

## 2020 Capital Gains Estimates

### November 2020

The following are preliminary estimates of capital gain distributions scheduled to be paid before the end of 2020. Actual distributions will be affected by a number of factors:

- These estimates do not reflect all required tax adjustments. Actual capital gain distributions will be affected by all required tax adjustments and may be substantially different.
- Because these are estimates, some of these funds may not pay capital gains or funds not currently expected to pay could pay capital gains.

**We provide these estimates for informational purposes. Please remember that they are based on preliminary information and are subject to change. These capital gain estimates are not intended or written to be used as tax advice. Because everyone's tax situation is unique, you should consult your tax professional about the federal, state, local, or foreign tax consequences of this information.**

**Please refer to the Q&A that follows this table for additional information on capital gain distributions and how they are calculated.**

| Capital Gain Estimates as of October 31, 2020<br>(rates per share) |            |           |        |             |              |
|--|------------|-----------|--------|-------------|--------------|
| Fund Name  | Short-Term | Long-Term | Total  | Record Date | Payable Date |
| 1290 GAMCO Small/ Mid Cap Value Fund                               | 0.0000     | 0.0000    | 0.0000 | 12/11       | 12/14        |
| 1290 SmartBeta Equity Fund   | 0.0000     | 0.0957    | 0.0957 | 12/11       | 12/14        |
| 1290 High Yield Bond Fund  | 0.0000     | 0.0000    | 0.0000 | 12/11       | 12/14        |
| 1290 Multi-Alternative Strategies Fund                             | 0.0000     | 0.0000    | 0.0000 | 12/11       | 12/14        |
| 1290 Diversified Bond Fund   | 0.1552     | 0.0821    | 0.2373 | 12/11       | 12/14        |
| 1290 DoubleLine Dynamic Allocation Fund                            | 0.4496     | 0.3422    | 0.7918 | 12/11       | 12/14        |
| 1290 Retirement 2020 Fund  | 0.0000     | 0.2603    | 0.2603 | 12/11       | 12/14        |
| 1290 Retirement 2025 Fund  | 0.0001     | 0.2274    | 0.2275 | 12/11       | 12/14        |
| 1290 Retirement 2030 Fund  | 0.0000     | 0.5930    | 0.5930 | 12/11       | 12/14        |
| 1290 Retirement 2035 Fund  | 0.0000     | 0.3833    | 0.3833 | 12/11       | 12/14        |
| 1290 Retirement 2040 Fund  | 0.0000     | 0.2459    | 0.2459 | 12/11       | 12/14        |
| 1290 Retirement 2045 Fund  | 0.0000     | 0.3154    | 0.3154 | 12/11       | 12/14        |
| 1290 Retirement 2050 Fund  | 0.0002     | 0.1236    | 0.1238 | 12/11       | 12/14        |
| 1290 Retirement 2055 Fund  | 0.0000     | 0.1289    | 0.1289 | 12/11       | 12/14        |
| 1290 Retirement 2060 Fund  | 0.0000     | 0.1643    | 0.1643 | 12/11       | 12/14        |



Shareholder Services: 888-310-0416  
Web Address: [www.1290funds.com](http://www.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 1-888-310-0416 or download the file from [www.1290funds.com](http://www.1290funds.com). Read the prospectus carefully before you invest.**

Investing involves risks, including loss of principal. The Fund is subject to the risk that the securities markets will move down, sometimes rapidly and unpredictably, based on overall economic condition and other factors which may negatively affect Fund performance. Investments in foreign securities involve risks in addition to those associated with investments in U.S. securities. Foreign markets may be less liquid, more volatile and subject to less government supervision and regulation than U.S. markets and it may take more time to settle and clear trades involving foreign securities. Additionally, investments that are denominated in or that provide exposure to foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar. Mid-cap, small-cap and micro-cap companies carry additional risks because the operating histories of these companies tend to be more limited. Non-investment grade bonds, sometimes referred to as "junk bonds," are usually issued by companies without long track records of sales and earnings, or by those companies with questionable credit strength.

