MainStay INVESTMENTS℠

MainStay VISION

Investment Strategies

in Uncertain Times

After years of relative tranquility, the financial markets have not been for the faint of heart during the past year. Market gyrations can unnerve even the most seasoned investor. Fortunately, there are a number of time-tested investment strategies that can help you remain focused on your long-term financial goals.

Ongoing weakness in housing prices and the fallout from the subprime mortgage market have negatively impacted the economy and the financial markets. The media has done its part to fuel the flames, with a seemingly endless stream of stories regarding these trying times. During these periods, it's helpful to take a step back and look at the big picture to determine what's driving the markets and what could be in store going forward. It's also important to work closely with your financial advisor to ensure that your investment portfolio is well positioned and that you don't make ill-advised decisions that could negatively impact your ultimate financial goals.

Periods of Market Volatility are Normal

The market volatility we have experienced over the past year is unsettling, but far from unusual. Stock market corrections—declines of at least 10%—typically occur once every 1.1 years. And bear markets—declines of 20% or more—generally happen about every three years[1]. In contrast, the current bear market is the first we've experience since 2002—more than six years ago.

— continued on page 2.

1. Source: Ned Davis Research as of 12/31/07. Stocks are represented by the Dow Jones Industrial Average (DJIA), without considering income, transaction costs, or taxes. The DJIA is unmanaged and cannot be purchased directly by investors.

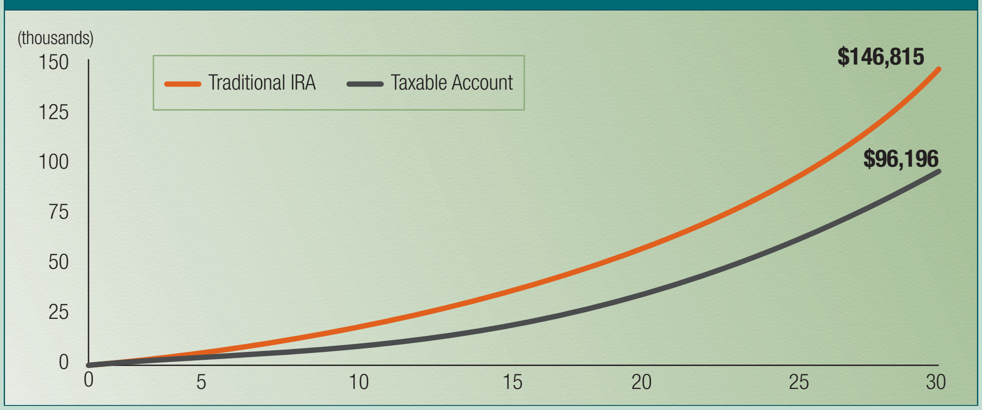
What Goes In, Must (Eventually) Come Out

Required Minimum Distributions from a Traditional IRA

There is no question that Individual Retirement Accounts (IRAs) are excellent vehicles for building a nest egg for your golden years. In fact, their tax-deferred status allows you to accumulate significantly more assets when compared to a taxable account.

To illustrate the power of tax-deferred compounding, consider this hypothetical example. If you contributed $100 per month for 30 years in an IRA with an 8% average annual rate of return, your account would grow to $146,815. However, if you invested the same amount in a taxable account, after 30 years your account would have grown to only $96,196—a difference of over $50,000.

Traditional IRA vs. Taxable Account over 30 Years



— continued on page 4.

Web World

What Moves the Markets

It's easy to keep your pulse on the market with MainStay's investment strategist, Bill Knapp, Ph.D.

Bill's weekly market insights are timely and summarize what's happening in the U.S. and global economies in a straightforward manner.

Simply go to mainstayinvestments.com, roll over "News & Views" on the left menu, and click on the "Press" section. There you'll be able to download the PDF or request the weekly e-mail to be automatically sent to you.

That's News to you

Annual Maintenance Fee

MainStay shareholders who own Individual Retirement Accounts (IRAs), 403(b)(7)s, or Coverdell Education Savings Accounts (CESAs) are required to pay a maintenance fee of $17 by December 1st of each year.

