

NORTHERN FUNDS



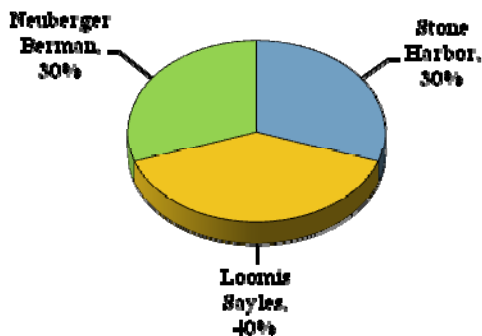
Northern Multi-Manager High Yield Opportunity Fund

3Q'11 Attribution & Performance

Must be preceded or accompanied by a current prospectus

Northern Multi-Manager High Yield Opportunity Fund (NMHYX)

Sub-Adviser Target Allocations



Strategy Objectives:

- Add value through the combination of sub-advisers who are specialists in their respective styles. This approach should isolate the security selection skills of the sub-advisers as the primary source of value added for the Fund over time.
- Leverage a disciplined and consistent research process to identify sub-advisers who show high probability of success.
- Maintain the target allocations of the sub-advisers while continuously monitoring the style and characteristics of the Fund and sub-advisers.
- *By properly combining sub-advisers, we can reduce low conviction bets such as style and size and focus the risk of the portfolio on higher conviction bets – the security selection skills of the sub-advisers.*

Portfolio Characteristics:

- Well diversified portfolio, benchmarked to the Merrill Lynch High Yield Master II Constrained Index.
- The Fund currently uses three sub-advisers with various investment approaches.
- Due to the diversification that characterizes the Fund, it may lag during unusually strong up markets while providing good capital preservation in down markets.
- Style characteristics are designed to be neutral to the Index.





Northern Multi-Manager High Yield Opportunity Fund (NMHYX)

Sub-Adviser	Target Allocation	Role in Portfolio
Stone Harbor Investment Partners, LP	30%	High-yield strategy focused on identifying attractive industries and sectors through relative value and in-depth qualitative and quantitative analyses while managing risk through issuer diversification. The portfolio will provide more consistent characteristics to the traditional high-yield sectors.
Loomis, Sayles & Company, LP	40%	Opportunistic high-yield strategy employing a bottom up investment approach focused on attractively priced credits. The portfolio will provide exposure to out-of-benchmark sectors. The portfolio is designed to provide competitive performance in a broad range of market environments.
Neuberger Berman Fixed Income Management LLC	30%	Traditional high-yield strategy focusing on credit selection within the benchmark sectors.





Glossary

Bond Risk: Bond funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in price, especially for longer-term issues and in environments of rising interest rates.

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.

Yield to Maturity: The rate of return an investor can expect from a bond at the purchased price if it is held to the maturity date. It is assumed that coupon payments can be reinvested at this same rate until maturity.

Average Coupon: The weighted average coupon rate of all securities in the portfolio. The coupon is the fixed payment portion of the security, or similarly, the rate of interest on the principal.

Effective Duration: Measures the sensitivity of a security or portfolio to changes in interest rates. Effective duration is often expressed in years. When a portfolio has longer duration, there is greater interest rate sensitivity and risk.

Average Life: The average number of years for which each dollar of unpaid principal on a bond remains outstanding. Once calculated, weighted average life tells how many years it will take to pay half of the outstanding principal.

Quality Distribution: Credit quality ratings are compiled from two external rating agencies: Moody's and Standard & Poor's. We report the lowest rating of the two in the event there are any differences between them. If neither of these rating agencies has assigned a rating, the Fund will assign a rating of NR (non-rated security). The ratings represent the rating agencies' opinions of the quality of the securities they rate. The ratings, expressed in Standard & Poor's nomenclature, range from AAA (extremely strong capacity to meet its financial commitment) to D (in default). Ratings are relative and subjective and are not absolute standards of quality.

For more information about the ratings provided by Moody's and Standard and Poor's, please visit their websites at www.moody.com and www.standardandpoors.com, respectively.

30-Day SEC Yield: The total amount of dividends and interest accrued in the past 30 days less fund expenses as a percentage of total fund assets. Yield will fluctuate as securities are purchased, sold and mature over time.

