

# NORTHERN FUNDS

## U.S. TREASURY INDEX (BTIAX)

As of 12/31/19

### FUND COMMENTARY

The final quarter of the year saw a reversal of some of the prior quarter's trends. Trade and tariff tensions between the U.S. and China eased. Odds over a hard Brexit or a no deal Brexit decreased significantly as the Conservatives cemented a parliamentary majority. Economically, data was mixed with manufacturing dropping while consumers remained strong. Recession odds fell too, as the deterioration in global economies at least slowed. Low inflation rates led central banks to remain accommodative, which along with diminished fears over above the mentioned scenarios, led rates higher and supported risk assets.

The Fund returned -0.84% for the fourth quarter, compared to -0.79% for the Bloomberg Barclays U.S. Treasury Index, the Fund's index. After last quarters rally in Treasuries, short-dated Treasury yields were flat, while longer-dated Treasury yields rose and breakeven inflation rates increased. The Treasury curve steepened in the fourth quarter as front-end yields fell while long-end yields rose. Two-year Treasury yields fell 5 basis points (0.05%) to 1.57%, five-year Treasury yields rose 14 basis points (0.14%) to 1.69%, 10-year Treasury yields rose 25 basis points (0.25%) to 1.92% and 30-year Treasury yields rose 28 basis points (0.28%) to 2.39%. We 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 12/31/19				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	-0.84%	6.67%	6.67%	3.13%	2.18%	2.93%	4.85%	0.31%	0.17%
Bloomberg Barclays U.S. Treasury Index	-0.79%	6.86%	6.86%	3.31%	2.36%	3.13%	5.05%		

\*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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