

NORTHERN FUNDS

Active M Emerging Markets Equity Fund (NMMEX)

2Q 2019 Performance Review

June 30, 2019

*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.*



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Fund Facts

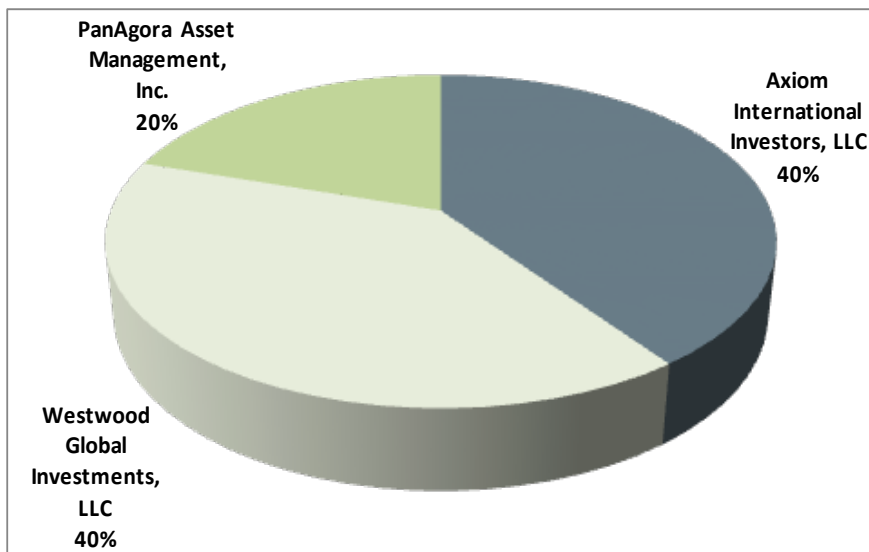
Fund Objective: Capital Appreciation

Inception Date: November 19, 2008

Ticker Symbol: NMMEX

Benchmark: MSCI Emerging Markets® Index

Sub-Adviser Target Allocations*



*Actual allocations may vary.

Strategy Objectives

- Under normal circumstances, invest at least 80% of net assets in equity securities of emerging and frontier markets — emerging and frontier markets are defined as markets in the MSCI Emerging Markets Index and the MSCI Frontier Markets Index.
- Leverage a disciplined and consistent research process to identify sub-advisers where manager selection and allocations are determined using a multi-factor based screening and optimization approach augmented with deep qualitative and fundamental due diligence.
- Add value through the combination of sub-advisers who are specialists in their respective styles. This approach should isolate the stock selection skills of the sub-advisers as the primary source of value added for the Fund over time.
- Continuously monitor the style and characteristics of the Fund and actively manage to the target allocations of the sub-advisers.

By properly combining sub-advisers, we attempt to deliver robust alpha and broad diversification, while maintaining factor neutral biases (such as size, value and momentum) across emerging markets equities.

Portfolio Characteristics

- Well diversified portfolio, benchmarked to the MSCI Emerging Markets Index.
- The Fund currently uses three sub-advisers with various investment approaches.
- Designed to maintain factor neutral biases across emerging markets equities.

GLOSSARY

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.

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.

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.

% 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 ratio of a firm's closing stock price and its trailing 12 months' earnings per share, excluding those companies with negative earnings. A P/E ratio is generally used to provide investors with a better understanding of a company's value.

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.

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

MSCI Emerging Markets Index: is a free float-adjusted, market capitalization index that is designed to measure equity market performance in the global emerging markets. It is not possible to invest directly in an index.

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

ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Fund Performance & Quarterly Fund Commentary

2Q | 2019

QUARTERLY COMMENTARY

- Emerging markets posted a modest gain during the second quarter as the MSCI Emerging Markets Index rose 0.61%. China had the largest negative impact, as increasing trade war tensions and concerns over a slowing economy, dragged the market down -4.02%. Information technology stocks fell most in China with a decline of 9.14%. Meanwhile, Russia posted a strong return of 16.85% on strong earnings among its bellwether constituents within oil and gas and financials. India was up slightly in the quarter as investors favored the re-election of Prime Minister Narendra Modi. Stocks in Brazil advanced as investor sentiment rose on expectations of further reforms, particularly pension reforms. Financials and consumer staples were the largest contributors to the broader index return, while health care and communications services stocks detracted the most. Higher dividend paying stocks contributed to returns as well. Value stocks, as measured by the MSCI EM Value Index, slightly outperformed its growth counterparts for the quarter, returning 0.97% versus 0.26%, respectively.
- The Fund outperformed its benchmark, the MSCI Emerging Markets Index, for the quarter, up 1.08% versus 0.61%, respectively. Stock selection largely drove results. China was one of the Fund's stronger performing areas where growth-oriented Axiom's positions in Chinese industrials, financials and consumer staples holdings added value. The Fund's underweight to the weaker performing China market also contributed positively. Sub-adviser Westwood's value strategy was additive for the quarter, particularly within the information technology sector in India, while PanAgora's quantitatively driven strategy detracted from performance. The Fund's overweight to Brazil proved positive; however, exposure to commodity companies overwhelmed the positive effect from country allocation. Stock selection in Taiwan also detracted from performance.