Merrill Lynch High Yield Master II Constrained Index: An unmanaged, market value-weighted index that limits exposure to any given issuer and tracks the public high yield debt market. It is not possible to invest directly in an index.

Sub-Advisor returns are calculated using the **True time-weighted returns (TTWR)** method which is based upon a time-weighted cash flow analysis and requires re-valuing the portfolio each time a net contribution occurs.





Northern Multi-Manager High Yield Opportunity Fund (NMHYX) Performance

Performance as of September 30, 2011						
	Month	Quarter	YTD	1 Year	Inception to Date	2010
Multi-Manager High Yield Opportunity Fund - Inception 9/23/09	-4.05	-7.66	-3.40	-0.80	6.23	12.81
Merrill Lynch High Yield Master II Constrained	-3.60	-6.33	-1.71	1.30	9.58	15.07
<i>Excess Return</i>	-0.44	-1.33	-1.69	-2.11	-3.35	-2.25
<i>Annual Expense Ratio: Gross, 1.18%; Net, 1.10%</i>						
Loomis Sayles - Inception 9/09	-5.15	-8.74	-3.60	-0.50	7.86	16.10
Merrill Lynch High Yield Master II Constrained	-3.60	-6.33	-1.71	1.30	9.58	15.07
<i>Excess Return</i>	-1.54	-2.41	-1.89	-1.80	-1.72	1.04
Neuberger Berman - Inception 7/11	-3.18	-7.21	--	--	-7.21	--
Merrill Lynch High Yield Master II Constrained	-3.60	-6.33	-1.71	1.30	-6.33	--
<i>Excess Return</i>	0.42	-0.88	N/A	N/A	-0.88	15.07
Stone Harbor - Inception 9/09	-3.34	-6.65	-1.96	0.91	7.66	13.41
Merrill Lynch High Yield Master II Constrained	-3.60	-6.33	-1.71	1.30	9.58	15.07
<i>Excess Return</i>	0.27	-0.32	-0.25	-0.39	-1.92	-1.65

Returns quoted represent past performance, which 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. Visit northernfunds.com for returns current to the most recent month-end. Since inception returns for periods greater than one year are annualized. Sub-adviser returns are represented gross of Fund expenses. Net expense ratio reflects voluntary expense reimbursements by the Fund's investment advisors that may be changed or terminated at any time. See the Appendix for additional disclosure about performance.

Redemption Fee: 2% on shares sold or exchanged within 30 days of purchase

Please see the Glossary slide for a discussion of the calculation method used for underlying sub-adviser performance.

The Fund benchmark is the Merrill Lynch High Yield Master II Constrained Index.



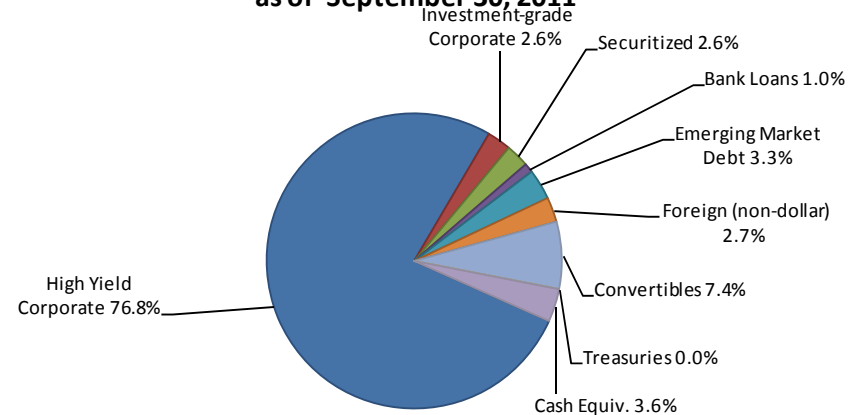
Northern Multi-Manager High Yield Opportunity Fund (NMHYX) Quarterly Performance Attribution

