

Market Overview

Investors remained laser-focused on geopolitical and macro events shaping market movements during the second quarter of 2017. A sigh of relief was taken in unison by investors, French citizens, the European Union and the European Central bank following the results of the first round of voting in France's presidential election as centrist candidate Emmanuel Macron pulled ahead of the far-right National Front leader. Markets rallied following the results, as tensions eased over the fear that France may not leave the Euro after all.

In the U.S., tax reform has left the gates and it appears the North American Free Trade Agreement (NAFTA) has been temporarily saved. While first quarter GDP figures came in lower than expected on weaker personal consumption expenditures, business optimism remains high. The prospect of less regulation, lower taxes, and infrastructure spending continues to hearten investors. Consumers represent 70% of the U.S. economy and are experiencing record high net worth with \$108 trillion of gross assets at the end of 2016, which includes \$75 trillion of financial assets. There is a question, especially for the Federal Reserve, over whether optimism will translate into sustained business investment without any significant legislative wins in Washington.

Fund Overview

The 1290 GAMCO Small/Mid Cap Value Fund pursues its investment objective by investing at least 80% of its net assets, plus borrowings for investment purposes, in securities of small and mid-capitalization companies. The Fund buys businesses believed to be selling at a discount to their Private Market Value (the price an informed industrialist would pay for the entire company), with a catalyst in place that could potentially surface values. The subadviser's philosophy and process focuses on fundamental company research and individual stock selection. The Fund's holdings are significantly different than its benchmark index, the Russell 2500™ Value Index, and often performance will not closely track benchmark.

The Fund outperformed the Russell 2500 Value Index for the second quarter. The Fund's higher weighting in the consumer staples sector as well as its lower weighting in energy contributed to its outperformance for the quarter.

The subadviser believes the Fund is generally well-positioned for almost any economic environment. The Fund's holdings tend to be domestically focused with strong franchises and often pricing power. The subadviser has never been top-down allocators, trying to chase every trend. Rather, they rely on fundamental bottom-up research informed by their view of the shifting political economic tides. The subadviser purchases and holds securities trading at discounts to their Private Market Values appropriate for their level of risk and seek to identify one or more catalysts that could close that valuation gap. Industry consolidation, financial engineering (e.g. spin-offs), changes in management and changes in regulation are just a few catalysts in which the portfolio is rich.

Spotlight on Holdings

What helped performance during the quarter?

- Tribune Media (3.17%*) was up on the announcement that it is being acquired by Sinclair Broadcast Group in a cash and stock deal. The combined companies would have over 200 stations reaching roughly 70% of U.S. households and dwarfing the reach of its closest competitors.
- Cott (1.12%*) benefitted from favorable trends in its growing private-label business in sparkling water despite the impact of the weakening pound on its results.
- Dana Holding Corp. (1.30%*), an OEM and auto aftermarket supplier, rose over 15% on strong quarterly results fueled by the new CEO's strategic M&A vision and ability to deliver cost improvement. Another industrials company, Graco (1.41%*), which manufactures and markets industrial equipment around the world, was also up double digits for the quarter.

What hurt performance during the quarter?

- A weak U.S. advertising market, partly due to sluggish auto sales (25% of advertising revenue), impacted several media holdings including E.W. Scripps (1.38%*) during the quarter.
- Equipment rental company, HERC holdings (2.55%*), declined during the quarter due to market skepticism about the Trump administration's ability to deliver on an infrastructure spending bill.
- Tredegar Industries (1.53%*), which manufactures films for personal care and industrial and packaging applications, was off for the quarter as its industrial films business faced headwinds from excess capacity and the weak Brazilian economy.

* % of holdings as of 6/30/17. Subject to change.
Current and future Fund holdings are subject to risk.

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 GAMCO Small/Mid Cap Value Fund seeks to maximize capital appreciation. The Fund's investments in mid- and small-cap companies may involve greater risks than investments in larger, more established issuers because they generally are more vulnerable than larger companies to adverse business or economic developments. Foreign investing involves special risks such as currency fluctuations and political uncertainty.

Past performance is no guarantee of future performance.

Russell 2500 Value Index, the Fund's benchmark, is an unmanaged index which contains those Russell 2500 securities (the bottom 500 securities in the Russell 1000 Index and all 2,000 securities in the Russell 2000 Index) with a less-than-average growth orientation. Individuals cannot invest directly in an index.

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.

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AXA Equitable Life Insurance Company (NY, NY)

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