MARKETFIELD
ASSET MANAGEMENT

Mainstay Marketfield Fund September 30, 2012

FUND OVERVIEW

Objective

The investment objective of the Fund is capital appreciation. We endeavor to accomplish this by seeking low-volatility absolute returns in excess of broad equity indexes.

Strategy & Process

The Fund attempts to provide returns on capital substantially in excess of the risk-free rate rather than matching any particular index or external benchmark. The Fund has a broad investment charter that allows it to utilize equity securities, fixed-income instruments, commodities, futures and options. Additionally, with respect to 50% of the Fund's net assets, the Fund may engage in short sales of index-related and other equity securities to reduce its equity exposure or to profit from an anticipated decline in the price of the security sold short.

FUND FACTS

Fund Statistics

Ticker Symbol. .... MFLDX
CUSIP 56064B852
Minimum Investment:
Individuals $5,000M
Institutions .... None
Inception Date 7/31/07
Benchmark .... S&P 500 Index
Net Assets $2,923M
Number of Holdings 96

Top Ten Long Holdings (As of 9/30/12)

SPDR S&P Regional Banking ETF 2.82%
IShares MSCI Mexico 2.38%
iShares Dow Jones Transport Avg. ETF 2.24%
General Electric Co 2.16%
USG Corp 2.14%
BASF SE (Germany) 2.09%
Eagle Materials Inc 1.98%
Sherwin-Williams Co 1.95%
Wolseley PLC (UK) 1.94%
E.I. DuPont de Nemours & Co 1.84%
TOTAL: 21.54%

Portfolio Allocation (As of 9/30/12)

Equity Portfolio Long 87%
Equity Portfolio Short. 38%

★★★★★ OVERALL MORNINGSTAR RATING™

AMONG 90 LONG-SHORT EQUITY FUNDS AS OF 9/30/12

Ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3 year Morningstar Rating metrics.

FUND PERFORMANCE

As of Quarter-End 9/30/12

	Cumulative			Annualized			
	1 Month	YTD	Since Inception*	1 Year	3 Year	5 Year	Since Inception*
MFLDX	– 0.13%	+10.77%	+55.67%	+18.64%	+11.29%	+9.12%	+8.94%
S&P 500	+2.58%	+16.44%	+10.95%	+30.20%	+13.20%	+1.05%	+2.03%

*Since inception date 7/31/07

Gross Expense Ratio 2.45%
**Operating Expense Cap 1.56%

Source: U.S. Bancorp ©

*** The Adviser has agreed to waive its management fees and/or to reimburse expenses of the Fund to ensure that total Annual Fund Operating Expenses (exclusive of taxes, leverage, interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividends on short positions, acquired fund fees and expenses and extraordinary or non-recurring expenses, such as litigation) do not exceed 1.56% of the Fund's average annual net assets, at least through April 30, 2013 and for an indefinite period thereafter. This agreement will be in effect for a two year period unless extended by New York Life Investments and approved by the Board of Trustees.*

Performance reflects the reinvestment of dividends and other earnings and is net of advisory fees. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data to the most recent month end may be obtained by calling 800–MAINSTAY (624–6782). Effective Oct. 8, 2012 Marketfield Fund was renamed MainStay Marketfield Fund. At that time, the Fund's existing no-load shares were redesignated Class I shares. Institutional shares require a minimum initial investment amount of $5 million for individuals; there is no minimum for institutions. Due to sales charges, performance for other share classes will be lower.

The S&P 500 Index (SPX) is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The securities holdings and volatility of the Fund differ significantly from the stocks that make up the SPX.

TOP FIVE SECTORS — NET

Industrial 25.66%
Consumer Discretionary 24.02%
Basic Materials 5.40%
Technology 4.12%
Consumer Staples 3.20%

Fund holdings and/or sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Current and future portfolio holdings are subject to risk.

MANAGEMENT TEAM

Michael C. Aronstein
President, Chief Investment Officer, and Portfolio Manager

Michael C. Aronstein is Portfolio Manager of the MainStay Marketfield Fund. In 2004, Mr. Aronstein joined Oscar Gruss & Son Incorporated, where he held the position of Chief Investment Strategist. Prior to joining Oscar Gruss, Mr. Aronstein was Chief Investment Strategist at Preservation Group, a provider of independent macroeconomic and strategic advice to professional investors. Mr. Aronstein began his investment career in 1979 at Merrill Lynch, serving positions as Senior Market Analyst, Senior Investment Strategist, and Manager of Global Investment Strategy. Mr. Aronstein spent six years as President of Comstock Partners, a diversified investment advisor, and left to found West Course Capital, a discretionary commodity management firm. Mr. Aronstein graduated from Yale College with a Bachelor of Arts in 1974. His views on macroeconomic and strategic issues are regularly sought by and disseminated through the financial print and visual media. Mr. Aronstein manages $2,923 million in MFLDX and $490 million in The Marketfield Fund, Ltd.; total assets under management are $3,413 million.

