

# MainStay Total Return Bond Fund

(Formerly known as MainStay Intermediate Term Bond Fund)

## Message from the President and Annual Report

October 31, 2014



MAINSTAY  
INVESTMENTS®

This page intentionally left blank

# Message from the President

U.S. stocks saw relatively strong results for the 12 months ended October 31, 2014, with several leading U.S. stock indices recording double-digit returns. Despite geopolitical unrest and global economic uncertainty, domestic stocks benefited from accommodative central bank policies, increased merger and acquisition activity and solid corporate earnings.

In the United States, growth stocks outpaced value stocks at all capitalization levels except the very smallest, according to Russell data. Among stocks that Russell deemed defensive, however, the trend reversed, with value tending to outperform growth.

On the whole, international stocks provided disappointing performance during the 12-month reporting period, with returns for leading international stock indices ranging from nearly flat to negative. Increasing investor uncertainty about Europe, China and Japan contributed to the weakness, as did continuing tensions between Russia and Ukraine.

In Europe, slowing growth in gross domestic product (GDP) fueled deflation concerns, and remarks by the European Central Bank were not able to restore market confidence. The slowing pace of growth in China affected many countries, especially export-oriented emerging markets. Japan's economy struggled after a consumer tax hike in April 2014 led to questions about the viability of the nation's economic reforms.

For the most part, bond markets provided positive returns, with strong results from convertible bonds and emerging-market bonds overall. The Federal Open Market Committee kept the federal funds target rate in a range near zero throughout the reporting period. This accommodative stance benefited high-yield bonds and leveraged loans as investors searched for yield. The demand for municipal bonds remained consistently strong

throughout the reporting period and municipal bond returns were strengthened as supply declined year-over-year.

If there's anything certain about the stock and bond markets, it's that there will always be unpredictable elements. This poses a difficult—but not insurmountable—challenge for investors. At MainStay Funds, our portfolio managers seek to prepare for the unknown by employing time-tested strategies and investment techniques as they pursue well-defined investment objectives outlined in the prospectus. Drawing on their own extensive investment experience, they pursue an appropriate balance of risk and reward for their respective Funds, no matter where the markets may move.

The report that follows shows how this approach affected your MainStay Fund during the 12 months ended October 31, 2014. We encourage you to read the report carefully and use it as you evaluate the progress of your investment portfolio. With increasing knowledge, ongoing portfolio adjustments and wise decisions along the way, you may be better able to pursue your long-range financial goals.

We thank you for choosing MainStay Funds, and we are pleased to have earned your trust. We know that with trust comes responsibility; and we will seek to honor that responsibility for as long as you invest with us.

Sincerely,



Stephen P. Fisher  
President

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

# Table of Contents

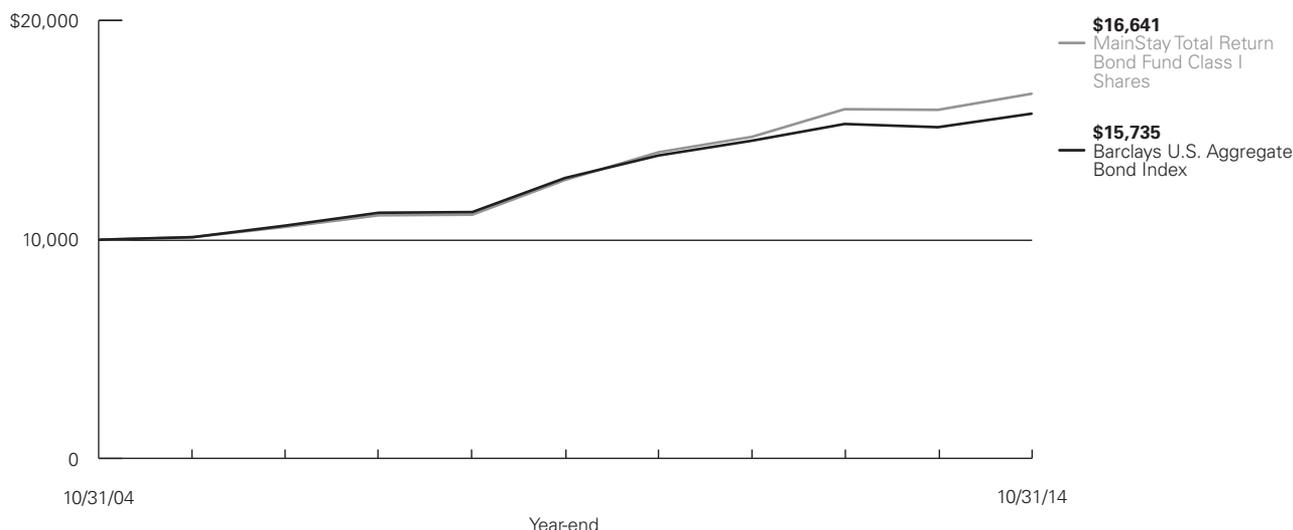
Annual Report	
Investment and Performance Comparison	5
Portfolio Management Discussion and Analysis	9
Portfolio of Investments	12
Financial Statements	23
Notes to Financial Statements	30
Report of Independent Registered Public Accounting Firm	40
Federal Income Tax Information	41
Proxy Voting Policies and Procedures and Proxy Voting Record	41
Shareholder Reports and Quarterly Portfolio Disclosure	41
Board of Trustees and Officers	42

---

**Investors should refer to the Fund's Summary Prospectus and/or Prospectus and consider the Fund's investment objectives, strategies, risks, charges and expenses carefully before investing. The Summary Prospectus and/or Prospectus contain this and other information about the Fund. You may obtain copies of the Fund's Summary Prospectus, Prospectus and Statement of Additional Information free of charge, upon request, by calling toll-free 800-MAINSTAY (624-6782), by writing to NYLIFE Distributors LLC, Attn: MainStay Marketing Department, 169 Lackawanna Avenue, Parsippany, New Jersey 07054 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 [mainstayinvestments.com/documents](http://mainstayinvestments.com/documents). 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, current performance may be lower or higher than the figures shown. Investment return and principal value will fluctuate, and as a result, when shares are redeemed, they may be worth more or less than their original cost. The graph below depicts the historical performance of Class I shares of the Fund. Performance will vary from class to class based on differences in class-specific expenses and sales charges. For performance information current to the most recent month-end, please call 800-MAINSTAY (624-6782) or visit [mainstayinvestments.com](http://mainstayinvestments.com).



## Average Annual Total Returns for the Year Ended October 31, 2014

Class	Sales Charge		One Year	Five Years	Ten Years	Gross Expense Ratio <sup>2</sup>
Class A Shares	Maximum 4.5% Initial Sales Charge	With sales charges	-0.37%	4.22%	4.39%	0.98%
		Excluding sales charges	4.33	5.18	4.87	0.98
Investor Class Shares <sup>3</sup>	Maximum 4.5% Initial Sales Charge	With sales charges	-0.52	4.09	4.30	1.09
		Excluding sales charges	4.16	5.05	4.78	1.09
Class B Shares	Maximum 5% CDSC if Redeemed Within the First Six Years of Purchase	With sales charges	-1.50	3.95	4.00	1.84
		Excluding sales charges	3.50	4.29	4.00	1.84
Class C Shares	Maximum 1% CDSC if Redeemed Within One Year of Purchase	With sales charges	2.49	4.29	4.01	1.84
		Excluding sales charges	3.49	4.29	4.01	1.84
Class I Shares	No Sales Charge		4.60	5.52	5.22	0.72
Class R1 Shares <sup>4</sup>	No Sales Charge		4.49	5.41	5.12	0.82
Class R2 Shares <sup>4</sup>	No Sales Charge		4.24	5.15	4.86	1.07

- 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, 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 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, please refer to the notes to the financial statements.
- The gross expense ratios presented reflect the Fund's "Total Annual Fund Operating Expenses" from the most recent Prospectus and may differ from other expense ratios disclosed in this report.
- Performance figures for Investor Class shares, first offered on February 28, 2008, include the historical performance of Class A shares through February 27, 2008, adjusted for differences in certain fees and expenses. Unadjusted, the performance shown for Investor Class shares would likely have been different.
- Performance figures for Class R1 and Class R2 shares, first offered on June 29, 2012, include the historical performance of Class I shares through June 28, 2012, adjusted for differences in certain fees and expenses. Unadjusted, the performance shown for Class R1 and Class R2 shares would likely have been different.

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

<b>Benchmark Performance</b>	<b>One Year</b>	<b>Five Years</b>	<b>Ten Years</b>
Barclays U.S. Aggregate Bond Index <sup>5</sup>	4.14%	4.22%	4.64%
Average Lipper Core Bond Fund <sup>6</sup>	4.12	4.62	4.22

5. The 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. The Barclays U.S. Aggregate Bond Index is the Fund's broad-based securities market index for comparison purposes. Results assume reinvestment of all income and capital gains. An investment cannot be made directly in an index.

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

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

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

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from May 1, 2014, to October 31, 2014, 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, 2014, to October 31, 2014.

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, 2014. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then

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

### Hypothetical Example for Comparison Purposes

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

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

Share Class	Beginning Account Value 5/1/14	Ending Account Value (Based on Actual Returns and Expenses) 10/31/14	Expenses Paid During Period <sup>1</sup>	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 10/31/14	Expenses Paid During Period <sup>1</sup>
Class A Shares	\$1,000.00	\$1,014.00	\$4.31	\$1,020.90	\$4.33
Investor Class Shares	\$1,000.00	\$1,014.20	\$4.98	\$1,020.30	\$4.99
Class B Shares	\$1,000.00	\$1,010.40	\$8.77	\$1,016.50	\$8.79
Class C Shares	\$1,000.00	\$1,010.40	\$8.77	\$1,016.50	\$8.79
Class I Shares	\$1,000.00	\$1,016.10	\$3.05	\$1,022.20	\$3.06
Class R1 Shares	\$1,000.00	\$1,015.60	\$3.56	\$1,021.70	\$3.57
Class R2 Shares	\$1,000.00	\$1,014.40	\$4.87	\$1,020.40	\$4.89

1. Expenses are equal to the Fund's annualized expense ratio of each class (0.85% for Class A, 0.98% for Investor Class, 1.73% for Class B and Class C, 0.60% for Class I, 0.70% for Class R1 and 0.96% for Class R2) 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.

---

## Portfolio Composition as of October 31, 2014 (Unaudited)



See Portfolio of Investments beginning on page 12 for specific holdings within these categories.

‡ Less than one-tenth of a percent.

---

## Top Ten Holdings or Issuers Held as of October 31, 2014 (excluding short-term investment) (Unaudited)

- |   |   |
|---|---|
| 1. Federal National Mortgage Association (Mortgage Pass-Through Securities), 3.00%–6.50%, due 2/1/17–6/1/43   | 6. JPMorgan Chase & Co., 3.375%–7.90%, due 10/1/15–4/29/49                            |
| 2. Federal Home Loan Mortgage Corporation (Mortgage Pass-Through Securities), 2.375%–6.50%, due 1/1/21–6/1/43 | 7. Morgan Stanley, 4.875%–6.00%, due 4/28/15–11/24/25                                 |
| 3. United States Treasury Notes, 0.875%–2.50%, due 9/15/16–5/15/24  | 8. Verizon Communications, Inc., 3.45%–6.55%, due 3/15/21–9/15/43                     |
| 4. United States Treasury Bonds, 2.875%–6.25%, due 5/15/30–5/15/43  | 9. DIRECTV Holdings LLC / DIRECTV Financing Co., Inc., 3.50%–5.00%, due 3/1/16–3/1/21 |
| 5. Bank of America Corp., 3.30%–5.70%, due 1/24/22–12/29/49   | 10. NBC Universal Media LLC, 5.15%–5.95%, due 4/30/20–4/1/41                          |
-

# Portfolio Management Discussion and Analysis (Unaudited)

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

## How did MainStay Total Return Bond Fund perform relative to its primary benchmark and peers during the 12 months ended October 31, 2014?

Excluding all sales charges, MainStay Total Return Bond Fund returned 4.33% for Class A shares, 4.16% for Investor Class shares, 3.50% for Class B shares and 3.49% for Class C shares for the 12 months ended October 31, 2014. Over the same period, the Fund's Class I shares returned 4.60%, Class R1 shares returned 4.49% and Class R2 shares returned 4.24%. For the 12 months ended October 31, 2014, Class A, Investor Class, Class I, Class R1 and Class R2 shares outperformed—and Class B and Class C shares underperformed—the 4.14% return of the Barclays U.S. Aggregate Bond Index,<sup>1</sup> which is the Fund's primary broad-based securities-market index. Over the same period, Class A, Investor Class, Class I, Class R1 and Class R2 shares outperformed—and Class B and Class C shares underperformed—the 4.12% return of the average Lipper<sup>2</sup> core bond fund. See page 5 for Fund returns with applicable sales charges.

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

The Fund's allocation to spread product<sup>3</sup> affects relative performance when the compensation demanded for credit risk or interest-rate risk rises or falls. In a stressed market where investors seek safe harbors, the market demands more compensation for risk, enabling defensively-postured portfolios to outperform as prices for riskier assets fall. In a market with an appetite for risk, the risk premium for spread product falls, leading to tighter spreads, higher prices for risk assets and superior returns for aggressively-postured portfolios. During the reporting period, the Fund's position in spread product continued to be robust. Peer funds that were more defensively postured than the Fund (either through reduced commitments to credit risk or longer durations) would have been disadvantaged during the reporting period. Peer funds with postures that were more aggressive (through larger commitments to credit-sensitive sectors such as high-yield corporate bonds or securitizations of non-conforming residential mortgages) would likely have had better performance than the Fund.

Several factors affected the Fund's performance relative to the Barclays U.S. Aggregate Bond Index:

- Overweight positions in credit-related sectors (investment-grade corporate bonds, high-yield corporate bonds and commercial mortgage-backed securities) gave the Fund a yield advantage relative to the Barclays U.S. Aggregate Bond Index.
- Corporate bonds, especially those rated below A,<sup>4</sup> and commercial mortgage-backed securities posted strong performance during the reporting period for two reasons. First, the outlook for credit-related sectors was aligned with the decision of the Federal Reserve's monetary policymaking committee to maintain the federal funds target rate in a near-zero range. Second, low interest rates sparked healthy demand for higher-yielding products. Against this backdrop, the Fund's overweight positions in these sectors benefited the Fund's relative performance.
- The Federal Reserve's willingness to pump liquidity into the market by seeking to keep short-term rates close to zero, as well its willingness to pressure longer-term rates lower through open-market bond purchases (widely known as quantitative easing), were efforts to stimulate aggregate demand by making investment more attractive than saving. These efforts were constructive for credit-related product such as corporate bonds and commercial mortgage-backed securities.
- Within the investment-grade corporate bond sector, an emphasis on bonds rated BBB<sup>5</sup> led to healthy gains relative to the Index.
- The Fund's concentration of assets near the 10-year maturity point of the U.S. Treasury yield-curve<sup>6</sup> contrasted with the more uniform distribution of the Barclays U.S. Aggregate Bond Index. During the reporting period, the Fund benefited from the narrowing spread between shorter-maturity U.S. Treasury securities and 10-year U.S. Treasury securities.

