

NORTHERN FUNDS

EMERGING MARKETS EQUITY INDEX FUND (NOEMX)

As of 12/31/18

FUND COMMENTARY

In the fourth quarter of 2018, the MSCI Emerging Markets Index returned -7.47%. Emerging markets equities outperformed U.S. equities, as measured by the S&P 500 Index which returned -13.52% in the fourth quarter.

The top-performing sectors over this time period were utilities and real estate, returning 3.91% and 1.46%, respectively. Health care and information technology were the worst-performing sectors for the quarter, with returns of -16.15% and -15.27%, respectively.

During this period, Brazil and Indonesia were the top-performing countries with returns of 13.56% and 9.76%, respectively. On the other hand, the worst-performing countries for this quarter were Pakistan and Colombia as they returned -22.13% and -18.93%, respectively.

For the quarter, the Emerging Markets Equity Index Fund posted a return of -7.64%, compared to the Fund's benchmark the MSCI Emerging Markets Index return of -7.47%. Emerging markets fared better than their developed counterparts in the fourth quarter as the U.S. Federal Reserve took a more dovish stance for 2019 post the December rate hike easing monetary policy concerns. Within the emerging market countries, the countries with lower western exposure, such as Brazil fresh off a recent change in power, outperformed those which rely heavily upon developed markets for trade as the trade war continued to be a drag on the Chinese economy. From a sector perspective, investors moved into the defensive sectors of utilities and real estate as health care and information technology (IT) were the lowest performers in the space. Within IT, demand woes continued as original equipment manufacturers started to see a slowdown across various channels.

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

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EMERGING MARKETS EQUITY INDEX FUND (NOEMX)

| Performance as of 12/31/18 | | | | Annualized Returns | | | | | |
|------------------------------------|--------|---------|---------|--------------------|--------|---------|------------------|---------------------|-------------------|
| FUND | QTR | YTD | 1 Year | 3 Year | 5 Year | 10 Year | Since Inception* | Gross Expense Ratio | Net Expense Ratio |
| Emerging Markets Equity Index Fund | -7.64% | -15.04% | -15.04% | 8.88% | 1.15% | 7.25% | 2.78% | 0.35% | 0.31% |
| MSCI Emerging Markets Index | -7.47% | -14.58% | -14.58% | 9.25% | 1.65% | 8.02% | 3.57% | | |

*Inception Date- 04/25/06

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.

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.

Not FDIC insured | May lose value | No bank guarantee

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

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