

NORTHERN FUNDS

SMALL CAP VALUE FUND

EQUITY

MUTUAL FUND

AS OF 4Q18

Investment Objective

The Fund seeks to provide long-term capital appreciation. Any income received is incidental to this objective.

Investment Approach

The Fund seeks to efficiently capture the small cap premium and deliver excess return by investing in a diverse portfolio of quality, undervalued, U.S. small capitalization companies consistent with small-cap value benchmarks. The Fund applies a multi-factor investment process seeking to identify positive momentum.

INVESTMENT PERFORMANCE % — AS OF 12/31/18

- Northern Funds Small Cap Value Fund
- Russell 2000 Value Index¹
- Morningstar Category Avg Small Value



Average Annualized Returns

| | Quarter | YTD | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|------------------------|---------|--------|--------|--------|--------|---------|-----------------|
| Fund | -17.79 | -13.68 | -13.68 | 5.51 | 3.71 | 10.51 | 9.22 |
| Benchmark ¹ | -18.67 | -12.86 | -12.86 | 7.37 | 3.61 | 10.40 | 9.35 |
| Morningstar | -19.16 | -15.46 | -15.46 | 5.12 | 1.86 | 11.00 | — |

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 1.00%. 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 | Russell 2000 Value Index ¹ |
| Morningstar Category | Small Value |
| Inception Date | 4/1/94 |
| Total Net Assets | \$2.7 Billion |
| Symbol/CUSIP | NOSGX |
| Dividend Schedule | Annually |
| Expense Ratio - Gross (%) | 1.13 |
| Expense Ratio - Net (%) | 1.00 |

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 | Benchmark ¹ |
|---|---------|------------------------|
| Number of Holdings | 523 | 1,385 |
| Weighted Average Market Cap (\$M) | 2,179.0 | 1,815.5 |
| Return on Equity (%) | 10.0 | 7.3 |
| Trailing 12-month Price-to-Earnings Ratio | 14.5 | 14.1 |
| Price-to-Book (%) | 1.4 | 1.3 |
| Annual Portfolio Turnover as of 3/31/18 (%) | 18.7 | |

PERFORMANCE AND RISK CHARACTERISTICS (3 YR)

| | Fund |
|------------------------|-------|
| Beta | 0.94 |
| Information Ratio | -0.91 |
| Upside Capture Ratio | 88.05 |
| Downside Capture Ratio | 98.48 |

Above risk characteristics are based on 3-year time period.

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

NORTHERN FUNDS
SMALL CAP VALUE FUND

CALENDAR YEAR RETURNS %

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|-------------------------|--------|------|-------|-------|------|-------|-------|-------|-------|-------|
| Small Cap Value Fund | -13.68 | 6.43 | 27.87 | -4.62 | 7.07 | 36.44 | 13.78 | -0.60 | 24.61 | 17.77 |
| Benchmark ¹ | -12.86 | 7.84 | 31.74 | -7.47 | 4.22 | 34.52 | 18.05 | -5.50 | 24.50 | 20.58 |
| Morningstar Small Value | -15.46 | 8.54 | 25.99 | -6.71 | 3.34 | 36.22 | 16.00 | -4.45 | 26.17 | 31.32 |

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

TOP HOLDINGS %

| | Fund |
|------------------------------------|------|
| Pebblebrook Hotel Trust | 1.0 |
| CACI International Inc Class A | 1.0 |
| Southwest Gas Holdings, Inc. | 0.9 |
| FTI Consulting, Inc. | 0.8 |
| Esterline Technologies Corporation | 0.8 |
| SYNNEX Corporation | 0.8 |
| Insight Enterprises, Inc. | 0.8 |
| Washington Federal, Inc. | 0.8 |
| United Bankshares, Inc. | 0.7 |
| Cathay General Bancorp | 0.7 |

SECTOR

| ALLOCATION % | Fund | Benchmark ¹ |
|------------------------|------|------------------------|
| Financials | 28.7 | 29.5 |
| Industrials | 13.3 | 11.8 |
| Information Technology | 10.8 | 10.7 |
| Real Estate | 10.6 | 11.7 |
| Consumer Discretionary | 9.7 | 9.4 |
| Utilities | 6.4 | 7.3 |
| Health Care | 5.2 | 4.3 |
| Energy | 5.1 | 5.4 |
| Materials | 4.2 | 4.1 |
| Communication Services | 3.5 | 3.1 |
| Consumer Staples | 2.5 | 2.6 |

ASSET ALLOCATION %

| | Fund |
|--------|------|
| Stocks | 98.2 |
| Cash | 1.8 |

PORTFOLIO MANAGEMENT

ROBERT H. BERGSON, CFA[®]

Began career in 1995 | With Northern Trust since 1997

Mr. Bergson received a Bachelor of Architecture degree from Carnegie Mellon University and an M.S. in real estate development from the Massachusetts Institute of Technology. He is an active CFA[®] charterholder and a member of the CFA Institute, the CFA Society Chicago and the Chicago Quantitative Alliance.

DISCLOSURE AND RISKS

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

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.

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.

Value Risk: Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.

DEFINITIONS

¹ Russell 2000[®] Value Index measures the performance of those Russell 2000[®] Index companies with lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in an index.

Beta: Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark.

Down Market Capture: A measure of a managers performance in down markets relative to the market.

Information Ratio: A measure of risk-adjusted relative return.

Price-to-Book Ratio: A ratio used to compare a stocks market value to its book value. It is calculated by dividing the current price of the stock by the latest quarters book value per share.

Return on Equity: Amount of net income returned as a percentage of shareholders equity.

Trailing 12-month Price-to-Earnings Ratio: The sum of a companys price-to-earnings. Calculated by taking the current stock price and dividing it by the current earnings per share for the past 12 months.

Up Market Capture: A measure of a managers performance in up markets relative to the market.

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.

© 2019 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

