

# NORTHERN FUNDS

## ULTRA-SHORT FIXED INCOME (NUSFX)

As of 03/31/21

### FUND COMMENTARY

The Treasury curve steepened during the first quarter as investors priced in additional fiscal stimulus and a better than expected vaccination rollout in the United States and its implications on monetary policy. Investors began to price in a greater likelihood of higher inflation in the near term as Congress passed a \$1.9 trillion economic aid package in addition to the \$900 billion that was passed in December. As Treasury rates increased, investors assessed the impact of higher rates on equities and corporate credit. While the stock market neared record highs as the quarter closed, short end credit spreads as measured by the Bloomberg Barclays 1-3 Year option adjusted spread (OAS) widened from 35 basis points (0.35%) to 41 basis points (0.41%) over the course of the quarter. The Federal Reserve recommitted to the keeping policy rates accommodative at each of its policy meetings, with no rate increases expected through the end of 2023.

The Fund returned -0.03% for the first quarter, compared to 0.07% for the ICE BofA Merrill Lynch 1-Year U.S. Treasury Note Index, the Fund's benchmark. The Fund's overweight to U.S. corporate credit contributed to performance. The Fund's longer duration detracted slightly to performance as yields along the curve rose throughout 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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## ULTRA-SHORT FIXED INCOME (NUSFX)

Performance as of 03/31/21				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Ultra-Short Fixed Income	-0.03%	-0.03%	3.29%	2.49%	1.98%	1.52%	1.58%	0.28%	0.25%
ICE BofAML 1-Year U.S. Treasury Note Index	0.07%	0.07%	0.17%	2.14%	1.52%	0.92%	0.91%		

\*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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