

NORTHERN FUNDS



## Northern Multi-Manager Large Cap Fund

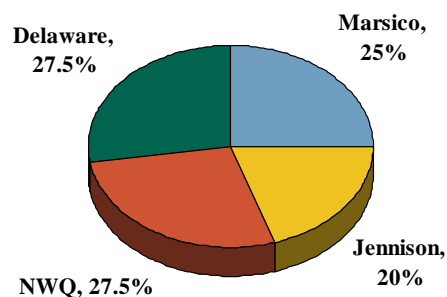
3Q'11 Attribution & Performance

*Must be preceded or accompanied by a current prospectus*



# Northern Multi-Manager Large Cap Fund (NMMLX)

## 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 stock 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 to ensure that the Fund equally balances growth and value objectives while maintaining size (capitalization) characteristics similar to the Fund's market benchmark.
- *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 stock picking skills of the sub-advisers.*

## Portfolio Characteristics:

- Well diversified portfolio, benchmarked to the Russell 1000 Index.
- The Fund currently uses four 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 Large Cap Fund (NMMLX)

<b>Sub-Adviser</b>	<b>Target Allocation</b>	<b>Role in Portfolio</b>
Jennison Associates	20.0%	Higher beta, more aggressive growth approach. Should provide strong upside during periods of market strength.
Marsico Capital Management	25.0%	Conservative growth strategy, seeking to take advantage of broad growth themes. The portfolio tends to have a beta less than one and will likely provide some downside protection when growth underperforms.
Delaware Investments	27.5%	Deeper value approach. Will tend to protect capital in difficult markets.
NWQ	27.5%	Opportunistic value portfolio. Will look at value in absolute terms providing flexibility to look in many pockets of the market. Portfolio offers a higher beta profile.





## Glossary

**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.

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**Weighted Average Market Capitalization:** a firm's closing stock price multiplied by the number of shares.

**% EPS Growth – past 5 years:** a 5 year annualized earnings growth rate. Earnings per share is a part of a company's profit which is allocated to an individual outstanding share of common stock. As viewed by the investor, it is the rate of earnings which are returned on the original investment made. Also known as EPS for short, the earnings per share can be used to indicate a corporation's financial profitability.

**Positive Trailing P/E:** the ratio of a firm's closing stock price and its trailing 12 months' earnings per share, excluding those companies with negative earnings. A P/E ratio is generally used to provide investors with a better understanding of a company's value.

**Price to Book:** 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. The higher the ratio, the higher the premium the market is willing to pay for the company above its hard assets.

**Russell 1000® Index:** An index that measures the performance of the 1,000 largest companies in the Russell 3000 Index. The Russell 1000 represents approximately 92% of the total market capitalization of the Russell 3000 Index. It is not possible to invest directly in an index.

**Russell 1000® Growth Index:** An index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. It is not possible to invest directly in an index.

**Russell 1000® Value Index:** An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in an index.

**Russell 3000® Index:** An index that measures the performance of the 3,000 largest U.S. companies based on total market capitalization. These companies represent approximately 98% of the investable U.S. equity market. It is not possible to invest directly in an index.

Sub-Adviser 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 Large Cap Fund (NMMLX) Performance

Performance as of September 30, 2011									
	Month	Quarter	YTD	1 Year	3 Years	Inception to Date	2010	2009	2008
<b>Multi-Manager Large Cap Fund - Inception 10/17/07</b>	-8.05	-15.51	-9.81	-0.15	2.63	-4.48	15.75	28.75	-36.48
Russell 1000	-7.46	-14.68	-9.25	0.91	1.61	-5.25	16.10	28.43	-37.60
<i>Excess Return</i>	-0.58	-0.83	-0.56	-1.05	1.03	0.77	-0.35	0.32	1.11
<i>Annual Expense Ratio: Gross, 1.20%; Net, 1.20%</i>									
<b>Jennison - Inception 10/07</b>	-7.55	-13.27	-6.13	4.52	5.72	-1.89	12.45	41.64	-36.84
Russell 1000 Growth	-7.37	-13.14	-7.20	3.78	4.69	-2.86	16.71	37.21	-38.44
<i>Excess Return</i>	-0.18	-0.14	1.07	0.74	1.03	0.97	-4.26	4.43	1.59
<b>Marsico - Inception 10/07</b>	-8.89	-16.56	-10.97	0.99	2.91	-3.49	19.50	31.87	-37.88
Russell 1000 Growth	-7.37	-13.14	-7.20	3.78	4.69	-2.86	16.71	37.21	-38.44
<i>Excess Return</i>	-1.52	-3.42	-3.77	-2.78	-1.78	-0.63	2.79	-5.34	0.56
<b>Delaware - Inception 10/07</b>	-4.31	-12.48	-3.49	6.20	5.08	-4.41	16.77	19.06	-33.94
Russell 1000 Value	-7.56	-16.20	-11.24	-1.89	-1.52	-7.74	15.51	19.69	-36.85
<i>Excess Return</i>	3.24	3.72	7.75	8.09	6.60	3.33	1.26	-0.63	2.90
<b>NWQ - Inception 2/11</b>	-11.04	-18.30	--	--	--	-15.21	--	--	--
Russell 1000 Value	-7.56	-16.20	-11.24	-1.89	-1.52	-13.21	15.51	19.69	-36.85
<i>Excess Return</i>	-3.48	-2.10	N/A	N/A	N/A	-2.00	N/A	N/A	N/A

