

# NORTHERN FUNDS

## INCOME EQUITY FUND (NOIEX)

As of 06/30/20

### FUND COMMENTARY

The S&P 500 Index rebounded from the first quarter decline with one of largest quarterly rallies on record. Risk appetite rebounded as investors were confident that fiscal and monetary support had removed the worst case scenarios for the economy. The reopening of businesses in several states also buoyed investor sentiment. In addition, many economic indicators, including employment, consumer spending, manufacturing, and housing data appeared to have bottomed in the quarter. Continued low interest rates, declining credit spreads, and increasing commodity prices also supported the recovery in equity markets. Consumer discretionary was the best-performing sector in the quarter, as investors repurchased names in retail industries that were heavily impacted by shutdowns in the first quarter. The information technology sector also outperformed, as investors continued their preference for mega-cap growth names. Defensive sectors such as utilities and consumer staples underperformed, as investors sought out high volatility exposure in the risk-on rally.

The Income Equity Fund posted a total return of 19.18% in the second quarter, compared with 20.54% for the Fund's benchmark, the S&P 500 Index. The Fund's allocation to higher-dividend-yielding securities detracted from benchmark-relative performance, as high yielding stocks underperformed non-dividend-paying securities. The Fund's allocation to high-quality names added to performance, as high quality stocks outperformed low quality names. Stock selection within the financials and energy sectors added to performance. Selection within the communication services and materials sectors detracted from relative performance. Sector allocation detracted from relative performance; as the Fund was overweight the utilities and consumer staples sectors.

Looking ahead, we will continue to focus on identifying high-quality, dividend-paying companies. In this environment, we believe the importance of high quality company fundamentals will stand out and the strategy will benefit accordingly.. We will maintain our exposure to companies that exhibit prudent use of shareholder capital, focusing on total return. We believe the portfolio is well-positioned to provide an elevated level of income, generated from a diversified basket of stocks that offer opportunities to outperform over the long term.

**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 06/30/20				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Income Equity Fund	19.18%	-7.84%	1.13%	7.15%	8.25%	10.56%	8.49%	1.13%	1.01%
S&P 500 Index	20.54%	-3.08%	7.51%	10.73 %	10.73 %	13.99%	9.79%		

\*Inception Date- 04/01/94

**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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