net expenses (c)	1.80%	1.79%	1.75%	1.57%	1.76%
Expenses (before waiver/reimbursement) (c)	1.81%	1.80%	1.78%	1.73%	1.78%
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of year (in 000's)	\$ 2,515	\$ 2,987	\$ 4,913	\$ 6,746	\$ 6,205

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

Class C	Year ended October 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of year	\$ 10.12	\$ 10.66	\$ 10.68	\$ 10.48	\$ 10.85
Net investment income (loss)	0.20	0.16 (a)	0.17	0.21	0.20
Net realized and unrealized gain (loss) on investments	0.79	(0.55)	(0.03)	0.19	(0.33)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.01	0.00 ‡
Total from investment operations	0.99	(0.39)	0.14	0.41	(0.13)
<b>Less dividends and distributions:</b>					
From net investment income	(0.18)	(0.15)	(0.16)	(0.21)	(0.20)
From net realized gain on investments	—	—	—	—	(0.04)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.18)	(0.15)	(0.16)	(0.21)	(0.24)
Net asset value at end of year	\$ 10.93	\$ 10.12	\$ 10.66	\$ 10.68	\$ 10.48
Total investment return (b)	9.84%	(3.64%)	1.36%	3.95%	(1.20%)
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	1.74%	1.51%	1.53%	1.96%	1.89%
Net expenses (c)	1.80%	1.79%	1.75%	1.58%	1.75%
Expenses (before waiver/reimbursement) (c)	1.81%	1.80%	1.78%	1.73%	1.78%
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of year (in 000's)	\$ 11,916	\$ 14,837	\$ 20,215	\$ 28,430	\$ 24,259

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

# Financial Highlights selected per share data and ratios

Class I	Year ended October 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of year	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83
Net investment income (loss)	0.31	0.28 (a)	0.28	0.31	0.32
Net realized and unrealized gain (loss) on investments	0.81	(0.54)	(0.01)	0.19	(0.33)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	(0.00)‡	0.01	0.00 ‡
Total from investment operations	1.12	(0.26)	0.27	0.51	(0.01)
<b>Less dividends and distributions:</b>					
From net investment income	(0.31)	(0.28)	(0.29)	(0.31)	(0.32)
From net realized gain on investments	—	—	—	—	(0.04)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.31)	(0.28)	(0.29)	(0.31)	(0.36)
Net asset value at end of year	\$ 10.91	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46
Total investment return (b)	11.20%	(2.49%)	2.56%	4.96%	(0.05%)
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.93%	2.70%	2.66%	2.94%	3.05%
Net expenses (c)	0.60%	0.60%	0.60%	0.60%	0.60%
Expenses (before waiver/reimbursement) (c)	0.64%	0.65%	0.67%	0.88%	0.86%
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of year (in 000's)	\$ 1,056,594	\$ 1,016,022	\$ 1,173,384	\$ 935,533	\$ 1,021,724

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

Class R1	Year ended October 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of year	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.83
Net investment income (loss)	0.29	0.27 (a)	0.27	0.30	0.31
Net realized and unrealized gain (loss) on investments	0.80	(0.54)	(0.01)	0.19	(0.33)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.01	0.00 ‡
Total from investment operations	1.09	(0.27)	0.26	0.50	(0.02)
<b>Less dividends and distributions:</b>					
From net investment income	(0.29)	(0.27)	(0.28)	(0.30)	(0.31)
From net realized gain on investments	—	—	—	—	(0.04)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.29)	(0.27)	(0.28)	(0.30)	(0.35)
Net asset value at end of year	\$ 10.90	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46
Total investment return (b)	10.98%	(2.59%)	2.46%	4.86%	(0.14%)
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.97%	2.61%	2.58%	2.84%	2.95%
Net expenses (c)	0.70%	0.70%	0.70%	0.70%	0.70%
Expenses (before waiver/reimbursement) (c)	0.74%	0.75%	0.77%	0.98%	0.96%
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of year (in 000's)	\$ 27	\$ 4,148	\$ 3,627	\$ 3,846	\$ 3,907

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

# Financial Highlights selected per share data and ratios

Class R2	Year ended October 31,				
	2019	2018	2017	2016	2015
Net asset value at beginning of year	\$ 10.09	\$ 10.63	\$ 10.65	\$ 10.46	\$ 10.82
Net investment income (loss)	0.27	0.24 (a)	0.24	0.31	0.29
Net realized and unrealized gain (loss) on investments	0.81	(0.54)	(0.01)	0.15	(0.33)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.00 ‡	0.00 ‡
Total from investment operations	1.08	(0.30)	0.23	0.46	(0.04)
<b>Less dividends and distributions:</b>					
From net investment income	(0.27)	(0.24)	(0.25)	(0.27)	(0.28)
From net realized gain on investments	—	—	—	—	(0.04)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.27)	(0.24)	(0.25)	(0.27)	(0.32)
Net asset value at end of year	\$ 10.90	\$ 10.09	\$ 10.63	\$ 10.65	\$ 10.46
Total investment return (b)	10.82%	(2.83%)	2.18%	4.44%	(0.35%)
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.57%	2.35%	2.32%	2.64%	2.67%
Net expenses (c)	0.95%	0.95%	0.95%	0.95%	0.95%
Expenses (before waiver/reimbursement) (c)	0.99%	1.00%	1.02%	1.24%	1.20%
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of year (in 000's)	\$ 81	\$ 73	\$ 127	\$ 115	\$ 1,266

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

Class R3	Year ended October 31,			February 29, 2016 <sup>^</sup> through October 31, 2016
	2019	2018	2017	
Net asset value at beginning of period	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.31
Net investment income (loss)	0.24	0.22 (a)	0.21	0.15
Net realized and unrealized gain (loss) on investments	0.80	(0.54)	(0.01)	0.35
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.01
Total from investment operations	1.04	(0.32)	0.20	0.51
<b>Less dividends and distributions:</b>				
From net investment income	(0.24)	(0.22)	(0.22)	(0.16)
Return of capital	—	(0.00)‡	(0.00)‡	—
Total dividends and distributions	(0.24)	(0.22)	(0.22)	(0.16)
Net asset value at end of period	\$ 10.90	\$ 10.10	\$ 10.64	\$ 10.66
Total investment return (b)	10.44%	(3.08%)	1.93%	4.98%
<b>Ratios (to average net assets)/Supplemental Data:</b>				
Net investment income (loss)	2.30%	2.15%	2.07%	2.26%††
Net expenses (c)	1.20%	1.20%	1.20%	1.20%††
Expenses (before reimbursement/waiver) (c)	1.24%	1.24%	1.27%	1.48%††
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%
Net assets at end of period (in 000's)	\$ 251	\$ 173	\$ 93	\$ 79

<sup>^</sup> Inception date.

