

NORTHERN FUNDS

LARGE CAP CORE FUND (NOLCX)

As of 03/31/18

FUND COMMENTARY

The U.S. market performance was negative for the first quarter, ending a run of nine consecutive quarters with positive performance. Policy announcements and the potential that the Federal Reserve (Fed) may raise rates faster than expected placed negative pressure on the market resulting in increased market volatility. President Trump announced a number of trade tariffs, signaling a potential trade war with China, leading to some uncertainty on the impact to the market. On a positive note, the U.S. economy remains strong with moderate inflation, and industrial production, durable goods orders, and employment data all indicating strong economic growth. The Fed raised target interest rates by 25 basis points (0.25%) at the March meeting as they focus on keeping inflation stable. The market expects at least two more increases from the Fed in 2018. On the back of the recent tax cuts, we believe corporate earnings are expected to increase 25% year over year, providing support to the stock market over the next quarter.

The Large Cap Core Fund posted a total return of -0.44% for the quarter, compared with -0.76% for the Fund's benchmark, the S&P 500® Index. The value factor declined during the quarter as investors sold off risky undervalued assets. The Fund's emphasis on high quality securities with positive momentum led to the outperformance during the quarter. Specifically, high quality securities within the information technology and industrials sectors outperformed during the quarter. While broadly the value factor underperformed, inexpensive securities in the information technology and materials sectors outperformed adding to active performance. Weakest performance was in the consumer staples sector, where expensive companies outperformed the inexpensive companies.

We expect the outlook for high-quality, inexpensive securities to remain positive in the U.S., given current valuation levels. We also believe the Fund is positioned to benefit from the strong economic growth and the improving company fundamentals.

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		
Large Cap Core Fund	-0.44%	-0.44%	14.34%	9.34%	12.67%	9.21%	7.76%	0.62%	0.46%
S&P 500 Index	-0.76%	-0.76%	13.99%	10.78%	13.31%	9.49%	8.42%		

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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