MainStay MacKay DefinedTerm Municipal Opportunities Fund
Form N-CSRS
February 04, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act File Number 811-22551

MAINSTAY MACKAY DEFINEDTERM MUNICIPAL OPPORTUNITIES FUND

(Exact name of Registrant as specified in charter)

51 Madison Avenue, New York, NY 10010

(Address of principal executive offices) (Zip code)

J. Kevin Gao, Esq.

30 Hudson Street

Jersey City, New Jersey 07302

(Name and address of agent for service)

Registrant s telephone number, including area code: (212) 576-7000

Date of fiscal year end: May 31

Date of reporting period: November 30, 2018

FORM N-CSR

Item 1. Reports to Stockholders.

MainStay MacKay DefinedTerm Municipal Opportunities Fund

(Formerly known as MainStay DefinedTerm Municipal Opportunities Fund)

Message from the President and Semiannual Report

Unaudited | November 30, 2018 | NYSE Symbol **MMD**

Beginning on January 1, 2021, paper copies of MainStay Fund annual and semiannual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports from MainStay Funds or from your financial intermediary. Instead, the reports will be made available on the MainStay Funds website. You will be notified by mail and provided with a website address to access the report each time a new report is posted to the website.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. At any time, you may elect to receive reports and other communications from MainStay Funds electronically by calling toll-free 800-624-6782, by sending an e-mail to MainStayShareholderServices@nylim.com, or by contacting your financial intermediary.

You may elect to receive all future shareholder reports in paper form free of charge. If you hold shares of a MainStay Fund directly, you can inform MainStay Funds that you wish to receive paper copies of reports by calling toll-free 800-624-6782 or by sending an e-mail to MainStayShareholderServices@nylim.com. If you hold shares of a MainStay Fund through a financial intermediary, please contact the financial intermediary to make this election. Your election to receive reports in paper form will apply to all MainStay Funds in which you are invested and may apply to all funds held with your financial intermediary.

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Message from the President

During the six-months ended November 30, 2018, municipal bonds provided mixed performance. Most of the sector experienced mild price declines on pressure from rising interest rates. However, municipal bond returns improved during the closing month of the reporting period as inflationary concerns subsided.

Positive core U.S. economic data bolstered returns for most fixed-income securities during the first three months of the reporting period. Municipal bonds further benefited from positive supply and demand dynamics, with new issuances down significantly from 2017 and strong demand from individual investors. However, concerns about rising interest rates, along with global trade tensions and uncertainties regarding future U.S. economic growth drove bond prices lower in September and October 2018. All types and durations of bonds struggled in this environment, with longer-term instruments tending to underperform shorter-term ones, high-yield securities underperforming higher-grade ones, and all grades of corporate bonds underperforming more conservative government issues. While municipal bonds declined as well, most outperformed their taxable government and corporate counterparts.

In November 2018, dovish comments by Jerome Powell, Chairman of the Federal Reserve Board, regarding future interest rate hikes eased investors inflation-related concerns and bonds recovered much of the ground they d lost in the previous months. Municipal bonds also benefited from positive state and local trends in revenue and economic growth. Municipal bonds issued by Puerto Rico and the U.S. Virgin Islands rebounded strongly as the territories recovered from the impact of hurricanes that occurred in 2017.

In the U.S. stock market, equities generally gained ground, despite high levels of volatility. While stock prices were supported by continued economic growth and rising levels of corporate earnings, they were also buffeted by the inflation, trade and growth concerns affecting bond markets. Economic growth in the rest of the world proved more moderate. Despite gradual improvements in the decade since the 2007-2008 financial crisis, much of the developed world outside of the United States continued to exhibit relatively modest gross domestic product (GDP) growth rates and high levels of unemployment. International stock markets were further undermined by increasingly protectionist U.S. trade policies.

The report that follows contains additional information on the market events, investment decisions and specific securities that shaped the performance of MainStay MacKay DefinedTerm Municipal Opportunities Fund during the six months ended November 30, 2018. We encourage you to read the report carefully and use it to evaluate your Fund s performance in light of your long-range financial plan.

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.

Not part of the Semiannual Report

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Semiannual Report

Certain material in this report may include statements that constitute forward-looking statements under the U.S. securities laws. Forward-looking statements include, among other things, projections, estimates and information about possible or future results or events related to the Fund, market or regulatory developments. The views expressed herein are not guarantees of future performance or economic results and involve certain risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially from the views expressed herein. The views expressed herein are subject to change at any time based upon economic, market, or other conditions and the Fund undertakes no obligation to update the views expressed herein.