PERFORMANCE (in %) as of June 30, 2019

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception to Date	2018	2017	2016	2015	2014
Active M Emerging Markets Equity Fund - Inception 11/19/08	1.08	7.65	-2.18	9.15	1.32	6.05	10.50	-14.90	35.41	12.65	-16.05	-4.22
MSCI Emerging Markets Index (net)*	0.61	10.58	1.21	10.66	2.49	5.81	10.10	-14.57	37.28	11.19	-14.92	-2.19
Excess Return	0.47	-2.93	-3.39	-1.51	-1.17	0.24	0.40	-0.34	-1.87	1.46	-1.14	-2.03
Annual Expense Ratio: Gross, 1.21%; Net, 1.10% ¹												

*The net index provides the equity returns including dividends net of withholding tax rates

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.

¹The 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 of July 31, 2019.

The Fund benchmark is the MSCI Emerging Markets[®] Index. The net index provides the equity returns including dividends net of withholding tax rates.



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Fund Characteristics

FUND FACTS

Fund Objective: Capital Appreciation
Inception Date: November 19, 2008
Ticker Symbol: NMMEX
Benchmark: MSCI Emerging Markets® Index

5 LARGEST HOLDINGS

Company	% of Fund
Samsung Electronics Co	4.9%
Taiwan Semiconductor Ma	4.3%
Tata Consultancy Servic	3.2%
Tencent Holdings Limite	3.1%
Alibaba Group Hldg Ltd	3.1%
Total*	18.6%

FUND CHARACTERISTICS

	NMMEX	Benchmark
Wtd Avg Market Cap	\$85.9 Billion	\$81.5 Billion
% EPS Growth - Past 5 yrs.	10.64%	12.96%
Positive Trailing P/E	15.5x	14.1x
Price to Book	1.70	1.58
Number of Holdings**	365	1,193

*The "Total" column may not sum exactly due to rounding.

**Currency positions are excluded.

Portfolio composition may change at any time.

Source: Wilshire Atlas

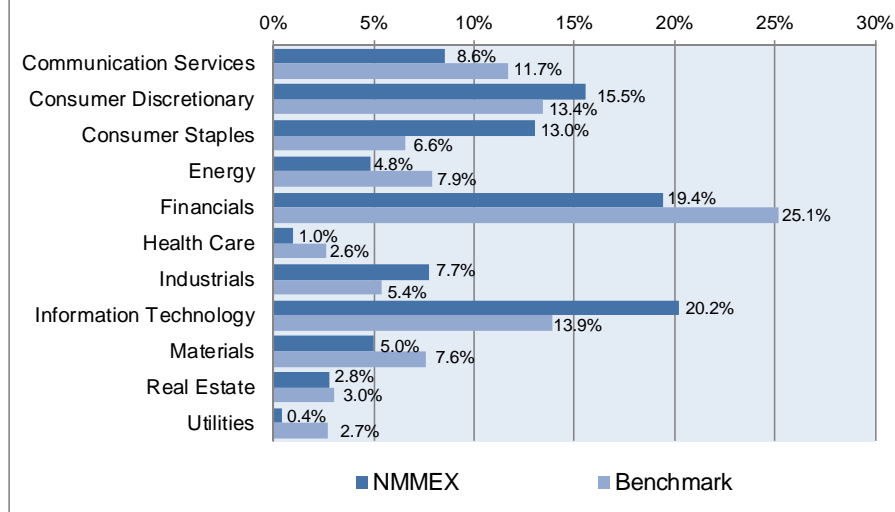
5 See page 10 for important disclosure information