Relative to the Barclays U.S. Aggregate Bond Index, the Fund's underweight position in residential mortgages detracted from performance. (Contributions take weightings and total returns

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

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

3. The terms "spread" and "yield spread" may refer to the difference in yield between a security or type of security and comparable U.S. Treasury issues. The terms may also refer to the difference in yield between two specific securities or types of securities at a given time. The term "spread product" refers to asset classes that typically trade at a spread to comparable U.S. Treasury securities.

4. An obligation rated 'A' by Standard & Poor's ("S&P") is deemed by S&P to be somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. In the opinion of S&P, however, the obligor's capacity to meet its financial commitment on the obligation is still 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.

5. An obligation rated 'BBB' by S&P is deemed by S&P to exhibit adequate protection parameters. It is the opinion of S&P, however, that adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation than would be the case for debt in higher-rated categories. 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.

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.

into account.) Prices of agency mortgage pass-throughs<sup>7</sup> firmed during the reporting period, as the volatility of U.S. Treasury yields was muted and investor demand exceeded the tepid pace of mortgage-loan origination.

### **What was the Fund's duration<sup>8</sup> strategy during the reporting period?**

The Fund maintained an intermediate duration during the reporting period. At the end of the reporting period, the Fund had a duration of 4.5 years, which was 1.1 years shorter than the duration of the Barclays U.S. Aggregate Bond Index. To keep the Fund nearly fully invested while maintaining a short duration posture, we executed the duration tilt with U.S. Treasury futures.

Duration affects Fund returns in two ways: through price-sensitivity and yield. Because the Fund's duration was shorter than that of the Barclays U.S. Aggregate Bond Index, the Fund was less sensitive than its benchmark to changes in U.S. Treasury yields. Accordingly, the short-duration posture would have detracted from the Fund's performance relative to the benchmark and longer-duration peers as U.S. Treasury yields fell an average of 0.25% during the reporting period. The yield effect was also a performance headwind for the Fund as the presence of the U.S. Treasury futures lowered the Fund's yield.

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

We promoted credit risk as the principal driver of performance during the reporting period. We expected corporate bonds (both investment-grade and high-yield) and commercial mortgage-backed securities to have superior returns to government-related debt for three reasons. First, we believed the prospects of the credit-related sectors were aligned with the decision of the Federal Reserve's monetary policymaking committee to maintain the federal funds target rate in a near-zero range. Second, we felt that low interest-rates would be likely to spark healthy demand for higher-yielding products. Third, improving profitability led us to believe that corporations were doing more with less: less leverage, less short-term debt and smaller funding gaps. In our opinion, these improving credit fundamentals supported a narrowing of spreads alongside a favorable balance of supply and demand for corporate bonds. In addition, we believed that the strong performance of the stock market would buoy the returns of corporate bonds across the credit-quality spectrum.

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

During the reporting period, an overweight position relative to the Barclays U.S. Aggregate Bond Index in moderate-quality corporate bonds was a strong contributor to performance. These bonds benefited from their respective yields and from spread tightening in relation to comparable-duration U.S. Treasury securities.

In the corporate bond sector, spillover from Euro zone concerns subsided relative to prior periods. Among the Fund's Euro zone-related bonds that contributed positively to performance during the reporting period were issues of telecommunication services companies Telefonica Emisiones, bank Banco Santander, mining company Anglo American Capital and Portugal sovereign debt. In the United States, financial services company JPMorgan Chase and Citigroup recovered from headlines regarding risk control at the corporate level and these bonds contributed positively to the Fund's performance. In addition, the Fund's procyclical credits, such as Ford Motor and Macy's, outperformed as consumer confidence improved.

On the downside in the corporate-bond sector, corporate bonds with exposure to Russia and Ukraine, such as Gazprom and TNK-BP, detracted from the Fund's performance during the reporting period. Prices of some commodities, such as iron ore, fell on concerns about China's economic growth potential. Against this backdrop, some of the Fund's basic materials holdings, such as Cliffs Natural Resources, generated weak results. In our opinion, an absence of growth opportunities in the pipelines sector could fuel acquisition activity, with the possibility of higher debt levels weighing on bond ratings, and the Fund's position in pipeline company Kinder Morgan detracted from performance. Headline risk related to the restructuring of Caesars Entertainment hampered performance of the company's bonds, which also detracted from the Fund's results.

Since the Barclays U.S. Aggregate Bond Index does not contain high-yield securities, our exposure to high-yield corporate bonds, which outperformed the Index, enhanced relative performance during the reporting period. Because the Fund tends to be somewhat cautious within the sector, however, our high-yield holdings tended to underperform high-yield bonds in general and may have underperformed the high-yield portions of peer funds.

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

8. 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.

The Fund's underweight position in residential mortgages relative to the Barclays U.S. Aggregate Bond Index was not rewarded, as these securities generally outperformed the Index. The Fund was underweight in residential mortgages relative to the benchmark to provide space for the overweight position in corporate bonds. Agency mortgage pass-throughs outperformed comparable-duration U.S. Treasury securities as investor demand overwhelmed the tepid pace of mortgage-loan origination. In contrast, mortgage-sector issue selection contributed positively to the Fund's return relative to the Barclays U.S. Aggregate Bond Index. We favored securities whose underlying loans were less apt to refinance, and the stability of these securities' cash-flow profiles led to better relative performance as mortgage rates followed U.S. Treasury yields lower.

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

During the reporting period, we reallocated 4% of the Fund's assets from securitized product to high-yield corporate bonds and investment-grade corporate bonds.

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

As of October 31, 2014, the Fund held overweight positions relative to the Barclays U.S. Aggregate Bond Index in high-yield corporate bonds, investment-grade corporate bonds and commercial mortgage-backed securities. On the same date, the Fund held underweight positions relative to the Index in U.S. Treasury securities, agency debentures, agency mortgage-backed securities and asset-backed securities. The Fund benefited by emphasizing credit-sensitive and commercial sectors and deemphasizing lower-yielding sectors, such as U.S. Treasury securities, agency debentures and cash.

# Portfolio of Investments October 31, 2014

	Principal Amount	Value
--	---------------------	-------

## Long-Term Bonds 89.0%† Asset-Backed Security 0.1%

### Utilities 0.1%

Atlantic City Electric Transition Funding LLC Series 2002-1, Class A4 5.55%, due 10/20/23	\$ 675,000	\$ 760,531
Total Asset-Backed Security (Cost \$674,808)		<u>760,531</u>

## Corporate Bonds 57.9%

### Agriculture 1.3%

Altria Group, Inc. 9.25%, due 8/6/19	2,838,000	3,694,415
9.95%, due 11/10/38	620,000	1,039,897
Bunge, Ltd. Finance Corp. 4.10%, due 3/15/16	2,200,000	2,291,113
Cargill, Inc. 4.307%, due 5/14/21 (a)	3,000,000	3,290,412
6.00%, due 11/27/17 (a)	1,050,000	1,189,048
7.35%, due 3/6/19 (a)	540,000	652,404
Lorillard Tobacco Co. 8.125%, due 6/23/19	720,000	882,016
Philip Morris International, Inc. 4.375%, due 11/15/41	3,175,000	3,194,841
		<u>16,234,146</u>

### Auto Manufacturers 0.9%

Ford Motor Co. 7.45%, due 7/16/31	2,095,000	2,805,873
9.215%, due 9/15/21	2,355,000	3,133,796
Navistar International Corp. 8.25%, due 11/1/21	5,000,000	5,140,000
		<u>11,079,669</u>

### Auto Parts & Equipment 0.3%

Continental Rubber of America Corp. 4.50%, due 9/15/19 (a)	600,000	627,582
MPG Holdco I, Inc. 7.375%, due 10/15/22 (a)	2,100,000	2,205,000
Schaeffler Finance B.V. 7.75%, due 2/15/17 (a)	885,000	973,500
		<u>3,806,082</u>

### Banks 8.4%

AgriBank FCB 9.125%, due 7/15/19	5,795,000	7,379,295
Banco Santander Mexico S.A. 4.125%, due 11/9/22 (a)	4,120,000	4,171,500

	Principal Amount	Value
--	---------------------	-------

### Banks (continued)

◆ Bank of America Corp. 3.30%, due 1/11/23	\$ 680,000	\$ 674,200
4.25%, due 10/22/26	11,900,000	11,811,738
5.125%, due 12/29/49 (b)	3,490,000	3,385,300
5.70%, due 1/24/22	415,000	477,778
Barclays Bank PLC 6.05%, due 12/4/17 (a)	4,028,000	4,462,798
BBVA Bancomer S.A. 6.75%, due 9/30/22 (a)	3,025,000	3,425,812
CIT Group, Inc. 6.625%, due 4/1/18 (a)	3,835,000	4,199,325
Citigroup, Inc. 4.05%, due 7/30/22	580,000	596,674
5.875%, due 1/30/42	2,020,000	2,482,483
6.125%, due 8/25/36	4,579,000	5,392,977
Discover Bank 7.00%, due 4/15/20	2,100,000	2,485,573
8.70%, due 11/18/19	474,000	588,660
Goldman Sachs Group, Inc. (The) 3.625%, due 1/22/23	2,850,000	2,857,951
5.95%, due 1/18/18	1,000,000	1,119,650
6.75%, due 10/1/37	5,000,000	6,129,870
◆ JPMorgan Chase & Co. 3.375%, due 5/1/23	11,500,000	11,229,865
5.15%, due 10/1/15	1,000,000	1,038,743
7.90%, due 4/29/49 (b)	3,750,000	4,064,062
Mellon Capital III 6.369%, due 9/5/66 (b)	£ 2,500,000	4,147,224
◆ Morgan Stanley 4.875%, due 11/1/22	\$ 3,945,000	4,201,279
5.00%, due 11/24/25	4,535,000	4,820,084
5.75%, due 1/25/21	5,000,000	5,741,290
6.00%, due 4/28/15	300,000	307,739
Regions Bank 6.45%, due 6/26/37	1,985,000	2,390,476
7.50%, due 5/15/18	1,985,000	2,325,560
		<u>101,907,906</u>
<b>Beverages 1.0%</b> Anheuser-Busch InBev Worldwide, Inc. 7.75%, due 1/15/19	2,000,000	2,425,446
Constellation Brands, Inc. 3.875%, due 11/15/19	5,000,000	5,075,000
7.25%, due 9/1/16	1,723,000	1,882,378
Embotelladora Andina S.A. 5.00%, due 10/1/23 (a)	2,450,000	2,595,160
		<u>11,977,984</u>

† Percentages indicated are based on Fund net assets.

◆ Among the Fund's 10 largest holdings or issuers, as of October 31, 2014, excluding short-term investment. May be subject to change daily.

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Building Materials 0.7%</b>		
Building Materials Corporation of America		
5.375%, due 11/15/24 (a)	\$ 4,940,000	\$ 4,952,350
6.75%, due 5/1/21 (a)	2,105,000	2,257,612
6.875%, due 8/15/18 (a)	1,640,000	1,703,140
		<u>8,913,102</u>
<b>Chemicals 1.1%</b>		
Dow Chemical Co. (The)		
9.40%, due 5/15/39	5,000,000	7,979,435
Huntsman International LLC		
5.125%, due 11/15/22 (a)	5,000,000	5,031,250
		<u>13,010,685</u>
<b>Coal 0.1%</b>		
CONSOL Energy, Inc.		
6.375%, due 3/1/21	515,000	533,025
Peabody Energy Corp.		
7.375%, due 11/1/16	441,000	454,230
		<u>987,255</u>
<b>Commercial Services 1.1%</b>		
Hertz Corp. (The)		
6.75%, due 4/15/19	2,895,000	3,018,037
7.375%, due 1/15/21	1,655,000	1,750,163
Iron Mountain, Inc.		
5.75%, due 8/15/24	4,975,000	5,074,500
United Rentals North America, Inc.		
7.625%, due 4/15/22	3,750,000	4,181,250
		<u>14,023,950</u>
<b>Computers 0.8%</b>		
Hewlett-Packard Co.		
2.65%, due 6/1/16	3,435,000	3,519,635
4.65%, due 12/9/21	2,200,000	2,361,962
NCR Corp.		
5.00%, due 7/15/22	4,150,000	4,129,250
		<u>10,010,847</u>
<b>Diversified Financial Services 0.5%</b>		
Alterra Finance LLC		
6.25%, due 9/30/20	2,900,000	3,367,381
General Electric Capital Corp.		
5.40%, due 2/15/17	2,985,000	3,270,169
		<u>6,637,550</u>
<b>Electric 2.3%</b>		
Abu Dhabi National Energy Co.		
6.25%, due 9/16/19 (a)	185,000	217,029
AES Corp. (The)		
7.75%, due 10/15/15	192,000	202,560
Calpine Corp.		
5.75%, due 1/15/25	3,880,000	3,928,500

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

	Principal Amount	Value
<b>Electric (continued)</b>		
Duquesne Light Holdings, Inc.		
5.90%, due 12/1/21 (a)	\$ 3,000,000	\$ 3,471,963
FirstEnergy Transmission LLC		
5.45%, due 7/15/44 (a)	6,000,000	6,178,092
IPALCO Enterprises, Inc.		
5.00%, due 5/1/18	1,000,000	1,060,000
7.25%, due 4/1/16 (a)	1,605,000	1,709,325
N.V. Energy, Inc.		
6.25%, due 11/15/20	5,000,000	5,902,430
PPL WEM Holdings PLC		
3.90%, due 5/1/16 (a)	950,000	986,659
Public Service Co. of New Mexico		
7.95%, due 5/15/18	604,000	719,931
Puget Energy, Inc.		
6.50%, due 12/15/20	3,155,000	3,757,665
		<u>28,134,154</u>
<b>Engineering &amp; Construction 0.3%</b>		
MasTec, Inc.		
4.875%, due 3/15/23	3,605,000	3,442,775
<b>Finance—Auto Loans 0.9%</b>		
Ally Financial, Inc.		
4.625%, due 6/26/15	527,000	537,804
5.50%, due 2/15/17	722,000	767,991
6.25%, due 12/1/17	53,000	57,770
7.50%, due 9/15/20	236,000	280,840
8.00%, due 11/1/31	3,580,000	4,555,550
Ford Motor Credit Co. LLC		
8.125%, due 1/15/20	2,580,000	3,224,327
12.00%, due 5/15/15	1,000,000	1,058,667
		<u>10,482,949</u>
<b>Finance—Consumer Loans 0.8%</b>		
Navient Corp.		
6.00%, due 1/25/17	3,935,000	4,151,425
Springleaf Finance Corp.		
6.00%, due 6/1/20	5,000,000	5,175,000
		<u>9,326,425</u>
<b>Finance—Credit Card 0.4%</b>		
Capital One Bank USA N.A.		
3.375%, due 2/15/23	3,046,000	3,016,588
Discover Financial Services		
3.85%, due 11/21/22	1,526,000	1,543,909
		<u>4,560,497</u>
<b>Finance—Investment Banker/Broker 0.4%</b>		
Bear Stearns Cos. LLC (The)		
7.25%, due 2/1/18	275,000	319,686

