

# NORTHERN FUNDS

## SMALL CAP INDEX FUND (NSIDX)

As of 12/31/19

### FUND COMMENTARY

In the fourth quarter of 2019, small-cap equities as measured by the Russell 2000 Index (Fund Index) returned 9.94%, slightly outperforming large-cap equities as measured by the Russell 1000 Index, which returned 9.04%.

Within the Fund Index, the top-performing sectors over this time period were health care and information technology, returning 22.30% and 11.64%, respectively. Utilities and real estate were the worst-performing sectors for this quarter, with returns of -1.63% and 3.37%, respectively.

The Small Cap Index Fund returned 9.82% for the quarter, slightly below its benchmark, the Russell 2000 Index, which returned 9.94% for the quarter. 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 intrade 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 performed well, 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.

**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.**

©2020 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.



# NORTHERN FUNDS

## SMALL CAP INDEX FUND (NSIDX)

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
Small Cap Index Fund	9.82%	25.22%	25.22%	8.44%	8.08%	11.62%	7.89%	0.19%	0.15%
Russell 2000 Index	9.94%	25.52%	25.52%	8.59%	8.23%	11.83%	8.36%		

\*Inception Date- 09/03/99

**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.

**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.**

©2020 Northern Funds | Northern Funds are distributed by Northern Funds Distributors, LLC, not affiliated with Northern Trust.

