1290 Retirement Funds

How the Markets Performed

Throughout the second quarter, higher-yielding and 'riskier' bond markets outperformed core developed markets. Corporate debt, both investment grade and high yield, performed well in the quarter. The poorest sector was inflation-linked sovereign bonds. Longer duration outperformed over the quarter, although the opposite was true in June specifically. The U.K. and Germany underperformed the rest of the market significantly, while the best fixed-income gains were seen in Portugal, Turkey, Peru, India, and Indonesia.

A lack of progress on growth-friendly legislation from the Republican-controlled government contributed to a cautious tone in the U.S. equity markets. Despite that, stocks posted robust returns in the second quarter, capping off a strong first half of 2017. Stock returns were solid across most sectors, boosted by solid corporate earnings and investors' hopes for improving economic growth. Volatility was the lowest it has been in two decades.

Reduced political uncertainty and improving economic growth around the world encouraged the international stock markets to rise. Corporate earnings were upbeat in Europe and Japan, and economic data was encouraging from China, despite concerns about regulatory policy and a credit downgrade.

The Allocations Drive Performance

Each Fund's performance will reflect the performance of the underlying asset classes and depend upon their percentage weighting within the Fund. Here's why:

The 1290 Retirement Funds are managed to target a specific year of planned retirement. The Asset mix will become more conservative each year, until about 10 years after the target retirement year, when it will become relatively stable. The Funds balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term retirement withdrawal horizon.

To achieve its exposures, the Fund invests in ETFs representing various equity and bond asset classes. So the Funds' performance will be a function of the asset class performance and the percentage weighting of each in the Funds. Current target and actual allocations, as well as performance, are available in an accompanying quarterly Fund Fact Sheet.

What helped the Funds during the quarter?

With the exception of holdings in Treasury Inflation-Protected bonds, all of the holdings contributed positively to returns in the second quarter.

- The U.S. equity markets posted robust returns in the second quarter, with a reversal of some major themes from 2016. Large-caps outperformed small- and mid-sized companies, as hopes faded for tax action from Washington, D.C., which was viewed as potentially beneficial to these sectors.
- Emerging markets led global equity gains, while Japanese and European stocks also did well.

What hurt the Funds during the quarter?

- From a relative standpoint, bonds were a drag on performance in the second quarter. Only the most higher-yielding and 'riskier' bond markets produced more than modest returns.

1290 FUNDS℠

An investor should consider the investment objectives, risks, charges and expenses of the Funds 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.

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 value 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. Fixed income investments are subject to interest rate risk so that when interest rates rise, the prices of fixed income securities can decrease and the investor can lose principal value. To the extent a Fund invests in Underlying ETFs, the Fund will be subject to the risks associated with the securities and other investments in which the Underlying ETF invests 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. 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. Diversification does not eliminate the risk of experiencing investment losses.

One cannot invest directly in an index. Returns for periods of less than one year are not annualized. An investment in the fund will not ensure that an investor will have assets sufficient to cover retirement expenses or that an investor will have enough saved to be able to retire in, or within a few years of, the target year identified in the Fund's name.

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ALPS is a DST Company, 1290 Broadway, Suite 1100, Denver CO 80203.

1290 Avenue of the Americas, New York, NY 10104

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