

NORTHERN FUNDS

# Northern Engage360™ Fund (NENGX)

## 2Q 2023 Performance Review

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June 30, 2023

*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 contains this and other information about the funds.*



# NORTHERN ENGAGE360™ FUND (NENGX)

## FUND OVERVIEW

Benchmark/Index	FUND
	MSCI All Country World Index
Morningstar Category	World Large Stock
Inception Date	11/20/17
Total Net Assets	\$ 178.56 Million
Symbol/CUSIP	NENGX
Dividend Schedule	Annually
Redemption Fee	2% on shares sold or exchanged within 30 days of purchase
Expense Ratio - Gross (%)	0.77
Expense Ratio - Net (%)	0.71

## SUB-ADVISER TARGET ALLOCATIONS\*



- 26% Aristotle**  
Global Equity, Relative Value
- 23% Boston Common**  
Diversified,  
All Country International
- 24% Mar Vista**  
U.S. Large Cap
- 20% EARNEST**  
U.S. All Cap Core
- 7% Ariel**  
US Mid Cap Value

\*Actual allocations may vary. Effective December 3, 2021, Boston Common Asset Management, LLC began managing a portion of the Northern Engage 360 Fund.

## STRATEGY OBJECTIVES

- Achieve long-term capital appreciation through a diversified portfolio of global equities.
- Utilize a multi-manager approach to allocate to sub-advisers based on their investment expertise and a demonstrated commitment to advancing and promoting diversity.
- The Fund will invest at least 80% of its net assets in equity securities of companies listed on a domestic or foreign exchange.
- The Fund may invest in issuers with market capitalizations in all ranges including small-, medium- and large-capitalization companies.

*By properly combining sub-advisers, we attempt to create a diversified global equity portfolio optimized for alpha and diversity & engagement characteristics, while controlling for volatility.*

## PORTFOLIO CHARACTERISTICS

- Well diversified portfolio, benchmarked to the MSCI ACWI Index.
- The Fund leverages sub-advisers with various investment approaches.
- Style characteristics are designed to be neutral to the Index.



# NORTHERN ENGAGE360™ FUND (NENGX)

## Fund Quarterly Commentary & Performance

2Q I 2023

### QUARTERLY COMMENTARY

- Global markets were positive in the second quarter appreciating by 6.18% as measured by the MSCI All Country World Index (ACWI). In the quarter, growth was significantly in favor relative to value as the MSCI ACWI Growth Index returned 9.20% versus 2.98% for the MSCI ACWI Value. In the U.S., the S&P 500 was positive returning 8.74%. International developed markets, as measured by the MSCI EAFE Index, appreciated by 2.95%, and the MSCI Emerging Markets Index was up 0.90%.
- The Fund underperformed its benchmark, the MSCI ACWI, in the period appreciating 5.76% compared to the benchmark return of 6.18%. A meaningful headwind in the quarter was once again the Fund's underweight to a handful of mega cap technology and consumer discretionary companies which had outsized returns relative to the broader market. Offsetting some of this headwind was positive stock selection, namely in the Fund's U.S. information technology and industrials holdings.
- All sub-advisers except for Mar Vista detracted from excess returns in the quarter. Sub-adviser Boston Common was the largest detractor to Fund performance in the quarter primarily due to investing in international markets which underperformed U.S. equities. EARNEST and Aristotle detracted primarily due to having underweights to mega cap companies. EARNEST also detracted due to negative stock selection in communication services. Mar Vista added to excess returns driven by positive stock selection in their industrials holdings and sector positioning. Ariel slightly detracted from performance driven by its smaller cap exposure.

as of June 30, 2023				Annualized				Calendar Year				
	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception to Date	2022	2021	2020	2019	2018
<b>FUND</b>	<b>5.76</b>	<b>11.11</b>	<b>15.86</b>	<b>8.68</b>	<b>6.44</b>	--	<b>6.00</b>	<b>-18.74</b>	<b>13.85</b>	<b>19.01</b>	<b>25.64</b>	<b>-12.17</b>
Benchmark	6.18	13.93	16.53	10.99	8.10	--	7.74	-18.36	18.54	16.25	26.60	-9.41
Morningstar Category Avg. Global Large Stock Blend	4.81	11.52	14.98	10.56	7.26	--	--	-16.67	17.72	12.96	25.26	-10.06

Fund inception: November 20, 2017

Annual Expense Ratio: Gross 0.77%, Net 0.71%<sup>1</sup>

Benchmark: MSCI All Country World Index. The Index performance is represented net of foreign withholding taxes on dividends.