Myles D. Gillespie
Principal, Senior Trader

Myles D. Gillespie joined Marketfield Asset Management in 2007. Myles is a graduate of The Hotchkiss School and holds a Bachelor of Arts degree from Franklin and Marshall College (Class of 1983). From 1983 to 1986, he worked as a stock index futures trader with Henderson Brothers and in 1986 became a NYSE Specialist at Quick & Reilly. He was appointed Executive Vice President of JCC Specialist Corp., the successor firm to Quick and Reilly, in 1989. In 1999 he became President of Fleet Specialist, Inc., the successor firm to JCC Specialist Corp., retiring from this position in 2004. During his time at the NYSE, Myles served as a NYSE floor Official (1993-1999) and NYSE floor Governor (2001-2004).

Michael Shaoul
Chairman and CEO

Michael Shaoul also serves as Chief Executive Officer of Oscar Gruss and Son Incorporated, a position he has held since December 2001. He joined Oscar Gruss in 1996 as Chief Operating Officer. Between 1992 and 1996, Mr. Shaoul ran Park Square Associates, a Manhattan-based real estate investment and management company. He was awarded a Ph.D. in Accounting and Finance in 1992 from Manchester University (UK). Mr. Shaoul has written articles on behalf of *Barron's* and has been regularly quoted in *The Wall Street Journal* and *Dow Jones Newswires* regarding his opinions on the investment markets.

David C. Johnson, Jr.
Principal, Director of Research

Mr. Johnson joined Marketfield Asset Management LLC as Director of Research in April 2011. Mr. Johnson is a graduate of the University of North Carolina at Chapel Hill. He received his MBA in 1984 from Darden School of Business, University of Virginia. Prior to joining Marketfield, Mr. Johnson was an investment analyst, portfolio manager, and head of business development at Wilkinson O'Grady & Co., Inc. He spent the first ten years of his career in the fixed-income department of Salomon Brothers, where he managed one of its primary sales groups. Mr. Johnson was president of Preservation Group, where he worked closely with Mr. Aronstein.

BEFORE YOU INVEST

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in asset-backed and mortgage-backed securities involve additional risks such as credit risk, prepayment risk, possible illiquidity and default, and increased susceptibility to adverse economic developments. The Fund regularly makes short sales of securities, which involves the risk that losses may exceed the original amount invested, however a mutual fund investor's risk is limited to the amount invested in a fund. The Fund may also use options and futures contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors. Investments in absolute return strategies are not intended to outperform stocks and bonds during strong market rallies.

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Quantitative Easing (QE) is a government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. A Credit Default Swap (CDS) is a financial swap agreement that the seller of the CDS will compensate the buyer in the event of a loan default or other credit event.

US Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government.

Moody's Baa Corporate Bond Index reflects the average yield of constituent corporate bonds that have been given Moody's Baa credit rating. Baa is a credit rating used by Moody's credit agency for long-term bonds and some other investments.

The MainStay Marketfield Fund is subadvised by Marketfield Asset Management LLC and distributed by 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.

MainStay Investments is a 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.

OBTAIN THE PROSPECTUS

For more information call 800-MAINSTAY (624-6782) for a prospectus or summary prospectus. Investors are asked to consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus or summary prospectus contain this and other information about the investment company. Please read the prospectus or summary prospectus carefully before investing.

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COMMENTARY

September saw the much anticipated decision by the Federal Open Market Committee (FOMC) to undertake another round of Quantitative Easing (QE3) committing to grow the Federal Reserve Board's (FRB's) mortgage portfolio on an open ended basis. Most investors did not wait for confirmation of the new policy and the six weeks prior to the September 13th announcement saw a steady flow of capital into those assets assumed to be most likely to benefit from further monetary largesse.