Fund Performance and Statistics (Unaudited)

Performance data quoted represents past performance of Common shares of the Fund. 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. For performance information current to the most recent month-end, please visit nylinvestments.com/mmd.

Total Returns	**Six months**	**One Year**	**Five Years**	**Since Inception 6/26/12**
Net Asset Value (NAV)[1]	1.17%	4.56%	9.68%	6.96%
Market Price[1]	3.41	5.33	11.84	6.17
Bloomberg Barclays Municipal Bond Index[2]	0.42	1.13	3.52	2.83
Morningstar Muni National Long Category Average[3]	0.59	0.31	6.04	4.58

Fund Statistics (as of November 30, 2018)

NYSE Symbol	MMD	Premium/Discount[4]	1.46%
CUSIP	56064K100	Total Net Assets (millions)	$ 546.7
Inception Date	6/26/12	Total Managed Assets (millions)[5]	$ 864.7
Market Price	$19.55	Leverage[6]	36.5%
NAV	$19.84	Percent of AMT Bonds[7]	1.91%

1. Total returns assume dividends and capital gains distributions are reinvested. For periods of less than one year, total return is not annualized.
2. The Bloomberg Barclays Municipal Bond Index is considered representative of the broad market for investment-grade, tax-exempt bonds with a maturity of at least one year. Bonds subject to the alternative minimum tax or with floating or zero coupons are excluded. An investment cannot be made directly in an index.
3. The Morningstar Muni National Long Category Average is representative of funds that invest in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. These portfolios have durations of more than 7 years. Results are based on average total returns of similar funds with all dividends and capital gain distributions reinvested.
4. Premium/Discount is the percentage (%) difference between the market price and the NAV. When the market price

exceeds the NAV, the Fund is
trading at a premium. When the market price is less than the NAV, the Fund is trading at a discount.

5. Managed Assets is defined as the Fund s total assets, minus the sum of its accrued liabilities (other than Fund liabilities incurred for the purpose of creating effective leverage (i.e. tender option bonds) or Fund liabilities related to liquidation preference of any Preferred shares issued).
6. Leverage is based on the use of proceeds received from tender option bond transactions, issuance of Preferred shares, funds borrowed from banks or other institutions or derivative transactions, expressed as a percentage of Managed Assets.
7. Alternative Minimum Tax (AMT) is a separate tax computation under the Internal Revenue Code that, in effect, eliminates many deductions and credits and creates a tax liability for an individual who would otherwise pay little or no tax.

Portfolio Composition as of November 30, 2018 (Unaudited)

Puerto Rico (a)	17.5%
Illinois	15.9
California	10.6
Michigan	9.6
Texas	6.2
New York	4.9
Florida	4.7
U.S. Virgin Islands	3.2
Virginia	3.1
Washington	3.1
Maryland	2.6
Pennsylvania	2.6
Nebraska	2.5
Kansas	2.4
Ohio	1.9
Rhode Island	1.9
Guam	1.8%
Nevada	1.6
South Carolina	1.3
New Jersey	0.7
North Dakota	0.5
District of Columbia	0.4
New Hampshire	0.4
Colorado	0.3
Arizona	0.2
Georgia	0.2
Minnesota	0.2
Wisconsin	0.1
Other Assets, Less Liabilities	0.4
	100.0%

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

Top Ten Holdings or Issuers Held as of November 30, 2018# (Unaudited)

1. Commonwealth of Puerto Rico, Public Improvement, Unlimited General Obligation, 4.50% 6.00%, due 7/1/19 7/1/37 (b)
2. Great Lakes Water Authority, Sewage Disposal System, Revenue Bonds, 5.00% 5.25%, due 7/1/32 7/1/39
3. Puerto Rico Highway & Transportation Authority, Revenue Bonds, 4.95% 5.50%, due 7/1/25 7/1/36 (b)
4. Texas Water Development Board, Revenue Bonds, 5.00%, due 4/15/49
5. County of Orange FL Tourist Development Tax Revenue, Revenue Bonds, 4.00%, due 10/10/33
6. University of California, Regents Medical Center, Revenue Bonds, 5.00%, due 5/15/43
7. Chicago Board of Education, Unlimited General Obligation, 5.50% 7.00%, due 12/1/39 12/1/44
8. Michigan Finance Authority, Trinity Health Corp., Revenue Bonds, 5.25%, due 12/1/41
9. Sales Tax Securitization Corp., Revenue Bonds, 5.25%, due 1/1/48 (b)
10. Maryland Health & Higher Educational Facilities Authority, Johns Hopkins Health System Obligated Group, Revenue Bonds, 5.00%, due 5/15/43

Credit Quality as of November 30, 2018 (Unaudited)

As a percentage of Managed Assets.

