

NORTHERN FUNDS

GLOBAL TACTICAL ASSET ALLOCATION FUND (BBALX)

As of 12/31/19

FUND COMMENTARY

Financial markets ended 2019 on a positive note with a strong fourth quarter where returns were positive in every major asset class. Equity markets were bolstered by easing U.S.-China trade tensions and modest improvement in global growth data, in addition to continued accommodative monetary policy. After considerable outperformance of U.S. equities in the first three quarters of 2019, equity returns were similar in the fourth quarter across U.S. and non-U.S. equities. Interest rates increased somewhat throughout the quarter with the 10-year U.S. Treasury yield ending 2019 at 1.92% – still well below its 2019 starting point of 2.68%. Global central banks announced additional accommodative policy measures including a rate cut from the Federal Reserve, while the European Central Bank restarted its quantitative easing program.

The Global Tactical Asset Allocation Fund posted a total return of 5.37% for the quarter, compared with 5.38% for the Fund's Asset Allocation Blend Index benchmark. The flat relative performance was caused by contributions from successful tactical positioning failing to fully offset headwinds from strategic positioning and to a lesser extent, Fund implementation.

We made one change in asset allocation during the quarter. In December, we increased our high yield fixed income and global real estate allocations, funded by a decrease in our natural resources allocation. The tactical change better-positioned the Fund for our expectation of continued slow growth and low interest rates while largely maintaining the risk profile of the Fund and removing the slight overweight to natural resources that originally resulted from our annual strategic asset allocation update. The Fund remains moderately overweight risk in relation to its Internal Reference benchmark. Currently, the Fund has overweights concentrated in high yield fixed income, U.S. equities, global real estate, and global listed infrastructure, funded by underweights across investment grade fixed income, inflation-linked fixed income, cash, emerging market equities, and natural resources.

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 12/31/19				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	5.37%	17.61%	17.61%	7.34%	5.70%	6.63%	6.23%	0.74%	0.58%
Asset Allocation Blend Index	5.38%	19.40%	19.40%	9.19%	6.43%	7.00%	6.83%		

*Inception Date- 07/01/93

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, 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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