**Returns quoted represent past performance, which 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. Call 800-595-9111 for returns current to the most recent month-end.** Returns for periods greater than one year are annualized. Net expense ratio reflects voluntary expense reimbursements by the Fund's investment advisors that may be changed or terminated at any time. See the Appendix for additional disclosure about performance.

<sup>1</sup>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, 2023.

See pages 10-11 for important risk and disclosure information

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# Fund and Sub-Advisers

## 2Q 2023 Review



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# NORTHERN ENGAGE360™ FUND (NENGX)

Sub-Adviser Target Allocations

2Q I 2023



## SUB-ADVISER TARGET ALLOCATIONS\*

- 26% Aristotle**  
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- 23% Boston Common**  
Diversified,  
All Country International
- 24% Mar Vista**  
U.S. Large Cap
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U.S. All Cap Core
- 7% Ariel**  
US Mid Cap Value

## SUB-ADVISER ALLOCATION

Sub-Adviser	Target Allocation*	Role in Portfolio
Aristotle Capital Management, LLC	26%	Global equity, relative value approach that is benchmark agnostic. Seeks to uncover high quality investment opportunities that are trading at attractive prices and possess a catalyst to unlock value.
Boston Common Asset Management, LLC	23%	A diversified international strategy employing a growth at a reasonable price approach with a high-quality bias. The strategy will invest in both developed and emerging international markets.
Mar Vista Investment Partners, LLC	24%	A U.S. large cap strategy that seeks to invest in companies that possess sustainable competitive advantages and attractive returns on capital. The portfolio is expected to have a lower volatility, low beta profile.
EARNEST Partners, LLC	20%	Diversified U.S. all cap core strategy focusing on companies with improving profitability and lower earnings variability that trade at reasonable valuations.
Ariel Investments, LLC	7%	A concentrated U.S. mid cap value strategy with a long term investment horizon that follows a fundamental, bottom-up, contrarian value style of investing.

\*Actual allocations may vary.

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Portfolio composition may change at any time.

See pages 10-11 for important risk disclosure information

# NORTHERN ENGAGE360™ FUND (NENGX)

*Portfolio Characteristics*

2Q | 2023

PORTFOLIO CHARACTERISTICS	Mar Vista Inv Partners	Aristotle Capital Management	EARNEST Partners	Ariel Investments	Boston Common
Wtd Avg Market Cap	\$551.2 Billion	\$197.6 Billion	\$65.1 Billion	\$18.4 Billion	\$86.5 Billion
% EPS Growth 5 Yr	21.18	14.07	12.82	9.26	5.71
Positive Trailing P/E	42x	18.1x	17.6x	19.4x	15.8x
Price to Book	4.91	2.43	2.78	1.89	2.28
Number of Holdings**	30	49	56	44	62

PORTFOLIO CHARACTERISTICS	FUND	Benchmark
Wtd Avg Market Cap	<b>\$220.2 Billion</b>	<b>\$439.2 Billion</b>
5 Yr EPS Growth	<b>13.30</b>	<b>16.60</b>
Positive Trailing P/E	<b>20.4x</b>	<b>17.9x</b>
Price to Book	<b>2.72</b>	<b>2.72</b>
Number of Holdings*	<b>230</b>	<b>2,935</b>

\*Currency positions are excluded.

Portfolio composition may change at any time.

Source: FactSet

See pages 10-11 for important risk disclosure information

# NORTHERN ENGAGE360™ FUND (NENGX)

Sector Allocations (%)

2Q | 2023

SECTOR ALLOCATIONS %	Mar Vista Inv Partners	Aristotle Capital Management	EARNEST Partners	Ariel Investments	Boston Common
Communication Services	5.31	1.82	4.41	11.70	5.59
Consumer Discretionary	8.40	16.54	8.74	16.78	11.89
Consumer Staples	2.48	5.31	1.57	4.79	9.44
Energy	0.00	5.01	4.78	4.44	0.00
Financials	15.42	14.32	17.23	21.45	21.99
Health Care	6.22	12.08	7.02	11.12	13.79
Industrials	17.33	15.23	16.71	16.87	15.58
Information Technology	34.93	19.35	24.29	6.07	13.43
Materials	6.60	10.33	5.39	3.08	4.32
Real Estate	3.30	0.00	7.75	3.69	1.05
Utilities	0.00	0.00	2.11	0.00	2.94

SECTOR ALLOCATIONS %	FUND	Benchmark
Communication Services	<b>4.73</b>	7.30
Consumer Discretionary	<b>11.98</b>	11.36
Consumer Staples	<b>4.78</b>	7.28
Energy	<b>2.56</b>	4.61
Financials	<b>17.39</b>	15.41
Health Care	<b>9.97</b>	11.69
Industrials	<b>16.23</b>	10.52
Information Technology	<b>21.88</b>	22.15
Materials	<b>6.58</b>	4.56
Real Estate	<b>2.82</b>	2.34
Utilities	<b>1.07</b>	2.77

Totals may not sum to 100% exactly due to rounding.

