

PART B

STATEMENT OF ADDITIONAL INFORMATION

Acquisition of the Assets of

LARGE CAP EQUITY FUND

a series of

Northern Funds

50 South LaSalle Street

Chicago, IL 60603

1-800-595-9111

By and in Exchange for Shares of

LARGE CAP CORE FUND

a series of

Northern Funds

50 South LaSalle Street

Chicago, IL 60603

1-800-595-9111

This Statement of Additional Information, relating specifically to the Reorganization of the Large Cap Equity Fund (the “Acquired Fund”) into the Large Cap Core Fund (the “Acquiring Fund” and together with the Acquired Fund, the “Funds”) consists of this document and the following described documents, each of which is incorporated by reference herein:

- The Statement of Additional Information of the Trust with respect to the Northern Funds- Equity Funds, including the Funds, dated July 31, 2016, as supplemented to date; and
- The audited financial statements and related Reports of the Independent Registered Public Accounting Firm for the Funds included in Northern Funds’ Annual Reports for the fiscal year ended March 31, 2017.

This Statement of Additional Information, which is not a prospectus, should be read in conjunction with the Combined Prospectus/Information Statement dated June 20, 2017. A copy of the Combined Prospectus/Information Statement may be obtained without charge by contacting Northern Funds (the “Trust”) at P.O. Box 75986, Chicago, IL 60675-5986 or by calling 1-800-595-9111. You may also request a copy by e-mail request to: northern-funds@ntrs.com.

The date of this Statement of Additional Information is June 20, 2017.

STATEMENT OF ADDITIONAL INFORMATION

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GENERAL INFORMATION

The Board of Trustees (“Board”) of Northern Funds (the “Trust”) reviewed and approved a Plan of Reorganization (the “Plan”) that provides for the Reorganization of the Acquired Fund with and into the Acquiring Fund. The Board determined that the Reorganization is in the best interests of each Fund and that the interests of shareholders of the respective Funds will not be diluted as a result of the Reorganization.

Pursuant to the Plan, the Acquired Fund will transfer all of its assets to the Acquiring Fund in exchange for shares of the Acquiring Fund and the Acquiring Fund’s assumption of all of the liabilities of the Acquired Fund. The Acquired Fund will then distribute these shares of the Acquiring Fund to its shareholders in complete liquidation of the Acquired Fund. Immediately after the Reorganization, each person who held shares in the Acquired Fund will hold shares in the Acquiring Fund with the same value as that person’s interest in the Acquired Fund as of the closing date of the Reorganization.

ADDITIONAL INFORMATION ABOUT THE ACQUIRED FUND AND THE ACQUIRING FUND

This Statement of Additional Information incorporates by reference the following documents, which contain additional information about the Acquired Fund and the Acquiring Fund:

- The Statement of Additional Information dated July 31, 2016 of the Northern Funds with respect to the Funds, as filed with the Securities and Exchange Commission (“SEC”) on July 28, 2016 (Registration Nos. 33-73404 and 811-08236, EDGAR accession number 0001193125-16-662187).

FINANCIAL STATEMENTS

Historical financial information regarding the Acquired Fund and the Acquiring Fund is included in the following documents, which are incorporated by reference herein:

- The audited financial statements and financial highlights and related Reports of Independent Registered Public Accounting Firm for the Funds included in Northern Funds’ Annual Reports for the year ended March 31, 2017 as filed with the SEC on May 31, 2017 (Registration Nos. 33-73404 and 811-08236, EDGAR accession number 0001193125-17-189259). No other parts of the Northern Funds’ Annual Reports are incorporated herein by reference.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Acquiring Fund’s shares as part of the Reorganization will be passed upon by Drinker Biddle & Reath LLP, counsel to the Trust.

EXPERTS

The audited financial statements of the Acquired Fund and the Acquiring Fund, incorporated by reference in the Statement of Additional Information, have been audited by Deloitte & Touche LLP, the Trust’s independent registered public accounting firm to the extent indicated in its reports thereon, which are included in the Annual Reports to Shareholders of the Acquired Fund and the Acquiring Fund for the fiscal year ended March 31, 2017.

