

Market Overview

Rising tensions are raising fears that the synchronized global economic upswing, that started in late 2015, is at risk. However, to date recent trade tensions between the U.S. and its major trading partners of China, Europe and Japan has currently not materially impacted global trade. Tax reform in the U.S. is providing a boost both to employee and corporate earnings. While the U.S. Federal Reserve has been the first major central bank to raise rates, overall monetary policy remains supportive.

Post the peak in January 2018, the subsequent pullback in global equities has reduced valuations closer towards long term averages. Earnings growth is still anticipated to post a positive trend in 2018, which provides support for equities at current levels.

Energy was the stellar performer progressing double digit with oil prices continuing to rise and closing the period at levels not seen since 2014. Cyclical sectors such as financials and industrials moved lower alongside interest rate sensitive sectors such as telecommunications and consumer staples.

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.

During the quarter, the subadviser exited a few positions. The subadviser decided to sell Wells Fargo (0.00%*) as growing evidence emerges that governance issues are broad-based and will take time to resolve. They sold U.K. healthcare and household products manufacturer Reckitt Benckiser (0.00%*) as the company struggles to rekindle its revenue growth. They also exited U.S. auto parts retailer O'Reilly Automotive (0.00%*) after the shares rebounded from their lows and on the back of waning industry tailwinds.

The subadviser initiated a position in two new companies. Start Today (2.04%*) is an innovative and fast growing Japanese online fashion platform founded by president & creative director Yusaku Maezawa. Assa Abloy (1.33%*) is a Swedish company, in which the Douglas family has a large stake, and which is a global leader in locks including digital access solutions.

Source: AXA Investment Managers

* % of total market value of the Fund's portfolio holdings as of 6/30/18. Subject to change. Current and future Fund holdings are subject to risk.

Fund Highlights

What helped performance during the quarter?

- Stock selection in consumer discretionary was particularly beneficiary. Strong stock selection within healthcare and consumer staples also helped.
- Stock selection across emerging markets was also a bright spot, at a time when emerging markets came under pressure.
- Top contributors included Dexcom (3.41%*), Start Today (2.04%*), Naspers (2.81%*), EOG Resources (3.12%*), and Amazon (4.41%*).

What hurt performance during the quarter?

- Stock selection among industrials and energy was a drag on performance, as global industrials lead indicators appear to be cooling down.
- Bottom contributors included THK (1.93%*), Financiere de l'Odet (1.62%*), Cognex (1.49%*), Berkshire Hathaway (3.32%*), and Concho Resources 2.37%*).

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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 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 AC World (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.

Past performance is no guarantee of future performance.

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