Returns quoted represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may worth more or less than their original cost. Current performance may be lower or higher. Visit [northernfunds.com](http://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.

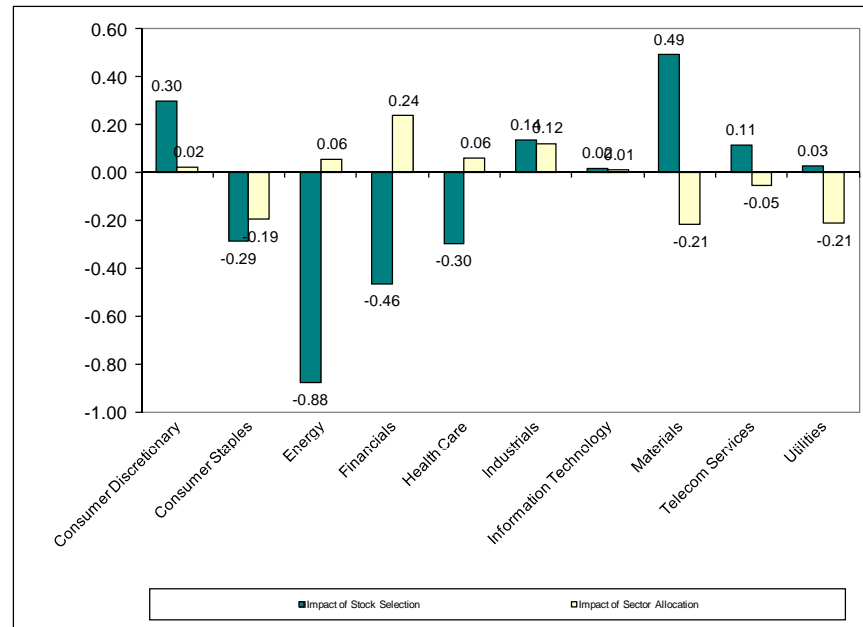
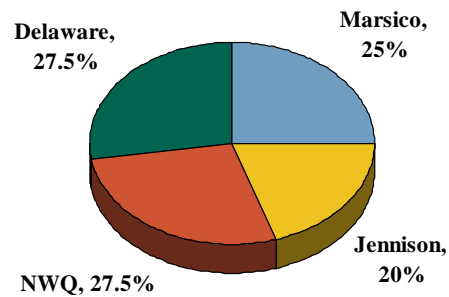
Please see the Glossary slide for a discussion of the calculation method used for underlying sub-adviser performance.

The Fund benchmark is the Russell 1000 Index. Sub-adviser benchmarks shown in the table above reflect individual investment approaches and are shown for illustrative purposes only.



# Northern Multi-Manager Large Cap Fund (NMMLX) Quarterly Performance Attribution

## Sub-Adviser Target Allocations



- The Northern Multi-Manager Large Cap Fund underperformed the Russell 1000 Index during the quarter with a return of -15.5% versus the benchmark return of -14.7%.
- During the quarter, stock selection in the material and consumer discretionary sectors were additive while energy and financial names detracted value. A combination of relatively weaker sector allocations and stock performance in consumer staples was also a drag on relative results.
- Sub-Adviser Delaware Investments was the strongest relative performer during the quarter, outperforming the Russell 1000 Value Index by over 350 basis points. Delaware's high allocation to consumer staples helped to insulate the portfolio, as did its significant underweight to financials. Growth Sub-Adviser Marsico Capital did not fare as well, underperforming its benchmark by over 300 basis points. Lack of exposure to traditionally defensive sectors combined with underperforming stocks in the energy and technology areas drove results.

