

# NORTHERN FUNDS

## ACTIVE M INTERNATIONAL EQUITY FUND (NMIEX)

As of 03/31/18

### FUND COMMENTARY

Developed non-U.S. markets, as measured by the MSCI EAFE Index, declined 1.70% for the quarter. Concerns over Russian aggression and potential protectionist policies weighed on investor sentiment. The U.S. announcement of two separate tariff programs raised the perception of risk for investors. Amidst the heightened volatility of the global equity markets, it was the emerging markets which proved most resilient. The MSCI Emerging Markets Index rose 1.42% over the quarter. On the style front, the Russell 1000 Growth index outperformed the Russell 1000 Value index, while large-capitalization stocks, as measured by the Russell 1000 index, underperformed their small-capitalization counterparts, as measured by the Russell 2000 index.

The Active M International Equity Fund bested the MSCI World ex-USA IMI Index for the quarter, returning -0.26% versus -1.81%, respectively. The excess performance generated was due, in large part, to security selection across geographies and sectors. On a regional basis, security selection within Continental Europe was the largest driver to quarterly returns. Within the region, security selection in the consumer discretionary, enhanced by a modest overweight allocation, aided returns. Health care was also a stronger performing area in the Fund, due to both stock selection as well as an underweight exposure. Over the trailing 12 months, the Fund returned 19.28% compared to the MSCI World ex USA IMI Index return of 14.95%.

The strongest contributions from the Fund's five sub-advisers came from WCM and Wellington Management Company. WCM added value across sectors with particular skill demonstrated within consumer discretionary, healthcare and industrials companies of Continental Europe. Wellington's approximate 16% exposure to emerging markets enhanced the quarter's 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					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross Expense Ratio	Net Expense Ratio
Active M International Equity Fund	-0.26%	-0.26%	19.28%	5.23%	4.93%	2.03%	3.17%	0.95%	0.85%
MSCI World ex-US IM Index	-1.81%	-1.81%	14.95%	6.10%	6.54%	3.00%	4.45%		

**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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