REGIONAL/COUNTRY WEIGHTS

2Q | 2019

	NMMEX	Benchmark
Latin America ex Brazil	6.7%	4.3%
Eastern Europe ex Russia	0.6%	1.9%
Middle East Africa	10.1%	8.3%
Pacific ex China	30.4%	31.6%
Brazil	11.8%	7.6%
Russia	2.8%	4.0%
India	10.1%	9.0%
China	21.6%	31.6%
Frontier Markets	0.1%	0.4%
Developed Markets	5.5%	0.0%
Not Classified	0.4%	1.4%
Total*	100.0%	100.0%

SECTOR ALLOCATIONS



NORTHERN FUNDS

Sub-Adviser 2Q 2019 Review



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Sub-Adviser Allocation and Portfolio Characteristics

2Q I 2019

SUB-ADVISER ALLOCATION

Sub-Adviser	Target Allocation*	Role in Portfolio
Axiom International Investors, LLC	40%	Opportunistic bottom-up growth strategy seeks to identify high-quality companies exhibiting signs of improvement and/or acceleration in key business drivers.
Westwood Global Investments, LLC	40%	Value-oriented, opportunistic investment approach. The portfolio tends to exhibit a less benchmark-oriented approach to value investing.
PanAgora Asset Management, Inc.	20%	Highly diversified quantitative value approach that derives alpha through stock selection, utilizing a broad range of factors. Expected to provide consistent risk-adjusted performance as a result of its diversified investment approach.

PORTFOLIO CHARACTERISTICS

	Axiom	Westwood	PanAgora	NMMEX	MSCI EM Index
Wtd Avg Market Cap	\$112 Billion	\$63.4 Billion	\$77.2 Billion	\$85.9 Billion	\$81.5 Billion
% EPS Growth - Past 5 yrs.	15.57%	4.92%	14.09%	10.64%	12.96%
Positive Trailing P/E	19.7x	13.9x	12.8x	15.5x	14.1x
Price to Book	2.05	1.60	1.35	1.70	1.58
Number of Holdings**	126	32	259	365	1193

*Actual allocations may vary.

**Currency positions are excluded.

Portfolio composition may change at any time.

Source: Wilshire Atlas



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Sub-Adviser Sector and Regional/Country Allocations

2Q | 2019

SECTOR ALLOCATIONS

	Axiom	Westwood	PanAgora	NMMEX	MSCI EM Index
Communication Services	6.9%	9.1%	11.3%	8.6%	11.7%
Consumer Discretionary	16.9%	15.6%	11.9%	15.5%	13.4%
Consumer Staples	12.8%	16.2%	5.8%	13.0%	6.6%
Energy	5.8%	2.1%	9.0%	4.8%	7.9%
Financials	23.9%	13.1%	23.9%	19.4%	25.1%
Health Care	1.2%	0.0%	2.8%	1.0%	2.6%
Industrials	9.1%	7.2%	5.9%	7.7%	5.4%
Information Technology	14.2%	28.4%	15.2%	20.2%	13.9%
Materials	2.8%	6.2%	7.6%	5.0%	7.6%
Real Estate	3.1%	2.2%	3.4%	2.8%	3.0%
Utilities	0.5%	0.0%	1.1%	0.4%	2.7%
Not Classified	2.7%	0.0%	2.2%	1.5%	0.0%
Total*	100.0%	100.0%	100.0%	100.0%	100.0%

REGIONAL/COUNTRY WEIGHTS

	Axiom	Westwood	PanAgora	NMMEX	MSCI EM Index
Latin America ex Brazil	4.3%	10.3%	3.8%	6.7%	4.3%
Eastern Europe ex Russia	0.8%	0.0%	1.2%	0.6%	1.9%
Middle East Africa	3.8%	17.9%	6.3%	10.1%	8.3%
Pacific ex China	23.8%	36.9%	30.9%	30.4%	31.6%
Brazil	10.3%	14.7%	8.4%	11.8%	7.6%
Russia	5.1%	0.0%	3.9%	2.8%	4.0%
India	10.2%	10.0%	9.8%	10.1%	9.0%
China	29.9%	8.1%	34.1%	21.6%	31.6%
Frontier Markets	0.2%	0.0%	0.3%	0.1%	0.4%
Developed Markets	11.2%	2.1%	0.0%	5.5%	0.0%
Not Classified	0.4%	0.0%	1.3%	0.4%	1.4%
Total*	100.0%	100.0%	100.0%	100.0%	100.0%

*The "Total" column may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: Wilshire Atlas



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Appendix

Disclosure of additional information



APPENDIX: DISCLOSURES

- **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. Sub-adviser returns are represented gross of Fund expenses. Returns of an index do not reflect the deduction of any management fees, transaction costs or other expenses. Direct investment in an index is not possible.
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