1290 Funds® is part of a family of mutual funds advised by Equitable Investment Management Group, LLC, a wholly owned subsidiary of Equitable Financial Life Insurance Company (Equitable Financial). Equitable Financial is an indirect wholly owned subsidiary of Equitable Holdings, Inc. Equitable Distributors, LLC is the wholesale distributor of 1290 Funds®. Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN) offers 1290 Funds® to investors.

1290 Funds® is a registered service mark of Equitable Investment Management Group, LLC, New York, NY 10104.

1290 Funds® is distributed by ALPS Distributors, Inc., 1290 Broadway, Suite 1000, Denver, CO 80203, which is not affiliated with Equitable or any sub-adviser.

© 2020 Equitable Financial Life Insurance Company. All rights reserved.

1290 Avenue of the Americas, New York, NY 10104

## Q&A: Capital Gain Distributions

This information is intended to help you understand capital gain distributions and how they are calculated.

### Q: Why are capital gain distributions made to shareholders?

**A:** As long as certain conditions imposed by the IRS are met, a mutual fund is not subject to income taxes on income, such as interest and dividends, that it earns from portfolio holdings or on the capital gains that are realized when a portfolio manager sells securities in the portfolio. The reason for this is that a mutual fund is a conduit through which its income and capital gains flow to its shareholders in the form of distributions. The distributions are then subject to tax when they are paid to the shareholders. These distributions are included in a shareholder's income tax return. According to IRS rules, a mutual fund must distribute 98% of its calendar-year income and 98.2% of its capital gains realized from November 1 of the previous year to October 31 of the current year. If it fails to meet these minimum distribution requirements, the fund is subject to a 4% excise tax on any undistributed amounts.

### Q: What determines the amount of the capital gains to be distributed?

**A:** The capital gain distribution is generally based on the capital gains the fund realizes from November 1 of the previous year to October 31 of the current year. This period may not correspond with the fund's fiscal year. If it does not, a comparison will be made of the capital gains realized during the fiscal year with those realized during the excise tax measurement period. Generally, the higher of the two amounts will be distributed.

### Q: How do a fund's realized capital gains relate to current market conditions?

**A:** Just because securities markets may be up or down does not mean that a fund will have more or less in realized capital gains. A fund may distribute a capital gain during a bear market and, conversely, it may not distribute a large capital gain during a bull market. A fund must pay a capital gain distribution if at the end of its fiscal year it has a net gain from the sales of securities, after tax adjustments. Capital gain/loss is the difference between the price at which each security is purchased and the price at which it is subsequently sold. If it is sold for more than its cost, there is a gain. If it is sold for less than its cost, there is a loss. Losses from the sales of securities may be used to offset gains realized from the sale of other securities. However, if at the end of its fiscal year the fund is in a net gain position, after tax adjustments the amount of net capital gains must be distributed to shareholders.

Although a capital gain is a taxable event, it is important to remember that it occurs because the fund makes a profit on an investment. That profit is included in the price per share and in the value of the account until it is distributed in additional shares or as a cash distribution. This is why you often see a fund's price per share drop when it distributes capital gains. Unless a shareholder receives a capital gain distribution in cash, the value of the shareholder's account is not affected by a capital gain distribution.

### Q: Why might the portfolio manager not try to reduce gains by realizing losses?

**A:** Although losses realized as a result of trading do offset gains, decisions about buying and selling securities are made on the basis of whether or not the portfolio manager believes the security remains a good investment for the fund. The portfolio manager will not sell a security simply to realize a loss. When the portfolio manager decides to sell a security, the portfolio manager tries to do so in the most tax-advantageous manner. The decision to sell, however, is based on the portfolio manager's analysis of that security's prospects as an investment, not on how its sale will affect the fund's overall gains or losses. Our focus is on the long-term performance of the fund for our shareholders.