

NORTHERN FUNDS

TAX-EXEMPT (NOTEX)

As of 03/31/19

FUND COMMENTARY

U.S. Treasury yields declined across the interest rate curve as investors worried about future economic growth and heard from a more patient Federal Reserve (Fed). The Fed left rates unchanged in the quarter and reduced the planned number of rate increases to zero in 2019 and one in 2020. The municipal market benefited from a very positive technical backdrop. Supply conditions were light and demand was quite robust. Tax-exempt mutual funds experienced over \$20 billion of inflows during the quarter.

The Fund returned 2.86% for the first quarter, compared to 2.90% for the Bloomberg Barclays U.S. Municipal Index. The Fund benefited from both its 5-10% percent duration overweight and broad barbell-type maturity structure. The added duration enhanced returns and the barbell structure overweighted longer maturities, which were top performers during the quarter. The Fund maintained its high credit quality profile. This profile detracted from performance as lower rated holdings outperformed higher rated holdings.

Later in the first quarter, duration was reduced in anticipation of April and May issuance increasing meaningfully from the first quarter's pace. The Fund will seek to find attractive relative value during this period. Going forward, it also seems prudent to stay focused on high quality issuers due to increased supply expectations and fairly tight credit spreads. The Fund continues to focus on yield curve opportunities and unique couponing and call features.

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.

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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
Tax-Exempt Fund	2.86%	2.86%	4.78%	2.38%	3.70%	4.66%	4.93%	0.49%	0.46%
Bloomberg Barclays U.S. Municipal Index	2.90%	2.90%	5.38%	2.71%	3.73%	4.72%	5.24%		

*Inception Date- 04/01/94

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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