Some of these holdings have been transferred to a Tender Option Bond (TOB) Issuer in exchange for the TOB residuals and cash.

As a percentage of total investments.

(a) As of November 30, 2018, 94.6% of the Puerto Rico municipal securities held by the Fund were insured and all bonds continue to pay full principal and interest.

(b) Municipal security may feature credit enhancements, such as bond insurance.

Portfolio Management Discussion and Analysis (Unaudited)

Questions answered by portfolio managers Robert DiMella, CFA, John Loffredo, CFA, Michael Petty, Scott Sprauer and David Dowden of MacKay Shields LLC, the Fund s Subadvisor.

How did MainStay MacKay DefinedTerm Municipal Opportunities Fund perform relative to its benchmark and peer group during the six months ended November 30, 2018?

For the six months ended November 30, 2018, MainStay MacKay DefinedTerm Municipal Opportunities Fund returned 1.17% based on net asset value applicable to Common shares and 3.41% based on market price. At net asset value and at market price, the Fund outperformed the 0.42% return of the Bloomberg Barclays Municipal Bond Index and the 0.59% return of the Morningstar Muni National Long Category Average[1].

What factors affected the Fund s relative performance during the reporting period?

The Fund s performance relative to the Bloomberg Barclays Municipal Bond Index (the Index) benefited from an overweight exposure to credit during the reporting period. The Fund s weighting in AAA[2] and AA+[3] securities at the end of the reporting period was 9.99%, compared to the benchmark s 39.16% weighting. Securities rated BBB+[4] and lower held by the Fund made a significant contribution to relative performance, whereas the contribution from securities rated BBB+ and lower added only minimally to Index returns. (Contributions take weightings and total returns into account.) The Fund s overweight position relative to the Index in insured Puerto Rico securities, as well as unenhanced bonds from the Virgin Islands, further contributed positively to relative performance as the economy in each territory recovered following the 2017 hurricanes.

The Fund s high-grade, long-duration securities detracted from relative performance as seen in the Bloomberg Valuation Service AAA yield curve,[5] which underwent a steepening sell-off with rates higher by 30 basis points for bonds maturing in

30 years compared to only 10 basis points for bonds maturing in 10 years. (A basis point is one one-hundredth of a percentage point.)

Toward the end of the reporting period, several high-yield municipal bond mutual funds experienced fund outflows that led the tobacco sector to underperform, which in turn caused the Fund s tobacco securities to detract from relative performance.

How was the Fund s leverage strategy implemented during the reporting period?

The Fund increased its leverage utilizing tender option bonds (TOBs)[6] during the reporting period. Increasing the leverage allowed the Fund to reduce its spread[7] duration[8] risk and maintain an attractive dividend for Fund shareholders. This reduction in credit risk is in line with changes to the Fund s allocation strategy over the past six months.

During the reporting period, how was the Fund s performance materially affected by investments in derivatives?

The Fund employed tender option bonds (TOBs) to maintain leverage during the reporting period, unwinding one TOB for tax loss swap purposes and adding two additional TOB positions to support monthly dividends. While the municipal market witnessed volatility, the yield curve continued to benefit common stock shareholders with a positive carry[9] on leveraged assets.

What was the Fund s duration strategy during the reporting period?

The Fund s duration was targeted to remain in a neutral range relative to the Fund s investable universe as outlined in the Fund s prospectus. At the end of the reporting period, the Fund s modified duration to worst[10] was 4.02 years unlevered, or 6.38 years leveraged.

