

NORTHERN FUNDS

TAX FACTS

2022

Northern Funds Tax Facts provides specific information about your Northern Funds investment income and capital gain distributions for 2022. If you have any questions about how to apply this information to your income tax returns, please consult a tax advisor. For questions about the data provided or about your Northern Funds accounts, please call **800-595-9111**.



ALTERNATIVE MINIMUM TAX

The Tax Reform Act of 1986 requires that interest income from certain municipal obligations called “private activity bonds” be included as a tax preference item for the Alternative Minimum Tax (AMT) computation on your federal tax return. Form 1099-DIV (box 13) reports the amount of tax-exempt interest that is subject to the AMT adjustment. The following table reports the percentage of the Fund’s distributions that are subject to the AMT. You may want to consult with a professional tax advisor to determine your exposure to the AMT.

TAX-EXEMPT FUNDS	% AMT
Arizona Tax-Exempt	1.28%
California Intermediate Tax-Exempt	10.75%
California Tax-Exempt	14.97%
High Yield Municipal	13.77%
Intermediate Tax-Exempt	7.54%
Limited Term Tax-Exempt	2.59%
Tax-Advantaged Ultra-Short Fixed Income	6.50%
Tax-Exempt	6.14%

FOREIGN TAXES

To avoid double taxation, you are entitled to claim a foreign tax credit or take an itemized deduction, as applicable, on your federal income tax return for the foreign taxes paid by the Emerging Markets Equity Index, Global Real Estate Index*, International Equity, International Equity Index, Active M Emerging Markets Equity, Multi-Manager Global Real Estate*, Multi-Manager Global Listed Infrastructure and Active M International Equity Funds during 2022. Generally, you will owe less federal income tax if you claim the foreign tax credit by filing IRS Form 1116. (For corporations, use Form 1118.)

Determining Your Credits & Deductions

Qualifying Foreign Taxes Paid: Form 1099-DIV (box 7) reports the foreign taxes paid. This is your qualifying foreign taxes paid used in Part II of Form 1116.

Gross Income from Sources Outside the U.S.: Multiply the “Foreign Source Income Factor” in the table below by the amount in box 1a of your Form 1099-DIV. This result is your gross income from sources outside the U.S. used in Part I of Form 1116.

For additional information, refer to IRS Publication 514, Foreign Tax Credit for Individuals, or call the Foreign Tax Credit Department of the IRS at 800-829-1040.

NORTHERN FUNDS	Foreign Source Income
Active M Emerging Markets Equity	96.82%
Active M International Equity	99.42%
Emerging Markets Equity Index	98.20%
International Equity	100.00%
International Equity Index	99.45%
Multi-Manager Global Listed Infrastructure	73.04%

*If you are an investor in the Global Real Estate Index Fund or the Multi-Manager Global Real Estate Fund, your Form 1099-DIV which will be used to report your Foreign Income Tax Credit, will be sent separately.

PERCENTAGE OF EXEMPT-INTEREST DIVIDENDS

The amount of dividends paid that may be excluded from gross income for federal income tax purposes is reported on Form 1099-DIV (box 12).

PERCENTAGE OF QDI AND DRD

Income & Capital Gain Distributions

Listed in this table are the annualized percentages of ordinary income distributed (dividend income and short-term gain) by the equity funds, as applicable, that can be treated as Qualified Dividend Income (QDI). For monthly, quarterly or annual information (as applicable) please see the 2022 Qualified Dividend Income information on northernfunds.com/tax-center.

Percentage of Dividends Eligible for the Corporate Dividends Received Deduction

Mutual fund dividends derived from certain domestic corporations may be eligible for the dividends received deduction (DRD) for corporations. A portion of the ordinary income distribution (dividend income plus short-term gain) paid in 2022 by the Funds listed below may qualify for this deduction. The table below shows the portion of annualized ordinary income distribution (dividend income plus short-term gain) attributable to such domestic corporations for each of the Funds for 2022. For monthly, quarterly or annual information (as applicable) please see the 2022 Corporate Dividends Received Deduction information on northernfunds.com/tax-center.