Source: Wilshire Atlas





# Northern Multi-Manager Large Cap Fund (NMMLX)

## Portfolio Characteristics

	Large Cap Fund	Russell 1000 Benchmark
Wtd Avg Market Cap	\$52.5 Billion	\$77.2 Billion
% EPS Growth - Past 5 yrs.	6.39%	6.30%
Positive Trailing P/E	14.0x	13.0x
Price to Book	1.68x	1.81x
Number of Holdings	158	982

5 Largest Holdings	% of Fund
Apple Computer Inc	2.2%
Pfizer Inc	2.1%
Amazon Com Inc	1.8%
Motorola Inc	1.8%
Ca Inc	1.7%
Total*	9.7%

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

Portfolio composition may change at any time.

Source: Wilshire Atlas





## Northern Multi-Manager Large Cap Fund (NMMLX) Sector Exposure

Economic Sectors	Large Cap Fund	Russell 1000 Benchmark	Over/Under
Consumer Discretionary	18.6%	11.6%	7.0%
Consumer Staples	8.3%	10.6%	-2.3%
Energy	9.6%	11.1%	-1.4%
Financials	11.2%	14.2%	-3.0%
Healthcare	14.1%	12.1%	2.0%
Industrials	8.7%	10.4%	-1.7%
Information Technology	19.4%	18.9%	0.4%
Materials	5.6%	3.8%	1.7%
Telecom Services	2.2%	3.1%	-1.0%
Utilities	2.4%	4.1%	-1.7%
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: Wilshire Atlas



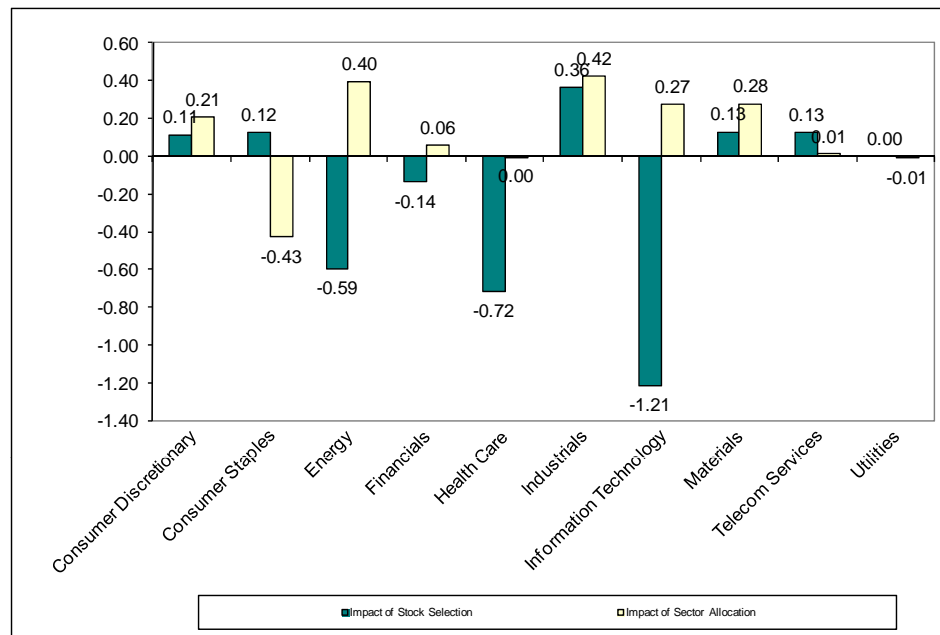
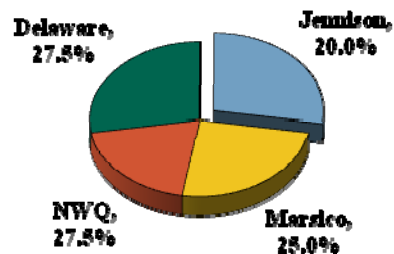


## Sub-Adviser 3Q'11 Performance Review

- Jennison Associates – Pages 10-12
- Marsico Capital Management – Pages 13-15
- Delaware Investments – Pages 16-18
- NWQ – Pages 19-21

