

NORTHERN FUNDS

TAX-EXEMPT (NOTEX)

As of 09/30/21

FUND COMMENTARY

The pace of the economic recovery slowed in August due to concerns over the spread of the Delta variant of COVID-19. The Federal Reserve signaled a potential tapering of its treasury and mortgage backed securities by the end of 2021, as the economy met its goal of substantial further progress for inflation and was very close to meeting its goals for employment. Mutual fund inflows continued in the 3rd quarter which provided a strong technical environment for municipal bonds. As reported by the Barclays Municipal Strategy Monthly Report, municipal new issue supply was \$119 billion in the third quarter, 1% less than Q2, and 19% less than the third quarter of 2020.

The Fund underperformed its benchmark in the quarter. The Fund was neutral duration in the quarter versus the benchmark as flows into municipal bond funds kept rates low in the front end of the yield curve and new issues pressured yields slightly higher on the long end. In July and August, we took advantage of strong fund flows to sell bonds with four and five year maturities and extended into higher yielding 8-10 year paper. We remain overweight high quality credits versus the benchmark. The Fund is comprised of just over 80 percent in AA and AAA-rated securities.

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 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
Tax-Exempt Fund	-0.63%	0.22%	2.13%	4.83%	2.97%	3.83%	4.84%	0.50%	0.46%
Bloomberg U.S. Municipal Index ¹	-0.27%	0.79%	2.63%	5.06%	3.26%	3.87%	5.15%		

*Inception Date- 04/01/94

¹**Bloomberg U.S. Municipal Index** is an unmanaged index of investment grade (Baa3 or better) tax-exempt bonds with a remaining maturity of at least one year. 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.

Tax-Free/AMT Risk: Tax-exempt funds' income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.

Not FDIC insured | May lose value | No bank guarantee

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