NORTHERN FUNDS	% of QDI ST Gain	% QDI	% DRD
Active M Emerging Markets Equity	—	100.00%	0.93%
Active M International Equity	—	100.00%	0.76%
Emerging Markets Equity Index	—	59.81%	0.34%
Global Real Estate Index	—	100.00%	0.49%
Global Sustainability Index	—	100.00%	61.23%
Global Tactical Asset Allocation	41.67%	41.67%	—
Income Equity	100.00%	100.00%	100.00%
International Equity	—	100.00%	—
International Equity Index	—	100.00%	—
Large Cap Core	98.12%	98.12%	95.51%
Large Cap Value	82.39%	82.39%	77.98%
Mid Cap Index	—	91.00%	88.11%
Multi-Manager Global Listed Infrastructure	—	92.08%	25.36%
Multi-Manager Global Real Estate	—	91.59%	1.55%
Multi-Manager High Yield Opportunity	—	0.29%	0.29%
Northern Engage360™	—	—	—
Small Cap Core	—	100.00%	100.00%
Small Cap Index	—	100.00%	96.33%
Small Cap Value	—	100.00%	100.00%
Stock Index	—	100.00%	97.00%
U.S. Quality ESG	100.00%	100.00%	100.00%

DIRECT U.S. GOVERNMENT & AGENCY OBLIGATIONS

Percentage of Dividends from Direct U.S. Government and Agency Obligations

In some states, mutual fund dividends derived from certain direct U.S. government and agency obligations may be exempt from state income taxes. A portion of the dividend income paid by Northern Funds during 2022 may qualify for this exemption. The table below shows

the percentage of dividends (the amount reported in box 1a of Form 1099-DIV) attributable to direct U.S. government and agency obligations for each of the Northern Funds during 2022.

NORTHERN FUNDS	U.S. Government	Federal Farm Credit Bank	Federal Home Loan Bank	Student Loan Marketing Association	Tennessee Valley Authority
MONEY MARKET FUNDS					
U.S. Government Money Market	10.61%	10.65%	5.00%	—	—
U.S. Government Select Money Market	13.51%	11.58%	6.84%	—	—
FIXED INCOME FUNDS					
Arizona Tax-Exempt	8.40%	7.60%	3.82%	—	—
Bond Index	28.09%	0.07%	0.25%	—	0.14%
California Intermediate Tax-Exempt	5.39%	4.87%	2.45%	—	—
California Tax-Exempt	8.47%	7.66%	3.85%	—	—
Core Bond	26.78%	0.09%	0.04%	—	—
Fixed Income	17.27%	0.08%	0.04%	—	—
High Yield Fixed Income	0.08%	0.07%	0.04%	—	—
High Yield Municipal	3.68%	3.33%	1.67%	—	—
Intermediate Tax-Exempt Bond	4.00%	3.62%	1.82%	—	—
Limited Term Tax-Exempt Fund	8.75%	7.92%	3.98%	—	—
Limited Term U.S. Govt. Fund	95.12%	0.38%	0.19%	—	—
Multi-Manager Emerging Markets Debt Opportunity	0.40%	0.36%	0.18%	—	—
Multi-Manager High Yield Opportunity	0.13%	0.12%	0.06%	—	—
Short Bond	7.27%	0.10%	0.22%	—	—
Tax-Advantaged Ultra-Short Fixed Income	0.93%	0.29%	0.20%	—	—
Tax-Exempt	3.48%	3.15%	1.58%	—	—
Ultra-Short Fixed Income	6.25%	0.21%	0.19%	—	—
U.S. Government	94.34%	0.50%	0.25%	—	—
U.S. Treasury Index	99.77%	0.03%	0.01%	—	—
EQUITY FUNDS					
Active M Emerging Markets Equity	0.40%	0.08%	0.04%	—	—
Active M International Equity	—	—	—	—	—
Emerging Markets Equity Index	0.08%	0.08%	0.04%	—	—
Global Real Estate Index	0.09%	0.04%	0.08%	—	—
Global Sustainability Index	0.08%	0.03%	0.07%	—	—
Global Tactical Asset Allocation	0.02%	0.02%	0.01%	—	—
Income Equity	0.09%	0.01%	0.03%	—	—
International Equity	0.03%	0.01%	0.03%	—	—
International Equity Index	0.01%	0.01%	—	—	—
Large Cap Core	0.12%	0.02%	0.05%	—	—
Large Cap Value	0.12%	0.01%	0.03%	—	—
Mid Cap Index	0.25%	0.04%	0.09%	—	—
Multi-Manager Global Listed Infrastructure	0.27%	0.06%	0.13%	—	—
Multi-Manager Global Real Estate	0.21%	0.10%	0.19%	—	—
Northern Engage360™	—	—	—	—	—
Small Cap Core	1.10%	0.26%	0.52%	—	—
Small Cap Index	0.45%	0.04%	0.08%	—	—
Small Cap Value	0.45%	0.09%	0.17%	—	—
Stock Index	0.22%	0.03%	0.06%	—	—
U.S. Quality ESG	0.21%	0.04%	0.09%	—	—

PERCENTAGE OF 163(J) INTEREST DIVIDEND

The Treasury Department and the Internal Revenue Service (IRS) have finalized regulations that permit regulated investment companies (RICs) to pass through interest income to corporate shareholders for purposes of determining such corporations' interest expense limitation under section 163(j). The final regulations provide a RIC's corporate shareholders with interest income rather than ordinary dividend income, potentially increasing the amount of interest expense the shareholders can deduct under the new limits implemented by the 2017 tax legislation commonly referred to as the "Tax Cuts and Jobs Act."

