

# NORTHERN FUNDS

## GLOBAL TACTICAL ASSET ALLOCATION FUND (BBALX)

As of 09/30/23

### FUND COMMENTARY

Global equities followed a choppy trajectory throughout the third quarter with July gains giving way to losses in August and September as interest rates pushed higher globally later on in the quarter. In the U.S., the broader economic narrative continued around resilient – but slowing – growth and moderating inflation, with both investors and the Federal Reserve interpreting these dynamics as more likely to lead to higher-for-longer monetary policy. Outside the U.S., Europe and to a greater extent, China, faced incremental growth headwinds. Central banks globally are approaching peak policy rates as policymakers have to carefully assess future growth concerns and the lagged impacts from their prior tightening with still-elevated core inflation. Overall, financial market returns were largely negative for the quarter with a few asset classes such as cash, high yield fixed income and natural resources seeing slight-to-modest gains.

The Global Tactical Asset Allocation Fund posted a total return of -2.25% for the quarter, compared with -3.31% for the Fund's Asset Allocation Blend Index. The Fund outperformed in the third quarter as benefits from strategic positioning and tactical positioning outweighed some modest drag from product fulfillment.

We made one change in asset allocation during the quarter. In August, we increased inflation-linked fixed income and decreased both developed ex-U.S. and emerging market equities in conjunction with our annual strategic asset allocation update. The strategic target to investment grade fixed income shifted lower, with a commensurate increase to inflation-linked fixed income. This moved our investment grade fixed income tactical positioning from underweight to equal-weight at a time when interest rates were near the upper end of our forecasted range. In the tactical change specifically, inflation-linked fixed income was increased to help calibrate our underweight (relative to the new strategic target weight), while non-U.S. equities were reduced to better align with our existing underweight to U.S. equities. The Fund is currently modestly underweight risk in relation to its strategic benchmark with overweights in high yield fixed income, natural resources and cash, funded by underweights across inflation-linked fixed income, U.S. equities, developed ex-U.S. equities and emerging market equities.

**Please carefully read the summary prospectus or prospectus and consider the investment objectives, risks, charges and expenses of the Northern Funds carefully 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 09/30/23				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Global Tactical Asset Allocation	-2.25%	2.66%	9.79%	2.94%	2.94%	4.11%	5.64%	0.68%	0.55%
Asset Allocation Blend Index <sup>1</sup>	-3.31%	5.50%	12.50%	2.11%	4.21%	5.18%	6.32%		

\*Inception Date- 07/01/93

<sup>1</sup>**Asset Allocation Blend Index** consists of 60% MSCI All Country World Index and 40% Bloomberg Barclays U.S. Aggregate Bond Index. The MSCI All Country World Index is calculated net of foreign tax withholdings. **MSCI All Country World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of prices of U.S. dollar-denominated investment grade fixed income securities with remaining maturities of one year and longer. It is not possible to invest directly in an index.

**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, 2024.

**Asset Allocation Risk:** An asset allocation strategy does not guarantee any specific result or profit nor protect against a loss.

**Asset-Backed and Mortgage-Backed Securities Risk:** Asset-backed and mortgage-backed securities may be less liquid than other bonds, and may be more sensitive than other bonds to the market's perception of issuers and creditworthiness of payees, particularly in declining general economic conditions when concern regarding mortgagees' ability to pay (e.g., the ability of homeowners, commercial mortgages, consumers with student loans, automobile loans or credit card debtholders to make payments on the underlying loan pools) rises, which may result in the Fund experiencing difficulty selling or valuing these securities. In addition, these securities may not be backed by the full faith and credit of the U.S. government, have experienced extraordinary weakness and volatility at various times in recent years, and may decline quickly in the event of a substantial economic or market downturn.

**Commodity-Related Securities Risk:** The risk that exposure to the commodities markets may subject a Fund to greater volatility than investments in other kinds of securities. In addition to overall market-

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-movements, commodity-related securities may be adversely impacted by commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as weather, disease (including pandemic), tariffs, embargoes or other trade barriers, acts of war or terrorism, or political and regulatory developments.

**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.

**Emerging Markets Risk:** Emerging market investing is subject to additional economic, political, liquidity and currency risks not associated with more developed countries.

**Equity Risk:** Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed-income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes.

**Foreign Securities Risk:** The risk that investing in foreign (non-U.S.) securities may result in the Fund experiencing more rapid and extreme changes in value than a fund that invests exclusively in securities of U.S. companies, due to less liquid markets, and adverse economic, political, diplomatic, financial, and regulatory factors. Foreign governments may impose limitations on foreigners' ownership of interests in local issuers, restrictions on the ability to repatriate assets, and may also impose taxes. Any of these events could cause the value of the Fund's investments to decline.

**Geographic Risk:** The risk that if the Fund invests a significant portion of its total assets in certain issuers within the same country or geographic region, an adverse economic, business or political development affecting that country or region may affect the value of the Fund's investments more, and the Fund's investments may be more volatile, than if its investments were not so concentrated in such country or region.

**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.

**Investment Style Risk:** Value stocks are those that are undervalued in comparison to their peers due to adverse business developments or other factors. Value investing carries the risk that the market will not recognize a security's inherent value for a long time, or that a stock judged to be undervalued by a fund's adviser may actually be appropriately priced or overvalued. Value oriented funds will typically underperform when growth investing is in favor.

**Real Estate Securities Concentration Risk:** The risk that investments in securities of real estate companies will make the Fund more susceptible to risks associated with the ownership of real estate and with the real estate industry in general. Real estate companies may have lower trading volumes and may be subject to more abrupt or erratic price movements than the overall securities markets. The value of real estate securities may underperform other sectors of the economy or broader equity markets. To the extent that the Fund concentrates its investments in the real estate industry, it will be subject to greater risk of loss than if it were diversified across different industries.

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**Sector Risk:** The risk that companies in similar businesses may be similarly affected by particular economic or market events, which may, in certain circumstances, cause the value of securities of all companies in a particular sector of the market to decrease.

**Underlying Fund Risk:** The risk that the Fund's investment performance and its ability to achieve its investment objective are directly related to the performance of the Underlying Funds in which it invests. There can be no assurance that the Underlying Funds will achieve their respective investment objectives. The Fund will be subject to the risks associated with investments in the Underlying Funds, such as the possibility that the value of the securities or instruments held by the Underlying Funds could decrease. In addition, passively managed Underlying Funds may not track the performance of their respective reference assets and may hold troubled securities or other investments. Investments in Underlying Funds may involve duplication of management fees and certain other expenses, as the Fund indirectly bears its proportionate share of any expenses paid by the Underlying Funds in which it invests. Further, investments in ETFs are subject to the following additional risks: (1) an ETF's shares may trade above or below its net asset value; (2) an active trading market for the ETF's shares may not develop or be maintained; and (3) trading an ETF's shares may be halted by the listing exchange. The Fund is subject to the risks of the Underlying Funds in direct proportion to the allocation of its assets among the Underlying Funds.

Not FDIC insured | May lose value | No bank guarantee

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