

NORTHERN FUNDS

ACTIVE M INTERNATIONAL EQUITY FUND (NMIEX)

As of 12/31/20

FUND COMMENTARY

Non-U.S. equity markets struggled to begin the fourth quarter as COVID-19 cases were on the rise, but as the news of the effectiveness of the Pfizer/BioNTech and Moderna vaccines hit, the markets quickly reversed. The MSCI World ex USA IM Index finished with its second highest quarterly return in just over a decade, rising 16.10%. Regionally, Europe led the way (MSCI Europe IMI, +16.40%), followed by the Pacific (MSCI Pacific IMI, +15.85%) and North America (MSCI Canada IMI, +13.92%). The U.K. and France were the biggest contributors in Europe while Switzerland lagged. The Pacific region was led by Australia while Japan was a bit of a drag. On a sector basis, those with more cyclical exposure led the way with one exception, energy. Energy was the top performing sector followed by financials, consumer discretionary, materials, industrials and information technology. Consumer staples and health care were the only two sectors to not post double-digit returns. For the quarter, small capitalization stocks outperformed large caps and value names outpaced growth.

The Fund performed well for the quarter, advancing 17.89% versus 16.10% return for its benchmark, the MSCI World ex USA IM Index. Stock selection drove the Fund's outperformance, particularly within the healthcare, information technology and financials sectors. The Fund's off-benchmark exposure to emerging markets also contributed positively as the region outperformed developed markets and stock selection within the region was strong. For the full calendar year period, the Fund gained 11.69% outperforming its benchmark return of 8.32%.

Three out of five of the Fund's sub-advisers outpaced the Fund's benchmark for the quarter. Value sub-advisers Causeway and Wellington performed well as value and cyclical stocks recovered, while WCM's quality growth portfolio kept pace with the market. Both small cap sub-adviser Victory and growth sub-adviser Polen faced style headwinds.

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 12/31/20				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	17.89%	11.69%	11.69%	5.80%	8.60%	4.56%	3.78%	0.91%	0.85%
MSCI World ex-USA IM Index	16.10%	8.32%	8.32%	4.34%	7.92%	5.43%	4.17%		

*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, 2021.

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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