Sub-Adviser Target Allocations

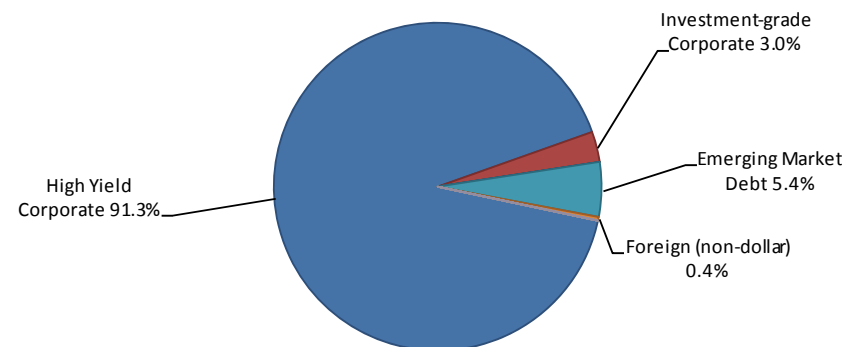


- The Northern Multi-Manager High Yield Opportunity Fund finished the quarter behind the Merrill Lynch High Yield Master II Index, returning -7.7% versus the benchmark return of -6.3%.
- The Fund has a material allocation to convertible bonds, due to Sub-Adviser Loomis Sayles. These securities delivered significantly negative results due to their equity sensitivity. In addition, security selection by both Stone Harbor and Loomis Sayles was a drag on returns.
- During the quarter, Sub-Adviser Neuberger Berman was added to the Fund with a 30% target allocation.

Multi-Manager High Yield Opportunity Fund as of September 30, 2011



Merrill Lynch High Yield Master II Constrained Index as of September 30, 2011



Source: BlackRock Solutions





Northern Multi-Manager High Yield Opportunity Fund (NMHYX)

Portfolio Characteristics

	High Yield Opportunity Fund	Merrill Lynch High Yield Master II Constrained Index
Yield to Maturity (%)	9.41	9.40
Average Coupon (%)	7.15	8.27
Effective Duration (Yrs)	4.43	4.43
Average Life (Yrs)	6.98	6.36
Number of Holdings	767	2230
30-Day SEC Yield (with waivers)	5.78	--
30-Day SEC Yield (without waivers)	5.70	--

5 Largest Holdings (ex Govt)	% of Fund
EXPORT IMPORT BANK MTN 144A	1.11%
INTEL CORP	0.90%
FORD MOTOR CREDIT CO LLC	0.79%
FRONTIER COMMUNICATIONS CORP	0.67%
CIENA CORP	0.67%
Total*	4.14%

*The "Total" column may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: BlackRock Solutions





Northern Multi-Manager High Yield Opportunity Fund (NMHYX) Sector & Quality Exposures

Sectors	High Yield Opportunity Fund	Merrill Lynch High Yield Master II Constrained Index	Over/Under
High Yield Corporate	76.8%	91.3%	-14.5%
Investment-grade Corporate	2.6%	3.0%	-0.4%
Securitized	2.6%	0.0%	2.6%
Bank Loans	1.0%	0.0%	1.0%
Emerging Market Debt	3.3%	5.4%	-2.0%
Foreign (non-dollar)	2.7%	0.4%	2.4%
Convertibles	7.4%	0.0%	7.4%
Equity	0.0%	0.0%	0.0%
Treasuries	0.0%	0.0%	0.0%
Cash Equiv.	3.6%	0.0%	3.6%
Total*	100.0%	100.0%	0.0%

Quality	High Yield Opportunity Fund	Merrill Lynch High Yield Master II Constrained Index	Over/Under
BBB>	10.1%	0.6%	9.5%
BB	23.0%	36.0%	-13.0%
B	42.8%	45.0%	-2.1%
CCC or below	22.9%	18.4%	4.5%
Not Rated	1.2%	0.0%	1.2%
Total*	100.0%	100.0%	0.0%

*The "Total" columns may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: BlackRock Solutions





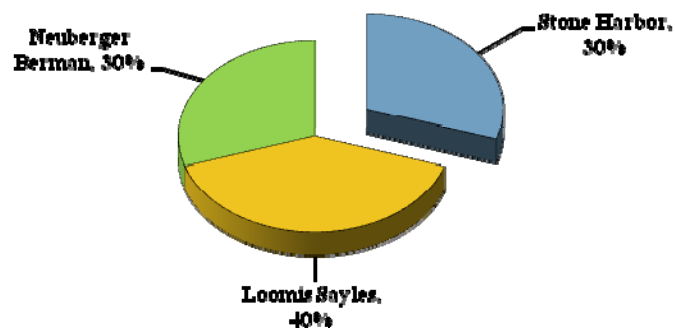
Sub-Adviser 3Q'11 Performance Review

- Stone Harbor Investment Partners, LP – Pages 10-12
- Loomis, Sayles & Company, LP – Pages 13-15
- Neuberger Berman Fixed Income Management LLC – Pages 16-18

