

# NORTHERN FUNDS

## GLOBAL TACTICAL ASSET ALLOCATION FUND (BBALX)

As of 03/31/18

### FUND COMMENTARY

Global equity markets saw a return of volatility in the first quarter of 2018, including a 10% correction in U.S. equities. The U.S. equity market selloff started based on concerns about higher inflation in early February, and was further fueled by investor concerns on global trade tensions late in the quarter. Asset class returns were generally negative for the quarter with interest-rate sensitive asset classes challenged by higher interest rates and most major equity regions struggled to generate positive returns. The Federal Reserve (Fed) raised rates in March, though many market participants were paying more attention to the Fed's outlook for 2018, where the Fed continues to expect three rate hikes.

The Global Tactical Asset Allocation Fund posted a total return of -1.17% for the quarter, compared with -1.09% for the Fund's blended static benchmark. Implementation vehicle underperformance led to the overall underperformance for the Fund, despite modest positive benefits from tactical and strategic positioning.

We made one change in asset allocation during the quarter. In March, we increased our investment grade fixed income allocation, funded by a decrease in our U.S. equities allocation. The change moderately reduced the risk of the Fund given additional uncertainties introduced to the outlook around trade and monetary policy. The Fund remains significantly underweight investment grade fixed income, but the change allowed us to reduce some of the underweight at a time when interest rates were near the top of our forecasted range over the tactical horizon. The tactical change leaves us slightly overweight U.S. equities following a period of strong performance for the asset class over the past few years. The Fund is currently overweight developed ex-U.S. equities and emerging market equities, as well as slightly overweight high yield fixed income and U.S. equities – all funded by a notable underweight to investment grade fixed income.

**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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Performance as of 03/31/18				Annualized Returns				Gross Expense Ratio	Net Expense Ratio
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception		
Global Tactical Asset Allocation	-1.17%	-1.17%	8.55%	5.78%	5.74%	5.84%	6.29%	0.85%	0.64%
Asset Allocation Blend Index	-1.09%	-1.09%	9.28%	5.46%	6.34%	5.15%	6.76%		

**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, 2018.

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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