

# MainStay VP MacKay Small Cap Core Portfolio

## Message from the President and Annual Report

December 31, 2019

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the MainStay VP Portfolio annual and semi-annual shareholder reports may no longer be sent by mail, unless you specifically request paper copies of the reports from the insurance company that offers your policy. Instead, the reports will be made available online, and you will be notified by mail each time a report is posted and provided with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

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INVESTMENTS

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# Message from the President

Equity and fixed-income markets rose broadly during the 12-month reporting period ended December 31, 2019, despite a wide range of global economic and political uncertainties.

The year began on a positive note, with markets recovering from a sharp, late-2018 dip precipitated by concerns regarding the pace of economic growth, a U.S. federal government shutdown and the potential impact of trade disputes between the United States and other nations, particularly China. A wide spectrum of equity and fixed-income sectors gained ground through April 2019 as the government reopened, trade tensions eased and the U.S. Federal Reserve Board ("Fed") signaled a pause in interest rate increases. Mixed macroeconomic signals and the inability of China and the United States to reach a trade agreement caused the market's recovery to suffer during the spring and summer months of 2019. However, accommodative monetary policies from several central banks, including a series of interest rate cuts by the Fed, along with better-than-expected corporate earnings, reassured investors and enabled markets to resume their advance.

Persistent, albeit slow, U.S. economic growth underpinned the U.S. stock market's advance during the reporting period, positioning major U.S. equity indices to reach record territory by late October 2019 and continue rising from there. Sector strength shifted as investor sentiment alternated between risk-on and risk-off positions. In general, for the reporting period, growth-oriented stocks outperformed their value-oriented counterparts by a wide margin, with the information technology sector leading the large-cap S&P 500® Index. However, the traditionally more defensive areas of utilities and communications services generated above-average performance as well. The industrials and consumer discretionary sectors performed in the middle of the pack, while real estate, consumer staples, utilities, health care and materials lagged, and energy brought up the rear on weak oil prices and concerns about future energy demand. Nevertheless, all eleven S&P 500® sectors produced positive returns, with all but energy generating double-digit gains.

In the fixed-income markets, slowing economic growth, modest inflation and the Fed's interest rate cuts created an environment of fluctuating but ultimately falling yields and rising prices for most bonds. Higher-credit-quality, longer-duration instruments generally outperformed lower-credit-quality, shorter-duration securities. Long-term Treasury bonds rallied strongly, with the yield on the 10-year note closing the reporting period at 1.92%,

down from 2.68% in December 2018. Prices for corporate credit also produced significant gains, with yields on both investment-grade and high-yield corporate bonds finishing near the tightest levels of this credit cycle. Spreads of credit-related securitized product (asset-backed and commercial mortgage-backed securities) tightened as well.

International stock and bond markets tended to underperform their U.S. counterparts, constrained by lackluster economic growth in the eurozone and dramatically slowing growth in China and related parts of Asia amid persistent trade tensions with the United States. Uncertainties surrounding the long-standing Brexit drama took a further toll on investor confidence, with progress delayed until the December 2019 election of Boris Johnson's pro-Brexit Conservative Party finally pointed clearly toward an eventual British exit from the European Union. Nevertheless, on average, international securities delivered positive returns supported by the accommodative monetary policies implemented by European and Asian central banks. In general, stocks tended to outperform bonds, with gains in developed-market equities followed closely by those of emerging-market equities. Among bonds, prices for emerging-market securities advanced more than those of developed-market instruments, bolstered by rising risk-on sentiment in the closing months of the reporting period.

As the economic growth cycle lengthens, investors are left to ponder how best to position their portfolios for an uncertain future. When the yield curve inverted in mid-2019 prompting concerns of a potential recession, we were reminded that the direction of the economy is continually subject to change, and perceptions of the economy can shift even more rapidly. As a MainStay VP investor, you can rely on us to manage our portfolios with unflagging energy and dedication so that you can remain focused on your long-term objectives in the face of uncertainty and change. Our goal remains to provide you with the consistently reliable financial tools you need to achieve your long-term objectives.

Sincerely,



Kirk C. Lehneis  
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.

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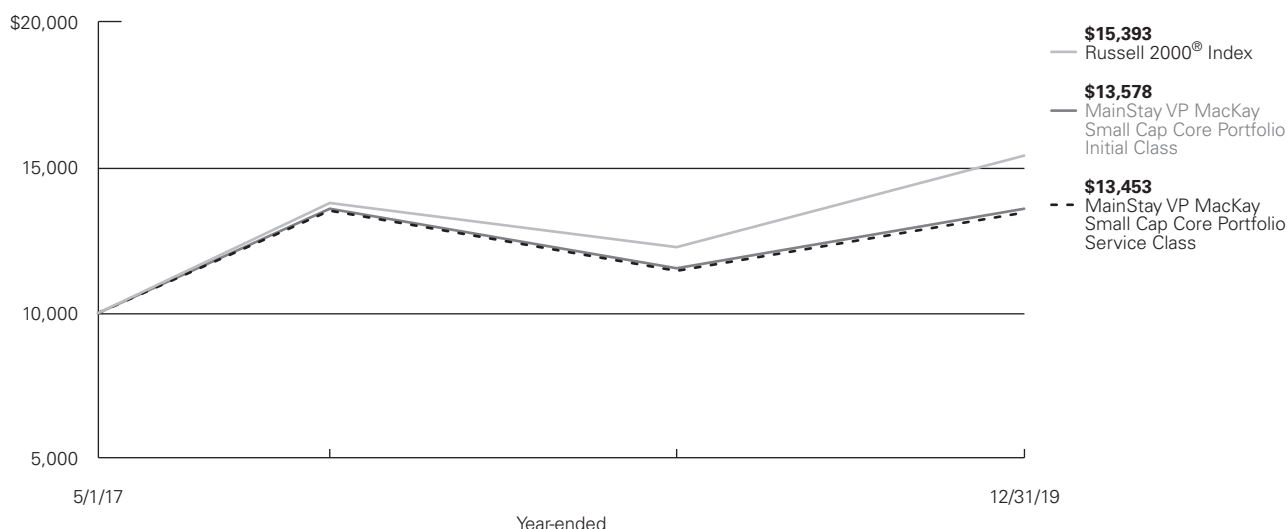
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**Investors should refer to the Portfolio's Summary Prospectus and/or Prospectus and consider the Portfolio's investment objectives, strategies, risks, charges and expenses carefully before investing. The Summary Prospectus and/or Prospectus contain this and other information about the Portfolio. You may obtain copies of the Portfolio's Summary Prospectus and/or the Prospectus and the Statement of Additional Information free of charge, upon request, by calling toll-free 800-598-2019, by writing to New York Life Insurance and Annuity Corporation, 51 Madison Avenue, Room 251, New York, New York 10010 or by sending an email to [MainStayShareholdersServices@nylim.com](mailto:MainStayShareholdersServices@nylim.com). These documents are also available at [nylinvestments.com/vpddocuments](http://nylinvestments.com/vpddocuments). Please read the Summary Prospectus and/or Prospectus carefully before investing. MainStay VP Funds Trust portfolios are separate account options which are purchased through a variable insurance or variable annuity contract.**

# 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 and other factors, 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 performance table and graph do not reflect any deduction of sales charges, mortality and expense charges, contract charges or administrative charges. Please refer to the Performance Summary appropriate for your policy. For performance information current to the most recent month-end, please call 800-598-2019 or visit [www.newyorklife.com](http://www.newyorklife.com).



## Average Annual Total Returns for the Year-Ended December 31, 2019

Class	Inception Date	One Year	Since Inception	Gross Expense Ratio <sup>2</sup>
Initial Class Shares	5/2/2016	17.82%	8.70%	0.83%
Service Class Shares	5/2/2016	17.53	8.43	1.08

## Benchmark Performance

	One Year	Since Inception
Russell 2000® Index <sup>3</sup>	25.52%	12.50%
Morningstar Small Blend Category Average <sup>4</sup>	23.75	10.12

- Performance figures may reflect certain fee waivers and/or expense limitations, without which total returns may have been different. For information on current fee waivers and/or expense limitations (if any), please refer to the Notes to Financial Statements.
- The gross expense ratios presented reflect the Portfolio's "Total Annual Portfolio Operating Expenses" from the most recent Prospectus, as supplemented, and may differ from other expense ratios disclosed in this report.
- The Russell 2000® Index is the Portfolio's primary broad-based securities market index for comparison purposes. The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. Results assume reinvestment of all dividends and capital gains. An investment cannot be made directly in an index.
- The Morningstar Small Blend Category Average is representative of funds that favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. The blend style is assigned to funds where neither growth nor value characteristics predominate. Results are based on average total returns of similar funds with all dividends and capital gain distributions reinvested.

## Cost in Dollars of a \$1,000 Investment in MainStay VP MacKay Small Cap Core Portfolio (Unaudited)

The example below is intended to describe the fees and expenses borne by shareholders during the six-month period from July 1, 2019, to December 31, 2019, and the impact of those costs on your investment.

### Example

As a shareholder of the Portfolio 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 Portfolio expenses (as applicable). This example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio 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 July 1, 2019, to December 31, 2019. Shares are only sold in connection with variable life and annuity contracts and the example does not reflect any contract level or transactional fees or expenses. If these costs had been included, your costs would have been higher.

This example illustrates your Portfolio'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 December 31, 2019. 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 Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio'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 Portfolio with the ongoing costs of investing in other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual 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 7/1/19	Ending Account Value (Based on Actual Returns and Expenses) 12/31/19	Expenses Paid During Period <sup>1</sup>	Ending Account Value (Based on Hypothetical 5% Annualized Return and Actual Expenses) 12/31/19	Expenses Paid During Period <sup>1</sup>	Net Expense Ratio During Period <sup>2</sup>
Initial Class Shares	\$1,000.00	\$1,054.20	\$4.14	\$1,021.17	\$4.08	0.80%
Service Class Shares	\$1,000.00	\$1,052.90	\$5.43	\$1,019.91	\$5.35	1.05%

- Expenses are equal to the Portfolio's annualized expense ratio of each class 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. In addition to the fees and expenses which the Portfolio bears directly, it also indirectly bears a pro rata share of the fees and expenses of the underlying funds in which it invests. Such indirect expenses are not included in the above-reported expense figures.
- Expenses are equal to the Portfolio's annualized expense ratio to reflect the six-month period.

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**Industry Composition as of December 31, 2019 (Unaudited)**

Banks	8.3%	Beverages	0.8%
Biotechnology	7.5	Diversified Financial Services	0.7
Equity Real Estate Investment Trusts	5.8	Professional Services	0.7
Software	5.7	Tobacco	0.7
Specialty Retail	4.5	Auto Components	0.6
Electronic Equipment, Instruments & Components	4.0	Leisure Products	0.6
Health Care Equipment & Supplies	4.0	Metals & Mining	0.6
Pharmaceuticals	3.2	Consumer Finance	0.5
Semiconductors & Semiconductor Equipment	3.1	Diversified Consumer Services	0.5
Machinery	2.7	Electric Utilities	0.5
Household Durables	2.6	Energy Equipment & Services	0.5
Oil, Gas & Consumable Fuels	2.6	Paper & Forest Products	0.5
Exchange-Traded Fund	2.5	Household Products	0.4
Construction & Engineering	2.3	Independent Power & Renewable Electricity Producers	0.4
Thrifts & Mortgage Finance	2.2	Internet & Direct Marketing Retail	0.4
Commercial Services & Supplies	2.1	Marine	0.4
Electrical Equipment	2.0	Automobiles	0.3
Health Care Providers & Services	2.0	Interactive Media & Services	0.3
Insurance	2.0	Media	0.3
Trading Companies & Distributors	2.0	Mortgage Real Estate Investment Trusts	0.3
Capital Markets	1.7	Road & Rail	0.3
Building Products	1.6	Diversified Telecommunication Services	0.2
IT Services	1.6	Construction Materials	0.1
Food Products	1.5	Distributors	0.1
Water Utilities	1.5	Personal Products	0.1
Hotels, Restaurants & Leisure	1.4	Technology Hardware, Storage & Peripherals	0.1
Aerospace & Defense	1.3	Air Freight & Logistics	0.0‡
Health Care Technology	1.3	Airlines	0.0‡
Chemicals	1.2	Entertainment	0.0‡
Textiles, Apparel & Luxury Goods	1.1	Gas Utilities	0.0‡
Communications Equipment	1.0	Short-Term Investment	1.0
Food & Staples Retailing	1.0	Other Assets, Less Liabilities	-1.0
Life Sciences Tools & Services	0.9		<u>100.0%</u>
Real Estate Management & Development	0.9		

See Portfolio of Investments beginning on page 9 for specific holdings within these categories. The Portfolio's holdings are subject to change.

‡ Less than one-tenth of a percent.

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**Top Ten Holdings as of December 31, 2019 (excluding short-term investment) (Unaudited)**

1. iShares Russell 2000 ETF	6. EastGroup Properties, Inc.
2. Performance Food Group Co.	7. EMCOR Group, Inc.
3. Cirrus Logic, Inc.	8. ACI Worldwide, Inc.
4. Darling Ingredients, Inc.	9. Tenet Healthcare Corp.
5. Deckers Outdoor Corp.	10. j2 Global, Inc.

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# Portfolio Management Discussion and Analysis (Unaudited)

Answers to the questions reflect the views of portfolio managers Migene Kim, CFA, and Mona Patni of MacKay Shields LLC, the Portfolio's Subadvisor.

## **How did MainStay VP MacKay Small Cap Core Portfolio perform relative to its benchmark and peers during the 12 months ended December 31, 2019?**

For the 12 months ended December 31, 2019, MainStay VP MacKay Small Cap Core Portfolio returned 17.82% for Initial Class shares and 17.53% for Service Class shares. Over the same period, both share classes underperformed the 25.52% return of the Russell 2000® Index, which is the Portfolio's benchmark, and the 23.75% return of the Morningstar Small Blend Category Average.<sup>1</sup>

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

U.S. equity indices rallied in 2019, supported by improved international trade relations toward the end of the year, an accommodative Federal Reserve ("Fed") monetary strategy and strong corporate earnings. The Portfolio achieved gains amid elevated levels of volatility resulting from uncertainty around Brexit, geopolitical tensions and the health of the global economy. As was the case in 2018, growth outperformed value across all market capitalization sizes. However, performance in terms of capitalization size proved inconsistent during the reporting period as investors shifted between risk-on and risk-off sentiment.

In this unbalanced, volatile and macro-driven investment climate, the efficacy of the Portfolio's stock selection model, particularly its valuation measures, proved broadly negative relative to its benchmark, the Russell 2000® Index.

## **Which sectors and/or countries were the strongest positive contributors to the Portfolio's relative performance, and which sectors and/or countries were particularly weak?**

During the reporting period, the strongest positive contributors to the Portfolio's performance relative to the Russell 2000® Index included the consumer staples and information technology sectors. (Contributions take weightings and total returns into account.) During the same period, the most significant detractors from benchmark-relative performance were the consumer discretionary, communication services and industrials sectors.

## **During the reporting period, which individual stocks made the strongest positive contributions to the Portfolio's absolute performance and which stocks detracted the most?**

The stocks that made the most substantial positive contributions to the Portfolio's absolute performance during the reporting period included biotechnology companies Array BioPharma and Arrowhead Pharmaceuticals, along with information technology infrastructure provider Vectrus. The stocks that detracted the most from the Portfolio's absolute performance during the reporting period included coal & consumable fuels producers Peabody Energy and CONSOL Energy, and education and publishing company Houghton Mifflin Harcourt.

