

NORTHERN FUNDS

U.S. QUALITY ESG FUND (NUESX)

As of 03/31/18

FUND COMMENTARY

The Russell 1000® Index ended the first quarter in the red, something we haven't seen since the third quarter of 2015. The year began on solid footing, with the Index posting its highest January return in over 20 years; however volatility awoke from its long slumber, and quickly took the Index down over 10% peak-to-trough in February. Concerns over monetary policy and the rumblings of an upcoming trade war overcame the positive spirits associated with tax reform and corporate earnings.

Amidst the turbulent quarter, discussions over gun control swept the nation after the tragedy that occurred at Stoneman Douglas High School. While such conversations and debates have taken place in the past with little concrete actions to show for it, this time was different. Many retailers reacted swiftly by increasing the minimum age at which one can purchase a gun, while others ended the sales of semiautomatic weapons entirely. Investors were also quick to respond, as institutions and individuals alike immediately sought to determine their exposure to the industry. State pensions were particularly vocal, as it was soon discovered that the state teachers' pension of Florida, along with over a dozen other state teacher pension plans, all have direct investments with gun manufacturers. These conversations and debates are sure to continue, with active engagement and divestment serving as two important vehicles for change.

The U.S. Quality ESG Fund posted a total return of -0.62% in the first quarter, compared with -0.69% for the Fund's benchmark, the Russell 1000® Index. The slight outperformance was on account of our positioning toward higher rated ESG companies, while our overweight to high quality was a marginal detractor.

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					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Gross Expense Ratio	Net Expense Ratio
U.S. Quality ESG Fund	-0.62%	-0.62%	N/A	N/A	N/A	N/A	5.17%	1.02%	0.43%
Russell 1000 Index	-0.69%	-0.69%	N/A	N/A	N/A	N/A	5.41%		

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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