

NORTHERN FUNDS

SMALL CAP VALUE FUND (NOSGX)

As of 09/30/23

FUND COMMENTARY

The Russell 2000 Value Index modestly declined in the third quarter but outperformed its growth small cap counterpart as well as larger capitalization indexes. The small cap value index outperformed as rising interest rates and oil prices weighed on investor sentiment. The continued strong employment data combined with minimal improvement in inflation levels pushed Federal Reserve estimates of short term interest rates to stay higher for longer than previously expected. Financial conditions deteriorated late in the quarter as the 10 year US Treasury yield rose to levels not seen since prior to the Financial Crisis, while credit spreads widened and the US Dollar index rose. In the Russell 2000 Value index, energy was the best performing sector, benefiting from rising oil prices. Health care, technology and utility sectors lagged.

The Northern Small Cap Value Fund modestly outperformed its benchmark, the Russell 2000 Value Index. Sector selection was hurt by a modest underweight to the outperforming energy sector and a small overweight to the underperforming tech sector. Stock selection was the primary source of excess returns and was stronger in the industrials and health care sectors, but weaker stock picks were present in the materials and communications sectors. Quality, to which the Fund is biased, outperformed, helped by the tightening financial and monetary conditions. More defensive sentiment by the market also helped the Fund's relative results due to the underperformance of stocks with higher volatility and lower profitability characteristics. However, the strong performance of the underweighted deep valued stocks detracted somewhat from overall excess returns.

Going forward, consistent with our long-term approach, we will continue to seek more reasonably priced, more profitable small-company stocks and avoid lower quality companies. We continue to apply our disciplined cost- and risk-efficient investment Fund, balancing return, risk, and transaction costs, in an effort to achieve intended objectives.

Please carefully read the summary prospectus or prospectus and consider the investment objectives, risks, charges and expenses of the Northern Funds carefully before investing. Call 800-595-9111 to obtain a summary prospectus or prospectus, which contains this and other information about the funds.

©2023 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.



NORTHERN FUNDS

SMALL CAP VALUE FUND (NOSGX)

Performance as of 09/30/23				Annualized Returns					
FUND	QTR	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross Expense Ratio	Net Expense Ratio
Small Cap Value Fund	-2.88%	1.11%	11.27%	13.41%	2.37%	6.09%	8.83%	1.14%	1.00%
Russell 2000 Value Index ¹	-2.96%	-0.53%	7.84%	13.32%	2.59%	6.19%	9.02%		

*Inception Date- 04/01/94

¹**Russell 2000® Value Index** measures the performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in an index.

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, 2024.

Derivatives Risk: The risk that derivatives may pose risks in addition to and greater than those associated with investing directly in securities, currencies and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the Fund. Derivatives are also subject to counterparty risk, which is the risk that the other party to the transaction will not perform its contractual obligations. The use of derivatives is a highly specialized activity that involves investment techniques and risks different from those associated with investments in more traditional securities and instruments.

Equity Risk: Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed-income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes.

Investment Style Risk: Value stocks are those that are undervalued in comparison to their peers due to adverse business developments or other factors. Value investing carries the risk that the market will not recognize a security's inherent value for a long time, or that a stock judged to be undervalued by a fund's adviser may actually be appropriately priced or overvalued. Value oriented funds will typically underperform when growth investing is in favor.

Sector Risk: The risk that companies in similar businesses may be similarly affected by particular economic or market events, which may, in certain circumstances, cause the value of securities of all companies in a particular sector of the market to decrease.

Please carefully read the summary prospectus or prospectus and consider the investment objectives, risks, charges and expenses of the Northern Funds carefully before investing. Call 800-595-9111 to obtain a summary prospectus or prospectus, which contains this and other information about the funds.

©2023 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.



NORTHERN FUNDS SMALL CAP VALUE FUND (NOSGX)

Small-Cap Risk: The risk that stocks of smaller companies may be subject to more abrupt or erratic market movements than stocks of larger, more established companies. Small companies may have limited product lines or financial resources, or may be dependent upon a small or inexperienced management group, and their securities may trade less frequently and in lower volume than the securities of larger companies, which could lead to higher transaction costs.

Value Risk: Value stocks are those that are undervalued in comparison to their peers due to adverse business developments or other factors. Value investing carries the risk that the market will not recognize a security's inherent value for a long time, or that a stock judged to be undervalued by a fund's adviser may actually be appropriately priced or overvalued. Value oriented funds will typically underperform when growth investing is in favor.

Not FDIC insured | May lose value | No bank guarantee

Please carefully read the summary prospectus or prospectus and consider the investment objectives, risks, charges and expenses of the Northern Funds carefully before investing. Call 800-595-9111 to obtain a summary prospectus or prospectus, which contains this and other information about the funds.

©2023 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

