

NORTHERN FUNDS

TAX FACTS

2021

Northern Funds Tax Facts provides specific information about your Northern Funds investment income and capital gain distributions for 2021. 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 12) reports the tax-exempt income that is subject to AMT. 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	0.19%
California Intermediate Tax-Exempt	9.72%
California Tax-Exempt	12.90%
High Yield Municipal	15.26%
Intermediate Tax-Exempt	5.72%
Municipal Money Market	—
Short-Intermediate Tax-Exempt	0.72%
Tax-Advantaged Ultra-Short Fixed Income	6.99%
Tax-Exempt	5.82%

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 2021. 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	98.85%
Active M International Equity	99.37%
Emerging Markets Equity Index	—
International Equity	85.48%
International Equity Index	—
Multi-Manager Global Listed Infrastructure	59.43%

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 10).

PERCENTAGE OF QDI AND DRD

Income & Capital Gain Distributions

For the 2021 calendar year, 100% of the dividends paid by the equity funds is taxable as ordinary income for federal income tax purposes. 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 2021 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 2021 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 2021. For monthly, quarterly or annual information (as applicable) please see the 2021 Corporate Dividends Received Deduction information on northernfunds.com/tax-center.

NORTHERN FUNDS	% of QDI ST Gain	% QDI	% DRD
Active M Emerging Markets Equity	1.21%	100.00%	0.05%
Active M International Equity	100.00%	100.00%	0.40%
Emerging Markets Equity Index	—	—	—
Global Real Estate Index	—	23.04%	0.38%
Global Sustainability Index	92.56%	92.56%	41.91%
Global Tactical Asset Allocation	—	48.46%	—
Income Equity	55.28%	55.28%	54.67%
International Equity	—	76.42%	—
International Equity Index	—	—	—
Large Cap Core	26.57%	26.57%	25.79%
Large Cap Value	34.97%	34.97%	33.95%
Mid Cap Index	36.24%	36.24%	35.32%
Multi-Manager Global Listed Infrastructure	93.65%	93.65%	25.82%
Multi-Manager Global Real Estate	19.81%	19.81%	0.54%
Multi Manager High Yield Opportunity	—	0.21%	0.23%
Northern Engage360™	80.71%	80.71%	22.34%
Small Cap Core	100.00%	100.00%	99.90%
Small Cap Index	44.56%	44.56%	42.75%
Small Cap Value	100.00%	100.00%	100.00%
Stock Index	88.82%	88.82%	85.52%
U.S. Quality ESG	39.55%	39.55%	38.06%

*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.

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 2021 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 2021.