## **Did the Portfolio make any significant purchases or sales during the reporting period?**

During the reporting period, the Portfolio's largest initial purchase was in semiconductor developer Cirrus Logic, while the largest increase in position size was in food, feed and fuel producer Darling Ingredients. During the same period, the most substantial position that the Portfolio exited completely was in human resources services provider Insperity, while the Portfolio's most substantial decrease in position size was in consumer finance company Green Dot.

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

During the reporting period, the Portfolio's largest sector weighting increases relative to the Russell 2000® Index were in information technology and consumer staples. Conversely, the Portfolio's largest decreases in benchmark-relative sector exposures were in communication services and energy.

## **How was the Portfolio positioned at the end of the reporting period?**

As of December 31, 2019, the Portfolio's largest overweight positions relative to the Russell 2000® Index included the information technology and consumer staples sectors. As of the same date, the Portfolio positions most substantially underweight relative to the benchmark were in the financials and communication services sectors.

1. See page 5 for more information on benchmark and peer group returns.

The opinions expressed are those of the portfolio managers as of the date of this report and are subject to change. There is no guarantee that any forecasts will come to pass. This material does not constitute investment advice and is not intended as an endorsement of any specific investment.

Not all MainStay VP Portfolios and/or share classes are available under all policies.



# Portfolio of Investments December 31, 2019

	Shares	Value
<b>Common Stocks 97.5%†</b>		
<b>Aerospace &amp; Defense 1.3%</b>		
AAR Corp.	41,300	\$ 1,862,630
Ducommun, Inc. (a)	33,000	1,667,490
Moog, Inc., Class A	20,800	1,774,864
Vectrus, Inc. (a)	31,700	1,624,942
		<u>6,929,926</u>
<b>Air Freight &amp; Logistics 0.0%‡</b>		
Radiant Logistics, Inc. (a)	5,800	32,306
<b>Airlines 0.0%‡</b>		
Hawaiian Holdings, Inc.	4,000	117,160
<b>Auto Components 0.6%</b>		
Adient PLC (a)	86,100	1,829,625
Cooper-Standard Holdings, Inc. (a)	16,000	530,560
Dana, Inc.	42,300	769,860
		<u>3,130,045</u>
<b>Automobiles 0.3%</b>		
Winnebago Industries, Inc.	29,000	1,536,420
<b>Banks 8.3%</b>		
Amerant Bancorp, Inc. (a)(b)	1,400	30,506
Bancorp, Inc. (a)	137,300	1,780,781
BayCom Corp. (a)	10,200	231,948
BCB Bancorp, Inc.	41,200	568,148
Berkshire Hills Bancorp, Inc.	25,800	848,304
Boston Private Financial Holdings, Inc.	56,000	673,680
Bridge Bancorp, Inc.	33,290	1,116,214
Cadence Bancorp	119,600	2,168,348
Capstar Financial Holdings, Inc.	11,500	191,475
Century Bancorp, Inc., Class A	9,300	836,628
Civista Bancshares, Inc.	36,500	876,000
ConnectOne Bancorp, Inc.	39,200	1,008,224
Customers Bancorp, Inc. (a)	69,900	1,664,319
Dime Community Bancshares, Inc.	17,900	373,931
Eagle Bancorp, Inc.	33,300	1,619,379
Esquire Financial Holdings, Inc. (a)	3,200	83,424
Farmers National Banc Corp.	11,400	186,048
Financial Institutions, Inc.	46,400	1,489,440
First BanCorp	108,800	1,152,192
First Business Financial Services, Inc.	21,100	555,563
First Financial Northwest, Inc.	17,300	258,462
First Foundation, Inc.	98,300	1,710,420
First Internet Bancorp	44,600	1,057,466
First Midwest Bancorp, Inc.	93,400	2,153,804
First Northwest Bancorp	9,200	166,796
First of Long Island Corp.	25,800	647,064
Flushing Financial Corp.	62,700	1,354,634
Franklin Financial Network, Inc.	46,700	1,603,211

	Shares	Value
<b>Banks (continued)</b>		
Great Southern Bancorp, Inc.	5,900	\$ 373,588
Hancock Whitney Corp.	47,900	2,101,852
Hanmi Financial Corp.	57,000	1,139,715
Hilltop Holdings, Inc.	34,200	852,606
Independent Bank Group, Inc.	1,800	99,792
Investar Holding Corp.	3,900	93,600
Investors Bancorp, Inc.	141,300	1,683,589
LCNB Corp.	3,100	59,830
Level One Bancorp, Inc.	1,100	27,676
Mainstreet Bancshares, Inc. (a)	600	13,800
Mercantile Bank Corp.	600	21,882
Metropolitan Bank Holding Corp. (a)	24,700	1,191,281
MidWestOne Financial Group, Inc.	11,000	398,530
Northeast Bank (a)	7,400	162,726
OFG Bancorp	9,600	226,656
Orrstown Financial Services, Inc.	13,200	298,584
PCB Bancorp	24,100	416,448
Peapack-Gladstone Financial Corp.	42,200	1,303,980
Preferred Bank / Los Angeles CA	16,000	961,440
QCR Holdings, Inc.	9,500	416,670
RBB Bancorp	59,200	1,253,264
Reliant Bancorp, Inc.	700	15,568
Republic Bancorp, Inc., Class A	16,800	786,240
Richmond Mutual BanCorp., Inc. (a)	4,300	68,628
SB One Bancorp	5,600	139,552
SmartFinancial, Inc.	34,900	825,385
South Plains Financial, Inc.	3,900	81,393
TriState Capital Holdings, Inc. (a)	4,200	109,704
WesBanco, Inc.	28,600	1,080,794
West Bancorp., Inc.	5,400	138,402
		<u>42,749,584</u>
<b>Beverages 0.8%</b>		
Boston Beer Co., Inc., Class A (a)	6,000	2,267,100
Coca-Cola Consolidated, Inc.	6,500	1,846,325
Craft Brew Alliance, Inc. (a)	4,300	70,950
		<u>4,184,375</u>
<b>Biotechnology 7.5%</b>		
ACADIA Pharmaceuticals, Inc. (a)	30,400	1,300,512
Accelaron Pharma, Inc. (a)	22,702	1,203,660
Aimmune Therapeutics, Inc. (a)(b)	19,400	649,318
Allakos, Inc. (a)(b)	5,700	543,552
Amicus Therapeutics, Inc. (a)	111,040	1,081,530
AnaptysBio, Inc. (a)	2,600	42,250
Arena Pharmaceuticals, Inc. (a)	17,483	794,078
Arrowhead Pharmaceuticals, Inc. (a)	27,800	1,763,354
Atara Biotherapeutics, Inc. (a)	34,900	574,803
Audentes Therapeutics, Inc. (a)	24,700	1,478,048
Biohaven Pharmaceutical Holding Co., Ltd. (a)	13,600	740,384
Blueprint Medicines Corp. (a)	15,400	1,233,694
Editas Medicine, Inc. (a)	31,200	923,832

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

# Portfolio of Investments December 31, 2019 (continued)

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Biotechnology (continued)</b>		
Emergent BioSolutions, Inc. (a)	14,992	\$ 808,819
Enanta Pharmaceuticals, Inc. (a)	8,800	543,664
FibroGen, Inc. (a)	27,219	1,167,423
Global Blood Therapeutics, Inc. (a)	20,400	1,621,596
Halozyme Therapeutics, Inc. (a)	60,900	1,079,757
Heron Therapeutics, Inc. (a)	30,200	709,700
Immunomedics, Inc. (a)	56,200	1,189,192
Insmed, Inc. (a)	46,690	1,114,957
Intercept Pharmaceuticals, Inc. (a)(b)	10,000	1,239,200
Invitae Corp. (a)(b)	36,200	583,906
Iovance Biotherapeutics, Inc. (a)	37,600	1,040,768
Ironwood Pharmaceuticals, Inc. (a)	60,452	804,616
Kodiak Sciences, Inc. (a)	2,500	179,875
Ligand Pharmaceuticals, Inc. (a)	6,527	680,701
Madrigal Pharmaceuticals, Inc. (a)	5,100	464,661
Medicines Co. (a)(b)	22,400	1,902,656
Mirati Therapeutics, Inc. (a)	9,000	1,159,740
Momenta Pharmaceuticals, Inc. (a)	43,569	859,616
Myriad Genetics, Inc. (a)	25,510	694,637
Natera, Inc. (a)	19,900	670,431
OPKO Health, Inc. (a)(b)	221,500	325,605
Portola Pharmaceuticals, Inc. (a)	28,542	681,583
Prothena Corp. PLC (a)	46,907	742,538
PTC Therapeutics, Inc. (a)	22,400	1,075,872
Ra Pharmaceuticals, Inc. (a)	10,600	497,458
Radius Health, Inc. (a)	22,233	448,217
REGENXBIO, Inc. (a)	14,000	573,580
Retrophin, Inc. (a)	38,800	550,960
Sangamo Therapeutics, Inc. (a)	55,100	461,187
Spectrum Pharmaceuticals, Inc. (a)	60,715	221,003
Ultragenyx Pharmaceutical, Inc. (a)	22,444	958,583
Vanda Pharmaceuticals, Inc. (a)	26,600	436,506
Xencor, Inc. (a)	18,231	626,964
		<u>38,444,986</u>
<b>Building Products 1.6%</b>		
American Woodmark Corp. (a)	14,200	1,484,042
Armstrong Flooring, Inc. (a)	37,000	157,990
Builders FirstSource, Inc. (a)	86,300	2,192,883
Masonite International Corp. (a)	7,100	512,691
Patrick Industries, Inc.	13,200	692,076
Quanex Building Products Corp.	51,400	877,912
Universal Forest Products, Inc.	45,000	2,146,500
		<u>8,064,094</u>
<b>Capital Markets 1.7%</b>		
BrightSphere Investment Group, Inc. (a)	37,700	385,294
Federated Investors, Inc., Class B	67,900	2,212,861
GAMCO Investors, Inc., Class A	4,700	91,603
INTL FCStone, Inc. (a)	38,500	1,879,955

	Shares	Value
<b>Capital Markets (continued)</b>		
Ladenburg Thalmann Financial Services, Inc.	20,500	\$ 71,340
Oppenheimer Holdings, Inc., Class A	3,000	82,440
Piper Jaffray Cos.	12,800	1,023,232
Stifel Financial Corp.	19,400	1,176,610
Waddell & Reed Financial, Inc., Class A	101,300	1,693,736
		<u>8,617,071</u>
<b>Chemicals 1.2%</b>		
AdvanSix, Inc. (a)	53,900	1,075,844
FutureFuel Corp.	12,500	154,875
Hawkins, Inc.	9,800	448,938
Innospec, Inc.	8,700	899,928
Koppers Holdings, Inc. (a)	2,300	87,906
Tredegar Corp.	70,200	1,568,970
Trinseo S.A.	49,400	1,838,174
		<u>6,074,635</u>
<b>Commercial Services &amp; Supplies 2.1%</b>		
ABM Industries, Inc.	2,300	86,733
Herman Miller, Inc.	45,000	1,874,250
HNI Corp.	15,600	584,376
Kimball International, Inc., Class B	58,000	1,198,860
Knoll, Inc.	65,500	1,654,530
McGrath RentCorp.	25,900	1,982,386
Quad/Graphics, Inc.	90,500	422,635
R.R. Donnelley & Sons Co.	190,200	751,290
Steelcase, Inc., Class A	97,700	1,998,942
Viad Corp.	5,700	384,750
		<u>10,938,752</u>
<b>Communications Equipment 1.0%</b>		
CalAmp Corp. (a)	61,400	588,212
Comtech Telecommunications Corp.	2,000	70,980
Digi International, Inc. (a)	29,100	515,652
InterDigital, Inc.	10,200	555,798
NetScout Systems, Inc. (a)	79,200	1,906,344
Viavi Solutions, Inc. (a)	96,000	1,440,000
		<u>5,076,986</u>
<b>Construction &amp; Engineering 2.3%</b>		
Arcosa, Inc.	3,800	169,290
Comfort Systems USA, Inc.	38,200	1,904,270
EMCOR Group, Inc.	30,400	2,623,520
Great Lakes Dredge & Dock Corp. (a)	149,500	1,693,835
IES Holdings, Inc. (a)	2,300	59,018
MasTec, Inc. (a)	36,600	2,348,256
MYR Group, Inc. (a)	48,900	1,593,651
Sterling Construction Co., Inc. (a)	52,500	739,200
Tutor Perini Corp. (a)	48,700	626,282
		<u>11,757,322</u>
<b>Construction Materials 0.1%</b>		
Forterra, Inc. (a)	16,000	184,960

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

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Construction Materials (continued)</b>		
Summit Materials, Inc., Class A (a)	8,900	\$ 212,710
U.S. Concrete, Inc. (a)	3,700	154,142
		<u>551,812</u>
<b>Consumer Finance 0.5%</b>		
CURO Group Holdings Corp. (a)	25,600	311,808
Elevate Credit, Inc. (a)	101,100	449,895
Enova International, Inc. (a)	58,600	1,409,916
EZCORP, Inc., Class A (a)	40,100	273,482
Green Dot Corp., Class A (a)	9,100	212,030
		<u>2,657,131</u>
<b>Distributors 0.1%</b>		
Core-Mark Holding Co., Inc.	10,000	271,900
<b>Diversified Consumer Services 0.5%</b>		
American Public Education, Inc. (a)	2,100	57,519
Collectors Universe, Inc.	1,800	41,490
K12, Inc. (a)	25,700	522,995
Laureate Education, Inc., Class A (a)	38,700	681,507
Perdoceo Education Corp. (a)	45,700	840,423
Select Interior Concepts, Inc., Class A (a)	68,400	614,916
		<u>2,758,850</u>
<b>Diversified Financial Services 0.7%</b>		
Cannae Holdings, Inc. (a)	40,500	1,506,195
FGL Holdings	169,900	1,809,435
Marlin Business Services Corp.	3,500	76,930
		<u>3,392,560</u>
<b>Diversified Telecommunication Services 0.2%</b>		
Consolidated Communications Holdings, Inc.	9,800	38,024
IDT Corp., Class B (a)	108,000	778,680
Ooma, Inc. (a)	6,700	88,641
		<u>905,345</u>
<b>Electric Utilities 0.5%</b>		
Genie Energy, Ltd., Class B	600	4,638
Portland General Electric Co.	23,400	1,305,486
Spark Energy, Inc., Class A	134,400	1,240,512
		<u>2,550,636</u>
<b>Electrical Equipment 2.0%</b>		
Allied Motion Technologies, Inc.	6,200	300,700
American Superconductor Corp. (a)	5,500	43,175
Atkore International Group, Inc. (a)	47,500	1,921,850
AZZ, Inc.	27,600	1,268,220
Encore Wire Corp.	29,900	1,716,260
EnerSys	9,600	718,368
Generac Holdings, Inc. (a)	21,800	2,192,862
Powell Industries, Inc.	35,000	1,714,650
Preformed Line Products Co.	1,600	96,560

