

NORTHERN FUNDS

INCOME EQUITY FUND (NOIEX)

As of 03/31/19

FUND COMMENTARY

Following the intense sell-off in the final months of 2018, the S&P500 rallied sharply to start the year. Investor confidence was bolstered by a change in Federal Reserve posture as the Fed acknowledged a slowing macro environment and the need to slow down the pace of interest rate and balance sheet normalization. Positive news concerning the US-China trade dispute also helped sentiment as the US announced a delay in the implementation of previously announced tariffs while negotiations continue. While the yield curve remained relatively stable in the quarter, the overall level of interest rates declined. The decline in rates, coupled with softening economic data, led financials to underperform. Information technology was the best performing sector as semiconductor and FAANG stocks rebounded and investors looked for growth in the face of macroeconomic headwinds. In general, investors showed a preference toward growth stocks over value names.

The Income Equity Fund posted a total return of 12.06% in the first quarter, compared with 13.65% for the Fund's benchmark, the S&P 500 Index. The Fund seeks to invest in diverse high-quality, income-producing stocks, which we believe can generate above-market returns over time. The allocation to higher-dividend-yielding securities detracted from performance, as low and non-dividend paying stocks outperformed. During the quarter, allocation to high-quality names had a neutral effect on performance. Stock selection within the financials and information technology sectors added to performance while the health care and communication services sectors detracted from performance.

Looking ahead, we will continue to focus on identifying high-quality, dividend-paying companies. As macro factors become less of an influence on stock performance, we believe the importance of company fundamentals will stand out and the strategy will benefit accordingly. We will maintain our exposure to companies that exhibit prudent use of shareholder capital, focusing on total return. We believe the Fund is well positioned to provide an elevated level of income, generated from a diversified basket of stocks that offer opportunities to outperform over the long term.

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
Income Equity Fund	12.06%	12.06%	7.66%	10.87%	8.66%	13.53%	8.75%	1.11%	1.01%
S&P 500 Index	13.65%	13.65%	9.50%	13.51%	10.91%	15.92%	9.80%		

*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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