# Portfolio of Investments October 31, 2014 (continued)

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Finance—Investment Banker/Broker (continued)</b>		
Jefferies Group LLC		
5.125%, due 1/20/23	\$ 1,190,000	\$ 1,261,026
6.45%, due 6/8/27	1,960,000	2,219,171
8.50%, due 7/15/19	800,000	992,320
		<u>4,792,203</u>
<b>Finance—Leasing Companies 0.2%</b>		
International Lease Finance Corp.		
5.75%, due 5/15/16	2,070,000	2,157,975
<b>Finance—Mortgage Loan/Banker 0.8%</b>		
Countrywide Financial Corp.		
6.25%, due 5/15/16	8,615,000	9,254,526
<b>Finance—Other Services 0.3%</b>		
Icahn Enterprises, L.P. / Icahn Enterprises Finance Corp.		
5.875%, due 2/1/22	555,000	570,262
6.00%, due 8/1/20	3,615,000	3,795,750
		<u>4,366,012</u>
<b>Food 0.9%</b>		
Grupo Bimbo S.A.B. de C.V.		
3.875%, due 6/27/24 (a)	7,000,000	6,967,100
Kerry Group Financial Services		
3.20%, due 4/9/23 (a)	4,375,000	4,239,406
		<u>11,206,506</u>
<b>Food Services 0.4%</b>		
Aramark Services, Inc.		
5.75%, due 3/15/20	4,215,000	4,404,675
<b>Forest Products &amp; Paper 0.0%</b>		
Georgia-Pacific LLC		
8.875%, due 5/15/31	50,000	76,312
<b>Health Care—Products 0.3%</b>		
Alere, Inc.		
6.50%, due 6/15/20	4,163,000	4,287,890
<b>Health Care—Services 1.8%</b>		
CHS / Community Health Systems, Inc.		
7.125%, due 7/15/20	3,750,000	4,059,375
DaVita HealthCare Partners, Inc.		
5.75%, due 8/15/22	3,950,000	4,187,000
Fresenius Medical Care U.S. Finance, Inc.		
5.75%, due 2/15/21 (a)	825,000	885,844
6.50%, due 9/15/18 (a)	65,000	71,988
6.875%, due 7/15/17	1,250,000	1,371,875

	Principal Amount	Value
<b>Health Care—Services (continued)</b>		
Fresenius Medical Care U.S. Finance II, Inc.		
5.625%, due 7/31/19 (a)	\$ 2,690,000	\$ 2,881,662
Health Care Service Corp.		
4.70%, due 1/15/21 (a)	1,500,000	1,644,897
MPH Acquisition Holdings LLC		
6.625%, due 4/1/22 (a)	5,000,000	5,231,250
Roche Holdings, Inc.		
6.00%, due 3/1/19 (a)	1,025,000	1,184,326
		<u>21,518,217</u>
<b>Holding Company—Diversified 0.6%</b>		
Hutchison Whampoa International 14, Ltd.		
3.625%, due 10/31/24 (a)	7,400,000	7,350,975
<b>Home Builders 1.4%</b>		
KB Home		
7.25%, due 6/15/18	6,450,000	6,982,125
NVR, Inc.		
3.95%, due 9/15/22	6,420,000	6,564,161
TRI Pointe Holdings, Inc.		
5.875%, due 6/15/24 (a)	3,180,000	3,243,600
		<u>16,789,886</u>
<b>Housewares 0.4%</b>		
Tupperware Brands Corp.		
4.75%, due 6/1/21	4,785,000	5,093,776
<b>Insurance 3.9%</b>		
American International Group, Inc. Series A2		
5.75%, due 3/15/67 (b)	£ 2,750,000	4,562,324
Genworth Financial, Inc.		
8.625%, due 12/15/16	\$ 4,300,000	4,912,617
Hartford Financial Services Group, Inc. (The)		
6.00%, due 1/15/19	600,000	684,939
6.10%, due 10/1/41	4,495,000	5,601,799
Liberty Mutual Group, Inc.		
4.25%, due 6/15/23 (a)	2,020,000	2,089,173
6.50%, due 3/15/35 (a)	335,000	407,937
6.50%, due 5/1/42 (a)	3,675,000	4,418,423
Markel Corp.		
3.625%, due 3/30/23	1,640,000	1,649,432
Protective Life Corp.		
7.375%, due 10/15/19	1,500,000	1,827,280
8.45%, due 10/15/39	2,170,000	3,213,716
Prudential Financial, Inc.		
7.375%, due 6/15/19	6,550,000	7,971,016
Travelers Cos., Inc. (The)		
6.25%, due 6/20/16	1,200,000	1,303,906

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Insurance (continued)</b>		
Unum Group		
7.125%, due 9/30/16	\$ 750,000	\$ 834,767
Voya Financial, Inc.		
2.90%, due 2/15/18	4,100,000	4,215,304
XL Group PLC		
6.50%, due 10/29/49 (b)	4,475,000	4,293,762
		<u>47,986,395</u>
<b>Iron &amp; Steel 0.9%</b>		
Cliffs Natural Resources, Inc.		
4.875%, due 4/1/21	4,380,000	3,591,600
United States Steel Corp.		
7.50%, due 3/15/22	3,600,000	3,942,000
Vale S.A.		
5.625%, due 9/11/42	3,970,000	3,923,154
		<u>11,456,754</u>
<b>Lodging 0.9%</b>		
Caesars Entertainment Operating Co., Inc.		
9.00%, due 2/15/20	3,805,000	2,853,750
Wyndham Worldwide Corp.		
2.50%, due 3/1/18	1,735,000	1,745,139
4.25%, due 3/1/22	6,370,000	6,428,120
		<u>11,027,009</u>
<b>Machinery—Diversified 0.6%</b>		
Zebra Technologies Corp.		
7.25%, due 10/15/22 (a)	6,625,000	6,972,812
<b>Media 3.8%</b>		
CCO Holdings LLC / CCO Holdings Capital Corp.		
6.50%, due 4/30/21	5,000,000	5,275,000
CCOH Safari LLC		
5.50%, due 12/1/22	985,000	994,850
5.75%, due 12/1/24	515,000	517,897
Clear Channel Worldwide Holdings, Inc.		
Series B		
6.50%, due 11/15/22	670,000	693,450
Series B		
7.625%, due 3/15/20	3,450,000	3,669,938
◆ DIRECTV Holdings LLC / DIRECTV Financing Co., Inc.		
3.50%, due 3/1/16	5,000,000	5,167,405
5.00%, due 3/1/21	6,300,000	6,936,596
DISH DBS Corp.		
4.625%, due 7/15/17	600,000	625,500
7.125%, due 2/1/16	955,000	1,015,881
iHeartCommunications, Inc.		
9.00%, due 3/1/21	2,500,000	2,500,000
9.00%, due 9/15/22 (a)	4,400,000	4,422,000

	Principal Amount	Value
<b>Media (continued)</b>		
◆ NBC Universal Media LLC		
5.15%, due 4/30/20	\$ 7,900,000	\$ 8,989,315
5.95%, due 4/1/41	2,000,000	2,464,810
Time Warner, Inc.		
7.70%, due 5/1/32	1,980,000	2,759,174
Videotron, Ltd.		
6.375%, due 12/15/15	542,000	543,409
		<u>46,575,225</u>
<b>Mining 1.3%</b>		
Anglo American Capital PLC		
9.375%, due 4/8/19 (a)	4,880,000	6,162,625
Rio Tinto Finance USA, Ltd.		
9.00%, due 5/1/19	4,500,000	5,808,141
Vedanta Resources PLC		
7.125%, due 5/31/23 (a)	4,270,000	4,344,725
		<u>16,315,491</u>
<b>Miscellaneous—Manufacturing 0.8%</b>		
Amsted Industries, Inc.		
5.375%, due 9/15/24 (a)	5,850,000	5,850,000
Siemens Financieringsmaatschappij N.V.		
6.125%, due 8/17/26 (a)	265,000	329,111
Tyco Electronics Group S.A.		
6.55%, due 10/1/17	2,945,000	3,352,385
		<u>9,531,496</u>
<b>Oil &amp; Gas 4.5%</b>		
Chesapeake Energy Corp.		
4.875%, due 4/15/22	2,760,000	2,822,790
6.50%, due 8/15/17	192,000	208,320
6.625%, due 8/15/20	3,325,000	3,748,938
CITGO Petroleum Corp.		
6.25%, due 8/15/22 (a)	2,920,000	2,971,100
CNOOC Finance 2011, Ltd.		
4.25%, due 1/26/21 (a)	5,490,000	5,851,786
Concho Resources, Inc.		
5.50%, due 4/1/23	4,150,000	4,388,625
Continental Resources, Inc.		
5.00%, due 9/15/22	5,250,000	5,565,000
ENI S.p.A.		
4.15%, due 10/1/20 (a)	2,900,000	3,127,876
Gazprom OAO Via Gaz Capital S.A.		
4.95%, due 7/19/22 (a)	3,800,000	3,619,500
Marathon Petroleum Corp.		
6.50%, due 3/1/41	3,480,000	4,209,766
Rosneft Finance S.A.		
7.25%, due 2/2/20 (a)	2,770,000	2,901,575
Samson Investment Co.		
9.75%, due 2/15/20	3,245,000	2,401,300
Sanchez Energy Corp.		
6.125%, due 1/15/23 (a)	5,000,000	4,762,500

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, 2014 (continued)

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Oil &amp; Gas (continued)</b>		
SM Energy Co.		
5.00%, due 1/15/24	\$ 4,000,000	\$ 3,740,000
Whiting Petroleum Corp.		
5.00%, due 3/15/19	4,100,000	4,243,500
		<u>54,562,576</u>
<b>Oil &amp; Gas Services 0.5%</b>		
Freeport-McMoran Oil & Gas LLC / FCX Oil & Gas, Inc.		
6.75%, due 2/1/22	2,317,000	2,566,077
6.875%, due 2/15/23	3,000,000	3,392,820
7.625%, due 4/1/20	500,000	531,250
		<u>6,490,147</u>
<b>Pharmaceuticals 0.3%</b>		
Mylan, Inc.		
7.875%, due 7/15/20 (a)	575,000	618,883
Zoetis, Inc.		
4.70%, due 2/1/43	2,745,000	2,824,501
		<u>3,443,384</u>
<b>Pipelines 3.8%</b>		
Access Midstream Partners, L.P. / ACMP Finance Corp.		
4.875%, due 5/15/23	2,900,000	3,030,500
Copano Energy LLC / Copano Energy Finance Corp.		
7.125%, due 4/1/21	408,000	448,392
Energy Transfer Equity, L.P.		
5.875%, due 1/15/24	3,010,000	3,160,500
Energy Transfer Partners, L.P.		
5.20%, due 2/1/22	3,500,000	3,829,714
6.05%, due 6/1/41	1,310,000	1,454,062
9.70%, due 3/15/19	2,000,000	2,561,894
EnLink Midstream Partners, L.P.		
4.40%, due 4/1/24	4,130,000	4,346,276
5.60%, due 4/1/44	3,975,000	4,422,056
Kinder Morgan Energy Partners, L.P.		
6.375%, due 3/1/41	2,385,000	2,627,015
Kinder Morgan Finance Co. LLC		
6.00%, due 1/15/18 (a)	3,720,000	4,078,050
ONEOK, Inc.		
6.00%, due 6/15/35	1,425,000	1,419,810
Panhandle Eastern Pipe Line Co., L.P.		
8.125%, due 6/1/19	600,000	733,090
Spectra Energy Partners, L.P.		
4.75%, due 3/15/24	5,137,000	5,567,517
Targa Resources Partners, L.P. / Targa Resources Partners Finance Corp.		
4.125%, due 11/15/19 (a)	5,500,000	5,582,500

	Principal Amount	Value
<b>Pipelines (continued)</b>		
Tesoro Logistics, L.P. / Tesoro Logistics Finance Corp.		
5.50%, due 10/15/19 (a)	\$ 3,070,000	\$ 3,154,425
		<u>46,415,801</u>
<b>Real Estate Investment Trusts 1.7%</b>		
Alexandria Real Estate Equities, Inc.		
4.60%, due 4/1/22	3,325,000	3,507,390
American Tower Corp.		
4.50%, due 1/15/18	2,750,000	2,935,350
Crown Castle International Corp.		
5.25%, due 1/15/23	126,000	128,993
Health Care REIT, Inc.		
5.25%, due 1/15/22	3,000,000	3,325,179
ProLogis, L.P.		
4.25%, due 8/15/23	5,400,000	5,627,529
Ventas Realty, L.P. / Ventas Capital Corp.		
4.00%, due 4/30/19	2,920,000	3,118,294
4.25%, due 3/1/22	1,370,000	1,433,442
Weyerhaeuser Co.		
7.375%, due 10/1/19	131,000	158,631
		<u>20,234,808</u>
<b>Retail 1.7%</b>		
CVS Pass-Through Trust		
5.789%, due 1/10/26 (a)(c)	75,294	84,641
L Brands, Inc.		
8.50%, due 6/15/19	127,000	151,765
Macy's Retail Holdings, Inc.		
3.875%, due 1/15/22	5,500,000	5,736,506
6.90%, due 4/1/29	1,988,000	2,521,404
Nordstrom, Inc.		
5.00%, due 1/15/44	2,643,000	2,908,836
O'Reilly Automotive, Inc.		
4.625%, due 9/15/21	5,955,000	6,493,761
QVC, Inc.		
4.45%, due 2/15/25 (a)	1,535,000	1,495,383
4.85%, due 4/1/24	1,550,000	1,569,807
		<u>20,962,103</u>
<b>Savings &amp; Loans 0.1%</b>		
Amsouth Bank		
5.20%, due 4/1/15	1,435,000	1,459,154
<b>Semiconductors 0.3%</b>		
Freescall Semiconductor, Inc.		
5.00%, due 5/15/21 (a)	3,860,000	3,802,100
<b>Telecommunications 3.2%</b>		
Corning, Inc.		
6.625%, due 5/15/19	500,000	595,199
Crown Castle Towers LLC		
5.495%, due 1/15/37 (a)	3,578,000	3,806,520

	Principal Amount	Value
<b>Corporate Bonds (continued)</b>		
<b>Telecommunications (continued)</b>		
Hughes Satellite Systems Corp. 6.50%, due 6/15/19	\$ 1,051,000	\$ 1,137,707
SBA Tower Trust 2.933%, due 12/15/42 (a)	3,225,000	3,268,057
Sprint Capital Corp. 6.875%, due 11/15/28	755,000	734,238
	500,000	558,750
T-Mobile USA, Inc. 6.731%, due 4/28/22	5,000,000	5,287,500
Telecom Italia Capital S.A. 7.721%, due 6/4/38	480,000	542,400
Telefonica Emisiones SAU 4.57%, due 4/27/23	7,610,000	8,045,421
	785,000	880,997
◆ Verizon Communications, Inc. 3.45%, due 3/15/21	785,000	802,000
	9,680,000	10,840,516
	845,000	1,065,212
Virgin Media Secured Finance PLC 5.25%, due 1/15/21	1,160,000	1,200,600
		<u>38,765,117</u>
<b>Textiles 0.5%</b>		
Cintas Corp. No 2 2.85%, due 6/1/16	5,480,000	5,639,583
<b>Toys, Games &amp; Hobbies 0.3%</b>		
Hasbro, Inc. 5.10%, due 5/15/44	4,045,000	4,137,582
<b>Trucking &amp; Leasing 0.4%</b>		
Penske Truck Leasing Co., L.P. / PTL Finance Corp. 3.75%, due 5/11/17 (a)	4,398,000	4,619,914
Total Corporate Bonds (Cost \$685,336,163)		<u>706,232,380</u>

