

Subadvised by:



EPOCH

MainStay Epoch Global Equity Yield Fund

MainStay Epoch Global Equity Yield Fund outperformed its benchmark, the MSCI World Index, for the quarter. Global equity markets were very weak following positive performance in the prior quarter and 12 months. The macro headwinds of a struggling US economy, European sovereign funding issues, and an overheated Chinese economy overwhelmed positive corporate operating results. Cyclical and interest rate sensitive sectors fell sharply, with energy, financials and materials all recording weak returns. By contrast, more defensive sectors such as telecommunication services, utilities, and consumer staples sectors had smaller pull backs.

The portfolio's stock selection significantly outperformed, as investors rewarded higher and more visible cash flow generating stocks, which had been out of favor for most of 2009 and the early part of 2010. In fact, the Fund saw better returns than the benchmark index in every sector for the quarter. In particular, the Fund's consumer staples and utilities stocks performed materially better than the benchmark. Holdings in health care, financials, and materials also had a noticeable, positive impact on comparative results. From a country perspective, our best stock selection came from holdings in the US and the UK, while selection in Australia, Germany, and France detracted slightly.

Asset allocation also helped drive relative performance. The Fund had meaningfully more exposure to telecommunication services, the top-performing sector within the MSCI World Index for the quarter. Similarly, we owned more consumer staples and utilities relative to the index, two sectors that performed well as investors were attracted to the stable cash flows and the relative safety of dividends within these sectors. Our underweight to financials was also beneficial, as financial stocks declined due to their cyclical nature, and because of uncertainty related to pending regulatory reform. Partially offsetting the Fund's strong, positive attribution were modest detractions coming from lower-than-benchmark allocations to health care and consumer discretionary, as these sectors experienced moderately strong relative performance. From a country allocation perspective, our exposure to Taiwan, and a less-than-benchmark allocation to Australia, also helped. However, these country gains were more than offset by exposure to other nations. For instance, our zero weight to Japan had a modest impact on relative performance, as Japan had better performance in comparison to other countries in the Index.

At the end of the quarter, our largest overweights were to utilities, telecommunication services, and consumer staples, while our largest underweights were to financials and information technology. From a country standpoint, we were overweight to Switzerland, the US, and Canada, while being underweight to Australia, Japan, and France. Our asset allocation is mainly the result of our disciplined, bottom-up process that focuses on high-quality companies led by intelligent management teams. The Fund invests in those companies that generate free cash flow, and use it to increase shareholder value. Of primary importance for this Fund is to find companies that use their cash to pay dividends and grow them over time. It is our belief that owning good companies will be rewarded over time.

Please call 1-800-MAINSTAY (1-800-624-6782) for a 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.

Investment objectives may not be met as the underlying investment options are subject to market risk and will fluctuate in value. Past performance is no guarantee of future results.

High-yield securities ("junk bonds") are generally considered speculative because they present a greater risk of loss than higher-quality debt securities and may be subject to greater price volatility. Foreign securities can be subject to greater risks than U.S. investments, including currency fluctuations, less liquid trading markets, greater price volatility, political and economic instability, less publicly available information, and changes in tax or currency laws or monetary policy. These risks are likely to be greater for emerging markets than in developed markets. Funds that invest in bonds are subject to interest-rate risk and can lose principal value when interest rates rise.

All holdings and sector weightings are aggregated as of June 30, 2010, and are not indicative of future holdings or weightings. This information has been provided for informational purposes only and may change daily.

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