

Market Overview

The yield curve continued its flattening trend during the second quarter of 2018. The 2-year and 10-year U.S. Treasury yields increased 26 basis points (1 basis point = 1/100 of 1%) and 12 bps, respectively. The Federal Reserve increased the benchmark federal funds rate 25 bps in June, marking the 7th time policymakers have increased rates since December 2015. Macro-economic concerns including inflation expectations and concerns surrounding an escalation of tariffs globally continue to weigh on risk assets abroad while domestically risk assets rebounded from weakness in the first quarter. Spread movements within securitized products were mixed; however, residential mortgage-backed securities continued to outperform due to technical and fundamental factors endogenous to the sector.

Fund Overview

The 1290 DoubleLine Dynamic Allocation Fund pursues its investment objective by investing, under normal circumstances, in a diversified range of securities, and other financial instruments, including derivatives, which provide investment exposure to equity and fixed income investments. In the second quarter of 2018, the Fund underperformed its benchmark – a blend of the S&P500 (60%) and Bloomberg Barclays U.S. Aggregate (40%). This underperformance was due to the Fund's conservative asset allocation, underweight equities relative to the 60% benchmark weight during the quarter. The underperformance of the Fund's equity investments relative to the S&P also contributed to the underperformance. During the period, the S&P500 gained 3.43% and the Bloomberg Barclays U.S. Aggregate lost 0.16%.

Fund Highlights

The return of the Fund's fixed income investments was slightly negative in the quarter (-0.08%), but less negative than the Bloomberg Barclays U.S. Aggregate. Within the fixed income portfolio, the high yield, U.S. government bond, and bank loan investments delivered the best returns. The weakest returns were in global bonds, investment-grade corporate bonds and residential mortgage-backed security sectors.

During the quarter, the Shiller Barclays CAPE U.S. Sector Index (CAPE Index) was allocated to four sectors: consumer discretionary, healthcare, industrials and technology. Of these, two underperformed the S&P500: healthcare and industrials. Both consumer discretionary and technology outperformed, with consumer discretionary the best returning sector within the CAPE Index. The Fund's exposure to the CAPE Index slightly underperformed the S&P500 in the quarter.

The Fund's active equity allocation also underperformed the S&P 500. Within the Fund's active equity investments, holdings in industrials were the greatest contributors to relative returns while healthcare, financials, and real estate sectors were the greatest detractors from relative returns.

Source for all figures above: DoubleLine Capital

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 DoubleLine Dynamic Allocation Fund seeks to achieve total return from long-term capital appreciation and income. The Fund's allocations may change at any time. Performance may be affected by one or more of the following risks. Fixed income investments are subject to interest rate risk so that when interest rates rise, the prices of a fixed income security can decrease and the investor can lose principal value. Equity securities may be bought on stock exchanges or in the over-the-counter market. Equity securities generally include common stock, preferred stock, warrants, securities convertible into common stock, securities of other investment companies and securities of real estate investment trusts. In general, stocks and other equity security values fluctuate, and sometimes widely fluctuate, in response to changes in a company's financial conditions as well as general market, economic and political conditions and other factors. To the extent the Fund invests more heavily in particular sectors, its performance will be especially sensitive to developments that significantly affect those sectors.

The Fund's Index is a blend of 60% S&P 500[®] Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index. The **S&P 500[®] Index** is an unmanaged index which contains 500 of the largest U.S. industrial, transportation, utility and financial companies deemed by Standard and Poor's to be representative of the larger capitalization portion of the U.S. stock market. The **Bloomberg Barclays U.S. Aggregate Bond Index** is an unmanaged index considered representative of the U.S. investment-grade fixed-rate bond market. Includes government and credit securities, agency mortgage pass through securities, asset-backed securities, and commercial-backed mortgage securities. Individuals cannot invest directly in an index.

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Past performance is no guarantee of future performance.

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1290 Avenue of the Americas, New York, NY 10104

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AXA Equitable Life Insurance Company (NY, NY)

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