

NORTHERN FUNDS

SHORT BOND FUND

FIXED INCOME

MUTUAL FUND

AS OF 4Q19

Investment Objective

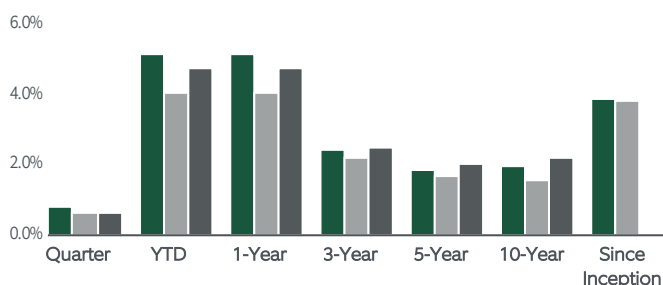
The Fund seeks to maximize total return (capital appreciation and income) with minimal reasonable risk.

Investment Approach

The Fund seeks to primarily invest in U.S. investment-grade debt securities with an average maturity, under normal circumstances, between one and three years. The Fund selects investments based on their relative value with a focus on total return.

INVESTMENT PERFORMANCE % — AS OF 12/31/19

- Northern Funds Short Bond Fund
- Bloomberg Barclays 1-3 Year U.S. Govt/Credit Index¹
- Morningstar Category Avg Short-Term Bond



Average Annual Returns

	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund	0.76	5.09	5.09	2.37	1.82	1.92	3.83
Benchmark ¹	0.59	4.03	4.03	2.15	1.67	1.54	3.79
Morningstar	0.61	4.72	4.72	2.46	2.00	2.18	—

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.

Northern Trust Investments, Inc. has contractually agreed to reimburse a portion of the operating expenses of the Fund (other than certain excepted expenses, i.e., acquired fund fees and expenses; the compensation paid to each Independent Trustee of the Trust; expenses of third party consultants engaged by the Board of Trustees; membership dues paid to the Investment Company Institute and Mutual Fund Directors Forum; expenses in connection with the negotiation and renewal of the revolving credit facility; and extraordinary expense and interest) to the extent the "Total Annual Fund Operating Expenses" exceed 0.40%. NTI also has contractually agreed to reimburse all of the Acquired Fund Fees and Expenses of the Fund attributable to the Fund's investments in affiliated non-money market investment companies. The "Total Annual Fund Operating Expenses After Expense Reimbursement" may be higher than the contractual limitation as a result of the excepted expenses that are not reimbursed. This contractual limitation may not be terminated before July 31, 2020 without the approval of the Board of Trustees. In the absence of contractual expense reimbursements, yield, total return, growth since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions. Please see back page for calendar year returns, index definitions and investment terms.

Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of Northern Funds before investing. Call 800-595-9111 to obtain a prospectus and summary prospectus, which contain this and other information about the funds.

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FUND OVERVIEW

	Fund
Benchmark/Index	Bloomberg Barclays 1-3 Year U.S. Govt/Credit Index ¹
Morningstar Category	Short-Term Bond
Inception Date	1/11/93
Total Net Assets	\$393.1 Million
Symbol/CUSIP	BSBAX
Dividend Schedule	Monthly
Expense Ratio - Gross (%)	0.45
Expense Ratio - Net (%)	0.40

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, 2020.

FUND CHARACTERISTICS

	Fund
Number of Holdings	249
30-Day SEC Yield w/ Waivers (%)	1.96
30-Day SEC Yield w/o Waivers (%)	1.92
Effective Duration	2.00 years
Average Maturity	2.53 years

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

NORTHERN FUNDS
SHORT BOND FUND

CALENDAR YEAR RETURNS %

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Short Bond Fund	5.09	0.68	1.39	1.81	0.19	0.59	0.59	3.07	2.27	3.69
Benchmark ¹	4.03	1.60	0.84	1.28	0.65	0.77	0.64	1.26	1.59	2.80
Morningstar Short-Term Bond	4.72	0.92	1.73	2.08	0.19	1.07	0.45	3.67	1.66	4.11

Performance quoted represents past performance and does not guarantee future results.

