NORTHERN FUNDS

SHORT BOND FUND (BSBAX)

As of 09/30/23

FUND COMMENTARY

Treasury rates increased in the third quarter as inflation remained elevated and strength persisted in the labor market amidst the rising rates environment. While the Federal Open Market Committee (FOMC) hiked interest rates by 25 basis points (0.25%) in July to the present range of 5.25%-5.50%, they left the Federal Funds rate unchanged at the September meeting. Overall, 1-year U.S. Treasury yields rose by six basis points (0.06%), 2-year Treasury yields rose by 15 basis points (0.15%) and 3-year yields rose by 27 basis points (0.27%).

Investment grade credit spreads ended the quarter two basis points (0.02%) tighter, with the option-adjusted spreads of the Bloomberg US Credit Index finishing at 111 basis points (1.11%). Demand for fixed income bonds remained strong throughout the quarter, with a robust primary market and supportive secondary trading, which contributed to compression and a flatter credit curve. 1-3 year credit spreads as measured by the Bloomberg 1-3 Year Option Adjusted Spread (OAS) Index widened from 72 basis points (0.72%) to 84 basis points (0.84%), which was also the intra-quarter high.

The Fund slightly outperformed the benchmark. The Fund's overweight to corporate bonds and securitized investments contributed to the outperformance.

Option-adjusted spread measures the difference in yield between a fixed-income security and a risk-free security, Treasury bond, which is then adjusted to account for embedded options.

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.

NORTHERN FUNDS®

MANAGED BY NORTHERN TRUST

NORTHERN FUNDS

SHORT BOND FUND (BSBAX)

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**
Short Bond	0.75%	2.18%	3.50%	-0.57%	1.22%	1.14%	3.39%	0.45%	0.40%
Bloomberg 1-3 Year U.S. Government/ Credit Index[1]	0.73%	1.87%	2.77%	-0.72%	1.21%	1.02%	3.35%		

*Inception Date- 01/11/93

[1]**Bloomberg 1-3 Year U.S. Government/Credit Index** is an unmanaged index of securities issued by the U.S. government and corporate bonds with maturities of one to three years. 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.

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.
Defaulted Bond Risk: The risk that the inability or unwillingness of an issuer or guarantor of a fixed-income security to meet its payment or other financial obligations will adversely affect the value of the Fund's investments and its returns. Changes in the credit rating of a debt security held by the Fund could have a similar effect.
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.
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.

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.

NORTHERN FUNDS®

MANAGED BY NORTHERN TRUST

Investment Company Risk: The risk that the Fund will be subject to the risks associated with investments in registered investment companies, including ETFs (together, "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. NTI may be subject to potential conflicts of interest with respect to investments in affiliated Underlying Funds, which are Underlying Funds managed by NTI or its affiliates, because the fees paid to NTI by some affiliated Underlying Funds may be higher than the fees paid by other Underlying Funds.
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.

Not FDIC insured | May lose value | No bank guarantee

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.