	Shares	Value
<b>Electrical Equipment (continued)</b>		
Thermon Group Holdings, Inc. (a)	4,900	\$ 131,320
		<u>10,103,965</u>
<b>Electronic Equipment, Instruments &amp; Components 4.0%</b>		
Anixter International, Inc. (a)	6,900	635,490
Belden, Inc.	32,000	1,760,000
Benchmark Electronics, Inc.	52,100	1,790,156
ePlus, Inc. (a)	20,900	1,761,661
Insight Enterprises, Inc. (a)	30,900	2,171,961
Itron, Inc. (a)	2,900	243,455
Kimball Electronics, Inc. (a)	13,900	243,945
Methode Electronics, Inc.	15,600	613,860
OSI Systems, Inc. (a)	19,000	1,914,060
PC Connection, Inc.	6,600	327,756
Plexus Corp. (a)	26,200	2,015,828
Rogers Corp. (a)	2,500	311,825
Sanmina Corp. (a)	62,274	2,132,262
ScanSource, Inc. (a)	15,300	565,335
TTM Technologies, Inc. (a)	122,700	1,846,635
Vishay Intertechnology, Inc.	106,100	2,258,869
		<u>20,593,098</u>
<b>Energy Equipment &amp; Services 0.5%</b>		
Exterran Corp. (a)	14,500	113,535
Matrix Service Co. (a)	50,700	1,160,016
NexTier Oilfield Solutions, Inc. (a)	69,945	468,632
ProPetro Holding Corp. (a)	71,800	807,750
		<u>2,549,933</u>
<b>Entertainment 0.0%†</b>		
Liberty Media Corp-Liberty Braves, Class C (a)	5,500	162,470
<b>Equity Real Estate Investment Trusts 5.8%</b>		
Agree Realty Corp.	9,900	694,683
Alexander's, Inc.	2,800	924,980
American Assets Trust, Inc.	33,500	1,537,650
American Finance Trust, Inc.	26,000	344,760
Ashford Hospitality Trust, Inc.	90,400	252,216
Braemar Hotels & Resorts, Inc.	29,400	262,542
BRT Apartments Corp.	300	5,091
City Office REIT, Inc.	56,700	766,584
Corepoint Lodging, Inc.	86,000	918,480
Diversified Healthcare Trust	34,300	289,492
EastGroup Properties, Inc.	20,100	2,666,667
First Industrial Realty Trust, Inc.	12,600	523,026
GEO Group, Inc.	132,427	2,199,612
Gladstone Commercial Corp.	6,500	142,090
Global Net Lease, Inc.	14,400	292,032
Lexington Realty Trust	191,000	2,028,420
New Senior Investment Group, Inc.	39,700	303,705
NexPoint Residential Trust, Inc.	27,900	1,255,500
PS Business Parks, Inc.	8,500	1,401,395

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# Portfolio of Investments December 31, 2019 (continued)

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Equity Real Estate Investment Trusts (continued)</b>		
QTS Realty Trust, Inc., Class A	13,100	\$ 710,937
Retail Value, Inc.	42,700	1,571,360
RLJ Lodging Trust	44,400	786,768
Ryman Hospitality Properties, Inc.	28,100	2,435,146
Sabra Health Care REIT, Inc.	115,600	2,466,904
Summit Hotel Properties, Inc.	52,900	652,786
Sunstone Hotel Investors, Inc.	156,400	2,177,088
Uniti Group, Inc. (b)	188,000	1,543,480
Xenia Hotels & Resorts, Inc.	23,900	516,479
		<u>29,669,873</u>
<b>Food &amp; Staples Retailing 1.0%</b>		
Andersons, Inc.	3,200	80,896
Ingles Markets, Inc., Class A	20,500	973,955
Natural Grocers by Vitamin Cottage, Inc.	59,900	591,213
Performance Food Group Co. (a)	56,500	2,908,620
PriceSmart, Inc.	11,300	802,526
Village Super Market, Inc., Class A	900	20,880
		<u>5,378,090</u>
<b>Food Products 1.5%</b>		
Alico, Inc.	400	14,332
Darling Ingredients, Inc. (a)	99,900	2,805,192
Farmer Brothers Co. (a)	14,600	219,876
Fresh Del Monte Produce, Inc.	49,000	1,714,020
John B. Sanfilippo & Son, Inc.	17,300	1,579,144
Sanderson Farms, Inc.	5,200	916,344
Seneca Foods Corp., Class A (a)	17,600	717,904
		<u>7,966,812</u>
<b>Gas Utilities 0.0%†</b>		
Southwest Gas Holdings, Inc.	100	7,597
<b>Health Care Equipment &amp; Supplies 4.0%</b>		
Accuray, Inc. (a)	11,200	31,584
AngioDynamics, Inc. (a)	57,100	914,171
CONMED Corp.	19,800	2,214,234
Cutera, Inc. (a)	34,200	1,224,702
Globus Medical, Inc., Class A (a)	39,600	2,331,648
Haemonetics Corp. (a)	20,500	2,355,450
Integer Holdings Corp. (a)	27,300	2,195,739
Invacare Corp.	31,100	280,522
Lantheus Holdings, Inc. (a)	81,400	1,669,514
Meridian Bioscience, Inc.	16,600	162,182
Natus Medical, Inc. (a)	54,900	1,811,151
NovoCure, Ltd. (a)	21,100	1,778,097
NuVasive, Inc. (a)	32,800	2,536,752
Orthofix Medical, Inc. (a)	2,500	115,450
SeaSpine Holdings Corp. (a)	16,400	196,964
Varex Imaging Corp. (a)	34,400	1,025,464
		<u>20,843,624</u>

	Shares	Value
<b>Health Care Providers &amp; Services 2.0%</b>		
Corvel Corp. (a)	1,500	\$ 131,040
Cross Country Healthcare, Inc. (a)	43,400	504,308
Diplomat Pharmacy, Inc. (a)	73,000	292,000
Hanger, Inc. (a)	59,700	1,648,317
Magellan Health, Inc. (a)	11,600	907,700
National Healthcare Corp.	10,400	898,872
RadNet, Inc. (a)	48,400	982,520
Select Medical Holdings Corp. (a)	92,900	2,168,286
Tenet Healthcare Corp. (a)	67,600	2,570,828
		<u>10,103,871</u>
<b>Health Care Technology 1.3%</b>		
Computer Programs & Systems, Inc.	19,700	520,080
HealthStream, Inc. (a)	55,800	1,517,760
HMS Holdings Corp. (a)	32,100	950,160
NextGen Healthcare, Inc. (a)	95,900	1,541,113
Omnicell, Inc. (a)	28,600	2,337,192
		<u>6,866,305</u>
<b>Hotels, Restaurants &amp; Leisure 1.4%</b>		
BBX Capital Corp.	100	477
Biglari Holdings, Inc., Class B (a)	1,050	120,141
Bloomin' Brands, Inc.	62,400	1,377,168
Century Casinos, Inc. (a)	27,200	215,424
Cracker Barrel Old Country Store, Inc.	2,900	445,846
Everi Holdings, Inc. (a)	128,500	1,725,755
Golden Entertainment, Inc. (a)	20,200	388,244
J. Alexander's Holdings, Inc. (a)	45,100	431,156
RCI Hospitality Holdings, Inc.	1,900	38,950
Texas Roadhouse, Inc.	41,300	2,326,016
Wingstop, Inc.	4,000	344,920
		<u>7,414,097</u>
<b>Household Durables 2.6%</b>		
Bassett Furniture Industries, Inc.	5,400	90,072
Beazer Homes USA, Inc. (a)	80,000	1,130,400
Flexsteel Industries, Inc.	1,100	21,912
Installed Building Products, Inc. (a)	26,200	1,804,394
KB Home	46,000	1,576,420
M/I Homes, Inc. (a)	25,000	983,750
Meritage Homes Corp. (a)	15,300	934,983
Skyline Champion Corp. (a)	18,100	573,770
Taylor Morrison Home Corp. (a)	90,400	1,976,144
TopBuild Corp. (a)	18,600	1,917,288
TRI Pointe Group, Inc. (a)	56,300	877,154
Universal Electronics, Inc. (a)	24,600	1,285,596
		<u>13,171,883</u>
<b>Household Products 0.4%</b>		
Central Garden & Pet Co., Class A (a)	64,000	1,879,040
<b>Independent Power &amp; Renewable Electricity Producers 0.4%</b>		
Atlantic Power Corp. (a)	216,000	503,280
Ormat Technologies, Inc.	14,800	1,102,896

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	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Independent Power &amp; Renewable Electricity Producers (continued)</b>		
TerraForm Power, Inc.	32,700	\$ 503,253
		<u>2,109,429</u>
<b>Insurance 2.0%</b>		
American Equity Investment Life Holding Co.	15,700	469,901
Crawford & Co.		
Class A	30,500	349,835
Class B	1,700	17,255
Donegal Group, Inc., Class A	2,900	42,978
Employers Holdings, Inc.	33,100	1,381,925
Enstar Group, Ltd. (a)	6,200	1,282,532
Genworth Financial, Inc., Class A (a)	4,100	18,040
Hallmark Financial Services, Inc. (a)	81,800	1,437,226
Horace Mann Educators Corp.	30,600	1,335,996
National General Holdings Corp.	85,400	1,887,340
ProSight Global, Inc. (a)	15,700	253,241
Stewart Information Services Corp.	40,000	1,631,600
Tiptree, Inc.	27,500	223,850
		<u>10,331,719</u>
<b>Interactive Media &amp; Services 0.3%</b>		
DHI Group, Inc. (a)	201,400	606,214
Liberty TripAdvisor Holdings, Inc., Class A (a)	1,300	9,555
Travelzoo (a)	65,800	704,060
		<u>1,319,829</u>
<b>Internet &amp; Direct Marketing Retail 0.4%</b>		
1-800-Flowers.com, Inc., Class A (a)	116,200	1,684,900
Lands' End, Inc. (a)(b)	10,100	169,680
Stamps.com, Inc. (a)	2,800	233,856
		<u>2,088,436</u>
<b>IT Services 1.6%</b>		
Brightcove, Inc. (a)	7,900	68,651
Cardtronics PLC, Class A (a)	38,300	1,710,095
Endurance International Group Holdings, Inc. (a)	2,600	12,220
KBR, Inc.	16,000	488,000
MAXIMUS, Inc.	16,324	1,214,342
Perficient, Inc. (a)	38,400	1,769,088
Perspecta, Inc.	90,300	2,387,532
Sykes Enterprises, Inc. (a)	600	22,194
Unisys Corp. (a)	28,300	335,638
		<u>8,007,760</u>
<b>Leisure Products 0.6%</b>		
Malibu Boats, Inc., Class A (a)	43,100	1,764,945
MasterCraft Boat Holdings, Inc. (a)	86,600	1,363,950
		<u>3,128,895</u>
<b>Life Sciences Tools &amp; Services 0.9%</b>		
Medpace Holdings, Inc. (a)	25,800	2,168,748
Repligen Corp. (a)	3,800	351,500

	Shares	Value
<b>Life Sciences Tools &amp; Services (continued)</b>		
Syneos Health, Inc. (a)	36,725	\$ 2,184,219
		<u>4,704,467</u>
<b>Machinery 2.7%</b>		
Blue Bird Corp. (a)	3,300	75,636
Commercial Vehicle Group, Inc. (a)	214,600	1,362,710
Douglas Dynamics, Inc.	4,000	220,000
EnPro Industries, Inc.	1,200	80,256
L.B. Foster Co., Class A (a)	54,000	1,046,520
Lydall, Inc. (a)	59,700	1,225,044
Meritor, Inc. (a)	78,900	2,066,391
Miller Industries, Inc.	26,500	983,945
Mueller Industries, Inc.	41,800	1,327,150
Navistar International Corp. (a)	59,600	1,724,824
Park-Ohio Holdings Corp.	22,900	770,585
Spartan Motors, Inc.	19,100	345,328
SPX Corp. (a)	17,600	895,488
Wabash National Corp.	108,000	1,586,520
		<u>13,710,397</u>
<b>Marine 0.4%</b>		
Costamare, Inc.	181,900	1,733,507
Matson, Inc.	5,200	212,160
		<u>1,945,667</u>
<b>Media 0.3%</b>		
Cumulus Media, Inc., Class A (a)	12,700	223,139
Entravision Communications Corp., Class A	215,100	563,562
Fluent, Inc. (a)	86,100	215,250
Lee Enterprises, Inc. (a)	62,500	88,750
Scholastic Corp.	9,100	349,895
		<u>1,440,596</u>
<b>Metals &amp; Mining 0.6%</b>		
Olympic Steel, Inc.	27,400	491,008
Ryerson Holding Corp. (a)	76,600	906,178
Schnitzer Steel Industries, Inc., Class A	73,300	1,589,144
Warrior Met Coal, Inc.	7,700	162,701
Worthington Industries, Inc.	2,400	101,232
		<u>3,250,263</u>
<b>Mortgage Real Estate Investment Trusts 0.3%</b>		
Arlington Asset Investment Corp., Class A (b)	600	3,342
PennyMac Mortgage Investment Trust	62,600	1,395,354
TPG RE Finance Trust, Inc.	11,500	233,105
		<u>1,631,801</u>
<b>Oil, Gas &amp; Consumable Fuels 2.6%</b>		
Amplify Energy Corp.	57,300	378,753
Arch Coal, Inc., Class A	600	43,044
Berry Petroleum Corp.	116,400	1,097,652
Contura Energy, Inc. (a)	25,300	228,965
CVR Energy, Inc.	42,000	1,698,060
Delek U.S. Holdings, Inc.	61,500	2,062,095

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

# Portfolio of Investments December 31, 2019 (continued)

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Oil, Gas &amp; Consumable Fuels (continued)</b>		
Dorian LPG, Ltd. (a)	28,800	\$ 445,824
Hallador Energy Co.	65,300	193,941
Laredo Petroleum, Inc. (a)	12,900	37,023
NACCO Industries, Inc., Class A	1,000	46,830
Nordic American Tankers, Ltd.	86,000	423,120
Overseas Shipholding Group, Inc., Class A (a)	21,000	48,300
Par Pacific Holdings, Inc. (a)	69,700	1,619,828
PDC Energy, Inc. (a)	20,600	539,102
Peabody Energy Corp.	16,500	150,480
REX American Resources Corp. (a)	500	40,980
Sandridge Energy, Inc. (a)	138,900	588,936
Teekay Tankers, Ltd., Class A (a)	63,200	1,514,904
W&T Offshore, Inc. (a)	3,000	16,680
World Fuel Services Corp.	50,200	2,179,684
		<u>13,354,201</u>
<b>Paper &amp; Forest Products 0.5%</b>		
Boise Cascade Co.	48,400	1,768,052
Verso Corp., Class A (a)	54,800	988,044
		<u>2,756,096</u>
<b>Personal Products 0.1%</b>		
e.l.f. Beauty, Inc. (a)	13,500	217,755
LifeVantage Corp. (a)	28,600	446,446
Nature's Sunshine Products, Inc. (a)	5,800	51,794
		<u>715,995</u>
<b>Pharmaceuticals 3.2%</b>		
Amneal Pharmaceuticals, Inc. (a)	376,000	1,812,320
Amphastar Pharmaceuticals, Inc. (a)	87,000	1,678,230
ANI Pharmaceuticals, Inc. (a)	2,700	166,509
Assertio Therapeutics, Inc. (a)	64,200	80,250
Axsome Therapeutics, Inc. (a)(b)	1,800	186,048
BioDelivery Sciences International, Inc. (a)	249,700	1,578,104
Collegium Pharmaceutical, Inc. (a)	66,100	1,360,338
Corcept Therapeutics, Inc. (a)	121,300	1,467,730
Dermira, Inc. (a)	22,200	336,552
Endo International PLC (a)	53,000	248,570
Innoviva, Inc. (a)	117,100	1,658,136
Intersect ENT, Inc. (a)	6,500	161,850
Lannett Co., Inc. (a)(b)	19,400	171,108
Osmotica Pharmaceuticals PLC (a)(b)	12,900	90,171
Pacira BioSciences, Inc. (a)	42,300	1,916,190
Phibro Animal Health Corp., Class A	66,500	1,651,195
Reata Pharmaceuticals, Inc., Class A (a)	4,100	838,163
SIGA Technologies, Inc. (a)	124,000	591,480
Strongbridge Biopharma PLC (a)	71,200	148,808
Supernus Pharmaceuticals, Inc. (a)	16,200	384,264
		<u>16,526,016</u>

