



HOW FIVE-YEAR MARKET THEMES MAY IMPACT PORTFOLIO OUTCOMES

Slower growth, lower interest rates, little inflation and easier monetary policy should mean decent equity performance and muted fixed income returns in the next five years, according to our Capital Market Assumptions Five-Year Outlook. Here's what you can do to prepare your portfolio for these changing markets.

FIVE-YEAR THEMES OVERVIEW



REVERSION TO MEDIOCRITY

After a brief breakout, global economic growth will revert to its longer term mean. Debt-fueled demand will subside and automation will contain inflation. This will lead to continued low interest rates, especially as insatiable fixed income demand persists.



STICKING TO STUCKFLATION

Stuckflation is being tested, but we believe it should pass. Investors agree, as they've had patience with recent high inflation. Unless we see a truly coordinated policy response, future inflation will more reflect the past decade than the past year, supporting financial markets.



MONETARY ACTIVISM

Central banks are finding new callings, such as fighting income inequality and climate change. This expanded mission will become more prominent as inflation fears, once again, subside. We expect central banks globally to stay on the dovish side of market expectations.



SEEKING TECH INDEPENDENCE

Technology is the new oil — but with greater economic security impacts. Both sides of the West-China divide appreciate the importance of technological independence and the requisite raw materials to get there. Expect major investment toward this aim — and further economic division.



THE EVOLVING CAPITALIST

Investors and business leaders recognize that they must evolve from today's "winner-take-all" capitalism. Solutions to address income gaps and the needs of all stakeholders (as opposed to just shareholders) will slowly lead to a more sustainable version of capitalism.



REACHING CLIMATE CONSENSUS

A consensus is emerging on the importance of fighting climate change — increasingly market-driven. Investors are fueling the green transition, driving real corporate action more quickly and forcefully than politicians ever could. But difficult economic tradeoffs loom large.

CAPITAL GROWTH

Economic growth will slow after an upfront bounce-back from the pandemic’s disruptions, driving equity market returns lower over the next five years. Companies may look to retool their operational reliance on countries like China, and begin prioritizing stability and sustainability over pure cost effectiveness and profit maximization.

These shifts may benefit company stakeholders but create uncertainty among shareholders — ultimately contributing to continued volatility within the markets. Investors will need to seek out persistent, and risk-efficient, sources of excess returns in order to meet their capital growth objectives.

KEY THEMES IMPACTING CAPITAL GROWTH



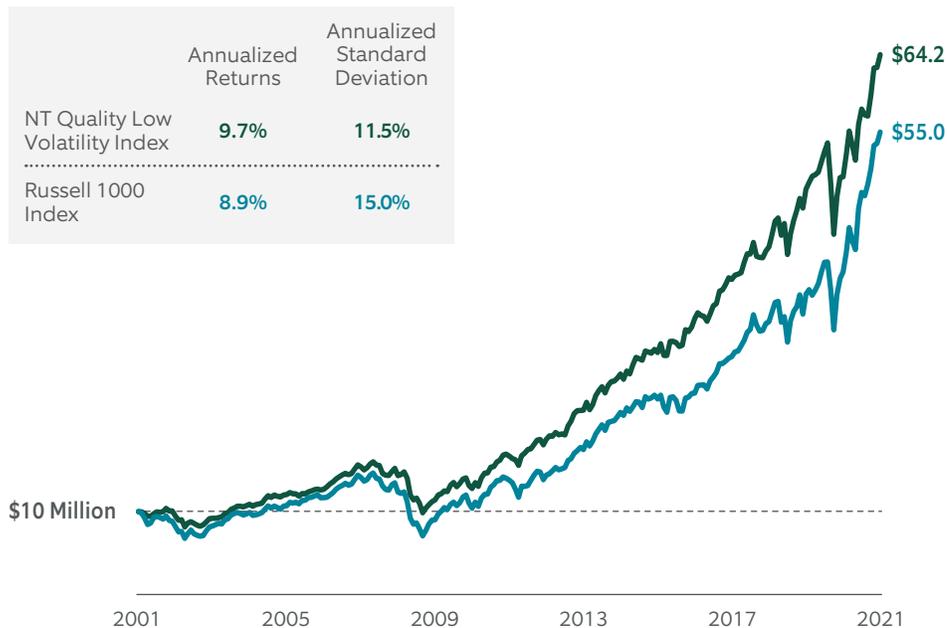
Reversion to Mediocrity

THE CASE FOR LOW VOLATILITY EQUITIES

Higher quality, lower volatility securities have historically generated a higher return than the market-cap weighted index, but with less risk.

