

NORTHERN FUNDS

FIXED INCOME (NOFIX)

As of 09/30/21

FUND COMMENTARY

Central Banks began to signal a pivot away from the extraordinary accommodation, led by the expectation of a reduction in official bond purchases in the U.S. and a discussion of rate increases in the U.K. Fiscal stimulus is also expected to wane next year, while the U.S. Treasury is discussing a reduction in supply. The labor market continued to heal, albeit at a much slower pace. Inflation remained elevated (driven mostly by the transitory components of used cars, hotels and airlines) but also began to show tentative signs of slowing. Investors are focused on the speed and duration of economic growth versus a reduction in central bank and fiscal accommodation while also keeping a close eye on COVID-19 variants.

The third quarter was relatively stable for markets. Equities closed the quarter flat, as stocks declined from all-time high's during the final month. Interest rates were stable with 3-5 year maturities increasing 8 basis points (0.08%), while longer dated maturities fell. Corporate spreads in high yield (led by CCC's) and investment-grade widened slightly off of multi-year tight, while securitized assets were generally flat.

The Fund outperformed its benchmark in the quarter. Asset allocation detracted slightly, offset by the Fund's duration and curve positioning which was a small positive for performance. Security selection in credit, particularly in higher yielding corporates drove most of the outperformance.

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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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
Fixed Income	0.31%	-0.29%	1.69%	5.81%	3.40%	3.62%	4.98%	0.49%	0.45%
Bloomberg US Aggregate Bond Index ¹	0.05%	-1.55%	-0.90%	5.36%	2.94%	3.01%	5.26%		

*Inception Date- 04/01/94

¹**Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of prices of U.S. dollar denominated, fixed-rate, taxable, investment-grade fixed-income securities with remaining maturities of one year and longer. The Index includes Treasury, government, corporate, mortgage-backed, commercial mortgage-backed and asset-backed securities. 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.

Mortgage-Backed Securities Risk: Mortgage-backed investments involve risk of loss due to prepayments and, like any bond, due to default. Because of the sensitivity of mortgage-related securities to changes in interest rates, the Fund's performance may be more volatile than if it did not hold these securities.

Not FDIC insured | May lose value | No bank guarantee

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