PRO FORMA NARRATIVE FOR THE PERIOD ENDED MARCH 31, 2017

Pro Forma Financial Information

Large Cap Equity Fund (the “Acquired Fund”) into Large Cap Core Fund (the “Acquiring Fund”)

The unaudited estimated pro forma financial information set forth below is for informational purposes only and does not purport to be indicative of the financial condition that actually would have resulted if the Reorganization had been consummated. These *pro forma* numbers have been estimated in good faith based on information regarding the Acquired Fund and the Acquiring Fund, each as identified below, for the twelve-month period ended March 31, 2017. Actual results could differ from those estimates. The unaudited estimated pro forma financial information should be read in conjunction with the historical financial statements and notes thereto of the Acquired Fund and the Acquiring Fund, which are available in their respective annual and semi-annual shareholder reports.

Narrative Description of the Pro Forma Effects of the Reorganization

Note 1 — Reorganization

The unaudited pro forma information has been prepared to give effect to the proposed reorganization of the Acquired Fund into the Acquiring Fund pursuant to a Plan of Reorganization (the “Plan”) as of the beginning of the period (April 1, 2016) in the table below.

<u>Acquired Fund</u>	<u>Acquiring Fund</u>	<u>12-Month Period Ended</u>
Large Cap Equity Fund	Large Cap Core Fund	March 31, 2017

Basis of Pro Forma

The Reorganization will be accounted for as a tax-free reorganization of investment companies; therefore, no gain or loss will be recognized by the Acquiring Fund or its shareholders as a result of the reorganization. This tax treatment, however, does not extend to transactions that occur prior to, or after the reorganization. The Acquired Fund and the Acquiring Fund are both series of a registered open-end management investment company that issues its shares in separate series. The Reorganization would be accomplished by the acquisition of all of the assets and the assumption of all of the liabilities of the Acquired Fund by the Acquiring Fund in exchange for shares of the Acquiring Fund and the distribution of such shares to Acquired Fund shareholders in complete liquidation of the Acquired Fund. The table below shows the class and shares that Acquired Fund shareholders would have received if the Reorganization were to have taken place for the period ended March 31, 2017 and based on the Acquiring Fund’s net asset value as of March 31, 2017.

<u>Acquired Fund Share Class</u>	<u>Large Cap Equity Fund (Acquired Fund) Shares Exchanged (in 000’s)</u>	<u>Large Cap Core Fund (Acquiring Fund) Shares Received (in 000’s)</u>	<u>Acquiring Fund Share Class</u>
Shares	5,633	7,053	Shares

Under generally accepted accounting principles in the United States of America, the historical cost of investment securities will be carried forward to the surviving entity, the Acquiring Fund, and the results of operations of the Acquiring Fund for pre-Reorganization periods will not be restated.

Note 2 — Net Assets

The table below shows the individual net assets of the Acquired Fund and the Acquiring Fund from the audited annual report as of March 31, 2017 and Pro Forma Combined net assets, assuming the Reorganization had been completed, as of March 31, 2017.

<u>Fund</u>	<u>Net assets (in 000's)</u>
Large Cap Equity Fund (Acquired Fund)	\$119,762
Large Cap Core Fund (Acquiring Fund)	\$127,255
Large Cap Core Fund (Pro Forma Combined)	\$247,017

Note 3 — Pro Forma Adjustments

The table below reflects adjustments to expenses needed to reflect the Pro Forma Fund's net assets as if the Reorganization had taken place on April 1, 2016 as disclosed in Note 1. The pro forma information has been derived from the books and records used in calculating daily net asset values of the Acquired Fund and Acquiring Fund and has been prepared in accordance with generally accepted accounting principles in the United States of America, which requires management to make estimates and assumptions that affect this information. Actual results could differ from those estimates.

