

# NORTHERN INCOME EQUITY FUND (NOIEX) INVESTING WITH A FOCUS ON INCOME AND REDUCED VOLATILITY

*Volatility in the equity market has kept flows into U.S. equities muted. This may be the appropriate time to consider a diversified equity income investing strategy, which has the potential to provide long-term capital appreciation, help reduce risk in a larger portfolio and offer a competitive yield.*

## Potential to Grow Wealth

- Strong long- and short-term track record
- Favorable performance vs. peers
- Fund's equity bias vs. fixed-income may help protect purchasing power in times of inflation

## Competitive Performance with Less Risk

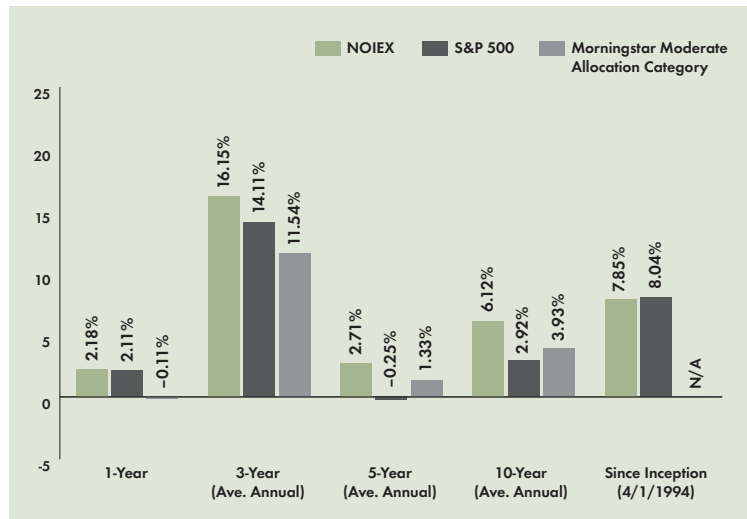
- Fund's inclusion of convertible securities has tended to lower volatility
- Historically less volatility than the S&P 500
- Fund has been tested through a variety of market cycles

## Attractive Current Yield

- Fund invests predominantly in income-producing securities
- Fund's ability to invest in convertible securities may increase overall yield potential
- Fund has paid dividends monthly since its inception

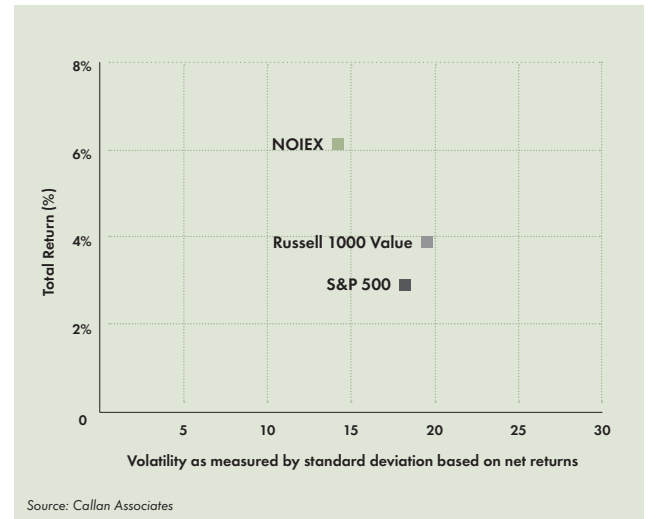
## HISTORICAL OUTPERFORMANCE VS. BENCHMARK AND PEERS

(ALL DATA AS OF 12/31/11)



## LOWER VOLATILITY OVER TIME VS. S&P 500 AND RUSSELL 1000 VALUE INDEX

(FOR THE 10-YEAR PERIOD ENDED 12/31/11)



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 December 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.

The Fund's gross expense ratio is 1.23% and the net expense ratio is 1.00%.

Standard deviation is a statistical measurement that sheds light on historical volatility. It measures how much variation there is from the average or expected value. A low standard deviation indicates that the data points tend to be very close to the average whereas high standard deviation indicates that the data are spread out over a large range of values.

CONTINUED



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Northern Trust



Jackie Benson, CFA is a vice president at Northern Trust. She has been a member of the Northern Income Equity Fund's management team since joining the firm in 2004. She was named co-portfolio manager in March 2007 and become the sole portfolio manager in May 2009. The strategy is directly supported by one dedicated investment professional as well as 15 equity research analysts and 14 fixed-income analysts.

## 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.

### OVERALL MORNINGSTAR RATING™<sup>1</sup>



Among 843 moderate allocation funds derived from a weighted average of the fund's 3-, 5- and 10-year risk-adjusted returns as of 12/31/11.

### MORNINGSTAR PERCENTILE RANKINGS

AS OF DECEMBER 31, 2011

	Percentile Rank	Absolute Rank Among Moderate Allocation Funds
1-Year	21 <sup>st</sup>	197 of 963
3-Year	3 <sup>rd</sup>	26 of 843
5-Year	16 <sup>th</sup>	117 of 736
10-Year	5 <sup>th</sup>	18 of 393

Morningstar percentile rankings are standardized rankings. The first (best) observation is a ranked observation where the largest numerical value is ranked 1; the worst or smallest numerical value is ranked 100. The rest of the observations are placed an equal distance from each other.

<sup>1</sup>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 Income Equity Fund received 5 stars for the 3-year rating among 843 moderate allocation funds, 3 stars for the 5-year rating among 736 funds and 4 stars for the 10-year rating among 393 funds.

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**S&P 500® Index** is an unmanaged index consisting of 500 stocks and is a widely recognized common measure of the performance of the overall U.S. stock market. It is not possible to invest directly in an index.

**Russell 1000® Value Index** is an unmanaged index which measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. It is not possible to invest directly in an index.

**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.

**High Yield Risk:** Although a high yield fund's yield may be higher than that of fixed income funds that purchase higher-rated securities, the potentially higher yield is a function of the greater risk that a high yield fund's share price will decline.

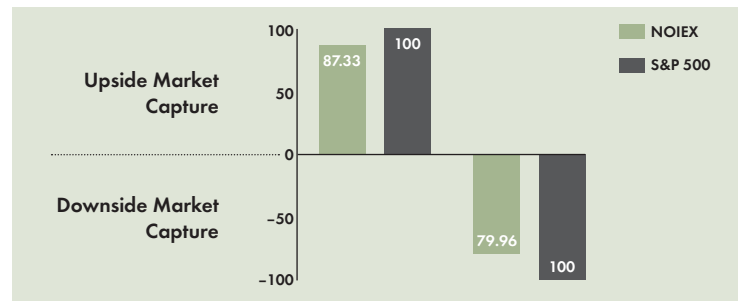
**Interest Rate Risk:** Increases in prevailing interest rates will cause fixed-income securities, including convertible securities, held by the Fund to decline in value.

**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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### FAVORABLE UPSIDE/DOWNSIDE MARKET CAPTURE\*

AS OF DECEMBER 31, 2011



\*Risk characteristics based on a 3-year time period.

**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.



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NOT FDIC INSURED

May lose value/No bank guarantee