

Northern Funds STOCK INDEX FUND

3Q2017

NOSIX/EQUITY

OVERALL MORNINGSTAR RATING™



among 1,218 large blend funds derived from a weighted average of the fund's 3-, 5- and 10-year risk-adjusted returns as of 9/30/17*

FUND FACTS

Fund Objective: Seeks to Replicate Index

Inception Date: October 7, 1996

Ticker Symbol: NOSIX

Gross Expense Ratio: 0.11%¹

Net Expense Ratio: 0.10%¹

Dividend Schedule: Quarterly

Benchmark: S&P 500® Index

Morningstar Category: Large Blend

FUND CHARACTERISTICS

Total Net Assets: \$8.3 billion

Number of Holdings: 505

Annual Portfolio Turnover: 3.88% (as of 3/31/17)

Weighted Average Market Cap (\$mil): \$182,007

	Fund	Benchmark ²
Trailing 12-month Price-to-Earnings Ratio	22.72	22.72
Price-to-Book Ratio	3.13	3.13

RISK CHARACTERISTICS

	Fund	Benchmark ²
Beta	1.00	1.00
Up Market Capture	99.61	100.00
Down Market Capture	100.35	100.00
Information Ratio	-1.74	0.00

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

FUND STRATEGY

- Passively managed, the Fund seeks to duplicate the investment composition and overall performance of the stocks included in the S&P 500 Index.
- Invest at least 80% of its net assets in equity securities in the Index, in weightings that approximate the relative composition of the Index.
- Use proprietary quantitative techniques designed to minimize trading costs.

PERFORMANCE as of 9/30/17

	ANNUALIZED						
	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
FUND	4.47%	14.16%	18.52%	10.71%	14.11%	7.27%	7.93%
S&P 500 INDEX ²	4.48%	14.24%	18.61%	10.81%	14.22%	7.44%	8.40%
MORNINGSTAR CATEGORY AVG LARGE BLEND	4.19%	13.19%	17.65%	9.03%	12.91%	6.58%	—

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 0.10%. The "Total Annual Fund Operating Expenses After Expense Reimbursement" may be higher than the contractual limitation as a result of the excepted expenses that are not reimbursed. This contractual limitation may not be terminated before July 31, 2018 without the approval of the Board of Trustees. In the absence of fee waivers, 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.

Risks on back page.

¹ 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, 2018.

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

*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 product's 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 Stock Index Fund received 4 stars for the 3-year rating among 1,218 large blend funds, 4 stars for the 5-year rating among 1,083 funds and 4 stars for the 10-year rating among 799 funds.

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NOT FDIC INSURED

May lose value/No bank guarantee

TOP 10 HOLDINGS

Company	Fund % of Net Assets
Apple Inc	3.7%
Microsoft Corp	2.7%
Facebook Inc	1.9%
Amazon.com Inc	1.8%
Berkshire Hathaway Inc Class B	1.6%
Johnson & Johnson	1.6%
Exxon Mobil Corp	1.6%
JP Morgan Chase & Co	1.6%
Alphabet Inc	1.3%
Alphabet Inc Class C	1.3%
TOTAL	19.1%

SECTOR WEIGHTINGS

Economic Sector	Fund	Benchmark ²
Information Technology	23.2%	23.3%
Financials	14.6%	14.6%
Health Care	14.5%	14.5%
Consumer Discretionary	11.9%	11.8%
Industrials	10.2%	10.2%
Consumer Staples	8.2%	8.2%
Energy	6.1%	6.1%
Utilities	3.1%	3.1%
Materials	3.0%	3.0%
Real Estate	3.0%	3.0%
Telecommunication Services	2.2%	2.2%
TOTAL	100.0%	100.0%

ASSET ALLOCATION

Stocks	97.8%
Cash	2.2%
TOTAL	100.0%

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

PORTFOLIO MANAGER



BRENT REEDER | Began career in 1993
With Northern Trust since 1993

Mr. Reeder received a B.A. in economics from DePauw University and an MBA in finance from DePaul University. He is an Associated Person with the National Futures Association.

CALENDAR YEAR RETURNS

	2016	2015	2014	2013	2012
FUND	11.88%	1.29%	13.55%	32.23%	15.86%
S&P 500 INDEX ²	11.96%	1.38%	13.69%	32.39%	16.00%
MORNINGSTAR CATEGORY AVG					
LARGE BLEND	10.37%	-1.07%	10.96%	31.50%	14.96%

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A Conservative Investment Approach

Northern Trust has built a tradition of strength and stability in investment management. Markets fluctuate over time, but we have remained steadfast in our disciplined, risk-managed investment philosophy.

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.

Index Fund Risk: The performance of the Fund is expected to be lower than that of the Index because of Fund fees and expenses. It is important to remember that there are risks associated with index investing, including the potential risk of market decline, as well as the risks associated with investing in specific companies.

² **S&P 500® Index** is an unmanaged index consisting of 500 stocks and is a widely recognized common measure of the performance of the overall U.S. stock market. It is not possible to invest directly in an index.

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

Price-to-Book Ratio: 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.

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

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

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

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

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.

