

NORTHERN FUNDS

TAX-ADVANTAGED ULTRA-SHORT FIXED INCOME FUND (NTAUX)

As of 06/30/20

FUND COMMENTARY

The COVID-19 virus dominated the news flow. Central Bank policy remained highly accommodative to address the economic uncertainty. The Federal Reserve (Fed) kept policy rates between 0.00% and 0.25% and provided forward guidance that policy rates would remain highly accommodative until the end of 2022. The Fed purchased securities to support markets. Fiscal policy actions also helped support individuals and companies.

Risk markets improved considerably – corporates and municipal bonds were met with strong demand, resulting in spread tightening throughout the quarter. Municipal bonds strongly outperformed U.S. Treasury notes, with 2 year Municipal rates declining 81 basis points based on the Municipal Market Data (MMD) curve, whereas 2 year U.S. Treasury rates fell by 10 basis points (0.10%). U.S. Treasury rates were considerably less volatile, and moved lower in yield on data and Fed forward guidance.

The Fund returned 1.16% in the second quarter, compared to 0.97% 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 out performance was primarily driven by corporates as spreads tightened an unprecedented 188 basis points (1.88%) during the quarter. The Fund's curve positioning, owning more 1-3 year bonds than the benchmark, and slightly longer duration positioning of 1.04 years versus 0.97 years for the benchmark added value as yields fell during the quarter.

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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(NTAUX)

| Performance as of 06/30/20 | | | | 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 | 1.16% | 1.11% | 2.05% | 1.70% | 1.37% | 1.10% | 1.19% | 0.28% | 0.25% |
| 75% ICE BofAML 6-12 Month Municipal Securities Index and 25% ICE BofAML 1-3 Year U.S. Municipal Securities Index | 0.97% | 0.98% | 1.80% | 1.60% | 1.24% | 0.93% | 0.98% | | |

*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, 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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