

# NORTHERN FUNDS

## U.S. TREASURY INDEX (BTIAX)

As of 06/30/20

### FUND COMMENTARY

The second quarter of 2020 saw one of the quickest risk rebounds in modern history as central banks and governments across the globe enacted policies aimed to backstop markets and lessen the impact of the COVID-19 virus on the global economy. Domestically, the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided cash payments for American citizens, as well as loans and grants to businesses and government bodies, large and small. On the monetary front, the Federal Reserve supported capital markets through extensive purchases of treasuries, mortgages, and for the first time, corporate credit thru the creation of its primary and secondary dealer credit facilities. The quick and decisive action by both the monetary and fiscal authorities drove risk markets higher, while interest rates and generic yields fell to historic lows.

The Fund returned 0.21% for the second quarter, compared to 0.48% for the Bloomberg Barclays U.S. Treasury Index, the Fund's benchmark. After accounting for the reversal of first quarter's pricing impact, the Fund performed in line with the benchmark. The Treasury curve was modestly steeper in second quarter. Two-year Treasury yields fell 10 basis points (0.10%) to 0.15%, five-year Treasury yields fell 9 basis points (0.09%) to 0.29%, 10-year Treasury yields fell 2 basis points (0.02%) to 0.65% and 30-year Treasury yields rose 9 basis points (0.09%) to 1.41%. We will continue to invest with the goal of providing returns that closely approximate those of the Index.

**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 |
| U.S. Treasury Index                    | 0.21% | 8.63% | 10.25% | 5.40%              | 3.89%  | 3.21%   | 5.08%            | 0.31%               | 0.17%             |
| Bloomberg Barclays U.S. Treasury Index | 0.48% | 8.71% | 10.45% | 5.57%              | 4.07%  | 3.41%   | 5.28%            |                     |                   |

\*Inception Date- 01/11/93

**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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