

NORTHERN FUNDS

LARGE CAP VALUE FUND (NOLVX)

As of 03/31/19

FUND COMMENTARY

The equity market sell off towards the end of 2018 was, in part, a result of eroding confidence in the global growth outlook. Investors had to contend with risks around trade negotiations with China, Fed policy and weakening foreign demand for domestic products. The resulting stress in financial markets prompted the Fed to respond by pausing further rate increases and maintaining a large balance sheet for the foreseeable future. The Fed's patient approach to monetary policy bolstered investor confidence this quarter and resulted in equity markets recouping all of their losses from the prior period. Prospects of a possible trade deal with China on the horizon have also had a meaningful impact on sentiment. Renewed investor optimism led highly volatile assets, which were among the hardest hit in December of 2018, to realize the largest gains this quarter. Companies exhibiting strong growth were in favor while those presenting attractive valuations lagged. Higher quality stocks underperformed to start the year, as investors sought risk, but managed to catch up to their peers during the latter half of the quarter.

The Large Cap Value Fund posted a total return of 11.93% for the quarter, compared with 11.93% for the Fund's benchmark, the Russell 1000 Value Index. Stock selection was strongest within the financial sector where the lowest quality stocks, which the strategy tends to underweight, significantly lagged the benchmark. A higher quality exposure than the benchmark in the materials sector also contributed to performance. Positive performance among these sectors was partially offset by weak stock selection within consumer staples where the strategy's deeper value and a higher quality posture detracted from performance.

The equity rally in the first quarter pushed valuations to certain segments of the market significantly higher. Given this context, we believe a portfolio exposed to attractively valued stocks, with higher quality fundamentals is a prudent investment strategy to outperform the benchmark both over the near term as well as the full market cycle.

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 Value Fund	11.93%	11.93%	5.52%	10.24%	6.84%	12.44%	6.21%	0.80%	0.58%
Russell 1000 Value Index	11.93%	11.93%	5.67%	10.45%	7.72%	14.52%	6.93%		

*Inception Date- 08/03/00

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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