

NORTHERN FUNDS

LARGE CAP VALUE FUND (NOLVX)

As of 03/31/18

FUND COMMENTARY

Strong corporate earnings and a larger-than-expected fiscal stimulus contributed to positive equity market performance in January. However, labor market inflation pressures have led the Federal Reserve (Fed) to a more hawkish stance and we believe could potentially lead to four rate hikes this year. The added threat of an escalating trade war with China has caused a spike in volatility after relatively calm markets during much of the prior year. The value factor struggled to start the year, as investors preferred growth-oriented names during this period. Our quality model, which favors companies with higher profitability and eschews excessive investment relative to peers, had mixed performance during this period. Instead, investors expressed risk aversion by rewarding low beta stocks, particularly during the latter half of the quarter.

The Large Cap Value Fund posted a total return of -2.94% for the quarter, compared with -2.83% for the Fund's benchmark, the Russell 1000 Value® Index. The Fund's proprietary definition of value, which includes both contemporaneous as well as normalized (smoothed) value metrics, contributed to performance particularly within the healthcare, materials and utilities sectors. A strategic overweight to higher quality stocks within consumer staples and utilities also added to performance. Underperformance of quality among financials, health care and industrials largely offset positive performance in other market segments. The Fund's positive exposure to stocks that are simultaneously value and high quality added marginally to performance.

Tailwinds to the economy included a synchronized global growth, strong earnings and fiscal easing while headwinds grew in the form of inflation pressures, Fed tightening and uncertainty over trade policy. We believe a portfolio exposed to high quality stocks with attractive valuations is a prudent investment in an effort to outperform the benchmark over the near term as well as the full market cycle.

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 Value Fund	-2.94%	-2.94%	6.43%	6.12%	10.04%	6.76%	6.25%	0.79%	0.57%
Russell 1000 Value Index	-2.83%	-2.83%	6.95%	7.88%	10.78%	7.78%	7.00%		

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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