2017 Qualified Dividends

Income and Corporate

Dividends-Received

Deduction

January 29, 2018

**Income & Capital Gain Distributions**

For the 2017 calendar year, 100% of the dividends paid by the fixed income funds is taxable as ordinary income for federal income tax purposes. Listed in this table are the annual percentages of ordinary income distributed (dividend income plus short-term gain) by the equity funds, as applicable, that can be treated as **Qualified Dividend Income (QDI)**.

**Percentage of Dividends Eligible for the Corporate Dividends-Received Deduction**

Mutual fund dividends derived from certain domestic corporations may be eligible for the dividends received deduction (DRD) for corporations. A portion of the ordinary income distribution (dividend income plus short-term gain) paid in 2017 by the Funds listed below may qualify for this deduction.   
The table below shows the portion of monthly, quarterly or annualized, as applicable, of ordinary income distribution (dividend income plus short-term gain) attributable to such domestic corporations for each   
of the Funds for 2017.

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| **Northern Funds** | **Payment Frequency** | **DRD%** | **QDI%** |
| Active M Emerging Markets Equity Fund | Annual | 0.00% | 0.00% |
| Active M International Equity Fund | Annual | 0.00% | 100.00% |
| Active M U.S. Equity Fund Q1 | Quarterly | 100.00% | 100.00% |
| Active M U.S. Equity Fund Q2 | Quarterly | 100.00% | 100.00% |
| Active M U.S. Equity Fund Q3 | Quarterly | 100.00% | 100.00% |
| Active M U.S. Equity Fund Q4 | Quarterly | 100.00% | 100.00% |
| Emerging Markets Equity Index Fund | Annual | 0.10% | 71.00% |
| Global Sustainability Index Fund | Annual | 38.08% | 100.00% |
| Global Tactical Asset Allocation Fund Q1 | Quarterly | 14.18% | 100.00% |
| Global Tactical Asset Allocation Fund Q2 | Quarterly | 1.77% | 6.48% |
| Global Tactical Asset Allocation Fund Q3 | Quarterly | 4.05% | 60.08% |
| Global Tactical Asset Allocation Fund Q4 | Quarterly | 14.15% | 57.51% |
| Income Equity Fund - January | Monthly | 100.00% | 100.00% |
| Income Equity Fund - February | Monthly | 100.00% | 100.00% |
| Income Equity Fund - March | Monthly | 100.00% | 100.00% |
| Income Equity Fund - April | Monthly | 100.00% | 100.00% |
| Income Equity Fund - May | Monthly | 100.00% | 100.00% |
| Income Equity Fund - June | Monthly | 100.00% | 100.00% |
| Income Equity Fund - July | Monthly | 100.00% | 100.00% |
| Income Equity Fund - August | Monthly | 100.00% | 100.00% |

*Please see back page for additional DRD and QDI percentages*

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| **Northern Funds** | **Payment Frequency** | **DRD%** | **QDI%** |
| Income Equity Fund - September | Monthly | 100.00% | 100.00% |
| Income Equity Fund - October | Monthly | 100.00% | 100.00% |
| Income Equity Fund - November | Monthly | 100.00% | 100.00% |
| Income Equity Fund - December | Monthly | 100.00% | 100.00% |
| International Equity Fund | Annual | 0.41% | 100.00% |
| International Equity Index Fund | Annual | 0.00% | 97.08% |
| Large Cap Core Fund Q1 | Quarterly | 100.00% | 100.00% |
| Large Cap Core Fund Q2 | Quarterly | 100.00% | 100.00% |
| Large Cap Core Fund Q3 | Quarterly | 100.00% | 100.00% |
| Large Cap Core Fund Q4 | Quarterly | 33.10% | 100.00% |
| Large Cap Equity Fund Q1\* | Quarterly | 55.97% | 100.00% |
| Large Cap Equity Fund Q2\* | Quarterly | 100.00% | 100.00% |
| Large Cap Equity Fund Q3\* | Quarterly | 5.36% | 100.00% |
| Large Cap Value Fund | Annual | 100.00% | 100.00% |
| Mid Cap Index Fund | Annual | 42.91% | 91.73% |
| Multi-Manager Global Listed Infrastructure Fund Q1 | Quarterly | 95.05% | 100.00% |
| Multi-Manager Global Listed Infrastructure Fund Q2 | Quarterly | 7.07% | 100.00% |
| Multi-Manager Global Listed Infrastructure Fund Q3 | Quarterly | 75.90% | 100.00% |
| Multi-Manager Global Listed Infrastructure Fund Q4 | Quarterly | 8.65% | 99.82% |
| Northern Engage360 Fund† | Annual | 56.44% | 0.00% |
| Small Cap Core Fund | Annual | 13.67% | 100.00% |
| Small Cap Index Fund | Annual | 30.79% | 85.56% |
| Small Cap Value Fund | Annual | 63.24% | 100.00% |
| Stock Index Fund Q1 | Quarterly | 88.80% | 100.00% |
| Stock Index Fund Q2 | Quarterly | 94.14% | 100.00% |
| Stock Index Fund Q3 | Quarterly | 94.81% | 100.00% |
| Stock Index Fund Q4 | Quarterly | 55.47% | 100.00% |
| Technology\*\* | Annual | 0.00% | 0.00% |
| U.S. Quality ESG Fund Q4†† | Quarterly | 100.00% | 100.00% |

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| \*Fund Closed–July 21, 2017  †Fund Launched­–November 20, 2017 |
| \*\*Fund Closed–July 28, 2017 ††Fund Launched–October 2, 2017 |

If you have any questions, contact your Relationship Manager, your tax advisor, or call the Northern Funds Center at **800-595-9111** weekdays from 7:00 a.m. to 5:00 p.m. Central Time. For more information about dividend and capital gain distributions, please visit northernfunds.com/tax-center.

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| NOT FDIC INSURED | May lose value / No bank guarantee |