

NORTHERN FUNDS

HIGH YIELD FIXED INCOME (NHFIX)

As of 03/31/19

FUND COMMENTARY

Dovish comments from the Federal Reserve (Fed) aided a sharp recovery after the liquidity driven selloff in the fourth quarter. Corporate earnings continued to remain stable. Economic numbers reflect stable but moderating growth. Sources of volatility such as trade tariffs, growth concerns and geopolitical risks continue to remain relevant. Risks surrounding monetary policy have been diminished. Financial markets are now discounting future rate hikes given concerns around global economic growth and strong dovish language from the Fed. This backdrop enabled stable credit fundamentals to provide support for valuations.

The Fund returned 7.84% for the first quarter, compared to 7.26% for the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index. There was nearly no differentiation between returns by rating. Securities rated BB and B had equal returns in the quarter, while CC-rated securities were slightly lower. The lowest quality CC to D-rated securities returned 17.50% in the quarter. The Fund was overweight CCC and B-rated securities and underweight BB and CC to D-rated securities. Overweight positions in banking and basic materials, along with an underweight in independent energy contributed to performance. Underweight positions in wirelines and health care, along with an overweight position in wireless detracted from performance.

The high yield market continues to benefit from solid credit fundamentals driven by stable corporate earnings. A low default rate along with positive technical factors support high yield valuations. There is uncertainty in regard to international trade and global growth concerns, which has increased interest rate volatility but the market has maintained its focus on positive fundamentals.

Holdings are subject to change and current and future portfolio holdings are subject to risk.

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 03/31/19				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
High Yield Fixed Income	7.84%	7.84%	4.64%	7.26%	3.58%	8.59%	5.80%	0.82%	0.79%
Bloomberg Barclays US Corp HY 2% Issuer Capped Index	7.26%	7.26%	5.93%	8.56%	4.69%	11.21%	6.91%		

*Inception Date- 12/31/98

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, 2019.

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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