

Market Overview

Global equity markets rallied in the fourth quarter of 2019, under the context of renewed investor optimism. Macro-economic concerns and geopolitical tensions seem to ease. Expectations rose around an initial phase one U.S.-China trade deal. In the U.K., the Conservatives won a decisive majority during the election, raising hopes for a swift Brexit resolution. Manufacturing indicators continued to generally weaken across regions, except for Asia where those manufacturing gauges stabilized, but investors took the view that the worst was behind us and a cyclical rebound was in sight. Central banks remained accommodative on the whole in a context of limited room for further maneuver. The Federal Reserve (Fed) signaled the likely end of its rates cut cycle unless inflation picks up significantly.

From a sector perspective, information technology and healthcare were both strong performers. The information technology rally was led by semiconductors, hardware and equipment suppliers. The fading of the 'Medicare for All' agenda among major Democrats presidential candidates and the lack of imminent actionable drug pricing reform was among the factors that helped turn the market sentiment more positive over the U.S. healthcare industry. Defensive sectors such as utilities and consumer staples were clear laggards over the period. Energy was also weak. Regionally, most regions moved higher. Emerging markets led the way, Brazil and China performed particularly well while India was the notable exception.

Fund Overview

The 1290 Global Talents Fund pursues its investment objective to seek to provide long-term capital growth, 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 slightly outperformed its benchmark, the MSCI AC World (Net) Index, over the quarter.

Source: AXA Investment Managers

Fund Highlights

What helped performance during the quarter?

- In healthcare, Dexcom (2.71%*) had a stellar quarter as it becomes increasingly clear to the market that continuous glucose monitoring is becoming the standard of care for diabetics; UnitedHealth (3.05%*) share price rose on reporting good cost control in a context where the industry outlook brightened; Jazz Pharmaceuticals (2.20%*) rebounded as management increased its revenue outlook.
- Apple (5.19%*) was a clear winner as investors' attention turn to its next iPhone iteration, which is likely to be 5G-enabled. Dassault Systemes (3.32%*) continued to rise as management outlined big long-term ambitions. Chinese technology holdings Alibaba (2.98%*) and Tencent (2.66%*) also recorded a very good quarter as investor sentiment turned more positive over China and domestic consumer demand remains healthy. Qualcomm (1.90%*) rose as it is well positioned to benefit from 5G trends.
- Concho Resources (1.12%*) and oil prices more generally firmed in a context of an improving macro-economic picture.
- Facebook's (3.57%*) share price appreciated in the view of its continued stronghold in global advertising - despite ongoing regulatory scrutiny.

What hurt performance during the quarter?

- Consumer staples were generally weak over the period. After a relatively resilient performance year-to-date, Anheuser-Busch Inbev (3.05%*) lowered its outlook for the remainder of the year with weakness seen both in Asia and South America. Japanese cosmetics manufacturer Kose (2.2%) disappointed with weak domestic revenue growth as Chinese and Korean inbound tourism slowed markedly.
- Several quality names with solid growth profiles, which grew at more modest pace in the recent period, weakened over the quarter such as Proofpoint (2.11%*), Ecolab (4.16%*), Stryker (2.32%*) and Booz Allen Hamilton (2.15%*).
- The slowdown in international trade weighed on both Financiere de l'Odet (1.56%*) and Fedex (2.20%). IT security player Checkpoint software's (2.29%*) shares dropped on concerns over decelerating bookings and sales execution.
- Our higher than usual cash exposure than normal was also a modest drag on performance.

Source: AXA Investment Managers

* % of total market value of the Fund's portfolio holdings as of 12/31/19. 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 Global Talents Fund seeks to provide long-term capital growth. Performance may be affected by one or more of the following risks. In general, the values of stocks and other equity securities fluctuate, and sometimes widely fluctuate, in response to changes in a company's financial condition 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 and regulation than U.S. 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 involving foreign securities. 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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