

NORTHERN FUNDS

Active M Emerging Markets Equity Fund (NMMEX)

(Formerly known as Multi-Manager Emerging Markets Equity Fund)

4Q 2018 Performance Review

December 31, 2018

*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 contains this and other information about the funds.*



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Fund Facts

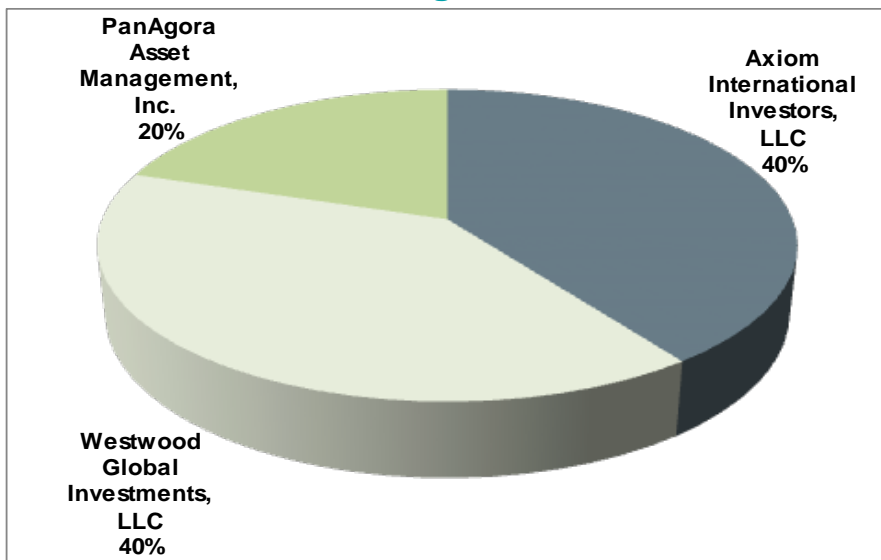
Fund Objective: Capital Appreciation

Inception Date: November 19, 2008

Ticker Symbol: NMMEX

Benchmark: MSCI Emerging Markets® Index

Sub-Adviser Target Allocations*



*Actual allocations may vary.

Strategy Objectives

- Under normal circumstances, invest at least 80% of net assets in equity securities of emerging and frontier markets — emerging and frontier markets are defined as markets in the MSCI Emerging Markets Index and the MSCI Frontier Markets Index.
- Leverage a disciplined and consistent research process to identify sub-advisers where manager selection and allocations are determined using a multi-factor based screening and optimization approach augmented with deep qualitative and fundamental due diligence.
- Add value through the combination of sub-advisers who are specialists in their respective styles. This approach should isolate the stock selection skills of the sub-advisers as the primary source of value added for the Fund over time.
- Continuously monitor the style and characteristics of the Fund and actively manage to the target allocations of the sub-advisers.

By properly combining sub-advisers, we attempt to deliver robust alpha and broad diversification, while maintaining factor neutral biases (such as size, value and momentum) across emerging markets equities.

Portfolio Characteristics

- Well diversified portfolio, benchmarked to the MSCI Emerging Markets Index.
- The Fund currently uses three sub-advisers with various investment approaches.
- Designed to maintain factor neutral biases across emerging markets equities.

GLOSSARY

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.

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.

% EPS Growth – past 5 years: a 5 year annualized earnings growth rate. Earnings per share is a part of a company's profit which is allocated to an individual outstanding share of common stock. As viewed by the investor, it is the rate of earnings which are returned on the original investment made. Also known as EPS for short, the earnings per share can be used to indicate a corporation's financial profitability.

Positive Trailing P/E: the ratio of a firm's closing stock price and its trailing 12 months' earnings per share, excluding those companies with negative earnings. A P/E ratio is generally used to provide investors with a better understanding of a company's value.

Price to Book: a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current price of the stock by the latest quarter's book value per share.

Weighted Average Market Capitalization: a firm's closing stock price multiplied by the number of shares.

MSCI Emerging Markets Index: is a free float-adjusted, market capitalization index that is designed to measure equity market performance in the global emerging markets. It is not possible to invest directly in an index.