†† Annualized.

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

# Financial Highlights selected per share data and ratios

Class R6	Year ended October 31,				December 29, 2014 <sup>^</sup> through October 31, 2015
	2019	2018	2017	2016	
Net asset value at beginning of period	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46	\$ 10.71
Net investment income (loss)	0.30	0.29 (a)	0.29	0.36	0.27
Net realized and unrealized gain (loss) on investments	0.82	(0.54)	(0.02)	0.15	(0.25)
Net realized and unrealized gain (loss) on foreign currency transactions	(0.00)‡	(0.00)‡	0.00 ‡	0.01	—
Total from investment operations	1.12	(0.25)	0.27	0.52	0.02
<b>Less dividends and distributions:</b>					
From net investment income	(0.31)	(0.29)	(0.29)	(0.32)	(0.27)
Return of capital	—	(0.00)‡	(0.00)‡	—	—
Total dividends and distributions	(0.31)	(0.29)	(0.29)	(0.32)	(0.27)
Net asset value at end of period	\$ 10.91	\$ 10.10	\$ 10.64	\$ 10.66	\$ 10.46
Total investment return (b)	11.27%	(2.42%)	2.62%	5.04%	0.20%
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.98%	2.81%	2.74%	3.02%	3.07%††
Net expenses (c)	0.53%	0.53%	0.54%	0.53%	0.53%††
Expenses (before waiver/reimbursement) (c)	0.53%	0.53%	0.54%	0.53%	0.55%††
Portfolio turnover rate	100%(d)	95% (d)	56%(d)	21%	28%
Net assets at end of period (in 000's)	\$ 185,733	\$ 119,963	\$ 27	\$ 26	\$ 26

<sup>^</sup> Inception date.

†† Annualized.

‡ Less than one cent per share.

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

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

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

(d) The portfolio turnover rates not including mortgage dollar rolls were 96%, 63% and 42% for the years ended October 31, 2019, 2018 and 2017, respectively.

# Notes to Financial Statements

## Note 1—Organization and Business

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

The Fund currently has nine classes of shares registered for sale. Class I shares commenced operations on January 2, 1991. Class A, Class B, and Class C shares commenced operations on January 2, 2004. Investor Class shares commenced operations on February 28, 2008. Class R1 and Class R2 shares commenced operations on June 29, 2012. Class R6 shares commenced operations on December 29, 2014. Class R3 shares commenced operations on February 29, 2016.

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

Class A and Investor Class shares are offered at net asset value (“NAV”) per share plus an initial sales charge. No initial sales charge applies to investments of \$1 million or more (and certain other qualified purchases) in Class A and Investor Class shares. However, a CDSC of 1.00% may be imposed on certain redemptions made within 18 months of the date of purchase on shares that were purchased without an initial sales charge. Class C shares are offered at NAV without an initial sales charge, although a 1.00% CDSC may be imposed on certain redemptions of such shares made within one year of the date of purchase of Class C shares. When Class B shares were offered, they were offered at NAV without an initial sales charge, although a CDSC that declines depending on the number of years a shareholder has held its Class B shares may be imposed on certain redemptions of such shares made within six years of the date of purchase of such shares. Class I, Class R1, Class R2, Class R3 and class R6 shares are offered at NAV without a sales charge. Depending upon eligibility, Class B shares convert to either Class A or Investor Class shares at the end of the calendar quarter eight years after the date they were purchased. In addition, depending upon eligibility, Class C shares convert to either Class A or Investor Class shares at the end of the calendar quarter ten years after the date they were purchased. Additionally, as disclosed in the Fund’s prospectus, Class A shares may convert automatically to Investor Class shares and Investor Class shares may convert automatically to Class A shares. Under certain circumstances and as may be

permitted by the Trust’s multiple class plan pursuant to Rule 18f-3 under the 1940 Act, specified share classes of the Fund may be converted to one or more other share classes of the Fund as disclosed in the capital share transactions within these Notes. The classes of shares have the same voting (except for issues that relate solely to one class), dividend, liquidation and other rights, and the same terms and conditions, except that under distribution plans pursuant to Rule 12b-1 under the 1940 Act, Class B and Class C shares are subject to higher distribution and/or service fees than Class A, Investor Class, Class R2 and Class R3 shares. Class I, Class R1 and Class R6 shares are not subject to a distribution and/or service fee. Class R1, Class R2 and Class R3 shares are subject to a shareholder service fee, which is in addition to fees paid under the distribution plans for Class R2 and Class R3 shares.

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

## Note 2—Significant Accounting Policies

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

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

The Board of Trustees of the Trust (the “Board”) adopted procedures establishing methodologies for the valuation of the Fund’s securities and other assets and delegated the responsibility for valuation determinations under those procedures to the Valuation Committee of the Trust (the “Valuation Committee”). The Board authorized the Valuation Committee to appoint a Valuation Subcommittee (the “Subcommittee”) to deal in the first instance with establishing the prices of securities for which market quotations are not readily available or the prices of which are not otherwise readily determinable under these procedures. The Subcommittee meets (in person, via electronic mail or via teleconference) on an as-needed basis. Subsequently, the Valuation Committee meets to ensure that actions taken by the Subcommittee were appropriate. The procedures state that, subject to the oversight of the Board and unless otherwise noted, the responsibility for the day-to-day valuation of portfolio assets (including fair value measurements for the Fund’s assets and liabilities) rests with New York Life Investment Management LLC (“New York Life Investments” or the “Manager”), aided to whatever extent necessary by the Subadvisor (as defined in Note 3(A)).

To assess the appropriateness of security valuations, the Manager, the Subadvisor or the Fund’s third-party service provider, who is subject to oversight by the Manager, regularly compares prior day prices, prices on comparable securities and the sale prices to the prior and current day prices and challenges prices with changes exceeding certain tolerance levels with third-party pricing services or broker sources. For those securities valued through either a standardized fair valuation methodology or a fair valuation measurement, the Subcommittee deals in the

first instance with such valuation and the Valuation Committee reviews and affirms, if appropriate, the reasonableness of the valuation based on such methodologies and measurements on a regular basis after considering information that is reasonably available and deemed relevant by the Valuation Committee. Any action taken by the Subcommittee with respect to the valuation of a portfolio security or other asset is submitted for review and ratification (if appropriate) to the Valuation Committee and the Board at the next regularly scheduled meeting.

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

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

The level of an asset or liability within the fair value hierarchy is based on the lowest level of an input, both individually and in the aggregate, that is significant to the fair value measurement. As of October 31, 2019, the aggregate value by input level of the Fund’s assets and liabilities is included at the end of the Fund’s Portfolio of Investments.