HYPOTHETICAL GROWTH OF \$10 MILLION (TRAILING 20 YEARS ENDING 6/30/2021)

— Northern Trust Quality Low Volatility Index — Russell 1000 Index



NORTHERN TRUST POTENTIAL SOLUTIONS

Quality Low Volatility Strategy (U.S., World, and Emerging Markets)

FlexShares US Quality Low Volatility Index Fund (QLV)

FlexShares Developed Markets ex-US Quality Low Volatility Index Fund (QLVD)

FlexShares Emerging Markets Quality Low Volatility Index Fund (QLVE)

Source: Northern Trust Asset Management, eVestment. Data is from 7/1/2001 to 6/30/2021.

Past performance is not indicative of future results. Index performance returns do not include any management fees, transaction costs or expenses. It is not possible to directly invest in any index.

ESG CONSIDERATIONS

While the pandemic fuels a global economic slowdown, it has also increased the spotlight on several environmental, social and governance (ESG) risk factors, including climate impacts, prudent governance, human capital management and employee health and safety. Companies that continue to (or better yet, increase) their focus on these critical issues may continue to generate more sustainable value creation for their stakeholders — and shareholders.

Investors looking to further incorporate ESG principles into their portfolios should consider investing in companies that are both “high quality” (i.e., have high management efficiency, profitability and cash flows) and are ESG leaders to potentially improve returns and diversification benefits.

KEY THEMES IMPACTING ESG CONSIDERATIONS



The Evolving Capitalist



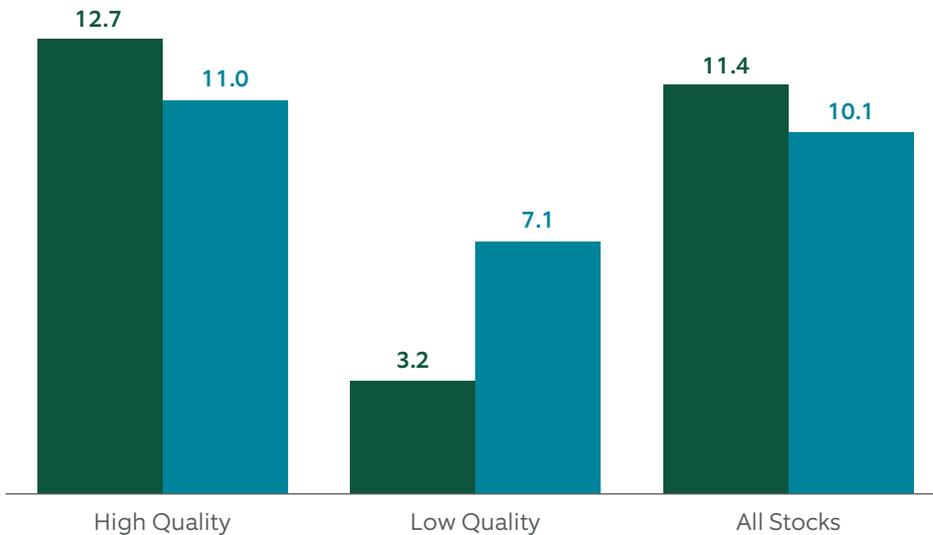
Reaching Climate Consensus

THE CASE FOR QUALITY AND ESG

Historically, high quality ESG Leaders have outperformed low quality ESG Laggards by 5.6% a year (on average), indicating the potential benefit of combining quality and ESG over the analysis horizon.