To avoid having this year's annual maintenance fee deducted from your account, you must pay the fee by check before December 1. If the fee has not been paid by that date, shares will be automatically redeemed to cover the fee. The annual maintenance fee can be paid any time during the year. If you submit a check, please reference "annual IRA fee," "annual 403(b) fee," or "annual CESA fee" in the memo section of the check.

This fee will be waived for any MainStay shareholder with a combined balance of $50,000 or more in IRA, 403(b)(7), and/or CESA accounts, except when such accounts are closed during the course of the year.

Investment Strategies... *(continued)*

Time-Tested Investment Strategies

While no two investors are alike, there are a number of strategies that have proven the test of time and are valuable components of a sound investment strategy.

1 Diversify Your Portfolio

The old adage about "putting all of your eggs in one basket" is more than a tired cliché—it's a recipe for disaster when it comes to investing. Therefore, you should diversify your portfolio by allocating your assets among a wide variety of stocks and bonds. In doing so, you may be able to temper the risk of holding a more concentrated portfolio. The value of diversification is shown in the chart below. While a hypothetical portfolio consisting of mostly stocks generated the best performance, it also exposed investors to the most risk (as measured by standard deviation). In contrast, a portfolio that held a more balanced mix of stocks and bonds generated solid returns with relatively less risk.

The Power of Diversification

	80% Stocks/ 20% Bonds	60% Stocks/ 40% Bonds	40% Stocks/ 60% Bonds
Annualized Return	15.1%	14.0%	12.7%
Risk (Standard Deviation)	10.9%	8.3%	5.9%

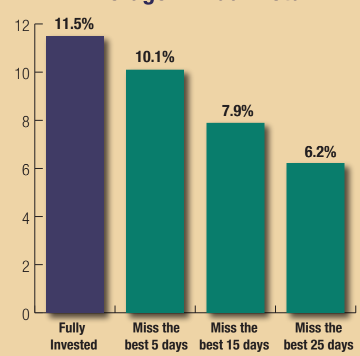
Based on the return of the S&P 500 Index[2] and the Lehman Brothers Aggregate Bond Index[3] for the 15-year period ended December 31, 2007. Past performance is no guarantee of future results, and it is not possible to directly invest in an index.

2 Don't Try to Outsmart the Market

Market performance can move in fits and starts. Because of this, missing just a few days of strong returns can negatively impact your investment results. While it may be tempting to try and "time the market" during periods of market volatility, history has shown that taking a longer-term approach and remaining invested is a better way to capitalize on the market's upside potential.

The Perils of Timing the Market

Average Annual Return



Growth of $10,000

Fully Invested	$88,600
Miss the best 5 days	$68,510
Miss the best 15 days	$45,540
Miss the best 25 days	$33,040

Based on the return of the S&P 500 Index for the 20-year period ended December 31, 2007. Past performance is no guarantee of future results, and it is not possible to directly invest in an index.

3 Regularly Rebalance Your Portfolio

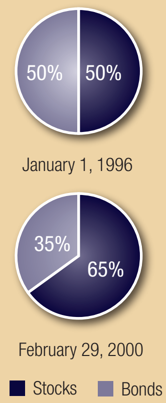
Because the returns of the investments in your portfolio will vary over time, the percentages that you originally invested in stocks and bonds will shift—sometimes dramatically—over time. As a result, you may become overexposed to more risky investments or underexposed to investments that can help you achieve your long-term goals. This is demonstrated in the charts on the next page.

2. The S&P 500® Index is an unmanaged index and is widely regarded as the standard for measuring large-cap U.S. stock-market performance.

3. Lehman Brothers® Aggregate Bond Index is an unmanaged index that contains the following other unmanaged Lehman Brothers indices: the Government Index, the Corporate Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.