NORTHERN FUNDS	U.S. Government	Federal Farm Credit Bank	Federal Home Loan Bank	Student Loan Marketing Association	Tennessee Valley Authority
MONEY MARKET FUNDS					
Money Market	6.60%	—	—	—	—
Municipal Money Market	—	—	—	—	—
U.S. Government Money Market	31.13%	11.48%	16.46%	—	—
U.S. Government Select Money Market	9.86%	28.89%	54.63%	—	—
FIXED INCOME FUNDS					
Arizona Tax-Exempt	6.87%	3.45%	4.57%	—	—
Bond Index	25.53%	0.04%	0.09%	—	0.12%
California Intermediate Tax-Exempt	2.14%	1.07%	1.42%	—	—
California Tax-Exempt	1.06%	0.53%	0.71%	—	—
Core Bond	11.35%	0.01%	0.01%	—	—
Fixed Income	5.96%	0.01%	0.01%	—	—
High Yield Fixed Income	—	—	—	—	—
High Yield Municipal	2.04%	1.02%	1.36%	—	—
Intermediate Tax-Exempt	0.10%	0.05%	0.07%	—	—
Multi-Manager Emerging Markets Debt Opportunity	—	—	—	—	—
Multi-Manager High Yield Opportunity	0.01%	—	—	—	—
Short Bond	6.84%	—	—	—	—
Short-Intermediate Tax-Exempt	1.50%	0.75%	1.00%	—	—
Short-Intermediate U.S. Government	59.05%	0.01%	0.01%	—	—
Tax-Advantaged Ultra-Short Fixed Income	1.47%	0.03%	0.04%	—	0.01%
Tax-Exempt	0.05%	0.03%	0.04%	—	—
Ultra-Short Fixed Income	5.06%	0.15%	0.01%	—	—
U.S. Government	75.66%	0.02%	0.03%	—	—
U.S. Treasury Index	100.00%	—	—	—	—
EQUITY FUNDS					
Active M Emerging Markets Equity	—	—	—	—	—
Active M International Equity	0.02%	—	0.01%	—	—
Emerging Markets Equity Index	0.01%	—	—	—	—
Global Real Estate Index	—	—	—	—	—
Global Sustainability Index	—	—	—	—	—
Global Tactical Asset Allocation	—	—	—	—	—
Income Equity	—	—	—	—	—
International Equity	—	—	—	—	—
International Equity Index	—	—	—	—	—
Large Cap Core	—	—	—	—	—
Large Cap Value	—	—	—	—	—
Mid Cap Index	—	—	—	—	—
Multi-Manager Global Listed Infrastructure	—	—	—	—	—
Multi-Manager Global Real Estate	—	—	—	—	—
Northern Engage360™	—	—	—	—	—
Small Cap Core	0.01%	—	—	—	—
Small Cap Index	0.01%	—	—	—	—
Small Cap Value	0.01%	—	—	—	—
Stock Index	0.01%	—	—	—	—
U.S. Quality ESG	—	—	—	—	—

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
Active M Emerging Markets Equity	3.422622
Active M International Equity	1.068469
Bond Index	0.050455
California Intermediate Tax-Exempt	None
California Tax-Exempt	0.035539
Core Bond	None
Income Equity	1.641784
Intermediate Tax-Exempt	0.015200
International Equity	None
Large Cap Core	2.435567
Large Cap Value	0.473096
Global Sustainability Index	0.756310
Global Tactical Asset Allocation	0.299251
Global Real Estate Index	None
Mid Cap Index	1.711164
Multi-Manager Global Listed Infrastructure	0.881002
Multi-Manager Global Real Estate	0.080612
Northern Engage360™	0.953506
Short-Intermediate Tax-Exempt	0.042027
Small Cap Core	4.356973
Small Cap Index	1.567762
Small Cap Value	3.189234
Stock Index	0.985777
Tax-Advantaged Ultra-Short Fixed Income	0.001015
Tax-Exempt	None
Ultra-Short Fixed Income	0.015360
U.S. Government	0.005180
U.S. Quality ESG	0.626082
U.S. Treasury Index	0.192310

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 International Equity	Annual	0.026941
Active M Emerging Markets Equity	Annual	0.053963
Emerging Markets Equity Index	Annual	—
International Equity	Annual	0.025774
International Equity Index	Annual	—
Global Real Estate Index Fund Q1	Quarterly	—
Global Real Estate Index Fund Q2	Quarterly	—
Global Real Estate Index Fund Q3	Quarterly	—
Global Real Estate Index Fund Q4	Quarterly	—
Multi-Manager Global Real Estate Fund Q1	Quarterly	—
Multi-Manager Global Real Estate Fund Q2	Quarterly	—
Multi-Manager Global Real Estate Fund Q3	Quarterly	—
Multi-Manager Global Real Estate Fund Q4	Quarterly	—
Multi-Manager Global Listed Infrastructure Q1	Quarterly	0.000886
Multi-Manager Global Listed Infrastructure Q2	Quarterly	0.004550
Multi-Manager Global Listed Infrastructure Q3	Quarterly	0.005912
Multi-Manager Global Listed Infrastructure Q4	Quarterly	0.009513

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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.

The Money Market Fund and the Municipal Money Market Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors.

