

NORTHERN FUNDS

U.S. GOVERNMENT (NOUGX)

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 perceived hawkishness, while corporate earnings remained firm. The Fed downgraded its growth and inflation expectations, while increasing its risk assessments due to global headwinds. The Fed's dovish pivot caused interest rates to fall across the curve, creating a supportive environment for risk assets.

Investors cautiously entered the first quarter despite sensing that December's weakness was overdone, exacerbated by poor liquidity at year end. The Fed's pivot gave the broader market comfort, helping drive demand for spread assets. Treasury yields declined throughout most of the quarter led by the front end due to the re-pricing of the Fed outlook. Economic data slowed, as slower global growth, a month long shutdown of the government, and bad weather nation-wide impacted consumer confidence.

The Fund returned 1.68% in the first quarter, compared to 1.58% for the Bloomberg Barclays Intermediate U.S. Government Bond Index. The Fund's overweight to mortgage-backed securities generated most of the positive alpha. The Fund's longer duration skew aided performance while curve positioning was a modest detractor.

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				Gross Expense Ratio	Net Expense Ratio
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*		
U.S. Government Fund	1.68%	1.68%	3.29%	0.45%	1.31%	1.62%	3.85%	0.99%	0.49%
Bloomberg Barclays Intermediate U.S. Government Bond Index	1.58%	1.58%	3.79%	0.97%	1.65%	2.00%	4.44%		

*Inception Date- 04/01/94

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. Generally Northern Funds contractual expense reimbursements that if not extended, will end on July 31, 2019 except the Northern U.S. Government Fund which will end on October 23, 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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