1290 Low Volatility Global Equity Fund

Market Overview

In the U.S., the first quarter of 2019 brought news that the economy grew 2.2% in the fourth quarter of 2018 — higher than expectations, but lower than the previous two quarters. Consumer spending was strong, despite earlier reports that retail sales had dipped during the holiday period. For the full year, gross domestic product rose 2.9%, the highest annual rate in three years. Nonetheless, the U.S. Federal Reserve put its monetary tightening project on hold as signs of a possible global economic slowdown began to emerge.

In Europe, disappointing economic data continued to emanate from many of the largest economies, including zero growth in Germany during the fourth quarter and recessionary conditions in Italy. The United Kingdom's planned departure from the European Union also brought ongoing turmoil to Europe. Against this backdrop, the European Central Bank remained accommodative.

In Japan, gross domestic product (GDP) reports revealed an annualized rise of 1.9% in the fourth quarter, on Private sector investment, offset by slightly weaker consumer spending. However, softer global trade has weighed on Japan's export-driven economy. With the economy on an uncertain path and core inflation stuck well below the Bank of Japan's target, the central bank continued to hint at further monetary easing.

The U.S. stock market resumed its strong run in the first quarter, supported by the technology sector. Equities rallied against a decidedly mixed economic backdrop. The Fed signaled it was satisfied that inflation is under control and that the current moderate pace of GDP growth could be maintained, while continued solid employment numbers and strengthening wage growth suggested the consumer is in good shape. But weaker manufacturing data and the March yield curve inversion, coupled with the continued trade frictions between the U.S. and China, suggested business activity could slow going forward.

International developed markets, as represented by the MSCI EAFE Index, increased in the first quarter. The eurozone equity markets all advanced, but to varying degrees, as equity market sentiment recovered despite slowing economic activity across the region. Within the eurozone, Germany underperformed amid continued weakness in the manufacturing and export sectors, while Italy outperformed major European countries despite two quarters of real GDP contraction and political uncertainty, as Q1 macro trends remained relatively constructive. The U.K. equity component of the market rallied and contributed the most to EAFE's total return, despite ongoing Brexit uncertainty.

In the Asia-Pacific region, Japan underperformed as uncertainty around U.S. trade protectionism, an upcoming sales-tax hike and low levels of growth weighed on sentiment. Hong Kong rallied amid a rebound in mainland Chinese sentiment.

International emerging-market equities registered a strong return in the first quarter of 2019, helped by the rebound in Chinese stock prices. The MSCI Emerging Markets Index rose by almost 10%, as measured in U.S. dollar terms. Investors were very bearish on Chinese stocks at the beginning of the year, apparently worried by corporate deleveraging and trade protectionism. However, government stimulus seemed to help improve the first issue, while hopes for a trade agreement improved over the quarter, resulting in a rally for Chinese stocks. In other regions, Latin American markets began the quarter very strongly due to positive commodity prices. Mexican equities rose after several months of investor concerns over the incoming administration's policies. Eastern European shares were mixed over the quarter.

Source: FMG, LLC

Fund Overview

The 1290 Low Volatility Global Equity Fund pursues its investment objective to seek 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. In the first quarter of 2019 the Fund underperformed the MSCI ACWI Index, and outperformed the MSCI ACWI Minimum Volatility Index, after accounting for fees and expenses.

Fund Highlights*

What helped performance during the quarter?

- Overweight to real estate contributed to performance relative to MSCI ACWI Minimum Volatility and MSCI ACWI Index.
- Stock selection within consumer discretionary and materials helped performance for the quarter versus the MSCI ACWI Minimum Volatility Index.
- Relative to MSCI ACWI Index, underweight and stock selection within health care was the top contributor to positive performance.

What hurt performance during the quarter?

- Low-volatility strategies underperformed market-capitalization weighted indices for the period. On a sector basis, relative to the MSCI ACWI Index, an underweighting in information technology, along with specific stocks held, were the top detractors to performance. Stock selection within communication services, consumer staples, and industrials also hurt performance.
- An underweighting in domestic equities and an overweighting in developed non-U.S. and emerging markets hurt performance relative to MSCI ACWI Minimum Volatility Index. On a sector basis, an underweighting in information technology and an overweighting in financials hurt 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.

The Morgan Stanley Capital International (MSCI) ACWI Minimum Volatility (Net) Index aims to reflect the performance characteristics of a minimum variance strategy applied to large and mid cap equities across 23 developed markets and 23 emerging markets countries. The index is calculated by optimizing the MSCI ACWI Index, its parent index, in USD for the lowest absolute risk (within a given set of constraints). Historically, the index has shown lower beta and volatility characteristics relative to the MSCI ACWI Index. **Morgan Stanley Capital International (MSCI) ACWI (Net) Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of 23 developed markets and 23 emerging markets. The index covers approximately 85% of the global investment opportunities. You cannot invest directly in an index.

Past performance is no guarantee of future performance.

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