

Market Overview

Powerful growth continued in the U.S. during the second quarter of 2018 as expansion in other developed regions softened, resulting in mixed global market performance. Trade tensions heightened following the G-7 meeting in Canada and escalated with continued discordant rhetoric between the U.S. and its allies and the historic summit between North Korean leader Kim Jong Un and U.S. President Donald Trump.

U.S. economic growth helped drive unemployment to an 18-year low and consumer confidence to 18-year highs, even with gradually increasing inflation pressures. The Federal Reserve Board (the “Fed”) raised the target rate for federal funds by 25 basis points (1 basis point = 1/100 of 1%) to 1.75-2.0% and indicated that two additional quarter-point increases may be in the works before the end of the year.

While still in positive territory, global markets backed off this quarter with geopolitical developments increasing risk sentiments and growth indicators such as Purchasing Managers Index (PMI) softening in Europe. With European Union unemployment at its lowest since 2008, the European Central Bank (ECB) indicated that it would lower its current repurchase program in September before halting it by December, and will likely keep interest rates at current levels through the summer of next year.

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?

- Commodities was the top contributor to performance thanks to the strong performance in energy during the period.
- Global Real Estate added to performance, with US real estate outperforming international real estate, a reversal from last quarter.
- Convertible securities continue to add to performance.

What hurt performance during the quarter?

- Precious and Base metals were the largest detractors to performance, hurt by trade tensions as well as the US dollar strengthening.
- Multi-Strategies detracted performance as equity long/short sub-strategy continued to face headwinds for the period.
- The value tilt within the long/short strategy negatively impacted performance as growth continues to outperform value.

Source: FMG, LLC

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

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Past performance is no guarantee of future performance.

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