

NORTHERN FUNDS

U.S. GOVERNMENT FUND

FIXED INCOME

MUTUAL FUND

AS OF 4Q18

Investment Objective

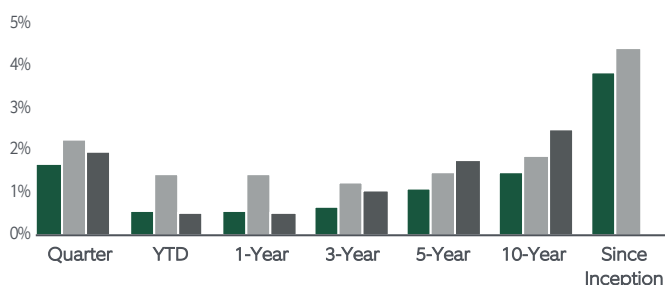
The Fund seeks a high level of current income.

Investment Approach

The Fund seeks to primarily invest in U.S. government securities or its agencies with an average maturity between one and 10 years.

INVESTMENT PERFORMANCE % — AS OF 12/31/18

- Northern Funds U.S. Government Fund
- Bloomberg Barclays Intermediate US Govt Bond Index¹
- Morningstar Category Avg Intermediate Government



Average Annualized Returns

	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund	1.64	0.57	0.57	0.65	3.82
Benchmark ¹	2.22	1.43	1.43	1.21	4.42
Morningstar	1.95	0.51	0.51	1.05	—

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.

Northern Trust Investments, Inc. has contractually agreed to reimburse a portion of the operating expenses of the Fund (other than certain excepted expenses, i.e., acquired fund fees and expenses; the compensation paid to each Independent Trustee of the Trust; expenses of third party consultants engaged by the Board of Trustees; membership dues paid to the Investment Company Institute and Mutual Fund Directors Forum; expenses in connection with the negotiation and renewal of the revolving credit facility; and extraordinary expense and interest) to the extent the "Total Annual Fund Operating Expenses" exceed 0.40%. The "Total Annual Fund Operating Expenses After Expense Reimbursement" may be higher than the contractual limitation as a result of the excepted expenses, including but not limited to Acquired Fund Fees and Expenses, that are not reimbursed. This contractual limitation may not be terminated before October 23, 2019 without the approval of the Board of Trustees. In the absence of contractual expense reimbursements, yield, total return, growth since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions.

Please see back page for calendar year returns, index definitions and investment terms.

Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds before investing. Call 800-595-9111 to obtain a prospectus and summary prospectus, which contain this and other information about the funds.

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FUND OVERVIEW

	Fund
Benchmark/Index	Bloomberg Barclays Intermediate US Govt Bond Index ¹
Morningstar Category	Intermediate Government
Inception Date	4/1/94
Total Net Assets	\$34.2 Million
Symbol/CUSIP	NOUGX
Dividend Schedule	Monthly
Expense Ratio - Gross (%)	0.99
Expense Ratio - Net (%)	0.49

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 October 23, 2019.

FUND CHARACTERISTICS

	Fund
Number of Holdings	50
30-Day SEC Yield w/ Waivers (%)	2.64
30-Day SEC Yield w/o Waivers (%)	2.22
Effective Duration	3.69 years
Average Maturity	5.00 years

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

U.S. GOVERNMENT FUND

CALENDAR YEAR RETURNS %

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
U.S. Government Fund	0.57	0.80	0.57	1.06	2.32	-3.31	2.75	5.77	4.50	0.06
Benchmark ¹	1.43	1.14	1.05	1.18	2.52	-1.25	1.73	6.08	4.98	-0.32
Morningstar Intermediate Government	0.51	1.58	0.89	0.49	4.73	-2.72	2.80	6.70	5.66	4.74

Performance quoted represents past performance and does not guarantee future results.

MATURITY DISTRIBUTION %

Maturity Range	Fund	Fund
0 — 1yr	2.8	33.6
1yr — 2yrs	7.0	28.8
2yrs — 3yrs	15.6	12.4
3yrs — 5yrs		
5yrs — 7yrs		
7yrs — 10yrs		

QUALITY DISTRIBUTION %

Quality Rating	Fund	Benchmark ¹
US Tsy (incl GNMA MBS)	60.0	96.6
US Agcy (incl FN/FH MBS)	38.0	3.4
Committed Cash	2.0	0.0

SECTOR WEIGHTINGS %

Economic Sector	Fund	Benchmark ¹
Treasury	57.6	96.6
Mortgage-Backed	38.8	0.0
Committed Cash	2.0	0.0
Commercial MBS	1.6	0.0
Agency	0.0	3.4

PORTFOLIO MANAGEMENT

MICHAEL R. CHICO, CFA[®]

Began career in 1995 | With Northern Trust since 2005

Mr. Chico received a B.A. in economics from the University of Pennsylvania and an MBA in finance and economics from the University of Chicago Graduate School of Business. He is an active CFA[®] charterholder and a member of the CFA Society Chicago.

DAN PERSONETTE, CFA[®]

Began career in 1995 | With Northern Trust since 1996

Mr. Personette received a B.A. in finance from Ball State University and an MBA from the University of Chicago. He is an active CFA[®] charterholder and a member of the CFA Society Chicago.

DISCLOSURE AND RISKS

All data is as of date indicated and subject to change.

Bond Risk: Bond funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in price, especially for longer-term issues and in environments of rising interest rates.

Mortgage-Backed Securities Risk: Mortgage-backed investments involve risk of loss due to prepayments and, like any bond, due to default. Because of the sensitivity of mortgage-related securities to changes in interest rates, the Fund's performance may be more volatile than if it did not hold these securities.

U.S. Government Guarantee: U.S. government guarantees apply only to the underlying securities of a Fund's portfolio and not the Fund's shares.

DEFINITIONS

¹ Bloomberg Barclays Intermediate U.S. Government Bond Index is an unmanaged index of debt securities including all public obligations of the U.S. Treasury and all publicly issued debt of U.S. government agencies with maturities of up to 10 years. It is not possible to invest directly in an index.

Effective Duration: Effective Duration measures percent change in price for 100 basis point parallel shift.

Characteristics: Benchmark and Fund analytics have been calculated using a third party vended model. All material has been obtained from sources believed to be reliable, but the accuracy, completeness and interpretation cannot be guaranteed. Information contained herein is current as of the date appearing in this material only and is subject to change without notice. Certain benchmark calculations may not match the published benchmark characteristics.

Distribution Calculations: All distribution calculations (Maturity Distribution, Sector Weightings and Quality Distribution) are measured on a trade date basis and are adjusted for uninvested cash from the market value used to compute the percentage calculations.

Quality Distribution: Credit quality ratings are based on the conservative average of Moodys, Standard & Poors and Fitch ratings. If ratings from all three rating agencies disagree, the model assigns the middle rating to the security. If two of the three agree, the model assigns the rating from those two to the security. If none of these three rating agencies has assigned a rating, the Fund will assign a rating of not rated. The ratings, expressed in Standard & Poors nomenclature, range from AAA (extremely strong capacity to meet its financial commitment) to D (in default). Short-term ratings, expressed in Standard & Poors nomenclature, range from A-1 (obligors capacity to meet its financial commitment on the obligation is strong) to A-3 (exhibits adequate protection parameters). Committed Cash includes any traded cash (forward settling trades), the sweep vehicle and commercial paper. The ratings represent the rating agencies opinions of the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality.

