

# NORTHERN FUNDS

## U.S. TREASURY INDEX (BTIAX)

As of 03/31/19

### FUND COMMENTARY

The first quarter of 2019 marked an impressive rebound for risk assets, as the Federal Reserve (Fed) pivoted from last year's hawkishness. The Fed's pivot gave the broader market comfort helping drive demand for credit. However, headwinds to the broader global economy remained with both Brexit and the U.S.-China trade deal still unresolved. U.S. Treasuries continued to push through the low yields of the prior 12 months, with the belly of the curve leading the way.

The Fed left rates unchanged at its March meeting, where the committee revised the interest rate forecast to zero hikes in 2019, down from two hikes at the December meeting. The committee revised its forecast for 2019 Gross Domestic Product to 2.1%, down from 2.3% at the December meeting, and also revised its forecast for Personal Consumption Expenditures (PCE) inflation to 1.8% from 1.9%, although the forecast for core PCE inflation remained at 2.0%.

U.S. Treasury yields fell in the first quarter and the curve bull-steepened as the belly of the curve outpaced the long end. Two-year Treasury yields fell 23 basis points (0.23%) to 2.26%, five-year Treasury yields fell 28 basis points (0.28%) to 2.23%, 10-year Treasury yields fell 28 basis points (0.28%) to 2.41% and 30-year Treasury yields fell 20 basis points (0.20%) to 2.82%.

The Fund returned 2.06% for the fourth quarter, compared to 2.11% for the Bloomberg Barclays U.S. Treasury Index. We continue to invest with the goal of providing returns that closely approximate those of the 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. Treasury Index	2.06%	2.06%	4.03%	0.85%	1.99%	2.23%	4.82%	0.28%	0.17%
Bloomberg Barclays U.S. Treasury Index	2.11%	2.11%	4.22%	1.04%	2.16%	2.43%	5.02%		

\*Inception Date- 01/11/93

**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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