

NORTHERN FUNDS

U.S. TREASURY INDEX (BTIAX)

As of 09/30/21

FUND COMMENTARY

The third quarter was relatively stable for markets. Interest rates were stable with 3-5 year maturities increasing 8 basis points (0.08%), while longer dated maturities fell. Central Banks began to signal a pivot away from the extraordinary accommodation, led by the expectation of a reduction in official bond purchases in the U.S. and a discussion of rate increases in the U.K. Fiscal stimulus is also expected to wane next year, while the U.S. Treasury is discussing a reduction in supply. The labor market continued to heal, albeit at a much slower pace. Inflation remained elevated (driven mostly by the transitory components of used cars, hotels and airlines) but also began to show tentative signs of slowing. Investors are focused on the speed and duration of economic growth versus a reduction in central bank and fiscal accommodation while also keeping a close eye on COVID-19 variants.

The Fund underperformed its benchmark in the quarter. Markets were driven partly by reduced fiscal stimulus expectations, a re-pricing of rate hike expectations, as well as some softening in economic data. Two-year Treasury yields rose 2.5 basis points (0.025%), five-year Treasury yields rose 7.5 basis point (0.075%), 10-year Treasury yields rose 2 basis points (0.02%), and 30-year Treasury yields fell 4 basis points (0.04%). 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 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.

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| Performance as of 09/30/21 | | | | 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 | 0.03% | -2.59% | -3.45% | 4.72% | 2.06% | 2.02% | 4.73% | 0.26% | 0.16% |
| Bloomberg U.S. Treasury Index ¹ | 0.09% | -2.50% | -3.30% | 4.89% | 2.23% | 2.21% | 4.93% | | |

*Inception Date- 01/11/93

¹**Bloomberg U.S. Treasury Index** is an unmanaged index of prices of U.S. Treasury bonds with maturities of one to 30 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, 2022.

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.

Index Fund Risk: The performance of the Fund is expected to be lower than that of the Index because of Fund fees and expenses. It is important to remember that there are risks associated with index investing, including the potential risk of market decline, as well as the risks associated with investing in specific companies.

U.S. Government Guarantee: U.S. government guarantees apply only to the underlying securities of a Fund's portfolio and not the Fund's shares.

Not FDIC insured | May lose value | No bank guarantee

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