

NORTHERN FUNDS

HIGH YIELD FIXED INCOME (NHFIX)

As of 03/31/18

FUND COMMENTARY

The high yield market posted a negative return in the quarter. Corporate issuers continued to benefit from solid revenue and earnings growth. However, concern about inflation and rising interest rates created volatility in the market. As interest rates settled into a range and the market adjusted to the news, the U.S. President announced potential tariffs to address trade deficit concerns. This started a new bout of volatility due to fears of a trade war. Markets faced additional pressure as technology stocks declined on regulatory concerns and company specific issues. The high yield market handled the volatility well, with BB-rated securities feeling the greatest impact due to rising rates.

The Fund returned -0.85% for the quarter, compared to -0.86% for the Bloomberg Barclays Capital U.S. Corporate High Yield 2% Issuer Capped Index. Credit quality was the primary driver of returns. The CC to D-rated issues performed best, followed by CCC and B-rated securities. The BB category lagged materially. The Fund was overweight CCC and B-rated securities and underweight BB-rated securities. Overweight positions in finance and refining, along with an underweight in media cable contributed to performance. An underweight position in health care and overweight positions in banking and food/beverage detracted from performance.

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.

©2018 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.



NORTHERN FUNDS

HIGH YIELD FIXED INCOME (NHFIX)

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		
High Yield Fixed Income	-0.85%	-0.85%	4.32%	4.09%	4.18%	6.73%	5.86%	0.81%	0.79%
Bloomberg Barclays US Corp HY 2% Issuer Capped Index	-0.86%	-0.86%	3.78%	5.18%	5.00%	8.32%	6.96%		

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.

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.

©2018 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

