

NORTHERN FUNDS

INTERNATIONAL EQUITY FUND (NOIGX)

As of 12/31/19

FUND COMMENTARY

After a short respite, global developed markets ended the year with a solid gain in the fourth quarter. While most of the year was marked by volatility, the fourth quarter saw many of the macro and geopolitical concerns subside. Trade tensions relaxed a bit as the U.S. and China agreed to introduce a “Phase One” deal that should remove some recently enacted tariff increases, action that is supportive of global growth. Investors gained more clarity regarding the BREXIT path after U.K Prime Minister Boris Johnson strengthened his position in the December general election. Additionally, central banks have remained accommodative across the globe including the U.S. Federal Reserve, which cut interest rates by 0.25% in October. The lower risk environment led to strong performance from riskier sectors such as- information technology and health care and weaker performance from more defensive sectors such as real estate and consumer staples. All but one developed market country was positive in the fourth quarter (Belgium), with the strongest returns coming from Europe and New Zealand.

The International Equity Fund posted a total return of 7.35% for the quarter, compared with 7.86% for the Fund’s benchmark, the MSCI World ex USA Index. The value factor was strong across global markets as investors tilted toward undervalued securities during the quarter. Inexpensive securities in the financials and materials sectors were the strongest contributors to relative performance. Within the health care sector, the more expensive growth-oriented securities detracted from performance. Investors’ shift away from defensive securities led to the underperformance of higher-quality securities, therefore, the Fund’s position in the high-quality factor detracted from performance. From a regional perspective, Japan and Europe detracted the most from performance as the low-quality securities underperformed the high-quality securities emphasized in the Fund.

By focusing on inexpensive, high-quality securities and prudent risk management, we believe the Fund can deliver attractive long-term performance. The Fund is favorably positioned as geopolitical concerns have subsided and investors refocus on company fundamentals and valuations.

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
International Equity Fund	7.35%	16.59%	16.59%	6.75%	3.52%	4.31%	4.55%	0.65%	0.51%
MSCI World ex USA Index	7.86%	22.49%	22.49%	9.34%	5.42%	5.32%	5.32%		

*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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