



1290 SmartBeta Equity Fund

Fund commentary 1Q21

Market overview

Global equities made gains in the first quarter of 2021, as the roll-out of COVID-19 vaccinations across the world fueled hopes of a swift economic rebound, despite supply constraints. A \$1.9 trillion fiscal stimulus package in the U.S. buoyed sentiment and pushed some global markets to all-time-high levels during February. Further support emerged in March as the Federal Reserve upgraded its economic growth outlook for 2021. The pandemic, nevertheless, continued to cause bouts of unease, particularly as new strains of COVID-19 spread, and some countries tightened restrictions because of rising infections. Increases in government bond yields, as investors worried about growing inflation, added further pressure. Oil prices surged as they benefited from the improved economic outlook and from cold-weather-induced supply disruptions in the U.S. in February. The brighter economic prospects also boosted the U.S. dollar, which reached a near five-month high at the end of the quarter. Gold prices, however, weakened as investors' increasing risk appetite, the resurgent dollar and rising bond yields reduced the appeal of the metal.

Companies that were expected to be beneficiaries of economic recovery led the market higher, with the energy sector outpacing its closest rival, financials, by almost 10%. Industrials were also strong, with technology stocks among the worst performers for the quarter. The better return to stocks that had been beaten down by the coronavirus pandemic meant that the value factor performed strongly over the quarter, with smaller companies also bettering large. Momentum was the worst-performing factor during the period, with quality and low volatility also weaker given the rebound in traditionally riskier stocks.

Fund overview

The 1290 SmartBeta Equity Fund pursues its investment objective to seek to achieve long-term capital appreciation by investing, under normal circumstances, at least 80% of its net assets, plus borrowings for investment purposes, in equity securities. The Fund underperformed the MSCI World (Net) Index, the Fund's benchmark, before fees and expenses.

Fund highlights

What helped performance during the quarter?

- The Fund rose in value over the quarter but underperformed its benchmark index before fees and expenses. The Fund's relative performance is in line with expectations given the significant headwinds to the Fund's low volatility and high-quality factor profile.
- While the Fund's defensive approach went unrewarded, its underweight exposure to momentum proved beneficial during the quarter amid the shift in market leadership. This was particularly evident in the underperforming information technology and consumer discretionary sectors, where lower-than-benchmark positions in mega cap companies Tesla (0.00%*), Amazon (1.80%*) and Apple (3.05%*) enhanced relative returns.

Source for all figures above: AXA Rosenberg Investment Management LLC.

* % of total market value of fund holdings as of March 31, 2021. Subject to change. Current and future fund holdings are subject to risk.

Fund highlights (continued)

What hurt performance during the quarter?

- The increase in investor risk appetite in recent quarters has created headwinds for Fund performance. Periods of strongly rising equity market returns, especially when driven by more volatile and lower quality companies, have historically been challenging for this strategy and have proved to be so on this occasion.
- Notable challenges came from within the energy and financial sectors, which rebounded sharply this quarter after an extended period of underperformance. In this context, zero weights in Bank of America (0.00%), Exxon Mobil (0.00%*), Chevron (0.00%*) and Wells Fargo (0.00%*) were among the largest detractors from relative returns.

Source for all figures above: AXA Rosenberg Investment Management LLC.

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

An investor should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. To obtain a prospectus containing this and other information, please call (888) 310-0416 or download the file from 1290funds.com. Read the prospectus carefully before you invest.

1290 SmartBeta Equity Fund seeks long-term capital appreciation. 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. In general, the values of stocks and other equity securities 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. Larger more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes, which may lead to a decline in their market price. Mid-cap and small-cap companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies, all of which can negatively affect their value. Foreign markets, particularly emerging markets, may be less liquid, more volatile and subject to less government supervision and regulation than U.S. 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 values, and it may take more time to clear and settle trades involving foreign securities.

The **MSCI World (Net) Index** is a broad global equity benchmark that represents large- and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country, and MSCI World benchmark does not offer exposure to emerging markets. Individuals cannot invest directly in an index.

Past performance is no guarantee of future performance.

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