

NORTHERN FUNDS

TAX-ADVANTAGED ULTRA-SHORT FIXED INCOME FUND

(NTAUX)

As of 12/31/20

FUND COMMENTARY

Markets continued to perform well in the fourth quarter as investors were encouraged by successful Phase 3 trials and regulatory approvals of COVID-19 vaccines from Pfizer and Moderna and a Brexit agreement. The Federal Reserve recommitted to the keeping policy rates accommodative at each of its policy meetings, with no rate increases expected at least until the end of 2023. Equity markets in the United States hit new records and front end credit spreads tightened to historical lows.

Closer to the end of the quarter, the U.S. government passed a \$900 billion relief bill which included aid to certain distressed sectors like transportation, education and healthcare bringing relief to the municipal markets. Municipal bonds slightly underperformed U.S. Treasury notes, with 1-3 year Municipal rates declining 0 to 1 basis point (0.00% to 0.01%) based on the Municipal Market Data (MMD) curve, whereas front end U.S. Treasury rates fell by 1 to 2 basis points (0.01% to 0.02%).

The Fund returned 0.10% in the fourth quarter, compared to 0.11% for the 75% ICE BofA Merrill Lynch 6-12 Month Municipal Securities Index and 25% ICE BofA Merrill Lynch 1-3 Year U.S. Municipal Securities Index, the Fund's benchmark. The Fund's performance was primarily driven by corporates as 1-3 year corporate spreads tightened by 23 basis points (0.23%) during the quarter to close the year at 35 basis points (0.35%) as measured by the Bloomberg Barclays 1-3 Year U.S. Corporate Index average option adjusted spread. The Fund's long to neutral duration positioning during the quarter helped performance.

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 12/31/20				Annualized Returns				Gross Expense Ratio	Net Expense Ratio
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*		
Tax-Advantaged Ultra-Short Fixed Income Fund	0.10%	1.51%	1.51%	1.80%	1.41%	1.10%	1.17%	0.27%	0.25%
75% ICE BofAML 6-12 Month Municipal Securities Index and 25% ICE BofAML 1-3 Year U.S. Municipal Securities Index	0.11%	1.37%	1.37%	1.70%	1.26%	0.94%	0.97%		

*Inception Date- 06/18/09

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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