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

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

An asset or liability for which market values cannot be measured using the methodologies described above is valued by methods deemed reasonable in good faith by the Valuation Committee, following the procedures established by the Board, to represent fair value. Under these procedures, the Fund generally uses a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values and other relevant information. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the asset or liability are discounted to calculate fair value. Discounts may also be applied due to the nature and/or duration of any restrictions on the disposition of the asset or liability. Fair value represents a good faith approximation of the value of a security. Fair value determinations involve the consideration of a number of subjective factors, an analysis of applicable facts and circumstances and the exercise of judgment. As a result, it is possible that the fair value for a security determined in good faith in accordance with the Fund’s valuation procedures may differ from valuations for the same security determined by other funds using their own valuation procedures. Although the Fund’s valuation procedures are designed to value a security at the price the Fund may reasonably expect to receive upon the security’s sale in an orderly transaction, there can be no assurance that any fair value determination thereunder would, in fact, approximate the amount that the Fund would actually realize upon the sale of the security or the price at which the security would trade if a reliable market price were readily available. During the year ended October 31, 2019, there were no material changes to the fair value methodologies.

Securities which may be valued in this manner include, but are not limited to: (i) a security for which trading has been halted or suspended; (ii) a debt security that has recently gone into default and for which there is not a current market quotation; (iii) a security of an issuer that has entered into a restructuring; (iv) a security that has been delisted from a national exchange; (v) a security for which the market price is not readily available from a third-party pricing source or, if so provided, does not, in the opinion of the Manager or the Subadvisor, reflect the security’s market value; (vi) a security subject to trading collars for which no or limited trading takes place; and (vii) a security whose principal market has been temporarily closed at a time when, under normal conditions, it would be open. Securities valued in this manner are generally categorized as Level 3 in the hierarchy. As of October 31, 2019, securities that were fair valued in such a manner are shown in the Portfolio of Investments.

Equity securities are valued at the last quoted sales prices as of the close of regular trading on the relevant exchange on each valuation date. Securities that are not traded on the valuation date are valued at the mean of the last quoted bid and ask prices. Prices are normally taken from the principal market in which each security trades. These securities are generally categorized as Level 1 in the hierarchy.

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



# Notes to Financial Statements (continued)

selected by the Manager, in consultation with the Subadvisor. The evaluations are market-based measurements processed through a pricing application and represents the pricing agent's good faith determination as to what a holder may receive in an orderly transaction under market conditions. The rules based logic utilizes valuation techniques that reflect participants' assumptions and vary by asset class and per methodology, maximizing the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs. The evaluated bid or mean prices are deemed by the Manager, in consultation with the Subadvisor, to be representative of market values at the regular close of trading of the Exchange on each valuation date. Debt securities purchased on a delayed delivery basis are marked to market daily until settlement at the forward settlement date. Debt securities, including corporate bonds, U.S. government and federal agency bonds, municipal bonds, foreign bonds, convertible bonds, asset-backed securities and mortgage-backed securities are generally categorized as Level 2 in the hierarchy.

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

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

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

A portfolio investment may be classified as an illiquid investment under the Trust's written liquidity risk management program and related procedures ("Liquidity Program"). Illiquidity of an investment might prevent the sale of such investment at a time when the Manager or the Subadvisor 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. An illiquid investment is any investment that the

Manager or Subadvisor reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment. The liquidity classification of each investment will be made using information obtained after reasonable inquiry and taking into account, among other things, relevant market, trading and investment-specific considerations in accordance with the Liquidity Program. 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, 2019, and can change at any time. Illiquid investments as of October 31, 2019, are shown in the Portfolio of Investments.

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

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

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

**(D) Security Transactions and Investment Income.** The Fund records security transactions on the trade date. Realized gains and losses on security transactions are determined using the identified cost method. Interest income is accrued as earned using the effective interest rate method and includes any realized gains and losses from repayments of principal on mortgage-backed securities. Discounts and premiums on securities purchased, for the Fund are accreted and amortized, respectively. Income from payment-in-kind securities is accreted daily based on the effective interest method.

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



shares based upon their relative net assets on the date the income is earned or realized and unrealized gains and losses are incurred.

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

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

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

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

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

Repurchase agreements are subject to counterparty risk, meaning the Fund could lose money by the counterparty's failure to perform under the terms of the agreement. The Fund mitigates this risk by ensuring the repurchase agreement is collateralized by cash, U.S. government securities, fixed income securities and/or other securities. The collateral is held by the Fund's custodian and valued daily on a mark to market basis to determine if the value, including accrued interest, exceeds the repurchase price. In the event of the counterparty's default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, such as in the event of default or bankruptcy by the counterparty, realization and/or retention of the collateral may be limited or subject to delay, to legal proceedings and possible realized loss to the Fund. As of October 31, 2019, the Fund did not hold any repurchase agreements.

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

The use of futures contracts involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. The contract or notional amounts and variation margin reflect the extent of the Fund's involvement in open futures positions. There are several risks associated with the use of futures contracts as hedging techniques. There can be no assurance that a liquid market will exist at the time when the Fund seeks to close out a futures contract. If no liquid market exists, the Fund would remain obligated to meet margin requirements until the position is closed. Futures may involve a small initial investment relative to the risk assumed, which could result in losses greater than if they had not been used. Futures may be more volatile than direct investments in the instrument underlying the futures and may not correlate to the underlying instrument, causing a given hedge not to achieve its objectives. The Fund's activities in futures contracts have minimal counterparty risk as they are conducted through regulated exchanges that guarantee the futures against default by the counterparty. In the event of a bankruptcy or insolvency of a futures commission merchant that holds margin on behalf of the Fund, the Fund may not be entitled to the return of the entire margin owed to the Fund, potentially resulting in a loss. The Fund may invest in futures contracts to help manage the duration and yield curve of the portfolio while minimizing the exposure to wider bid/ask spreads in traditional bonds. The Fund's investment in futures contracts and other derivatives may increase the volatility of the Fund's NAVs and may result in a loss to the Fund. As of October 31, 2019, open futures contracts are shown in the Portfolio of Investments.

**(I) Foreign Currency Forward Contracts.** The Fund may enter into foreign currency forward contracts, which are agreements to buy or sell foreign currencies on a specified future date at a specified rate. The Fund is subject to foreign currency exchange rate risk in the normal course of investing in these transactions. During the period the forward contract is open, changes in the value of the contract are recognized as unrealized appreciation or depreciation by marking to market such contract on a daily basis to reflect the market value of the contract at the end of each day's trading. Cash movement occurs on settlement

# Notes to Financial Statements (continued)

date. When the forward contract is closed, the Fund records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract. The Fund may purchase and sell foreign currency forward contracts for purposes of seeking to enhance portfolio returns and manage portfolio risk more efficiently. Foreign currency forward contracts may also be used to gain exposure to a particular currency or to hedge against the risk of loss due to changing currency exchange rates. Foreign currency forward contracts to purchase or sell a foreign currency may also be used in anticipation of future purchases or sales of securities denominated in foreign currency, even if the specific investments have not yet been selected.

