

Market Overview

2017 has been a good for most asset classes. By year-end a number of domestic stock exchanges reached record highs, including the S&P 500[®] Index. For the first time since the onset of the great financial crisis, most major regions in the world experienced a synchronized economic upswing. Forward indicators point to these trends persisting into 2018. Central banks have begun their tightening cycle with the U.S Federal Reserve and Bank of England both raising interest rates in the fourth quarter of 2017. The European Central Bank is also expected to start reducing its asset purchases in 2018. Central banks' actions have been moderate and delayed so far by the lack of inflation. Should this change, we could see the U.S. yield curve invert and liquidity tensions appear. The year was a lot more stable politically than feared. In the fourth quarter, the U.S. Congress passed the much awaited tax reform. The U.K. made some progress in its exit negotiations with the EU which helped lift the sterling. While French President Emmanuel Macron seems to move forward its reform agenda successfully, German chancellor Angela Merkel struggled to form a new government.

Global equities delivered a strong performance in Q4. The strongest regions were Japan, emerging markets and the U.S. while Continental Europe lagged. Growth outperformed value. The strongest sectors were IT as well as cyclicals (materials, consumer discretionary and energy). The weakest were the more defensive sectors utilities, health care and telecommunications.

Fund Overview

The 1290 Global Talents Fund pursues its investment by primarily investing in a diversified portfolio of equity securities issued by U.S. and non-U.S. companies that the sub-adviser has identified as being entrepreneur-led businesses whose long term growth prospects have not been fully reflected in their current market valuations. The Fund outperformed its global index (MSCI ACWI) over the quarter. This was primarily due to positive stock selection among financials, energy names and industrials, which more than offset the negative contribution of our technology holdings, where some rotation away from the year's winners held back performance in the quarter.

Over the period, the manager made a number of changes to the Fund, primarily reducing the number of holdings they own. They added French media conglomerate Publicis (1.21%*), controlled by the Badinter family. We exited a number of positions such as German auto parts manufacturer Hella (full valuation) (0.00%*), Biotech drug manufacturer Gilead (best-case scenario priced in following Kite Pharma acquisition) (0.00%*), Russian staples retailer Magnit (compromised sales & margins outlook) (0.00%*) and Healthcare group Hikma (compromised sales & margins outlook) (0.00%*). We also increased exposure to a number of our underperforming holdings (DexCom (2.04%*), Henkel (2.52%*), Bank of Ozarks (2.74%*)) while reducing exposure to some of the big winners (IPG Photonics (2.60%*)).

* % of total market value of the Fund's portfolio holdings as of 12/31/17. Subject to change. Current and future Fund holdings are subject to risk.

Spotlight on Holdings

What helped performance during the quarter?

- Kose (3.37%*) was lifted by robust sales of its cosmetics products with both Asia and the U.S. performing well.
- Naspers (3.05%*) continued to woo investors as the Chinese online giant published stronger results than expected.
- U.S. based online player Amazon (3.82%*) continued to successfully expand its reach in markets around the world, far outpacing most of its brick and mortar competitors.
- IPG Photonics (2.60%*) had stellar results, propped by strong Chinese demand.

What hurt performance during the quarter?

- Russian retailer Magnit (0.00%*) published another set of disappointing results. The manager met company management and concluded that visibility into a sales turnaround remains low while the margin outlook has weakened and decided to exit.
- U.S. IT security player CheckPoint Software (1.95%*) reported disappointing numbers in a context where the competitive landscape continues to heat up.
- Hikma (0.00%*) continues to experience drug pricing pressures in the US, which the manager believes have become structural in nature. They were also disappointed on the Roxane acquisition's prospects and the timing of bringing to market an Advair generic version and exited the holding during the quarter.
- Japanese e-commerce player Rakuten (1.12%*) further dented investors' confidence in the group's strategy when it announced it is applying for a 4G mobile license in Japan.

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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 Global Talents Fund seeks to provide long-term capital growth. Performance may be affected by one or more of the following risks. 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. Foreign markets, particularly emerging markets, may be less liquid, more volatile and subject to less government supervision than domestic markets. Security values also may be negatively affected by changes in the exchange rates between the U.S. dollar and foreign currencies. Differences between U.S. and foreign legal, political and economic systems, regulatory regimes and market practices also may impact security values and it may take more time to clear and settle trades. Diversification does not eliminate the risk of experiencing investment losses.

MSCI ACWI (Net) Index, the Fund's benchmark, is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. An individual cannot invest directly in an index.

S&P 500® Index is an unmanaged weighted index of common stocks of 500 of the largest U.S. companies, deemed by Standard & Poor's to be representative of the larger capitalization portion of the United States stock market.

Past performance is no guarantee of future performance.

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AXA Equitable Life Insurance Company (NY, NY)

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