

NORTHERN FUNDS

# Multi-Manager High Yield Opportunity Fund (NMHYX)

## 1Q 2024 Performance Review

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March 31, 2024

*Must be preceded or accompanied by a current prospectus*

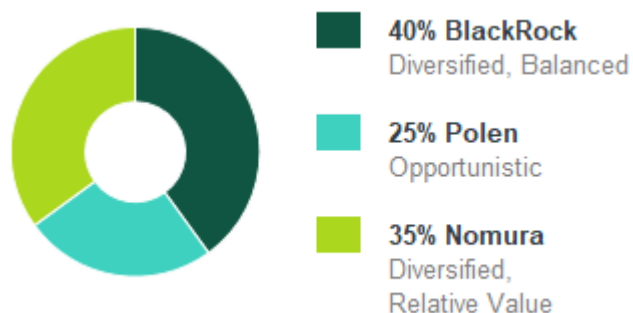


# MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND (NMHYX)

## FUND OVERVIEW

	FUND
Benchmark/Index	ICE BofA US High Yield Constrained Index
Morningstar Category	High Yield Bond
Inception Date	9/23/09
Total Net Assets	\$190.22 Million
Symbol/CUSIP	NMHYX
Dividend Schedule	Monthly
Redemption Fee	2% on shares sold or exchanged within 30 days of purchase
Expense Ratio - Gross (%)	0.78
Expense Ratio - Net (%)	0.68

## Sub-Adviser Target Allocations\*



\*Actual allocations may vary.

## Strategy Objectives

- Total return approach to high yield investing that is implemented by combining a complementary set of investment managers designed to achieve an attractive risk-return profile.
- Opportunistic strategy that seeks to emphasize the most attractive areas of the market from a quality and sector perspective, while maintaining a diversified investment approach.
- The Fund will also invest in asset classes outside of traditional high yield, particularly bank loans, which can offer comparable return potential with the added benefit of diversification.

*Total return approach to high yield investing that is implemented by selecting a complementary set of investment managers and combining to create an attractive risk-return profile. The Fund pursues an opportunistic strategy that seeks to invest in a variety of asset classes outside of traditional high yield that offer comparable return potential but lower correlation.*

## Portfolio Characteristics

- Well diversified portfolio, benchmarked to ICE BofA US High Yield Constrained Index.
- The Fund currently uses multiple sub-advisers with various investment approaches.
- The Fund will differ from the Index by yield metrics and sector and quality allocations, however the performance profile expected to be appropriate for a core high yield allocation.



# MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND (NMHYX)

Fund Performance & Quarterly Fund Commentary

1Q | 2024

## QUARTERLY COMMENTARY

- The high yield market returned a positive 1.51% for the quarter, as measured by the ICE BofA U.S. High Yield Constrained Index. From a quality perspective, BB-rated securities returned 1.13%, B-rated securities returned 1.36%, while CCC and lower-rated returned 2.14% on robust spread compression. Industrials returned 1.47%, with subsectors consumer cyclical, energy, and transportation leading. Financials returned 1.81% in the quarter, with Financial Services as the best performing sub-sector. Utilities returned 0.31%.
- During the quarter, the Multi-Manager High Yield Opportunity Fund slightly underperformed its benchmark posting a return of 1.42% compared to 1.51% for the ICE BofA High Yield Constrained Index. During the first quarter, sub-adviser BlackRock outperformed during the quarter. An underweight to BB-rated securities was additive to relative performance as was an off-benchmark exposure to loans. A sector overweight in technology detracted for the quarter. Polen underperformed during the quarter. The portfolio's underweights in energy and retail, and security selection in services, detracted for the quarter. The portfolio's income advantage was a positive contributor, as was the portfolio's overweight in basic industry and underweight in telecommunications. Nomura marginally underperformed for the quarter. An underweight to support services and allocations to investment grade detracted for the quarter. Conversely, overweights in energy and leisure contributed to performance.

