

NORTHERN FUNDS

HIGH YIELD FIXED INCOME (NHFIX)

As of 09/30/21

FUND COMMENTARY

The third quarter saw solid performance from the high yield market despite modest widening in high yield spreads. Momentum in higher quality credits persisted from the end of the second quarter into July and early August as interest rates fell and concerns around the Delta variant of COVID-19 pressured re-opening sectors. These trends reversed late in August as COVID-19 cases in the U.S. peaked and risk sentiment for re-opening sectors improved. September saw the re-emergence of the compression trade as higher quality spreads underperformed from a combination of rising interest rates, higher commodity prices and a back-loaded primary calendar.

The Fund underperformed its benchmark in the quarter. Returns by rating favored the lowest quality credits: Double-B securities returned 1.10%, Single-B securities returned 0.61%, and Triple-C securities returned 0.95%. The lowest quality, Ca-D rated securities, returned 2.38% in the quarter. The Fund was overweight CCC and B-rated securities and underweight BB and CC to D-rated securities. Overweight positions in finance companies and other financial institutions, along with underweights in technology and utilities contributed to performance. Underweight positions in healthcare and cable and satellite, along with an overweight positions in midstream and diversified manufacturing 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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HIGH YIELD FIXED INCOME (NHFIX)

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
High Yield Fixed Income	0.70%	4.88%	13.15%	6.64%	6.44%	6.79%	5.97%	0.83%	0.78%
Bloomberg US Corp HY 2% Issuer Capped Index ¹	0.89%	4.54%	11.27%	6.89%	6.50%	7.42%	6.95%		

*Inception Date- 12/31/98

¹**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, 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.

High-Yield Risk: Although a high-yield fund's yield may be higher than that of fixed-income funds that purchase higher-rated securities, the potentially higher yield is a function of the greater risk that a high-yield fund's share price will decline.

Not FDIC insured | May lose value | No bank guarantee

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