

NORTHERN FUNDS

# Active M Emerging Markets Equity Fund (NMMEX)

## 2Q 2022 Performance Review

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June 30, 2022

*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.*

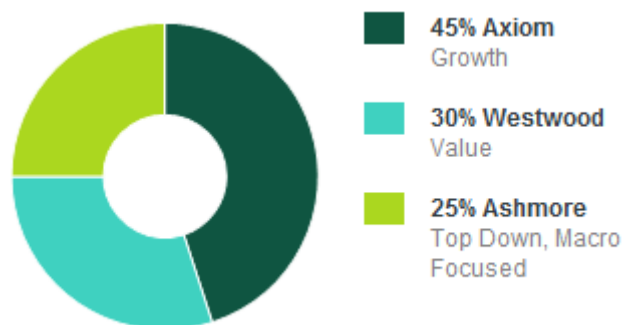


# ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

## FUND OVERVIEW

	FUND
Benchmark/Index	MSCI Emerging Markets Index (ND)
Morningstar Category	Diversified Emerging Mkts
Inception Date	11/19/08
Total Net Assets	\$ 253.59 Million
Symbol/CUSIP	NMMEX
Dividend Schedule	Annually
	2% on shares sold or exchanged within 30 days of purchase
Redemption Fee	
Expense Ratio - Gross (%)	1.26
Expense Ratio - Net (%)	1.10

## SUB-ADVISER TARGET ALLOCATIONS\*



\*Actual allocations may vary.

NTAC:3NS-20 See pages 8-9 for important risk and disclosure information

## 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 multiple sub-advisers with various investment approaches.
- Designed to maintain factor neutral biases across emerging markets equities.



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NORTHERN TRUST

# ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Fund Quarterly Commentary & Performance

2Q | 2022

## QUARTERLY COMMENTARY

- Emerging markets, as measured by the MSCI Emerging Markets Index, declined -11.45% in the second quarter, outpacing the U.S. (S&P 500, -16.10%) and international developed (MSCI EAFE, -14.51%) markets in the quarter. Emerging markets were led by the only positive performing country in the Index, China, which appreciated by 3.41% in the quarter. A rally among Chinese information technology and consumer Internet names supported returns in the market. Value outperformed growth in the quarter, as the MSCI Emerging Markets Value Index declined -10.83% versus the MSCI Emerging Markets Growth Index depreciating by -12.04%. Large cap companies were in favor in the quarter declining -11.03% versus -16.41% for small cap, as measured by the MSCI Emerging Markets Large Cap and MSCI Emerging Markets Small Cap indices, respectively. Consumer discretionary was the only positive performing sector in the quarter, appreciating 6.26%. Other relatively better performing sectors included utilities, consumer staples and energy. The technology and materials sectors were the worst performing sectors in the quarter, each declining over -20%.
- The Active M Emerging Markets Equity Fund returned -13.07% versus -11.45% for the MSCI Emerging Markets Index. The majority of the Fund's shortfall was due to an underweight to China as each of the three sub-advisers were underweight the market. Weak stock selection in China also weighed on results as the Fund was underweight several Internet-related consumer discretionary stocks. Albeit limited, exposure to developed markets was detrimental. Stock selection in India detracted from performance, however; overall stock selection added value, with contributions coming from within South Korea, Taiwan, Thailand, Turkey and United Arab Emirates. An underweight to Taiwan also proved beneficial.

as of June 30, 2022

				Annualized				Calendar Year				
	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception to Date	2021	2020	2019	2018	2017
<b>FUND</b>	<b>(13.07)</b>	<b>(19.07)</b>	<b>(24.32)</b>	<b>0.86</b>	<b>1.51</b>	<b>2.78</b>	<b>8.30</b>	<b>(1.16)</b>	<b>18.80</b>	<b>16.24</b>	<b>(14.90)</b>	<b>35.41</b>
Benchmark	(11.45)	(17.63)	(25.28)	0.57	2.18	3.06	7.93	(2.54)	18.31	18.42	(14.57)	37.28
Morningstar Category Avg. Diversified Emerging Mkts	(12.20)	(19.73)	(25.71)	0.38	1.71	2.84	--	0.38	17.90	19.25	(16.07)	34.17

Fund inception: November 19, 2008

Annual Expense Ratio: Gross 1.26%, Net 1.10%<sup>1</sup>

Benchmark: MSCI Emerging Markets 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.