	Shares	Value
<b>Professional Services 0.7%</b>		
Barrett Business Services, Inc.	18,400	\$ 1,664,464
BG Staffing, Inc.	9,200	201,388
Heidrick & Struggles International, Inc.	12,600	409,500
Kelly Services, Inc., Class A	9,700	219,026
Kforce, Inc.	2,400	95,280
TrueBlue, Inc. (a)	44,308	1,066,050
		<u>3,655,708</u>
<b>Real Estate Management &amp; Development 0.9%</b>		
Altisource Portfolio Solutions S.A. (a)(b)	78,100	1,509,673
Marcus & Millichap, Inc. (a)	1,400	52,150
Realogy Holdings Corp. (b)	165,600	1,603,008
RMR Group, Inc., Class A	36,300	1,656,732
		<u>4,821,563</u>
<b>Road &amp; Rail 0.3%</b>		
ArcBest Corp.	57,400	1,584,240
Universal Logistics Holdings, Inc.	2,400	45,504
		<u>1,629,744</u>
<b>Semiconductors &amp; Semiconductor Equipment 3.1%</b>		
Advanced Energy Industries, Inc. (a)	28,868	2,055,402
Amkor Technology, Inc. (a)	136,600	1,775,800
Cirrus Logic, Inc. (a)	34,200	2,818,422
FormFactor, Inc. (a)	27,900	724,563
Ichor Holdings, Ltd. (a)	51,800	1,723,386
Inphi Corp. (a)	10,900	806,818
Photronics, Inc. (a)	126,200	1,988,912
Smart Global Holdings, Inc. (a)	50,200	1,904,588
Synaptics, Inc. (a)	32,920	2,165,148
		<u>15,963,039</u>
<b>Software 5.7%</b>		
ACI Worldwide, Inc. (a)	68,400	2,591,334
Alarm.com Holdings, Inc. (a)	1,400	60,158
Avaya Holdings Corp. (a)	150,300	2,029,050
Blackbaud, Inc.	24,000	1,910,400
Blackline, Inc. (a)	39,100	2,015,996
Bottomline Technologies, Inc. (a)	33,200	1,779,520
ChannelAdvisor Corp. (a)	6,500	58,760
CommVault Systems, Inc. (a)	40,800	1,821,312
Cornerstone OnDemand, Inc. (a)	39,200	2,295,160
Ebix, Inc. (b)	50,700	1,693,887
Five9, Inc. (a)	6,500	426,270
j2 Global, Inc.	27,100	2,539,541
MicroStrategy, Inc., Class A (a)	12,000	1,711,560
Progress Software Corp.	46,700	1,940,385
SPS Commerce, Inc. (a)	34,900	1,934,158
Telaria, Inc. (a)	4,100	36,121
TiVo Corp.	217,500	1,844,400
Verint Systems, Inc. (a)	45,500	2,518,880
Zix Corp. (a)	15,200	103,056
		<u>29,309,948</u>

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

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Specialty Retail 4.5%</b>		
Aaron's, Inc.	11,100	\$ 633,921
America's Car-Mart, Inc. (a)	10,600	1,162,396
Asbury Automotive Group, Inc. (a)	17,900	2,001,041
Barnes & Noble Education, Inc. (a)	92,000	392,840
Cato Corp., Class A	9,200	160,080
Citi Trends, Inc.	29,500	682,040
Group 1 Automotive, Inc.	18,700	1,870,000
Hibbett Sports, Inc. (a)	40,400	1,132,816
Lithia Motors, Inc., Class A	14,600	2,146,200
Murphy USA, Inc. (a)	20,100	2,351,700
Office Depot, Inc.	762,900	2,090,346
Rent-A-Center, Inc.	65,300	1,883,252
RH (a)	4,000	854,000
Sally Beauty Holdings, Inc. (a)	9,900	180,675
Sonic Automotive, Inc., Class A	49,100	1,522,100
Sportsman's Warehouse Holdings, Inc. (a)	108,600	872,058
Tilly's, Inc., Class A	115,700	1,417,325
Zumiez, Inc. (a)	51,000	1,761,540
		<u>23,114,330</u>
<b>Technology Hardware, Storage &amp; Peripherals 0.1%</b>		
AstroNova, Inc.	500	6,860
Diebold Nixdorf, Inc. (a)	66,100	698,016
		<u>704,876</u>
<b>Textiles, Apparel &amp; Luxury Goods 1.1%</b>		
Crocs, Inc. (a)	40,100	1,679,789
Deckers Outdoor Corp. (a)	16,000	2,701,760
Delta Apparel, Inc. (a)	1,200	37,320
Rocky Brands, Inc.	46,900	1,380,267
Vera Bradley, Inc. (a)	1,000	11,800
		<u>5,810,936</u>
<b>Thrifts &amp; Mortgage Finance 2.2%</b>		
Bridgewater Bancshares, Inc. (a)	24,700	340,366
ESSA Bancorp, Inc.	600	10,170
Essent Group, Ltd.	43,200	2,245,968
Federal Agricultural Mortgage Corp., Class C	1,500	125,250
Flagstar Bancorp, Inc.	46,800	1,790,100
FS Bancorp, Inc.	14,000	893,060
Luther Burbank Corp.	55,800	643,374
Merchants Bancorp	30,800	607,068
NMI Holdings, Inc., Class A (a)	39,000	1,294,020
OP Bancorp.	7,100	73,627
Radian Group, Inc.	94,100	2,367,556
Riverview Bancorp, Inc.	18,900	155,169
Sterling Bancorp, Inc.	46,000	372,600
Territorial Bancorp, Inc.	6,200	191,828
Walker & Dunlop, Inc.	400	25,872
WSFS Financial Corp.	2,300	101,177
		<u>11,237,205</u>

	Shares	Value
<b>Tobacco 0.7%</b>		
Universal Corp.	33,700	\$ 1,922,922
Vector Group, Ltd.	143,049	1,915,426
		<u>3,838,348</u>
<b>Trading Companies &amp; Distributors 2.0%</b>		
Applied Industrial Technologies, Inc.	26,000	1,733,940
BMC Stock Holdings, Inc. (a)	67,200	1,927,968
Foundation Building Materials, Inc. (a)	44,900	868,815
General Finance Corp. (a)	5,700	63,099
GMS, Inc. (a)	58,200	1,576,056
H&E Equipment Services, Inc.	35,300	1,180,079
Herc Holdings, Inc. (a)	700	34,258
MRC Global, Inc. (a)	126,600	1,726,824
NOW, Inc. (a)	21,400	240,536
Rush Enterprises, Inc., Class B	1,700	77,690
Titan Machinery, Inc. (a)	24,600	363,588
Veritiv Corp. (a)	31,000	609,770
Willis Lease Finance Corp. (a)	500	29,455
		<u>10,432,078</u>
<b>Water Utilities 1.5%</b>		
American States Water Co.	26,200	2,269,968
Aquaventure Holdings, Ltd. (a)	11,200	303,744
Artesian Resources Corp., Class A	5,100	189,771
California Water Service Group	36,700	1,892,252
Consolidated Water Co., Ltd.	44,600	726,980
Global Water Resources, Inc.	4,500	59,175
Middlesex Water Co.	1,700	108,069
SJW Corp.	27,500	1,954,150
		<u>7,504,109</u>
Total Common Stocks (Cost \$464,886,326)		<u>502,496,005</u>
<b>Exchange-Traded Fund 2.5%</b>		
iShares Russell 2000 ETF	78,523	13,008,906
Total Exchange-Traded Fund (Cost \$12,795,708)		<u>13,008,906</u>
<b>Short-Term Investment 1.0%</b>		
<b>Unaffiliated Investment Company 1.0%</b>		
State Street Navigator Securities Lending Government Money Market Portfolio, 1.56% (c)(d)	5,238,787	5,238,787
Total Short-Term Investment (Cost \$5,238,787)		<u>5,238,787</u>
Total Investments (Cost \$482,920,821)	101.0%	520,743,698
Other Assets, Less Liabilities	(1.0)	(5,235,080)
Net Assets	<u>100.0%</u>	<u>\$515,508,618</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 December 31, 2019 (continued)

- † Percentages indicated are based on Portfolio net assets.
- ‡ Less than one-tenth of a percent.
- (a) Non-income producing security.
- (b) All or a portion of this security was held on loan. As of December 31, 2019, the aggregate market value of securities on loan was \$8,785,227; the total market value of collateral held by the Portfolio was \$8,984,133. The market value of the collateral held included non-cash collateral in the form of U.S. Treasury securities with a value of \$3,745,346 (See Note 2(H)).
- (c) Represents a security purchased with cash collateral received for securities on loan.
- (d) Current yield as of December 31, 2019.

The following abbreviations are used in the preceding pages:

ETF—Exchange-Traded Fund

REIT—Real Estate Investment Trust

The following is a summary of the fair valuations according to the inputs used as of December 31, 2019, for valuing the Portfolio's assets:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Asset Valuation Inputs</b>				
Investments in Securities (a)				
Common Stocks	\$502,496,005	\$ —	\$ —	\$502,496,005
Exchange-Traded Fund	13,008,906	—	—	13,008,906
Short-Term Investment				
Unaffiliated Investment Company	5,238,787	—	—	5,238,787
Total Investments in Securities	<u>\$520,743,698</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$520,743,698</u>

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



# Statement of Assets and Liabilities as of December 31, 2019

## Assets

Investment in securities, at value (identified cost \$482,920,821) including securities on loan of \$8,785,227	\$520,743,698
Cash	16,737
Receivables:	
Dividends	523,335
Portfolio shares sold	94,196
Securities lending	2,883
Total assets	<u>521,380,849</u>

## Liabilities

Cash collateral received for securities on loan	5,238,787
Payables:	
Manager (See Note 3)	306,384
Portfolio shares redeemed	156,481
NYLIFE Distributors (See Note 3)	67,296
Shareholder communication	40,661
Professional fees	35,865
Custodian	25,065
Trustees	838
Accrued expenses	854
Total liabilities	<u>5,872,231</u>
Net assets	<u>\$515,508,618</u>

## Composition of Net Assets

Shares of beneficial interest outstanding (par value of \$.001 per share) unlimited number of shares authorized	\$ 48,647
Additional paid-in capital	<u>515,442,172</u>
	515,490,819
Total distributable earnings (loss)	<u>17,799</u>
Net assets	<u>\$515,508,618</u>

## Initial Class

Net assets applicable to outstanding shares	<u>\$198,292,406</u>
Shares of beneficial interest outstanding	<u>18,617,498</u>
Net asset value per share outstanding	<u>\$ 10.65</u>

## Service Class

Net assets applicable to outstanding shares	<u>\$317,216,212</u>
Shares of beneficial interest outstanding	<u>30,029,975</u>
Net asset value per share outstanding	<u>\$ 10.56</u>

# Statement of Operations for the year ended December 31, 2019

## **Investment Income (Loss)**

### **Income**

Dividends-unaffiliated (a)	\$ 6,017,882
Securities lending	106,592
Dividends-affiliated	66,858
Interest	<u>73</u>
Total income	<u>6,191,405</u>

### **Expenses**

Manager (See Note 3)	3,875,513
Distribution/Service—Service Class (See Note 3)	652,907
Professional fees	86,895
Shareholder communication	85,841
Custodian	64,145
Trustees	11,218
Miscellaneous	<u>15,589</u>
Total expenses before waiver/reimbursement	4,792,108
Expense waiver/reimbursement from Manager (See Note 3)	<u>(212,360)</u>
Net expenses	<u>4,579,748</u>
Net investment income (loss)	<u>1,611,657</u>

## **Realized and Unrealized Gain (Loss) on Investments**

Net realized gain (loss) on unaffiliated investments	(30,626,638)
Net change in unrealized appreciation (depreciation) on unaffiliated investments	<u>71,143,741</u>
Net realized and unrealized gain (loss) on investments	<u>40,517,103</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 42,128,760</u>

(a) Dividends recorded net of foreign withholding taxes in the amount of \$2,473.

# Statements of Changes in Net Assets

for the years ended December 31, 2019 and December 31, 2018

	2019	2018
<b>Increase (Decrease) in Net Assets</b>		
Operations:		
Net investment income (loss)	\$ 1,611,657	\$ 677,528
Net realized gain (loss) on investments	(30,626,638)	39,774,022
Net change in unrealized appreciation (depreciation) on investments	71,143,741	(82,577,682)
Net increase (decrease) in net assets resulting from operations	42,128,760	(42,126,132)
Distributions to shareholders:		
Initial Class	(18,699,244)	(17,294,347)
Service Class	(23,525,164)	(20,912,830)
Total distributions to shareholders	(42,224,408)	(38,207,177)
Capital share transactions:		
Net proceeds from sale of shares	26,746,510	37,509,654
Net asset value of shares issued in connection with the acquisition of MainStay VP Epoch U.S. Small Cap Portfolio	419,053,712	—
Net asset value of shares issued to shareholders in reinvestment of distributions	42,224,408	38,207,177
Cost of shares redeemed	(233,242,522)	(91,697,172)
Increase (decrease) in net assets derived from capital share transactions	254,782,108	(15,980,341)
Net increase (decrease) in net assets	254,686,460	(96,313,650)
<b>Net Assets</b>		
Beginning of year	260,822,158	357,135,808
End of year	\$ 515,508,618	\$ 260,822,158

# Financial Highlights selected per share data and ratios

Initial Class	Year ended December 31,			May 2, 2016 <sup>^</sup> through December 31, 2016
	2019	2018	2017	
Net asset value at beginning of period	\$ 9.82	\$ 13.16	\$ 11.73	\$ 10.00
Net investment income (loss) (a)	0.05	0.04	0.01	0.03
Net realized and unrealized gain (loss) on investments	1.61	(1.71)	1.63	1.88
Total from investment operations	1.66	(1.67)	1.64	1.91
<b>Less distributions:</b>				
From net investment income	(0.02)	—	—	(0.02)
From net realized gain on investments	(0.81)	(1.67)	(0.21)	(0.16)
Total distributions	(0.83)	(1.67)	(0.21)	(0.18)
Net asset value at end of period	\$ 10.65	\$ 9.82	\$ 13.16	\$ 11.73
Total investment return (b)	17.82%	(15.11%)	13.93%	19.14%
<b>Ratios (to average net assets)/Supplemental Data:</b>				
Net investment income (loss)	0.48%	0.33%	0.10%	0.39%††
Net expenses (c)	0.82%	0.90%	0.90%	1.00%††
Expenses (before waiver/reimbursement) (c)	0.86%	0.90%	0.90%	1.00%††
Portfolio turnover rate	257%	161%	159%	180%
Net assets at end of period (in 000's)	\$ 198,292	\$ 123,857	\$ 180,840	\$ 164,253

<sup>^</sup> Inception date.

