

NORTHERN FUNDS

Multi-Manager Emerging Markets Debt Opportunity Fund (NMEDX)

4Q 2018 Performance Review

December 31, 2018

Must be preceded or accompanied by a current prospectus

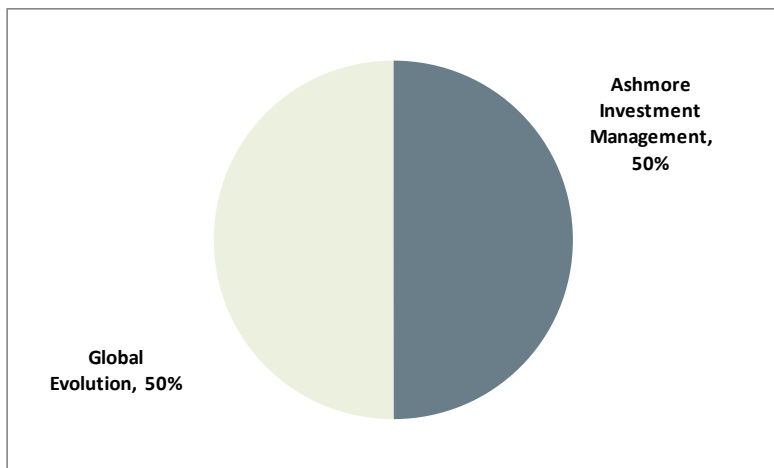


MULTI-MANAGER EMERGING MARKETS DEBT OPPORTUNITY FUND (NMEDX)

Fund Facts

Fund Objective: Total return through income & capital appreciation
Inception Date: December 3, 2013
Ticker Symbol: NMEDX
Benchmark: 50% JPM GBI-EM Global Diversified/50% JPM EMBI Global Diversified Index

Sub-Adviser Target Allocations*



*Actual allocations may vary.

Strategy Objectives

- Add value through the combination of sub-advisers who are specialists in their respective styles. This approach should isolate the security selection skills of the sub-advisers as the primary source of value added for the Fund over time.
- Leverage a disciplined and consistent research process to identify sub-advisers who show high probability of success.
- Maintain the target allocations of the sub-advisers while continuously monitoring the style and characteristics of the Fund and sub-advisers.
- *By properly combining sub-advisers, we can reduce low conviction bets such as style and size and focus the risk of the portfolio on higher conviction bets – the security selection skills of the sub-advisers.*

Portfolio Characteristics

- Well diversified portfolio, benchmarked to 50% JP Morgan Government Bond-Emerging Market Index Global Diversified (GBI-EM Global Diversified) and 50% JP Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified).
- The Fund currently uses two sub-advisers with various investment approaches.
- At least 80% of net assets are invested in fixed income securities that provide exposure to issuers tied to emerging or frontier markets.
- The Fund's investments provide exposure to a blend of local and hard currency emerging markets debt and opportunistically invest in emerging market corporate bonds.

GLOSSARY

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 guarantor of a fixed-income security to meet its payment or other financial obligations will adversely affect the value of the Fund's investments and its returns. Changes in the credit rating of a debt security held by the Fund could have a similar effect.

Currency Risk: Foreign currencies will fluctuate in value relative to the U.S. dollar; therefore you may lose money if the local currency of a foreign market depreciates against the U.S. dollar.

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.

Non-Diversified Risk: The Fund invests in a smaller number of securities than the average mutual fund. The change in value of a single holding may have a more pronounced effect on the Fund's net asset value and performance than for other funds.

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.

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.

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.

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.

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.

Effective Duration: Measures the sensitivity of a security or portfolio to changes in interest rates. Effective duration is often expressed in years. When a portfolio has longer duration, there is greater interest rate sensitivity and risk.

30-Day SEC Yield: The total amount of dividends and interest accrued in the past 30 days less fund expenses as a percentage of total fund assets. Yield will fluctuate as securities are purchased, sold and mature over time.