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

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

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

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

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

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

There is risk involved in the purchase of rights and warrants in that these investments are speculative investments. The Fund could also lose the entire value of its investment in warrants if such warrants are not exercised by the date of its expiration. The Fund is exposed to risk until the sale or exercise of each right or warrant is completed. As of October 31, 2019, the Fund did not hold any rights or warrants.

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

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

**(M) Securities Lending.** In order to realize additional income, the Fund may engage in securities lending, subject to the limitations set forth in the 1940 Act and relevant guidance by the staff of the Securities and Exchange Commission ("SEC"). In the event the Fund does engage in securities lending, the Fund will lend through its custodian, State Street Bank and Trust Company ("State Street"), acting as securities lending agent on behalf of the Fund. State Street will manage the Fund's collateral in accordance with the securities lending agency agreement between the Fund and State Street, and indemnify the Fund

against counterparty risk. The loans will be collateralized by cash (which may be invested in a money market fund) and/or non-cash collateral (which may include U.S. Treasury securities and/or U.S. Government Agency securities issued or guaranteed by the United States government or its agencies or instrumentalities) at least equal at all times to the market value of the securities loaned. The Fund may bear the risk of delay in recovery of, or loss of rights in, the securities loaned should the borrower of the securities experience financial difficulty. The Fund may also record a realized gain or loss on securities deemed sold due to a borrower's inability to return securities on loan. The Fund bears the risk of any loss on investment of cash collateral. The Fund will receive compensation for lending its securities in the form of fees or it will retain a portion of interest earned on the investment of any cash 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. Income earned from securities lending activities, if any, is reflected in the Statement of Operations. As of October 31, 2019, the Fund had securities on loan with an aggregate market value of \$4,298,534 and received cash collateral, which was invested into the State Street Navigator Securities Lending Government Money Market Portfolio, with a value of \$4,407,348.

**(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) Large Transaction Risks.** From time to time, the Fund may receive large purchase or redemption orders from affiliated or unaffiliated mutual funds or other investors. Such large transactions could have adverse effects on the Fund's performance if the Fund were required to sell securities or invest cash at times when it otherwise would not do so. This activity could also accelerate the realization of capital gains and increase the Fund's transaction costs. The Fund has adopted procedures designed to mitigate the negative impacts of such large transactions, but there can be no assurance that these procedures will be effective.

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

Fair value of derivative instruments as of October 31, 2019:

#### Asset Derivatives

	Statement of Assets and Liabilities Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets—Net unrealized appreciation on investments and futures contracts (a)	\$374,859	\$374,859
Total Fair Value		\$374,859	\$374,859

#### Liability Derivatives

	Statement of Assets and Liabilities Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets—Net unrealized depreciation on investments and futures contracts (a)	\$(1,019,521)	\$(1,019,521)
Total Fair Value		\$(1,019,521)	\$(1,019,521)

(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, 2019:

#### Realized Gain (Loss)

	Statement of Operations Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net realized gain (loss) on futures transactions	\$698,291	\$698,291
Total Realized Gain (Loss)		\$698,291	\$698,291

# Notes to Financial Statements (continued)

## Change in Unrealized Appreciation (Depreciation)

	Statement of Operations Location	Interest Rate Contracts Risk	Total
Futures Contracts	Net change in unrealized appreciation (depreciation) on futures contracts	\$264,012	\$264,012
Total Change in Unrealized Appreciation (Depreciation)		\$264,012	\$264,012

## Average Notional Amount

	Interest Rate Contracts Risk	Total
Futures Contracts Long	\$114,135,646	\$114,135,646
Futures Contracts Short	\$(86,885,098)	\$(86,885,098)

## Note 3—Fees and Related Party Transactions

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

Under the Management Agreement, the Fund pays the Manager a monthly fee for the services performed and the facilities furnished at an annual rate of the Fund’s average daily net assets as follows: 0.50% up to \$1 billion; 0.475% from \$1 billion to \$3 billion; and 0.465% in excess of \$3 billion. During the year ended October 31, 2019, the effective management fee rate (exclusive of any applicable waivers/reimbursements) was 0.49%.

Effective February 28, 2019, New York Life Investments has contractually agreed to waive fees and/or reimburse expenses so that Total Annual Fund Operating Expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase or sale of portfolio investments and acquired

(underlying) fund fees and expenses) do not exceed the following percentages of average daily net assets: Class A, 0.88% 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. New York Life Investments has also contractually agreed to waive fees and/or reimburse expenses so that Total Annual Fund Operating Expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase or sale of portfolio investments, and acquired (underlying) fund fees and expenses) of Class R6 do not exceed those of Class I. These agreements will remain in effect until February 28, 2020, and shall renew automatically for one-year terms unless New York Life Investments provides written notice of termination prior to the start of the next term or upon approval of the Board.

Prior to February 28, 2019, New York Life Investments had contractually agreed to waive fees and/or reimburse expenses so that Total Annual Fund Operating Expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase or sale of portfolio investments and acquired (underlying) fund fees and expenses) do not exceed the following percentages of average daily net assets: Class A, 0.90% and Class I, 0.60%. New York Life Investments would have applied 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.

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, 2019, New York Life Investments earned fees from the Fund in the amount of \$6,229,429 and waived its fees and/or reimbursed expenses in the amount of \$454,998 and paid the Subadvisor in the amount of \$2,887,432.

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.

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



**(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 Class R6 shares are not subject to a distribution and/or service fee.

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

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

During the year ended October 31, 2019, shareholder service fees incurred by the Fund were as follows:

Class R1	\$1,642
Class R2	78
Class R3	208

**(F) Investments in Affiliates (in 000’s).** During the year ended October 31, 2019, purchases and sales transactions, income earned from investments and shares held of investment companies managed by New York Life Investments or its affiliates were as follows:

Affiliated Investment Company	Value, Beginning of Year	Purchases at Cost	Proceeds from Sales	Net Realized Gain/(Loss) on Sales	Change in Unrealized Appreciation/ (Depreciation)	Value, End of Year	Dividend Income	Other Distributions	Shares End of Year
MainStay U.S. Government Liquidity Fund	\$38,713	\$676,840	\$(632,337)	\$ —	\$ —	\$83,216	\$734	\$ —	83,216

**(C) Sales Charges.** During the year ended October 31, 2019, 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 \$17,205 and \$3,841, respectively.

During the year ended October 31, 2019, the Fund was also advised that the Distributor retained CDSCs on redemptions of Class A, Class B and Class C shares of \$631, \$1,488 and \$1,951, respectively.

