

NORTHERN FUNDS

HIGH YIELD MUNICIPAL (NHYMX)

As of 12/31/19

FUND COMMENTARY

The U.S. and China announced the first phase of a trade deal. Investor optimism stemming from this, along with dovish actions by central banks, caused U.S. Treasury yields to rise and the interest rate curve to steepen. The Federal Reserve cut its benchmark rate 25 basis points (0.25%) in October.

Municipal new issue supply was \$140 billion in the fourth quarter, a 32% increase over the third quarter, and 61% greater than fourth quarter 2018. The municipal yield curve steepened during the quarter, the short end rallied and the long-end sold off, as the market absorbed the increased supply and as municipals followed a similar move in Treasuries. Investor money continued to flow into municipal products at a strong pace throughout the quarter.

The Fund returned 0.50% in the fourth quarter, compared to 0.79% for the Bloomberg Barclays Municipal Bond 65-35 Investment Grade/High Yield Index, the Fund's benchmark. The reach for yield continued as high yield outperformed investment grade. The Fund's overweight to healthcare and transportation were the largest contributors to performance, while the Fund's underweights to Illinois, Chicago, and Puerto Rico were the largest detractors from performance. The Fund's overweight to BBB-rated credits positively impacted performance. The Fund's longer duration versus the Index and overweight to non-call bonds 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 12/31/19				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
High Yield Municipal	0.50%	8.82%	8.82%	5.28%	4.04%	5.32%	3.97%	0.85%	0.61%
Bloomberg Barclays Muni Bond 65-35 Inv Gr/HY Index	0.79%	8.63%	8.63%	5.98%	4.37%	5.33%	5.05%		

*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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