

NORTHERN FUNDS

GLOBAL TACTICAL ASSET ALLOCATION FUND (BBALX)

As of 06/30/20

FUND COMMENTARY

Financial markets rebounded sharply in the second quarter, helped by ongoing monetary and fiscal policy support, global economic reopenings, and improvement in both manufacturing-related and consumer-related economic data. The coronavirus remains a key concern for investors, with the continued rise in global virus cases recently driven by the U.S. and various emerging market countries. Global equities finished the quarter up 19.22% as measured by the MSCI ACWI Index, following a steady upward climb from early April that stalled in the last few weeks of the quarter on concerns that financial markets were becoming too optimistic on the economic recovery. In fixed income markets, U.S. interest rates were mostly unchanged throughout the quarter, while credit spreads improved markedly given broad-based credit support from the U.S. Federal Reserve.

The Global Tactical Asset Allocation Fund posted a total return of 12.55% for the quarter, compared with 12.52% for the Fund's Asset Allocation Blend Index benchmark. The Fund's return was close to benchmark as benefits from tactical positioning fully offset headwinds from strategic positioning and product fulfillment.

We made two changes in asset allocation in the quarter. In May, we shifted to a neutral tactical risk stance by reducing our U.S. equity, high yield fixed income, and global real estate allocations, while increasing our cash, investment grade fixed income, and inflation-linked fixed income allocations. The tactical change was primarily driven by a view that financial markets were overestimating the resilience of the global economy given the extent of coronavirus-related economic disruption. In June, we further reduced our U.S. equity allocation with the proceeds spread across investment grade fixed income and high yield fixed income. This tactical change brought the Fund to moderately underweight risk overall based on our view that markets continue to be too optimistic on the trajectory of the economic recovery and are not appropriately considering additional risks around the U.S. election and U.S.-China tensions. Currently, the Fund has a large overweight in high yield fixed income and smaller overweights in global listed infrastructure and investment grade fixed income, funded by underweights across inflation-linked fixed income, emerging market equities, natural resources, and developed ex-U.S. equities.

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 06/30/20				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	12.55%	-6.37%	-0.94%	2.93%	4.12%	6.27%	5.85%	0.74%	0.58%
Asset Allocation Blend Index	12.52%	-1.01%	5.29%	6.16%	5.87%	7.27%	6.66%		

*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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