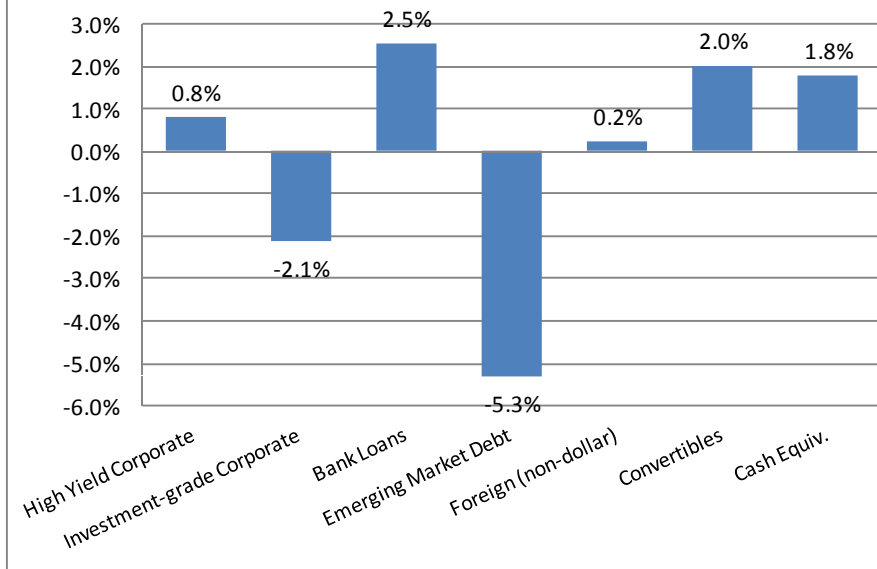


Stone Harbor Investment Partners Quarterly Performance Attribution

Sub-Adviser Target Allocations



Relative Over/(Under) Weights versus the Index



Source: BlackRock Solutions

- During the quarter, Stone Harbor underperformed the Merrill Lynch High Yield Master II Index by 0.3%.
- Issue selection detracted from relative performance while industry allocation added value. Selection within the telecom and chemicals was the weakest while positive in services and technology. Regarding industry allocations, underweight positions in banking and home builders added to excess returns. From a quality rating perspective, the portfolio's underweight to the BB-rated segment in favor of securities with a CCC rating & below detracted from relative performance. Issue selection within the CCC-rated market segment was positive, partially due to avoidance of the poorest quality bonds.
- Stone Harbor continues to believe that the global economy will grow, albeit at a slow pace. They believe that the high yield market is attractively valued at this time. High yield spreads are pricing in a default rate that they believe is too high, particularly given the credit improvement and balance sheet repair that has taken place for high yield issuers. They believe the portfolio is well positioned for the slow growth environment they anticipate.





Stone Harbor Investment Partners

Portfolio Characteristics

	Stone Harbor	Merrill Lynch High Yield Master II Constrained Index
Yield to Maturity (%)	9.41	9.40
Average Coupon (%)	8.18	8.27
Effective Duration (Yrs)	4.43	4.43
Average Life (Yrs)	6.65	6.36
Number of Holdings	364	2230

5 Largest Holdings (ex Govt)	% of Portfolio
TXU EXTENDED TL L + 450	1.35%
FRONTIER COMMUNICATIONS CORP	1.31%
HCA INC	1.24%
SPRINT CAPITAL CORPORATION	1.04%
VANGUARD HEALTH HOLDING CO I LL	0.97%
Total*	5.91%

*The "Total" column may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: BlackRock Solutions





