

# GLOBAL TACTICAL ASSET ALLOCATION FUND

MUTUAL FUND

AS OF 1Q19



Overall Morningstar Rating™ among 397 World Allocation funds derived from a weighted average of the fund's 3- 5- and 10-year risk-adjusted returns as of 3/31/19.<sup>1</sup>

## Investment Objective

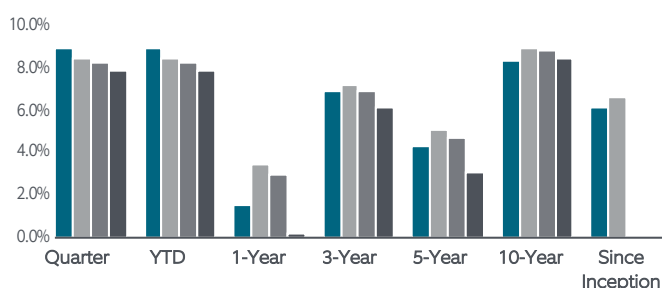
The Fund seeks to provide long-term capital appreciation and current income.

## Investment Approach

The Fund seeks to achieve its investment objective by diversifying among various asset classes (stocks, bonds, commodities, and other) both domestic and foreign. The allocation will be based on an asset allocation framework developed by the Investment Policy Committee of The Northern Trust Company (TNTC) and Northern Trust Investments, Inc. (NTI).

## INVESTMENT PERFORMANCE % — AS OF 3/31/19

- Northern Funds Global Tactical Asset Allocation Fund
- Blended Benchmark<sup>2</sup>
- Internal Reference Benchmark<sup>3</sup>
- Morningstar Category Avg World Allocation



	Average Annual Returns						
■ Fund	8.88	8.88	1.46	6.84	4.25	8.27	6.10
■ Benchmark I <sup>2</sup>	8.45	8.45	3.59	7.27	5.11	8.89	6.63
■ Benchmark II <sup>3</sup>	8.23	8.23	2.97	6.89	4.66	8.80	—
■ Morningstar	7.81	7.81	0.09	6.14	3.01	8.38	—

Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here. Performance data current to the most recent month end is available by calling 800-595-9111.

Northern Trust Investments, Inc. has contractually agreed to reimburse a portion of the operating expenses of the Fund (other than certain excepted expenses, i.e., acquired fund fees and expenses; the compensation paid to each Independent Trustee of the Trust; expenses of third party consultants engaged by the Board of Trustees; membership dues paid to the Investment Company Institute and Mutual Fund Directors Forum; expenses in connection with the negotiation and renewal of the revolving credit facility; and extraordinary expense and interest) to the extent the "Total Annual Fund Operating Expenses" exceed 0.25%. The "Total Annual Fund Operating Expenses After Expense Reimbursement" may be higher than the contractual limitation as a result of the excepted expenses, including but not limited to Acquired Fund Fees and Expenses, that are not reimbursed. This contractual limitation may not be terminated before July 31, 2019 without the approval of the Board of Trustees. In the absence of contractual expense reimbursements, yield, total return, growth since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions.

Please see back page for calendar year returns, index definitions and investment terms.

## FUND OVERVIEW

	Fund
Benchmark/Index	Blended Benchmark <sup>2</sup>
Morningstar Category	World Allocation
Inception Date	7/1/93
Total Net Assets	\$91.5 Million
Symbol/CUSIP	BBALX
Dividend Schedule	Quarterly
Expense Ratio - Gross (%)	0.80
Expense Ratio - Net (%)	0.63

The Gross and Net Expense Ratios are as of the most recent prospectus. The Net Expense Ratio includes contractual expense reimbursements that, if not extended, will end on July 31, 2019.

## FUND CHARACTERISTICS

	Fund
Number of Holdings	18
Annual Portfolio Turnover as of 3/31/18 (%)	25.4

## PERFORMANCE AND RISK CHARACTERISTICS (3 YR)

	Fund
Beta	1.02
Information Ratio	-0.24
Upside Capture Ratio	94.55
Downside Capture Ratio	96.01

Above risk characteristics are based on 3-year time period.

