

# NORTHERN FUNDS

## ARIZONA TAX-EXEMPT FUND

# FIXED INCOME

MUTUAL FUND

AS OF 3Q23



Overall Morningstar Rating™ among 132 Muni Single State Interm funds derived from a weighted average of the fund's 3-5- and 10-year risk-adjusted returns as of 9/30/23.<sup>1</sup>

### Investment Objective

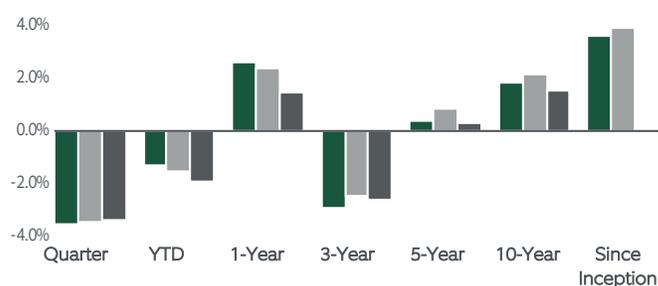
The Fund seeks to provide high current income exempt from regular federal income tax and Arizona State personal income tax by investing in municipal instruments.

### Investment Approach

The Fund seeks to primarily invest in high-quality, investment-grade Arizona state municipal securities with an average maturity between 10 and 30 years. The Fund selects investments based on their relative value with a focus on total return.

### INVESTMENT PERFORMANCE % — AS OF 9/30/23

- Northern Funds Arizona Tax-Exempt Fund
- Bloomberg Arizona Municipal Bond Index<sup>2</sup>
- Morningstar Category Avg Muni Single State Interm



#### Average Annual Returns

	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
■ Fund	-3.55	-1.33	2.59	-2.95	0.37	1.82	3.56
■ Benchmark <sup>2</sup>	-3.51	-1.54	2.35	-2.49	0.83	2.12	3.90
■ Morningstar	-3.46	-1.95	1.44	-2.68	0.30	1.47	—

**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.**

In the absence of applicable expense reimbursements and fee waivers, fund performance and returns since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions.

\*The 30-Day SEC Yield w/waivers represents the annualization of the Fund's net investment income, excluding capital gain income and includes contractual expense reimbursements. It would be lower without those reimbursements. Negative 30-Day SEC Yield results when accrued expenses of the past 30 days exceed the income collected during the past 30 days. The 30-Day SEC Yield w/o waivers represents the annualization of the Fund's net investment income, excluding capital gain income and excludes contractual expense reimbursements, resulting in a lower yield. Negative 30-Day SEC Yield results when accrued expenses of the past 30 days exceed the income collected during the past 30 days.

Please see following pages for calendar year returns, index definitions and investment terms.

### FUND OVERVIEW

Benchmark/Index	Fund
Bloomberg Arizona Municipal Bond Index <sup>2</sup>	
Morningstar Category	Muni Single State Interm
Inception Date	10/1/99
Total Net Assets	\$66.0 Million
Symbol/CUSIP	NOAZX
Dividend Schedule	Monthly
Expense Ratio - Gross (%)	0.63
Expense Ratio - Net (%)	0.46

The Gross and Net Expense Ratios are as of the most recent prospectus. The Net Expense Ratio includes contractual expense reimbursements by the advisor through at least July 31, 2024. Please read the current prospectus for more complete information on fees and expenses.

### FUND CHARACTERISTICS

	Fund
Number of Holdings	72
30-Day SEC Yield w/ Waivers (%)*	4.12
30-Day SEC Yield w/o Waivers (%)*	3.96
Tax-Equivalent 30-Day SEC Yield (%)	7.54
Effective Duration	6.53 Years
Average Maturity	13.84 Years

Tax-equivalent yields are based on an assumed tax rate of 45.3% for Arizona.

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

## ARIZONA TAX-EXEMPT FUND

## CALENDAR YEAR RETURNS %

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Arizona Tax-Exempt Fund	-9.09	0.42	4.06	6.66	1.12	4.77	0.20	3.09	8.81	-2.50
Benchmark <sup>2</sup>	-8.55	1.23	5.06	7.08	1.09	5.01	0.38	3.25	8.94	-2.11
Morningstar Muni Single State Interim	-7.71	0.63	3.92	5.69	0.66	3.59	-0.28	2.36	6.85	-2.82

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

## MATURITY DISTRIBUTION %

Maturity Range	Fund	Fund
0 — 1 Year	8.6	42.0
1 — 5 Years	11.8	26.0
5 — 10 Years	10.2	1.3

## QUALITY DISTRIBUTION %

Quality Rating	Fund	Benchmark <sup>2</sup>
AAA	4.2	5.1
AA	68.2	64.6
A	24.8	20.1
BBB	0.0	9.3
Short Term Securities	0.6	0.0
Not Rated	0.0	0.8
Cash & Cash Equivalents	2.2	0.0

## SECTOR WEIGHTINGS %

Economic Sector	Fund	Benchmark <sup>2</sup>
Revenue	72.9	92.1
General Obligation	24.0	7.5
Cash	2.2	0.0
Pre-Refunded	0.9	0.3

## PORTFOLIO MANAGEMENT

Refer to Northern Trust's website for more information on the Portfolio Management Team managing this fund.

## DISCLOSURE

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

<sup>1</sup> Past performance is no guarantee of future results. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.

The Morningstar Rating™ for funds, or “star rating,” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating /30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Arizona Tax-Exempt Fund received 3 stars for the 3-year rating among 132 Muni Single State Interim funds, 3 stars for the 5-year rating among 127 funds and 4 stars for the 10-year rating among 114 funds.

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<sup>2</sup> Bloomberg Arizona Municipal Bond Index is an unmanaged index of investment grade (Baa3 or better) tax-exempt Arizona bonds with a remaining maturity of at least one year. It is not possible to invest directly in an index.



## DEFINITIONS AND RISKS

**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.

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

**Quality Distribution:** Credit quality ratings are based on Moody's, Standard & Poor's and Fitch ratings. If ratings from all three rating agencies disagree, the security is assigned the middle rating. If two of the three agree, the security is assigned the rating from those two. If two of these rating agencies have assigned different ratings, the security is assigned the lower rating from those two. If none of these three rating agencies have assigned a rating, the security is assigned a rating of not rated. The ratings, expressed in Standard & Poor's nomenclature, range from AAA (extremely strong capacity to meet its financial commitment) to D (in default). Short-term ratings, when applicable, are expressed in Standard & Poor's nomenclature, range from A-1 (obligors capacity to meet its financial commitment on the obligation is strong) to A-3 (exhibits adequate protection parameters). 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.

**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.

**Derivatives Risk:** The risk that derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

**High-Yield Risk:** The risk that the Fund's below-investment grade fixed-income securities, sometimes known as "junk bonds," will be subject to greater credit risk, price volatility and risk of loss than investment grade securities, which can adversely impact the Fund's return and NAV. High yield securities are considered highly speculative and are subject to the increased risk of an issuer's inability to make principal and interest payments.

**Municipal Bond Risk:** Debt securities issued by state or local governments may be subject to special political, legal, economic and market factors that can have a significant effect on the portfolio's yield or value..

**Non-Diversified Risk:** The Fund invests in a smaller number of securities than the average mutual fund. The change in value of a single holding may have a more pronounced effect on the Fund's net asset value and performance than for other funds.

**Regional Investment Risk:** The geographical concentration of portfolio holdings in this Fund may involve increased risk.

**Tax-Free/AMT Risk:** Tax-exempt funds' income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.



**Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds carefully 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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