

NORTHERN INSTITUTIONAL FUNDS

U.S. GOVERNMENT PORTFOLIO (BNGXX)

As of 06/30/23

FUND COMMENTARY

Volatility returned in Q2 2023 as the U.S. Treasury Federal Debt Ceiling approached but a deal was eventually reached in early June. Amid the uncertain risk backdrop, the Federal Open Market Committee (FOMC) raised rates once during the quarter by 25 basis points (0.25%) to a range of 5.00%-5.25% in May. The Committee paused in June, but the dot plot signaled more hikes on the horizon with most members seeing a year end Fed Funds rate of 5.6%. Markets dramatically lowered their expectations for rate cuts by year end following the June meeting. Finally, credit markets responded well to economic data during the quarter that pointed to a tight labor market implying a resilient consumer and indications that inflation continues to ease. Spreads broadly tightened, providing some relief to rising rates.

First quarter volatility helped fuel U.S. Money Market Fund growth, with Government Money Market Funds increasing from \$4.33 trillion to reach \$4.5 trillion by quarter end, according to data from the Investment Company Institute.

Throughout the quarter, NTAM managers were focused on managing duration by targeting a mix of both fixed as well as floating securities. During the quarter, Fund Managers added duration to the Money Market Funds, while keeping Northern Trust portfolio WAMs neutral to their peer groups.

[View investment terms definitions](#)

Basis Points (BPS) is a standard measure for interest rates and other percentages in finance. One basis point equals 0.01%.

Federal Open Market Committee (FOMC) is responsible for directing monetary policy through open market operations.

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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