1290 DoubleLine Dynamic Allocation Fund

Market Overview

The U.S. equity markets spent the first quarter of 2019 basking in the glow of an increasingly dovish Federal Reserve (Fed), shaking off the weakening fundamental data seen in global economic indicators and U.S. corporate earnings. By the end of March the S&P500® had recorded a year-to-date gain of 13.65%, making the first quarter the index's best since 2009. In the month of March the S&P500® gained 1.94%, ending the month less than 4% off its September 2018 highs. Similarly, equity volatility declined substantially from the tumultuous trading of late December. The VIX Index ended 2018 at 25.42, already well down from its December 26th peak of 36.20. The index fell steadily through January and February, closing February at 14.78. By the end of March the index had fallen further to 13.71, suggesting a level of calm in the U.S. equity markets not seen since mid-2018.

The complacency of the equity markets stands in sharp contrast to the deterioration in earnings expectations seen throughout the first quarter. With fourth quarter earnings now fully reported, it is, in retrospect, clear that S&P500® earnings saw a sharp deceleration in late 2018. For the fourth quarter, the companies of the S&P500® grew earnings year-over-year by 13.5%, on revenue growth of 7.2%. Notably, this deceleration occurred in a quarter when corporate America was still benefiting from the year-over-year boost from the corporate tax cuts implemented at the beginning of 2018. By comparison, in each of the first three quarters of 2018earnings grew by approximately 25% year-over-year. While revenue growth also slowed in the fourth quarter, the magnitude of the deceleration in earnings belies a decline in corporate pre-tax margins.

Similarly, the outlook for 2019 earnings weakened over the course of the first quarter. In anticipation of the anniversary of the tax cuts, the market entered 2019 with consensus expectations forecasting 2.8% and 7.3% year-over-year earnings growth in the first quarter and full year, respectively, for the companies of the S&P500®. By March, these expectations for the first quarter had turned negative, forecasting earnings falling year-over-year by 3.4%. For the full year, expectations had declined to +3.9% from 7.3% at the beginning of 2019.

The last day of March saw the much awaited initial public offering (the first time a private company offered to the public, "IPO") of the ride-share company Lyft (0.0%*), which raised $2.3 billion and ended its first day of trading with a market capitalization of over $26 billion. The success of the Lyft IPO likely presages a long list of IPOs from the so-called "unicorns" – private companies with valuations over $1 billion. The appetite for these large IPOs of aggressive growth – and in many cases unprofitable – companies will be a key test of the equity market's strength.

Fund Overview

The 1290 DoubleLine Dynamic Allocation Fund pursues its investment objective, to seek to acquire total return from long-term capital appreciation and income, 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 first quarter of 2019, the 1290 DoubleLine Dynamic Asset Allocation Fund gained 8.27%, while the Fund's benchmark – a blend of the S&P500® (60%) and Bloomberg Barclays U.S. Aggregate Bond Index (40%) – gained 9.31%.

Source for all figures above: DoubleLine Capital

* % of holdings as of 3/31/19. Subject to change.

Fund Highlights

What helped performance during the quarter?

The return of the Fund's fixed income investments was positive in the quarter, exceeding the Bloomberg Barclays U.S. Aggregate's return. All sectors of the fixed income portfolio delivered positive returns. High yield, investment-grade corporate bonds, and bank loans delivered the highest returns. Agency mortgage-backed securities, global bonds, and non-agency mortgage-backed securities, while providing positive total returns, were the lowest returning sectors.

The Fund's allocation to the Shiller Barclays CAPE U.S. Sector Index (CAPE Index) outperformed the S&P500® in the first quarter. During the quarter the Index was allocated to five sectors: communication services, consumer staples, energy, industrials, and technology. All five of these sectors contributed positively to returns in the quarter, with technology and industrials making the greatest positive contributions and consumer staples and energy providing the smallest contributions.

The Fund's active equity investments also outperformed the S&P500® in the first quarter of 2019. The active equity portfolio benefited from positive stock selection, particularly in the healthcare, consumer staples, and energy sectors. Performance was also helped by an overweight position in technology.

What hurt performance during the quarter?

The Fund's conservative asset allocation, underweight equities relative to the 60% benchmark weight during the quarter.

In the active equity sleeve security selection in financials, consumer discretionary, and industrials

In the active equity sleeve an overweight allocation to healthcare and cash

Source: 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, the value of stocks and other securities 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. **The CBOE Volatility Index, or VIX**, is a real-time market index representing the market's expectations for volatility over the coming 30 days. Investors use the VIX to measure the level of risk, fear, or stress in the market when making investment decisions.

Barclays Capital Inc. and its affiliates ("Barclays") is not the issuer or producer of the 1290 DoubleLine Dynamic Allocation Fund (the "Strategy") and Barclays has no responsibilities, obligations or duties to investors in the strategy. The **Shiller Barclays CAPE® US Sector USD Index** (the "Index") is a trademark owned by Barclays Bank PLC and licensed for use by the manager of the Strategy. While the Strategy may execute transaction(s) with Barclays in or relating to the Index, Strategy investors acquire interests solely using the Strategy and investors neither acquire any interest in the Index nor enter into any relationship of any kind whatsoever with Barclays upon making an investment in the Strategy. The Strategy is not sponsored, endorsed, sold or promoted by Barclays and Barclays makes no representation regarding the advisability or use of the Index or any data included therein. Barclays shall not be liable in any way to investors or to other third parties in respect of the use or accuracy of the Index or any data included therein.

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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. Diversification does not eliminate the risk of experiencing investment losses.

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.

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