

# NORTHERN FUNDS

## HIGH YIELD MUNICIPAL (NHYMX)

As of 09/30/21

### FUND COMMENTARY

The pace of the economic recovery slowed with concerns over the spread of the Delta variant of COVID-19. The Federal Reserve signaled a potential tapering of its treasury and mortgage backed securities by the end of 2021, as the economy met its goal of substantial further progress for inflation and was very close to meeting its goals for employment. Moreover, while mutual fund flows showed some signs of slowing, the technical environment continued to provide a tailwind for the municipal market. As reported by the Barclays Municipal Strategy Monthly Report, municipal new issue supply was \$119 billion in the third quarter, 1% less than Q2, and 19% less than the third quarter of 2020. According to JP Morgan, flows were \$29 billion in the third quarter, including \$5.5 billion into municipal high yield funds. Municipals underperformed treasuries over the quarter, selling off and steepening.

The Fund underperformed its benchmark in the quarter. The Bloomberg Municipal high yield Index outperformed the Bloomberg U.S. Municipal Index (+0.28% vs. -0.29%). The Fund's duration, curve positioning and security selection negatively impacted performance. The Fund's exposure to higher quality general obligation bonds as well as Industrial Development Revenue (IDR) bonds and Pollution Control Revenue (PCR) bonds were the largest detractors of performance. The Fund remains overweight BBB credits, as well as long duration, versus the benchmark.

**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 MUNICIPAL (NHYMX)

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 Municipal	-0.58%	4.01%	8.37%	5.88%	3.77%	5.05%	4.03%	0.85%	0.61%
Bloomberg Muni Bond 65-35 Inv Gr/HY Index <sup>1</sup>	-0.04%	2.77%	5.60%	5.93%	4.23%	4.86%	5.01%		

\*Inception Date- 12/31/98

<sup>1</sup>**Bloomberg Municipal Bond 65-35 Investment Grade/High Yield Index** is an unmanaged index of investment and non-investment-grade bonds, with a 65% weighting in the Bloomberg U.S. Municipal Index and a 35% weighting to the Bloomberg Municipal High Yield Index. 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.

**Tax-Free/AMT Risk:** Tax-exempt funds' income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.

Not FDIC insured | May lose value | No bank guarantee

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