†† Annualized.

(a) Per share data based on average shares outstanding during the period.

(b) Total return does not reflect any deduction of sales charges, mortality and expense charges, contract charges or administrative charges. For periods of less than one year, total return is not annualized.

(c) In addition to the fees and expenses which the Portfolio bears directly, it also indirectly bears a pro-rata share of the fees and expenses of the underlying funds in which it invests. Such indirect expenses are not included in the above expense ratios.

Service Class	Year ended December 31,			May 2, 2016 <sup>^</sup> through December 31, 2016
	2019	2018	2017	
Net asset value at beginning of period	\$ 9.76	\$ 13.11	\$ 11.72	\$ 10.00
Net investment income (loss) (a)	0.02	0.01	(0.02)	0.01
Net realized and unrealized gain (loss) on investments	1.59	(1.69)	1.62	1.88
Total from investment operations	1.61	(1.68)	1.60	1.89
<b>Less distributions:</b>				
From net investment income	(0.00)‡	—	—	(0.01)
From net realized gain on investments	(0.81)	(1.67)	(0.21)	(0.16)
Total distributions	(0.81)	(1.67)	(0.21)	(0.17)
Net asset value at end of period	\$ 10.56	\$ 9.76	\$ 13.11	\$ 11.72
Total investment return (b)	17.53%	(15.32%)	13.64%	18.95%
<b>Ratios (to average net assets)/Supplemental Data:</b>				
Net investment income (loss)	0.22%	0.09%	(0.15%)	0.16%††
Net expenses (c)	1.07%	1.15%	1.15%	1.25%††
Expenses (before waiver/reimbursement) (c)	1.12%	1.15%	1.15%	1.25%††
Portfolio turnover rate	257%	161%	159%	180%
Net assets at end of period (in 000's)	\$ 317,216	\$ 136,965	\$ 176,295	\$ 175,015

<sup>^</sup> Inception date.

‡ Less than one cent per share.

†† Annualized.

(a) Per share data based on average shares outstanding during the period.

(b) Total return does not reflect any deduction of sales charges, mortality and expense charges, contract charges or administrative charges. For periods of less than one year, total return is not annualized.

(c) In addition to the fees and expenses which the Portfolio bears directly, it also indirectly bears a pro-rata share of the fees and expenses of the underlying funds in which it invests. Such indirect expenses are not included in the above expense ratios.

# Notes to Financial Statements

## Note 1—Organization and Business

MainStay VP Funds Trust (the “Fund”) was organized as a Delaware statutory trust on February 1, 2011. The Fund is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Fund is comprised of thirty-one separate series (collectively referred to as the “Portfolios”). These financial statements and notes relate to the MainStay VP MacKay Small Cap Core Portfolio (the “Portfolio”), a “diversified” portfolio, as that term is defined in the 1940 Act, as interpreted or modified by regulatory authorities having jurisdiction, from time to time.

Effective at the close of business on April 30, 2019, the Portfolio acquired the assets and liabilities of MainStay VP Epoch U.S. Small Cap Portfolio (the “Reorganization”), which was a separate series of the Fund (the “VP Epoch U.S. Small Cap Portfolio”). The Reorganization was approved by the Fund’s Board of Trustees (the “Board”) and shareholders pursuant to an Agreement and Plan of Reorganization (the “Reorganization Agreement”). See Note 10 for additional information.

Shares of the Portfolio are currently offered to certain separate accounts to fund variable annuity policies and variable universal life insurance policies issued by New York Life Insurance and Annuity Corporation (“NYLIAC”), a wholly-owned subsidiary of New York Life Insurance Company (“New York Life”) and may also be offered to fund variable annuity policies and variable universal life insurance policies issued by other insurance companies. NYLIAC allocates shares of the Portfolios to, among others, certain NYLIAC separate accounts. Shares of the Portfolio are also offered to the MainStay VP Conservative Allocation Portfolio, MainStay VP Moderate Allocation Portfolio, MainStay VP Moderate Growth Allocation Portfolio and MainStay VP Growth Allocation Portfolio, which operate as “funds-of-funds.”

The Portfolio currently offers two classes of shares. Initial Class and Service Class shares commenced operations on May 2, 2016. Shares of the Portfolio are offered and are redeemed at a price equal to their respective net asset value (“NAV”) per share. No sales or redemption charge is applicable to the purchase or redemption of the Portfolio’s shares. Under the terms of the Fund’s multiple class plan adopted pursuant to Rule 18f-3 under the 1940 Act, the classes differ in that, pursuant to a plan adopted in accordance with Rule 12b-1 under the 1940 Act, Service Class shares of the Portfolio pay a combined distribution and service fee of 0.25% of average daily net assets to the Distributor (as defined below) of their shares.

The Portfolio’s investment objective is to seek long-term growth of capital.

## Note 2—Significant Accounting Policies

The Portfolio 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 Portfolio 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 usually valued as of the close of regular trading on the New York Stock Exchange (the

“Exchange”) (usually 4:00 p.m. Eastern time) on each day the Portfolio is open for business (“valuation date”).

The Board of Trustees of the Fund (the “Board”) adopted procedures establishing methodologies for the valuation of the Portfolio’s securities and other assets 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 Subcommittee (the “Subcommittee”) 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 Subcommittee 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 Subcommittee were appropriate. The procedures state that, subject to the oversight of the Board and unless otherwise noted, the responsibility for the day-to-day valuation of portfolio assets (including fair value measurements for the Portfolio’s assets and liabilities) 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 assess the appropriateness of security valuations, the Manager, the Subadvisor or the Portfolio’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 Subcommittee deals in the first instance with such valuation and the Valuation Committee reviews and affirms, if appropriate, the reasonableness of the valuation based on such methodologies and measurements on a regular basis after considering information that is reasonably available and deemed relevant by the Valuation Committee. Any action taken by the Subcommittee with respect to the valuation of a portfolio security or other asset is submitted for review and ratification (if appropriate) to the Valuation Committee and the Board at the next regularly scheduled meeting.

“Fair value” is defined as the price the Portfolio would reasonably expect to 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 Portfolio. Unobservable inputs reflect the Portfolio’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

# Notes to Financial Statements (continued)

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 Portfolio's own assumptions about the assumptions that market participants would use in measuring fair value of an asset or liability)

The level of an asset or liability within the fair value hierarchy is based on the lowest level of an input, both individually and in the aggregate, that is significant to the fair value measurement. As of December 31, 2019, the aggregate value by input level of the Portfolio's assets and liabilities is included at the end of the Portfolio's Portfolio of Investments.

The Portfolio may use third-party vendor evaluations, whose prices may be derived from one or more of the following standard inputs, among others:

• Broker/dealer quotes	• Benchmark securities
• Two-sided markets	• Reference data (corporate actions or material event notices)
• Bids/offers	• Monthly payment information
• Industry and economic events	• Reported trades

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 Portfolio 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 Portfolio 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. Fair value represents a good faith approximation of the value of a security. Fair value determinations involve the consideration of a number of subjective factors, an analysis of applicable facts and circumstances and the exercise of judgment. As a result, it is possible that the fair value for a security determined in good faith in accordance with the Portfolio's valuation procedures may differ from valuations for the same security determined by other funds using their own valuation procedures. Although the Portfolio's valuation procedures are designed to value a security at the price the Portfolio may reasonably expect to receive upon the security's sale in an orderly transaction, there can be no assurance that any fair value determination thereunder would, in fact, approximate the amount that the Portfolio would actually realize upon the sale of the security or the price at which the security would trade if a reliable market price were readily available. During the year ended December 31, 2019, there were no material changes to the fair value methodologies.

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 delisted 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 the 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 valued in this manner are generally categorized as Level 3 in the hierarchy. As of December 31, 2019, no securities held by the Portfolio were fair valued in such a manner.

Equity securities and Exchange-Traded Funds ("ETFs") 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. These securities are generally categorized as Level 1 in the hierarchy.

Investments in mutual funds, including money market 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.

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. Securities valued using the amortized cost method are not valued using quoted prices in an active market and are generally categorized as Level 2 in the hierarchy.

The information above is not intended to reflect an exhaustive list of the methodologies that may be used to value portfolio investments. The valuation procedures permit the use of a variety of valuation methodologies in connection with valuing portfolio investments. The methodology used for a specific type of investment may vary based on the market data available or other considerations. The methodologies summarized above may not represent the specific means by which portfolio investments are valued on any particular business day.

**(B) Income Taxes.** The Portfolio'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 its taxable income to the shareholders of the

Portfolio within the allowable time limits. Therefore, no federal, state and local income tax provisions are required.

Management evaluates the Portfolio'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 permitted only to the extent the position is "more likely than not" to be sustained assuming examination by taxing authorities. Management has analyzed the Portfolio'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 Portfolio's financial statements. The Portfolio's federal, state and local income tax 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 Portfolio intends to declare and pay dividends from net investment income 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 Portfolio, at NAV. Dividends and distributions to shareholders are determined in accordance with federal income tax regulations and may differ from determinations using GAAP.

**(D) Security Transactions and Investment Income.** The Portfolio records security transactions on the trade date. Realized gains and losses on security transactions are determined using the identified cost method. Dividend income is recognized on the ex-dividend date, net of any foreign tax withheld at the source, and interest income is accrued as earned using the effective interest rate method. Distributions received from REITs may be classified as dividends, capital gains and/or return of capital.

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

**(E) Expenses.** Expenses of the Fund are allocated to the individual Portfolios in proportion to the net assets of the respective Portfolios when the expenses are incurred, except where direct allocations of expenses can be made. Expenses (other than fees incurred under the distribution and service plans, further discussed in Note 3(B), which are charged directly to the Service Class shares) 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 Portfolio, including those of related parties to the Portfolio, are shown in the Statement of Operations.

Additionally, the Portfolio may invest in ETFs and mutual funds, which are subject to management fees and other fees that may cause the costs of investing in ETFs and mutual funds to be greater than the costs of owning the underlying securities directly. These indirect expenses of ETFs and mutual funds are not included in the amounts shown as

expenses in the Portfolio's Statement of Operations or in the expense ratios included in the Financial Highlights.

**(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 Portfolio may enter into repurchase agreements (i.e., buy a security from another party with the agreement that it will be sold back in the future) to earn income. The Portfolio may enter into repurchase agreements only with counterparties, usually financial institutions, that are deemed by the Manager or the Subadvisor to be creditworthy, pursuant to guidelines established by the Board. During the term of any repurchase agreement, the Manager or the Subadvisor will continue to monitor the creditworthiness of the counterparty. Under the 1940 Act, repurchase agreements are considered to be collateralized loans by the Portfolio to the counterparty secured by the securities transferred to the Portfolio.

Repurchase agreements are subject to counterparty risk, meaning the Portfolio could lose money by the counterparty's failure to perform under the terms of the agreement. The Portfolio mitigates this risk by ensuring the repurchase agreement is collateralized by cash, U.S. government securities, fixed income securities and/or other securities. The collateral is held by the Portfolio's custodian and 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 counterparty's default on the obligation to repurchase, the Portfolio 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, realization and/or retention of the collateral may be limited or subject to delay, to legal proceedings and possible realized loss to the Portfolio. As of December 31, 2019, the Portfolio did not hold any repurchase agreements.

**(H) Securities Lending.** In order to realize additional income, the Portfolio 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 ("SEC"). If the Portfolio engages in securities lending, the Portfolio will lend through its custodian, State Street Bank and Trust Company ("State Street"), acting as securities lending agent on behalf of the Portfolio. State Street will manage the Portfolio's collateral in accordance with the securities lending agency agreement between the Portfolio and State Street, and indemnify the Portfolio against counterparty risk. The loans will be collateralized by cash (which may be invested in a money market fund) and/or non-cash collateral (which may include U.S. Treasury securities and/or U.S. Government Agency securities issued or guaranteed by the United States government or its agencies or instrumentalities) at least equal at all times to the market value of the securities loaned. The Portfolio 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 Portfolio may also record a realized gain or loss on securities deemed sold due to a borrower's inability to return securities on loan. The Portfolio bears the risk of any loss on investment of cash collateral. The Portfolio will receive compensation for lending its securities in the form of fees or it will retain a portion of interest earned on the investment of any cash collateral. The Portfolio will also continue to receive interest

# Notes to Financial Statements (continued)

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 Portfolio. Income earned from securities lending activities, if any, is reflected in the Statement of Operations. As of December 31, 2019, the Portfolio had securities on loan with an aggregate market value of \$8,785,227; the total market value of collateral held by the Portfolio was \$8,984,133. The market value of the collateral held included non-cash collateral in the form of U.S. Treasury securities with a value of \$3,745,346 and cash collateral, which was invested into the State Street Navigator Securities Lending Government Money Market Portfolio, with a value of \$5,238,787.

**(I) Indemnifications.** Under the Fund's organizational documents, its officers and trustees are indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Portfolio enters into contracts with third-party service providers that contain a variety of representations and warranties and which may provide general indemnifications. The Portfolio's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Portfolio 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 Portfolio.

## 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, serves as the Portfolio's Manager pursuant to an Amended and Restated Management Agreement ("Management Agreement"). The Manager provides offices, conducts clerical, record-keeping and bookkeeping services, and keeps most of the financial and accounting records required to be maintained by the Portfolio. Except for the portion of salaries and expenses that are the responsibility of the Portfolio, the Manager pays the salaries and expenses of all personnel affiliated with the Portfolio and certain operational expenses of the Portfolio. The Portfolio reimburses New York Life Investments in an amount equal to a portion of the compensation of the Chief Compliance Officer attributable to the Portfolio. MacKay Shields LLC ("MacKay Shields" or "Subadvisor"), a registered investment adviser and an indirect, wholly-owned subsidiary of New York Life, serves as Subadvisor to the Portfolio and is responsible for the day-to-day portfolio management of the Portfolio. Pursuant to the terms of an Amended and Restated Subadvisory Agreement ("Subadvisory Agreement") between New York Life Investments and MacKay Shields, New York Life Investments pays for the services of the Subadvisor.

Effective May 1, 2019, the Fund, on behalf of the Portfolio, pays New York Life Investments in its capacity as the Portfolio's investment manager and administrator, pursuant to the Management Agreement, a monthly fee for the services performed and the facilities furnished at an annual percentage of the Portfolio's average daily net assets as follows: 0.80% up to \$1 billion, 0.775% from \$1 billion to \$2 billion and 0.75% in excess of \$2 billion. Prior to May 1, 2019, the Fund, on behalf of the Portfolio, paid New York Life Investments in its capacity as the portfolio's investment manager and administrator, pursuant to the Manage-

ment Agreement, a monthly fee for the services performed and the facilities furnished at an annual percentage of the Portfolio's average daily net assets as follows: 0.85% up to \$1 billion and 0.80% in excess of \$1 billion.

