

NORTHERN FUNDS

ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

As of 12/31/19

FUND COMMENTARY

After posting a negative return in the third quarter, emerging markets appreciated by double-digits in the fourth quarter of 2019 as the MSCI Emerging Markets Index increased by 11.84%. China, whose representation in the Index nearly doubled over the last decade, drove results in the quarter, advancing 14.71%. Investor optimism reflected the “Phase One” trade deal agreement reached between the U.S. and China. Taiwan and South Korea were also top contributors, up 17.94% and 13.40%, respectively. While most countries performed positively in the quarter, Chile, the United Arab Emirates, Thailand and Turkey detracted modestly. From a sector perspective, the technology, real estate, and consumer discretionary sectors contributed the most to performance. Higher beta and volatility stocks also outperformed in the quarter while higher yielding stocks underperformed. For the calendar year 2019, the Index appreciated by 18.42%.

The Fund gained 10.33% for the quarter, underperforming its benchmark, the MSCI Emerging Markets Index. A combination of weak stock selection across several markets as well as country allocations contributed to the shortfall. Westwood’s value-oriented approach detracted from performance for the quarter, led by stock selection in China, Mexico, India and exposure in United Arab Emirates. PanAgora’s more diversified quantitative approach underperformed as poor stock selection in China, Mexico and South Korea was partially offset by positive results within India, Indonesia and Russia. Axiom’s more growth-oriented strategy was a tailwind in the quarter, benefiting from stock selection in Indonesia and Chinese companies on the Hong Kong stock exchange as well as information technology stocks in South Korea. Axiom’s exposure to developed markets also contributed positively.

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
Active M Emerging Markets Equity Fund	10.33%	16.24%	16.24%	10.23%	4.84%	3.98%	10.77%	1.22%	1.10%
MSCI Emerging Markets Index	11.84%	18.42%	18.42%	11.57%	5.61%	3.68%	10.30%		

*Inception Date- 11/19/08

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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