

Market Overview

The market's focus remained on political headlines as the Trump Administration released an outline of their new Tax Plan, made an attempt at Health Care reform and fired FBI Director, James Comey, amid the Senate Intelligence Committee's Russian investigation. Economic data took the market by surprise in April as weakening inflation pressures out of the U.S. signaled a potential end to reflation-based gains. U.S. consumer confidence also took a step back, suggesting a potential pull-back in the recent strength of sentiment data. The Q1 GDP reading came in below expectations.

Policy makers encouraged the market to view the recent slowdown in economic data as more of a transitory aberration, rather than an indicator of overall weakening in the economy, but suggested prudence to see if the pace of economic activity was transitory. The Fed discussed roll-off policy and caps, indicating that they may be preparing the market for upcoming balance sheet normalization. Treasury Secretary, Steven Mnuchin, asked Congress to raise the debt ceiling before their August recess, since the debt limit is currently expected to be reached in August. Looking forward, the market remains focused on when, or if, the Administration will pivot to a stronger focus on initiatives such as tax reform.

Fund Overview

The 1290 Multi-Alternative Strategies Fund pursues its investment objective of seeking long-term growth of capital by investing in exchange-traded funds comprising various non-traditional or alternative asset categories and strategies.

Fund Highlights

What helped performance during the quarter?

- Convertible securities contributed to performance as the asset class benefited from a strong equity market.
- Exposure to international REITs, specifically in the Asia Pacific region, contributed to performance.
- Merger arbitrage strategy had positive performance mainly due to the materials sector. Specifically, positions in Linde AG* and Huntsman Corporation* were the largest contributors to positive performance.

What hurt performance during the quarter?

- Currency strategy was the largest detractor to performance due to short positions in the Swedish Krona and Euro, which rallied during the period.
- After having positive performance in 2016, energy saw a reversal in momentum through 2Q17. Managed Futures strategy and commodities were negatively impacted by the long position in energy.
- The value tilt negatively impacted performance within the long/short strategy as growth outperformed value for the quarter. Underweights to large, expensive tech companies detracted from performance.

* The Fund does not hold a position in this company directly but has exposure through the IQ Merger Arbitrage ETF.

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Past performance is no guarantee of future performance.

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