ANNUALIZED RETURNS OF THE RUSSELL 1000 INDEX BY NORTHERN TRUST QUALITY AND MSCI ESG GROUPINGS FEBRUARY 28, 2007 THROUGH JUNE 30, 2021

■ ESG Leaders ■ ESG Laggards



NORTHERN TRUST POTENTIAL SOLUTIONS

Northern Quality ESG Strategy (U.S., World, Emerging Markets)

Northern U.S. Quality ESG Fund (NUEIX)

Northern Global Sustainability Index Fund (NSRIX)

FlexShares STOXX® US ESG Impact Index Fund (ESG)

FlexShares STOXX® Global ESG Impact Index Fund (ESGG)

Source: Northern Trust Asset Management, MSCI, Russell 1000 Index, FactSet. Returns represent annualized average returns of equally weighted portfolios formed as follows. ESG Leaders and Laggards represent companies with ESG Ratings of AAA/AA for Leaders and B/CCC for Laggards. High and Low Quality represent the top and bottom quintile of Northern Trust’s Quality score, respectively. Proprietary Quality Score measures a company’s management efficiency, profitability, and cash flow.

Past performance is not indicative of future results. Index performance returns do not include any management fees, transaction costs or expenses. It is not possible to directly invest in any index.

POTENTIAL INVESTMENT SOLUTIONS DESIGNED TO MEET ANY PORTFOLIO OBJECTIVE

		Asset Class	Institutional Strategies	Northern Funds	FlexShares® ETFs
		Global Multi-Asset Strategies	Diversified Strategist Portfolios	Northern Global Tactical Asset Allocation Fund (BBALX) ^{1,2,3,4}	FlexShares Strategic Models*
RISK-CONTROL ASSETS	Fixed Income	Cash Strategies	Ultra-Short Standard Strategy	Ultra-Short Fixed Income Fund (NUSFX) ⁵	Ready Access Variable Income Fund (RAVI)
		Investment Grade	Core Fixed Income Core Plus Fixed Income	Core Bond Fund (NOCBX) ^{5,6}	Core Select Bond Fund (BNDC)
		Inflation-Linked	TIPS Strategy		iBoxx® 5-Year Target Date Duration TIPS Index Fund (TDTF)
		High Yield	High Yield Fixed Income	High Yield Fixed Income Fund (NHFIX) ^{5,7}	High Yield Value-Scored Bond Index Fund (HYGV)
RISK ASSETS	Equities	U.S.: Large Cap	Quality Low Volatility Quality Dividend Focus Quality ESG Quality Large Cap Core	Income Equity Fund (NOEIX) ² U.S. Quality ESG Fund (NUESX) ^{2,8} Large Cap Core Fund (NOLCX) ²	Quality Dividend Defensive Index Fund (QDEF) US Quality Low Volatility Index Fund (QLV)
		U.S.: Small Cap	Quality Small Cap Core Quality Small Cap Value	Small Cap Core Fund (NSGRX) ^{2,9} Small Cap Value Fund (NOSGX) ^{2,9,10}	
		Developed ex-U.S.	Quality Low Volatility Quality Dividend Focus Quality ESG	International Equity Fund (NOIGX) ^{2,4}	Developed Markets ex-US Quality Low Volatility Index Fund (QLVD) International Quality Dividend Index Fund (IQDF)
		Emerging Markets	Quality Low Volatility Quality Dividend Focus	Active M Emerging Markets Equity Fund (NMMEX) ^{2,11,12}	Emerging Markets Quality Low Volatility Index Fund (QLVE) Morningstar® Emerging Markets Factor Tilt Index Fund (TLTE)
	Real Assets	Global Infrastructure	Global Infrastructure Index	Multi-Manager Global Listed Infrastructure Fund (NMFIX) ^{2,9,11,12,13,14,15,16,17,18,19,20}	STOXX® Global Broad Infrastructure Index Fund (NFRA)
		Global Real Estate	Global Real Estate Index	Multi-Manager Global Real Estate Fund (NMMGX) ^{2,4,12,21}	Global Quality Real Estate Index Fund (GQRE)
		Global Natural Resources	Global Natural Resources Index		Morningstar® Global Upstream Natural Resources Index Fund (GUNR)

Each of these investments has its own characteristics and risks. Investors should consider these risks carefully before investing.