Effective May 1, 2019, New York Life Investments has contractually agreed to waive fees and/or reimburse expenses so that the total annual operating expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase or sale of portfolio investments, and acquired (underlying) fund fees and expenses) of Initial Class shares do not exceed 0.80% of average daily net assets. New York Life Investments will apply an equivalent waiver or reimbursement to Service Class shares. This agreement will remain in effect until May 1, 2020, 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. Prior to May 1, 2019, New York Life Investments had agreed to waive fees and/or reimburse expenses so that the total annual operating expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase or sale of portfolio investments, and acquired (underlying) fund fees and expenses) did not exceed 1.00% for Initial Class and 1.25% for the Service Class shares. During the year ended December 31, 2019, the effective management fee rate was 0.81%.

During the year ended December 31, 2019, New York Life Investments earned fees from the Portfolio in the amount of \$3,875,513 and waived fees/reimbursed expenses in the amount of \$212,360 and paid the Subadvisor in the amount of \$1,831,576.

State Street provides sub-administration and sub-accounting services to the Portfolio pursuant to an agreement with New York Life Investments. These services include calculating the daily NAVs of the Portfolio, maintaining the general ledger and sub-ledger accounts for the calculation of the Portfolio's NAVs and assisting New York Life Investments in conducting various aspects of the Portfolio's administrative operations. For providing these services to the Portfolio, State Street is compensated by New York Life Investments.

Pursuant to an agreement between the Fund and New York Life Investments, New York Life Investments is responsible for providing or procuring certain regulatory reporting services for the Portfolio. The Portfolio will reimburse New York Life Investments for the actual costs incurred by New York Life Investments in connection with providing or procuring these services for the Portfolio.

**(B) Distribution and Service Fees.** The Fund, on behalf of the Portfolio, has entered into a distribution agreement with NYLIFE Distributors LLC (the "Distributor"), an indirect, wholly-owned subsidiary of New York Life. The Portfolio has adopted a distribution plan (the "Plan") in accordance with the provisions of Rule 12b-1 under the 1940 Act. Under the Plan, the Distributor has agreed to provide, through its affiliates or independent third parties, various distribution-related, shareholder and administrative support services to the Service Class shareholders. For its services, the Distributor is entitled to a combined distribution and service fee accrued daily and paid monthly at an annual rate of 0.25% of the average daily net assets attributable to the Service Class shares of the Portfolio.



**(C) Investments in Affiliates (in 000's).** During the year ended December 31, 2019, purchases and sales transactions, income earned from investments and shares held of investment companies managed by New York Life Investments or its affiliates were as follows:

Affiliated Investment Company	Value, Beginning of Year	Purchases at Cost	Proceeds from Sales	Net Realized Gain/(Loss) on Sales	Change in Unrealized Appreciation/ (Depreciation)	Value, End of Year	Dividend Income	Other Distributions	Shares End of Year
MainStay U.S. Government Liquidity Fund	\$947	\$51,552	\$(52,499)	\$—	\$—	\$—	\$67	\$—	—

## Note 4—Federal Income Tax

As of December 31, 2019, the cost and unrealized appreciation (depreciation) of the Portfolio's investment portfolio, including applicable derivative contracts and other financial instruments, as determined on a federal income tax basis, were as follows:

	Federal Tax Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation/ (Depreciation)
Investments				
in Securities	\$494,192,924	\$42,063,940	\$(15,513,166)	\$26,550,774

Investments

in Securities \$494,192,924 \$42,063,940 \$(15,513,166) \$26,550,774

As of December 31, 2019, 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)
\$1,685,158	\$(28,455,160)	\$237,027	\$26,550,774	\$17,799

The difference between book-basis and tax-basis unrealized appreciation (depreciation) is primarily due to wash sale adjustments.

As of December 31, 2019, for federal income tax purposes, capital loss carryforwards of \$28,455,160, as shown in the table below, were available to the extent provided by the regulations to offset future realized gains of the Portfolio through the years indicated. Accordingly, no capital gains distributions are expected to be paid to shareholders until net gains have been realized in excess of such amounts.

Capital Loss Available Through	Short-Term Capital Loss Amounts (000's)	Long-Term Capital Loss Amounts (000's)
Unlimited	\$28,455	\$—

The following table discloses the current year reclassifications between total distributable earnings (loss) and additional paid-in capital arising from permanent differences; net assets as of December 31, 2019 were not affected.

Total Distributable Earnings (Loss)	Additional Paid-In Capital
\$(5,254,665)	\$5,254,665

The reclassifications for the Portfolio are primarily due to merger related transactions.

During the years ended December 31, 2019, and December 31, 2018, the tax character of distributions paid as reflected in the Statements of Changes in Net Assets were as follows:

2019		2018	
Tax-Based Distributions from Ordinary Income	Tax-Based Distributions from Long-Term Gains	Tax-Based Distributions from Ordinary Income	Tax-Based Distributions from Long-Term Gains
\$14,795,365	\$27,429,043	\$25,664,252	\$12,542,925

## Note 5—Custodian

State Street is the custodian of cash and securities held by the Portfolio. Custodial fees are charged to the Portfolio based on the Portfolio's net assets and/or the market value of securities held by the Portfolio and the number of certain transactions incurred by the Portfolio.

## Note 6—Line of Credit

The Portfolio and certain other funds managed by New York Life Investments 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 July 30, 2019, under the credit agreement (the "Credit Agreement"), the aggregate commitment amount is \$600,000,000 with an additional uncommitted amount of \$100,000,000. The commitment fee is an annual rate of 0.15% of the average commitment amount payable quarterly, regardless of usage, to State Street, who serves as the agent to the syndicate. The commitment fee is allocated among the Portfolio and certain other funds managed by New York Life Investments based upon their respective net assets and other factors. Interest on any revolving credit loan is charged based upon the Federal Funds Rate or the one-month London Interbank Offered Rate ("LIBOR"), whichever is higher. The Credit Agreement expires on July 28, 2020, although the Portfolio, certain other funds managed by New York Life Investments and the syndicate of banks may renew the Credit Agreement for an additional year on the same or different terms. Prior to July 30, 2019, the aggregate commitment amount and the commitment fee were the same as those under the current Credit Agreement. During the year ended December 31, 2019, there were no borrowings made or outstanding with respect to the Portfolio under the Credit Agreement.

## Note 7—Interfund Lending Program

Pursuant to an exemptive order issued by the SEC, the Portfolio, along with certain other funds managed by New York Life Investments, may participate in an interfund lending program. The interfund lending program provides an alternative credit facility that permits the Portfolio

# Notes to Financial Statements (continued)

and certain other funds managed by New York Life Investments to lend or borrow money for temporary purposes directly to or from one another subject to the conditions of the exemptive order. During the year ended December 31, 2019, there were no interfund loans made or outstanding with respect to the Portfolio.

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

During the year ended December 31, 2019, purchases and sales of securities, other than short-term securities, were \$1,244,327 and \$1,420,240, respectively.

## Note 9—Capital Share Transactions

Transactions in capital shares for the years ended December 31, 2019 and December 31, 2018, were as follows:

Initial Class	Shares	Amount
Year ended December 31, 2019:		
Shares sold	1,083,800	\$ 11,864,785
Shares issued in connection with the acquisition of MainStay VP Epoch U.S. Small Cap Portfolio	20,218,171	228,363,711
Shares issued to shareholders in reinvestment of distributions	1,957,293	18,699,244
Shares redeemed	(17,249,518)	(181,221,905)
Net increase (decrease)	6,009,746	\$ 77,705,835
Year ended December 31, 2018:		
Shares sold	1,361,385	\$ 15,183,089
Shares issued to shareholders in reinvestment of distributions	1,419,572	17,294,347
Shares redeemed	(3,919,446)	(54,438,077)
Net increase (decrease)	(1,138,489)	\$ (21,960,641)

Service Class	Shares	Amount
Year ended December 31, 2019:		
Shares sold	1,425,683	\$ 14,881,725
Shares issued in connection with the acquisition of MainStay VP Epoch U.S. Small Cap Portfolio	17,008,219	190,690,001
Shares issued to shareholders in reinvestment of distributions	2,481,334	23,525,164
Shares redeemed	(4,919,326)	(52,020,617)
Net increase (decrease)	15,995,910	\$ 177,076,273
Year ended December 31, 2018:		
Shares sold	1,737,457	\$ 22,326,565
Shares issued to shareholders in reinvestment of distributions	1,726,885	20,912,830
Shares redeemed	(2,876,092)	(37,259,095)
Net increase (decrease)	588,250	\$ 5,980,300

## Note 10—Fund Acquisition

At a meeting held on December 10-12, 2018, the Board approved the Reorganization providing for the acquisition of the assets and liabilities of the VP Epoch U.S. Small Cap Portfolio in exchange for shares of the Portfolio, followed by the complete liquidation of the VP Epoch U.S. Small Cap Portfolio. The Reorganization was completed on April 30,

2019. The shareholders of VP Epoch U.S. Small Cap Portfolio received the same class of shares of the Portfolio in a tax-free transaction. The shares were issued at NAV on April 30, 2019. Refer to the Statements of Changes in Net Assets and Note 9 for details of the capital transactions in relation to the acquisition. New York Life Investments believed that the shareholders of the VP Epoch U.S. Small Cap Portfolio would benefit from the opportunity to participate in an investment option that is more focused on portfolio holdings consisting of securities issued by small capitalization companies with the potential for improved performance relative to the VP Epoch U.S. Small Cap Portfolio and lower net expenses after fee waivers and/or expense reimbursements with improved potential for economies of scale. The aggregate net assets of the Portfolio immediately before the Reorganization were \$285,816,327 and the combined net assets after the Reorganization were \$704,870,039.

The chart below shows a summary of net assets, shares outstanding, net asset value per share outstanding and total distributable earnings (loss), before and after the Reorganization:

	Before Reorganization		After Reorganization
	MainStay VP Epoch U.S. Small Cap Portfolio	MainStay VP MacKay Small Cap Core Portfolio	MainStay VP MacKay Small Cap Core Portfolio
<b>Net Assets:</b>			
Initial Class	\$228,363,711	\$131,840,813	\$360,204,524
Service Class	190,690,001	153,975,514	344,665,515
<b>Shares Outstanding:</b>			
Initial Class	22,566,613	11,672,520	31,890,691
Service Class	19,839,864	13,733,544	30,741,763
<b>Net Asset Value Per Share Outstanding:</b>			
Initial Class	\$ 10.12	\$ 11.29	\$ 11.29
Service Class	\$ 9.61	\$ 11.21	\$ 11.21
<b>Total distributable earnings (loss)</b>			
	\$ 4,934,894	\$ 33,371,139	\$ 44,231,305
Assuming the Reorganization had been completed on January 1, 2019, the beginning of the annual reporting period of the Portfolio, the Portfolio's pro forma results of operations for the year ended December 31, 2019, are as follows:			
Net investment income (loss)			\$ 3,205,071
Net realized and unrealized gain (loss)			45,795,699
Net change in net assets resulting from operations			\$49,000,770

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of the VP Epoch U.S. Small Cap Portfolio that have been included in the Portfolio's Statement of Operations since April 30, 2019.

For financial reporting purposes, assets received and shares issued by the Portfolio were recorded at fair value; however, the cost basis of the investments received from VP Epoch U.S. Small Cap Portfolio, in the amount of \$380,223,029 was carried forward to align ongoing reporting of the Portfolio's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes.

### **Note 11—Recent Accounting Pronouncement**

To improve the effectiveness of fair value disclosure requirements, the Financial Accounting Standards Board recently issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement (ASU 2018-13), which adds, removes, and modifies certain aspects relating to fair value disclosure. ASU 2018-13 is effective for interim and annual reporting periods beginning after December 15, 2019. For the year ended December 31, 2018, management evaluated the implications of certain other provisions of the ASU and determined to early adopt aspects related to the removal and modifications of certain fair value measurement disclosures under the ASU, which are currently in place as of December 31, 2019. At this time, management is evaluating the implications of certain other provisions of the ASU related to new disclosure requirements and any impact on the financial statement disclosures has not yet been determined.

### **Note 12—Subsequent Events**

In connection with the preparation of the financial statements of the Portfolio as of and for the year ended December 31, 2019, events and transactions subsequent to December 31, 2019, through the date the financial statements were issued have been evaluated by the Portfolio's management for possible adjustment and/or disclosure. No subsequent events requiring financial statement adjustment or disclosure have been identified, other than the following: Effective January 31, 2020, New York Life Investments has contractually agreed to waive fees and/or reimburse expenses so that the total annual operating expenses (excluding taxes, interest, litigation, extraordinary expenses, brokerage and other transaction expenses relating to the purchase or sale of portfolio investments, and acquired (underlying) fund fees and expenses) of Initial Class shares do not exceed 0.74% of average daily net assets. New York Life Investments will apply an equivalent waiver or reimbursement to Service Class shares. This agreement will remain in effect until May 1, 2021, 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.

# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of MainStay VP Funds Trust and Shareholders of  
MainStay VP MacKay Small Cap Core Portfolio

## Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of MainStay VP MacKay Small Cap Core Portfolio (one of the portfolios constituting MainStay VP Funds Trust, referred to hereafter as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statements of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the three years in the period ended December 31, 2019 and for the period May 2, 2016 (commencement of operations) through December 31, 2016 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2019 and the financial highlights for each of the three years in the period ended December 31, 2019 and for the period May 2, 2016 (commencement of operations) through December 31, 2016 in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinion

These financial statements are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on the Portfolio's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Portfolio in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2019 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
February 19, 2020

We have served as the auditor of one or more investment companies in the MainStay group of funds since 1984.

# Board Consideration and Approval of Management Agreement and Subadvisory Agreement (Unaudited)

The continuation of the Management Agreement with respect to the MainStay VP MacKay Small Cap Core Portfolio ("Portfolio") and New York Life Investment Management LLC ("New York Life Investments") and the Subadvisory Agreement between New York Life Investments and MacKay Shields LLC ("MacKay") with respect to the Portfolio (together, "Advisory Agreements"), following an initial term of up to two years, is subject to annual review and approval by the Board of Trustees of MainStay VP Funds Trust ("Board" of the "Trust") in accordance with Section 15 of the Investment Company Act of 1940, as amended ("1940 Act"). At its December 10-11, 2019 in-person meeting, the Board, including the Trustees who are not an "interested person" (as such term is defined in the 1940 Act) of the Trust ("Independent Trustees") voting separately, unanimously approved the continuation of each of the Advisory Agreements for a one-year period.

