

NORTHERN FUNDS

TAX-ADVANTAGED ULTRA-SHORT FIXED INCOME FUND

(NTAUX)

As of 12/31/19

FUND COMMENTARY

The Federal Reserve (Fed) cut interest rates by 25 basis points (0.25%) during the fourth quarter and cut rates a total of three times during 2019. Sources of volatility throughout the year such as trade tariffs, monetary policy, Brexit, growth concerns and fear of a reduction in business investment abated in the final months of the year. Financial markets are now discounting further Fed action given some easing in downside risk to the economy and the U.S. presidential election.

The municipal bond market rallied (yields fell) during the quarter as demand outpaced supply. Tax-exempt municipal yields as measured by Municipal Market Data (MMD) fell 21 basis points (0.21%) in 1-3 year maturities, while one-year Treasury yields fell by 18 basis points (0.18%), two-year Treasury yields fell by 5 basis points (0.05%) and three-year Treasury yields rose by 5 basis points (0.05%). Strong demand for municipal bonds drove yields lower (prices higher), leading to a municipal bond outperformance versus Treasury notes.

The Fund returned 0.53% in the fourth quarter, compared to 0.48% 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 corporate bond holdings added yield, after taxes are considered, and appreciated as spreads tightened 5 basis points (0.05%), although the appreciation was less than that of municipal bonds. The Fund's curve positioning, owning more 1-3 year bonds than the benchmark, and slightly longer duration positioning of 0.98 years versus 0.96 years for the benchmark added value as municipal yields fell (prices rose) 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 12/31/19				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	0.53%	2.51%	2.51%	1.58%	1.18%	1.07%	1.14%	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	0.48%	2.14%	2.14%	1.51%	1.07%	0.89%	0.93%		

*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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