

# NORTHERN FUNDS TAX-ADVANTAGED ULTRA-SHORT FIXED INCOME FUND (NTAUX)

As of 09/30/21

## FUND COMMENTARY

The Treasury curve steepened in the 1-3 year space throughout the quarter as 2 and 3-year Treasury yields rose with rate policy expectations. At their highly anticipated September meeting, the Federal Reserve left rates unchanged, though they indicated that they could begin tapering asset purchases before year-end. Northern Trust believes the Fed will deliver fewer rate increases—and later—than market pricing suggests. The ongoing debate in Washington over Congress raising the debt ceiling and the infrastructure bill, as well as uncertainty over Federal Reserve Chair Powell being re-nominated for the position amidst focus on the Federal Reserve President's trading activities, impacted investor sentiment towards the end of the quarter. However, demand remained strong and short end credit spreads as measured by the Bloomberg 1-3 Year option adjusted spread (OAS) were unchanged at 32 basis points (0.32%), quarter over quarter.

The Fund slightly outperformed its benchmark in the quarter. Performance was positively impacted by the holdings of taxable securities, due to additional income and price appreciation on spread tightening. Our curve exposure, owning 2-3 year Municipal securities, was also additive to performance, as one year rates rose, but 2-3 year rates held steady.

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

Performance as of 09/30/21				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Tax-Advantaged Ultra-Short Fixed Income Fund	0.02%	0.19%	0.29%	1.54%	1.29%	1.04%	1.12%	0.27%	0.25%
75% ICE BofA 6-12 Month Municipal Securities Index and 25% ICE BofA 1-3 Year U.S. Municipal Securities Index <sup>1</sup>	-0.01%	0.23%	0.34%	1.46%	1.22%	0.87%	0.93%		

\*Inception Date- 06/18/09

<sup>1</sup>ICE BofA 6-12 Month Municipal Securities Index tracks the performance of U.S. dollar denominated, investment-grade, tax-exempt debt, publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. Qualifying securities must have at least six months and less than 12 months remaining term to final maturity, a fixed coupon schedule, and an investment-grade rating (based on an average of Moody's, S&P and Fitch). It is not possible to invest directly in an index. ICE BofA 1-3 Year US Municipal Securities Index tracks the performance of U.S. dollar-denominated, investment-grade, tax-exempt debt, publicly issued by U.S. states and territories, and their political subdivisions, in the U.S. domestic market. Qualifying securities must have one to three years remaining term to maturity, a fixed coupon schedule, and an investment-grade rating (based on an average of Moody's, S&P and Fitch). 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, 2022.

**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.

Not FDIC insured | May lose value | No bank guarantee

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