1290 Retirement Funds

How the Markets Performed

In the U.S., concerns over a trade war with China following the announcement of a proposed tariff on imported steel and a proposed tariff on imported aluminum weighed on equities during the first quarter of 2018. The tech sector was under pressure on the news that user data was mishandled by social media companies. Growth-style outperformance, which has lasted the better part of 10 years, continued in the first quarter.

International markets began the year by pulling back in the first quarter. The decline ended a streak of four positive return quarters in a row.

Emerging markets stocks were the only major asset class to finish the quarter with positive absolute returns.

March brought positive returns from U.S. Treasury bonds, but not enough to bring the sector's quarterly return into the black. The losses were caused by higher yields across the curve, spurred by upside surprises in wage growth and inflation, as well as anticipation of increased Treasury issuance.

After months of low volatility and tighter credit spreads, the US corporate bond market experienced some volatility in the first quarter. This pushed yields up and created negative returns for the quarter. While fundamentals remain strong, macro facts, including less accommodative monetary policy coupled with increased government spending have increased inflationary expectations and volatility. High yield bonds also suffered modest losses, as several large defaults raised concerns, although the overall default rate remains low.

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 exchange traded funds (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.

Funds Highlights

What helped the Funds during the quarter?

- Emerging markets equities were the only ETFs to show positive performance in the quarter
- International bonds also exhibited positive returns albeit modest.

What hurt the Funds during the quarter?

- All U.S. equity markets lost ground in the first quarter. Small cap was the biggest loser.
- All U.S. fixed income ETFs lost ground as well, though not as great as equities.

* 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 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.

The 1290 Retirement Funds seek the highest total return over time consistent with their asset mix while managing portfolio volatility. Total return includes capital growth and income. 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 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. 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. 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. Diversification does not eliminate the risk of experiencing investment losses.

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.

Past performance is no guarantee of future performance.

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(AXA000588) (exp. 9/30/18)