<u>Expense Category</u>	<u>Increase (decrease) in expense (in 000's)</u>
Management Fees	\$(471)
Transfer Agent Fees	0
Custody Fees ⁽¹⁾	(17)
Professional Fees ⁽¹⁾	(41)
Trustee Fees ⁽¹⁾	(10)
Other Fees ⁽¹⁾⁽²⁾	(78)
Fee waiver and/or expense reimbursements ⁽³⁾	(86)

- (1) Fees were reduced to eliminate the effects of duplicative fees and to account for economies of scale.
- (2) Fees were adjusted pursuant to the reduction in the shareholder servicing fee. The Acquiring Fund may enter into agreements from time to time with certain financial intermediaries, including affiliates of Northern Trust that perform support services for their customers who own Fund shares ("Service Organizations"). Under the agreements, the Funds may pay Service Organizations up to 0.15% (on an annualized basis) of the average net asset value of the shares beneficially owned by their customers. Effective April 1, 2017, the shareholder servicing fee cap was reduced from 0.25% to 0.15% of the average net asset value of the shares beneficially owned by their customers.
- (3) Waivers and/or Reimbursements reflect the overall change in net ratios from 0.86% for the Acquired Fund to 0.46% of the Acquiring Fund. Effective June 15, 2016, the Acquiring Fund's contractual expense reimbursement was reduced from 0.60% to 0.45%. The amounts presented in the table above were calculated based on the Acquiring Fund's expenses being capped at 0.45% for the full fiscal year ended March 31, 2017. The Acquiring Fund's expenses other than certain excepted expenses, are currently capped at 0.45% pursuant to a reimbursement agreement, which is expected to continue until at least July 31, 2018. After this date, the Investment Adviser or the Acquiring Fund may terminate the contractual arrangements. The Total Annual Fund Operating Expenses After Expense Reimbursement may be higher than the contractual limitation as a result of certain excepted Fund expenses (i.e., acquired fund fees and expenses, the compensation paid to each Independent Trustee of the Trust, expenses of third party consultants engaged by the Board of Trustees, membership dues paid to the Investment Company Institute and Mutual Fund Directors Forum, expenses in connection with the negotiation and renewal of the revolving credit facility, extraordinary expenses and interest) that are not reimbursed.

No significant accounting policies will change as a result of the Reorganization, specifically policies regarding security valuation or compliance with Subchapter M of the Internal Revenue Code.

Note 4 — Reorganization Costs

The cost of the Reorganization is expected to be approximately \$101,000 and Northern Trust Investments, Inc. will bear 100% of these costs whether or not the Reorganization is consummated. These costs represent the non-recurring expense of the Acquired Fund carrying out its obligations under the Plan and consist of professional services fees, printing costs and mailing charges related to the proposed Reorganization.

Note 5 — Repositioning Costs

It is expected that the Acquired Fund will sell up to 66% of its portfolio securities prior to the reorganization to more closely align the Acquired Fund’s portfolio with the portfolio of the Acquiring Fund. Actual sales will depend on portfolio composition, market conditions and other factors at the time of the Reorganization. It is expected that the disposition of these portfolio securities will generate capital gains that will be taxable to Acquired Fund shareholders (aside from tax-exempt accounts) prior to the Reorganization. Total transaction costs, capital gains and losses realized, and distributions to shareholders are not measurable in advance.

Note 6 — Accounting Survivor

The Acquiring Fund will be the accounting survivor. The Acquiring Fund has the same investment adviser, a substantially identical investment objective, a similar, although not identical, investment strategy and identical fundamental investment restrictions as the Acquired Fund prior to the Reorganization.

Note 7 — Capital Loss Carryforward

At March 31, 2017, the Funds’ most recent fiscal year end, the Acquired Fund and Acquiring Fund had approximate capital loss carryforwards of \$0 and \$9,392,000, respectively.

Other Matters

CAPITALIZATION

The following table shows the unaudited capitalization of the Acquired Fund and the Acquiring Fund as of March 31, 2017, and the pro forma combined capitalization of the Acquired Fund and Acquiring Fund as if the Reorganization had occurred on that date. The capitalization of the Acquired Fund and the Acquiring Fund is likely to be different at the closing of the Reorganization as a result of daily share purchase and redemption activity and the effects of other ongoing operations.

	Large Cap Equity Fund*	Large Cap Core Fund*	Pro Forma Combined Fund (Large Cap Core Fund)**
Net Assets (000’s)	\$119,762	\$127,255	\$247,017
Net Asset Value per share	\$ 21.26	\$ 16.98	\$ 16.98
Shares outstanding (000’s)	5,633	7,493	14,546

* Information shown is from the Funds’ audited annual report as of March 31, 2017.

** The Northern Funds Large Cap Core Fund will be the accounting survivor for financial statement purposes.