

# NORTHERN FUNDS INTERNATIONAL EQUITY FUND (NOIGX)

As of 12/31/20

## FUND COMMENTARY

The MSCI World ex-USA Index ended the year with strong gains in the fourth quarter. Positive news surrounding COVID-19 vaccine development buoyed investor risk taking. Market volatility declined, while oil prices, interest rates, and inflation expectations moved higher. Cyclical sectors benefitted from the improving economic environment and investors returned to more value-oriented segments of the market. Energy and financials sectors were the best-performing, benefitting from rising commodity prices and interest rates. Defensive sectors, such as health care and consumer staples lagged the broader market.

The Fund underperformed its benchmark index for the quarter. High value (inexpensive) securities underperformed expensive names in the index during the quarter. The portfolio's preference for value stocks and an underweight to expensive stocks detracted from performance. High quality securities underperformed versus low quality securities. Overall, the allocation to quality detracted from performance. High momentum securities underperformed low momentum securities. Allocation effect from momentum was neutral in the quarter. Stock selection added to performance in materials and energy sectors and detracted from performance in consumer staples and industrials sectors. From a regional perspective, Japan detracted the most from performance as inexpensive securities underperformed the expensive securities emphasized in the Fund.

We expect the outlook for high-quality, inexpensive securities to remain positive given current valuation levels. We also believe the strategy's focus on high quality securities is positioned to withstand challenging economic scenarios and volatile market environments, as well as benefit from accommodative monetary policy and strong company fundamentals.

**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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# NORTHERN FUNDS INTERNATIONAL EQUITY FUND (NOIGX)

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
International Equity Fund	14.65%	1.64%	1.64%	0.20%	5.14%	3.62%	4.44%	0.66%	0.55%
MSCI World ex USA Index	15.85%	7.59%	7.59%	4.22%	7.64%	5.19%	5.40%		

\*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, 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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