Listed below are the percentages of total ordinary income distributed by the fund during the 2022 calendar year (Box 1a Total on Form 1099) that can be treated as a 163(j) Interest Dividend.

NORTHERN FUNDS	163(j) Percentage
MONEY MARKET FUNDS	
U.S. Govt Money Market	100.00%
U.S. Govt Select Money Mkt	100.00%
FIXED INCOME FUNDS	
Arizona Tax-Exempt	100.00%
Bond Index	100.00%
California Intermediate Tax-Exempt	100.00%
California Tax-Exempt	99.98%
Core Bond	100.00%
Fixed Income	100.00%
High Yield Fixed Income	98.31%
High Yield Municipal	100.00%
Intermediate Tax-Exempt Bond	99.16%
Limited Term Tax-Exempt	99.85%
Limited Term U.S. Govt.	100.00%
Multi-Manager Emerging Markets Debt Opportunity	100.00%
Multi-Manager High Yield Opportunity	93.00%
Short Bond	98.66%
Tax-Advantaged Ultra-Short Fixed Income	100.00%
Tax-Exempt	100.00%
Ultra-Short Fixed Income	100.00%
U.S. Government	99.98%
U.S. Treasury Index	100.00%

NORTHERN FUNDS	163(j) Percentage
EQUITY FUNDS	
Active M Emerging Markets Equity	2.49%
Active M International Equity	2.00%
Emerging Markets Equity Index	0.95%
Global Real Estate Index	1.52%
Global Sustainability Index	0.73%
Global Tactical Asset Allocation	0.20%
Income Equity	0.37%
International Equity	0.26%
International Equity Index	0.03%
Large Cap Core	0.50%
Large Cap Value	0.38%
Mid Cap Index	1.06%
Multi-Manager Global Listed Infrastructure	1.41%
Multi-Manager Global Real Estate Fund	2.81%
Northern Engage360™	0.00%
Small Cap Core	11.14%
Small Cap Index	1.19%
Small Cap Value	2.46%
Stock Index	0.75%
U.S. Quality ESG	1.08%

LONG-TERM CAPITAL GAIN DISTRIBUTIONS

Listed in the table below are the long-term capital gain distributions per share made by each equity, fixed income and money market fund, as applicable. For more information about capital gain distributions, visit northernfunds.com/tax-center.

NORTHERN FUNDS	Capital Gains
Global Real Estate Index	0.000000
Global Sustainability Index	0.058472
Global Tactical Asset Allocation	0.506389
Income Equity	0.479603
International Equity	0.000000
Large Cap Core	0.672588
Large Cap Value	0.969473
Mid Cap Index	1.629689
Multi-Manager Global Listed Infrastructure	0.135250
Multi-Manager Global Real Estate Fund	0.013658
Northern Engage360™	1.892337
Small Cap Core	0.075093
Small Cap Index	1.243605
Small Cap Value	0.895205
Stock Index	1.243605
U.S. Quality ESG	0.370263

FOREIGN TAX CREDIT

The funds below intend to make an election that will allow shareholders to treat their proportionate share of foreign taxes paid by the Funds as having been paid by them. The amounts per share which represent taxes paid to foreign countries are as follows:

NORTHERN FUNDS	Payment Frequency	FTC
Active M Emerging Markets Equity	Annual	0.043842
Active M International Equity	Annual	0.030029
Emerging Markets Equity Index	Annual	0.040746
International Equity	Annual	0.025953
International Equity Index	Annual	0.036582
Multi-Manager Global Listed Infrastructure Q1	Quarterly	0.002138
Multi-Manager Global Listed Infrastructure Q2	Quarterly	0.009451
Multi-Manager Global Listed Infrastructure Q3	Quarterly	0.006061
Multi-Manager Global Listed Infrastructure Q4	Quarterly	0.004225

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You could lose money by investing in the Money Market Funds. Although each of the Money Market Funds seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The Funds' sponsor has no legal obligation to provide financial support to the Funds, and you should not expect that the sponsor will provide financial support to the Funds at any time.

