

NORTHERN INSTITUTIONAL FUNDS

TREASURY PORTFOLIO (NITXX)

As of 03/31/21

FUND COMMENTARY

Downward pressure in the front-end of the yield curve continued in the quarter, driven by the looming debt ceiling deadline on the horizon and the lack of Treasury Bill (T-Bill) issuance. If the debt ceiling is not resolved by July 31st, then the Treasury cash balance account will need to be reduced from over \$1 trillion to \$130 billion, causing increased Reserves in the banking system. At the same time, the expiration of the Supplementary Leverage Ratio for banks on March 31, 2021 is anticipated to increase demand for money market funds. The lack of Treasury Bill (T-Bill) issuance was also a key driver of price action. More than \$300 billion in T-Bill paydowns occurred from the last week of February through quarter-end. Shorter-dated T-Bills continued to rally towards a 0 basis point (0.00%) yield and the 1-year T-Bill auction stopped at 7 basis points (0.07%) for the last 2 months - an all-time low.

Money market mutual fund net assets were \$4.5 trillion at quarter-end, which is a level not seen since September 2020. At the March Federal Open Market Committee (FOMC) meeting, the overnight reverse repo program counterparty limit was increased to \$80 billion from \$30 billion, serving as an outlet for money market funds. We do not anticipate further intervention from the Federal Reserve in regards to the rate paid on their Reverse Repo Facility (RRP) or Interest on Excess Reserves (IOER) while the Federal Funds Effective Rate remains above 5 basis points (0.05%).

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 before investing. Call 800-637-1380 to obtain a summary prospectus or prospectus, which contains this and other information about the Funds.

©2021 Northern Institutional Funds | Northern Institutional Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

