

NORTHERN FUNDS

SMALL CAP INDEX FUND (NSIDX)

As of 09/30/21

FUND COMMENTARY

In the third quarter of 2021, small-cap equities as measured by the Russell 2000 Index (Fund Index) returned -4.36%, underperforming large-cap equities as measured by the Russell 1000 Index, which returned 0.21%.

Within the Fund Index, the top-performing sectors over this time period were energy and financials returning 1.92% and 1.42%, respectively. Communication services and health care were the worst performing sectors for this quarter with returns of -14.31% and -10.44%, respectively.

The Small Cap Index Fund returned -4.40% for the quarter, slightly below its benchmark, the Russell 2000 Index, which returned -4.36% for the quarter. Global equities posted their first quarterly loss since the pandemic decline. U.S. and developed ex- U.S. earnings growth mostly offset lower valuations, but emerging market (EM) earnings lagged. EM equities fell bogged down by China's regulatory clampdown and credit concerns. China has added a new act to the regulatory crackdowns they have selectively implemented over the past few years. After laying low for much of the past year, the Chinese government has ramped up its regulatory crackdown across several industries. This has investors rightly concerned. Developed ex-U.S. equities declined and U.S. equities were flat. Strong corporate profitability and easy monetary policy lifted developed equities, but concerns on peak growth, inflation and unwinding stimulus built a wall of worry in September.

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.

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SMALL CAP INDEX FUND (NSIDX)

Performance as of 09/30/21				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	-4.40%	12.29%	47.47%	10.27%	13.23%	14.43%	8.68%	0.19%	0.15%
Russell 2000 Index ¹	-4.36%	12.41%	47.68%	10.54%	13.45%	14.63%	9.14%		

*Inception Date- 09/03/99

¹**Russell 2000**[®] Index is an unmanaged index which measures the performance of the 2,000 smallest of the 3,000 largest U.S. companies, based on market capitalization. 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, 2022.

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.

Index Fund Risk: The performance of the Fund is expected to be lower than that of the Index because of Fund fees and expenses. It is important to remember that there are risks associated with index investing, including the potential risk of market decline, as well as the risks associated with investing in specific companies.

Small-Cap Risk: Small-capitalization funds typically carry additional risks since smaller companies generally have a higher risk of failure. Their stocks are subject to a greater degree of volatility, trade in lower volume and may be less liquid.

Not FDIC insured | May lose value | No bank guarantee

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