

NORTHERN FUNDS

LARGE CAP CORE FUND (NOLCX)

As of 03/31/19

FUND COMMENTARY

The U.S. markets reversed course to start 2019 as investors pushed aside the economic concerns that plagued the previous quarter. The U.S. Federal Reserve held rates steady leaving the target rate at 2.5%, and provided the market with more dovish comments. The 10-year US Treasury interest rate dropped nearly 30bps during the quarter ending the quarter near a 12-month low. The accommodative Fed, healthy income growth, and low unemployment have investors focused on economic growth as they have largely dismissed the fourth quarter fears. Political risks also declined as the Muller investigation wrapped up, although the cloud hanging over the Trump White House remains as the House of Representatives will continue investigations. Internationally, investors are focused on the potential disruptions such as the US/China trade war, continued uncertainty of BREXIT, and the slow European economy.

The Large Cap Core Fund posted a total return of 11.55% for the quarter, compared with 13.65% for the Fund's benchmark, the S&P 500 Index. The value factor was weak throughout the quarter, with the largest decline coming in March. The strategy is largely overweight inexpensive securities which led to underperformance during the quarter. The momentum factor was also weak, detracting from relative performance in the quarter, as the high momentum securities underperformed low momentum securities by nearly 6%. The cyclical sectors of information technology and industrials outperformed other sectors in the S&P500 while defensive sectors trailed the benchmark. Stock selection in the health care and communication services detracted the most from relative performance.

We expect the outlook for high-quality, inexpensive securities to remain positive in the U.S., given current valuation levels. We also believe the strategy is positioned to benefit from the economic growth, accommodative interest rates environment, and the strong company fundamentals.

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 |
| Large Cap Core Fund | 11.55% | 11.55% | 5.45% | 11.38% | 8.84% | 15.26% | 7.59% | 0.58% | 0.46% |
| S&P 500 Index | 13.65% | 13.65% | 9.50% | 13.51% | 10.91% | 15.92% | 8.50% | | |

*Inception Date- 12/16/05

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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