

NORTHERN FUNDS

SHORT-INTERMEDIATE U.S. GOVERNMENT (NSIUX)

As of 09/30/20

FUND COMMENTARY

Markets moved higher during the third quarter of 2020, buoyed by the Federal Reserve's (Fed) monetary backstop, better than expected second quarter earnings, and investor optimism surrounding a second, yet to be realized, fiscal support package. Local economies across the U.S. began to reopen, with varying degrees of success, while regional COVID-19 virus flare-ups throughout the period were largely ignored by investors. Investors and citizens alike are awaiting a distributable vaccine, digesting the U.S. election season and assessing the long-term impact of the pandemic.

Interest rate volatility for the quarter hit an all-time low, posting its second tightest quarterly range in 10-year treasuries since 1970. Mortgages weakened slightly, with prepayments continuing to beat estimates while coupon income outpaced market rates. Market participants and the Fed agreed that rates will be on hold for the foreseeable future. Rate investors remained on hold, focusing on risks surrounding a variety of policy outcomes depending on the results of the upcoming U.S. election.

The Fund returned 0.12% in the third quarter, compared to 0.14% for the Bloomberg Barclays 1-5 Year U.S. Government Index. The fund's overweight to mortgage-backed securities slightly detracted from performance while duration and curve positioning added marginal alpha.

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 09/30/20				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Short-Intermediate U.S. Government	0.12%	4.01%	4.10%	2.77%	1.75%	1.32%	2.93%	0.64%	0.43%
Bloomberg Barclays Capital 1-5 Year U.S. Government Index	0.14%	4.33%	4.68%	3.22%	2.21%	1.72%	3.47%		

*Inception Date- 10/01/99

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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