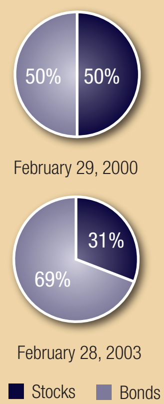
Rising Stock Market

A portfolio with 50% in stocks and 50% in bonds at the beginning of 1996 would have shifted to 65% stocks and only 35% bonds by the end of February 2000. As such, the investor would have had greater exposure to the three-year bear market that followed.



Declining Stock Market

A portfolio with an equal allocation to stocks and bonds at the end of February 2000 would have shifted to 31% stocks and 69% bonds by the end of February 2003. By not rebalancing, the investor would not have more fully participated in the stock market's rebound that began in March 2003.



Source: MPI Stylus. Based on the return of the S&P 500 Index and the Lehman Brothers Aggregate Bond Index. Past performance is no guarantee of future results, and it is not possible to directly invest in an index. These are hypothetical examples and are not intended to show the actual results or future performance of any actual investment.

Instant Diversification with MainStay Asset Allocation Funds

Working with your financial advisor, you can develop a personalized investment strategy that is appropriate given your goals, time horizon, and risk tolerance. Your financial advisor can also help you to remain focused on the big picture and help you avoid knee-jerk reactions that may derail your opportunities for investment success.

In reviewing your needs, your financial advisor may determine that a MainStay Asset Allocation Fund is a suitable core holding for your portfolio. Each of these Funds provides you with instant access to several carefully selected underlying MainStay Funds. The MainStay Asset Allocation Funds are monitored on a daily basis by our portfolio management team and their portfolios are regularly rebalanced.

To learn more about the Funds, speak with your financial advisor. You can also call us at 800-MAINSTAY (624-6782) or visit us online at mainstayinvestments.com.

Before You Invest

Fund performance depends on the advisor's skill in determining the asset-class allocations and the mix of underlying MainStay Funds, as well as the performance of those underlying Funds. The underlying Funds' performance may be lower than the performance of the asset class which they were selected to represent. The Fund is indirectly subject to the investment risks of each underlying Fund held. Principal risks of the underlying Funds are described below. The Fund may invest more than 25% of its assets in one underlying Fund, which may significantly affect net asset value of the Fund.

- Stocks and bonds can decline due to adverse issuer, market, regulatory, or economic developments. High-yield securities carry higher risks and some of the Fund's investments have speculative characteristics and present a greater risk of loss than higher-quality debt securities. These securities can also be subject to greater price volatility.
- There are additional risks associated with investing in mid-cap and small-cap securities. Stocks of mid-cap companies may be more volatile and less liquid than the securities of larger companies. Stocks of small companies may be subject to higher price volatility, significantly lower trading volume, and greater spreads between bid and ask prices, than stocks of larger companies. Furthermore, small-cap companies may be more vulnerable to adverse business or market developments and may have more limited product lines than large-capitalization stocks.
- Foreign securities may be subject to greater risk than domestic investing. These may include securities markets that are less efficient, less liquid, and more volatile than those in the United States, as well as foreign currency fluctuations and different governmental regulatory concerns.
- When interest rates rise, the prices of fixed-income securities in the underlying Funds' portfolios will generally fall. Conversely, when interest rates fall, the prices of fixed-income securities in the underlying Funds' portfolios will generally rise.
- Floating rate funds are generally considered to have speculative characteristics that involve default risk of principal and interest, collateral impairment, nondiversification, borrower industry concentration, and limited liquidity.
- **An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to maintain a value of $1.00 per share, it is possible to lose money.**

Before making an investment in the Fund, you should consider all the risks associated with it.

Share Class Conversion Reminder

If you own Investor Class shares and are close to achieving the investment minimum for Class A shares, the next conversion date is scheduled for December.

The following chart lists the different types of ongoing share class conversions. Please read the prospectus for complete details about automatic conversions and share class eligibility.