### **Mortgage-Backed Securities 3.5%**

#### **Commercial Mortgage Loans (Collateralized Mortgage Obligations) 3.5%**

Banc of America Commercial Mortgage Trust Series 2007-2, Class A4 5.781%, due 4/10/49 (d)	2,560,000	2,774,543
Bayview Commercial Asset Trust Series 2006-4A, Class A1 0.382%, due 12/25/36 (a)(b)	122,366	110,641
Bear Stearns Commercial Mortgage Securities Trust Series 2007-PW16, Class A4 5.898%, due 6/11/40 (d)	2,270,000	2,496,251

	Principal Amount	Value
<b>Commercial Mortgage Loans (Collateralized Mortgage Obligations) (continued)</b>		
CD 2006-CD3 Mortgage Trust Series 2006-CD3, Class A5 5.617%, due 10/15/48	\$ 3,026,466	\$ 3,190,966
CFCRE Commercial Mortgage Trust Series 2011-C1, Class A2 3.759%, due 4/15/44 (a)	1,276,653	1,320,411
Citigroup Commercial Mortgage Trust Series 2008-C7, Class A4 6.338%, due 12/10/49 (d)	1,300,000	1,440,494
Commercial Mortgage Loan Trust Series 2008-LS1, Class A4B 6.241%, due 12/10/49 (d)	4,603,234	4,988,161
Four Times Square Trust Series 2006-4TS, Class A 5.401%, due 12/13/28 (a)	2,470,000	2,807,049
Greenwich Capital Commercial Funding Corp. Series 2005-GG5, Class A5 5.224%, due 4/10/37 (d)	2,960,000	3,024,398
GS Mortgage Securities Corp. II Series 2006-GG6, Class A4 5.553%, due 4/10/38 (b)	2,919,880	3,029,936
	2,796,148	3,057,037
JP Morgan Chase Commercial Mortgage Securities Corp. Series 2007-LDPX, Class A3 5.42%, due 1/15/49	3,370,578	3,635,755
	2,182,336	2,345,553
LB-UBS Commercial Mortgage Trust Series 2007-C6, Class A4 5.858%, due 7/15/40 (b)	1,578,834	1,674,139
Morgan Stanley Capital I, Trust Series 2007-IQ15, Class A4 6.105%, due 6/11/49 (d)	2,508,582	2,753,736
Timberstar Trust 1 Series 2006-1, Class A 5.668%, due 10/15/36 (a)	160,000	171,821
Wachovia Bank Commercial Mortgage Trust Series 2007-C33, Class A4 5.941%, due 2/15/51 (d)	3,059,550	3,304,182
		<u>42,125,073</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, 2014 (continued)

	Principal Amount	Value
<b>Mortgage-Backed Securities (continued)</b>		
<b>Residential Mortgage (Collateralized Mortgage Obligation) 0.0%‡</b>		
Mortgage Equity Conversion Asset Trust		
Series 2007-FF2, Class A		
0.58%, due 2/25/42 (a)(b)(c)(e)	\$ 336,660	\$ 269,328
Total Mortgage-Backed Securities (Cost \$38,421,780)		<u>42,394,401</u>

## U.S. Government & Federal Agencies 26.9%

<b>Fannie Mae (Collateralized Mortgage Obligation) 0.0%‡</b>		
Series 1991-66, Class J		
8.125%, due 6/25/21	270	<u>303</u>

### ◆ Federal Home Loan Mortgage Corporation

#### (Mortgage Pass-Through Securities) 7.8%

2.375%, due 6/1/35 (b)	126,834	135,275
3.00%, due 6/1/43	9,258,749	9,284,030
3.50%, due 12/1/41	5,681,263	5,878,584
3.50%, due 5/1/42	9,090,079	9,402,419
3.50%, due 5/1/43	3,714,491	3,843,441
4.00%, due 8/1/31	2,925,428	3,136,350
4.00%, due 1/1/41	3,099,130	3,326,746
4.00%, due 2/1/41	5,787,764	6,186,437
4.00%, due 1/1/42	17,981,224	19,268,322
4.00%, due 6/1/42	6,534,526	6,998,301
4.50%, due 9/1/39	453,278	500,338
4.50%, due 1/1/40	3,358,636	3,682,490
4.50%, due 12/1/40	2,275,919	2,512,316
4.50%, due 5/1/41	2,334,507	2,548,587
4.50%, due 6/1/41	10,265,064	11,233,316
4.50%, due 8/1/41	4,925,254	5,362,736
5.00%, due 8/1/33	305,232	338,201
5.50%, due 1/1/21	112,821	122,266
5.50%, due 2/1/33	108,013	121,139
5.50%, due 7/1/34	308,147	347,412
5.50%, due 4/1/37	17,765	19,844
5.50%, due 5/1/37	11,685	13,026
5.50%, due 7/1/37	60,479	67,524
5.50%, due 1/1/38	90,468	102,181
6.00%, due 2/1/27	74,163	83,717
6.00%, due 3/1/36	108,291	123,217
6.50%, due 4/1/37	165,657	198,794
		<u>94,837,009</u>

### ◆ Federal National Mortgage Association

#### (Mortgage Pass-Through Securities) 14.0%

3.00%, due 4/1/43	14,690,976	14,721,513
3.50%, due 2/1/41	8,989,741	9,314,347
3.50%, due 3/1/41	830,141	860,063
3.50%, due 11/1/41	14,752,695	15,299,367
3.50%, due 1/1/42	2,290,142	2,383,941
3.50%, due 3/1/42	8,176,620	8,476,111

	Principal Amount	Value
<b>Federal National Mortgage Association (Mortgage Pass-Through Securities) (continued)</b>		
3.50%, due 10/1/42	\$ 3,973,472	\$ 4,114,102
3.50%, due 2/1/43	3,889,635	4,042,800
3.50%, due 3/1/43	6,934,441	7,179,616
3.50%, due 5/1/43	3,686,866	3,821,668
3.50%, due 6/1/43	1,063,310	1,100,908
4.00%, due 9/1/31	2,268,439	2,433,905
4.00%, due 11/1/40	1,479,026	1,588,841
4.00%, due 1/1/41	4,160,707	4,460,860
4.00%, due 2/1/41	21,037,452	22,377,792
4.00%, due 3/1/41	3,925,560	4,217,211
4.00%, due 10/1/41	5,122,532	5,503,122
4.00%, due 2/1/42	3,244,728	3,448,968
4.00%, due 3/1/42	3,731,071	4,002,485
4.00%, due 7/1/42	2,813,594	2,997,412
4.00%, due 9/1/42	5,231,223	5,602,083
4.50%, due 4/1/18	38,201	40,249
4.50%, due 7/1/18	210,695	221,988
4.50%, due 11/1/18	260,417	274,376
4.50%, due 6/1/23	281,888	303,938
4.50%, due 6/1/39	5,250,147	5,770,013
4.50%, due 8/1/39	5,211,444	5,736,517
4.50%, due 9/1/39	983,923	1,083,000
4.50%, due 8/1/40	1,873,347	2,034,645
4.50%, due 7/1/41	4,804,438	5,264,218
4.50%, due 8/1/41	2,758,403	3,022,607
5.00%, due 9/1/17	74,873	79,036
5.00%, due 9/1/20	46,508	49,605
5.00%, due 10/1/20	100,277	107,088
5.00%, due 12/1/20	164,736	175,503
5.00%, due 7/1/33	588,804	654,446
5.00%, due 10/1/33	251,873	279,590
5.00%, due 5/1/35	1,442,184	1,600,381
5.00%, due 6/1/35	2,560,922	2,841,693
5.00%, due 7/1/35	248,697	275,567
5.00%, due 1/1/36	305,033	338,222
5.00%, due 2/1/36	2,254,535	2,500,677
5.00%, due 5/1/36	822,453	912,033
5.00%, due 9/1/36	219,388	243,406
5.50%, due 2/1/17	41,141	43,458
5.50%, due 6/1/21	195,703	208,266
5.50%, due 6/1/33	1,401,110	1,576,376
5.50%, due 11/1/33	221,476	249,267
5.50%, due 12/1/33	166,631	187,350
5.50%, due 4/1/34	598,786	673,545
5.50%, due 5/1/34	781,002	878,697
5.50%, due 6/1/34	203,649	228,846
5.50%, due 3/1/35	289,294	324,510
5.50%, due 4/1/36	562,412	629,006
5.50%, due 12/1/36	146,421	163,465
5.50%, due 1/1/37	615,011	696,873

	Principal Amount	Value
<b>U.S. Government &amp; Federal Agencies (continued)</b>		
<b>Federal National Mortgage Association</b>		
<b>(Mortgage Pass-Through Securities) (continued)</b>		
5.50%, due 4/1/37	\$ 429,443	\$ 479,417
5.50%, due 7/1/37	622,918	706,493
5.50%, due 8/1/37	192,836	216,358
5.50%, due 9/1/37	4,914	5,483
6.00%, due 8/1/17	10,177	10,646
6.00%, due 1/1/33	87,124	99,025
6.00%, due 3/1/33	97,676	111,383
6.00%, due 8/1/34	3,570	4,068
6.00%, due 9/1/35	249,493	286,544
6.00%, due 6/1/36	88,340	100,229
6.00%, due 12/1/36	161,392	184,376
6.00%, due 4/1/37	79,052	86,520
6.00%, due 9/1/37	28,475	32,212
6.00%, due 10/1/37	311,342	341,252
6.00%, due 11/1/37	27,483	31,066
6.00%, due 1/1/38	3,277	3,709
6.00%, due 11/1/38	159,534	180,332
6.50%, due 6/1/31	34,986	39,803
6.50%, due 8/1/31	17,882	21,141
6.50%, due 10/1/31	14,081	15,980
6.50%, due 6/1/32	33,810	38,406
6.50%, due 6/1/36	8,219	9,328
6.50%, due 7/1/36	22,114	25,097
6.50%, due 8/1/36	2,575	2,922
6.50%, due 11/1/36	109,436	124,203
6.50%, due 2/1/37	38,121	43,265
6.50%, due 7/1/37	8,588	9,774
6.50%, due 8/1/37	29,893	34,245
6.50%, due 9/1/37	99,765	113,227
6.50%, due 3/1/38	112,337	127,495
		<u>171,099,571</u>
<b>Freddie Mac (Collateralized Mortgage Obligations) 0.0%‡</b>		
Series 2690, Class PG		
5.00%, due 4/15/32	170,970	173,094
Series 3113, Class QD		
5.00%, due 6/15/34	113,207	113,701
		<u>286,795</u>
<b>Government National Mortgage Association</b>		
<b>(Mortgage Pass-Through Securities) 0.1%</b>		
4.00%, due 11/20/40	704,543	755,905
6.00%, due 2/15/29	15,575	17,573
6.00%, due 4/15/29	85,212	98,813
6.00%, due 8/15/32	170,281	197,489
6.50%, due 7/15/28	21,512	25,119
6.50%, due 5/15/29	11,998	14,104
		<u>1,109,003</u>

	Principal Amount	Value
<b>United States Treasury Bonds 2.4%</b>		
2.875%, due 5/15/43	\$ 25,641,000	\$ 24,683,463
5.375%, due 2/15/31	2,525,000	3,410,328
6.25%, due 5/15/30	1,240,000	1,803,813
		<u>29,897,604</u>
<b>United States Treasury Notes 2.5%</b>		
0.875%, due 9/15/16	1,815,000	1,828,188
1.25%, due 10/31/18	2,395,000	2,383,961
1.375%, due 9/30/18	1,700,000	1,702,390
2.50%, due 5/15/24	23,795,000	24,177,957
		<u>30,092,496</u>
<b>United States Treasury Strip Principal 0.1%</b>		
(zero coupon), due 8/15/23	820,000	669,859
Total U.S. Government & Federal Agencies (Cost \$321,359,888)		<u>327,992,640</u>
<b>Yankee Bonds 0.6% (f)</b>		
<b>Banks 0.3%</b>		
Royal Bank of Scotland Group PLC		
5.125%, due 5/28/24	3,700,000	3,748,751
<b>Insurance 0.3%</b>		
Validus Holdings, Ltd.		
8.875%, due 1/26/40	2,570,000	3,627,458
Total Yankee Bonds (Cost \$7,149,498)		<u>7,376,209</u>
Total Long-Term Bonds (Cost \$1,052,942,137)		<u>1,084,756,161</u>
<b>Shares</b>		
<b>Common Stock 0.0%‡</b>		
<b>Media 0.0%‡</b>		
ION Media Networks, Inc. (c)(e)(g)	2	757
Total Common Stock (Cost \$4)		<u>757</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, 2014 (continued)

	Principal Amount	Value
<b>Short-Term Investment 10.8%</b>		
<b>Repurchase Agreement 10.8%</b>		
State Street Bank and Trust Co.		
0.00%, dated 10/31/14 due 11/3/14		
Proceeds at Maturity \$131,482,478 (Collateralized by a Federal National Mortgage Association security with a rate of 2.12% and a maturity date of 11/7/22, with a Principal Amount of \$139,765,000 and a Market Value of \$134,116,677)		
	\$131,482,478	\$ 131,482,478
Total Short-Term Investment (Cost \$131,482,478)		<u>131,482,478</u>
Total Investments (Cost \$1,184,424,619)(k)	99.8%	1,216,239,396
Other Assets, Less Liabilities	<u>0.2</u>	<u>2,060,090</u>
Net Assets	<u>100.0%</u>	<u>\$1,218,299,486</u>

	Contracts Long	Unrealized Appreciation (Depreciation) (i)
<b>Futures Contracts (0.1%)</b>		
United States Treasury Bond Ultra Long		
December 2014 (j)		
	79	\$ 380,018
Total Futures Contracts Long (Notional Amount \$12,388,188)		<u>380,018</u>

	Contracts Short	Unrealized Appreciation (Depreciation) (i)
United States Treasury Note		
December 2014 (2 Year) (j)		
	(1,301)	(770,399)
December 2014 (5 Year) (j)		
	(741)	(395,900)
December 2014 (10 Year) (j)		
	(789)	(630,431)
Total Futures Contracts Short (Notional Amount \$473,845,759)		<u>(1,796,730)</u>
Total Futures Contracts (Notional Amount \$461,457,571)		<u>\$(1,416,712)</u>

As of October 31, 2014, the Fund held the following foreign currency forward contracts:

Foreign Currency Sale Contracts	Expiration Date	Counterparty	Contract Amount Sold	Contract Amount Purchased	Unrealized Appreciation (Depreciation)
Euro vs. U.S. Dollar	12/3/14	JPMorgan Chase Bank	EUR 2,095,000	USD 2,714,617	USD 88,781
Pound Sterling vs. U.S. Dollar	12/3/14	JPMorgan Chase Bank	GBP 5,801,000	9,377,665	99,989
Net unrealized appreciation (depreciation) on foreign currency forward contracts					USD 188,770

‡ 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, 2014.
- (c) Fair valued security—Represents fair value as measured in good faith under procedures approved by the Board of Trustees. As of October 31, 2014, the total market value of these securities was \$354,726, which represented less than one-tenth of a percent of the Fund's net assets.
- (d) 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, 2014.
- (e) Illiquid security—As of October 31, 2014, the total market value of these securities was \$270,085, which represented less than one-tenth of a percent of the Fund's net assets.
- (f) Yankee Bond—Dollar-denominated bond issued in the United States by a foreign bank or corporation.
- (g) Restricted security.
- (h) Non-income producing security.
- (i) Represents the difference between the value of the contracts at the time they were opened and the value as of October 31, 2014.
- (j) As of October 31, 2014, cash in the amount of \$1,942,590 was on deposit with brokers for futures transactions.
- (k) As of October 31, 2014, cost was \$1,184,466,341 for federal income tax purposes and net unrealized appreciation was as follows:
 

Gross unrealized appreciation	\$39,442,535
Gross unrealized depreciation	<u>(7,669,480)</u>
Net unrealized appreciation	<u>\$31,773,055</u>

The following abbreviation is used in the above portfolio:

£—British Pound Sterling

The following is a summary of the fair valuations according to the inputs used as of October 31, 2014, for valuing the Fund's assets and liabilities.

