

NORTHERN FUNDS

ACTIVE M INTERNATIONAL EQUITY FUND (NMIEX)

As of 12/31/19

FUND COMMENTARY

Non-US developed markets finished strong in 2019 with the MSCI World® ex USA IMI Index returning 8.36% in the fourth quarter, rounding out the year up 22.91%. The MSCI Europe IMI Index gained 9.62% for the quarter while the MSCI Pacific IMI Index was up 7.07%. The top contributors from a country perspective were Japan (up 7.73%) and the U.K. (up 11.38%), which not surprising given they are the two largest weighted countries in the MSCI World ex USA IMI Index. All sectors posted positive results for the quarter, with the best performers being information technology, health care and industrials. Although the lowest quintiles of price-to-book (P/B) and price-to-earnings (P/E) companies were the best performers for the quarter, growth still managed to edge out value with the MSCI World ex USA IMI Growth Index returning 8.58% versus the 8.09% of its value counterpart. Smaller cap stocks outpaced larger cap.

The Fund's 10.16% return outpaced its benchmark, the MSCI World ex USA IMI Index, which returned 8.36%. Stock selection was particularly strong within financials while holdings within consumer discretionary hindered performance. An overweight to the lowest quintiles of P/B and P/E companies and off benchmark exposure to the stronger performing emerging markets also contributed to results. Value sub-advisers Causeway and Wellington performed well as their focus on the lower end of the P/B and P/E scale helped. WCM's quality growth portfolio also added value, while the Fund's smaller cap sub-advisers, Victory and Brandes, underperformed.

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

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Performance as of 12/31/19				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Active M International Equity Fund	10.16%	22.93%	22.93%	11.02%	5.11%	4.60%	3.22%	0.91%	0.85%
MSCI World ex-USA IM Index	8.36%	22.91%	22.91%	9.49%	5.79%	5.66%	3.87%		

*Inception Date- 06/22/06

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.

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.

Not FDIC insured | May lose value | No bank guarantee

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

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