

# NORTHERN FUNDS

## ULTRA-SHORT FIXED INCOME (NUSFX)

As of 03/31/19

### FUND COMMENTARY

The Federal Reserve (Fed) pivoted its monetary policy stance in the first quarter by removing projections for rate hikes in 2019 and reiterating its commitment that incoming economic data and developments in the U.S. and global economic outlooks will drive policy.

U.S. Treasury yields declined during the quarter, with the two-, three- and five-year rates declining by 23, 29 and 28 basis points (0.23%, 0.29% and 0.28%), respectively. The rally in rates only accelerated after the Fed became more dovish.

Economic data during the quarter continued to raise questions regarding the resilience of U.S. economic growth in the face of slowdowns in Europe and Asia, the fading effects of U.S. tax reform and the monetary policy tightening in 2018. Non-farm payrolls for February missed estimates with only 20,000 jobs added versus expectations of 180,000. Retail sales and inflation data also disappointed.

With the Fed's pivot to support the U.S. expansion and positive developments in U.S.-China trade negotiations, risk markets performed well. The Bloomberg Barclays U.S. Corporate 1-3 Year Index average option-adjusted spread (OAS) improved rallying from 86 basis points (0.86%) to 55 basis points (0.55%).

The Fund returned 1.22% for the quarter, compared to 0.82% for the ICE BofA Merrill Lynch 1-Year U.S. Treasury Note Index. Fund performance benefitted from its neutral duration and overweight to credit versus the all Treasury benchmark.

**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
Ultra-Short Fixed Income	1.22%	1.22%	2.75%	1.72%	1.32%	N/A	1.42%	0.26%	0.25%
ICE BofAML 1-Year U.S. Treasury Note Index	0.82%	0.82%	2.44%	1.21%	0.85%	N/A	0.69%		

\*Inception Date- 06/18/09

**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 Ultra Short Fixed Income Fund which will end on January 8, 2020.

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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