

NORTHERN FUNDS

LIMITED TERM TAX-EXEMPT (NSITX)

As of 09/30/23

FUND COMMENTARY

Fixed Income assets generally posted negative results in the third quarter amid a volatile rate environment where the yield curve became substantially less inverted. The two-year U.S. Treasury rose 0.15% while the 10-year U.S. Treasury moved higher by 0.73% ending the quarter inverted -0.48%. Economic data cooled off some but remained resilient. Underlying inflation, while still elevated, eased a bit and the labor market remained robust. Market sentiment turned negative during the quarter amid the Fitch downgrade of U.S. Sovereign debt and rising concern about the effects of a U.S. government shutdown on the growth outlook. The Federal Open Market Committee (FOMC) resumed its hiking cycle and raised the federal funds rate to a target range of 5.25%-5.50% in July, before pausing again in September. Importantly, FOMC participants reduced the number of rate cuts expected in 2024, reinforcing the “higher for longer” message and likely contributing to the run-up in U.S. Treasury yields.

Short-term municipal yields ended the quarter higher. One-year, three-year and five-year municipal yields rose 0.71%, 0.74%, and 0.77% respectively. Municipal spreads by credit quality were tighter: AA by -0.13%, A by -0.14%, and BBB by -0.23%. Municipal new issue supply totaled \$93.5 billion, 3.8% less than third quarter 2022 as reported by Bond Buyer. Municipal fund flows remained negative.

The Fund outperformed its benchmark in the quarter. Duration and security selection both had a positive impact on performance.

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 09/30/23				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Limited Term Tax-Exempt	-1.12%	-0.22%	1.93%	-0.98%	1.01%	0.90%	1.57%	0.51%	0.45%
Bloomberg 1-5 Year Blend Muni Bond Index ¹	-1.18%	-0.14%	2.07%	-0.98%	0.97%	1.11%	2.11%		

*Inception Date- 08/22/07

¹**Bloomberg 1-5 Year Blend Municipal Bond Index** is an unmanaged index of investment grade (Baa3 or better) tax-exempt bonds with maturities of at least one year and less than six years. 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, 2024.

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.

Derivatives Risk: The risk that derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

High-Yield Risk: The risk that the Fund's below-investment grade fixed-income securities, sometimes known as "junk bonds," will be subject to greater credit risk, price volatility and risk of loss than investment grade securities, which can adversely impact the Fund's return and NAV. High yield securities are considered highly speculative and are subject to the increased risk of an issuer's inability to make principal and interest payments.

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Municipal Bond Risk: Debt securities issued by state or local governments may be subject to special political, legal, economic and market factors that can have a significant effect on the portfolio's yield or value.

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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