as of March 31, 2024

				Annualized				Calendar Year				
	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception to Date	2023	2022	2021	2020	2019
<b>FUND</b>	<b>1.42</b>	<b>1.42</b>	<b>10.97</b>	<b>2.56</b>	<b>3.99</b>	<b>4.01</b>	<b>5.74</b>	<b>12.89</b>	<b>-10.26</b>	<b>6.82</b>	<b>6.15</b>	<b>10.37</b>
Benchmark	1.51	1.51	11.06	2.21	4.01	4.36	6.52	13.47	-11.16	5.35	6.07	14.41
Morningstar Category Avg. High Yield Bond	1.67	1.67	10.40	2.07	3.76	3.60	--	12.08	-10.09	4.77	4.91	12.62

Fund inception: September 23, 2009

Annual Expense Ratio: Gross 0.78%, Net 0.68%<sup>1</sup>

Benchmark: ICE BofA US High Yield Constrained index

**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.** 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, 2024.



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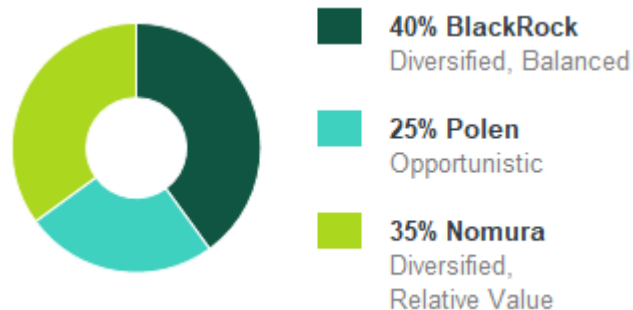
# Fund and Sub-Advisers 1Q 2024 Review

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# MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND (NMHYX)

Sub-Adviser Allocation and Portfolio Characteristics

1Q | 2024



## SUB-ADVISER ALLOCATION

Sub-Adviser	Target Allocation*	Role in Portfolio
BlackRock Investment Management, LLC	40%	Diversified portfolio that utilizes a combination of top-down views and bottom-up fundamental analysis. The strategy is expected to have a dynamic risk profile, determined by the team's views and current market environments.
Polen Capital Credit, LLC	25%	Concentrated, bottom-up oriented strategy that specifically focuses on the middle market segment of the high yield universe in addition to leveraged loans.
Nomura Corporate Research and Asset Management Inc.	35%	Diversified, relative value approach incorporating a top-down perspective. The strategy is expected to have a higher risk profile versus the benchmark, with higher up capture ratios.

## PORTFOLIO CHARACTERISTICS

	BlackRock	Polen	Nomura	FUND	Benchmark
Yield To Maturity (%)	7.71	7.95	7.91	<b>7.79</b>	7.86
Current Yield (%)	7.02	6.03	6.68	<b>6.63</b>	6.54
Avg. Coupon (%)	6.92	6.84	6.37	<b>6.66</b>	6.08
Average Life (yrs)	4.42	3.05	4.81	<b>4.13</b>	4.38
Effective Duration (yrs)	3.00	2.27	3.28	<b>2.85</b>	3.22
Number of Holdings	725	71	1074	<b>1,448</b>	1,863
30-Day SEC Yield w/Waivers (%)				<b>6.93</b>	
30-Day SEC Yield w/o Waivers (%)				<b>6.84</b>	

\*Actual allocations may vary.

Portfolio composition may change at any time.

Source: Blackrock Aladdin

See pages 8-10 for important risk and disclosure information



# MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND (NMHYX)

Sector and Quality Distribution Allocations

1Q | 2024

SECTOR ALLOCATIONS (%)	BlackRock	Polen	Nomura	FUND	Benchmark
Financials	12.98	10.56	11.10	<b>11.67</b>	11.25
Industrials	67.70	72.02	79.54	<b>72.57</b>	82.55
Utilities	1.25	0.00	1.84	<b>1.14</b>	2.86
Emerging Markets USD Corp:	1.15	0.00	0.53	<b>0.64</b>	0.27
Bank Loans	9.51	1.57	1.37	<b>4.67</b>	0.00
Convertibles	0.60	0.00	0.00	<b>0.24</b>	0.00
Short Term	3.43	5.56	1.70	<b>3.80</b>	0.00
Preferreds	0.00	0.00	0.03	<b>0.01</b>	0.00
Other	3.37	10.29	3.89	<b>5.26</b>	3.06