Portfolio composition may change at any time.

Source: FactSet. The Sector and Regional/Country Allocations weights (%) may differ versus other reports based on the classification methodology used.

See pages 10-11 for important risk disclosure information



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# NORTHERN ENGAGE360™ FUND (NENGX)

*Regional/Country Allocations (%)*

2Q | 2023

REGIONAL/ COUNTRY WEIGHTS %	Mar Vista Inv Partners	Aristotle Capital Management	EARNEST Partners	Ariel Investments	Boston Common
United States	94.05	45.12	97.92	94.92	0.00
Canada	0.00	6.28	0.00	0.00	2.20
United Kingdom	2.92	4.18	0.00	5.08	11.94
Europe ex. U.K.	3.03	24.66	0.00	0.00	35.29
Japan	0.00	12.96	0.00	0.00	13.97
Pacific ex. Japan	0.00	4.25	2.08	0.00	4.70
Emerging Markets	0.00	2.56	0.00	0.00	31.88
Other	0.00	0.00	0.00	0.00	0.00

REGIONAL/ COUNTRY WEIGHTS %	FUND	Benchmark
United States	<b>60.83</b>	59.92
Canada	<b>2.14</b>	3.01
United Kingdom	<b>4.87</b>	4.19
Europe ex. U.K.	<b>15.17</b>	13.87
Japan	<b>6.55</b>	5.50
Pacific ex. Japan	<b>2.58</b>	2.85
Emerging Markets	<b>7.86</b>	10.64
Other	<b>0.00</b>	0.02

See pages 10-11 for important risk disclosure information

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# Appendix

## Disclosure of additional information

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# DISCLOSURE AND RISKS

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

**Emerging and Frontier Markets Risk:** Emerging and frontier market investing may be subject to additional economic, political, liquidity and currency risks not associated with more developed countries. Additionally, frontier countries generally have smaller economies or less developed capital markets than traditional emerging markets and, as a result, the risks of investing in emerging market countries are magnified in frontier countries.

**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.

**Foreign (Non-U.S.) Securities Risk:** Investing in foreign (non-U.S.) securities may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies, due to less liquid markets, foreign government intervention and adverse economic, political, diplomatic, financial and regulatory factors.

**Multi-Manager Risk:** is the risk that the sub-advisers' investment styles will not always be complementary, which could affect the performance of the Fund.

**Market Turbulence Resulting from COVID-19:** The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund.

## DEFINITIONS

**MSCI All Country World Index (MSCI ACWI):** A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indices comprising 23 developed and 23 emerging market country indices. It is not possible to invest directly in an index.

**Weighted Average Market Capitalization:** a firm's closing stock price multiplied by the number of shares.

**% EPS Growth – past 5 years:** a 5 year annualized earnings growth rate. Earnings per share is a part of a company's profit which is allocated to an individual outstanding share of common stock. As viewed by the investor, it is the rate of earnings which are returned on the original investment made. Also known as EPS for short, the earnings per share can be used to indicate a corporation's financial profitability.

**Positive Trailing P/E:** the sum of a company's price-to-earnings. Calculated by taking the current stock price and dividing it by the current earnings per share for the past 12 months, excluding those companies with negative earnings.

**Price to Book:** a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current price of the stock by the latest quarter's book value per share.

Please refer to the Fund's prospectus for further information relating to principal risks.



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# APPENDIX: DISCLOSURES

## Definitions (continued)

**Alpha:** measures a fund's risk-adjusted performance and represents the difference between a fund's actual performance and its expected performance, given its level of risk.

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

- **Past performance does not guarantee future results.**
- Total return is based on net change in NAV, assuming reinvestment of all distributions. Returns for periods greater than one year are annualized. Returns of an index do not reflect the deduction of any management fees, transaction costs or other expenses. It is not possible to invest directly in an index.
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