### Asset Valuation Inputs

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments in Securities (a)				
Long-Term Bonds				
Asset-Backed Security	\$ —	\$ 760,531	\$ —	\$ 760,531
Corporate Bonds (b)	—	706,147,739	84,641	706,232,380
Mortgage-Backed Securities (c)	—	42,125,073	269,328	42,394,401
U.S. Government & Federal Agencies	—	327,992,640	—	327,992,640
Yankee Bonds	—	7,376,209	—	7,376,209
Total Long-Term Bonds	—	1,084,402,192	353,969	1,084,756,161
Common Stock (d)	—	—	757	757
Short-Term Investment				
Repurchase Agreement	—	131,482,478	—	131,482,478
Total Investments in Securities	—	1,215,884,670	354,726	1,216,239,396
Other Financial Instruments				
Foreign Currency Forward Contracts (e)	—	188,770	—	188,770
Futures Contracts Long (e)	380,018	—	—	380,018
Total Other Financial Instruments	380,018	188,770	—	568,788
Total Investments in Securities and Other Financial Instruments	\$380,018	\$1,216,073,440	\$354,726	\$1,216,808,184

### Liability Valuation Inputs

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other Financial Instruments				
Futures Contracts Short (e)	\$(1,796,730)	\$ —	\$ —	\$(1,796,730)
Total Other Financial Instruments	\$(1,796,730)	\$ —	\$ —	\$(1,796,730)

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

(b) The Level 3 security valued at \$84,641 is held in Retail within the Corporate Bonds section of the Portfolio of Investments.

(c) The Level 3 security valued at \$269,328 is held in Residential Mortgage (Collateralized Mortgage Obligation) within the Mortgage-Backed Securities section of the Portfolio of Investments.

(d) The Level 3 security valued at \$757 is held in Media within the Common Stocks section of the Portfolio of Investments.

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

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

For the year ended October 31, 2014, the Fund did not have any transfers between Level 1 and Level 2 fair value measurements. (See Note 2)

# Portfolio of Investments October 31, 2014 (continued)

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

Investments in Securities	Balance as of October 31, 2013	Accrued Discounts (Premiums)	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Purchases	Sales	Transfers in to Level 3	Transfers out of Level 3	Balance as of October 31, 2014	Change in Unrealized Appreciation (Depreciation) from Investments Still Held at October 31, 2014 (a)
Long-Term Bonds										
Corporate Bonds										
Commercial Services	\$ 221	\$ —	\$ —	\$ (221)(b)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Retail	88,011	(105)	(106)	1,661	—	(4,820)	—	—	84,641	2,029
Mortgage-Backed Securities										
Residential Mortgage (Collateralized Mortgage Obligation)	280,588	—	—	36,455	—	(47,715)	—	—	269,328	23,572
Common Stock										
Media	—	—	—	753	4	—	—	—	757	753
Warrants										
Media	0 (c)	—	—	4	—	(4)	—	—	—	—
<b>Total</b>	<u>\$368,820</u>	<u>\$(105)</u>	<u>\$(106)</u>	<u>\$38,652</u>	<u>\$ 4</u>	<u>\$(52,539)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$354,726</u>	<u>\$26,354</u>

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

(b) Quebecor World, Inc. (Litigation Recovery Trust-Escrow Shares) were written off on September 25, 2014.

(c) Less than one dollar.

# Statement of Assets and Liabilities as of October 31, 2014

## Assets

Investment in securities, at value (identified cost \$1,052,942,141)	\$1,084,756,918
Repurchase agreement, at value (identified cost \$131,482,478)	131,482,478
Cash	11,451,999
Cash denominated in foreign currencies (identified cost \$3,246,201)	3,151,261
Cash collateral on deposit at broker	1,942,590
Receivables:	
Fund shares sold	56,210,167
Interest	10,375,467
Variation margin on futures contracts	412,461
Investment securities sold	1,795
Unrealized appreciation on foreign currency forward contracts	188,770
Other assets	36,277
Total assets	<u>1,300,010,183</u>

## Liabilities

Payables:	
Investment securities purchased	79,797,117
Fund shares redeemed	980,509
Manager (See Note 3)	434,561
Transfer agent (See Note 3)	135,452
NYLIFE Distributors (See Note 3)	68,118
Variation margin on futures contracts	44,438
Shareholder communication	14,598
Professional fees	13,170
Custodian	3,602
Trustees	1,814
Accrued expenses	8,362
Dividend payable	208,956
Total liabilities	<u>81,710,697</u>
Net assets	<u>\$1,218,299,486</u>

## Composition of Net Assets

Shares of beneficial interest outstanding (par value of \$.001 per share) unlimited number of shares authorized	\$ 112,478
Additional paid-in capital	<u>1,184,865,009</u>
	1,184,977,487
Distributions in excess of net investment income	(24,941)
Accumulated net realized gain (loss) on investments, futures transactions and foreign currency transactions	2,855,314
Net unrealized appreciation (depreciation) on investments and futures contracts	30,398,065
Net unrealized appreciation (depreciation) on translation of other assets and liabilities in foreign currencies and foreign currency forward contracts	<u>93,561</u>
Net assets	<u>\$1,218,299,486</u>

## Class A

Net assets applicable to outstanding shares	<u>\$ 324,813,741</u>
Shares of beneficial interest outstanding	<u>30,006,314</u>
Net asset value per share outstanding	\$ 10.82
Maximum sales charge (4.50% of offering price)	0.51
Maximum offering price per share outstanding	<u>\$ 11.33</u>

## Investor Class

Net assets applicable to outstanding shares	<u>\$ 7,590,254</u>
Shares of beneficial interest outstanding	<u>697,364</u>
Net asset value per share outstanding	\$ 10.88
Maximum sales charge (4.50% of offering price)	0.51
Maximum offering price per share outstanding	<u>\$ 11.39</u>

## Class B

Net assets applicable to outstanding shares	<u>\$ 6,794,147</u>
Shares of beneficial interest outstanding	<u>626,775</u>
Net asset value and offering price per share outstanding	<u>\$ 10.84</u>

## Class C

Net assets applicable to outstanding shares	<u>\$ 26,484,732</u>
Shares of beneficial interest outstanding	<u>2,440,553</u>
Net asset value and offering price per share outstanding	<u>\$ 10.85</u>

## Class I

Net assets applicable to outstanding shares	<u>\$ 852,556,083</u>
Shares of beneficial interest outstanding	<u>78,701,058</u>
Net asset value and offering price per share outstanding	<u>\$ 10.83</u>

## Class R1

Net assets applicable to outstanding shares	<u>\$ 33,658</u>
Shares of beneficial interest outstanding	<u>3,107</u>
Net asset value and offering price per share outstanding	<u>\$ 10.83</u>

## Class R2

Net assets applicable to outstanding shares	<u>\$ 26,871</u>
Shares of beneficial interest outstanding	<u>2,483</u>
Net asset value and offering price per share outstanding	<u>\$ 10.82</u>

# Statement of Operations for the year ended October 31, 2014

## Investment Income (Loss)

<b>Income</b>	
Interest	\$34,407,821
<b>Expenses</b>	
Manager (See Note 3)	5,038,849
Transfer agent (See Note 3)	811,749
Distribution/Service—Class A (See Note 3)	163,374
Distribution/Service—Investor Class (See Note 3)	18,869
Distribution/Service—Class B (See Note 3)	71,987
Distribution/Service—Class C (See Note 3)	251,940
Distribution/Service—Class R2 (See Note 3)	65
Registration	96,797
Professional fees	79,028
Custodian	38,480
Shareholder communication	17,348
Trustees	14,511
Shareholder service (See Note 3)	54
Miscellaneous	28,483
Total expenses before waiver/reimbursement	6,631,534
Expense waiver/reimbursement from Manager (See Note 3)	(925,285)
Net expenses	5,706,249
Net investment income (loss)	28,701,572

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

Net realized gain (loss) on:	
Investment transactions	5,133,301
Futures transactions	(7,385,772)
Foreign currency transactions	(37,131)
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	(2,289,602)
Net change in unrealized appreciation (depreciation) on:	
Investments	7,291,274
Futures contracts	4,070,698
Translation of other assets and liabilities in foreign currencies and foreign currency forward contracts	83,772
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions	11,445,744
Net realized and unrealized gain (loss) on investments, futures transactions and foreign currency transactions	9,156,142
Net increase (decrease) in net assets resulting from operations	\$37,857,714

# Statements of Changes in Net Assets

for the years ended October 31, 2014 and October 31, 2013

	2014	2013		2014	2013
<b>Increase (Decrease) in Net Assets</b>			<b>Net Assets</b>		
Operations:			Beginning of year	\$ 865,940,831	\$ 880,760,656
Net investment income (loss)	\$ 28,701,572	\$ 29,054,973	End of year	<u>\$1,218,299,486</u>	<u>\$ 865,940,831</u>
Net realized gain (loss) on investments, futures transactions and foreign currency transactions	(2,289,602)	7,294,233	Undistributed (distributions in excess of) net investment income at end of year	<u>\$ (24,941)</u>	<u>\$ 23,890</u>
Net change in unrealized appreciation (depreciation) on investments, futures contracts and foreign currency transactions	<u>11,445,744</u>	<u>(39,747,345)</u>			
Net increase (decrease) in net assets resulting from operations	<u>37,857,714</u>	<u>(3,398,139)</u>			
Dividends and distributions to shareholders:					
From net investment income:					
Class A	(2,261,973)	(2,145,107)			
Investor Class	(225,484)	(272,652)			
Class B	(161,780)	(221,179)			
Class C	(563,667)	(826,138)			
Class I	(25,557,883)	(25,962,132)			
Class R1	(959)	(864)			
Class R2	(809)	(798)			
	<u>(28,772,555)</u>	<u>(29,428,870)</u>			
From realized gain on investments:					
Class A	(37,168)	(212,558)			
Investor Class	(5,320)	(27,493)			
Class B	(4,959)	(32,496)			
Class C	(17,927)	(123,917)			
Class I	(477,982)	(2,259,296)			
Class R1	(17)	(80)			
Class R2	(17)	(80)			
	<u>(543,390)</u>	<u>(2,655,920)</u>			
Total dividends and distributions to shareholders	<u>(29,315,945)</u>	<u>(32,084,790)</u>			
Capital share transactions:					
Net proceeds from sale of shares	543,467,001	255,685,238			
Net asset value of shares issued to shareholders in reinvestment of dividends and distributions	28,808,224	31,088,284			
Cost of shares redeemed	<u>(228,458,339)</u>	<u>(266,110,418)</u>			
Increase (decrease) in net assets derived from capital share transactions	<u>343,816,886</u>	<u>20,663,104</u>			
Net increase (decrease) in net assets	352,358,655	(14,819,825)			

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

# Financial Highlights selected per share data and ratios

Class A	Year ended October 31,				
	2014	2013	2012	2011	2010
Net asset value at beginning of year	\$ 10.71	\$ 11.14	\$ 10.85	\$ 10.89	\$ 10.32
Net investment income (loss)	0.34	0.34	0.35	0.39	0.36
Net realized and unrealized gain (loss) on investments	0.12	(0.39)	0.50	0.09	0.61
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	(0.00)‡	—	—	(0.01)
Total from investment operations	0.46	(0.05)	0.85	0.48	0.96
<b>Less dividends and distributions:</b>					
From net investment income	(0.34)	(0.35)	(0.36)	(0.44)	(0.37)
From net realized gain on investments	(0.01)	(0.03)	(0.20)	(0.08)	(0.02)
Total dividends and distributions	(0.35)	(0.38)	(0.56)	(0.52)	(0.39)
Net asset value at end of year	\$ 10.82	\$ 10.71	\$ 11.14	\$ 10.85	\$ 10.89
Total investment return (a)	4.33%	(0.45%)	8.20%	4.63%	9.48%
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	3.11%	3.11%	3.27%	3.62%	3.47%
Net expenses	0.86%	0.89%	0.89%	0.93%	0.96%
Expenses (before waiver/reimbursement)	0.96%	0.97%	0.98%	1.03%	1.06%
Portfolio turnover rate (b)	26%	65%	65%	104%	185%
Net assets at end of year (in 000's)	\$ 324,814	\$ 58,425	\$ 66,161	\$ 47,432	\$ 35,837

‡ Less than one cent per share.

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

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45%, 38%, 65% and 79% for the years ended October 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Investor Class	Year ended October 31,				
	2014	2013	2012	2011	2010
Net asset value at beginning of year	\$ 10.77	\$ 11.20	\$ 10.90	\$ 10.94	\$ 10.37
Net investment income (loss)	0.34	0.33	0.34	0.38	0.35
Net realized and unrealized gain (loss) on investments	0.11	(0.40)	0.51	0.09	0.61
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	(0.00)‡	—	—	(0.01)
Total from investment operations	0.45	(0.07)	0.85	0.47	0.95
<b>Less dividends and distributions:</b>					
From net investment income	(0.33)	(0.33)	(0.35)	(0.43)	(0.36)
From net realized gain on investments	(0.01)	(0.03)	(0.20)	(0.08)	(0.02)
Total dividends and distributions	(0.34)	(0.36)	(0.55)	(0.51)	(0.38)
Net asset value at end of year	\$ 10.88	\$ 10.77	\$ 11.20	\$ 10.90	\$ 10.94
Total investment return (a)	4.16%	(0.57%)	8.14%	4.51%	9.33%
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	3.03%	3.00%	3.16%	3.55%	3.38%
Net expenses	1.01%	1.00%	1.00%	1.03%	1.07%
Expenses (before waiver/reimbursement)	1.10%	1.09%	1.09%	1.13%	1.17%
Portfolio turnover rate (b)	26%	65%	65%	104%	185%
Net assets at end of year (in 000's)	\$ 7,590	\$ 8,352	\$ 8,670	\$ 6,013	\$ 4,608

‡ Less than one cent per share.

