

NORTHERN FUNDS

U.S. QUALITY ESG FUND (NUESX)

As of 03/31/19

FUND COMMENTARY

It's "time in the market, not timing the market" that makes for successful investing, as the saying goes. This rang true during the first quarter with the S&P 500, rallying off a dismal fourth quarter, posting a return of 13.6%, its strongest calendar start since 1991. The first quarter also marked the 10-year anniversary of the start of the bull market, during which time US equity markets have returned in excess of 15% annually, lending further credibility that it is, indeed, time in the market.

A decidedly dovish pivot out of the Federal Reserve had markets soaring right from the start. Expectations on forward rate hikes for 2019 evaporated and a clear commitment to ending balance sheet runoff in September was communicated, proving fully supportive of risk assets. With the risks surrounding a Fed induced recession fading, the focus has shifted back to fundamentals, as investors attempt to find the "You are Here" point in the business cycle during a time when earnings per share, and global growth, are declining. Investors will also need to gauge macro risks surrounding the US/China trade deal and a potential Brexit, as unfavorable outcomes for either, or both, will present negative repercussions. Alternatively, of course, positive macro developments may provide both clarity and opportunity.

The Northern Trust Quality ESG US strategy performed in line with the benchmark, the Russell 1000 Index, over the first quarter. Low quality rallied during the quarter, bouncing back from the fourth quarter selloff, providing a mild headwind to returns. Countering the small drag from quality, our overweight to those companies with higher ESG ratings outperformed markedly, providing the strategy with a positive allocation effect. Quality, selection, and our allocation to highly rated ESG companies netted out for the quarter, essentially ending flat relative to the cap weighted index.

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
U.S. Quality ESG Fund	13.90%	13.90%	9.09%	N/A	N/A	N/A	9.64%	2.08%	0.43%
Russell 1000 Index	14.00%	14.00%	9.30%	N/A	N/A	N/A	9.95%		

*Inception Date- 10/02/17

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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