**(D) Transfer, Dividend Disbursing and Shareholder Servicing Agent.** NYLIM Service Company LLC, an affiliate of New York Life Investments, is the Fund’s transfer, dividend disbursing and shareholder servicing agent pursuant to an agreement between NYLIM Service Company LLC and the Trust. NYLIM Service Company LLC has entered into an agreement with DST Asset Manager Solutions, Inc. (“DST”), pursuant to which DST performs certain transfer agent services on behalf of NYLIM Service Company LLC. During the year ended October 31, 2019, transfer agent expenses incurred by the Fund were as follows:

Class A	\$ 52,993
Investor Class	16,411
Class B	7,408
Class C	38,860
Class I	1,114,432
Class R1	1,858
Class R2	84
Class R3	225

**(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.

# Notes to Financial Statements (continued)

**(G) Capital.** As of October 31, 2019, New York Life and its affiliates beneficially held shares of the Fund with the values and percentages of net assets as follows:

Class R1	\$26,891	99.8%
Class R2	30,702	37.7
Class R3	28,586	11.4
Class R6	29,255	0.0

## Note 4—Federal Income Tax

As of October 31, 2019, the cost and unrealized appreciation (depreciation) of the Fund's investment portfolio, including applicable derivative contracts and other financial instruments, as determined on a federal income tax basis, were as follows:

	Federal Tax Cost	Gross Unrealized Cost Appreciation (Depreciation)	Gross Unrealized Appreciation/Depreciation	Net Unrealized Appreciation/Depreciation
Investments in Securities	\$1,321,494,094	\$50,430,990	\$(964,007)	\$49,466,983

As of October 31, 2019, 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)
\$885,138	\$(27,346,277)	\$(10,969)	\$55,573,312	\$29,101,204

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

The following table discloses the current year reclassifications between total distributable earnings (loss) and additional paid-in capital arising

## Note 5—Restricted Securities

Restricted securities are subject to legal or contractual restrictions on resale. Private placement securities are generally considered to be restricted except for those securities traded between qualified institutional investors under the provisions of Rule 144A of the Securities Act of 1933, as amended. Disposal of restricted securities may involve time consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult to achieve.

As of October 31, 2019, the Fund held the following restricted security.

Security	Date(s) of Acquisition	Shares	Cost	10/31/19 Value	Percent of Net Assets
ION Media Networks, Inc. Common Stock	3/12/10	2	\$ —	\$793	0.0%‡

‡ Less than one-tenth of a percent.

## Note 6—Custodian

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

from permanent differences; net assets as of October 31, 2019 were not affected.

Total Distributable Earnings (Loss)	Additional Paid-In Capital
\$(359,509)	\$359,509

The reclassifications for the Fund are primarily due to revisions to prior year Mortgage Dollar Roll adjustment.

As of October 31, 2019, for federal income tax purposes, capital loss carryforwards of \$21,237,829 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	\$—	\$21,238

The Fund utilized \$20,084,809 of capital loss carryforwards during the year ended October 31, 2019.

During the years ended October 31, 2019 and October 31, 2018, the tax character of distributions paid as reflected in the Statements of Changes in Net Assets were as follows:

	2019	2018
Distributions paid from:		
Ordinary Income	\$36,321,574	\$32,018,371
Return of Capital	—	359,509
Total	\$36,321,574	\$32,377,880

## 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 July 30, 2019, under the credit agreement (the "Credit Agreement"), the aggregate commitment amount is \$600,000,000 with an additional uncommitted amount of \$100,000,000. The commitment fee is an annual rate of 0.15% of the average commitment amount payable quarterly, regardless of usage, to State Street, who serves as the agent to the syndicate. The commitment fee is allocated among the Fund and certain other funds managed by New York Life Investments based upon their respective net assets and other factors. Interest on any revolving credit loan is charged based upon the Federal Funds Rate or the one-month London Interbank Offered Rate ("LIBOR"), whichever is higher. The Credit Agreement expires on July 28, 2020, although the Fund, certain other funds managed by New York Life Investments and the syndicate of banks may renew the Credit Agreement for an additional year on the same or different terms. Prior to July 30, 2019, the aggregate commitment amount and the commitment fee were the same as those under the current Credit Agreement. During the year ended October 31, 2019, there were no borrowings made or outstanding with respect to the Fund under the Credit Agreement.

### Note 8—Interfund Lending Program

Pursuant to an exemptive order issued by the SEC, the Fund, along with certain other funds managed by New York Life Investments, may participate in an interfund lending program. The interfund lending program provides an alternative credit facility that permits the Fund and certain other funds managed by New York Life Investments to lend or borrow money for temporary purposes directly to or from one another subject to the conditions of the exemptive order. During the year ended October 31, 2019, 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, 2019, purchases and sales of U.S. government securities were \$912,251 and \$910,404, respectively. Purchases and sales of securities, other than U.S. government securities and short-term securities, were \$318,869 and \$319,887, respectively.

### Note 10—Capital Share Transactions

Transactions in capital shares for the years ended October 31, 2019 and October 31, 2018, were as follows:

Class A	Shares	Amount
Year ended October 31, 2019:		
Shares sold	1,961,925	\$ 20,782,770
Shares issued to shareholders in reinvestment of dividends and distributions	110,347	1,164,200
Shares redeemed	(1,368,306)	(14,364,700)
Net increase (decrease) in shares outstanding before conversion	703,966	7,582,270
Shares converted into Class A (See Note 1)	96,727	1,017,787
Shares converted from Class A (See Note 1)	(32,288)	(342,020)
Net increase (decrease)	768,405	\$ 8,258,037
Year ended October 31, 2018:		
Shares sold	646,872	\$ 6,730,274
Shares issued to shareholders in reinvestment of dividends and distributions	105,387	1,090,579
Shares redeemed	(1,591,300)	(16,459,345)
Net increase (decrease) in shares outstanding before conversion	(839,041)	(8,638,492)
Shares converted into Class A (See Note 1)	57,271	595,321
Shares converted from Class A (See Note 1)	(22,900)	(235,989)
Net increase (decrease)	(804,670)	\$ (8,279,160)
Investor Class	Shares	Amount
Year ended October 31, 2019:		
Shares sold	173,484	\$ 1,869,342
Shares issued to shareholders in reinvestment of dividends and distributions	13,294	140,875
Shares redeemed	(130,835)	(1,397,745)
Net increase (decrease) in shares outstanding before conversion	55,943	612,472
Shares converted into Investor Class (See Note 1)	53,502	567,455
Shares converted from Investor Class (See Note 1)	(54,590)	(580,575)
Net increase (decrease)	54,855	\$ 599,352
Year ended October 31, 2018:		
Shares sold	92,112	\$ 961,578
Shares issued to shareholders in reinvestment of dividends and distributions	12,343	128,305
Shares redeemed	(134,085)	(1,397,882)
Net increase (decrease) in shares outstanding before conversion	(29,630)	(307,999)
Shares converted into Investor Class (See Note 1)	35,937	373,239
Shares converted from Investor Class (See Note 1)	(48,997)	(511,997)
Net increase (decrease)	(42,690)	\$ (446,757)

