

# MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND

MUTUAL FUND

AS OF 1Q19



Overall Morningstar Rating™ among 610 High Yield Bond funds derived from a weighted average of the fund's 3- 5- and 10-year risk-adjusted returns as of 3/31/19.<sup>1</sup>

## Investment Objective

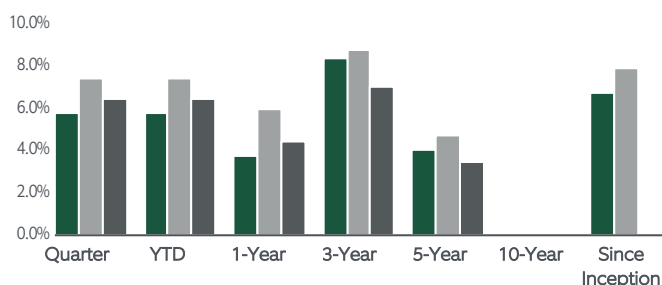
The Fund seeks total return consisting of a combination of income and capital appreciation.

## Investment Approach

An active, multi-manager strategy seeking to deliver across the high yield corporate bond market, as well as other high yielding asset classes in an effort to deliver comparable returns potential to high yield bonds with the added benefit of diversification.

## INVESTMENT PERFORMANCE % — AS OF 3/31/19

- Northern Funds Multi-Manager High Yield Opportunity Fund
- ICE BofAML US High Yield Constrained Index<sup>2</sup>
- Morningstar Category Avg High Yield Bond



### Average Annual Returns

	5.73	5.73	3.75	8.29	4.02	—	6.66
■ Fund	5.73	5.73	3.75	8.29	4.02	—	6.66
■ Benchmark <sup>2</sup>	7.40	7.40	5.93	8.68	4.70	—	7.85
■ Morningstar	6.35	6.35	4.33	6.97	3.45	—	—

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 0.85%. 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.

## FUND OVERVIEW

	Fund
Benchmark/Index	ICE BofAML US High Yield Constrained Index <sup>2</sup>
Morningstar Category	High Yield Bond
Inception Date	9/23/09
Total Net Assets	\$366.2 Million
Symbol/CUSIP	NMHYX
Dividend Schedule	Monthly
Redemption Fee	2% on shares sold or exchanged within 30 days of purchase
Expense Ratio - Gross (%)	1.00
Expense Ratio - Net (%)	0.87

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	1,147
30-Day SEC Yield w/ Waivers (%)	6.89
30-Day SEC Yield w/o Waivers (%)	6.75
Effective Duration	2.89 years
Average Maturity	4.59 years

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

## MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND

## CALENDAR YEAR RETURNS %

Multi-Manager High Yield Opportunity Fund
Benchmark <sup>2</sup>
Morningstar High Yield Bond

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
-2.09	7.88	16.89	-5.93	1.94	6.67	16.65	1.41	12.81	—
-2.27	7.46	17.49	-4.61	2.51	7.41	15.55	4.37	15.05	—
-2.59	6.47	13.30	-4.01	1.11	6.90	14.67	2.83	14.24	—

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

## MATURITY DISTRIBUTION %

Maturity Range	Fund	Fund
0 — 3 years	16.4	17.1
3 — 5 Years	25.3	4.0
5 — 7 Years	37.2	
7 — 10 Years		
10+ Years		

## QUALITY DISTRIBUTION %

Quality Rating	Fund	Benchmark <sup>2</sup>
BBB	1.3	0.0
BB	24.0	40.7
B	33.4	42.6
CCC or below	29.8	16.4
Not rated	5.5	0.3
Committed Cash	6.0	0.0

## SECTOR WEIGHTINGS %

Economic Sector	Fund	Benchmark <sup>2</sup>
Corporate - Industrial	66.7	87.2
Bank Loans	14.7	0.0
Financials	8.2	9.6
Committed Cash	6.0	0.0
Utilities	2.5	2.4
Other	1.6	0.6
Emerging Markets Debt	0.3	0.1
Preferred Stock	0.0	0.1

## PORTFOLIO MANAGEMENT

CHRISTOPHER E. VELLA, CFA<sup>®</sup>

Began career in 1993 | With Northern Trust since 2004

Mr. Vella received a B.S. magna cum laude in finance with a minor in applied mathematics from Lehigh University and was elected into the Phi Beta Kappa honor society. He is a member of the New York Society of Financial Analysts. He is an active CFA<sup>®</sup> charterholder.

## SUB-ADVISER ALLOCATION

Sub-Adviser	Target Allocation*	Role in Portfolio
Neuberger Berman Investment Advisors, LLC	40%	Traditional high-yield strategy focusing on credit selection as well as allocation among sector and quality segments based on relative value. The portfolio will also invest in bank loans.
DDJ Capital Management, LLC	30%	Concentrated, bottom-up oriented strategy that specifically focuses on the middle market segment of the high yield universe in addition to leveraged loans.
Nomura Corporate Research and Asset Management, Inc.	30%	Diversified, relative value approach incorporating a top-down perspective. The strategy is expected to have a higher risk profile versus the benchmark, with higher up capture ratios.

\*Actual allocations may vary.

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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## DISCLOSURE AND RISKS

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

**<sup>1</sup>Past performance is no guarantee of future results. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.**

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 products 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. The Multi-Manager High Yield Opportunity Fund received 4 stars for the 3-year rating among 610 High Yield Bond funds and 4 stars for the 5-year rating among 519 funds. The 10-year Morningstar Rating is not available.

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**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.

**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.

## DEFINITIONS

<sup>2</sup> ICE BofAML US High Yield Constrained Index contains all securities in the BofA Merrill Lynch U.S. High Yield Constrained Index, but caps issuer based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. The Index tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. It is not possible to invest directly in an index.

**Effective Duration:** Effective Duration measures percent change in price for 100 basis point parallel shift.

**Quality Distribution:** Credit quality ratings are compiled from two external rating agencies: Moodys and Standard & Poors. We report the lowest rating of the two in the event there are any differences between them. If neither of these 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). Government securities consist of obligations issued or guaranteed by the U.S. Treasury. 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.



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