Stone Harbor Investment Partners

Sector & Quality Exposures

Sectors	Stone Harbor	Merrill Lynch High Yield Master II Constrained Index	Over/Under
High Yield Corporate	92.1%	91.3%	0.8%
Investment-grade Corporate	0.9%	3.0%	-2.1%
Securitized	0.0%	0.0%	0.0%
Bank Loans	2.5%	0.0%	2.5%
Emerging Market Debt	0.1%	5.4%	-5.3%
Foreign (non-dollar)	0.6%	0.4%	0.2%
Convertibles	2.0%	0.0%	2.0%
Equity	0.0%	0.0%	0.0%
Treasuries	0.0%	0.0%	0.0%
Cash Equiv.	1.8%	0.0%	1.8%
Total*	100.0%	100.0%	0.0%

Quality	Stone Harbor	Merrill Lynch High Yield Master II Constrained Index	Over/Under
BBB>	2.9%	0.6%	2.3%
BB	10.0%	36.0%	-26.0%
B	57.2%	45.0%	12.3%
CCC or below	29.0%	18.4%	10.5%
Not Rated	1.0%	0.0%	1.0%
Total*	100.0%	100.0%	0.0%

*The "Total" columns may not sum exactly due to rounding.

Portfolio composition may change at any time.

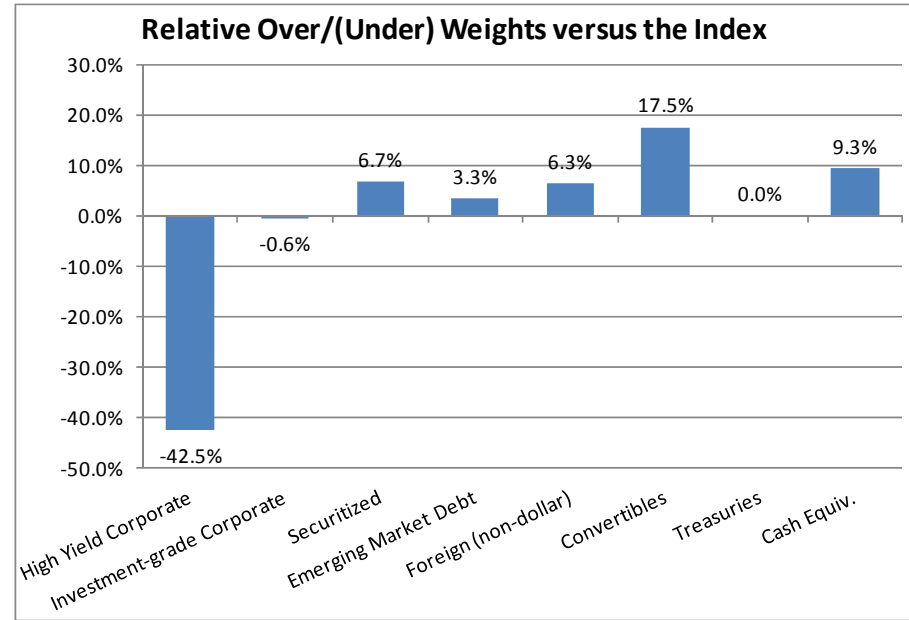
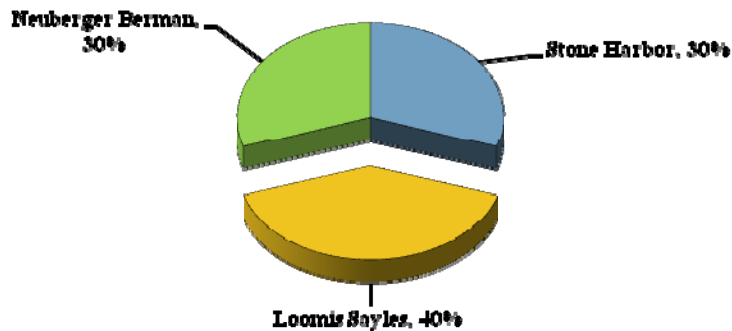
Source: BlackRock Solutions





Loomis Sayles Quarterly Performance Attribution

Sub-Adviser Target Allocations



Source: BlackRock Solutions

- During the quarter, Loomis underperformed the Merrill Lynch High Yield Master II Index by 2.4%.
- A majority of the portfolio's underperformance was attributable to the strategy's convertible bond exposure. Loomis has been adding modestly to equity sensitive converts as equity markets aggressively sold off during the quarter. Another key driver of underperformance during the quarter was the portfolio's lower quality bias within its high yield exposure. At the total portfolio level, Loomis is underweight the high yield area as they continue to find attractive opportunities outside that segment of the market.
- Loomis continues to find opportunities outside of the traditional high yield sector. This is supported by their overweight to converts which they believe have good upside potential. Loomis has also positioned the portfolio to benefit from U.S. growth. Overall, they view the monetary policy of central banks to be supportive of U.S. growth over the long run. Improving trade imbalances in the U.S. should further lift growth domestically.





