

NORTHERN FUNDS

FIXED INCOME (NOFIX)

As of 12/31/19

FUND COMMENTARY

The Federal Reserve's (Fed) continued accommodation and the market perceiving reduced headline risks boosted investor confidence. Fed action, which included the third interest rate cut of 2019 at its October meeting, and an expanded open market repurchase agreement (repo) operation that calmed the temporary funding spike in September, provided underlying fundamental support. That support paired with low inflation, stable low growth, Brexit clarification, and the phase one trade deal with China (expected to be signed in January 2020) buoyed markets.

Supportive monetary policy and stable technical and fundamental environments pushed investment grade spreads, as represented by the Bloomberg Barclays U.S. Credit Index, 19 basis points (0.19%) tighter and high yield spreads, as represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, 37 basis points (0.37%) tighter during the quarter. Lower quality investment grade BBB-rated credits and B-rated high yield securities performed well. Demand for corporate credit was funded by U.S. Treasury sales, resulting in higher rates and a steeper yield curve, despite the Fed cut.

The Fund returned 0.29% for the fourth quarter, compared to 0.18% for the Bloomberg Barclays U.S. Aggregate Bond Index, the Fund's benchmark. Security selection within the high yield and investment grade credit space was the driver of positive alpha, while the Fund's long duration and curve-flattening biases were small detractors during the rates sell-off.

The team remains cautious on risk assets due to rich valuations, while remaining cognizant of potential political and geopolitical risks that may lay ahead in 2020.

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
Fixed Income	0.29%	10.72%	10.72%	4.10%	3.06%	4.02%	5.02%	0.50%	0.45%
Bloomberg Barclays US Aggregate Bond Index	0.18%	8.72%	8.72%	4.03%	3.05%	3.75%	5.40%		

*Inception Date- 04/01/94

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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