1290 Low Volatility Global Equity Fund

Market Overview

Following a weak first quarter, during the second quarter of 2018 U.S. equity markets gained momentum, supported by robust corporate earnings, low unemployment, and increases in spending, inventory investment, and exports. With trade war tensions weighing on many larger firms, U.S. small cap stocks were the largest advancers, benefiting from recent tax cuts and shielded from many of the recently imposed tariffs.

U.S. stocks climbed overall, with energy, consumer discretionary, and information technology stocks posting the largest advances and industrials, financials, consumer staples, and telecommunication posting overall declines. Growth stocks generally outperformed value stocks in large-cap tiers, though small- and mid-cap value stocks held the advantage over their growth counterparts.

International equity markets were mostly negative over the course of the second quarter, with investors worrying about tariffs between the U.S. and its trade partners. Economic growth continues across Europe due to low unemployment, though concerns about potentially disruptive policies in Italy and tensions over immigration within the German coalition and the EU took a toll.

Emerging markets ended its five-quarter positive streak as currencies depreciated against the U.S. dollar. Rising oil prices, escalating trade tensions, and concerns over the outcome of elections in Turkey, Mexico, Argentina, and Brazil also contributed to negative returns.

Even though the Chinese economy grew, Chinese equities declined as investors worried about the escalating trade war with the U.S. In Japan, wages increased, and consumer and business confidence remained high. The Bank of Japan (BOJ) left its policy rate unchanged.

Fund Overview

The 1290 Low Volatility Global Equity Fund pursues its investment objective of seeking long-term capital appreciation while managing portfolio volatility by investing in exchange-traded funds (ETFs). The Fund invests at least 80% of its net assets, plus borrowing for investment purposes, in ETFs that in turn invest substantially all of their assets in equity securities that have lower absolute volatility than the broader markets in which the ETF invest.

Source: FMG, LLC

Fund Highlights*

What helped performance during the quarter?

- Stock selection within domestic equities was the top contributor to performance relative to both MSCI ACWI Minimum Volatility and MSCI ACWI Indices.
- Relative to the MSCI ACWI Index, stock selection within Emerging Markets added the most to performance. On a sector basis, underweight and stock selection within Financials and Health Care helped performance.
- Relative to the MSCI ACWI Minimum Volatility, overweight in Real Estate contributed to performance. In addition, stock selection within Industrials added to performance.

What hurt performance during the quarter?

- Allocation to Emerging Markets was the top detractor to performance as the asset class was hurt by the dollar strengthening.
- Relative to the MSCI ACWI Index, stock selection within International Developed countries hurt performance. On a sector basis, underweight and stock selection within Energy, Consumer Discretionary, and Information Technology detracted performance.
- Relative to the MSCI ACWI Minimum Volatility, currency effect was the main detractor to performance. On a sector basis, underweight to Health Care negatively impacted performance.

- The Fund does not hold a position in any single security directly but has exposure through ETFs.

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 Low Volatility Global Equity Fund seeks long-term capital appreciation while managing portfolio volatility. Performance may be affected by one or more of the following risks. Investments in foreign securities, including depositary receipts, involve risks not associated with investing in U.S. securities. 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. Equity securities involve the risk that the value of the securities may fluctuate, 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. The Fund will be subject to the risks associated with the securities and other investments in which the Underlying ETF invest and the ability of the Fund to meet its investment objective will directly depend on the ability of the Underlying ETFs to meet their investment objective. An index-based ETF's performance may not match that of the index it seeks to track. An actively managed ETF's performance will reflect its adviser's ability to make investment decisions that are suited to achieving the ETF's investment objective. In addition, the use of volatility management techniques by the Underlying ETF may limit the Fund's participation in market gains, particularly during periods when market values are increasing, but market volatility is high. The underlying ETFs may be unsuccessful in maintaining a portfolio of investments that minimize volatility.

Past performance is no guarantee of future performance.

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