Conversion Type	Description	Frequency
Class B to Investor Class or Class A	Class B shares generally held eight years will convert automatically to either Investor Class or Class A shares, depending on the Fund account size and other eligibility requirements at the time of conversion.	End of each quarter (March, June, September, and December)
Class A to Investor Class	Class A shares held in Fund accounts falling below the $25,000 share class minimum[1] will convert to Investor Class, unless otherwise qualified to hold Class A shares.	Semiannually (March and September)
Investor Class to Class A	Investor Class[2] shares held in a Fund account that meets the $25,000 Class A minimum,[2] or if the Fund account otherwise becomes eligible to invest in Class A shares, will convert to Class A shares.	End of each quarter (March, June, September, and December)

For More Information

If you have any questions about the change in eligibility for Class A shares, please call your financial advisor or call MainStay at 800-624-6782, any business day between 9:00 a.m. and 6:00 p.m. eastern time.

1. $15,000 for investors meeting certain asset levels and $10,000 in the case of IRA or 403(b)(7) accounts that are making systematic required minimum distributions. Please read the prospectus for complete details.
2. SIMPLE IRA Accounts may only be invested in Investor Class shares.

What Goes In, Must (Eventually) Come Out *(continued)*

However, all good things must end. Eventually, the funds in a traditional IRA must be distributed. The penalty for not taking a Required Minimum Distribution (RMD) or not taking a large enough RMD may be a 50% excise tax on the amount not distributed as required.

So, when do you have to take an RMD? The requirements for distributing IRA funds differ depending on whether you are the IRA owner or the beneficiary of a decedent's IRA.

For IRA Owners

If you are the owner of a traditional IRA, you must start receiving distributions from your IRA by April 1 of the year following the year in which you reach age 70½. This date is referred to as the required beginning date (RBD). If an IRA owner dies after reaching age 70½, but before April 1 of the next year, no minimum distribution is required because the death occurred before the required beginning date.

For IRA Beneficiaries

If you are the beneficiary of a deceased Traditional IRA holder, you will use a method of distribution that is dependent on whether the IRA holder died before or after his/her RBD. As the beneficiary, you are required to move the funds into your own IRA or an Inherited IRA based on one of the distribution methods described below.

IRA Owner Died Before RBD

Sole spousal beneficiary—Distribution options include:

- Transfer to your own IRA and treat the assets as your own
- Five-year rule
- Single life expectancy payments
- Distribute and roll IRA to your own IRA or a plan

Nonspouse or spouse is not the sole beneficiary—Distribution options from an Inherited IRA include:

- Five-year rule
- Single life expectancy payments
- Spouse may distribute and roll IRA to own IRA or a plan

Nonindividual—Distribution option from an Inherited IRA:

- Five-year rule

IRA Owner Died After RBD

Sole spousal beneficiary—Distribution options include:

- Transfer to your own IRA and treat the assets as your own
- Single life expectancy payments
- Distribute and roll IRA to your own IRA or a plan

Nonspouse or spouse is not the sole beneficiary—Distribution options from an Inherited IRA include:

- Single life expectancy payments
- Spouse may distribute and roll IRA to own IRA or a plan

Nonindividual—Distribution option from an Inherited IRA:

- Single life expectancy payments

To set-up your distributions on a systematic basis, you can complete the MainStay Funds IRA/SEP/Roth IRA Distribution Form.

The rules for distributions from Inherited IRAs are lengthy and complex and cannot be fully covered in this brief article. We encourage you to consult with your professional tax advisor for information regarding your personal situation. For more information, including the rules if the beneficiary is the owner's estate, talk to your professional tax advisor. To find out more about how you can put the tax-deferred power of IRAs to work for your financial future, talk to your financial advisor.

You can also find additional information in Publication 590 in the IRS web site www.irs.gov.

Please call 800-624-6782 for a prospectus. Investors are asked to consider the investment objectives, risks, and charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. Please read the prospectus carefully before investing.

800-MAINSTAY (624-6782)
mainstayinvestments.com

Securities distributed by NYLIFE Distributors LLC, 169 Lackawanna Avenue, Parsippany, New Jersey 07054

MainStay Vision is published for the benefit of shareholders of MainStay Funds by the marketing department of NYLIFE Distributors LLC.

MS09-09/08
00062392