

NORTHERN FUNDS

FIXED INCOME (NOFIX)

As of 03/31/18

FUND COMMENTARY

The first quarter was marked by improving economic data, signs of a recovery in inflation metrics and higher interest rates across the curve. Risk assets posted a strong but unsustainable return in January, succumbing to the rise in rates, political headline risks, and subsequent volatility. After initially shrugging off the early February volatility spike and resulting equity correction, both investment grade and high yield spreads capitulated and underperformed for the remainder of the quarter. Investor confidence suffered throughout the period as strong economic fundamentals squared off against a poor technical picture and mixed political headlines stemming from turnover in Washington and trade war concerns.

The Federal Reserve (Fed) increased the fed funds rate 25 basis points (0.25%) in March. Rates sold off and a bear flattening occurred, as investors debated how many hikes might be achieved in 2018. As fiscal policy begins to impact the broader economy, investors will look ahead to first quarter earnings for further affirmation, while monitoring trade policy closely.

The Fund returned -1.72% for the quarter, underperforming the -1.46% return of the Bloomberg Barclays U.S. Aggregate Bond Index. The Fund trailed due to its overweight to investment grade and high yield securities. The negative alpha was partially offset by the Fund's short duration bias.

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.

©2018 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.



NORTHERN FUNDS

FIXED INCOME (NOFIX)

| 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 | | |
| Fixed Income | -1.72% | -1.72% | 1.38% | 1.16% | 2.01% | 3.95% | 4.97% | 0.50% | 0.47% |
| Bloomberg Barclays US Aggregate Bond Index | -1.46% | -1.46% | 1.20% | 1.20% | 1.82% | 3.63% | 5.37% | | |

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.

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.

©2018 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

