

NORTHERN FUNDS

MULTI-MANAGER HIGH YIELD OPPORTUNITY FUND (NMHYX)

As of 03/31/18

FUND COMMENTARY

After starting off the year on solid footing, the high yield market suffered negative returns in February and March, returning -0.91% during the first quarter as measured by the ICE BofA ML U.S. High Yield Constrained Index. Spread widening in the latter part of the quarter was driven in part by equity weakness and weaker economic data.

In terms of quality, the BB-rated market segment performed the worst, returning -1.65%, as rising yields contributed to negative returns. This was followed by the B-rated and CCC and below-rated segments returning -0.46% and 0.55%, respectively. From an industry perspective, banking, autos and media fared the worst while transportation, financial services and health care performed best during the first quarter.

The Fund outperformed the benchmark posting a return of -0.22% compared to -0.91% for the ICE BofA ML U.S. High Yield Constrained Index. Exposure to bank loans benefitted the Fund's relative performance, as loans outperformed bonds during the quarter. This exposure is largely driven by sub-advisers DDJ Capital Management and Neuberger Berman. The Fund's overweight to CCC and below rated bonds also boosted performance. Conversely, an overweight to basic materials was a modest drag on relative 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.

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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		
Multi-Manager High Yield Opportunity Fund	-0.22%	-0.22%	4.26%	5.09%	4.53%	-	7.01%	1.00%	0.86%
ICE BofA ML U.S. High Yield Constrained Index	-0.91%	-0.91%	3.70%	5.19%	5.02%	-	8.08%		

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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