# Notes to Financial Statements (continued)

<b>Class B</b>	<b>Shares</b>	<b>Amount</b>
Year ended October 31, 2019:		
Shares sold	38,675	\$ 416,459
Shares issued to shareholders in reinvestment of dividends and distributions	3,852	40,495
Shares redeemed	(88,087)	(925,155)
Net increase (decrease) in shares outstanding before conversion	(45,560)	(468,201)
Shares converted from Class B (See Note 1)	(19,572)	(206,789)
Net increase (decrease)	(65,132)	\$ (674,990)
Year ended October 31, 2018:		
Shares sold	12,295	\$ 128,294
Shares issued to shareholders in reinvestment of dividends and distributions	4,910	50,891
Shares redeemed	(161,840)	(1,682,708)
Net increase (decrease) in shares outstanding before conversion	(144,635)	(1,503,523)
Shares converted from Class B (See Note 1)	(21,213)	(220,574)
Net increase (decrease)	(165,848)	\$ (1,724,097)

<b>Class C</b>	<b>Shares</b>	<b>Amount</b>
Year ended October 31, 2019:		
Shares sold	323,808	\$ 3,392,307
Shares issued to shareholders in reinvestment of dividends and distributions	20,603	216,688
Shares redeemed	(675,789)	(7,150,038)
Net increase (decrease) in shares outstanding before conversion	(331,378)	(3,541,043)
Shares converted from Class C (See Note 1)	(44,673)	(466,470)
Net increase (decrease)	(376,051)	\$ (4,007,513)
Year ended October 31, 2018:		
Shares sold	182,074	\$ 1,911,951
Shares issued to shareholders in reinvestment of dividends and distributions	22,571	233,997
Shares redeemed	(634,539)	(6,587,915)
Net increase (decrease)	(429,894)	\$ (4,441,967)

<b>Class I</b>	<b>Shares</b>	<b>Amount</b>
Year ended October 31, 2019:		
Shares sold	22,359,355	\$ 236,859,763
Shares issued to shareholders in reinvestment of dividends and distributions	2,824,136	29,753,290
Shares redeemed	(22,826,631)	(242,710,140)
Net increase (decrease) in shares outstanding before conversion	2,356,860	23,902,913
Shares converted into Class I (See Note 1)	1,037	10,612
Shares converted from Class I (See Note 1)	(6,097,904)	(63,113,303)
Net increase (decrease)	(3,740,007)	\$ (39,199,778)
Year ended October 31, 2018:		
Shares sold	43,612,068	\$ 454,957,796
Shares issued to shareholders in reinvestment of dividends and distributions	2,547,046	26,362,305
Shares redeemed	(31,247,501)	(327,541,975)
Net increase (decrease) in shares outstanding before conversion	14,911,613	153,778,126
Shares converted from Class I (See Note 1)	(24,584,708)	(254,697,571)
Net increase (decrease)	(9,673,095)	\$ (100,919,445)

<b>Class R1</b>	<b>Shares</b>	<b>Amount</b>
Year ended October 31, 2019:		
Shares sold	20,574	\$ 210,604
Shares issued to shareholders in reinvestment of dividends and distributions	4,637	47,586
Shares redeemed	(433,599)	(4,522,526)
Net increase (decrease)	(408,388)	\$ (4,264,336)
Year ended October 31, 2018:		
Shares sold	108,665	\$ 1,139,483
Shares issued to shareholders in reinvestment of dividends and distributions	10,210	105,498
Shares redeemed	(49,025)	(509,717)
Net increase (decrease)	69,850	\$ 735,264



<b>Class R2</b>	<b>Shares</b>	<b>Amount</b>
Year ended October 31, 2019:		
Shares issued to shareholders in reinvestment of dividends and distributions	188	\$ 1,981
Net increase (decrease)	188	\$ 1,981
Year ended October 31, 2018:		
Shares issued to shareholders in reinvestment of dividends and distributions	209	\$ 2,165
Shares redeemed	(4,894)	(50,985)
Net increase (decrease)	(4,685)	\$ (48,820)

<b>Class R3</b>	<b>Shares</b>	<b>Amount</b>
Year ended October 31, 2019:		
Shares sold	6,170	\$ 65,149
Shares issued to shareholders in reinvestment of dividends and distributions	116	1,237
Shares redeemed	(461)	(4,687)
Net increase (decrease)	5,825	\$ 61,699
Year ended October 31, 2018:		
Shares sold	14,607	\$ 150,022
Shares issued to shareholders in reinvestment of dividends and distributions	83	865
Shares redeemed	(6,248)	(65,702)
Net increase (decrease)	8,442	\$ 85,185

<b>Class R6</b>	<b>Shares</b>	<b>Amount</b>
Year ended October 31, 2019:		
Shares sold	6,429,841	\$ 67,555,521
Shares issued to shareholders in reinvestment of dividends and distributions	454,761	4,801,485
Shares redeemed	(7,834,175)	(81,793,902)
Net increase (decrease) in shares outstanding before conversion	(949,573)	(9,436,896)
Shares converted into Class R6 (See Note 1)	6,097,904	63,113,303
Net increase (decrease)	5,148,331	\$ 53,676,407
Year ended October 31, 2018:		
Shares sold	2,213,200	\$ 22,761,390
Shares issued to shareholders in reinvestment of dividends and distributions	352,035	3,617,552
Shares redeemed	(15,269,836)	(156,596,001)
Net increase (decrease) in shares outstanding before conversion	(12,704,601)	(130,217,059)
Shares converted into Class R6 (See Note 1)	24,584,708	254,697,571
Net increase (decrease)	11,880,107	\$ 124,480,512

## Note 11—Recent Accounting Pronouncement

In March 2017, the Financial Accounting Standards Board issued an Accounting Standards Update, ASU 2017-08, which amends the amortization period for certain callable debt securities that are held at a premium. The amendment requires the premium to be amortized to the earliest call date. This amendment does not require an accounting change for securities held at a discount. This guidance is effective for fiscal years beginning after December 15, 2018. At this time, management is evaluating the implications of the ASU and any impact on the financial statements has not yet been determined.

