

NORTHERN FUNDS

TAX FACTS

2023

Northern Funds Tax Facts provides specific information about your Northern Funds investment income and capital gain distributions for 2023. 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	2.20%
California Intermediate Tax-Exempt	9.32%
California Tax-Exempt	14.34%
High Yield Municipal	16.32%
Intermediate Tax-Exempt	9.60%
Limited Term Tax Exempt	6.91%
Tax-Advantaged Ultra-Short Fixed Income	9.97%
Tax-Exempt	7.19%

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 2023. 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. If you do not receive a 1099-DIV form, the foreign tax credit per share information is available on northernfunds.com/tax-center

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	92.39%
Emerging Markets Equity Index	95.87%
International Equity	99.51%
International Equity Index	98.88%
Multi-Manager Global Listed Infrastructure	73.84%

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 2023 calendar year, 100% of the dividends paid by the fixed income 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 2023 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 2023 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 2023. For monthly, quarterly or annual information (as applicable) please see the 2023 Corporate Dividends Received Deduction information on northernfunds.com/tax-center.

NORTHERN FUNDS	% of QDI ST Gain	% QDI	% DRD
Active M Emerging Markets Equity	—	81.92%	1.31%
Active M International Equity	—	72.18%	0.24%
Emerging Markets Equity Index	—	30.40%	0.45%
Engage 360	—	52.26%	19.81%
Global Real Estate Index	—	34.78%	0.03%
Global Sustainability Index	—	100.00%	48.81%
Global Tactical Asset Allocation	—	28.09%	—
Income Equity	—	—	100.00%
International Equity	—	56.90%	—
International Equity Index	—	80.87%	—
Large Cap Core	—	100.00%	100.00%
Large Cap Value	—	42.03%	40.26%
Mid Cap Index	—	75.52%	73.09%
Multi-Manager Global Listed Infrastructure	—	100.00%	35.86%
Multi-Manager Global Real Estate	—	25.81%	0.49%
Multi Manager High Yield Opportunity	—	10.86%	10.86%
Small Cap Core	—	49.66%	45.77%
Small Cap Index	—	72.71%	65.77%
Small Cap Value	—	100.00%	100.00%
Stock Index	—	92.39%	88.72%
U.S. Quality ESG	—	95.49%	91.47%

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 2023 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 2023.

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	2.18%	7.96%	13.22%	—	—
U.S. Government Select Money Market	3.46%	8.90%	13.01%	—	—
FIXED INCOME FUNDS					
Arizona Tax Exempt	2.69%	7.96%	13.25%	—	—
Bond Index	35.10%	0.27%	0.51%	—	0.12%
California Intermediate Tax Exempt	1.83%	5.41%	9.01%	—	—
California Tax Exempt	2.45%	7.25%	12.06%	—	—
Core Bond	26.42%	0.19%	0.31%	—	—
Fixed Income	20.79%	0.15%	0.25%	—	—
High Yield Fixed Income	0.05%	0.11%	0.19%	—	—
High Yield Municipal	1.82%	5.39%	8.98%	—	—
Intermediate Tax Exempt Bond	2.05%	6.08%	10.12%	—	—
Limited Term Tax Exempt	2.69%	7.96%	13.25%	—	—
Limited Term U.S. Govt.	97.23%	0.12%	0.19%	—	—
Multi-Manager Emerging Markets Debt Opportunity	0.81%	0.34%	0.57%	—	—
Multi-Manager High Yield Opportunity	0.06%	0.19%	0.32%	—	—
Short Bond	49.08%	0.15%	0.24%	—	—
Tax-Advantaged Ultra Short Fixed Income	1.84%	1.42%	2.37%	—	—
Tax-Exempt	2.58%	7.62%	12.69%	—	—
Ultra Short Fixed Income	3.62%	0.28%	0.43%	—	—
U.S. Government	90.50%	0.26%	0.43%	—	—
U.S. Treasury Index	99.03%	0.08%	0.13%	—	—
EQUITY FUNDS					
Active M Emerging Markets Equity	0.46%	0.36%	0.60%	—	—
Active M International Equity	0.51%	0.35%	0.58%	—	—
Emerging Markets Equity Index	0.07%	0.21%	0.35%	—	—
Engage 360	0.51%	0.71%	1.17%	—	—
Global Real Estate Index	0.06%	0.18%	0.29%	—	—
Global Sustainability Index	0.10%	0.31%	0.51%	—	—
Global Tactical Asset Allocation	0.02%	0.05%	0.08%	—	—
Income Equity	0.17%	0.21%	0.13%	—	—
International Equity	0.01%	0.04%	0.06%	—	—
International Equity Index	0.01%	0.02%	0.03%	—	—
Large Cap Core	0.18%	0.13%	0.22%	—	—
Large Cap Value	0.08%	0.05%	0.09%	—	—
Mid Cap Index	0.30%	0.21%	0.35%	—	—
Multi-Manager Global Listed Infrastructure	0.39%	0.41%	0.68%	—	—
Multi-Manager Global Real Estate	0.14%	0.41%	0.68%	—	—
Small Cap Core	0.57%	0.42%	0.69%	—	—
Small Cap Index	0.34%	0.11%	0.19%	—	—
Small Cap Value	0.60%	0.75%	0.45%	—	—
Stock Index	0.34%	0.26%	0.43%	—	—
U.S. Quality ESG	0.21%	0.17%	0.29%	—	—