NORTHERN FUNDS

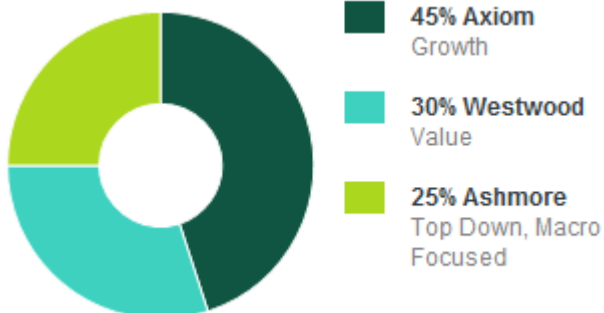
# Fund and Sub-Advisers 2Q 2022 Review

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# ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Sub-Adviser Target Allocations & Portfolio Characteristics

2Q | 2022



## SUB-ADVISER ALLOCATION

Sub-Adviser	Target Allocation*	Role in Portfolio
Axiom International Investors, LLC	45%	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	30%	Value-oriented, opportunistic investment approach. The portfolio tends to exhibit a less benchmark-oriented approach to value investing.
Ashmore Investment Management Limited	25%	A top-down investment approach implemented through bottom-up fundamental security analysis. Larger market capitalization exposures allow for flexibility in executing their top-down views.

\*Actual allocations may vary.

## PORTFOLIO CHARACTERISTICS

	Axiom	Westwood	Ashmore	FUND	Benchmark
Wtd Avg Market Cap	\$123.4 Billion	\$46.3 Billion	\$115 Billion	\$99.1 Billion	\$107.4 Billion
% EPS Growth 5 Yr	10.20	23.32	0.27	13.60	16.59
Positive Trailing P/E	15.9x	9.3x	12x	12.3x	10.8x
Price to Book	2.43	1.30	1.85	1.81	1.84
Number of Holdings**	127	33	52	183	1382

\*Actual allocations may vary.

\*\*Currency positions are excluded.

Portfolio composition may change at any time.

Source: FactSet



# ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Sector and Regional/Country Allocations

2Q | 2022

## SECTOR ALLOCATIONS %

	Axiom	Westwood	Ashmore	FUND	Benchmark
Communication Services	11.75	4.24	15.06	<b>10.46</b>	10.59
Consumer Discretionary	11.67	20.45	18.48	<b>15.95</b>	14.88
Consumer Staples	9.42	19.03	3.60	<b>10.67</b>	6.13
Energy	6.89	5.92	5.35	<b>6.21</b>	4.96
Financials	24.54	14.18	21.92	<b>20.89</b>	21.21
Health Care	4.50	0.75	3.68	<b>3.21</b>	3.95
Industrials	8.89	6.63	9.39	<b>8.37</b>	5.64
Information Technology	14.08	17.10	16.08	<b>15.46</b>	19.19
Materials	3.83	8.11	4.71	<b>5.28</b>	8.41
Real Estate	1.26	3.61	1.73	<b>2.05</b>	2.12
Utilities	3.16	0.00	0.00	<b>1.44</b>	2.92

## REGIONAL/COUNTRY WEIGHTS %

	Axiom	Westwood	Ashmore	FUND	Benchmark
Brazil	5.01	11.70	9.53	<b>8.10</b>	4.86
Latin America ex. Brazil	4.59	15.57	2.13	<b>7.10</b>	2.99
China	36.43	4.99	37.68	<b>27.74</b>	35.38
India	8.35	14.89	12.51	<b>11.30</b>	12.70
Asia ex. China & India	25.90	29.83	24.01	<b>26.54</b>	31.65
Russia	0.00	0.00	1.54	<b>0.40</b>	0.00
EMEA ex. Russia	6.16	19.62	10.20	<b>11.07</b>	12.43
Developed Markets	13.56	3.39	2.40	<b>7.75</b>	0.00

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 8-9 for important risk and disclosure information



# 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.

**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.

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## DEFINITIONS

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.

The MSCI Frontier Markets® Index captures large and mid cap representation across 28 Frontier Markets (FM) countries. The index includes 99 constituents, covering about 85% of the free float-adjusted market capitalization in each country. It is not possible to invest directly in an index.

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**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.  
See pages 8-9 for important risk and disclosure 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. 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.
- This presentation is provided for informational purposes only and does not constitute an offer or solicitation to purchase or sell any funds. Information should not be considered investment advice, a recommendation to buy or sell any security or an endorsement of any underlying sub-advisers' investment strategies. There is no assurance that the securities discussed are still in the Funds' portfolio or that securities sold have not been repurchased. It should not be assumed that any of the securities transactions or holdings discussed was or will be profitable, or that the investment decisions made in the future will be profitable or will equal the investment performance of the securities discussed herein.
- Portfolio sector and characteristics comparisons are provided to illustrate sector allocations and characteristics for each Fund versus its respective benchmarks as of the date indicated. The information in this presentation reflects prevailing market conditions and our judgment as of this date, which are subject to change. In preparing this presentation we have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources.
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