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

ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Fund Performance & Quarterly Fund Commentary

4Q | 2018

QUARTERLY COMMENTARY

- The emerging markets, as measured by the MSCI Emerging Markets® Index (the Index), ended the fourth quarter down -7.47%. Much of what ailed the asset class throughout the year, including U.S. and China trade tensions, slowing growth in China, rising rates in the U.S., volatile commodity prices and declining tech stocks, pressured stocks in the fourth quarter. For 2018, the Index declined -14.58%. Brazil performed strongly on the back, positive sentiment toward newly elected President Jair Bolsonaro, and India posted a gain on strong economic growth expectations.
- The Active M Multi-Manager Emerging Markets Equity Fund underperformed the MSCI Emerging Markets Index in the quarter, -8.68% versus -7.47%. Weak stock selection and an overweight in the information technology sector was the main detractor. Technology stocks pulled back broadly and the Fund's holdings in smart phone suppliers and assemblers, hurt relative returns. Exposure to exploration and production, as well as service companies within the energy sector, challenged relative results. Financials positions across regions led to underperformance in the quarter. Stock selection was also weak within industrials and real estate. By country, stock selection was weakest within India, Taiwan and Brazil. Stock selection within consumer discretionary and consumer staples proved beneficial. Communication services stocks were also supporting of relative performance. An overweight to Brazil and underweight to China also added value.
- Quantitatively oriented sub-adviser PanAgora underperformed in the quarter as heightened volatility and a reversal in market drivers, adversely impacted their investment approach. Axiom underperformed as a result of weak stock selection within the energy, financials, industrials and consumer staples sectors.

PERFORMANCE (in %) as of December 31, 2018

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Inception to Date	2017	2016	2015	2014	2013
Active M Emerging Markets Equity Fund - Inception 11/19/08	-8.68	-14.90	-14.90	9.08	0.86	8.32	10.24	35.41	12.65	-16.05	-4.22	0.44
MSCI Emerging Markets Index (net)*	-7.47	-14.58	-14.58	9.25	1.65	8.02	9.52	37.28	11.19	-14.92	-2.19	-2.60
Excess Return	-1.21	-0.33	-0.33	-0.16	-0.79	0.30	0.71	-1.87	1.46	-1.14	-2.03	3.04
Annual Expense Ratio: Gross, 1.21%; Net, 1.10% ¹												

*The net index provides the equity returns including dividends net of withholding tax rates

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 of July 31, 2019.

The Fund benchmark is the MSCI Emerging Markets® Index. The net index provides the equity returns including dividends net of withholding tax rates.



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Fund Characteristics

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FUND FACTS

Fund Objective: Capital Appreciation
Inception Date: November 19, 2008
Ticker Symbol: NMMEX
Benchmark: MSCI Emerging Markets® Index

5 LARGEST HOLDINGS

Company	% of Fund
Samsung Electronics Co	4.3%
Taiwan Semiconductor Ma	4.2%
Tencent Holdings Limite	3.0%
Itau Unibanco Banco Mul	2.9%
Tata Consultancy Servic	2.7%
Total*	17.1%

FUND CHARACTERISTICS

	NMMEX	Benchmark
Wtd Avg Market Cap	\$74.4 Billion	\$70.6 Billion
% EPS Growth - Past 5 yrs.	10.12%	12.69%
Positive Trailing P/E	13.7x	13.5x
Price to Book	1.55	1.51
Number of Holdings**	361	1,124

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

**Currency positions are excluded.

Portfolio composition may change at any time.

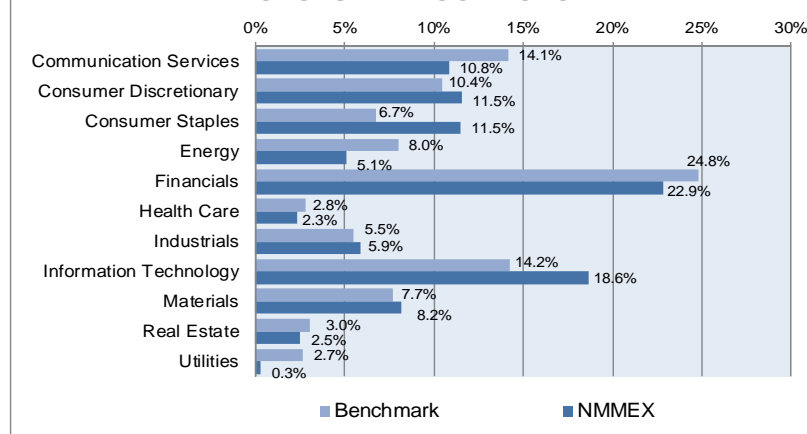
Source: Wilshire Atlas

5 See page 10 for important disclosure information

REGIONAL/COUNTRY WEIGHTS

	NMMEX	Benchmark
Latin America ex Brazil	6.5%	4.7%
Eastern Europe ex Russia	2.0%	2.0%
Middle East Africa	9.4%	8.8%
Pacific ex China	31.2%	33.4%
Brazil	13.8%	7.5%
Russia	1.8%	3.7%
India	9.8%	9.4%
China	19.8%	30.4%
Frontier Markets	0.2%	0.0%
Developed Markets	5.5%	0.0%
Not Classified	0.0%	0.0%
Total*	100.0%	100.0%