In reaching the decision to approve the continuation of each of the Advisory Agreements, the Board considered information furnished by New York Life Investments and MacKay in connection with an annual contract review process undertaken by the Board that took place at meetings of the Board and its Contracts Committee between October 2019 and December 2019, as well as other information furnished to the Board and its Committees throughout the year, as deemed relevant by the Trustees. Information requested by and furnished to the Board for consideration in connection with the contract review process included, among other items, reports on the Portfolio and "peer funds" prepared by Strategic Insight Mutual Fund Research and Consulting, LLC ("Strategic Insight"), an independent third-party service provider engaged by the Board to report objectively on the Portfolio's investment performance, management fee and total expenses. The Board also considered information on the fees charged to other investment advisory clients of New York Life Investments and/or MacKay that follow investment strategies similar to the Portfolio, if any, and, when applicable, the rationale for any differences in the Portfolio's management and sub-advisory fees and the fees charged to those other investment advisory clients. In addition, the Board considered information furnished by New York Life Investments and MacKay in response to requests prepared on behalf of the Board, and in consultation with the Independent Trustees, by independent legal counsel to the Independent Trustees, which encompassed a variety of topics, including those summarized below. The Board took into account information provided in connection with its meetings throughout the year, including, among other items, information regarding the legal standards and fiduciary obligations applicable to its consideration of the continuation of each of the Advisory Agreements and investment performance reports on the Portfolio prepared by the Investment Consulting Group of New York Life Investments as well as presentations from New York Life Investments and MacKay personnel. The Board also took into account other information received from New York Life Investments throughout the year, including, among other items, periodic reports on legal and compliance matters, risk management, portfolio turnover, brokerage commissions, sales and marketing activity and non-advisory services provided to the Portfolio by New York Life Investments. The contract review process, including the structure and format for materials provided to the Board, has been developed in consultation with the Board. The Independent Trustees also met in executive sessions with their independent legal counsel and, for a portion thereof, with senior management of New York Life Investments joining.

In addition to information provided to the Board throughout the year, the Board received information in connection with its June 2019 meeting provided specifically in response to requests prepared on behalf of the Board, and in consultation with the Independent Trustees, by independent legal counsel regarding the Portfolio's distribution arrangements. In addition, the Board received information regarding the Portfolio's asset levels, share purchase and redemption activity and the payment of Rule 12b-1 and/or other fees by applicable share classes of the Portfolio. New York Life Investments also provided the Board with information regarding the revenue sharing payments made by New York Life Investments from its own resources to insurance companies that issue variable contracts under which the Portfolio serves as an investment option or intermediaries that promote the sale, distribution and/or servicing of such variable contracts or the Portfolio's shares.

In considering the continuation of each of the Advisory Agreements, the Trustees reviewed and evaluated all of the information and factors they believed to reasonably be necessary and appropriate in light of legal advice furnished to them by independent legal counsel and through the exercise of their own business judgment. Although individual Trustees may have weighed certain factors or information differently, the factors considered by the Board are described in greater detail below and include, among other factors: (i) the nature, extent and quality of the services provided to the Portfolio by New York Life Investments and MacKay; (ii) the qualifications of the portfolio managers of the Portfolio and the historical investment performance of the Portfolio, New York Life Investments and MacKay; (iii) the costs of the services provided, and profits realized, by New York Life Investments and MacKay from their relationships with the Portfolio; (iv) the extent to which economies of scale have been realized or may be realized as the Portfolio grows and the extent to which economies of scale have benefited or may benefit the Portfolio's shareholders; and (v) the reasonableness of the Portfolio's management and subadvisory fees and total ordinary operating expenses, particularly as compared to any similar funds and accounts managed by New York Life Investments and/or MacKay. Although the Board recognized that comparisons between the Portfolio's fees and expenses and those of other funds are imprecise given different terms of agreements, variations in fund strategies and other factors, the Board considered the reasonableness of the Portfolio's management fee and total ordinary operating expenses as compared to the peer funds identified by Strategic Insight. Throughout their considerations, the Trustees acknowledged the commitment of New York Life Investments and its affiliates to serve the MainStay Group of Funds, as well as their capacity, experience, resources, financial stability and reputations.

The Trustees noted that, throughout the year, the Trustees are also afforded an opportunity to ask questions of, and request additional information or materials from, New York Life Investments and MacKay. The Board's conclusions with respect to each of the Advisory Agreements may have also been based, in part, on the Board's knowledge of New York Life Investments and MacKay resulting from, among other things, the Board's consideration of each of the Advisory Agreements in prior years, the advisory agreements for other funds in the MainStay Group of Funds, the Board's review throughout the year of the performance and operations of other funds in the MainStay Group of Funds and the Board's business judgment and industry experience. In addition to considering the above-referenced factors, the Board observed that in

# Board Consideration and Approval of Management Agreement and Subadvisory Agreement (Unaudited) (continued)

the marketplace, notably under variable life insurance policies and variable annuity contracts for which the Portfolio serves as an investment option, there are a range of investment options available to the Portfolio's shareholders and such shareholders, having had the opportunity to consider other investment options, have chosen to invest in the Portfolio. The factors that figured prominently in the Board's decision to approve the continuation of each of the Advisory Agreements during its December 10-11, 2019 in-person meeting are summarized in more detail below, and the Board did not consider any factor or information controlling in making such approval.

## Nature, Extent and Quality of Services Provided by New York Life Investments and MacKay

The Board examined the nature, extent and quality of the services that New York Life Investments provides to the Portfolio. The Board evaluated New York Life Investments' experience and capabilities in serving as manager of the Portfolio and considered that the Portfolio operates in a "manager-of-managers" structure. The Board also considered New York Life Investments' responsibilities under this structure, including evaluating the performance of MacKay, making recommendations to the Board as to whether the Subadvisory Agreement should be renewed, modified or terminated and periodically reporting to the Board regarding the results of New York Life Investments' evaluation and monitoring functions. The Board noted that New York Life Investments manages other mutual funds, serves a variety of other investment advisory clients, including other pooled investment vehicles, and has experience overseeing mutual fund service providers, including subadvisors. The Board considered the experience of senior personnel at New York Life Investments providing management and administrative and other non-advisory services to the Portfolio as well as New York Life Investments' reputation and financial condition. The Board observed that New York Life Investments devotes significant resources and time to providing management and non-advisory services to the Portfolio, including New York Life Investments' supervision and due diligence reviews of MacKay and ongoing analysis of, and interactions with, MacKay with respect to, among other things, the Portfolio's investment performance and risks as well as MacKay's investment capabilities and subadvisory services with respect to the Portfolio.

The Board also considered the range of services that New York Life Investments provides to the Portfolio under the terms of the Management Agreement, including: (i) fund accounting and ongoing supervisory services provided by New York Life Investments' Fund Administration and Accounting Group; (ii) investment supervisory and analytical services provided by New York Life Investments' Investment Consulting Group; (iii) compliance services provided by the Trust's Chief Compliance Officer as well as New York Life Investments' compliance department, including supervision and implementation of the Portfolio's compliance program; (iv) legal services provided by New York Life Investments' Office of the General Counsel; and (v) risk management monitoring and analysis by compliance and investment personnel. The Board noted that New York Life Investments provides certain other non-advisory services to the Portfolio. In addition, the Board considered New York Life Investments' willingness to invest in personnel, infrastructure, technology, operational enhancements, cyber security, information security, shareholder privacy resources and business continuity planning designed to benefit the Portfolio and noted that

New York Life Investments is responsible for compensating the Trust's officers, except for a portion of the salary of the Trust's Chief Compliance Officer. The Board recognized that New York Life Investments has provided an increasingly broad array of non-advisory services to the MainStay Group of Funds as a result of regulatory and other developments, including in connection with the designation of New York Life Investments as the administrator of the MainStay Group of Funds' liquidity risk management program adopted under the 1940 Act.

The Board also examined the nature, extent and quality of the investment advisory services that MacKay provides to the Portfolio. The Board evaluated MacKay's experience in serving as subadvisor to the Portfolio and advising other portfolios and MacKay's track record and experience in providing investment advisory services, the experience of investment advisory, senior management and administrative personnel at MacKay, and New York Life Investments' and MacKay's overall legal and compliance environment, resources and history. In addition to information provided in connection with its quarterly meetings with the Trust's Chief Compliance Officer, the Board considered that each of New York Life Investments and MacKay believes its compliance policies and procedures are reasonably designed to prevent violation of the federal securities laws and acknowledged their commitment to further developing and strengthening compliance programs relating to the Portfolio. The Board also considered the policies and procedures in place with respect to matters that may involve conflicts of interest between the Portfolio's investments and those of other accounts managed by MacKay. The Board reviewed MacKay's ability to attract and retain qualified investment professionals and willingness to invest in personnel to service and support the Portfolio. In this regard, the Board considered the experience of the Portfolio's portfolio managers, the number of accounts managed by the portfolio managers and the method for compensating the portfolio managers.

Based on these considerations, the Board concluded that the Portfolio would likely continue to benefit from the nature, extent and quality of these services.

## Investment Performance

In evaluating the Portfolio's investment performance, the Board considered investment performance results over various periods in light of the Portfolio's investment objective, strategies and risks, generally placing greater emphasis on the Portfolio's long-term performance track record. The Board considered investment reports on, and analysis of, the Portfolio's performance provided to the Board throughout the year by the Investment Consulting Group of New York Life Investments. These reports include, among other items, information on the Portfolio's gross and net returns, the Portfolio's investment performance compared to relevant investment categories and the Portfolio's benchmark, the Portfolio's risk-adjusted investment performance and the Portfolio's investment performance as compared to peer funds, as appropriate, as well as portfolio attribution information and commentary on the effect of current and recent market conditions. The Board also considered information provided by Strategic Insight showing the investment performance of the Portfolio as compared to peer funds.

The Board also gave weight to its discussions with senior management at New York Life Investments concerning the Portfolio's investment performance attributable to MacKay as well as discussions between the

Portfolio's portfolio managers and the members of the Board's Investment Committee, which generally occur on an annual basis. In addition, the Board considered any specific actions that New York Life Investments or MacKay had taken, or had agreed with the Board to take, to seek to enhance Portfolio investment performance and the results of those actions. In considering the investment performance of the Portfolio, the Board noted that the Portfolio underperformed its peer funds for the one- and three-year periods ended July 31, 2019. The Board considered its discussions with representatives from New York Life Investments and MacKay regarding the Portfolio's investment performance relative to that of its benchmark index and peer funds.

Based on these considerations, the Board concluded that its review of the Portfolio's investment performance and related information supported a determination to approve the continuation of each of the Advisory Agreements.

### **Costs of the Services Provided, and Profits Realized, by New York Life Investments and MacKay**

The Board considered information provided by New York Life Investments and MacKay with respect to the costs of the services provided under each of the Advisory Agreements. The Board also considered the profits realized by New York Life Investments and its affiliates, including MacKay, due to their relationships with the Portfolio. Because MacKay is an affiliate of New York Life Investments whose subadvisory fee is paid by New York Life Investments, not the Portfolio, the Board considered cost and profitability information for New York Life Investments and MacKay in the aggregate.

In addition, the Board acknowledged the difficulty in obtaining reliable comparative data about mutual fund managers' profitability, because such information generally is not publicly available and may be impacted by numerous factors, including the structure of a fund manager's organization, the types of funds it manages, the methodology used to allocate certain fixed costs to specific funds and the manager's capital structure and costs of capital.

In evaluating the costs of the services provided by New York Life Investments and MacKay and profits realized by New York Life Investments and its affiliates, including MacKay, the Board considered, among other factors, each party's continuing investments in, or willingness to invest in, personnel, systems, equipment and other resources and infrastructure to support and further enhance the management of the Portfolio, and that New York Life Investments is responsible for paying the subadvisory fee for the Portfolio. The Board also considered the financial resources of New York Life Investments and MacKay and acknowledged that New York Life Investments and MacKay must be in a position to attract and retain experienced professional personnel and to maintain a strong financial position for New York Life Investments and MacKay to continue to provide high-quality services to the Portfolio. The Board recognized that the Portfolio benefits from the allocation of certain fixed costs across the MainStay Group of Funds, among other expected benefits resulting from its relationship with New York Life Investments.

The Board considered information regarding New York Life Investments' methodology for calculating profitability and allocating costs provided by New York Life Investments in connection with the fund profitability

analysis presented to the Board. The Board previously engaged an independent third-party consultant to review the methods used to allocate costs to and among the funds in the MainStay Group of Funds. The Board noted that the independent consultant had concluded that New York Life Investments' methods for allocating costs and procedures for estimating overall profitability of the relationship with the funds in the MainStay Group of Funds are reasonable and that New York Life Investments continued to use the same method of calculating profit and allocating costs since the independent consultant's review. The Board recognized the difficulty in evaluating a manager's profitability with respect to the Portfolio and noted that other profitability methodologies may also be reasonable.

The Board also considered certain fall-out benefits that may be realized by New York Life Investments and MacKay and their affiliates due to their relationships with the Portfolio, including reputational and other indirect benefits. The Board recognized, for example, the benefits to MacKay from legally permitted "soft-dollar" arrangements by which brokers provide research and other services to MacKay in exchange for commissions paid by the Portfolio with respect to trades on the Portfolio's portfolio securities. In addition, the Board considered its review of a money market fund advised by New York Life Investments and an affiliated subadvisor that serves as an investment option for the Portfolio, including the potential rationale for and costs associated with investments in this money market fund by the Portfolio, if any, and considered information from New York Life Investments that the nature and type of specific investment advisory services provided to this money market fund are distinct from, or in addition to, the investment advisory services provided to the Portfolio. In addition, the Board requested and reviewed information regarding the Portfolio's securities lending activity and the corresponding potential dividend received tax deduction for insurance company affiliates of New York Life Investments.

The Board noted that the Portfolio serves as an investment option primarily under variable contracts issued by affiliates of New York Life Investments that would receive fees under those contracts. The Board observed that, in addition to fees earned by New York Life Investments for managing the Portfolio, New York Life Investments' affiliates also earn revenues from serving the Portfolio in various other capacities, including as the Portfolio's distributor. The Board considered information about these other revenues and their impact on the profitability of the relationship with the Portfolio to New York Life Investments and its affiliates. The Board noted that, although it assessed the overall profitability of the Portfolio to New York Life Investments and its affiliates as part of the contract review process, when considering the reasonableness of the fee paid to New York Life Investments and its affiliates under each of the Advisory Agreements, the Board considered the profitability of New York Life Investments' relationship with the Portfolio on a pre-tax basis and without regard to distribution expenses incurred by New York Life Investments from its own resources.

After evaluating the information deemed relevant by the Trustees, the Board concluded that any profits realized by New York Life Investments and its affiliates, including MacKay, due to their relationships with the Portfolio were not excessive.

# Board Consideration and Approval of Management Agreement and Subadvisory Agreement (Unaudited) (continued)

## Management and Subadvisory Fees and Total Ordinary Operating Expenses

The Board evaluated the reasonableness of the fee paid under each of the Advisory Agreements and the Portfolio's total ordinary operating expenses. The Board primarily considered the reasonableness of the management fee paid by the Portfolio to New York Life Investments, because the subadvisory fee paid to MacKay is paid by New York Life Investments, not the Portfolio. The Board also considered the reasonableness of the subadvisory fee paid by New York Life Investments and the amount of the management fee retained by New York Life Investments.

In assessing the reasonableness of the Portfolio's fees and expenses, the Board primarily considered comparative data provided by Strategic Insight on the fees and expenses charged by similar mutual funds managed by other investment advisers. In addition, the Board considered information provided by New York Life Investments and MacKay on fees charged to other investment advisory clients, including institutional separate accounts and/or other funds that follow investment strategies similar to those of the Portfolio, if any. The Board considered the similarities and differences in the contractual management fee schedules of the Portfolio and these similarly-managed accounts and/or funds, taking into account the rationale for any differences in fee schedules. The Board also took into account explanations provided by New York Life Investments about the more extensive scope of services provided to registered investment companies, such as the Portfolio, as compared with other investment advisory clients. Additionally, the Board considered the impact of any contractual breakpoints, voluntary waivers and expense limitation arrangements on the Portfolio's net management fee and expenses. The Board also considered that in proposing fees for the Portfolio, New York Life Investments considers the competitive marketplace for mutual funds.

