

# NORTHERN FUNDS

## HIGH YIELD FIXED INCOME (NHFIX)

As of 06/30/20

### FUND COMMENTARY

Risk assets experienced a significant reversal during the second quarter, with the high yield market recovering the majority of losses from the first quarter. The massive fiscal and monetary policy responses enacted late in the first quarter carried positive momentum into the second quarter, and additional details released on the Fed's corporate bond purchase program revealed that certain fallen angel credits and high yield ETFs were eligible for purchase which drove high yield spreads tighter. Corporate fundamentals also improved as the economy began to normalize with a partial re-opening from shelter-in-place orders, combined with economic data that came in better than feared, further supporting credits spreads. Late in the quarter positive momentum slowed as record-setting new issuance overwhelmed the market and regional upticks in COVID-19 cases reduced visibility in a near-term economic recovery.

The Fund returned 12.09% for the second quarter, compared to 10.14% for the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index. Returns by rating favored the highest quality credits: BB-rated securities returned 11.54%, B-rated securities returned 8.64%, and CCC-rated securities returned 9.10%. The lowest quality, CC to D-rated securities, returned 2.06% in the quarter. The Fund was overweight CCC and B-rated securities and underweight BB and CC to D-rated securities. Overweight positions in retailers and banking, along with underweights in wireless and oil field services contributed to performance. Underweight positions in construction machinery and lodging, along with an overweight position in airlines and midstream 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 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				Gross Expense Ratio	Net Expense Ratio
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception *		
High Yield Fixed Income	12.09%	-6.09%	-1.57%	2.81%	3.50%	5.83%	5.49%	0.83%	0.78%
Bloomberg Barclays US Corp HY 2% Issuer Capped Index	10.14%	-3.83%	0.00%	3.32%	4.79%	6.67%	6.61%		

\*Inception Date- 12/31/98

**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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