In choosing how to allocate most investors looked to the "QE2 rulebook" placing significant funds into the commodity and emerging market complexes, and chasing fixed income down the credit and along the maturity frontier. US equities also benefited from this process and the SPX index recorded a new 5 year high of 1474.51 on the day following the FOMC meeting. Unfortunately, late 2012 is not late 2010 (let alone early 2009) and therefore simply following the logic of the prior quantitative easings undertaken by the FRB has led investors to make some significant errors in allocation.

Most clearly this seems true of the fixed income arena. Back in 2009 yields on treasuries were low but yields on everything else abnormally high. An allocation that sought to take advantage of even high quality corporate credit was amply rewarded while a high yield allocation saw stratospheric returns. QE2 was not quite as generous in its effects, but in general fixed income (particularly legacy residential and commercial mortgage-backed securities) performed well, as did high yield. Crucially, both episodes saw substantial increases in US treasury yields during the FRB's intervention, suggesting that investors chose to trim treasury holdings to raise capital for other fixed income investments.

The start of QE3 sees a very different backdrop for global fixed income. Most developed treasury markets have seen yields evaporate in short to medium term paper while long term yields offer paltry yields to compensate for their significant duration risk. For instance the 4 ½ % Treasury bond maturing in February 2036 currently trades at 132, paying a yield of 2.6%. As recently as April 2011 this bond traded at par and we would expect it to do so again well in advance of its maturity date.

Investment grade credit looks much the same, with the yield spread of the Moody's Baa index down to 275 basis points despite the collapse in underlying treasury yields. At 4.84% the index currently offers the lowest yield seen since 1963, a year which saw the final transition from the stodgy post World War II market into what John Brooks termed the "Go-Go Years" in his masterly summary of the late 1960's.

Much of fixed income therefore combines an unpleasant combination of mediocre projected returns and duration risk. Most importantly high quality fixed income is simply unable to do its fair share of the work in the generation of acceptable long term appreciation of capital for any investor seeking average returns in mid to high single digits. We see this as the greatest challenge facing wealth management going forward given that the need for long term appreciation of capital has not diminished in recent years. In recognition of this challenge, investors have sought to push their horizons out further, with (relatively) high yielding emerging market credit becoming a major asset class for many investors. Unfortunately this merely serves to add late cycle credit risk to the issues outlined above. This is particularly true of the relatively new corporate sector, which has expanded out of all recognition in recent quarters. As a general rule the future performance of an asset class is inversely proportional to its current issuance rate, and we expect this popular trade to confirm this maxim. Another path which has been followed has been into the commodity complex. While originally this area was seen as an alternative way of capturing global economic growth to equity ownership, post crisis it has partially transformed into a variant of the safe haven trade. It is often argued (most forcefully with gold and silver but to an extent across the entire complex) that commodities "real" nature make them a suitable hedge for inflation and monetary debasement. In a closed system with fixed supply and demand this may well be true, but the real world does not operate according to these rules.

In most industrial commodities, and particularly in energy, the supply has increased markedly in recent quarters and can be expected to continue to do so. As for demand although we are bullish about US economic activity (especially construction) other global users of commodities would seem to have much worse prospects going forward. The reflexive rush back into this area in the lead up to QE3 therefore struck us as an opportunity worth missing out on, and we were unsurprised to see most of these gains quickly erased.

Meanwhile the much avoided US equity market continues to enjoy one of its better years, particularly with regards to its domestically focused sectors. It is not always easy being exposed to its daily (even hourly) gyrations but generally it has been worth the aggravation of remaining involved. Although the domestic equity market benefited from the run-up to QE3 there was little evidence of the sort of hurried capital commitment that we saw in other asset classes. We have maintained our broad exposure to our pro-cyclical themes in recent weeks and have started to add some exposure to content and social media.

COMMENTARY CONT.

We also continue to take a more optimistic view of Europe than most observers. The German domestic economy looks solid and the chances of Ireland becoming Iceland (this time in terms of recovery) seem rather higher than they did a year ago. We had expected a sharp reduction of sovereign bond yields and credit default swaps (CDS) spreads to take place over the summer and were happy to be correct in our assumption. We are now hopeful that the window of opportunity that has been created for fiscal action will be used by Europe's more troubled nations to implement sensible reform. Although we are well aware of the difficulties that will need to be overcome, the rush out of southern European equities over the last eighteen months would appear to have created values that adequately compensate investors for these risks.

Oct. 25, 2012

Michael Shaoul
Chairman & CEO

Michael C. Aronstein
President, CIO & Portfolio Manager

The information provided herein represents the opinion of the Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.