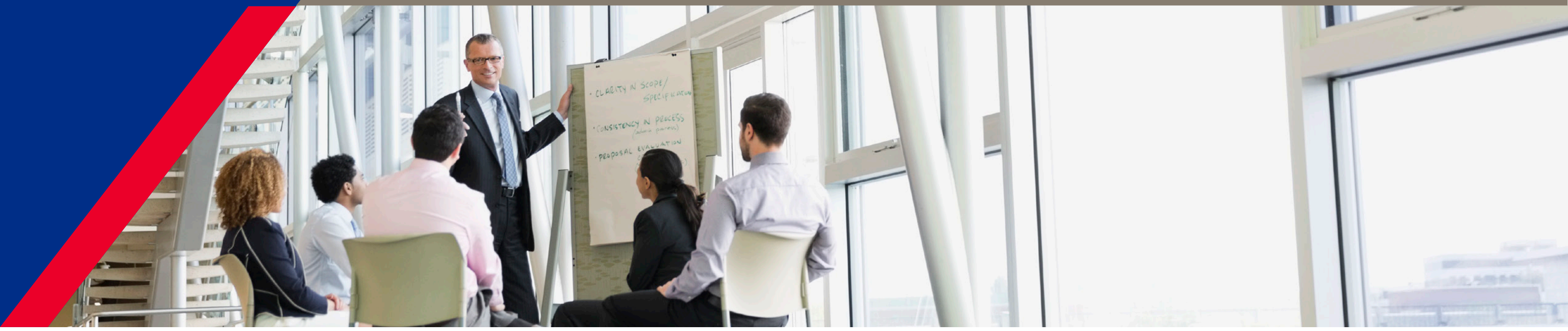
Investing in U.S. High Yield

A Conversation with AXA Investment Managers



What are your thoughts on the U.S. high yield market?

The U.S. high yield market has experienced a significant rally, which began in February of 2016 and has persisted through the end of July 2017. During this time period there have only been two months during which the U.S. high yield market posted a negative total return. This rally has been driven by the stabilization and rebound of commodity prices, supportive monetary policy and constructive technical conditions. Following the result of the U.S. presidential election, the U.S. high yield market benefited with other asset classes from the anticipation of fiscal stimulus and expectations of tax reform and reduced regulation. The U.S. high yield market is currently benefiting from continued economic growth, a low default rate, supportive technical factors and still attractive relative value as compared to other global fixed income asset classes in this low yield environment.

Why should an investor consider U.S. high yield?

We remain constructive regarding the medium to longer term outlook and the risk adjusted return potential of the U.S. high yield asset class. While the average yield and spread of the U.S. high yield market have declined significantly from early 2016 levels, we believe that the current yield and spread levels are still relatively attractive as compared to other fixed income asset classes given our outlook for the U.S. economy and the U.S. high yield market specifically. U.S. high yield continues to offer attractive coupon income and total return potential as compared to other fixed income asset classes.

What are your return expectations for the U.S. high yield market over the next 12 months?

Currently, we expect a total return of approximately +5-7% for the U.S. high yield asset class (defined as the BofA Merrill Lynch U.S. High Yield Index) over the next 12 months. This total return estimate takes into account a large number of factors including our expectation of continued slow to moderate growth for the U.S. economy, 2-3 increases in the U.S. Federal Funds rate during 2017, the Federal Reserve likely outlining its plan to reduce the size of its balance sheet and a default rate of approximately 2% over the next 12 months, which is below the long term average. We believe that this total return forecast for the U.S. high yield market is attractive as compared to many other fixed income asset classes.

How is your strategy differentiated from other U.S. high yield fund offerings in the marketplace in 2017?

The strategy continues to have an overweight to the short duration portion of the market, which should help to minimize the volatility of returns and to increase the defensive qualities of the strategy relative to the overall market. The strategy still plans to maintain an underweight position within the highest quality, more interest rate sensitive portion of the high yield market. The average duration of the strategy remains lower than the index. We expect the strategy to be active in the primary market and will continue to look to invest in new issues with attractive risk-adjusted return potential.

How can high yield bonds be expected to perform during periods of rising interest rates?

Historically, U.S. high yield has outperformed relative to most other fixed income asset classes during periods of rising interest rates for a number of reasons including U.S. high yield's lower duration in conjunction with its higher yields and spreads. Also, periods of rising interest rates tend to correspond with stronger economic growth which is supportive of the underlying fundamentals of U.S. high yield issuers and can drive spread compression.

Q&A with Carl "Pepper" Whitbeck, CFA, Head of U.S. high yield, AXA Investment Managers

Pepper Whitbeck joined AXA Investment Managers, Inc. in 2002 as a U.S. high yield credit analyst. Prior to joining AXA IM, Pepper was an analyst in the investment banking division of Lehman Brothers, where he performed financial analysis on companies in the consumer and retail sectors, and worked on a variety of mergers and acquisitions and high yield transactions.

Risks

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.

Investing involves risks, including loss of principal.

The investor should note that investing in lower-rated debt securities (commonly referred to as junk bonds) involves additional risks because of the lower credit quality of the securities in the fund. The investor should be aware of the possible higher level of volatility, and increased risk of default. When investing in bonds, you are subject, but not limited to, the same interest rate, inflation and credit risks associated with the underlying bonds owned by the Fund.

Information provided in this document is general in nature, is provided for informational purposes only, and should not be construed as investment advice. The views and opinions expressed are those of the interviewee and do not necessarily represent the views of their affiliated investment advisors, AXA Equitable Funds Management Group, LLC or its affiliates. Any such views and opinions are subject to change at any time based on market or other conditions and are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Securities and sectors referenced should not be construed as a solicitation or recommendation or be used as the sole basis for any investment decision. It is not possible to invest directly in an index.

BofA Merrill Lynch US High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $100 million.

Past performance does not guarantee future performance.

No guarantee or representation is made that investment objectives and/or opinion stated will be achieved. Each specific client or investor's experience may vary.

The information has been established on the basis of data, projections, forecasts, anticipations and hypothesis which are subjective. This analysis and conclusions are the expression of an opinion, based on available data at a specific date. Due to the subjective aspect of these analyses, the effective evolution of the economic variables and values of the financial markets could be significantly different for the projections, forecast, anticipations and hypothesis which are communicated in this document.

1290 Funds is part of the family of mutual funds advised by AXA Equitable Funds Management Group, LLC (FMG, LLC), doing business in this instance as 1290 Asset Managers. FMG, LLC is a wholly owned subsidiary of AXA Equitable Life Insurance Company (AXA Equitable), NY, NY. AXA Distributors, LLC is the wholesale distributor of the 1290 Funds. AXA Advisors, LLC (member FINRA, SIPC) offers the 1290 Funds to retail investors.

"AXA" is the brand name of AXA Equitable Financial Services, LLC and its family of companies, including AXA Equitable, AXA Advisors, LLC, and AXA Distributors, LLC. AXA S.A. is a French holding company for a group of international insurance and financial services companies, including AXA Equitable Financial Services, LLC.

1290 Funds® is a registered service mark of AXA Equitable Life Insurance Company, New York, NY 10104.

The Funds are not insured by the FDIC; are not guaranteed bank deposits; and are subject to investment risks, including loss of principal.

The 1290 Funds are distributed by ALPS Distributors, Inc. ALPS Distributors, Inc., is not affiliated with FMG, LLC, AXA Equitable, AXA Distributors, AXA Advisors, or AXA Investment Managers.

1290 Avenue of the Americas, New York, NY 10104 AXA000467 093018