

# NORTHERN INSTITUTIONAL FUNDS

## U.S. GOVERNMENT SELECT PORTFOLIO (BGSXX)

As of 03/31/22

### FUND COMMENTARY

Despite the Russian invasion of Ukraine, the Federal Open Market Committee (FOMC) began to reduce policy accommodation in an effort to lower inflation by increasing interest rates by 25 basis points (0.25%) at their March meeting. During the FOMC press conference, the Federal Reserve (Fed) Chairman Powell stressed that the Fed is “determined to use its tools to achieve price stability” and that the US economy can handle multiple rate hikes.

Prior to the Russian / Ukraine conflict, the money market fund industry had generally been shortening their weighted average maturities as they prepared for the Fed to begin increasing interest rates. The median dot in the Summary of Economic Projections submitted by FOMC members in March reflected 7 total hikes in 2022 which is well priced into the market. As a result, there continues to be a strong preference for floating rate paper over fixed rate securities.

We still do not expect the usage of the Federal Reserve's Overnight Reverse Repo Facility (RRP) to drop meaningfully until the balance sheet normalization process is well underway. Therefore there should continue to be a supply/demand mismatch and short government paper will likely continue to trade at or below the RRP rate.

We remain focused on principal preservation, liquidity, and yield, with particular attention on liquidity across our portfolios to accommodate any unexpected outflows.

[View investment terms definitions](#)

Not FDIC insured | May lose value | No bank guarantee

*You could lose money by investing in the Portfolio. All purchase and sale activity is being transacted at the Amortized Cost NAV of \$1.00. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Portfolio's sponsor has no legal obligation to provide financial support to the Portfolio, and you should not expect that the sponsor will provide financial support to the Portfolio at any time.*

**Please carefully read the summary prospectus or prospectus and consider the investment objectives, risks, charges and expenses of Northern Institutional Funds carefully before investing. Call 800-637-1380 to obtain a summary prospectus or prospectus, which contains this and other information about the Funds.**

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