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

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45%, 38%, 65% and 79% for the years ended October 31, 2014, 2013, 2012, 2011 and 2010, respectively.

# Financial Highlights selected per share data and ratios

Class B	Year ended October 31,				
	2014	2013	2012	2011	2010
Net asset value at beginning of year	\$ 10.72	\$ 11.15	\$ 10.86	\$ 10.90	\$ 10.33
Net investment income (loss)	0.25	0.25	0.26	0.30	0.27
Net realized and unrealized gain (loss) on investments	0.12	(0.40)	0.50	0.09	0.61
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	(0.00)‡	—	—	(0.01)
Total from investment operations	0.37	(0.15)	0.76	0.39	0.87
<b>Less dividends and distributions:</b>					
From net investment income	(0.24)	(0.25)	(0.27)	(0.35)	(0.28)
From net realized gain on investments	(0.01)	(0.03)	(0.20)	(0.08)	(0.02)
Total dividends and distributions	(0.25)	(0.28)	(0.47)	(0.43)	(0.30)
Net asset value at end of year	\$ 10.84	\$ 10.72	\$ 11.15	\$ 10.86	\$ 10.90
Total investment return (a)	3.50%	(1.33%)	7.27%	3.74%	8.55%
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.28%	2.24%	2.41%	2.81%	2.62%
Net expenses	1.76%	1.75%	1.75%	1.78%	1.81%
Expenses (before waiver/reimbursement)	1.85%	1.84%	1.84%	1.88%	1.91%
Portfolio turnover rate (b)	26%	65%	65%	104%	185%
Net assets at end of year (in 000's)	\$ 6,794	\$ 7,896	\$ 10,129	\$ 7,815	\$ 7,797

‡ Less than one cent per share.

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

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45%, 38%, 65% and 79% for the years ended October 31, 2014, 2013, 2012, 2011 and 2010, respectively.

Class C	Year ended October 31,				
	2014	2013	2012	2011	2010
Net asset value at beginning of year	\$ 10.73	\$ 11.17	\$ 10.87	\$ 10.91	\$ 10.34
Net investment income (loss)	0.25	0.25	0.26	0.30	0.27
Net realized and unrealized gain (loss) on investments	0.12	(0.41)	0.51	0.09	0.61
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	(0.00)‡	—	—	(0.01)
Total from investment operations	0.37	(0.16)	0.77	0.39	0.87
<b>Less dividends and distributions:</b>					
From net investment income	(0.24)	(0.25)	(0.27)	(0.35)	(0.28)
From net realized gain on investments	(0.01)	(0.03)	(0.20)	(0.08)	(0.02)
Total dividends and distributions	(0.25)	(0.28)	(0.47)	(0.43)	(0.30)
Net asset value at end of year	\$ 10.85	\$ 10.73	\$ 11.17	\$ 10.87	\$ 10.91
Total investment return (a)	3.49%	(1.42%)	7.36%	3.74%	8.54%
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	2.28%	2.24%	2.41%	2.80%	2.63%
Net expenses	1.76%	1.75%	1.75%	1.78%	1.81%
Expenses (before waiver/reimbursement)	1.85%	1.84%	1.84%	1.88%	1.91%
Portfolio turnover rate (b)	26%	65%	65%	104%	185%
Net assets at end of year (in 000's)	\$ 26,485	\$ 28,683	\$ 39,141	\$ 27,052	\$ 22,850

‡ Less than one cent per share.

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

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45%, 38%, 65% and 79% for the years ended October 31, 2014, 2013, 2012, 2011 and 2010, respectively.

# Financial Highlights selected per share data and ratios

Class I	Year ended October 31,				
	2014	2013	2012	2011	2010
Net asset value at beginning of year	\$ 10.72	\$ 11.15	\$ 10.85	\$ 10.89	\$ 10.32
Net investment income (loss)	0.37	0.38	0.38	0.43	0.41
Net realized and unrealized gain (loss) on investments	0.12	(0.40)	0.51	0.09	0.60
Net realized and unrealized gain (loss) on foreign currency transactions	0.00 ‡	(0.00)‡	—	—	(0.01)
Total from investment operations	0.49	(0.02)	0.89	0.52	1.00
<b>Less dividends and distributions:</b>					
From net investment income	(0.37)	(0.38)	(0.39)	(0.48)	(0.41)
From net realized gain on investments	(0.01)	(0.03)	(0.20)	(0.08)	(0.02)
Total dividends and distributions	(0.38)	(0.41)	(0.59)	(0.56)	(0.43)
Net asset value at end of year	\$ 10.83	\$ 10.72	\$ 11.15	\$ 10.85	\$ 10.89
Total investment return (a)	4.60%	(0.17%)	8.61%	4.97%	9.88%
<b>Ratios (to average net assets)/Supplemental Data:</b>					
Net investment income (loss)	3.43%	3.41%	3.55%	3.98%	3.84%
Net expenses	0.60%	0.60%	0.60%	0.60%	0.59%
Expenses (before waiver/reimbursement)	0.71%	0.72%	0.73%	0.78%	0.81%
Portfolio turnover rate (b)	26%	65%	65%	104%	185%
Net assets at end of year (in 000's)	\$ 852,556	\$ 762,533	\$ 756,608	\$ 533,433	\$ 486,383

‡ Less than one cent per share.

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

(b) The portfolio turnover rates not including mortgage dollar rolls were 23%, 45%, 38%, 65% and 79% for the years ended October 31, 2014, 2013, 2012, 2011 and 2010, respectively.

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

\*\* Commencement of operations.

†† Annualized.

‡ Less than one cent per share.

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

(b) Total investment return is not annualized.

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

# Financial Highlights selected per share data and ratios

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

\*\* Commencement of operations.

†† Annualized.

‡ Less than one cent per share.

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

(b) Total investment return is not annualized.

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

# 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-eight funds (collectively referred to as the “Funds”). These financial statements and notes relate to the MainStay Total Return Bond Fund (formerly known as MainStay Intermediate Term Bond Fund) (the “Fund”), a “diversified” fund, as that term is defined in the 1940 Act, as interpreted or modified by regulatory authorities having jurisdiction, from time to time. The Fund is the successor of the MainStay Intermediate Term Bond Fund, a series of Eclipse Funds Inc. (the “Predecessor Fund”). The reorganization of the Predecessor Fund with and into the Fund occurred on February 26, 2010. All information regarding and references to periods prior to February 26, 2010 relate to the Predecessor Fund.

The Fund currently offers seven classes of shares. Class I shares commenced operations on January 2, 1991. Class A, Class B, and Class C shares commenced operations on January 2, 2004. Investor Class shares commenced operations on February 28, 2008. Class R1 and Class R2 shares commenced operations on June 29, 2012. Class A and Investor Class shares are offered at net asset value (“NAV”) per share plus an initial sales charge. No sales charge applies to investments of \$1 million or more (and certain other qualified purchases) in Class A and Investor Class shares, but a contingent deferred sales charge (“CDSC”) is imposed on certain redemptions of such shares made within one year of the date of purchase. Class B and Class C shares are offered at NAV without an initial sales charge, although a declining CDSC may be imposed on redemptions made within six years of the date of purchase of Class B shares and a 1.00% CDSC may be imposed on redemptions made within one year of the date of purchase of Class C shares. Class I, Class R1 and Class R2 shares are offered at NAV and are not subject to a sales charge. Depending upon eligibility, Class B shares convert to either Class A or Investor Class shares at the end of the calendar quarter eight years after the date they were purchased. Additionally, depending upon eligibility, Class A shares may convert to Investor Class shares and Investor Class shares may convert to Class A shares. The seven classes of shares have the same voting (except for issues that relate solely to one class), dividend, liquidation and other rights, and the same terms and conditions, except that Class B and Class C shares are subject to higher distribution and/or service fee rates than Class A, Investor Class and Class R2 shares under a distribution plan pursuant to Rule 12b-1 under the 1940 Act. Class I and Class R1 shares are not subject to a distribution and/or service fee. Class R1 and Class R2 shares are subject to a shareholder service fee. This is in addition to any fees paid under a distribution plan, where applicable.

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

## Note 2—Significant Accounting Policies

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification *Topic 946 Financial Services—Investment Companies*. The Fund prepares its financial statements in accordance with generally accepted

accounting principles (“GAAP”) in the United States of America and follows the significant accounting policies described below.

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

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

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

“Fair value” is defined as the price the Fund would 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 aggregate value by input level, as of October 31, 2014, for the Fund's assets or 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
• Equity and credit default swap curves	• 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. Due to the inherent valuation uncertainty of such assets or liabilities, fair values may differ significantly from values that would have been used had an active market existed. For the year ended October 31, 2014, there have been no material changes to the fair value methodologies.

Equity and non-equity securities which may be valued in this manner include, but are not limited to: (i) a security for which trading has been halted or suspended; (ii) a debt security that has recently gone into default and for which there is not a current market quotation; (iii) a security of an issuer that has entered into a restructuring; (iv) a security that has been de-listed from a national exchange; (v) a security for which the market price is not readily available from a third party pricing source or, if so provided, does not, in the opinion of the Manager or Subadvisor reflect the security's market value; (vi) a security subject to

trading collars for which no or limited trading takes place; and (vii) a security whose principal market has been temporarily closed at a time when, under normal conditions, it would be open. Securities for which market quotations or observable inputs are not readily available are generally categorized as Level 3 in the hierarchy. As of October 31, 2014, the Fund held securities with a value of \$354,726 that were fair valued.

Equity securities and Exchange-Traded Funds are valued at the last quoted sales prices as of the close of regular trading on the relevant exchange on each valuation date. Securities that are not traded on the valuation date are valued at the mean of the last quoted bid and ask prices. Prices are normally taken from the principal market in which each security trades. Futures contracts are valued at the last posted settlement price on the market where such futures are primarily traded. Investments in other mutual 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 broker selected by the Manager, in consultation with the Subadvisor. Those values reflect broker/dealer supplied prices and electronic data processing techniques, if the evaluated bid or mean prices are deemed by the Manager, in consultation with the Subadvisor, to be representative of market values, at the regular close of trading of the Exchange on each valuation date. Debt securities purchased on a delayed delivery basis are marked to market daily until settlement at the forward settlement date. Debt securities, including corporate bonds, U.S. government & federal agency bonds, municipal bonds, foreign bonds, Yankee 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. These securities 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.

Generally, a security is considered illiquid if it cannot be sold or disposed of in the ordinary course of business at approximately the price at which it is valued within seven days. Its illiquidity might prevent the sale of such security at a time when the Manager or Subadvisor might wish to sell, and these securities could have the effect of decreasing the overall level of the Fund's liquidity. Further, the lack of an established

# Notes to Financial Statements (continued)

secondary market may make it more difficult to value illiquid securities, requiring the Fund to rely on judgments that may be somewhat subjective in measuring value, which could vary from the amount that the Fund could realize upon disposition. Difficulty in selling illiquid securities may result in a loss or may be costly to the Fund. Under the supervision of the Board, the Manager or Subadvisor measure the liquidity of the Fund's investments; in doing so, the Manager or Subadvisor may consider various factors, including (i) the frequency of trades and quotations, (ii) the number of dealers and prospective purchasers, (iii) dealer undertakings to make a market, and (iv) the nature of the security and the market in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer). Illiquid securities generally will be valued by methods deemed reasonable in good faith in such a manner as the Board deems appropriate to reflect their fair value.

**(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 the 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 required only when the position is "more likely than not" to be sustained assuming examination by taxing authorities. Management has analyzed the Fund's tax positions taken on federal, state and local income tax returns for all open tax years (for up to three tax years), and has concluded that no provisions for federal, state and local income tax are required in the Fund's financial statements. The Fund's federal, state and local income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state and local departments of revenue.

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

**(D) Security Transactions and Investment Income.** The Fund records security transactions on the trade date. Realized gains and losses on security transactions are determined using the identified cost method and include gains and losses from repayments of principal on mortgage-backed securities.

Interest income is accrued as earned using the effective interest rate method. Discounts and premiums on securities purchased, other than Short-Term Investments, for the Fund are accreted and amortized, respectively, on the effective interest rate method over the life of the

respective securities or, in the case of a callable security, over the period to the first date of call. Discounts and premiums on Short-Term Investments are accreted and amortized, respectively, on the straight-line method. The straight-line method approximates the effective interest method for short-term investments. Income from payment-in-kind securities is recorded daily based on the effective interest method of accrual. Income from payment-in-kind securities is recorded daily based on the effective interest method of accrual.

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

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

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

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

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

When the Fund invests in repurchase agreements, the Fund's custodian takes possession of the collateral pledged for investments in the repurchase agreement. The underlying collateral is valued daily on a mark-to-market basis to determine if the value, including accrued interest, exceeds the repurchase price. In the event of the seller's default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, such as in the event of default or bankruptcy by the counterparty to the agreement, realization and/or retention of the collateral may be subject to legal proceedings and possible realized loss to the Fund.

**(H) Futures Contracts.** A futures contract is an agreement to purchase or sell a specified quantity of an underlying instrument at a specified future date and price, or to make or receive a cash payment based on the value of a financial instrument (e.g., foreign currency, interest rate, security, or securities index). The Fund is subject to market price risk and/or interest rate risk in the normal course of investing in these transactions. 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 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. Risks arise from the possible imperfect correlation in movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability of counterparties to meet the terms of their contracts. However, 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 all of the margin owed to the Fund, potentially resulting in a loss. The Fund may invest in futures contracts to help manage the duration and yield curve of the portfolio while minimizing the exposure to wider bid/ask spreads in traditional bonds. The Fund's investment in futures contracts and other derivatives may increase the volatility of the Fund's NAV and may result in a loss to the Fund.

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

The use of foreign currency forward contracts involves, to varying degrees, elements of market risk in excess of the amount recognized in the Statement of Assets and Liabilities. The contract amount reflects the extent of the Fund's involvement in these financial instruments. Risks arise from the possible movements in the foreign exchange rates underlying these instruments. While the Fund may enter into forward contracts to reduce currency exchange risks, changes in currency exchange rates may result in poorer overall performance for the Fund than if it had not engaged in such transactions. Exchange rate movements can be large, depending on the currency, and can last for extended periods of time, affecting the value of the Fund's assets. Moreover, there may be an imperfect correlation between the Fund's holdings of securities denominated in a particular currency and the forward contracts entered into by the Fund. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to the risk of currency exchange loss. The unrealized appreciation (depreciation) on forward contracts reflects the Fund's exposure at valuation date to credit loss in the event of a counterparty's failure to perform its obligations.

**(J) Rights and Warrants.** Rights are certificates that permit the holder to purchase a certain number of shares, or a fractional share, of a new stock from the issuer at a specific price. Warrants are instruments that entitle the holder to buy an equity security at a specific price for a specific period of time. The Fund may enter into rights and warrants when securities are acquired through a corporate action. 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, 2014, the Fund did not hold any rights or warrants.