To improve the effectiveness of fair value disclosure requirements, the Financial Accounting Standards Board recently issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (ASU 2018-13), which adds, removes, and modifies certain aspects relating to fair value disclosure. ASU 2018-13 is effective for interim and annual reporting periods beginning after December 15, 2019; early adoptions of the entire ASU 2018-13, or portions thereof, is permitted. Management has evaluated the implications of certain other provisions of the ASU and has determined to early adopt aspects related to the removal and modifications of certain fair value measurement disclosures under the ASU effective immediately. At this time, management is evaluating the implications of certain other provisions of the ASU related to new disclosure requirements and any impact on the financial statement disclosures has not yet been determined.

## Note 12—Subsequent Events

In connection with the preparation of the financial statements of the Fund as of and for the year ended October 31, 2019, events and transactions subsequent to October 31, 2019, through the date the financial statements were issued have been evaluated by the Fund's management for possible adjustment and/or disclosure. No subsequent events requiring financial statement adjustment or disclosure have been identified.

# Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees  
MainStay Funds Trust:

## Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of MainStay MacKay Total Return Bond Fund (the Fund), one of the funds constituting MainStay Funds Trust, including the portfolio of investments, as of October 31, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the financial statements) and the financial highlights for each of the years or periods in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of October 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

## Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of October 31, 2019, by correspondence with custodians, the transfer agent, and brokers or by other appropriate auditing procedures when replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

**KPMG LLP**

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

Philadelphia, Pennsylvania  
December 23, 2019

## Federal Income Tax Information (Unaudited)

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

For the fiscal year ended October 31, 2019, the Fund designated approximately \$2,583 under the Internal Revenue Code as qualified dividend income eligible for reduced tax rates.

In February 2020, 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 2019. The amounts that will be reported on such 1099-DIV or substitute Form 1099 will be the amounts you are to use on your federal income tax return and will differ from the amounts which we must report for the Fund's fiscal year end October 31, 2019.

## Proxy Voting Policies and Procedures and Proxy Voting Record

A description of the policies and procedures that New York Life Investments uses to vote proxies related to the Fund's securities is available without charge, upon request, by visiting the MainStay Funds' website at [nylinvestments.com/funds](http://nylinvestments.com/funds) or visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

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

## Shareholder Reports and Quarterly Portfolio Disclosure

The Fund is required to file its complete schedule of portfolio holdings with the SEC 60 days after its first and third fiscal quarter on Form N-PORT. The Fund's holdings report is available free of charge by visiting the SEC's website at [www.sec.gov](http://www.sec.gov) or upon request by calling New York Life Investments at 800-624-6782.

# Board of Trustees and Officers (Unaudited)

The Trustees and officers of the Funds are listed below. The Board oversees the MainStay Group of Funds (which consists of MainStay Funds and MainStay Funds Trust), MainStay VP Funds Trust, MainStay MacKay DefinedTerm Municipal Opportunities Fund, the Manager and the Subadvisors, and elects the officers of the Funds who are responsible for the day-to-day operations of the Funds. Information pertaining to the Trustees and officers is set forth below. Each Trustee serves until his or her successor is elected and qualified or until his or her

resignation, death or removal. Under the Board's retirement policy, unless an exception is made, a Trustee must tender his or her resignation by the end of the calendar year during which he or she reaches the age of 75. Officers are elected annually by the Board. The business address of each Trustee and officer listed below is 51 Madison Avenue, New York, New York 10010. A majority of the Trustees are not "interested persons" (as defined by the 1940 Act and rules adopted by the SEC thereunder) of the Fund ("Independent Trustees").

	<b>Name and Year of Birth</b>	<b>Term of Office, Position(s) Held and Length of Service</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Trustee</b>	<b>Other Directorships Held by Trustee</b>
<b>Interested Trustee</b>	<b>Yie-Hsin Hung*</b> 1962	<b>MainStay Funds:</b> Trustee since 2017; <b>MainStay Funds Trust:</b> Trustee since 2017.	Senior Vice President of New York Life since joining in 2010, Member of the Executive Management Committee since 2017, Chief Executive Officer, New York Life Investment Management Holdings LLC & New York Life Investment Management LLC since 2015. Senior Managing Director and Co-President of New York Life Investment Management LLC from January 2014 to May 2015. Previously held positions of increasing responsibility, including head of NYLIM International, Alternative Growth Businesses, and Institutional investments since joining New York Life in 2010.	74	<i>MainStay VP Funds Trust:</i> Trustee since 2017 (31 portfolios); and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2017.

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

## Independent Trustees

Name and Year of Birth	Term of Office, Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
David H. Chow 1957	<b>MainStay Funds:</b> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <b>MainStay Funds Trust:</b> Trustee since 2016, Advisory Board Member (June 2015 to December 2015).	Founder and CEO, DanCourt Management, LLC (since 1999)	74	<i>MainStay VP Funds Trust:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (31 portfolios); <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <i>Market Vectors Group of Exchange-Traded Funds:</i> Independent Chairman of the Board of Trustees since 2008 and Trustee since 2006 (56 portfolios); and <i>Berea College of Kentucky:</i> Trustee since 2009.
Susan B. Kerley 1951	<b>MainStay Funds:</b> Chairman since 2017 and Trustee since 2007; <b>MainStay Funds Trust:</b> Chairman since 2017 and Trustee since 1990.**	President, Strategic Management Advisors LLC (since 1990)	74	<i>MainStay VP Funds Trust:</i> Chairman since January 2017 and Trustee since 2007 (31 portfolios)***; <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Chairman since 2017 and Trustee since 2011; and <i>Legg Mason Partners Funds:</i> Trustee since 1991 (45 portfolios).
Alan R. Latshaw 1951	<b>MainStay Funds:</b> Trustee; <b>MainStay Funds Trust:</b> 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)	74	<i>MainStay VP Funds Trust:</i> Trustee and Audit Committee Financial Expert since 2007 (31 portfolios)***; <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee and Audit Committee Financial Expert since 2011; <i>State Farm Associates Funds Trusts:</i> Trustee since 2005 (4 portfolios); and <i>State Farm Variable Product Trust:</i> Trustee since 2005 (9 portfolios).
Richard H. Nolan, Jr. 1946	<b>MainStay Funds:</b> Trustee since 2007; <b>MainStay Funds Trust:</b> Trustee since 2007.**	Managing Director, ICC Capital Management (since 2004); President—Shields/Alliance, Alliance Capital Management (1994 to 2004)	74	<i>MainStay VP Funds Trust:</i> Trustee since 2006 (31 portfolios)***; and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.
Jacques P. Perold 1958	<b>MainStay Funds:</b> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <b>MainStay Funds Trust:</b> Trustee since 2016, Advisory Board Member (June 2015 to December 2015).	Retired; President, Fidelity Management & Research Company (2009 to 2014); Founder, President and Chief Executive Officer, Geode Capital Management, LLC (2001 to 2009)	74	<i>MainStay VP Funds Trust:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (31 portfolios); <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <i>Allstate Corporation:</i> Director since 2015; <i>MSCI, Inc.:</i> Director since 2017 and <i>Boston University:</i> Trustee since 2014.

