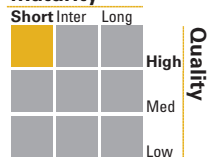




MainStay Principal Preservation Fund*

Maturity



NASDAQ CUSIP

Class I MCPXX 56063N204

Investment Subadvisor

McMorgan & Company LLC

San Francisco, California

Founded in 1969, McMorgan & Company LLC became an affiliate of NYLIM in 2001.

McMorgan manages private accounts, consisting primarily of retirement plans and health and welfare funds for jointly trusted plans, and has approximately \$11.2 billion in assets under management.

Investment Process

- The Fund's objective is to maximize current income consistent with maintaining liquidity and preserving capital.
- The Fund invests in short-term, high-quality, U.S. dollar-denominated securities maturing in 13 months or less, and maintains a dollar-weighted average portfolio maturity of 90 days or less.
- To maintain portfolio diversification and certain regulatory-required quality standards, the Fund generally seeks to invest in a wide range of high-quality money market instruments, including U.S. government securities, bank obligations, commercial paper, and other short-term loans and obligations.

Portfolio Managers

David Bader – Fund Manager since 2002, with over six years of investment management experience.

Joanna Karger, MBA – Fund Manager since 2003, with 16 years of investment management experience.

Portfolio Composition

Commercial Paper	52.6%
U.S. Government and Federal Agencies	40.8
Corporate Bonds	3.3
Medium-Term Notes	3.2
Cash and Other Assets (less liabilities)	0.1

Quality Breakdown

AAA	48.1%
AA	10.4
A	0.5
U.S. Government and Federal Agency	40.8
Cash and Other Assets (less liabilities)	0.2

Portfolio data is a percentage of the total net assets and may change daily.

Before You Invest

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund. The Fund's yield will fluctuate with changes in short-term interest rates. Not all U.S. government securities are insured or guaranteed by the U.S. Government—some are backed only by the issuing agency, which must rely on its own resources to repay the debt.

Fund Statistics ¹

Total Net Assets	\$186.8M
Standard Deviation (5yr)	0.49
Average Maturity	72 Days
Average Duration	70 Days
Number of Holdings	86

Yields

	7-Day Current	7-Day Effective
Class I	2.44%	2.47%

Yields are based on the latest 7-day period ended 3/31/08. These yields reflect contractual waivers and/or expense limitations, without which, the 7-day current yield and 7-day effective yield would have been 2.23% and 2.26%, respectively. These limitations may be modified or terminated only with Board approval. The 7-day current yield more closely reflects the current earnings of the Fund than the total return.

Average Annual Total Returns

Class (Inception)	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Class I (7/13/94)(no-load)	4.65	4.41	3.11	3.66	4.10

Historical Performance

	Class I
2007	5.07%
2006	4.87
2005	2.98
2004	1.13
2003	0.97
2002	1.58
2001	4.21
2000	6.17
1999	4.92

Performance data quoted represents past performance. Past performance is no guarantee of future results. Due to market volatility, current performance may be less or higher than the figures shown. Investment return and principal value will fluctuate so that upon redemption, shares may be worth more or less than their original cost. Performance figures reflect contractual waivers and/or expense limitations, without which total returns may have been lower. These limitations may be modified or terminated only with Board approval. For performance information current to the most recent month-end, please visit our web site at mainstayinvestments.com.

Net annual operating expenses are 0.30%. Absent the waivers and/or limitations, total annual operating expenses would have been 0.49%.

Please contact your investment professional for a free prospectus. Investors are asked to consider the investment objectives, risks, and charges and expenses of the investment carefully before investing. The prospectus contains this and other information about the investment company. Please read the prospectus carefully before investing.

Most MainStay Funds offer more than one class of shares. When deciding whether to purchase a particular class of shares, investors should consider the investment amount, anticipated holding period, and other important factors.

1. Standard deviation measures how widely dispersed a fund's returns have been over a specified period of time. A high standard deviation indicates that the range is wide, implying greater potential for volatility.

* Effective 11/27/07, McMorgan Principal Preservation Fund was reorganized with and into MainStay Principal Preservation Fund. McMorgan & Company LLC, the advisor to the McMorgan Funds, was retained as the investment subadvisor for the Fund. The Fund's investment objective remains the same.

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