

# NORTHERN FUNDS

## HIGH YIELD FIXED INCOME (NHFIX)

As of 09/30/23

### FUND COMMENTARY

The high yield market saw solid performance during the third quarter. Outperformance was seen in the lower quality credit rated segment of the market. One of the main themes over the course of the quarter was low spread volatility which was driven by a combination of factors. The first two factors were seasonal and technical in nature. Overall market participant activity was depressed due the summer months and as result new issue supply was also limited. This often leads to little market activity or headline risk. The third factor was related to speculation that the Federal Reserve (Fed) has reached the end of its hiking cycle after the previous hike in July. However, after the Fed's hawkish shift in their projections for 2024, spread volatility picked up significantly. The Fed left rates unchanged at their September meeting.

The Fund outperformed its benchmark in the quarter. Returns by rating favored Triple-C and Ca-D rated security credits: Double-B securities returned -0.39%, Single-B securities returned 0.84%, Triple-C securities returned 2.51%. The lowest quality, Ca-D rated securities returned 3.00% in the quarter. The Fund was overweight CCC and B-rated securities and underweight BB securities. Overweight positions in media and entertainment, cable and satellite, and pharmaceuticals with underweights in technology contributed to performance. Underweight positions in healthcare and other industry with an overweight positions in airlines and other financial institution detracted from performance.

*Holdings are subject to change and current and future portfolio holdings are subject to risk.*

**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 09/30/23				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
High Yield Fixed Income	0.98%	6.46%	10.92%	2.28%	2.77%	3.70%	5.24%	0.65%	0.60%
Bloomberg US Corp HY 2% Issuer Capped Index <sup>1</sup>	0.46%	5.87%	10.28%	1.75%	2.95%	4.24%	6.14%		

\*Inception Date- 12/31/98

<sup>1</sup>**Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index** is an unmanaged index that measures the market of U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bonds. It is a version of the Bloomberg High Yield Corporate Bond Index except it limits its exposure of each issuer to 2% of the total market value and redistributes any excess market value Index-wide on a pro-rata basis. 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.

**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.

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**Municipal Bond Risk:** Debt securities issued by state or local governments may be subject to special political, legal, economic and market factors that can have a significant effect on the portfolio's yield or value.

**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

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