

## Market Overview

Market volatility abated over the period. Global equities moved higher with mixed results by region. A number of emerging markets (Turkey, Argentina) slumped while metal prices also took a tumble. U.S., Japanese and Brazilian equities performed strongly. Oil prices continued to rise. Fears around a U.S.-China trade war, monetary tightening and a generally subdued economic momentum outside the U.S. weighed heavily on the performance of industrials, consumer and technology stocks. Communication services, healthcare and energy moved higher. Trade tensions continue to garner the headlines but the market was reassured by a strong U.S. corporate earnings season and progress on trade agreement, particularly with Mexico.

## 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-advisor has identified as being entrepreneur-led businesses whose long term growth prospects have not been fully reflected in their current market valuations. The Fund underperformed its global index (MSCI ACWI) over the quarter.

During the month, we decided to sell Anta Sports (0.00%\*). Valuation started to look stretched while question marks persist around capital allocation and disclosure level. We reduced our stake in a number of companies that have performed strongly year-to-date. We selectively added to positions that had weakened.

## Fund Highlights

### What helped performance during the quarter?

- Stock selection in telecommunication, healthcare and energy was beneficiary.
- A number of our holdings reported solid results ahead of expectations such as Dexcom (2.80%\*), Apple (4.29%\*), CheckPoint Software (2.33%\*), Cognex (1.94%\*) and Berkshire Hathaway (3.95%\*).
- Softbank (3.75%\*) re-rated as it looks to monetize some of its assets. Qualcomm (1.47%\*) abandoned its NXP (0.00%\*) deal and announced a substantial buyback.

Source: AXA Investment Managers

\* % of total market value of the Fund's portfolio holdings as of 9/30/18. Subject to change.

Current and future Fund holdings are subject to risk.

**Fund Highlights** (continued)**What hurt performance during the quarter?**

- Stock selection among Information technology, consumer staples, consumer discretionary and industrials was a drag on performance.
- Stocks with exposure to China and slowing industrial demand were hit particularly hard such as IPG Photonics (1.99%\*), Kose (2.64%\*), Naspers (2.47%\*), Alibaba (2.53%\*) and Henkel (2.34%\*).
- In addition, investor sentiment worsened on a number of names. Bank of the Ozarks (2.25%\*) retreated due to concerns over U.S. commercial real estate. Start Today (1.78%\*) moved lower on higher spending behind its zozosuit initiative. Facebook (2.72%\*) lowered its outlook in part of increased spending behind data privacy. Anheuser-Busch Inbev (2.44%\*) suffered from its exposition to emerging markets.

Source: AXA Investment Managers

\* % of total market value of the Fund's portfolio holdings as of 9/30/18. 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](http://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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