MATURITY DISTRIBUTION %

Maturity Range	Fund	Fund
0 — 1yr	12.4	4.5
1yr — 2yrs	36.9	3.5
2yrs — 3yrs	21.3	0.2
3yrs — 5yrs	21.2	

QUALITY DISTRIBUTION %

Quality Rating	Fund	Benchmark ¹
AAA	57.9	75.0
AA	2.7	4.1
A	10.8	11.0
BBB	17.4	9.9
BB	3.9	0.0
B	2.4	0.0
CCC	0.8	0.0
Cash & Cash Equivalents	4.1	0.0

SECTOR WEIGHTINGS %

Economic Sector	Fund	Benchmark ¹
Treasury	36.8	67.0
Industrial	18.8	12.2
Financial	16.3	9.9
Mortgage-Backed	12.1	0.0
Asset-Backed	7.6	0.0
Commercial MBS	6.9	0.0
Utilities	2.1	1.0
Agency	1.3	2.8
Foreign Agencies	0.9	2.4
Municipals	0.4	0.1
Supranational	0.1	3.5
Foreign Local Govt	0.0	0.6
Sovereign	0.0	0.5
Cash	-3.5	0.0

PORTFOLIO MANAGEMENT

MOUSUMI CHINARA*, CFA®

Began career in 2000 | With Northern Trust since 2019

Ms. Chinara received an MBA in finance from Goizueta Business School (Emory University). She is an active CFA® charterholder, and a member of the CFA® Institute and the CFA® Society Chicago.

BILAL MEMON*

Began career in 2004 | With Northern Trust since 2007

Mr. Memon received his B.A. in economics from The University of Chicago and his MBA in analytical finance and marketing management from The University of Chicago Graduate School of Business.

*Portfolio Manager added effective July 9, 2019.

DISCLOSURE AND RISKS

All data is as of date indicated and subject to change.

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.

DEFINITIONS

¹ Bloomberg Barclays 1-3 Year U.S. Government/Credit Index is an unmanaged index of securities issued by the U.S. government and corporate bonds with maturities of one to three years. It is not possible to invest directly in an index.

Characteristics: Benchmark and Fund analytics have been calculated using a third party vended model. All material has been obtained from sources believed to be reliable, but the accuracy, completeness and interpretation cannot be guaranteed. Information contained herein is current as of the date appearing in this material only and is subject to change without notice. Certain benchmark calculations may not match the published benchmark characteristics.

Distribution Calculations: All distribution calculations (Maturity Distribution, Sector Weightings and Quality Distribution) are measured on a trade date basis and are adjusted for uninvested cash from the market value used to compute the percentage calculations.

Effective Duration: Effective Duration measures percent change in price for 100 basis point parallel shift.

Quality Distribution: Credit quality ratings are based on Moody's, Standard & Poors and Fitch ratings. If ratings from all three rating agencies disagree, the security is assigned the middle rating. If two of the three agree, the security is assigned the rating from those two. If two of these rating agencies have assigned different ratings, the security is assigned the lower rating from those two. If none of these three rating agencies have assigned a rating, the security is assigned a rating of not rated. The ratings, expressed in Standard & Poors nomenclature, range from AAA (extremely strong capacity to meet its financial commitment) to D (in default). Short-term ratings, when applicable, are expressed in Standard & Poors nomenclature, range from A-1 (obligors capacity to meet its financial commitment on the obligation is strong) to A-3 (exhibits adequate protection parameters. The ratings represent the rating agencies opinions of the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality.

Cash & Cash Equivalents: includes committed cash, sweep vehicles and commercial paper with maturities of less than one year.

Cash: includes committed cash and sweep vehicles.

