

NORTHERN FUNDS

SMALL CAP INDEX FUND (NSIDX)

As of 06/30/20

FUND COMMENTARY

In the second quarter of 2020, small-cap equities as measured by the Russell 2000 Index (Fund Index) returned 25.27%, outperforming large-cap equities as measured by the Russell 1000 Index, which returned 21.82%.

Within the Fund Index, the top-performing sectors over this time period were consumer discretionary and health care returning 57.76% and 31.92%, respectively. Utilities and financials were the worst performing sectors for this quarter with returns of -3.60% and 11.36%, respectively.

The Small Cap Index Fund returned 25.27% for the quarter, slightly below its benchmark, the Russell 2000 Index, which returned 25.42% for the quarter. The U.S. market saw a drastic turnaround in the second quarter of 2020 with the best quarterly return in over two decades. After a first quarter drawdown caused by a global fear of the COVID-19 virus locking down several regions of the globe, optimism prevailed in the second quarter on news of fiscal and monetary stimulus, pending treatments and economic reopening. Governments and central banks around the world announced unprecedented stimulus packages aimed to curb a global depression, while the U.S. Federal Reserve also kept interest rates near zero. Russia and Saudi Arabia in the middle of all the virus fear announced an oil trade war; this coupled with a drastic decrease in demand due to the economic shutdown caused global oil prices to crater in April with front-month futures actually trading at negative values for the first time ever. Credit spreads tightened due to the U.S. Federal Reserve announcing they were going to purchase corporate debt while treasury yields remained near an all-time low. Consumer Discretionary and Information Technology were the best-performing sectors, benefitting from perceived economic recovery. Energy and Materials sectors also outperformed, aided by the rebound in oil prices and manufacturing in the back half of the quarter. Utilities and Consumer Staples sectors lagged the overall market, as fears retreated of an extended virus threat to global economies.

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 06/30/20				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	25.27%	-13.21%	-7.03%	1.77%	4.10%	10.30%	6.96%	0.19%	0.15%
Russell 2000 Index	25.42%	-12.98%	-6.63%	2.01%	4.29%	10.50%	7.44%		

*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.

