

NORTHERN FUNDS

INTERMEDIATE TAX-EXEMPT FUND (NOITX)

As of 03/31/21

FUND COMMENTARY

The Federal Reserve (Fed) met twice, keeping rates unchanged at 0.00% - 0.25% and committing to keep policy accommodative until inflation gets to or even above their 2% target and employment near full potential. Municipals dramatically outperformed U.S. Treasuries for the quarter as municipal rate increases were roughly half of that seen in the U.S. Treasury space. Tax free interest rates increased in the first quarter as the economy rebounded strongly and markets performed well. Supply was average for the quarter but taxable municipal issuance continued to reduce traditional tax-free municipal supply and that kept prices well behaved. Investor money continued to flow into the municipal market, with \$32 billion in inflows during the quarter.

The Fund returned -0.85% for the first quarter, compared to -0.52% for Bloomberg Barclays Intermediate Municipal Bond Index, the Fund's benchmark. The Fund's quality overweight versus the index was a relative detractor as lower rated credits (BBB's) led the returns by a very wide margin. The duration of the Fund remained in a slightly defensive position versus the benchmark as municipal valuations were on the expensive side and its maturity structure was broad in order to seek the benefits of a steeper yield curve. The Fund added shorter notes as the yield curve remained very flat out to five years and saved duration for more productive use out the yield curve in steeper ranges such as the 8-10 year range. We continued to favor strong general obligation credits and dedicated essential service revenue bonds. Selectively, we have used our disciplined credit research process to capture attractive income opportunities in toll roads/expressways and larger healthcare issuers. Infrastructure negotiations bear very close monitoring.

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 |
| Intermediate Tax Exempt | -0.85% | -0.85% | 4.01% | 4.06% | 2.68% | 3.64% | 4.10% | 0.49% | 0.46% |
| Bloomberg Barclays Intermediate Muni Bond Index | -0.52% | -0.52% | 5.49% | 4.78% | 3.11% | 3.95% | 4.93% | | |

*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, 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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