

NORTHERN FUNDS

HIGH YIELD MUNICIPAL FUND

FIXED INCOME

MUTUAL FUND

AS OF 1Q19

Investment Objective

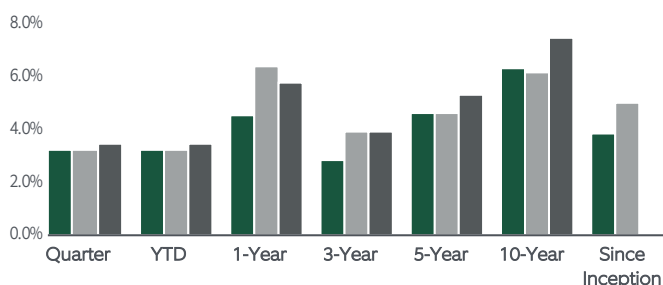
The Fund seeks a high level of current income exempt from regular federal income tax.

Investment Approach

The Fund will invest, under normal circumstances, at least 65% of its net assets in rated and unrated municipal instruments that are of low quality (commonly referred to as 'junk bonds') or medium or upper medium quality. Upper medium quality securities are rated A, medium quality securities are rated BBB and lower quality securities are rated BB or lower by a Nationally Recognized Statistical Rating Organization.

INVESTMENT PERFORMANCE % — AS OF 3/31/19

- Northern Funds High Yield Municipal Fund
- Bloomberg Barclays Muni Bond 65-35 IG/HY Index¹
- Morningstar Category Avg High Yield Muni



Average Annual Returns

	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund	3.18	3.18	4.47	2.78	4.55	6.24	3.84
Benchmark ¹	3.22	3.22	6.34	3.91	4.57	6.13	4.98
Morningstar	3.39	3.39	5.72	3.85	5.26	7.43	—

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.

Northern Trust Investments, Inc. has contractually agreed to reimburse a portion of the operating expenses of the Fund (other than certain excepted 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; and extraordinary expense and interest) to the extent the "Total Annual Fund Operating Expenses" exceed 0.60%. The "Total Annual Fund Operating Expenses After Expense Reimbursement" may be higher than the contractual limitation as a result of the excepted expenses, including but not limited to Acquired Fund Fees and Expenses, that are not reimbursed. This contractual limitation may not be terminated before July 31, 2019 without the approval of the Board of Trustees. In the absence of contractual expense reimbursements, yield, total return, growth since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions.

Please see back page for calendar year returns, index definitions and investment terms.

Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds before investing. Call 800-595-9111 to obtain a prospectus and summary prospectus, which contain this and other information about the funds.

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FUND OVERVIEW

Benchmark/Index	Fund
Bloomberg Barclays Muni Bond 65-35 IG/HY Index ¹	Bloomberg Barclays Muni Bond 65-35 IG/HY Index ¹
Morningstar Category	High Yield Muni
Inception Date	12/31/98
Total Net Assets	\$443.5 Million
Symbol/CUSIP	NHYMX
Dividend Schedule	Monthly
Expense Ratio - Gross (%)	0.83
Expense Ratio - Net (%)	0.60

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, 2019.

FUND CHARACTERISTICS

	Fund
Number of Holdings	138
30-Day SEC Yield w/ Waivers (%)	3.65
30-Day SEC Yield w/o Waivers (%)	3.42
Tax-Equivalent 30-Day SEC Yield (%)	6.16
Modified Duration	5.29 years
Average Maturity	20.77 years

Tax-equivalent yields are based on an assumed tax rate of 40.8% for national municipal funds.

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

HIGH YIELD MUNICIPAL FUND

CALENDAR YEAR RETURNS %

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
High Yield Municipal Fund	0.31	6.90	-0.04	4.50	12.42	-4.45	12.49	11.47	2.28	23.24
Benchmark ¹	2.49	6.92	1.21	2.80	10.72	-3.58	10.64	10.19	4.25	19.70
Morningstar High Yield Muni	2.11	7.38	0.90	4.09	13.86	-5.99	13.82	10.18	3.77	30.89

Performance quoted represents past performance and does not guarantee future results.

