

NORTHERN FUNDS

BOND INDEX FUND (NOBOX)

As of 03/31/21

FUND COMMENTARY

Markets started the year on a positive note, thanks to widespread vaccine distribution, stimulus checks and a gradually reopening economy. As the country continued to emerge from the pandemic, congress passed a \$1.9 trillion COVID-19 relief bill, providing aid to families, businesses, and local governments. Economic data continued to improve led by manufacturing and housing while initial and continuing jobless claims reached their lowest levels since the start of the pandemic. The Federal Reserve reiterated its commitment to providing financial accommodation until their dual-mandate is met. Consumer and business optimism could also be seen in corporate credit spreads and commodities. After starting the year at roughly \$47, West Texas Intermediate (WTI), an oil benchmark, finished the quarter up 23% while investment grade and high yield bonds performed well. Market participants increased near-term inflation expectations, bringing treasury yields along for the ride.

Credit spreads rallied during the quarter, led by lower quality BBB-rated bonds and driven by economic recovery expectations and improving fundamentals. The rates curve continued its steepening bias, as investors priced in higher inflation prospects with expectations of greater fiscal spending and an economy gradually re-opening from lockdown. Securitized products were flat.

The Fund returned -3.43% in the first quarter, compared to the Bloomberg Barclays U.S. Aggregate Bond Index return of -3.37%. Pricing differences between the index and custody resulted in a 15 basis point (-0.15%) drag, however net of this the fund tracked its benchmark as designed.

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 03/31/21				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Bond Index Fund	-3.43%	-3.43%	0.36%	4.51%	2.94%	3.30%	3.90%	0.19%	0.15%
Bloomberg Barclays US Aggregate Bond Index	-3.37%	-3.37%	0.71%	4.65%	3.10%	3.44%	4.09%		

*Inception Date- 02/27/07

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, 2021.

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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