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

## GLOBAL TACTICAL ASSET ALLOCATION FUND

## CALENDAR YEAR RETURNS %

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Global Tactical Asset Allocation Fund	-7.91	14.18	9.12	-2.24	2.14	11.58	14.02	-0.01	10.80	20.14
Benchmark I <sup>2</sup>	-5.53	15.39	5.92	-0.96	4.97	12.35	11.49	-1.14	10.77	23.02
Benchmark II <sup>3</sup>	-5.70	14.26	7.75	-2.71	4.54	9.06	12.37	-0.05	12.19	24.24
Morningstar World Allocation	-8.26	14.79	6.04	-4.15	1.54	10.07	10.74	-3.99	10.58	24.37

Performance quoted represents past performance and does not guarantee future results.

## SECTOR ALLOCATION %

	Fund
Financials	14.7
Information Technology	11.9
Real Estate	11.6
Industrials	11.0
Materials	9.2
Consumer Discretionary	8.9
Energy	8.4
Health Care	7.1
Communication Services	6.6
Consumer Staples	6.2
Utilities	4.4

## ASSET ALLOCATION %

	Fund
Stocks	48.2
Bonds	39.9
Real Assets	11.0
Cash & Cash Equivalents	0.9

## PORTFOLIO MANAGEMENT

BOB BROWNE, CFA<sup>®</sup>

Began career in 1989 | With Northern Trust since 2009

Mr. Browne holds a B.A with a major in economic from the College of the Holy Cross. He also has a Masters in international business studies from the University of South Carolina. He is an Active CFA<sup>®</sup> charterholder.

DANIEL J. PHILLIPS, CFA<sup>®</sup>

Began career in 2005 | With Northern Trust since 2005

Mr. Phillips received a BBA in finance and economics from the University of Iowa and an MBA in finance, economics and international business from the University of Chicago. He is an active CFA charterholder.

## JIM MCDONALD

Began career in 1981 | With Northern Trust since 2001

Mr. McDonald received a BBA from the University of Michigan and an MBA with high distinction from Babson College. He is a member of the CFA society Chicago and a registered CPA in the state of Michigan.

## ASSET ALLOCATION WEIGHTINGS

Asset Class	Investment Vehicle	Weight
U.S. Equity	FlexShares <sup>®</sup> Morningstar US Market Factor TILT Index Fund	17.3%
	FlexShares <sup>®</sup> US Quality Dividend Index Fund	7.5%
Non U.S. Equity - Developed	FlexShares <sup>®</sup> Morningstar Dev Markets Ex-US Factor TILT Index Fund	9.8%
	FlexShares <sup>®</sup> International Quality Dividend Index Fund	5.8%
Non U.S. Equity - Emerging Markets	FlexShares <sup>®</sup> Morningstar Emerging Market Factor TILT Index Fund	7.8%
Global Real Estate	FlexShares <sup>®</sup> Global Quality Real Estate Index Fund	4.0%
U.S. Bonds - High Yield	iShares iBoxx High Yield Corporate Bond	10.9%
U.S. Bonds - Investment Grade	FlexShares <sup>®</sup> Credit-Scored US Corp Bond Index Fund	6.8%
	iSharesMBS ETF	6.2%
	iShares 3 -7 Year Treasury Bond Fund	5.0%
	FlexShares <sup>®</sup> Disciplined Duration Fund	3.7%
	iShares Trust Long Term Corporate Bond ETF	3.1%
	iShares 20+ Year Treasury Bond Fund	2.1%
	iShares 7-10 Year Treasury Bond Fund	0.8%
	iShares Short-Term Corporate Bond Fund	0.8%
	FlexShares <sup>®</sup> Credit-Scored US Long Corporate Bond Fund	0.6%
Commodities/Natural Resources	FlexShares <sup>®</sup> Morningstar Global Upstream Natural Resources Index Fund	5.0%
Global Infrastructure	FlexShares <sup>®</sup> STOXX Global Broad Infrastructure Index Fund	2.0%
Cash	Northern Institutional US Government Portfolio	0.9%

Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds before investing. Call 800-595-9111 to obtain a prospectus and summary prospectus, which contain this and other information about the funds.

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## DISCLOSURE AND RISKS

All data is as of date indicated and subject to change.

<sup>1</sup> Past performance is no guarantee of future results. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.

The Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed products monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Global Tactical Asset Allocation Fund received 4 stars for the 3-year rating among 397 World Allocation funds, 4 stars for the 5-year rating among 321 funds and 3 stars for the 10-year rating among 161 funds.

