

NORTHERN FUNDS

MULTI-MANAGER EMERGING MARKETS DEBT OPPORTUNITY (NMEDX)

As of 03/31/18

FUND COMMENTARY

During the first quarter, external emerging markets debt generated a negative return of -1.74% as measured by the JP Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified).

For the quarter, high yield outperformed investment grade, which was driven primarily by Venezuela returning 11.60%, recovering from last quarter's negative returns to lift the high yield sector. Outside of a few countries, the Index as a whole performed poorly with Latin America returning -2.10% and Asia performing the worst from a regional perspective, returning -2.20%. Local markets returned 4.42% for the quarter as measured by the JP Morgan Government Bond-Emerging Markets Index Global Diversified (GBI-EM Global Diversified). This brought the rolling 12-month return of the Index to 13.00%. From a country perspective, South Africa was the best performer for two quarters in a row returning 13.30% for the first quarter followed by Mexico, which returned 10.90%. Argentina, Philippines and Turkey were the notable laggards, each producing a negative total return.

The Fund outperformed the blended benchmark, returning 1.36% for the quarter, compared to 1.32% for the 50% JP Morgan EMBI Global Diversified and 50% JP Morgan GBI-EM Global Diversified benchmark. Strong country and issuer selection drove Fund performance and the Fund's continued bias toward local debt, at the expense of external debt, was additive as local markets broadly outpaced external markets for the quarter. The Fund's allocation to corporates, which has decreased over the last few months, was a relative drag on 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.

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 (NMEDX)

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		
Multi-Manager Emerging Markets Debt Opportunity	1.36%	1.36%	9.30%	4.34%	-	-	2.24%	1.15%	0.96%
50% JP Morgan EMBI Global Diversified and 50% JP Morgan GBI-EM Global Diversified	1.32%	1.32%	8.60%	5.68%	-	-	3.98%		

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, 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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