SECTOR ALLOCATIONS



NORTHERN FUNDS

Sub-Adviser 4Q 2018 Review



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Sub-Adviser Allocation and Portfolio Characteristics

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Sub-Adviser	Target Allocation*	Role in Portfolio
Axiom International Investors, LLC	40%	Opportunistic bottom-up growth strategy seeks to identify high-quality companies exhibiting signs of improvement and/or acceleration in key business drivers.
Westwood Global Investments, LLC	40%	Value-oriented, opportunistic investment approach. The portfolio tends to exhibit a less benchmark-oriented approach to value investing.
PanAgora Asset Management, Inc.	20%	Highly diversified quantitative value approach that derives alpha through stock selection, utilizing a broad range of factors. Expected to provide consistent risk-adjusted performance as a result of its diversified investment approach.

PORTFOLIO CHARACTERISTICS

	Axiom	Westwood	PanAgora	NMMEX	MSCI EM Index
Wtd Avg Market Cap	\$93.9 Billion	\$59.1 Billion	\$66.1 Billion	\$74.4 Billion	\$70.6 Billion
% EPS Growth - Past 5 yrs.	12.32%	5.96%	14.58%	10.12%	12.69%
Positive Trailing P/E	15.4x	12.8x	12.3x	13.7x	13.5x
Price to Book	1.76	1.52	1.27	1.55	1.51
Number of Holdings**	150	34	243	361	1124

*Actual allocations may vary.

**Currency positions are excluded.

Portfolio composition may change at any time.

Source: Wilshire Atlas



ACTIVE M EMERGING MARKETS EQUITY FUND (NMMEX)

Sub-Adviser Sector and Regional/Country Allocations

4Q | 2018

SECTOR ALLOCATIONS

	Axiom	Westwood	PanAgora	NMMEX	MSCI EM Index
Communication Services	11.4%	9.1%	13.2%	10.8%	14.1%
Consumer Discretionary	8.9%	15.8%	8.4%	11.5%	10.4%
Consumer Staples	9.9%	14.8%	7.9%	11.5%	6.7%
Energy	6.5%	1.7%	9.1%	5.1%	8.0%
Financials	31.4%	14.1%	23.6%	22.9%	24.8%
Health Care	4.9%	0.0%	1.8%	2.3%	2.8%
Industrials	6.8%	4.3%	7.3%	5.9%	5.5%
Information Technology	13.7%	25.7%	14.3%	18.6%	14.2%
Materials	3.5%	12.4%	9.1%	8.2%	7.7%
Real Estate	3.1%	2.1%	2.3%	2.5%	3.0%
Utilities	0.0%	0.0%	1.5%	0.3%	2.7%
Not Classified	0.0%	0.0%	1.6%	0.3%	0.0%
Total*	100.0%	100.0%	100.0%	100.0%	100.0%

REGIONAL/COUNTRY WEIGHTS

	Axiom	Westwood	PanAgora	NMMEX	MSCI EM Index
Latin America ex Brazil	3.9%	10.1%	4.3%	6.5%	4.7%
Eastern Europe ex Russia	3.3%	1.0%	1.6%	2.0%	2.0%
Middle East Africa	5.3%	14.1%	7.9%	9.4%	8.8%
Pacific ex China	25.5%	35.9%	33.1%	31.2%	33.4%
Brazil	10.6%	19.7%	8.1%	13.8%	7.5%
Russia	2.9%	0.0%	3.3%	1.8%	3.7%
India	10.3%	9.1%	10.3%	9.8%	9.4%
China	25.6%	8.3%	31.4%	19.8%	30.4%
Frontier Markets	0.5%	0.0%	0.0%	0.2%	0.0%
Developed Markets	12.1%	1.7%	0.0%	5.5%	0.0%
Not Classified	0.0%	0.0%	0.0%	0.0%	0.0%
Total*	100.0%	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: Wilshire Atlas



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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.
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- Portfolio sector and characteristics comparisons are provided to illustrate sector allocations and characteristics for each Fund versus its 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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