50% JP Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified) is a uniquely weighted USD-denominated emerging markets sovereign bond index. The EMBI Global Diversified has the same instrument composition as the market-capitalization weighted EMBI Global, which includes USD-denominated fixed and floating rate instruments issued by sovereign and quasi-sovereign entities. The EMBI Global Diversified limits the weights of the index countries by only including a specified portion of those countries eligible current face amounts of debt outstanding. **50% JP Morgan Government Bond-Emerging Market Index Global Diversified (GBI-EM Global Diversified)** tracks the performance of local currency debt issued by emerging market governments. The index incorporates a constrained market-capitalization methodology in which individual issuer exposures are capped at 10% (with the excess distributed to smaller issuers), for greater diversification among issuing governments. It is not possible to invest directly in an index.

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



MULTI-MANAGER EMERGING MARKETS DEBT OPPORTUNITY FUND (NMEDX)

Fund Performance & Quarterly Fund Commentary

4Q | 2018

QUARTERLY COMMENTARY

- During the fourth quarter, hard currency (USD) emerging markets debt generated a return of -1.26% as measured by the J.P. Morgan Emerging Markets Bond Index Global Diversified. This was primarily driven by the high yield segment of the market which returned -1.88%. On a country weighted basis, the negative returns were driven by Mexico, Oman and Argentina. On a market cap basis, 18% of the entire Index had negative double-digit returns. Local markets returned 2.11% for the quarter as measured by the J.P. Morgan Government Bond Index - Emerging Markets Global Diversified. Negative total returns for local debt earlier in the year were mostly driven by a stronger U.S. dollar. This reversed in the fourth quarter and was a tailwind for the market. From a country perspective the largest contributors were Turkey, Argentina and Brazil which returned 29.8%, 16.7% and 11.4%, respectively. Mexico and Colombia were the laggards of the Index both returning -6.5%.
- The Multi-Manager Emerging Markets Debt Opportunity Fund underperformed its blended benchmark for the quarter with a return of 0.26% compared to 0.43%, respectively. During the quarter, country selection was the main detractor to the Fund's relative performance. Turkey, which was the top-performing country in local terms, was an underweight position in the Fund and detracted from relative returns. The Fund's asset allocation to corporates, driven by sub-adviser Ashmore, was additive to performance.

PERFORMANCE (in %) as of December 31, 2018

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception to Date	2017	2016	2015	2014
Multi-Manager EMD Opportunity Fund - Inception 12/3/13	0.26	-6.29	-6.29	4.33	0.24	--	0.34	12.29	7.93	-8.72	-2.34
Blended Benchmark*	0.43	-5.15	-5.15	5.61	1.95	--	2.05	12.74	10.16	-7.14	0.71
Excess Return	-0.16	-1.14	-1.14	-1.28	-1.71	--	-1.71	-0.45	-2.23	-1.58	-3.05
Annual Expense Ratio: Gross, 1.06%; Net, 0.95% ¹											

*Blended Benchmark is 50% JP Morgan GBI-EM Global Diversified Index/50% JP Morgan Emerging Markets Bond Global Diversified Index

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.

¹The 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, 2019.

The Fund benchmark is 50% JPM GBI-EM Global Diversified/50% JPM EMBI Global Diversified Index.



MULTI-MANAGER EMERGING MARKETS DEBT OPPORTUNITY FUND (NMEDX)

Fund Characteristics

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FUND FACTS

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5 LARGEST EXPOSURES BY COUNTRY

Company	% of Fund
United States Dollar	4.9%
Mexico (United Mexican States)	3.9%
Brazil Federative Republic Of (Government)	2.5%
South Africa (Republic Of)	1.6%
Colombia Republic Of (Government)	1.4%
Total*	14.4%

FUND CHARACTERISTICS

	NMEDX	Benchmark
Yield To Maturity (%)	7.7%	6.3%
Current Yield (%)	7.4%	6.0%
Avg. Coupon (%)	7.2%	5.7%
Average Life (yrs)	8.6	9.4
Effective Duration (yrs)	5.2	5.9
Number of Holdings	539	898
30-Day SEC Yield w/Waivers	6.6%	N/A
30-Day SEC Yield w/o Waivers	6.5%	N/A

*The "Total" column may not sum exactly due to rounding.

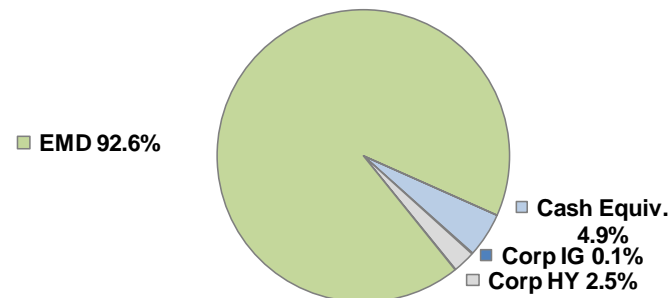
**Currency positions are excluded.

