

NORTHERN FUNDS

ARIZONA TAX-EXEMPT FUND (NOAZX)

As of 06/30/20

FUND COMMENTARY

With the passage of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) at the end of March, the expansion of the Federal Reserve's (Fed) Municipal Liquidity Facility at the end of the April, the gradual decline in new COVID-19 cases, and the careful reopening of state economies, the municipal market regained some stability in the second quarter. The Fed reassured markets of accommodative policies and low rates for the foreseeable future. As reported by the Barclays Municipal Strategy Monthly Report, municipal new issue supply was \$109 billion in the second quarter, a 17% increase over the first quarter, and 16% greater than second quarter 2019. After large outflows in first quarter, positive inflows returned in the second quarter, with \$12.8 billion flowing into the market. Municipal yields dropped and the curve steepened over the quarter.

The fund returned 1.85% in the second quarter, compared to 3.28% for the Bloomberg Barclays Arizona Municipal bond Index, the Fund's benchmark. The largest contributor to performance relative to the benchmark was the Fund's positioning along the interest rate curve. The Fund owned more bonds with longer maturities than that of the benchmark. The largest detractor to performance was the Fund's overall credit quality. The Fund owned less credit risk than the benchmark against a backdrop where lower rated credits performed well, particularly in May and June. .

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					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Arizona Tax-Exempt Fund	1.85%	1.75%	3.68%	3.60%	3.50%	3.99%	4.54%	0.61%	0.47%
Bloomberg Barclays Arizona Municipal Bond Index	3.28%	2.28%	4.49%	3.95%	3.76%	4.21%	4.85%		

*Inception Date- 10/01/99

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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