

NORTHERN FUNDS

ULTRA-SHORT FIXED INCOME (NUSFX)

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 outperformed its benchmark in the quarter. The Fund's overweight to both U.S. corporate credit and securitized products in the form of AAA-rated asset backed securities contributed to performance. The Fund's duration was longer than that of its benchmark, which detracted slightly from performance as short-term yields rose.

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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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
Ultra-Short Fixed Income	0.14%	0.36%	0.53%	2.22%	1.86%	1.54%	1.55%	0.29%	0.26%
ICE BofA 1-Year U.S. Treasury Note Index ¹	0.02%	0.11%	0.17%	1.88%	1.46%	0.89%	0.87%		

*Inception Date- 06/18/09

¹ICE BofA 1-Year U.S. Treasury Note Index is composed of a single issue: the outstanding Treasury note that matures closest to, but not beyond, one year from each monthly rebalancing date. 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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