Portfolio composition may change at any time.

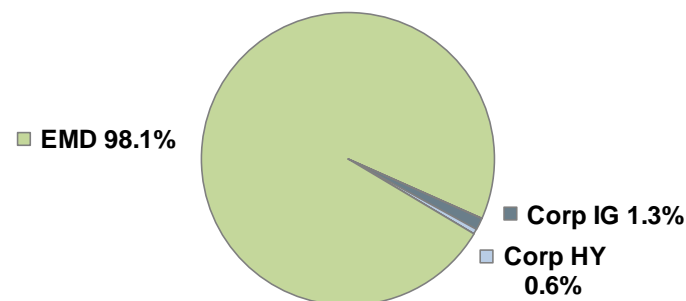
Source: Blackrock

5 See page 10 for important disclosure information

NMEDX



50% JPM GBI-EM GDI/50% JPM EMBI-GDI



NORTHERN FUNDS

Sub-Adviser 4Q 2018 Review



MULTI-MANAGER EMERGING MARKETS DEBT OPPORTUNITY FUND (NMEDX)

Sub-Adviser Allocation and Portfolio Characteristics

4Q I 2018

SUB-ADVISER ALLOCATION

Sub-Adviser	Target Allocation*	Role in Portfolio
Ashmore Investment Management	50%	An emerging debt specialist with a value driven approach, utilizing a top-down active management process. Focus on forward looking global analysis complemented by bottom-up credit research.
Global Evolution	50%	Bottom-up focused strategy with a concentrated and benchmark agnostic approach. ESG is an integral part of the investment process and the portfolio is expected to have a higher allocation to frontier debt markets versus peers.

PORTFOLIO CHARACTERISTICS

	Global Evolution	Ashmore	NMEDX	Benchmark
Yield To Maturity (%)	7.4%	8.2%	7.7%	6.3%
Current Yield (%)	7.3%	7.6%	7.4%	6.0%
Avg. Coupon (%)	7.2%	7.4%	7.2%	5.7%
Average Life (yrs)	7.8	9.7	8.6	9.4
Effective Duration (yrs)	4.9	5.8	5.2	5.9
Number of Holdings	142	457	539	898

*Actual allocations may vary.

**Currency positions are excluded.

Portfolio composition may change at any time.

Source: Blackrock

7 See page 10 for important disclosure information



MULTI-MANAGER EMERGING MARKETS DEBT OPPORTUNITY FUND (NMEDX)

Sub-Adviser Sector and Regional/Country Allocations

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SECTOR ALLOCATIONS

	Global Evolution	Ashmore	NMEDX	Benchmark
Cash Equiv.	4.5%	1.9%	4.9%	0.0%
Corp IG	0.0%	0.2%	0.1%	1.3%
Corp HY	0.3%	4.8%	2.5%	0.6%
EMD	95.2%	93.3%	92.6%	98.1%
Other	0.0%	0.0%	0.0%	0.0%
Total*	100.0%	100.0%	100.0%	100.0%

QUALITY EXPOSURES

	Global Evolution	Ashmore	NMEDX	Benchmark
Cash Equiv.	5.1%	2.3%	5.4%	0.0%
AAA	0.0%	0.0%	0.0%	0.0%
AA	1.6%	0.3%	0.9%	0.0%
A	23.5%	13.2%	18.1%	24.3%
BBB	23.1%	26.0%	24.1%	36.0%
BB	25.1%	27.3%	25.7%	24.7%
B	17.9%	20.3%	18.8%	11.9%
CCC or Below	3.7%	7.5%	5.5%	2.2%
N/R	0.0%	3.1%	1.5%	0.9%
Total*	100.0%	100.0%	100.0%	100.0%

*The "Total" column may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: Blackrock



NORTHERN FUNDS

Appendix

Disclosure of additional 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. Sub-adviser returns are represented gross of Fund expenses. Returns of an index do not reflect the deduction of any management fees, transaction costs or other expenses. Direct investment in an index is not possible.
- 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/sub-adviser's strategy versus their 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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