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

# Notes to Financial Statements (continued)

**(L) Securities Lending.** In order to realize additional income, the Fund may engage in securities lending, subject to the limitations set forth in the 1940 Act and relevant guidance by the staff of the Securities and Exchange Commission. In the event the Fund does engage in securities lending, the Fund will lend through its custodian, State Street Bank and Trust Company ("State Street"). State Street will manage the Fund's cash collateral in accordance with the lending agreement between the Fund and State Street, and indemnify the Fund's portfolio against counterparty risk. The loans will be collateralized by cash or securities at least equal at all times to the market value of the securities loaned. Collateral will consist of U.S. government securities, cash equivalents or irrevocable letters of credit. The Fund may bear the risk of delay in recovery of, or loss of rights in, the securities loaned should the borrower of the securities experience financial difficulty. The Fund may also record realized gain or loss on securities deemed sold due to a borrower's inability to return securities on loan. The Fund will receive compensation for lending its securities in the form of fees or the retention of a portion of the interest on the investment of any cash received as collateral. The Fund also will 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.

Although the Fund and New York Life Investments have temporarily suspended securities lending, the Fund and New York Life Investments reserve the right to reinstitute securities lending at any time without notice when deemed appropriate. The Fund did not have any portfolio securities on loan as of October 31, 2014.

**(M) Restricted Securities.** A restricted security is a security which has been purchased through a private offering and cannot be resold to the general public without prior registration under the Securities Act of 1933, as amended. Disposal of these securities may involve time-consuming negotiations and expenses, and it may be difficult to obtain a prompt sale at an acceptable price. (See Note 5)

Fair value of derivative instruments as of October 31, 2014:

## Asset Derivatives

	Statement of Assets and Liabilities Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets-Net unrealized appreciation (depreciation) on investments and futures contracts (a)	\$ —	\$380,018	\$380,018
Forward Contracts	Unrealized appreciation on foreign currency forward contracts	188,770	—	188,770
Total Fair Value		\$188,770	\$380,018	\$568,788

## Liability Derivatives

	Statement of Assets and Liabilities Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net Assets-Net unrealized appreciation (depreciation) on investments and futures contracts (a)	\$—	\$(1,796,730)	\$(1,796,730)
Total Fair Value		\$—	\$(1,796,730)	\$(1,796,730)

(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.

**(N) Concentration of Risk.** The Fund may invest in foreign securities, which carry certain risks that are in addition to the usual risks inherent in domestic instruments. 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 economic or political developments in a specific country, industry or region.

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

**(P) Quantitative Disclosure of Derivative Holdings.** The following tables show additional disclosures about 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 invested 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. These derivatives are not accounted for as hedging instruments.

The effect of derivative instruments on the Statement of Operations for the year ended October 31, 2014:

### Realized Gain (Loss)

	Statement of Operations Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net realized gain (loss) on futures transactions	\$ —	\$(7,385,772)	\$(7,385,772)
Forward Contracts	Net realized gain (loss) on foreign currency transactions	(59,283)	—	(59,283)
Total Realized Gain (Loss)		\$(59,283)	\$(7,385,772)	\$(7,445,055)

### Change in Unrealized Appreciation (Depreciation)

	Statement of Operations Location	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts	Net change in unrealized appreciation (depreciation) on futures contracts	\$ —	\$4,070,698	\$4,070,698
Forward Contracts	Net change in unrealized appreciation (depreciation) on translation of other assets and liabilities in foreign currencies and foreign currency forward contracts	177,125	—	177,125
Total Change in Unrealized Appreciation (Depreciation)		\$177,125	\$4,070,698	\$4,247,823

### Number of Contracts, Notional Amounts or Shares/Units

	Foreign Exchange Contracts Risk	Interest Rate Contracts Risk	Total
Futures Contracts Long (Average number of contracts)	—	79	79
Futures Contracts Short (Average number of contracts)	—	(2,690)	(2,690)
Forward Contracts Long (Average notional amount)	\$ 11,920,221	\$ —	\$ 11,920,221
Forward Contracts Short (Average notional amount)	\$(12,853,724)	\$ —	\$(12,853,724)

### 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 of the Fund. MacKay Shields LLC (“MacKay Shields” or the “Subadvisor”), a registered investment adviser and an indirect, wholly-owned subsidiary of New York Life, serves as Subadvisor to the Fund and is responsible for the day-to-day portfolio management of the Fund. Pursuant to the terms of the 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 services performed and facilities furnished at an annual rate of the Fund’s average daily net assets as follows: 0.60% up to \$500 million; 0.575% from \$500 million to \$1 billion; and 0.55% in excess of \$1 billion.

New York Life Investments has contractually agreed to waive a portion of its management fee so that it does not exceed 0.50% up to \$1 billion; and 0.475% in excess of \$1 billion. This agreement will remain in effect until February 28, 2014. The effective management fee rate (exclusive of any applicable waivers/reimbursements) was 0.59% for the year ended October 31, 2014.

New York Life Investments has contractually agreed to waive fees and/or reimburse expenses so that Total Annual Fund Operating Expenses for Class I shares do not exceed 0.60% of its average daily net assets. This agreement will remain in effect until February 28, 2015, 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. Total Annual Fund Operating Expenses excludes taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the

# Notes to Financial Statements (continued)

purchase or sale of portfolio investments, and acquired (underlying) fund fees and expenses.

Additionally, New York Life Investments agreed to voluntarily waive fees and/or reimburse expenses of Class R1 and Class R2 shares of the MainStay Total Return Bond Fund so that Total Annual Fund Operating Expenses do not exceed 0.70% and 0.95%, respectively, of its average daily net assets. This voluntary waiver or reimbursement may be discontinued at any time without notice.

For the year ended October 31, 2014, New York Life Investments earned fees from the Fund in the amount of \$5,038,849 and waived its fees and/or reimbursed expenses in the amount of \$925,285.

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 respective NAVs, and assisting New York Life Investments in conducting various aspects of the Fund's administrative operations. For providing these services to the Fund, State Street is compensated by New York Life Investments.

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

Pursuant to the Class A, Investor Class and Class R2 Plans, the Distributor receives a monthly distribution fee from the Class A, Investor Class and Class R2 shares at an annual rate of 0.25% of the average daily net assets of the Class A, Investor Class and Class R2 shares for distribution and/or service activities as designated by the Distributor. Pursuant to the Class B and Class C Plans, Class B and Class C shares pay the Distributor a monthly distribution fee at an annual rate of 0.75% of the average daily net assets of the Class B and Class C shares, along with a service fee at an annual rate of 0.25% of the average daily net assets of the Class B and Class C shares, for a total 12b-1 fee of 1.00%. Class I and Class R1 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 and Class R2 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 and Class R2 shares. For its services, the Manager is entitled to a shareholder service fee accrued daily and paid monthly at an annual rate of 0.10% of the average daily net assets of the Class R1 and Class R2 shares. This is in addition to any fees paid under a distribution plan, where applicable.

Shareholder service fees incurred by the Fund for the year ended October 31, 2014, were as follows:

Class R1	\$28
Class R2	26

**(C) Sales Charges.** The Fund was advised by the Distributor that the amount of sales charges retained on sales of Class A and Investor Class shares were \$11,673 and \$3,540, respectively, for the year ended October 31, 2014. The Fund was also advised that the Distributor retained CDSCs on redemptions of Class A, Investor Class, Class B and Class C shares of \$238, \$1,523, \$15,180 and \$2,724, respectively, for the year ended October 31, 2014.

**(D) Transfer, Dividend Disbursing and Shareholder Servicing Agent.** NYLIM Service Company LLC, an affiliate of New York Life Investments, is the Fund's transfer, dividend disbursing and shareholder servicing agent pursuant to an agreement between NYLIM Service Company LLC and the Trust. NYLIM Service Company LLC has entered into an agreement with Boston Financial Data Services, Inc. ("BFDS") pursuant to which BFDS performs certain transfer agent services on behalf of NYLIM Service Company LLC. Transfer agent expenses incurred by the Fund for the year ended October 31, 2014, were as follows:

Class A	\$ 55,797
Investor Class	16,815
Class B	16,043
Class C	56,110
Class I	666,935
Class R1	26
Class R2	23

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

**(F) Capital.** As of October 31, 2014, New York Life and its affiliates beneficially held shares of the Fund with values and percentages of net assets as follows:

Class R1	\$27,017	80.3%
Class R2	26,862	100.0

## Note 4—Federal Income Tax

As of October 31, 2014, the components of accumulated gain (loss) on a tax basis were as follows:

Ordinary Income	Accumulated Capital and Other Gain (Loss)	Other Temporary Differences	Unrealized Appreciation (Depreciation)	Total Accumulated Gain (Loss)
\$1,067,497	\$785,612	\$(208,956)	\$31,677,846	\$33,321,999

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is primarily due to mark to market of futures contracts and straddle loss deferrals.

The other temporary differences are primarily due to dividends payable.

The following table discloses the current year reclassifications between undistributed net investment income (loss), accumulated net realized gain (loss) on investments, and additional paid-in capital arising from permanent differences; net assets as of October 31, 2014 were not affected.

Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss) on Investments	Additional Paid-In Capital
\$22,152	\$(22,152)	\$—

## Note 5—Restricted Security

As of October 31, 2014, the Fund held the following restricted security:

Security	Date of Acquisition	Shares	Cost	10/31/14 Value	Percent of Net Assets
ION Media Networks, Inc. Common Stock	3/12/10	2	\$4	\$757	0.00%‡

‡ 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 cash transactions incurred by the Fund.

## Note 7—Line of Credit

The Fund and certain affiliated funds, maintain a line of credit with a syndicate of banks in order to secure a source of funds for temporary purposes to meet unanticipated or excessive redemption requests.

Effective August 5, 2014, under a second amended and restated credit agreement (the "Credit Agreement"), the aggregate commitment amount is \$600,000,000 with an optional maximum amount of \$700,000,000. The commitment fee is an annual rate of 0.08% of the average commitment amount payable quarterly, regardless of usage, to Bank of New York Mellon, who serves as the agent to the syndicate. The commitment fee is allocated among the Fund and certain affiliated funds based upon their respective net assets and other factors. Interest on any revolving credit loan is charged based upon the Federal Funds Advances rate or the one month London InterBank Offered Rate, whichever is higher. The Credit Agreement expires on August 4, 2015, although the Fund, certain affiliated funds and the syndicate of banks may renew the Credit Agreement for an additional year on the same or different terms. Prior to August 5, 2014, the aggregate commitment amount was \$300,000,000 with an optional maximum amount of \$400,000,000. There were no borrowings made or outstanding with respect to the Fund under the Credit Agreement during the year ended October 31, 2014.

## Note 8—Purchases and Sales of Securities (in 000's)

During the year ended October 31, 2014, purchases and sales of U.S. government securities were \$168,007 and \$119,263, respectively.

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

The tax character of distributions paid during the years ended October 31, 2014 and October 31, 2013 shown in the Statements of Changes in Net Assets was as follows:

	2014	2013
Distributions paid from:		
Ordinary Income	\$28,772,555	\$32,084,790
Long-Term Capital Gain	543,390	—
Total	\$29,315,945	\$32,084,790

Purchases and sales of securities, other than U.S. government securities and short-term securities, were \$291,740 and \$92,816, respectively.

## Note 9—Capital Share Transactions

Class A	Shares	Amount
Year ended October 31, 2014:		
Shares sold	26,298,565	\$ 284,927,436
Shares issued to shareholders in reinvestment of dividends and distributions	188,500	2,033,964
Shares redeemed	(1,957,410)	(21,119,626)
Net increase (decrease) in shares outstanding before conversion	24,529,655	265,841,774
Shares converted into Class A (See Note 1)	45,614	492,411
Shares converted from Class A (See Note 1)	(24,207)	(261,793)
Net increase (decrease)	24,551,062	\$ 266,072,392
Year ended October 31, 2013:		
Shares sold	1,971,574	\$ 21,656,850
Shares issued to shareholders in reinvestment of dividends and distributions	190,861	2,076,490
Shares redeemed	(2,676,150)	(28,909,621)
Net increase (decrease) in shares outstanding before conversion	(513,715)	(5,176,281)
Shares converted into Class A (See Note 1)	90,324	988,654
Shares converted from Class A (See Note 1)	(58,673)	(636,373)
Net increase (decrease)	(482,064)	\$ (4,824,000)

# Notes to Financial Statements (continued)

Investor Class	Shares	Amount
Year ended October 31, 2014:		
Shares sold	111,485	\$ 1,210,815
Shares issued to shareholders in reinvestment of dividends and distributions	21,007	227,624
Shares redeemed	(223,109)	(2,414,298)
Net increase (decrease) in shares outstanding before conversion	(90,617)	(975,859)
Shares converted into Investor Class (See Note 1)	46,925	508,700
Shares converted from Investor Class (See Note 1)	(34,806)	(377,500)
Net increase (decrease)	(78,498)	\$ (844,659)
Year ended October 31, 2013:		
Shares sold	230,455	\$ 2,546,670
Shares issued to shareholders in reinvestment of dividends and distributions	27,053	296,056
Shares redeemed	(304,057)	(3,305,549)
Net increase (decrease) in shares outstanding before conversion	(46,549)	(462,823)
Shares converted into Investor Class (See Note 1)	105,610	1,149,672
Shares converted from Investor Class (See Note 1)	(57,429)	(631,566)
Net increase (decrease)	1,632	\$ 55,283

Class B	Shares	Amount
Year ended October 31, 2014:		
Shares sold	80,752	\$ 874,861
Shares issued to shareholders in reinvestment of dividends and distributions	13,623	146,995
Shares redeemed	(170,474)	(1,838,325)
Net increase (decrease) in shares outstanding before conversion	(76,099)	(816,469)
Shares converted from Class B (See Note 1)	(33,542)	(361,818)
Net increase (decrease)	(109,641)	\$ (1,178,287)
Year ended October 31, 2013:		
Shares sold	238,071	\$ 2,627,929
Shares issued to shareholders in reinvestment of dividends and distributions	20,670	225,675
Shares redeemed	(350,412)	(3,793,940)
Net increase (decrease) in shares outstanding before conversion	(91,671)	(940,336)
Shares converted from Class B (See Note 1)	(80,012)	(870,387)
Net increase (decrease)	(171,683)	\$ (1,810,723)

Class C	Shares	Amount
Year ended October 31, 2014:		
Shares sold	858,862	\$ 9,341,590
Shares issued to shareholders in reinvestment of dividends and distributions	42,904	463,357
Shares redeemed	(1,133,378)	(12,251,902)
Net increase (decrease)	(231,612)	\$ (2,446,955)
Year ended October 31, 2013:		
Shares sold	731,154	\$ 8,068,679
Shares issued to shareholders in reinvestment of dividends and distributions	68,814	752,343
Shares redeemed	(1,633,011)	(17,715,748)
Net increase (decrease)	(833,043)	\$ (8,894,726)

Class I	Shares	Amount
Year ended October 31, 2014:		
Shares sold	22,851,443	\$ 247,105,681
Shares issued to shareholders in reinvestment of dividends and distributions	2,403,234	25,934,482
Shares redeemed	(17,714,355)	(190,834,175)
Net increase (decrease)	7,540,322	\$ 82,205,988
Year ended October 31, 2013:		
Shares sold	20,278,763	\$ 220,785,110
Shares issued to shareholders in reinvestment of dividends and distributions	2,549,885	27,735,896
Shares redeemed	(19,527,851)	(212,385,560)
Net increase (decrease)	3,300,797	\$ 36,135,446

Class R1	Shares	Amount
Year ended October 31, 2014:		
Shares sold	606	\$ 6,618
Shares issued to shareholders in reinvestment of dividends and distributions	90	976
Shares redeemed	(1)	(13)
Net increase (decrease)	695	\$ 7,581
Year ended October 31, 2013:		
Shares issued to shareholders in reinvestment of dividends and distributions	87	\$ 945
Net increase (decrease)	87	\$ 945

Class R2	Shares	Amount
Year ended October 31, 2014:		
Shares issued to shareholders in reinvestment of dividends and distributions	77	\$ 826
Net increase (decrease)	77	\$ 826
Year ended October 31, 2013:		
Shares issued to shareholders in reinvestment of dividends and distributions	81	\$ 879
Net increase (decrease)	81	\$ 879

## **Note 10—Subsequent Events**

In connection with the preparation of the financial statements of the Fund as of and for the year ended October 31, 2014, events and transactions subsequent to October 31, 2014, through the date the financial statements were issued have been evaluated by the Fund's management for possible adjustment and/or disclosure. No subsequent events requiring financial statement adjustment or disclosure have been identified.

# Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders of  
MainStay Funds Trust:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the MainStay Total Return Bond Fund (formerly, MainStay Intermediate Term Bond Fund) ("the Fund"), one of the funds constituting MainStay Funds Trust, as of October 31, 2014, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2014, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the MainStay Total Return Bond Fund of MainStay Funds Trust as of October 31, 2014, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

Philadelphia, Pennsylvania  
December 23, 2014

## **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.

In February 2015, 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 2014. The amounts that will be reported on such 1099-DIV or substitute Form 1099 will be the amounts you are to use on your federal income tax return and will differ from the amounts which we must report for the Fund's fiscal year ended October 31, 2014.

## **Proxy Voting Policies and Procedures and Proxy Voting Record**

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

The Fund is required to file with the SEC its proxy voting record for the 12-month period ending June 30 on Form N-PX. The Fund's most recent Form N-PX or proxy voting record is available free of charge upon request by calling 800-MAINSTAY (624-6782); visiting the Fund's website at [mainstayinvestments.com](http://mainstayinvestments.com); or on 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 for its first and third fiscal quarters on Form N-Q. The Fund's Form N-Q is available without charge, on the SEC's website at [www.sec.gov](http://www.sec.gov) or by calling MainStay Investments at 800-MAINSTAY (624-6782). You also can obtain and review copies of Form N-Q by visiting the SEC's Public Reference Room in Washington, DC (information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330).

# Board of Trustees and Officers (Unaudited)

The Board of Trustees oversees the actions of the MainStay Group of Funds (which is comprised of Funds that are series of the MainStay Funds, MainStay Funds Trust, MainStay VP Funds Trust, Private Advisors Alternative Strategies Master Fund, Private Advisors Alternative Strategies Fund, and MainStay DefinedTerm Municipal Opportunities Fund) (collectively the “Fund Complex”), the Manager and, when applicable, the Subadvisor(s), and other service providers to the Fund Complex. Each Board Member serves until his or her successor is elected and qualified or until his or her resignation, death or removal.

Under the Retirement Policy, a Board Member must tender his or her resignation by the end of the calendar year during which he or she reaches the age of 75. Officers serve a term of one year and are elected annually by the Board Members. Information pertaining to the Board Members and officers is set forth below. The business address of each Board Member and officer listed below is 51 Madison Avenue, New York, New York 10010. A majority of the Board Members are not “interested persons” (as defined by the 1940 Act) of the Funds (“**Independent Trustees**”).

	<b>Name and Date 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 Board Member</b>	<b>Other Directorships Held By Board Member</b>
<b>Interested Board Members</b>	<b>John Y. Kim*</b> 9/24/60	Indefinite; <b>The MainStay Funds:</b> Trustee since 2008; <b>MainStay Funds Trust:</b> Trustee since 2008.***	Vice Chairman (since January 2014) and Chief Investment Officer (since 2011), New York Life Insurance Company; President, Investments Group—New York Life Insurance Company (since 2012); Chairman of the Board of Managers and Chief Executive Officer, New York Life Investment Management Holdings LLC (since 2008); Chairman of the Board of Managers (since 2008) and Chief Executive Officer (2008 to 2013), New York Life Investment Management LLC; Member of the Board, MCF Capital Management LLC (since 2012), Private Advisors LLC (since 2010); MacKay Shields LLC and Madison Capital Funding LLC (since 2008); and Member of the Board of Managers, McMorgan and Company LLC and GoldPoint Partners (fka NYLCAP Manager LLC) (2008-2012)	82	<i>MainStay VP Funds Trust:</i> Trustee since 2008 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Trustee since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Trustee since 2011; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.

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

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

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

Non-Interested Board Members

Name and Date of Birth	Term of Office, Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held By Board Member
<b>Susan B. Kerley</b> 8/12/51	Indefinite; <b>The MainStay Funds:</b> Trustee since 2007; <b>MainStay Funds Trust:</b> Trustee since 1990.***	President, Strategic Management Advisors LLC (since 1990)	82	<i>MainStay VP Funds Trust:</i> Trustee since 2007 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Trustee since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Trustee since 2011; <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011; and <i>Legg Mason Partners Funds:</i> Trustee since 1991 (53 portfolios).
<b>Alan R. Latshaw</b> 3/27/51	Indefinite; <b>The MainStay Funds:</b> Trustee and Audit Committee Financial Expert since 2006; <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)	82	<i>MainStay VP Funds Trust:</i> Trustee and Audit Committee Financial Expert since 2007 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Trustee and Audit Committee Financial Expert since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Trustee and Audit Committee Financial Expert since 2011; <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee and Audit Committee Financial Expert since 2011; <i>State Farm Associates Funds Trusts:</i> Trustee since 2005 (4 portfolios); <i>State Farm Mutual Fund Trust:</i> Trustee since 2005 (15 portfolios); and <i>State Farm Variable Product Trust:</i> Trustee since 2005 (9 portfolios).
<b>Peter Meenan</b> 12/5/41	Indefinite; <b>The MainStay Funds:</b> Chairman since 2013 and Trustee since 2007; <b>MainStay Funds Trust:</b> Chairman since 2013 and Trustee since 2002.***	Retired; Independent Consultant (2004 to 2013); President and Chief Executive Officer, Babson—United, Inc. (financial services firm) (2000 to 2004); Independent Consultant (1999 to 2000); Head of Global Funds, Citicorp (1995 to 1999)	82	<i>MainStay VP Funds Trust:</i> Chairman since 2013 and Trustee since 2007 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Chairman since 2013 and Trustee since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Chairman since 2013 and Trustee since 2011; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Chairman since 2013 and Trustee since 2011.
<b>Richard H. Nolan, Jr.</b> 11/16/46	Indefinite; <b>The 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)	82	<i>MainStay VP Funds Trust:</i> Trustee since 2006 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Trustee since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Trustee since 2011; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.
<b>Richard S. Trutanic</b> 2/13/52	Indefinite; <b>The 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)	82	<i>MainStay VP Funds Trust:</i> Trustee since 2007 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Trustee since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Trustee since 2011; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.

Non-Interested Board Members

Name and Date of Birth	Term of Office, Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held By Board Member
<b>Roman L. Weil</b> 5/22/40	Indefinite; <b>The MainStay Funds:</b> Trustee and Audit Committee Financial Expert since 2007; <b>MainStay Funds Trust:</b> Trustee and Audit Committee Financial Expert since 2007.***	President, Roman L. Weil Associates, Inc. (consulting firm) (since 1981); V. Duane Rath Professor Emeritus of Accounting, Chicago Booth School of Business, University of Chicago (since 2008); Visiting Professor, Johns Hopkins University (2013); Visiting Professor, University of California—San Diego (since 2012); Visiting Professor, Southern Methodist University (2011); Visiting Professor, NYU Stern School of Business, New York University (2011)	82	<i>MainStay VP Funds Trust:</i> Trustee and Audit Committee Financial Expert since 1994 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Trustee and Audit Committee Financial Expert since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Trustee and Audit Committee Financial Expert since 2011; and <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee and Audit Committee Financial Expert since 2011.
<b>John A. Weisser</b> 10/22/41	Indefinite; <b>The MainStay Funds:</b> Trustee since 2007; <b>MainStay Funds Trust:</b> Trustee since 2007.***	Retired; Managing Director of Salomon Brothers, Inc. (1971 to 1995)	82	<i>MainStay VP Funds Trust:</i> Trustee since 1997 (29 portfolios)**; <i>Private Advisors Alternative Strategies Master Fund:</i> Trustee since 2011; <i>Private Advisors Alternative Strategies Fund:</i> Trustee since 2011; <i>MainStay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011; <i>Direxion Insurance Trust:</i> Trustee since 2007 (1 portfolio); <i>Direxion Funds:</i> Trustee since 2007 (18 portfolios); and <i>Direxion Shares ETF Trust:</i> Trustee since 2008 (52 portfolios).

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

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

Officers (Who Are Not Board Members)\*

Name and Date of Birth	Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years
<b>Stephen P. Fisher</b> 2/22/59	President, The MainStay Funds (since 2007), MainStay Funds Trust (since 2009)	Chairman and Chief Executive Officer (since January 2014), President and Chief Operating Officer (2008 to 2013), NYLIFE Distributors LLC; Senior Managing Director (since 2012) and Chairman of the Board (since 2008), NYLIM Service Company LLC; Senior Managing Director (since 2005) and Co-President (since January 2014), New York Life Investment Management LLC; President, Private Advisors Alternative Strategies Master Fund, Private Advisors Alternative Strategies Fund and MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2007)**
<b>Jack R. Benintende</b> 5/12/64	Treasurer and Principal Financial and Accounting Officer, The MainStay Funds (since 2007), MainStay Funds Trust (since 2009)	Managing Director, New York Life Investment Management LLC (since 2007); Treasurer and Principal Financial and Accounting Officer, Private Advisors Alternative Strategies Master Fund, Private Advisors Alternative Strategies Fund and MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2007)**; and Assistant Treasurer, New York Life Investment Management Holdings LLC (2008 to 2012))
<b>Kevin M. Bopp</b> 2/24/69	Vice President and Chief Compliance Officer, The MainStay Funds and MainStay Funds Trust (since 2014)	Director and Associate General Counsel (2011 to 2014) and Vice President and Assistant General Counsel (2010 to 2011), New York Life Investment Management LLC; Assistant Secretary, MainStay VP Funds Trust (2010 to 2014)**; Private Advisors Alternative Strategies Fund, Private Advisors Alternative Strategies Master Fund and MainStay DefinedTerm Municipal Opportunities Fund (2011 to 2014); Associate, Dechert LLP (2006 to 2010)
<b>J. Kevin Gao</b> 10/13/67	Secretary and Chief Legal Officer, The MainStay Funds and MainStay Funds Trust (since 2010)	Managing Director and Associate General Counsel, New York Life Investment Management LLC (since 2010); Secretary and Chief Legal Officer, Private Advisors Alternative Strategies Master Fund, Private Advisors Alternative Strategies Fund and MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2010)**; Director and Counsel, Credit Suisse; Chief Legal Officer and Secretary, Credit Suisse Asset Management LLC and Credit Suisse Funds (2003 to 2010)
<b>Scott T. Harrington</b> 2/8/59	Vice President—Administration, The MainStay Funds (since 2005), MainStay Funds Trust (since 2009)	Director, New York Life Investment Management LLC (including predecessor advisory organizations) (since 2000); Member of the Board of Directors, New York Life Trust Company (since 2009); Vice President—Administration, Private Advisors Alternative Strategies Master Fund, Private Advisors Alternative Strategies Fund and MainStay DefinedTerm Municipal Opportunities Fund (since 2011) and MainStay VP Funds Trust (since 2005)**

\* The Officers listed above are considered to be “interested persons” of the MainStay Group of Funds within the meaning of the 1940 Act because of their affiliation with the MainStay Group of Funds, New York Life Insurance Company, New York Life Investment Management LLC, New York Life Insurance Company, New York Life Investment Management LLC, NYLIFE Securities LLC and/or NYLIFE Distributors LLC, as described in detail in the column captioned “Principal Occupation(s) During Past Five Years.” Officers are elected annually by the Board to serve a one year term.

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

This page intentionally left blank

# MainStay Funds

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

## Equity

### U.S. Equity Funds

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

### International/Global Equity Funds

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

## Income

### Taxable Bond Funds

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

MainStay Short Term Bond Fund  
MainStay Total Return Bond Fund  
MainStay Unconstrained Bond Fund

### Municipal Bond Funds

MainStay California Tax Free Opportunities Fund<sup>1</sup>  
MainStay High Yield Municipal Bond Fund  
MainStay New York Tax Free Opportunities Fund<sup>2</sup>  
MainStay Tax Free Bond Fund

### Money Market Fund

MainStay Money Market Fund

## Mixed Asset

MainStay Balanced Fund  
MainStay Convertible Fund  
MainStay Income Builder Fund

## Asset Allocation/Target Date

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

## Alternative

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

---

## Manager

### New York Life Investment Management LLC

New York, New York

## Subadvisors

### Cornerstone Capital Management Holdings LLC<sup>3</sup>

New York, New York

### Cornerstone Capital Management LLC<sup>3</sup>

Bloomington, Minnesota

### Cushing Asset Management, LP

Dallas, Texas

### Epoch Investment Partners, Inc.

New York, New York

### Institutional Capital LLC<sup>3</sup>

Chicago, Illinois

### MacKay Shields LLC<sup>3</sup>

New York, New York

### Marketfield Asset Management LLC

New York, New York

### Markston International LLC

White Plains, New York

### NYL Investors LLC<sup>3</sup>

New York, New York

### Winslow Capital Management LLC

Minneapolis, Minnesota

## Legal Counsel

### Dechert LLP

## Independent Registered Public Accounting Firms

### KPMG LLP<sup>4</sup>

### PricewaterhouseCoopers LLP<sup>5</sup>

1. This Fund is only registered for sale in AZ, CA, NV, OR, UT, and WA.
2. This Fund is only registered for sale in CT, DE, FL, MA, NJ, NY, and VT.
3. An affiliate of New York Life Investment Management LLC.
4. For all Funds listed above except MainStay Marketfield Fund.
5. For MainStay Marketfield Fund only.

**For more information**

800-MAINSTAY (624-6782)

[mainstayinvestments.com](http://mainstayinvestments.com)

MainStay Investments® is a registered service mark and name under which New York Life Investment Management LLC does business. MainStay Investments, an indirect subsidiary of New York Life Insurance Company, New York, NY 10010, provides investment advisory products and services. The MainStay Funds® are managed by New York Life Investment Management LLC and distributed through NYLIFE Distributors LLC, 169 Lackawanna Avenue, Parsippany, NJ 07054, a wholly owned subsidiary of New York Life Insurance Company. NYLIFE Distributors LLC is a Member FINRA/SIPC.

©2014 NYLIFE Distributors LLC. All rights reserved.

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