

NORTHERN FUNDS

MULTI-MANAGER GLOBAL REAL ESTATE FUND (NMMGX)

As of 03/31/18

FUND COMMENTARY

The global real estate market, as measured by the FTSE® EPRA®/NAREIT® Developed Index, returned -4.53% in the first quarter of 2018. The real estate industry was pressured during the quarter due to concerns of rising interest rates. The healthcare sector posted the largest decline during the quarter, falling over -10%. Retail declined over 8%, as the industry remains under pressure due to e-commerce continuing to take market share from the traditional bricks and mortar business. In contrast, industrial REITs declined less than the broad market. Japan was the top-performing market during the quarter, returning over 7%. North America and the Asia Pacific regions were the biggest laggards.

The Multi-Manager Global Real Estate Fund returned -3.51% during the quarter, outperforming the FTSE® EPRA®/NAREIT® Developed Index return of -4.53%. Stock selection was additive in the diversified property and office sectors. An overweight to the residential sector coupled with underweight positions in hotels and health care further contributed. In contrast, stock selection was negative in the hotel and residential sectors. From a regional perspective, stock selection was largely additive across all regions outside of emerging markets, which was relatively flat during the quarter.

Sub-adviser Brookfield performed well during the quarter due to positive stock selection in the diversified and retail sectors. In January, a new sub-adviser, Massachusetts Financial Services Company (MFS), was added to the Fund, replacing Delaware. MFS uses an active bottom-up investment approach to buying and selling investments for the Fund, managing a relatively concentrated portfolio with limited emerging markets exposure.

As of December 1, 2017, the benchmark of the Fund changed from the FTSE® EPRA®/NAREIT® Global Index to the FTSE® EPRA®/NAREIT® Developed Index.

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 Global Real Estate Fund | -3.51% | -3.51% | 3.93% | 1.70% | 3.63% | N/A | 12.57% | 1.07% | 0.93% |
| FTSE EPRA/NAREIT Developed Index | -4.53% | -4.53% | 3.23% | 1.52% | 4.10% | N/A | 9.75% | | |

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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