

NORTHERN FUNDS

ARIZONA TAX-EXEMPT FUND (NOAZX)

As of 03/31/19

FUND COMMENTARY

U.S. Treasury yields fell across the interest rate curve as investors worried about future economic growth and adjusted to dovish comments from the Federal Reserve (Fed). The Fed downgraded its economic growth and inflation estimates for 2019 at the March meeting. Many members saw no interest rate increases this year — a stark difference from the two the Fed forecasted at the December meeting.

The Fund returned 2.60% in the first quarter, compared to 2.80% for the Bloomberg Barclays Arizona Municipal Bond Index. The largest contributor to performance relative to the benchmark was the Fund's overall duration and curve positioning. The Fund's duration was longer than the benchmark's, and its broader maturity structure aided it in the falling interest rate environment. The largest detractor to performance in the quarter was the Fund's overall quality. The quality of bonds held in the Fund was higher than that of the benchmark in an environment where lower quality issuers produced better returns.

The team will continue to monitor new bond issuance and credit spreads in the Arizona market closely. While new issuance of bonds was lower than in the past, demand remains very strong. The new tax law limits state, local and property tax deductions, making the tax exemption available to Arizona residents through municipal bonds investments more valuable than in the past.

Holdings are subject to change and current and future portfolio holdings are subject to risk.

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.

©2019 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.



NORTHERN FUNDS

ARIZONA TAX-EXEMPT FUND (NOAZX)

Performance as of 03/31/19				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Arizona Tax-Exempt Fund	2.60%	2.60%	5.15%	2.29%	3.42%	4.43%	4.54%	0.62%	0.47%
Bloomberg Barclays Arizona Municipal Bond Index	2.80%	2.80%	5.09%	2.49%	3.61%	4.72%	4.83%		

*Inception Date- 10/01/99

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, 2019.

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.

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.

©2019 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

