1290 Diversified Bond Fund

Market Overview

Developed-Market Sovereign Debt

Concerns regarding global growth resurfaced in late March, particularly after the Federal Reserve (Fed) attributed its neutral policy stance to a slowing domestic economy at the Federal Open Market Committee (FOMC) meeting. The downward revision to growth expectations and the Fed's retreat from hawkishness sent U.S. Treasury yields lower, with the yield curve once again inverting. Core and peripheral European bond yields also fell—German Bund yields even reentered negative territory—as economic data continued to weaken. The European Central Bank (ECB) continued to lower its regional growth outlook, and with its asset purchase program complete and policy rate at zero, the European Central Bank has few options left in its policy toolkit to address weak inflation and economic growth. Japanese Government Bonds rallied as a result of the risk-off environment, and also acknowledged the impact slowing global growth has had on Japan's exports. The nebulous and protracted Brexit negotiations also pushed U.K. Gilt yields lower. Inflation expectations in Mexico were tamed, which contributed to the rally in Mexican bonds; the concurrent rally in U.S. Treasuries also helped drive yields in Mexico lower.

Developed-Market Currencies

Currency markets sold off at the end of the month as central banks downgraded their regional and global growth prospects. For example, the euro (down 1.4%) priced in lower growth expectations. However, the British pound (down 2.1%) weakened as U.K. lawmakers failed to agree upon a Brexit plan. The strong rebound in crude oil prices and the Norges bank's policy rate hiked failed to defend the Norwegian krone (down 0.8%) against global and European growth fears. The Swedish krona (down 0.6%) continued to price in a delay in Riksbank rate hikes. The Bank of Canada again abstained from tightening, which sent the Canadian dollar (down 1.6%) lower. The South African rand (down 2.5%) weakened alongside global growth expectations, as well as an upcoming Moody's sovereign credit rating review and the general elections in the spring.

Emerging Markets Currencies and Debt

Emerging market currencies sold off due to speculation over global growth. However, emerging market bonds generally received a reprieve from the Fed's decision to pause its tightening cycle. The Brazilian real (down 4.2%) fell as uncertainty remained regarding the timeline of pension reform and given the country's significant relationships with the U.S. and China; other export-driven currencies like the Chilean peso (down 3.7%) and Colombian peso (down 3.3%) also weakened in March. These currencies should have instead benefitted from the resurgence in commodity prices. The Polish zloty (down 1.5%) fell in tandem with the euro, reflecting how the direction of Poland's economy is largely influenced by eurozone manufacturing and exports.

Credit and Securitized Markets

Global credit markets staged one of the strongest rebounds during the quarter, which extended through March. The Fed's pivot away from hawkishness was largely constructive for U.S. credit markets across the quality spectrum. Longer-duration investment grade benefitted from the pause in Fed rate hikes, while participants in the high-yield market were given another opportunity to refinance or issue debt at lower rates.

Source: Brandywine Global

Fund Overview

The 1290 Diversified Bond Fund seeks to maximize total return consisting of income and capital appreciation. Under normal circumstances, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in a diversified portfolio of U.S. and foreign bonds or other debt securities of varying maturities and other instruments that provide investment exposure to such debt securities, including forwards or derivatives such as options, futures contracts or swap agreements.

Fund Highlights

What helped performance during the quarter?

- An overweight in U.S. Treasuries
- Exposure to Mexican bonds and currency
- Exposure to South African bonds and currency

What hurt performance during the quarter?

- Exposure to German government bonds
- Exposure to U.S. corporate debt
- Exposure to U.S. agency mortgage-backed securities (MBS)

Source: Brandywine Global

An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus containing this and other information, please call 1-888-310-0416 or download the file from www.1290funds.com. Read the prospectus carefully before you invest.

1290 Diversified Bond Fund seeks to maximize total return consisting of income and capital appreciation. Performance may be affected by one or more of the following risks.

Investment Grade Securities Risk: Debt securities are generally considered to be investment grade if they are rated BBB or Higher. Securities rated in the lower investment grade rating categories (e.g., BBB or Baa) are considered investment grade securities, but are somewhat riskier than higher rated obligations because they are regarded as having only an adequate capacity to pay principal and interest, are considered to lack outstanding investment characteristics, and may possess certain speculative characteristics.

Credit Risk: The Fund is subject to the risk that the issuer or the guarantor of a fixed income security is unable or unwilling to make timely principal and/or interest payments.

Foreign Securities Risk: Investments in foreign securities involve risks not associated with investments in U.S. securities. Foreign markets may be less liquid, more volatile and subject to less government supervision and regulation than U.S. markets. Security values, also may be negatively affected by changes in the exchange rates between the U.S. dollar and foreign currencies. There are greater risks involved in investing in emerging market countries and/or their securities markets, and investments in these countries and/or markets are more susceptible to loss than investments in developed countries and/or markets.

Past performance is no guarantee of future performance.

The Fund may not be successful in implementing its investment strategy or may not employ a successful investment strategy, and there can be no assurance that the Fund will grow to or maintain an economically viable size, which could result in the Fund being liquidated at any time without shareholder approval and at a time that may not be favorable for all shareholders. Until the Fund is fully capitalized it may not be pursuing its investment objective or executing its principal investment strategies.

1290 Funds is part of the family of mutual funds advised by AXA Equitable Funds Management Group, LLC (FMG, LLC), doing business in this instance as 1290 Asset Managers. FMG, LLC is a wholly owned subsidiary of AXA Equitable Life Insurance Company (AXA Equitable), NY, NY. AXA Distributors, LLC is the wholesale distributor of the 1290 Funds. AXA Advisors, LLC (member FINRA, SIPC) offers the 1290 Funds to retail investors.

1290 Funds® is a registered service mark of AXA Equitable Life Insurance Company, New York 10104.

The Fund is distributed by ALPS Distributors, Inc., which is not affiliated with FMG, LLC, AXA Equitable, AXA Distributors, AXA Advisors or the Brandywine Global, the subadvisor.

ALPS, a DST Company, 1290 Broadway, Suite 1100, Denver, CO 80203.

Mutual Funds: Are Not a Deposit of Any Bank • Are Not FDIC Insured • Are Not Insured by Any Federal Government Agency • Are Not Guaranteed by Any Bank or Savings Association • May Go Down in Value

AXA Equitable Life Insurance Company (NY, NY)

AXA000784 (exp. 9/30/19)