Loomis Sayles

Portfolio Characteristics

	Loomis Sayles	Merrill Lynch High Yield Master II Constrained Index
Yield to Maturity (%)	9.41	9.40
Average Coupon (%)	5.75	8.27
Effective Duration (Yrs)	4.43	4.43
Average Life (Yrs)	7.71	6.36
Number of Holdings	269	2230

5 Largest Holdings (ex Govt)	% of Portfolio
EXPORT IMPORT BANK MTN 144A	2.93%
INTEL CORP	2.35%
CIENA CORP	1.76%
BRAZIL (FEDERATIVE REPUBLIC OF)	1.43%
EXPORT IMPORT BANK MTN 144A	1.39%
Total*	9.86%

*The "Total" column may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: BlackRock Solutions





Loomis Sayles Sector & Quality Exposures

Sectors	Loomis Sayles	Merrill Lynch High Yield Master II Constrained Index	Over/Under
High Yield Corporate	48.8%	91.3%	-42.5%
Investment-grade Corporate	2.4%	3.0%	-0.6%
Securitized	6.7%	0.0%	6.7%
Bank Loans	0.0%	0.0%	0.0%
Emerging Market Debt	8.7%	5.4%	3.3%
Foreign (non-dollar)	6.6%	0.4%	6.3%
Convertibles	17.5%	0.0%	17.5%
Equity	0.0%	0.0%	0.0%
Treasuries	0.0%	0.0%	0.0%
Cash Equiv.	9.3%	0.0%	9.3%
Total*	100.0%	100.0%	0.0%

Quality	Loomis Sayles	Merrill Lynch High Yield Master II Constrained Index	Over/Under
BBB>	22.9%	0.6%	22.3%
BB	20.9%	36.0%	-15.1%
B	28.8%	45.0%	-16.1%
CCC or below	25.2%	18.4%	6.7%
Not Rated	2.1%	0.0%	2.1%
Total*	100.0%	100.0%	0.0%

*The "Total" columns may not sum exactly due to rounding.

Portfolio composition may change at any time.

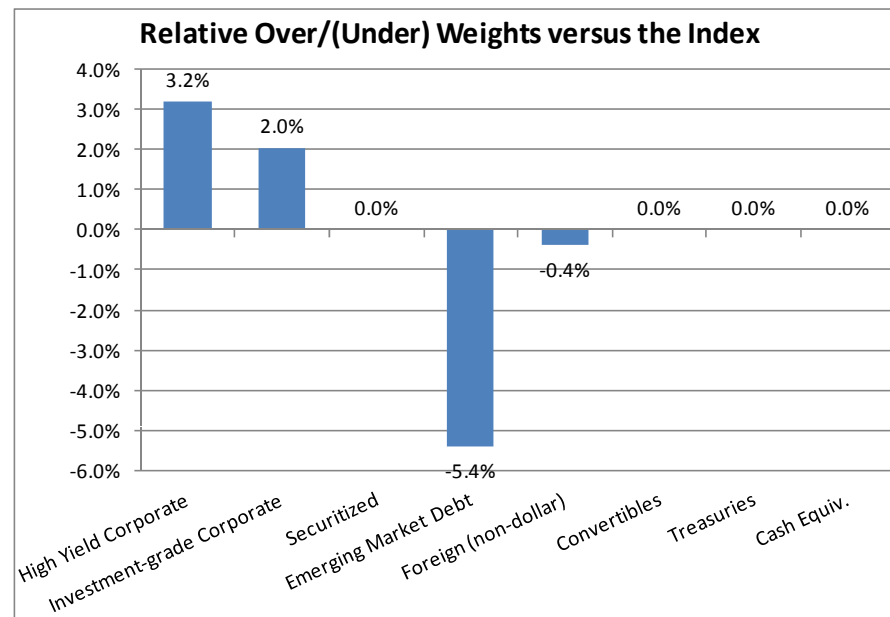
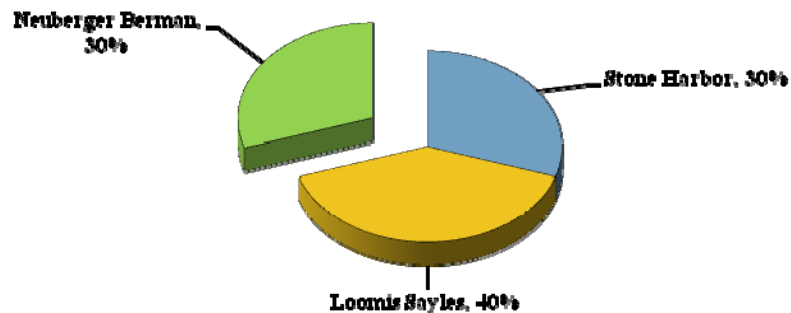
Source: BlackRock Solutions





