

NORTHERN FUNDS

MORNINGSTAR RATINGS™ HIGHLIGHTS

AS OF 12/31/18

Fund Name (Ticker Symbol)	Morningstar Category	Overall Rating	3-Year Rating	5-Year Rating	10-Year Rating
			# of funds in category		
EQUITY					
Global Tactical Asset Allocation ^{1,4,10,16} (BBALX)	World Allocation	★★★★ 389	★★★★ 389	★★★★ 322	★★★ 160
Income Equity ^{1,3,10} (NOIEX)	Large Value	★★★★ 1,100	★★★★ 1,100	★★★★ 937	★★★★ 686
Large Cap Core ¹ (NOLCX)	Large Value	★★★★★ 1,100	★★★★ 1,100	★★★★ 937	★★★★★ 686
Small Cap Core ^{1,14} (NSGRX)	Small Blend	★★★★ 644	★★★★ 644	★★★★ 541	★★★★ 393
Active M Emerging Market Equity ^{1,11,20} (NMSEX)	Diversified Emerging Markets	★★★★ 708	★★★★ 708	★★★ 533	★★★★ 238
Stock Index ^{1,8} (NOSIX)	Large Blend	★★★★ 1,208	★★★★ 1,208	★★★★ 1,071	★★★★ 805
Mid Cap Index ^{1,7,8} (NOMIX)	Mid-Cap Blend	★★★★ 382	★★★★ 382	★★★★ 335	★★★★ 235
FIXED INCOME					
Arizona Tax-Exempt ^{2,5,6,9} (NOAZX)	Municipal Single State Intermediate	★★★★ 139	★★★★★ 139	★★★★ 137	★★★★ 116
Multi-Manager High Yield Opportunity ^{2,3,20} (NMHYX)	High Yield Bond	★★★★ 604	★★★★★ 604	★★★★ 507	—
Ultra-Short Fixed Income ² (NUSFX)	Ultrashort Bond	★★★★ 145	★★★ 145	★★★★ 122	—

ABOUT NORTHERN TRUST ASSET MANAGEMENT

Northern Trust Asset Management is a global investment manager that helps investors navigate changing market environments, so they can confidently realize their long-term objectives.

Entrusted with more than \$900 billion of assets,¹ we understand that investing ultimately serves a greater purpose and believe investors should be compensated for the risks they take — in all market environments and any investment strategy.

Contact your Northern Trust Relationship Manager or the Northern Funds Center at 800-595-9111 to learn more about the Northern Funds family of mutual funds.

¹ Assets under management were \$972 billion as of September 30, 2018.

Please see back page for important fund-specific risk disclosures.

Past performance is no guarantee of future results. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.

Due to ongoing market volatility, the Funds may have experienced negative returns for the time periods shown. For complete performance information, please call 800-595-9111. Mutual fund investing involves risk, including loss of principal.

- ¹ **Equity Risk:** Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes.
- ² **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.
- ³ **High-Yield Risk:** Although a high yield fund's yield may be higher than that of fixed-income funds that purchase higher-rated securities, the potentially higher yield is a function of the greater risk that a high-yield fund's share price will decline.
- ⁴ **International Risk:** International investing involves increased risk and volatility.
- ⁵ **Tax-Free/AMT Risk:** Tax-exempt funds' income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.
- ⁶ **Regional Investment Risk:** The geographical concentration of portfolio holdings in a fund may involve increased risk.
- ⁷ **Mid-Cap Risk:** Mid-capitalization stocks typically carry additional risk, since smaller companies generally have higher risk of failure and, historically, their stocks have experienced a greater degree of volatility.
- ⁸ **Index Fund Risk:** The performance of the Fund is expected to be lower than that of the Index because of Fund fees and expenses. It is important to remember that there are risks associated with index investing, including the potential risk of market decline, as well as the risks associated with investing in specific companies.
- ⁹ **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.
- ¹⁰ **Interest-Rate Risk:** Increases in prevailing interest rates will cause fixed income securities, including convertible securities, held by the Fund to decline in value.
- ¹¹ **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.
- ¹² **REIT/Real Estate Risk:** Investments in the Fund are subject to the risks related to direct investment in real estate, such as real estate risk, regulatory risks, concentration risk, and diversification risk. Investments in REITs involve certain additional unique risks. By itself the Fund does not constitute a complete investment plan and should be considered a long-term investment for investors who can afford to weather changes in the value of their investments.
- ¹³ **Emerging Markets Risk:** Emerging market investing is subject to additional economic, political, liquidity and currency risks not associated with more developed countries.
- ¹⁴ **Small-Cap Risk:** Small-capitalization funds typically carry additional risks since smaller companies generally have a higher risk of failure. Their stocks are subject to a greater degree of volatility, trade in lower volume and may be less liquid.
- ¹⁵ **Value Risk:** Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.
- ¹⁶ **Asset Allocation Risk:** An asset allocation strategy does not guarantee any specific result or profit nor protect against a loss.
- ¹⁷ **Sector Risk:** Because the Fund invests in a single industry, its shares do not represent a complete investment program. As a non-diversified and single industry fund, the value of the shares may fluctuate more than shares invested in a broader range of industries and companies.
- ¹⁸ **Mortgage-Backed Securities Risk:** Mortgage-backed investments involve risk of loss due to prepayments and, like any bond, due to default. Because of the sensitivity of mortgage-related securities to changes in interest rates, the Fund's performance may be more volatile than if it did not hold these securities.
- ¹⁹ **U.S. Government Guarantee:** U.S. government guarantees apply only to the underlying securities of a Fund's portfolio and not the Fund's shares.
- ²⁰ **Multi-Manager Risk:** The sub-advisers' styles will not always be complementary, which could affect the performance of the Fund.

* **More Detailed Risk:** For more information on risks specific to an investment in this fund please see the prospectus.

The Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Past performance is no guarantee of future results.

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Please carefully read the summary prospectus or prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds before investing. Visit northerntrust.com/funds or call 800-595-9111 to obtain a summary prospectus and prospectus. The summary prospectus and prospectus contain this and other information about the funds.

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