*FlexShares Strategic Models refers to 5 Core Strategic Models designed to help build client portfolios. The funds listed represents FlexShares ETFs that have been included into one or more strategic model. The FlexShares Strategic Models are hypothetical portfolios and are for informational purposes only. They may not be suitable allocations for all investors. The hypothetical model is not intended to represent any specific type of investment. Please visit <https://www.flexshares.com/models> for more information.

NORTHERN TRUST ASSET MANAGEMENT

Northern Trust Asset Management is a global investment manager that helps investors navigate changing market environments, so they can confidently realize their long-term objectives.

Entrusted with \$1.2 trillion of assets*, we understand that investing ultimately serves a greater purpose and believe investors should be compensated for the risks they take — in all market environments and any investment strategy.

That's why we combine robust capital markets research, expert portfolio construction and comprehensive risk management to craft innovative and efficient solutions that deliver targeted investment outcomes.

As engaged contributors to our communities, we consider it a great privilege to serve our investors and our communities with integrity, respect, and transparency.

*Assets under management as of June 30, 2021. For the Northern Trust Asset Management entities included in the AUM total, please see disclosure at end of this document.

RISK DISCLOSURES

1Asset Allocation Risk: An asset allocation strategy does not guarantee any specific result or profit nor protect against a loss.

2Equity 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.

3Interest Rate Risk: Increases in prevailing interest rates will cause fixed-income securities, including convertible securities, held by the Fund to decline in value.

4International Risk: International investing involves increased risk and volatility.

5Bond 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.

6Mortgage-Backed Securities Risk: Mortgage-backed investments involve risk of loss due to prepayments and, like any bond, due to default. Because of the sensitivity of mortgage-related securities to changes in interest rates, the Fund's performance may be more volatile than if it did not hold these securities.

7High-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.

8Environmental, Social and Governance (ESG) Risk: The Fund's ESG screening process may affect exposures to certain companies or industries and cause the Fund to forego certain investment opportunities.

9Small-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.

10Value Risk: Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.

11Emerging 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

12Multi-Manager Risk: The risk that the sub-advisers' investment styles will not always be complementary, which could affect the performance of the Fund.

16Infrastructure Companies Risk: Infrastructure companies may not realize projected revenue volumes due to; cost overruns; changes in terms making a project no longer economical; macroeconomic factors may raise the average cost of funding; government regulation; government budgetary constraints; special tariffs and/or changes in tax law and unfavorable accounting standards.

21REIT/Real Estate Risk: Investments in the Fund are subject to the risks related to direct investment in real estate, such as real estate risk, regulatory risks, concentration risk and diversification risk. Investments in REITs involve certain additional unique risks. By itself the Fund does not constitute a complete investment plan and should be considered a long-term investment for investors who can afford to weather changes in the value of their investments.

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Forward-looking statements and assumptions are Northern Trust's current estimates or expectations of future events or future results based upon proprietary research and should not be construed as an estimate or promise of results that a portfolio may achieve. Actual results could differ materially from the results indicated by this information.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc., Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K., NT Global Advisors Inc., 50 South Capital Advisors, LLC, Belvedere Advisors LLC and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

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Northern Funds

An investment in a Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC"), any other government agency, or The Northern Trust Company, its affiliates, subsidiaries or any other bank.

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. The summary prospectus and prospectus contain this and other information about the Funds.

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

FlexShares

Before investing, carefully consider the FlexShares® investment objectives, risks, charges and expenses. This and other information is in the prospectus and a summary prospectus, copies of which may be obtained by visiting www.flexshares.com. Read the prospectus carefully before you invest. Foreside Fund Services, LLC, distributor.

An investment in FlexShares® is subject to numerous risks, including possible loss of principal. Fund returns may not match the return of the respective indexes. The Funds are subject to the following principal risks: asset class; commodity; concentration; counterparty; currency; derivatives; dividend; emerging markets; equity securities; fluctuation of yield; foreign securities; geographic; income; industry concentration; inflation-protected securities; infrastructure-related companies; interest rate/maturity risk; issuer; large cap; management; market; market trading; mid cap stock; MLP; momentum; natural resources; new funds; non-diversification; passive investment; privatization; small cap stock; tracking error; value investing; and volatility risk. A full description of risks is in the prospectus.

NOT FDIC INSURED	MAY LOSE VALUE	NO BANK GUARANTEE
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