NORTHERN FUNDS
GLOBAL SUSTAINABILITY INDEX FUND (NSRIX)

As of 03/31/18

FUND COMMENTARY

In the first quarter of 2018, the MSCI World ESG Leaders returned -1.09%. ESG equities outperformed developed markets, represented by MSCI World Index, which returned -1.28% in the first quarter.

The top-performing sectors over this time period were information technology and consumer discretionary, returning 5.70% and 0.85%, respectively. Telecommunications services and industrials were the worst-performing sectors for this quarter, with returns of -6.58% and -4.24%, respectively.

The top-performing countries over this time period were Finland and Italy, returning 10.69% and 5.05%, respectively. Canada and Australia were the worst-performing countries for this quarter, with returns of -7.28% and -7.13%, respectively.

The Global Sustainability Index Fund returned -0.86% during the quarter. Its benchmark, the MSCI World ESG Leaders Index returned -1.09%. Global equity returns saw some weakness through the first quarter of 2018. U.S. equities in the first quarter of 2018 saw their first negative quarter since third quarter 2015. The S&P 500® Index started the quarter extremely strong extending the exuberance from Q4 2017 generated from the new tax reform. The excitement pushed the Index to new all-time highs in late January before volatility came back into the markets due to some surprising economic news followed by trade war speculation. Market participants decided it was time to take some gains off the table as there was a surprise in employment data for January which propelled interest rates higher, and heightened rhetoric from Washington on new trade tariffs threatening the current projections for global growth. The Federal Reserve did continue with their efforts to normalize rates with a 25 basis point (0.25%) hike in March bringing the target rate to 1.75%, hinting at two more hikes later in 2018, as well as a more aggressive path potentially for 2019. This confluence of events led to an increase in market skepticism and uncertainty around future growth, hindering equities on the whole. Developed ex-U.S. markets took an abrupt turn during the first quarter, posting their first negative quarter since Q4 2016 while also underperforming U.S. equities. Volatility in U.S. equity markets triggered increased volatility abroad. The geopolitical events, including the aggressive posturing of North Korea has calmed for the time being as trade has become the focal point for most nations. Oil remained range bound for the quarter in the low to mid $60s a barrel, ending the quarter at just under $65.

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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GLOBAL SUSTAINABILITY INDEX FUND (NSRIX)

Performance as of 03/31/18				Annualized Returns						
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross Expense Ratio	Net Expense Ratio
Global Sustainability Index Fund	-0.86%	-0.86%	13.38%	7.65%	9.34%	5.73%	5.67%	0.35%	0.31%
MSCI World ESG Leaders Index	-1.09%	-1.09%	13.11%	7.45%	9.20%	5.82%	5.77%		

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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