

NORTHERN FUNDS

MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND (NMHYX)

As of 12/31/19

FUND COMMENTARY

The high yield market returned 2.61% during the second quarter, as measured by the ICE BofAML U.S. High Yield Constrained Index. The 2019 return for high yield was 14.41%. Lower quality securities outpaced higher quality securities during the fourth quarter, which was a trend reversal from the most recent quarters. CCC and lower rated securities led all quality sectors, returning 3.43%. B and BB rated securities returned 2.89% and 2.39%, respectively. Consumer cyclicals and banking continued to drive higher returns in the asset class for both the quarter and year, while energy, metals and mining, and pharmaceuticals rebounded in the fourth quarter with relatively positive index returns, which was a change from more recent quarters when they lagged in index.

During the quarter, the Multi-Manager High Yield Opportunity Fund underperformed its benchmark posting a return of 2.46% compared to 2.61% for the ICE BofAML High Yield Constrained Index. Neuberger Berman, driven by their higher quality bias, slightly underperformed the benchmark during the fourth quarter. This positioning was a tailwind for the portfolio in October, but ultimately a headwind as this year long trend began to reverse in November. DDJ's opportunistic high yield strategy detracted from the Fund's performance. This was mostly driven by their allocation to loans, which underperformed bonds. Security selection was positive for DDJ, but this contribution was not enough to offset their sector allocation. Nomura slightly outperformed the benchmark for the quarter.

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

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Performance as of 12/31/19				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Multi-Manager High Yield Opportunity Fund	2.46%	10.37%	10.37%	5.25%	5.09%	6.40%	6.60%	0.93%	0.87%
ICE BofAML U.S. High Yield Constrained Index	2.61%	14.41%	14.41%	6.32%	6.14%	7.48%	7.92%		

*Inception Date- 09/23/09

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.

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, 2020.

Not FDIC insured | May lose value | No bank guarantee

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

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