

# NORTHERN FUNDS

## ACTIVE M U.S. EQUITY FUND (NMUSX)

As of 03/31/18

### FUND COMMENTARY

After 15 consecutive months of steady gains through January, the Russell 3000® Index posted negative returns in both February and March. For the quarter, the Index was down 0.64%. Volatility returned as the CBOE Volatility Index (VIX) jumped from 9 to 39 before ending at its long term average of 20 by the end of the quarter. Smaller capitalization securities outperformed both mid- and large-capitalization stocks for the quarter. Growth continued to outperform value across the market capitalization spectrum. From a factor perspective, higher momentum, higher beta stocks that typically exhibit higher volatility outperformed in the quarter. Conversely, higher yielding securities continued to underperform for the fifth consecutive quarter. Quality characteristics were generally in favor as companies with higher ROE, lower variability of earnings, and low debt to equity outperformed.

The Active M U.S. Equity Fund finished the quarter in positive territory returning 0.35% outperforming its benchmark, the Russell 3000® Index's return of -0.64%. Stock selection was the main contributor to the strong performance as the Fund's holdings outperformed in all but two sectors, consumer discretionary and materials. The Fund's holdings in information technology and consumer staples did particularly well, and maintaining an overweight to information technology also helped. In addition, having slightly lower yielding securities benefitted the Fund as well. The Fund faced some headwinds as it was underweight higher momentum and higher beta securities, which had a negative impact on relative performance. A slight underweight to higher price/book and price/earnings securities also detracted from results.

**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		
Active M U.S. Equity Fund	0.35%	0.35%	12.25%	N/A	N/A	N/A	14.26%	0.73%	0.68%
Russell 3000 Index	-0.64%	-0.64%	13.81%	N/A	N/A	N/A	16.94%		

**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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