

# NORTHERN FUNDS

## NORTHERN ENGAGE360™ FUND (NENGX)

As of 03/31/18

### FUND COMMENTARY

Volatility was back in the markets during the first quarter coming off historic lows in 2017. The markets continued to hit record highs through late January but then turned negative in February and March. Tariffs and trade war threats negatively impacted returns, as the MSCI All Country World Index fell 0.96% for the quarter. Emerging markets proved most resilient amidst the heightened volatility, as the MSCI Emerging Markets® Index gained 1.42% while the MSCI World Index fell 1.28%. Within the developed markets, major markets such as the U.K. and Germany returned -3.9% and -3.6% while Japan gained 0.8%. Only two sectors reported positive returns, information technology gained 3.2% and consumer discretionary rose 1.1%, while telecommunication services was one of the weaker performing sectors, down 5.3%. Similar to 2017, growth continued to outpace value and on a factor basis, momentum continued to be strong.

The Northern Engage360™ Fund slightly outpaced the MSCI All Country World Index in the first quarter, returning -0.88% compared to the Index's return of -0.96%. Stock selection drove the outperformance, particularly in health care and information technology. Additionally, the market's volatility benefitted the Fund as more volatile stocks outperformed their counterparts and the Fund had a slight overweight to these types of securities. The Fund outperformed despite facing some headwinds during the quarter as it had a modest underweight to emerging markets, a small underweight in information technology and a slight value tilt.

**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		
Northern Engage360™ Fund	-0.88%	-0.88%	N/A	N/A	N/A	N/A	1.80%	0.93%	0.70%
MSCI ACWI Index	-0.96%	-0.96%	N/A	N/A	N/A	N/A	2.34%		

**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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