MATURITY DISTRIBUTION %

Maturity Range	Fund	Fund
0 — 1 Year	4.0	58.5
2 — 5 Years	8.5	8.3
11 — 20 Years	20.7	

QUALITY DISTRIBUTION %

Quality Rating	Fund	Benchmark ¹
AAA	1.3	7.8
AA	3.3	33.5
A	22.5	16.7
BBB	44.0	6.2
BB	10.2	8.8
B	3.3	5.4
CCC	0.0	1.6
CC to D	0.0	1.0
Not rated	13.8	18.9
Cash Equivalents	1.5	0.0

SECTOR WEIGHTINGS %

Economic Sector	Fund	Benchmark ¹
Transportation	19.8	13.6
Other	19.4	32.2
Hospital	18.6	9.3
Higher Education	12.3	5.6
Pre-Refunded	10.0	0.0
IDR's	9.0	3.8
Housing	3.9	2.2
Water & Sewer	3.2	7.1
Power	1.4	4.4
State & Local GO	1.4	21.0
Short-Term	1.0	0.0
Resource Recovery	0.0	0.8

PORTFOLIO MANAGEMENT

ADAM M. SHANE, CFA®

Began career in 2003 | With Northern Trust since 2010

Mr. Shane has a B.A. in history from Williams College and an MBA, With Concentration in accounting and finance, from the University of Chicago, Graduate School of Business. He is an Active CFA® charterholder, a member of the CFA society of Chicago, the CFA institute, the Chicago Municipal Analysts Society, and the National Federation of Municipal Analysts.

STEPHANIE L. WOEPPEL

Began career in 2005 | With Northern Trust since 2012

Ms. Woepfel has a B.A. in English and history from the University of Nebraska and a Master of Public Administration with concentration in finance, from New York University – Wagner School of Public Service. She is a member of the Chicago Municipal Analysts and Women in Public Finance.

DISCLOSURE AND RISKS

All data is as of date indicated and subject to change.

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.

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.

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.

DEFINITIONS

¹ Bloomberg Barclays Municipal Bond 65-35 Investment Grade/High Yield Index is an unmanaged index of investment and non-investment-grade bonds, with a 65% weighting in the Bloomberg Barclays U.S. Municipal Index and a 35% weighting to the Bloomberg Barclays Municipal High Yield Index. It is not possible to invest directly in an index.

Distribution Calculations: All distribution calculations (Maturity Distribution, Sector Weightings and Quality Distribution) are measured on a trade date basis and are adjusted for uninvested cash from the market value used to compute the percentage calculations.

Modified Duration: Duration is a measure of a bond fund's sensitivity to changes in interest rates. The Fund's duration is calculated using the modified duration formula.

Quality Distribution: Credit quality ratings are based on converting the available Moodys, Standard & Poors and/or Fitch ratings to a common numerical basis and averaging that result. If none of these three rating agencies has assigned a rating, the Fund will assign a rating of not rated. The ratings, expressed in Standard & Poors nomenclature, range from AAA (extremely strong capacity to meet its financial commitment) to D (in default). Short-term ratings, expressed in Standard & Poors nomenclature, range from A-1 (obligors capacity to meet its financial commitment on the obligation is strong) to A-3 (exhibits adequate protection parameters). The Standard & Poors short-term municipal rating of SP1 reflects a strong capacity to pay principal and interest (an issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation). The Moodys short-term municipal rating of MIG1 denotes superior credit quality (excellent protection is afforded by established cash flows, highly reliable liquidity support or demonstrated broad-based access to the market for refinancing). Committed Cash includes any traded cash (forward settling trades), the sweep vehicle and commercial paper. The ratings represent the rating agencies opinions of the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality.

