

NORTHERN FUNDS

BOND INDEX FUND (NOBOX)

As of 03/31/19

FUND COMMENTARY

The New Year started with improved investor sentiment, as U.S. stocks delivered their largest monthly gain in just over three years in January, driven by strong corporate earnings and a dovish tone from the Federal Reserve (Fed). Fourth quarter 2018 Gross Domestic Product (GDP) surprised to the upside at 2.6% versus the 2.2% estimate, further easing fears of an impending recession. At the start of March, weakening economic data both here and abroad increased fears of a global slowdown. However, as fears of a trade war abated and major central banks remained accommodative, asset prices from stocks to high yield went higher through the end of the first quarter.

During the first quarter the U.S. Treasury yield curve flattened between the two-year and 10-year by 5 basis points (0.05%) and steepened by 8 basis points (0.08%) between the 10-year and 30-year. The yield on the two-year note decreased by 23 basis points (0.23%), the 10-year bond decreased by 28 basis points (0.28%) and the 30-year bond decreased by 20 basis points (0.20%) during the quarter.

Credit spreads tightened versus U.S. Treasury securities across the yield curve in the first quarter. The credit sector had the most excess returns for the quarter followed by the commercial mortgage-backed securities sector.

The Fund returned 2.91% for the first quarter, similar to the 2.94% return of the Bloomberg Barclays U.S. Aggregate Bond Index. We will continue to invest in a sample of securities that are representative of the Index in an effort to provide 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
Bond Index Fund	2.91%	2.91%	4.33%	1.85%	2.60%	3.48%	3.79%	0.17%	0.15%
Bloomberg Barclays US Aggregate Bond Index	2.94%	2.94%	4.48%	2.03%	2.74%	3.77%	3.99%		

*Inception Date- 02/27/07

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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