1. See page 5 for more information on benchmark and peer group returns.
2. An obligation rated AAA has the highest rating assigned by Standard & Poor s (S&P), and in the opinion of S&P, the obligor s capacity to meet its financial commitment on the obligation is extremely strong. When applied to Fund holdings, ratings are based solely on the creditworthiness of the bonds in the portfolio and are not meant to represent the security or safety of the Fund.
3. An obligation rated AA by S&P is deemed by S&P to differ from the highest-rated obligations only to a small degree. In the opinion of S&P, the obligor s capacity to meet its financial commitment on the obligation is very strong. When applied to Fund holdings, ratings are based solely on the creditworthiness of the bonds in the portfolio and are not meant to represent the security or safety of the Fund. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus ( ) sign to show relative standing within the major rating categories.
4. An obligation rated BBB by S&P is deemed by S&P to exhibit adequate protection parameters. In the opinion of S&P, however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. When applied to Fund holdings, ratings are based solely on the creditworthiness of the bonds in the portfolio and are not meant to represent the security or safety of the Fund.
5. The yield curve is a line that plots the yields of various securities of similar quality typically U.S. Treasury issues across a range of maturities. The U.S. Treasury yield curve serves as a benchmark for other debt and is used in economic forecasting.
6. Tender option bonds are obligations that grant the bondholder the right to require the issuer or a third party (e.g., a tender agent) to purchase the bonds, usually at par, at certain times or under certain conditions prior to maturity. The tender option right is usually available to the investor on a periodic basis. Often, these are floating-rate securities, with the put option exercisable on the dates when the floating rate changes.
7. The terms spread and yield spread may refer to the difference in yield between a security or type of security and comparable U.S. Treasury issues. The terms may also refer to the difference in yield between two specific securities or types of securities at a given time.
8. Duration is a measure of the price sensitivity of a fixed-income investment to changes in interest rates. Duration is expressed as a number of years and is considered a more accurate sensitivity gauge than average maturity.
9. Carry is the interest cost of financing securities. A positive carry occurs when the return from a security exceeds the financing cost. A negative carry occurs when the financing cost exceeds the return on the security that has been financed.
10. Modified duration is inversely related to the approximate percentage change in price for a given change in yield. Duration to worst is the duration of a bond computed using the bond s nearest call date or maturity, whichever comes first. This measure ignores future cash flow fluctuations due to embedded optionality.

During the reporting period, which sectors were the strongest positive contributors to the Fund s relative performance and which sectors were particularly weak?

The Fund s overweight exposure to the special tax bond sector provided the strongest contribution to relative performance during the reporting period as investors looked to dedicated revenue sources for incremental income. As discussed earlier, the tobacco sector underperformed.

What were some of the Fund s largest purchases and sales during the reporting period?

Following the devastating impact of Hurricanes Maria and Irma in 2017, the Fund continued to maintain exposure to securities in both of these territories. However, the Fund reduced high dollar price insured Puerto Rico securities in favor of lower dollar price unenhanced securities.

In August 2018, the Commonwealth released its updated negotiations with creditors of Puerto Rico Aqueduct and Sewer

Authority (PRASA) bonds that showed the Commonwealth asking for minimal reductions in value. Based on the improving

economic picture, increased federal funding and the dedicated security of PRASA bonds, the Fund initiated a new position in unenhanced PRASA bonds. While the Fund maintained significant exposure to insured Puerto Rico securities, this marked the second issuer in which the Fund invested on an unenhanced basis (the other being unenhanced Puerto Rico Tobacco bonds).

How did the Fund s sector weightings change during the reporting period?

As Fund strategy did not materially change from the prior reporting period, there were no major changes to the sector weightings of the Fund.

How was the Fund positioned at the end of the reporting period?

As of November 30, 2018, the Fund held an overweight position in special tax and U.S. territory debt relative to the Index. As of the same date, the Fund also held an overweight position relative to the Index in credits rated AA and credits rated BBB and below.

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.

Portfolio of Investments November 30, 2018 (Unaudited)

	Principal Amount	Value
Municipal Bonds 158.7%		
Arizona 0.3% (0.2% of Managed Assets)		
Phoenix Industrial Development Authority, Espiritu Community Development Corp., Revenue Bonds		
Series A		
6.25%, due 7/1/36	$ 1,985,000	$ 1,903,297
California 16.7% (10.6% of Managed Assets)		
California Municipal Finance Authority, LAX Integrated Express Solutions Project, Revenue Bonds (a)		
Series A		
5.00%, due 12/31/33	3,800,000	4,208,728
Series A		
5.00%, due 12/31/34	4,000,000	4,406,720
City of Sacramento, California, Water, Revenue Bonds		
5.00%, due 9/1/42 (b)	19,500,000	21,557,120
Golden State Tobacco Securitization Corp., Asset-Backed, Revenue Bonds		
Series A-1		
5.00%, due 6/1/35	8,000,000	8,652,960
Series A-2		
5.30%, due 6/1/37	5,225,000	5,241,459
Riverside County Transportation Commission, Limited Tax, Revenue Bonds		
Series A		
5.25%, due 6/1/39 (b)	19,100,000	21,839,355
Stockton Public Financing Authority, Parking & Capital Projects, Revenue Bonds		
Insured: NATL-RE		
4.80%, due 9/1/20	105,000	105,146
Stockton Public Financing Authority, Water System, Capital Improvement Projects, Revenue Bonds		
Series A, Insured: NATL-RE		
5.00%, due 10/1/31	140,000	140,217
University of California, Regents Medical Center, Revenue Bonds		
Series J		
5.00%, due 5/15/43 (b)	23,260,000	25,256,835
		91,408,540
Colorado 0.5% (0.3% of Managed Assets)		
Dominion Water & Sanitation District, Revenue Bonds		
6.00%, due 12/1/46	2,500,000	2,629,625

