

NORTHERN FUNDS

CORE BOND FUND (NOCBX)

As of 03/31/19

FUND COMMENTARY

The first quarter of 2019 marked an impressive rebound for risk assets, as the Federal Reserve (Fed) pivoted from last year's perceived hawkishness, while corporate earnings remained firm. The Fed downgraded its growth and inflation expectations, while increasing its risk assessments due to global headwinds. The Fed's dovish pivot caused interest rates to fall across the curve, creating a supportive environment for investment grade spreads.

Investors cautiously entered the first quarter despite sensing that December's weakness was overdone, exacerbated by poor liquidity at year end. The Fed's pivot gave the broader market comfort, helping drive demand for spread assets. That demand pushed the option-adjusted spread (OAS) of the Bloomberg Barclays U.S. Credit Index 30 basis points (0.30%) tighter during the period, producing a total return of 4.87%, outperforming comparable U.S. Treasuries by 2.52%. Demand for higher quality assets also improved during the quarter, driving commercial mortgage-backed securities (CMBS) spreads 18 basis points (0.18%) tighter, as investors sought out low volatility spread product.

The Fund returned 3.31% in the first quarter, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index's 2.94% return. The Fund's overweight to investment grade credit generated most of the positive alpha. Security selection within the credit allocation boosted results, particularly in the energy, communications and technology sectors. The Fund's longer duration skew, curve positioning and overweight to CMBS were modest positives for the Fund.

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 03/31/19				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Core Bond Fund	3.31%	3.31%	3.75%	1.84%	2.50%	4.16%	4.35%	0.47%	0.42%
Bloomberg Barclays US Aggregate Bond Index	2.94%	2.94%	4.48%	2.03%	2.74%	3.77%	4.47%		

*Inception Date- 03/29/01

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.

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