

NORTHERN FUNDS

INTERMEDIATE TAX-EXEMPT FUND (NOITX)

As of 12/31/19

FUND COMMENTARY

The U.S. Treasury and municipal yield curves steepened in the fourth quarter. Short Treasury yields stayed in a tight range as the Federal Reserve delivered another well anticipated 25 basis point (0.25%) interest rate cut in October. Longer Treasury yields rose, municipal yields increased to a much lesser degree, as economic sentiment improved and equities did very well. The quarter was highlighted by dramatic tax-exempt outperformance versus U.S. Treasuries. Demand was strong from all major municipal market participants and traditional tax-exempt supply was easily absorbed. The quarter also saw a large increase in new taxable municipal advanced refunding issuance.

The Fund returned 0.45% for the fourth quarter, compared to 0.93% for the Bloomberg Barclays Intermediate Municipal Bond Index, the Fund's benchmark. The Fund's modified barbell maturity structure hurt performance as rates increased beyond 10 years and the yield curve steepened. The Fund's holdings remain high quality with more than 85% of holdings rated AA or better. Single A-rated exposure was increased slightly during the quarter, particularly in the transportation sector. The Fund is overweight dedicated essential service revenue bonds. The Fund reduced California holdings during the quarter as demand led to opportunities to swap into other states and pick up yield.

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
Intermediate Tax Exempt	0.45%	6.53%	6.53%	3.73%	2.77%	3.41%	4.15%	0.51%	0.47%
Bloomberg Barclays Intermediate Muni Bond Index	0.93%	6.86%	6.86%	4.35%	3.16%	3.99%	4.99%		

*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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