

NORTHERN FUNDS

LARGE CAP VALUE FUND (NOLVX)

As of 12/31/19

FUND COMMENTARY

The market capped off 2019 with a strong fourth quarter, rising more than 9% as measured by the S&P 500 Index. Trade tensions between the U.S. and China eased as a “Phase One” deal between the two nations was announced. Progress in trade talks along with steady economic numbers provided a tailwind for investor confidence. Credit spreads narrowed, oil prices moved higher, treasury yields increased, and the yield curve steepened during the quarter as investors embraced the risk-on environment. Health care was one of the best-performing sectors, benefitting from lower perceived political risk in the 2020 U.S. elections. Information technology and financials sectors also outperformed, aided by the positive trade outlook and steepening yield curve, respectively. Defensive and higher-yielding sectors such as a utilities, real estate, and consumer staples lagged the overall market, negatively impacted by rising bond yields and the increasing investor risk appetite.

The Large Cap Value Fund posted a total return of 7.48% for the quarter, compared with 7.41% for the Fund's benchmark, the Russell 1000 Value Index. The Fund's definition of value, which considers both contemporaneous as well as smoothed valuation ratios, led to strong stock selection among consumer discretionary and real estate sectors. A higher quality posture within inexpensive financial stocks also contributed to positive stock selection. Selection of higher quality utilities and health care stocks detracted from performance. Sector allocation was a slight contributor to performance; as the Fund was modestly overweight the health care, financials and information technology sectors.

Looking ahead, we will continue to seek exposure to a diverse group of high-quality, inexpensive companies. Following 2019's strong market rally, driven nearly entirely by price-earnings multiple expansion, we believe the importance of company fundamentals will stand out and the strategy should benefit over the near term as well the full market cycle.

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
Large Cap Value Fund	7.48%	25.94%	25.94%	9.05%	7.36%	9.67%	6.61%	0.81%	0.58%
Russell 1000 Value Index	7.41%	26.54%	26.54%	9.68%	8.29%	11.80%	7.33%		

*Inception Date- 08/03/00

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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