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**Asset Allocation Risk:** An asset allocation strategy does not guarantee any specific result or profit nor protect against a loss.

**Equity Risk:** Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed-income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes.

**Interest Rate Risk:** Increases in prevailing interest rates will cause fixed-income securities, including convertible securities, held by the Fund to decline in value.

**International Risk:** International investing involves increased risk and volatility.

## DEFINITIONS

<sup>2</sup> Asset Allocation Blend Index consists of 60% MSCI All Country World Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index. It is not possible to invest directly in an index.

<sup>3</sup> Internal Reference Benchmark represents the strategic asset allocation weights assigned annually by the Investment Policy Committee - the baseline from which the portfolio managers tactically allocate within the Fund. As of July 12, 2018, the benchmark consists of 34% Bloomberg Barclays U.S. Aggregate Bond Index, 23% MSCI U.S. IMI, 16% MSCI World ex. USA IMI, 9% MSCI Emerging Markets IMI, 4% Bloomberg Barclays U.S. TIPS 1-5 Year Index, 3% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped, 2% MSCI ACWI IMI Core Real Estate Index, 5% S&P Global Natural Resources Index, 2% S&P Global Infrastructure Index and 2% Bloomberg Barclays 1-3 Month U.S. Treasury Bills Index. It is not possible to invest directly in an index.

**Bloomberg Barclays U.S. TIPS 1-5 Year Index** measures the performance of the US Treasury Inflation Protected Securities (TIPS) market. Federal Reserve holdings of US TIPS are not index eligible and are excluded from the face amount outstanding of each bond in the index. **Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and non-agency). **Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index** is an unmanaged index that measures the market of U.S. dollar-denominated, non investment-grade, fixed-rate, taxable corporate bonds. It is a version of the Bloomberg Barclays High Yield Corporate Bond Index except it limits its exposure of each issuer to 2% of the total market value and redistributes any excess market value Index-wide on a pro-rata basis. **Bloomberg Barclays 1-3 Month U.S. Treasury Bills Index** is a sub segment of the **Bloomberg Barclays US Treasury Bill Index** that tracks the market for treasury bills issued by the US government. US Treasury bills are issued in fixed maturity terms of 4-, 13-, 26- and 52-weeks. The US Treasury Bill Index is a component of the US Short Treasury Index along with US Treasury notes and bonds that have fallen below one year to maturity. **iMoneyNet Fund Avg. - Government & Agencies Institutional** includes the most broadly based of the government institutional funds. These funds may invest in U.S. Treasury securities, securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities. It is not possible to invest directly in an index. **MSCI® ACWI® IMI CORE REAL ESTATE INDEX** is a free float-adjusted market capitalization-weighted index that consists of large, mid and small-cap stocks engaged in the ownership, development and management of specific core property type real estate. As of May 31, 2018, the MSCI® ACWI® IMI Core Real Estate Index consisted of 47 countries worldwide, comprising 23 developed and 24 emerging market countries. As of May 31, 2018, the developed market countries included were: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. As of May 31, 2018, the emerging market countries included were: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Pakistan, Peru, the Philippines, Poland, Russia, Qatar, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. **MSCI Emerging Markets Investable Markets Index (IMI)** is a free float-adjusted, market capitalization index that is designed to measure large, mid, and small cap equity market performance in the in the global emerging markets. **MSCI United States Investable Markets Index (IMI)** is a free float-adjusted, market capitalization index that is designed to measure the performance of large, mid, and small cap segments of the U.S. market. **MSCI World ex. USA Investable Markets Index (IMI)** is a free float-adjusted, market capitalization index that is designed to measure the performance of large, mid, and small cap securities in developed markets, excluding the USA. **S&P Global Infrastructure Index** provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. The index has balanced weights across three distinct infrastructure clusters: Utilities, Transportation and Energy. **S&P Global Natural Resources Index** includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across 3 primary commodity-related sectors: agribusiness, energy, and metals & mining.

**Beta:** Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark.

**Down Market Capture:** A measure of a managers performance in down markets relative to the market.

**Information Ratio:** A measure of risk-adjusted relative return.

**Up Market Capture:** A measure of a managers performance in up markets relative to the market.

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