	Principal Amount	Value
District of Columbia 0.5% (0.4% of Managed Assets)		
Metropolitan Washington Airports Authority Dulles Toll Road, Revenue Bonds Series C, Insured: AGC 6.50%, due 10/1/41	$ 2,400,000	$ 2,957,352
Florida 7.4% (4.7% of Managed Assets)		
County of Orange FL Tourist Development Tax Revenue, Revenue Bonds 4.00%, due 10/10/33 (b)	25,000,000	25,958,608
JEA Electric System, Revenue Bonds		
Series B 4.00%, due 10/1/38	645,000	654,881
Series C 5.00%, due 10/1/37 (b)	12,980,000	13,985,296
		40,598,785
Georgia 0.2% (0.2% of Managed Assets)		
Heard County Development Authority, Georgia Power Co., Plant Wansley, Revenue Bonds 1.85%, due 9/1/29 (c)	1,300,000	1,300,000
Guam 2.9% (1.8% of Managed Assets)		
Guam Government, Business Privilege Tax, Revenue Bonds Series B-1 5.00%, due 1/1/42	3,800,000	3,894,924
Guam Government, Waterworks Authority, Revenue Bonds 5.50%, due 7/1/43	7,550,000	7,989,939
Guam International Airport Authority, Revenue Bonds Series C, Insured: AGM 6.00%, due 10/1/34 (a)	3,425,000	3,913,850
		15,798,713
Illinois 25.2% (15.9% of Managed Assets)		
Chicago Board of Education Dedicated Capital Improvement, Special Tax 5.75%, due 4/1/34	8,000,000	9,000,640
Chicago Board of Education Dedicated Capital Improvement, Unlimited General Obligation (d)		
Series B 7.00%, due 12/1/42	3,500,000	4,062,520
Series A 7.00%, due 12/1/46	4,000,000	4,630,200
Chicago Board of Education, Unlimited General Obligation		

Series A, Insured: AGM 5.50%, due 12/1/39 (b)	20,000,000	21,281,900
Series A 7.00%, due 12/1/44	2,880,000	3,258,029

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

Portfolio of Investments November 30, 2018 (Unaudited) (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
Illinois 25.2% (15.9% of Managed Assets) (continued)		
Chicago O Hare International Airport, Revenue Bonds Insured: AGM 5.75%, due 1/1/38	$ 5,000,000	$ 5,573,750
Chicago, Illinois Wastewater Transmission, Revenue Bonds Series C 5.00%, due 1/1/32	7,120,000	7,698,571
Chicago, Unlimited General Obligation		
Series C 5.00%, due 1/1/23	300,000	300,438
Series C 5.00%, due 1/1/25	1,435,000	1,481,121
Series D 5.00%, due 1/1/29	500,000	500,520
Series C 5.00%, due 1/1/40	10,000,000	10,006,200
Series A 5.25%, due 1/1/27	3,000,000	3,193,710
Series A 6.00%, due 1/1/38	4,430,000	4,919,869
Chicago, Waterworks, Revenue Bonds		
Series 2017-2, Insured: AGM 5.00%, due 11/1/37	2,500,000	2,723,475
Series 2017-2, Insured: AGM 5.00%, due 11/1/38	2,500,000	2,715,600
Illinois Sports Facilities Authority, Revenue Bonds		
Insured: AMBAC (zero coupon), due 6/15/21	410,000	373,026
Insured: AGM 5.00%, due 6/15/29	600,000	647,148
Insured: AGM 5.25%, due 6/15/32	150,000	163,268
Metropolitan Pier & Exposition Authority, McCormick Place Expansion, Revenue Bonds Series B 5.00%, due 12/15/28	10,000,000	10,359,400
Public Building Commission of Chicago, Chicago Transit Authority, Revenue Bonds Insured: AMBAC 5.25%, due 3/1/31	600,000	664,632
Sales Tax Securitization Corp., Revenue Bonds Series C, Insured: BAM 5.25%, due 1/1/48	21,000,000	23,231,880

	Principal Amount	Value
Illinois 25.2% (15.9% of Managed Assets) (continued)		**&**