

NORTHERN FUNDS

U.S. GOVERNMENT (NOUGX)

As of 06/30/20

FUND COMMENTARY

The second quarter of 2020 saw one of the quickest risk rebounds in modern history as central banks and governments across the globe enacted policies aimed to backstop markets and lessen the impact of the COVID-19 virus on the global economy. Domestically, the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided cash payments for American citizens, as well as loans and grants to businesses and government bodies, large and small. On the monetary front, the Federal Reserve supported capital markets through extensive purchases of treasuries, mortgages, and for the first time, corporate credit thru the creation of its primary and secondary dealer credit facilities. The quick and decisive action by both the monetary and fiscal authorities drove risk markets higher, while interest rates and generic yields fell to historic lows.

Mortgage-Backed security spreads tightened during the quarter, even while pre-payment speeds increased at a rapid pace. During the same time the U.S. Treasury yield curve steepened, with front end rates falling, while yields drifted higher out the curve. Risk assets and inflation assets led returns during the quarter, as hopes increased around a quicker economic recovery than previously feared.

The Fund returned 0.71% in the second quarter, compared to the benchmark return of 0.55% for the Bloomberg Barclays Intermediate U.S. Government Index. The fund's overweight to mortgages as well as its duration positioning provided the outperformance. Security selection within the treasury sector detracted during the period.

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 06/30/20				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
U.S. Government Fund	0.71%	5.59%	6.73%	3.80%	2.58%	2.14%	4.02%	0.87%	0.45%
Bloomberg Barclays Intermediate U.S. Government Bond Index	0.55%	5.75%	7.01%	4.09%	2.97%	2.51%	4.59%		

*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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