

1290 Retirement Funds

Fund commentary 1Q21

Market overview

During the first quarter of 2021, equity markets rallied as expectations for future economic growth were boosted by the passage of a \$1.9 trillion U.S. economic stimulus package and an encouraging quarter-over-quarter decline in COVID cases. Small-cap equities outperformed large-cap equities during the quarter. Additionally, commodity prices rose in line with equities, as energy and industrial metals prices rallied. Bond market investors were not quite as enthusiastic as those in equities and commodities, since the large stimulus plans will require an increase in U.S. Treasury borrowings—a potentially inflationary move that would put pressure on bond prices.

Fund overview

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.

Fund highlights

What helped performance during the quarter?

- Within equities, being overweight small-cap equities contributed to performance as the asset category outperformed large-cap and mid-cap for the period. Positions with a low-volatility factor within emerging markets also benefited relative performance.

What hurt performance during the quarter?

- Within equities, having the low-volatility tilt was not beneficial across domestic and international equities, however performance differentials have reduced compared to past quarters in 2020. An underweighting in domestic mid-cap equities also hurt performance.
- Within fixed income, ETFs that have a relatively higher duration, such as the iShares Core U.S. Aggregate Bond, underperformed shorter-duration counterparts, as interest rates rose during the first quarter of 2021.
- Having no direct exposure to REITs detracted from performance as the asset class was up close to 10% for the past three months.

For more information, call (888) 310-0416 or visit 1290funds.com.

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 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. The Fund is subject to the risk that the securities markets will move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect Fund performance. Investments in foreign securities, including depositary receipts, involve risks in addition to those 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 U.S. markets, and it may take more time to clear and settle trades involving foreign securities, which could negatively impact the Fund's investments and cause it to lose money. 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, as well as trade barriers and other protectionist trade policies (including those of the U.S.) governmental instability, or other political or economic actions, also may adversely impact security value. Equity securities involve the risk that the value of the stocks and other equity securities may fluctuate, and 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 credit risk and interest rate risk. The fund is subject to the risk that the issuer or guarantor of a fixed income security, or the counterparty to the transaction, is unable or unwilling, or is perceived as unable or unwilling, to make timely interest or principal payments, or otherwise honor its obligations, which may cause the Fund's holding to lose value. In addition, changes in interest rates may affect the yield, liquidity and value of investments in income producing or debt securities. When interest rates rise, the value of the Fund's debt securities generally decline. Conversely, when interest rates decline the value of the Fund's

debt securities generally rises. The Fund will be subject to the risks associated with the securities and other investments in which the Underlying ETFs 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 objectives. 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 may limit Underlying ETFs, and in turn, 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. The underlying ETFs may be unsuccessful in maintaining a portfolio of investments that minimize volatility.

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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