Independent Trustees

Name and Year of Birth	Term of Office, Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Richard S. Trutanic 1952	<b>MainStay Funds:</b> Trustee since 1994; <b>MainStay Funds Trust:</b> 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)	74	<i>MainStay VP Funds Trust:</i> Trustee since 2007 (31 portfolios)***; and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.

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

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

## Officers of the Trust (Who are not Trustees)\*

Name and Year of Birth	Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years
<b>Kirk C. Lehneis</b> 1974	President, MainStay Funds, MainStay Funds Trust (since 2017)	Chief Operating Officer and Senior Managing Director (since 2016), New York Life Investment Management LLC; Chairman of the Board (since 2017), NYLIFE Distributors LLC; Chairman of the Board, NYLIM Service Company LLC (since 2017); Trustee, President and Principal Executive Officer of IndexIQ Trust, IndexIQ ETF Trust and IndexIQ Active ETF Trust (since January 2018); President, MainStay MacKay DefinedTerm Municipal Opportunities Fund and MainStay VP Funds Trust (since 2017)**; Senior Managing Director, Global Product Development (2015 to 2016); Managing Director, Product Development (2010 to 2015), New York Life Investment Management LLC
<b>Jack R. Benintende</b> 1964	Treasurer and Principal Financial and Accounting Officer, MainStay Funds (since 2007), MainStay Funds Trust (since 2009)	Managing Director, New York Life Investment Management LLC (since 2007); Treasurer and Principal Financial and Accounting Officer, MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2007)**; and Assistant Treasurer, New York Life Investment Management Holdings LLC (2008 to 2012)
<b>Kevin M. Bopp</b> 1969	Vice President and Chief Compliance Officer, MainStay Funds and MainStay Funds Trust (since 2014)	Chief Compliance Officer, New York Life Investment Management LLC, IndexIQ Trust, IndexIQ ETF Trust and IndexIQ Active ETF Trust (since 2016), Director and Associate General Counsel (2011 to 2014) and Vice President and Assistant General Counsel (2010 to 2011), New York Life Investment Management LLC; Vice President and Chief Compliance Officer, MainStay VP Funds Trust, MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2014); Assistant Secretary, MainStay Funds, MainStay Funds Trust and MainStay VP Funds Trust (2010 to 2014)**, MainStay MacKay DefinedTerm Municipal Opportunities Fund (2011 to 2014)
<b>J. Kevin Gao</b> 1967	Secretary and Chief Legal Officer, MainStay Funds and MainStay Funds Trust (since 2010)	Managing Director and Associate General Counsel, New York Life Investment Management LLC (since 2010); Secretary and Chief Legal Officer, MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2010)**
<b>Scott T. Harrington</b> 1959	Vice President—Administration, MainStay Funds (since 2005), MainStay Funds Trust (since 2009)	Managing Director, New York Life Investment Management LLC (including predecessor advisory organizations) (since 2000); Member of the Board of Directors, New York Life Trust Company (since 2009); Vice President—Administration, MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2005)**

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

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

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# MainStay Funds

## Equity

### U.S. Equity

MainStay Epoch U.S. All Cap Fund  
MainStay Epoch U.S. Equity Yield Fund  
MainStay Large Cap Growth Fund  
MainStay MacKay Common Stock Fund  
MainStay MacKay Growth Fund  
MainStay MacKay S&P 500 Index Fund  
MainStay MacKay Small Cap Core Fund<sup>1</sup>  
MainStay MacKay U.S. Equity Opportunities Fund  
MainStay MAP Equity Fund

### International Equity

MainStay Epoch International Choice Fund  
MainStay MacKay International Equity Fund  
MainStay MacKay International Opportunities Fund

### Emerging Markets Equity

MainStay Candriam Emerging Markets Equity Fund  
MainStay MacKay Emerging Markets Equity Fund

### Global Equity

MainStay Epoch Capital Growth Fund  
MainStay Epoch Global Equity Yield Fund

## Fixed Income

### Taxable Income

MainStay Candriam Emerging Markets Debt Fund<sup>2</sup>  
MainStay Floating Rate Fund  
MainStay Indexed Bond Fund<sup>3</sup>  
MainStay MacKay High Yield Corporate Bond Fund  
MainStay MacKay Infrastructure Bond Fund

MainStay MacKay Short Duration High Yield Fund  
MainStay MacKay Total Return Bond Fund  
MainStay MacKay Unconstrained Bond Fund

### Tax-Exempt Income

MainStay MacKay California Tax Free Opportunities Fund<sup>4</sup>  
MainStay MacKay High Yield Municipal Bond Fund  
MainStay MacKay Intermediate Tax Free Bond Fund  
MainStay MacKay New York Tax Free Opportunities Fund<sup>5</sup>  
MainStay MacKay Short Term Municipal Fund  
MainStay MacKay Tax Free Bond Fund

### Money Market

MainStay Money Market Fund

## Mixed Asset

MainStay Balanced Fund  
MainStay Income Builder Fund  
MainStay MacKay Convertible Fund

## Speciality

MainStay Cushing Energy Income Fund  
MainStay Cushing MLP Premier Fund  
MainStay Cushing Renaissance Advantage Fund

## Asset Allocation

MainStay Conservative Allocation Fund  
MainStay Growth Allocation Fund  
MainStay Moderate Allocation Fund  
MainStay Moderate Growth Allocation Fund

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## Manager

### New York Life Investment Management LLC

New York, New York

## Subadvisors

### Candriam Belgium S.A.<sup>6</sup>

Brussels, Belgium

### Candriam Luxembourg S.C.A.<sup>6</sup>

Strassen, Luxembourg

### Cushing Asset Management, LP

Dallas, Texas

### Epoch Investment Partners, Inc.

New York, New York

### MacKay Shields LLC<sup>6</sup>

New York, New York

### Markston International LLC

White Plains, New York

### NYL Investors LLC<sup>6</sup>

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. Formerly known as MainStay Epoch U.S. Small Cap Fund.

2. Formerly known as MainStay MacKay Emerging Markets Debt Fund.

3. Effective December 5, 2019, MainStay Indexed Bond Fund was renamed MainStay Short Term Bond Fund.

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

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

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

**For more information**

800-624-6782

[nylinvestments.com/funds](http://nylinvestments.com/funds)

"New York Life Investments" is both a service mark, and the common trade name, of the investment advisors affiliated with New York Life Insurance Company. The MainStay Funds® are managed by New York Life Investment Management LLC and distributed by NYLIFE Distributors LLC, 30 Hudson Street, Jersey City, NJ 07302, a wholly owned subsidiary of New York Life Insurance Company. NYLIFE Distributors LLC is a Member FINRA/SIPC.

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