***Will be provided later.

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 2023 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	100.00%
Core Bond	100.00%
Fixed Income	100.00%
High Yield Fixed Income	100.00%
High Yield Municipal	100.00%
Intermediate Tax Exempt Bond	100.00%
Limited Term Tax Exempt	100.00%
Limited Term U.S. Govt.	100.00%
Multi-Manager Emerging Markets Debt Opportunity	97.47%
Multi-Manager High Yield Opportunity	89.84%
Short Bond	100.00%
Tax-Advantaged Ultra Short Fixed Income	100.00%
Tax-Exempt	100.00%
Ultra-Short Fixed Income	100.00%
U.S. Government	96.18%
U.S. Treasury Index	100.00%
EQUITY FUNDS	
Active M Emerging Markets Equity	5.13%
Active M International Equity	6.54%
Emerging Markets Equity Index	3.04%
Engage 360	7.97%
Global Real Estate Index	2.88%
Global Sustainability Index	4.61%
Global Tactical Asset Allocation	0.57%
International Equity	0.77%
International Equity Index	0.45%
Large Cap Core	1.79%
Large Cap Value	0.69%
Mid Cap Index	2.83%
Multi-Manager Global Listed Infrastructure	9.09%
Multi-Manager Global Real Estate	5.09%
Small Cap Core	5.26%
Small Cap Index	0.83%
Stock Index	3.48%
U.S. Quality ESG	2.24%

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](https://www.northernfunds.com/tax-center).

NORTHERN FUNDS	Capital Gains
Active M International Equity	0.434841
Engage 360	0.100946
Global Real Estate Index	0.000000
Global Sustainability Index	0.000000
Income Equity	0.681326
International Equity	0.000000
Large Cap Core	1.865371
Large Cap Value	0.006718
Mid Cap Index	1.248669
Multi-Manager Global Listed Infrastructure	0.017341
Multi-Manager Global Real Estate	0.000000
Small Cap Core	1.216779
Small Cap Index	0.057030
Small Cap Value	1.064978
Stock Index	1.697952
U.S. Govt Money Market	0.000001
U.S. Govt Select Money Market	0.000000
U.S. Quality ESG	0.000000

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	0.037159
Active M International Equity	Annual	0.039735
Emerging Markets Equity Index	Annual	0.031550
International Equity	Annual	0.027848
Multi-Manager Global Listed Infrastructure Q1	Quarterly	0.001401
Multi-Manager Global Listed Infrastructure Q2	Quarterly	0.008520
Multi-Manager Global Listed Infrastructure Q3	Quarterly	0.003948
Multi-Manager Global Listed Infrastructure Q4	Quarterly	0.008769

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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.