Based on the factors outlined above, the Board concluded that the Portfolio's management fee and total ordinary operating expenses were within a range that is competitive and support a conclusion that these fees and expenses are reasonable.

## Economies of Scale

The Board considered information regarding economies of scale, including whether the Portfolio's expense structure permits economies of scale to be appropriately shared with the Portfolio's beneficial shareholders. The Board also considered a report from New York Life Investments, previously prepared at the request of the Board, that addressed economies of scale, including with respect to the mutual fund business generally and the various ways in which the benefits of economies of scale may be shared with the funds in the MainStay Group of Funds. Although the Board recognized the difficulty of determining future economies of scale with precision, the Board acknowledged that economies of scale may be shared with the Portfolio in a number of ways, including, for example, through the imposition of management fee breakpoints, initially setting management fee rates at scale or making additional investments to enhance services. The Board reviewed information from New York Life Investments showing how the Portfolio's management fee schedule compared to fee schedules of other funds and accounts managed by New York Life Investments. The Board also reviewed information from Strategic Insight showing how the Portfolio's

management fee schedule compared with fees paid for similar services by peer funds at varying asset levels.

Based on this information, the Board concluded that economies of scale are appropriately reflected for the benefit of the Portfolio's beneficial shareholders through the Portfolio's expense structure and other methods to share benefits from economies of scale.

## Conclusion

On the basis of the information and factors summarized above and the evaluation thereof, the Board, including the Independent Trustees voting separately, unanimously voted to approve the continuation of each of the Advisory Agreements.



## 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 Portfolio's securities is available free of charge upon request (i) by calling 800-598-2019; (ii) by visiting New York Life Investments' website at <https://www.nylinvestments.com/mainstay/products-and-performance/mainstay-vp-funds-trust>; or (iii) by visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

The Portfolio is required to file with the SEC its proxy voting record for the 12-month period ending June 30 on Form N-PX. The Portfolio's most recent Form N-PX or proxy voting record is available free of charge upon request (i) by calling 800-598-2019; (ii) by visiting New York Life Investments' website at <https://www.nylinvestments.com/mainstay/products-and-performance/mainstay-vp-funds-trust>; or (iii) by visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

## Shareholder Reports and Quarterly Portfolio Disclosure

The Portfolio is required to file its complete schedule of portfolio holdings with the SEC 60 days after its first and third fiscal quarter on Form N-PORT. The Portfolio's holdings report is available free of charge upon request by calling 800-598-2019 or by visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

# Board of Trustees and Officers (Unaudited)

The Trustees and officers of the Funds are listed below. The Board oversees the MainStay Group of Funds (which consists of MainStay Funds and MainStay Funds Trust), MainStay VP Funds Trust, MainStay MacKay DefinedTerm Municipal Opportunities Fund, the Manager and the Subadvisors, and elects the officers of the Funds who are responsible for the day-to-day operations of the Funds. Information pertaining to the Trustees and officers is set forth below. Each Trustee serves until his or her successor is elected and qualified or until his or her

resignation, death or removal. Under the Board's retirement policy, unless an exception is made, a Trustee must tender his or her resignation by the end of the calendar year during which he or she reaches the age of 75. Officers are elected annually by the Board. The business address of each Trustee and officer listed below is 51 Madison Avenue, New York, New York 10010. A majority of the Trustees are not "interested persons" (as defined by the 1940 Act and rules adopted by the SEC thereunder) of the Fund ("Independent Trustees").

	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 Trustee	Other Directorships Held by Trustee
Interested Trustee	Yie-Hsin Hung* 8/12/62	<b>MainStay VP Funds Trust:</b> Trustee since 2017	Senior Vice President of New York Life since joining in 2010, Member of the Executive Management Committee since 2017, Chief Executive Officer, New York Life Investment Management Holdings LLC & New York Life Investment Management LLC since 2015. Senior Managing Director and Co-President of New York Life Investment Management LLC from January 2014 to May 2015. Previously held positions of increasing responsibility, including head of NYLIM International, Alternative Growth Businesses, and Institutional investments since joining New York Life in 2010.	76	<i>MainStay Funds:</i> Trustee since 2017 (12 Funds); <i>MainStay Funds Trust:</i> Trustee since 2017 (32 Funds); and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2017.

\* This Trustee is considered to be an "interested person" of the MainStay Group of Funds within the meaning of the 1940 Act because of her affiliation with New York Life Insurance Company, New York Life Investment Management LLC, Candriam Belgium, S.A., Candriam Luxembourg, S.C.A., MacKay Shields LLC, NYL Investors 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."

## Independent Trustees

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 Trustee	Other Directorships Held by Trustee
<b>David H. Chow</b> 12/29/57	<b>MainStay VP Funds Trust:</b> Trustee since 2016, Advisory Board Member (June 2015 to December 2015).	Founder and CEO, DanCourt Management, LLC (since 1999)	76	<i>MainStay Funds:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (12 Funds); <i>MainStay Funds Trust:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (32 Funds); <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <i>Market Vectors Group of Exchange-Traded Funds:</i> Independent Chairman of the Board of Trustees since 2008 and Trustee since 2006 (57 portfolios); and <i>Berea College of Kentucky:</i> Trustee since 2009.
<b>Susan B. Kerley</b> 8/12/51	<b>MainStay VP Funds Trust:</b> Chairman since January 2017 and Trustee since 2007***	President, Strategic Management Advisors LLC (since 1990)	76	<i>MainStay Funds:</i> Chairman since 2017 and Trustee since 2007 (12 Funds); <i>MainStay Funds Trust:</i> Chairman since 2017 and Trustee since 1990. (32 Funds)**; <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Chairman since 2017 and Trustee since 2011; and <i>Legg Mason Partners Funds:</i> Trustee since 1991 (54 portfolios).
<b>Alan R. Latshaw</b> 3/27/51	<b>MainStay VP Funds Trust:</b> Trustee 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)	76	<i>MainStay Funds:</i> Trustee since 2006 (12 Funds); <i>MainStay Funds Trust:</i> Trustee since 2007. (32 Funds)** <i>MainStay MacKay 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>Richard H. Nolan, Jr.</b> 11/16/46	<b>MainStay VP Funds Trust:</b> Trustee since 2006***.	Managing Director, ICC Capital Management (since 2004); President—Shields/Alliance, Alliance Capital Management (1994 to 2004)	76	<i>MainStay Funds:</i> Trustee since 2007 (12 Funds); <i>MainStay Funds Trust:</i> Trustee since 2007 (32 Funds)**; and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.

Independent Trustees

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 Trustee	Other Directorships Held by Trustee
<b>Jacques P. Perold</b> 5/12/58	<b>MainStay VP Funds Trust:</b> Trustee since 2016, Advisory Board Member (June 2015 to December 2015).	Retired; President, Fidelity Management & Research Company (2009 to 2014); Founder, President and Chief Executive Officer, Geode Capital Management, LCC (2001 to 2009)	76	<i>MainStay Funds:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (12 Funds); <i>MainStay Funds Trust:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015) (32 Funds); <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2016, Advisory Board Member (June 2015 to December 2015); <i>Allstate Corporation:</i> Director since 2015; <i>MSCI, Inc.:</i> Director since 2017 and <i>Boston University:</i> Trustee since 2014.
<b>Richard S. Trutanic</b> 2/13/52	<b>MainStay VP 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)	76	<i>MainStay Funds:</i> Trustee since 1994 (12 Funds); <i>MainStay Funds Trust:</i> Trustee since 2007 (32 Funds)**; and <i>MainStay MacKay DefinedTerm Municipal Opportunities Fund:</i> Trustee since 2011.

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

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

Officers of the Trust (Who are not Trustees)\*

Name and Date of Birth	Position(s) Held and Length of Service	Principal Occupation(s) During Past Five Years
<b>Kirk C. Lehneis</b> 6/29/74	President, MainStay VP Funds Trust (since 2017)	Chief Operating Officer and Senior Managing Director (since 2016), New York Life Investment Management LLC; Chairman of the Board (since 2017), NYLIFE Distributors LLC; Chairman of the Board, NYLIM Service Company LLC (since 2017); Trustee, President and Principal Executive Officer of IndexIQ Trust, IndexIQ ETF Trust and IndexIQ Active ETF Trust (since January 2018); President, MainStay MacKay DefinedTerm Municipal Opportunities Fund, MainStay Funds and MainStay Funds Trust (since 2017)**; Senior Managing Director, Global Product Development (From 2015—2016); Managing Director, Product Development (From 2010—2015), New York Life Investment Management LLC
<b>Jack R. Benintende</b> 5/12/64	Treasurer and Principal Financial and Accounting Officer, MainStay VP Funds Trust (since 2007)**	Managing Director, New York Life Investment Management LLC (since 2007); Treasurer and Principal Financial and Accounting Officer, MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2011), MainStay Funds Trust (since 2009) and MainStay Funds (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, MainStay VP Funds Trust (since 2014)	Chief Compliance Officer, New York Life Investment Management LLC, IndexIQ Trust, IndexIQ ETF Trust and IndexIQ Active ETF Trust (since 2016), Director and Associate General Counsel (2011 to 2014) and Vice President and Assistant General Counsel (2010 to 2011), New York Life Investment Management LLC; Vice President and Chief Compliance Officer, MainStay Funds, MainStay Funds Trust and MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2014); Assistant Secretary, MainStay Funds, MainStay Funds Trust and MainStay VP Funds Trust (2010 to 2014)**; MainStay MacKay DefinedTerm Municipal Opportunities Fund (2011 to 2014)
<b>J. Kevin Gao</b> 10/13/67	Secretary and Chief Legal Officer, MainStay VP Funds Trust (since 2010)**	Managing Director and Associate General Counsel, New York Life Investment Management LLC (since 2010); Secretary and Chief Legal Officer, MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2011), MainStay Funds and MainStay Funds Trust (since 2010)
<b>Scott T. Harrington</b> 2/8/59	Vice President—Administration, MainStay VP Funds Trust (since 2005)**	Managing 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, MainStay MacKay DefinedTerm Municipal Opportunities Fund (since 2011), MainStay Funds Trust (since 2009) and MainStay Funds (since 2005)

\* The officers listed above are considered to be “interested persons” of the MainStay Group of Funds, MainStay VP Funds Trust and MainStay MacKay Defined Term Municipal Opportunities Fund within the meaning of the 1940 Act because of their affiliation with the MainStay Group of Funds, New York Life Insurance Company and/or its affiliates, including New York Life Investment Management LLC, NYLIM Service Company 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.

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

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# MainStay VP Portfolios

MainStay VP offers a wide range of Portfolios. The full array of MainStay VP offerings is listed here, with information about the manager, subadvisors, legal counsel, and independent registered public accounting firm.

## Equity Portfolios

MainStay VP Eagle Small Cap Growth Portfolio  
MainStay VP Emerging Markets Equity Portfolio  
MainStay VP Epoch U.S. Equity Yield Portfolio  
MainStay VP Fidelity Institutional AM® Utilities Portfolio†  
MainStay VP Large Cap Growth Portfolio  
MainStay VP MacKay Common Stock Portfolio  
MainStay VP MacKay Growth Portfolio  
MainStay VP MacKay International Equity Portfolio  
MainStay VP MacKay Mid Cap Core Portfolio  
MainStay VP MacKay S&P 500 Index Portfolio  
MainStay VP MacKay Small Cap Core Portfolio  
MainStay VP Mellon Natural Resources Portfolio  
MainStay VP T. Rowe Price Equity Income Portfolio

## Mixed Asset Portfolios

MainStay VP Balanced Portfolio  
MainStay VP Income Builder Portfolio  
MainStay VP Janus Henderson Balanced Portfolio  
MainStay VP MacKay Convertible Portfolio

## Income Portfolios

MainStay VP Bond Portfolio  
MainStay VP Floating Rate Portfolio  
MainStay VP Indexed Bond Portfolio  
MainStay VP MacKay Government Portfolio  
MainStay VP MacKay High Yield Corporate Bond Portfolio  
MainStay VP MacKay Unconstrained Bond Portfolio  
MainStay VP PIMCO Real Return Portfolio

## Money Market

MainStay VP U.S. Government Money Market Portfolio

## Alternative

MainStay VP Cushing Renaissance Advantage Portfolio  
MainStay VP IQ Hedge Multi-Strategy Portfolio

## Asset Allocation Portfolios

MainStay VP Conservative Allocation Portfolio  
MainStay VP Growth Allocation Portfolio  
MainStay VP Moderate Allocation Portfolio  
MainStay VP Moderate Growth Allocation Portfolio

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## Manager

**New York Life Investment Management LLC**  
New York, New York

## Subadvisors

**Candriam Belgium S.A.\***  
Brussels, Belgium

**Cushing Asset Management, LP**  
Dallas, Texas

**Eagle Asset Management, Inc.**  
St Petersburg, Florida

**Epoch Investment Partners, Inc.**  
New York, New York

**FIAM LLC**  
Smithfield, Rhode Island

**IndexIQ Advisors LLC\***  
New York, New York

**Janus Capital Management LLC**  
Denver, Colorado

**MacKay Shields LLC\***  
New York, New York

**Mellon Investments Corporation**  
Boston, Massachusetts

**NYL Investors LLC\***  
New York, New York

**Pacific Investment Management Company LLC**  
Newport Beach, California

**T. Rowe Price Associates, Inc.**  
Baltimore, Maryland

**Winslow Capital Management, LLC**  
Minneapolis, Minnesota

## Distributor

**NYLIFE Distributors LLC\***  
Jersey City, New Jersey

## Custodian

**State Street Bank and Trust Company**  
Boston, Massachusetts

## Independent Registered Public Accounting Firm

**PricewaterhouseCoopers LLP**  
New York, New York

## Legal Counsel

**Dechert LLP**  
Washington, District of Columbia

Some Portfolios may not be available in all products.

† Fidelity Institutional AM is a registered trade mark of FMR LLC. Used with permission.

\* An affiliate of New York Life Investment Management LLC

# 2019 Annual Report

This report is for the general information of New York Life Variable Annuities and NYLIAC Variable Universal Life Insurance Products policyowners. It must be preceded or accompanied by the appropriate product(s) and funds prospectuses if it is given to anyone who is not an owner of a New York Life variable annuity policy or a NYLIAC Variable Universal Life Insurance Product. This report does not offer for sale or solicit orders to purchase securities.

The performance data quoted in this report represents past performance. Past performance is no guarantee of future results. Due to market volatility and other factors, current performance may be lower or higher than the figures shown. The most recent month-end performance summary for your variable annuity or variable life policy is available by calling 800-598-2019 and is updated periodically on [www.newyorklife.com](http://www.newyorklife.com).

The New York Life Variable Annuities and NYLIAC Variable Universal Life Insurance Products are issued by New York Life Insurance and Annuity Corporation (a Delaware Corporation) and distributed by NYLIFE Distributors LLC (Member FINRA/SIPC).

## **New York Life Insurance Company**

New York Life Insurance and Annuity Corporation (NYLIAC) (A Delaware Corporation)

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New York, NY 10010

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New York Life Investment Management LLC is the investment manager to the MainStay VP Funds Trust

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