Neuberger Berman Quarterly Performance Attribution

Sub-Adviser Target Allocations



Source: BlackRock Solutions

- During the quarter, Neuberger Berman underperformed the Merrill Lynch High Yield Master II Index by 0.9%.
- Most of the underperformance occurred in August as the portfolio was positioned for spread tightening. When volatility in the market picked up during the quarter, the largest, most liquid names sold off, which negatively impacted Neuberger's portfolio. Their lack of exposure to longer dated paper also detracted from performance. From a security selection perspective, hotel gaming paper added value while telecoms detracted. The portfolio's underweight to banks and materials and overweight to diversified financials helped relative results.





Neuberger Berman Portfolio Characteristics

	Neuberger Berman	Merrill Lynch High Yield Master II Constrained Index
Yield to Maturity (%)	8.91	9.40
Average Coupon (%)	7.92	8.27
Effective Duration (Yrs)	4.69	4.43
Average Life (Yrs)	6.38	6.36
Number of Holdings	235	2230

Security Level Positioning

5 Largest Holdings (ex Govt)	% of Portfolio
FORD MOTOR CREDIT CO LLC	2.82%
CIT GROUP INC 144A	1.64%
INTERNATIONAL LEASE FINANCE COR	1.47%
NRG ENERGY INC 144A	1.34%
CASE NEW HOLLAND INC	1.23%
Total*	8.50%

*The "Total" column may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: BlackRock Solutions





Neuberger Berman Sector & Quality Exposures

Quality	Neuberger Berman	Merrill Lynch High Yield Master II Constrained Index	Over/Under
BBB>	3.3%	0.6%	2.7%
BB	41.4%	36.0%	5.4%
B	42.7%	45.0%	-2.3%
CCC or below	12.6%	18.4%	-5.8%
Not Rated	0.0%	0.0%	0.0%
	Total*	100.0%	100.0%

Regions	Neuberger Berman	Merrill Lynch High Yield Master II Constrained Index	Over/Under
Europe ex UK	0.0%	0.0%	0.0%
UK	0.0%	0.0%	0.0%
Japan	0.0%	0.0%	0.0%
Pacific ex Japan	0.0%	0.0%	0.0%
North America	100.0%	99.6%	0.4%
Emerging Markets	0.0%	0.4%	-0.4%
Not Classified	0.0%	0.0%	0.0%
	Total*	100.0%	100.0%

*The "Total" columns may not sum exactly due to rounding.

Portfolio composition may change at any time.

Source: BlackRock Solutions





Appendix

- Disclosure of additional information



Appendix: Disclosures

- **Past performance does not guarantee future results.**
- Total return is based on net change in NAV, assuming reinvestment of all distributions. Since inception returns for funds less than one year old are not annualized. Sub-adviser returns are represented gross of Fund expenses. Returns of an index do not reflect the deduction of any management fees, transaction costs or other expenses. Direct investment in an index is not possible.
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- Portfolio sector and characteristics comparisons are provided to illustrate sector allocations and characteristics for each Fund/sub-adviser's strategy versus their respective benchmarks as of the date indicated. The information in this presentation reflects prevailing market conditions and our judgment as of this date, which are subject to change. In preparing this presentation we have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources.
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