

Northern Funds SMALL CAP VALUE FUND

3Q2011

NOSGX/EQUITY

OVERALL MORNINGSTAR RATING™



among 308 small value funds derived from a weighted average of the fund's 3-, 5- and 10-year risk-adjusted returns as of 9/30/11*

FUND FACTS

Fund Objective: Capital Appreciation
Inception Date: April 1, 1994
Ticker Symbol: NOSGX
Gross Expense Ratio: 1.36%
Net Expense Ratio: 1.00%¹
Dividend Schedule: Annually
Benchmark: Russell 2000® Value Index
Morningstar Category: Small Value

FUND CHARACTERISTICS

Total Net Assets: \$1.4 billion
Number of Holdings: 569
Annual Portfolio Turnover: 17.94% (as of 3/31/11)
Weighted Average Market Cap (\$mil): \$1,201

	Fund	Benchmark ²
Trailing 12-month Price to Earnings Ratio	11.79	9.83
Price to Book Ratio	0.87	0.99

RISK CHARACTERISTICS

	Fund	Benchmark ²
Beta	0.93	1.00
Up Market Capture	92.56	100.00
Down Market Capture	94.15	100.00
Information Ratio	0.75	0.00

Above risk characteristics are based on 3-year time period.

FUND STRATEGY

- Follow a quantitative, active equity strategy to select stocks based on a statistical analysis of historical relationships among value characteristics, stock prices and market capitalization ranges.
- Use a screening process designed to reduce exposure to stocks with negative fundamental indicators.
- Maintain a highly diversified portfolio, consistent with small-cap value benchmarks, in an effort to reduce the risks associated with any specific stock or industry.

PERFORMANCE as of 9/30/11

FUND	ANNUALIZED						
	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
FUND	-19.09%	-14.99%	-2.04%	-0.82%	-1.24%	8.08%	8.36%
RUSSELL 2000® VALUE INDEX ²	-21.47%	-18.51%	-5.99%	-2.78%	-3.08%	6.47%	8.48%
MORNINGSTAR CATEGORY AVG SMALL VALUE	-20.98%	-17.58%	-5.21%	0.74%	-1.37%	7.24%	-

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 Advisor has agreed to reimburse certain expenses of the Fund. The contractual reimbursement arrangement is expected to continue until at least July 31, 2012. After this date, the contractual arrangements may be terminated if it is determined to be in the best interest of the Fund and its shareholders. In the absence of fee waivers, yield, total return, growth since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions.

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.

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.

Value Risk: Value-based investments are subject to the risk that the broad market may not recognize their intrinsic value.

¹ The Net Expense Ratio, as reported in the most recent prospectus, includes contractual expense reimbursements that, if not extended, will end on July 31, 2012.

Please see back page for calendar year returns, investment terms and index definitions.

*Past performance is no guarantee of future results. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.

Star ratings are based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The overall rating is a weighted average of the 3-, 5- and 10-year (if applicable) returns. 5 stars = top 10% of funds in an asset category; 4 stars = next 22.5% of funds; 3 stars = next 35%; 2 stars = next 22.5% and 1 star = next 10%. A fund must be in existence three years to be rated. Ratings are subject to change monthly. The Small Cap Value Fund received 3 stars for the 3-year rating among 308 small value funds, 3 stars for the 5-year rating among 259 funds and 4 stars for the 10-year rating among 147 funds.

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Northern Trust

NOT FDIC INSURED

May lose value/No bank guarantee

TOP 10 HOLDINGS

Company	Fund % of Net Assets
National Retail Properties Inc	0.9%
Idacorp Inc	0.8%
Rent-A-Center Inc	0.8%
Southwest Gas Corp	0.8%
Cash America International Inc	0.8%
Esterline Technologies Corp	0.8%
Triumph Group Inc	0.8%
Harleysville Group Inc	0.8%
Sensient Technologies Corp	0.7%
Hain Celestial Group Inc	0.7%
TOTAL	7.9%

SECTOR WEIGHTINGS

Economic Sector	Fund	Benchmark ²
Financials	34.5%	36.3%
Industrials	14.9%	14.4%
Consumer Discretionary	10.8%	11.4%
Information Technology	10.4%	11.1%
Utilities	7.8%	7.9%
Health Care	6.1%	5.3%
Materials	5.8%	5.0%
Energy	5.4%	4.8%
Consumer Staples	3.9%	3.1%
Telecommunication Services	0.4%	0.7%
TOTAL	100.0%	100.0%

ASSET ALLOCATION

Stocks	94.5%
Cash	5.5%
TOTAL	100.0%

All data is as of date indicated and subject to change.

PORTFOLIO MANAGER



ROBERT H. BERGSON | Began career in 1995
With Northern Trust since 1997

Mr. Bergson received a Bachelor of Architecture degree from Carnegie-Mellon University and an M.S. degree from Massachusetts Institute of Technology. He is a CFA charterholder and an Associated Person of the National Futures Association. He is also a member of the CFA Institute, the Society of Quantitative Analysts, the Investments Analysts Society of Chicago and the Chicago Quantitative Alliance.

CALENDAR YEAR RETURNS

	2010	2009	2008	2007	2006
FUND	24.61%	17.77%	-23.43%	-8.71%	20.28%
RUSSELL 2000® VALUE INDEX ²	24.50%	20.58%	-28.92%	-9.78%	23.48%
MORNINGSTAR CATEGORY AVG SMALL VALUE	26.17%	31.32%	-32.24%	-6.08%	16.27%

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A Conservative Investment Approach

Northern Trust has built a tradition of strength and stability in investment management. Markets fluctuate over time, but we have remained steadfast in our disciplined, risk-managed investment philosophy.

² **Russell 2000® Value Index** is an unmanaged index measuring the performance of those companies included in the Russell 2000® Index having lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in an index.

Trailing 12-month Price to Earnings Ratio: The sum of a company's price-to-earnings. Calculated by taking the current stock price and dividing it by the current earnings per share for the past 12 months.

Price to Book Ratio: A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current price of the stock by the latest quarter's book value per share.

Beta: Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark.

Up Market Capture: Measure of a manager's performance in up markets relative to the market.

Down Market Capture: Measure of a manager's performance in down markets relative to the market.

Information Ratio: A measure of risk-adjusted relative return.

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



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