

NORTHERN FUNDS

GLOBAL TACTICAL ASSET ALLOCATION FUND (BBALX)

As of 09/30/21

FUND COMMENTARY

Equity markets struggled to maintain an upward trajectory in the third quarter, which resulted in global equities ending the quarter flat. Despite a still-constructive global growth landscape, strong corporate fundamentals and a positive credit environment, investors assessed a number of concerns in the quarter related to the Delta COVID-19 variant, upward pressures on inflation, China regulatory policy, U.S. Federal Reserve policy, and the U.S. debt ceiling. The 10-year U.S. Treasury yield ended the quarter slightly higher, following a sharp rise in interest rates in late September after spending much of the quarter lower. In central bank policy, the European Central Bank continued with a highly accommodative policy approach, while the U.S. Federal Reserve began communicating a plan to slowly start normalizing policy including a likely start to tapering its asset purchases later this year.

The Fund modestly underperformed its Asset Allocation Blend Index benchmark in the third quarter, as headwinds from product fulfillment and tactical positioning outweighed some benefits from strategic positioning.

We made two changes in asset allocation during the quarter. In July, we pivoted to an overweight position in high yield fixed income, while lowering interest rate exposure through a reduction in investment grade fixed income and also decreasing emerging market equities given concerns on China's economic growth outlook amid regulatory tightening. In August, we decreased global listed infrastructure, with the proceeds allocated to natural resources. This tactical change was designed to move to an equal-weight stance in global listed infrastructure due to a less favorable outlook in addition to maintaining a tactical overweight in natural resources following our annual strategic asset allocation update. The Fund remains overweight risk in relation to its strategic benchmark, with a broad-based overweight to risk assets including high yield fixed income, developed ex-U.S. equities, natural resources, and U.S. equities, funded by underweights across investment grade fixed income, inflation-linked fixed income, and cash.

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 09/30/21				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	-0.87%	6.84%	17.03%	7.43%	7.25%	7.55%	6.32%	0.70%	0.56%
Asset Allocation Blend Index ¹	-0.59%	5.94%	15.52%	10.07%	9.27%	8.51%	7.09%		

*Inception Date- 07/01/93

¹**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 Barclays Capital 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, 2022.

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.

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

Interest Rate Risk: Increase in prevailing interest rates will cause fixed-income securities, including convertible securities, held by the Fund to decline in value.

International Risk: International investing involves increased risk and volatility.

Not FDIC insured | May lose value | No bank guarantee

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