QUALITY DISTRIBUTION (%)	BlackRock	Polen	Nomura	FUND	Benchmark
Cash Equiv.	-0.28	3.41	-0.42	<b>2.63</b>	0.23
A1/P1	0.03	0.25	-0.03	<b>0.07</b>	0.00
A/A	0.00	0.00	0.02	<b>0.01</b>	0.00
BBB/Baa	3.14	0.45	3.27	<b>2.46</b>	1.38
BB/Ba	26.80	4.50	45.75	<b>27.27</b>	46.60
B/B	53.57	31.38	37.72	<b>41.60</b>	38.32
CCC/Caa	15.15	38.58	11.73	<b>19.42</b>	12.30
CC/Ca	0.19	0.00	1.02	<b>0.42</b>	1.06
C/C and Below	0.00	0.00	0.11	<b>0.04</b>	0.08
N/R	1.40	21.41	0.81	<b>6.08</b>	0.03

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

Portfolio composition may change at any time.

Source: Blackrock Aladdin

See pages 8-10 for important risk and 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.

**Bond Risk:** Bond funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in price, especially for longer-term issues and in environments of rising interest rates.

**Credit/Default Risk:** is the risk that the inability or unwillingness of an issuer or guarantee of a fixed-income security to meet its payment or other financial obligations will adversely affect the value of the Funds investments and its returns. Changes in the credit rating of a debt security held by the Fund could have a similar effect.

**High-Yield Risk:** Although a high-yield fund's yield may be higher than that of fixed-income funds that purchase higher-rated securities, the potentially higher yield is a function of the greater risk that a high-yield fund's share price will decline.

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

**Liquidity Risk:** Some securities held by the Fund may be difficult to sell, or illiquid, particularly during times of market turmoil. Illiquid securities also may be difficult to value. If the Fund is forced to sell an illiquid asset to meet redemption requests or other cash needs, the Fund may be forced to sell at a loss.

**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

ICE BofA US High Yield Constrained Index contains all securities in the BofA U.S. High Yield Constrained Index, but caps issuer based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. The Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. It is not possible to invest directly in an index.

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**Average Coupon:** The weighted average coupon rate of all securities in the portfolio. The coupon is the fixed payment portion of the security, or similarly, the rate of interest on the principal.

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

See pages 8-10 for important risk and disclosure information





# DISCLOSURE AND RISKS

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

**Current Yield:** The market-value weighted average of the current yields of the securities in the portfolio. The current yield is the coupon rate divided by the market price of the bond.

**Effective Duration:** Effective Duration measures percent change in price for 100 basis point parallel shift.

**Quality Distribution:** Credit quality ratings are based on Moodys, Standard & Poors and Fitch ratings. If ratings from all three rating agencies disagree, the security is assigned the middle rating. If two of the three agree, the security is assigned the rating from those two. If two of these rating agencies have assigned different ratings, the security is assigned the lower rating from those two. If none of these three rating agencies have assigned a rating, the security is assigned a rating of not rated. The ratings, expressed in Standard & Poors nomenclature, range from AAA (extremely strong capacity to meet its financial commitment) to D (in default). Short-term ratings, when applicable, are expressed in Standard & Poors nomenclature, range from A-1 (obligors capacity to meet its financial commitment on the obligation is strong) to A-3 (exhibits adequate protection parameters). The ratings represent the rating agencies opinions of the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality.

**Yield to Maturity:** The rate of return an investor can expect from a bond at the purchased price if it is held to the maturity date. It is assumed that coupon payments can be reinvested at this same rate until maturity.

**30 Day SEC Yield w/Waivers:** Reflects an estimated yield to maturity and takes into account a fund's expense reduction. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects a fund's past dividends paid to shareholders.

**30-day SEC Yield w/o Waivers:** Reflects an estimated yield to maturity and does not take into account a fund's expense reduction. It should be regarded as an estimate of the fund's rate of net investment income, and it may not equal the fund's actual income distribution rate, which reflects a fund's past dividends paid to shareholders.

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

See pages 8-10 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.
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