# Jennison Associates Quarterly Performance Attribution

## Sub-Adviser Target Allocations



- During the quarter, Jennison underperformed the Russell 1000 Growth Index by 0.1%.
- Jennison’s sector positioning added value in most areas, with the exception of consumer staples, where they held an underweight allocation to this better performing sector. As energy stocks pulled back during the third quarter, Jennison benefitted from an underweight position to the sector while weaker stock selection dragged on results. An overweight allocation to technology was additive, but negative stock selection, particularly within internet and system software companies hurt relative results. The most meaningful source of excess return for the period came from the industrial sector where the portfolio benefitted from relatively good stock selection in conjunction with a modest underweight to this typically more cyclical category.
- Jennison’s view on the market hasn’t changed much over the last quarter where they believe an uncertain housing market and high unemployment will continue to constrain economic growth. Given these low growth expectations, the portfolio has lessened its exposure to companies that are more closely tied to global growth. Jennison will trim their revenue growth expectations should weakness persist into next year, but they remain cautiously optimistic that the market will return to fundamentals and the companies held in the portfolio will achieve above-average growth.

Source: Wilshire Atlas





# Jennison Associates Portfolio Characteristics

	Jennison	Russell 1000 Growth Index
Wtd Avg Market Cap	\$66.1 Billion	\$88.2 Billion
% EPS Growth - Past 5 yrs.	13.41%	11.91%
Positive Trailing P/E	20.5x	14.89x
Price to Book	4.41%	3.48%
Number of Holdings	70	590

5 Largest Holdings	% of Portfolio
Apple Computer Inc	5.5%
Amazon Com Inc	5.1%
Intl Business Mchn	3.3%
Mastercard Inc	2.9%
Google Inc	2.8%
<b>Total*</b>	<b>19.6%</b>

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

Portfolio composition may change at any time.

Source: Wilshire Atlas





# Jennison Associates

## Sector Exposure

Economic Sectors	Jennison	Russell 1000 Growth Index	Over/Under
Consumer Discretionary	25.2%	14.4%	10.8%
Consumer Staples	8.1%	13.0%	-4.9%
Energy	5.5%	10.3%	-4.8%
Financials	2.3%	3.8%	-1.5%
Healthcare	14.4%	11.0%	3.4%
Industrials	7.2%	12.1%	-4.9%
Information Technology	33.1%	28.9%	4.2%
Materials	2.7%	5.1%	-2.4%
Telecom Services	1.5%	1.2%	0.3%
Utilities	0.0%	0.1%	-0.1%
<b>Total*</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

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

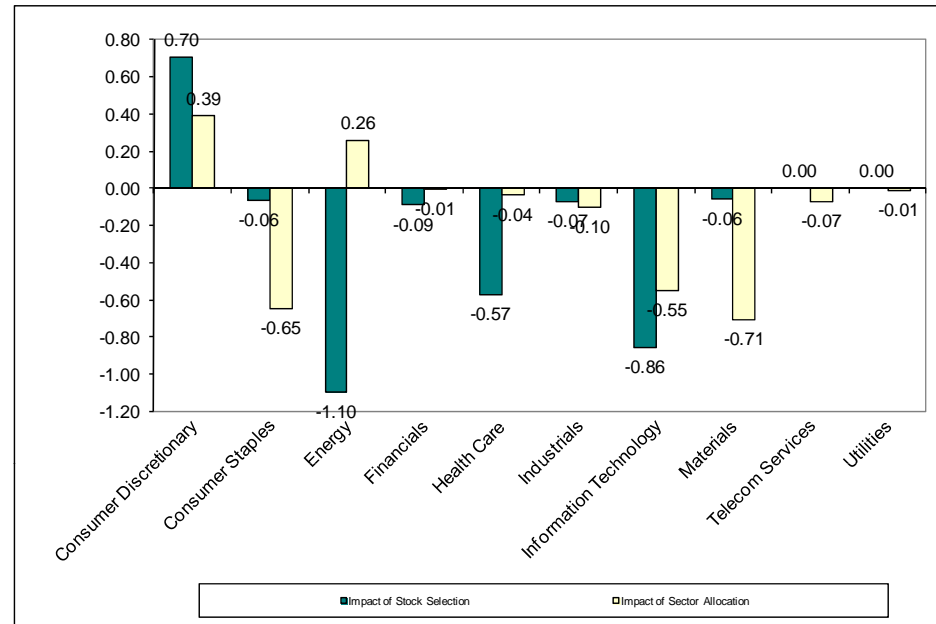
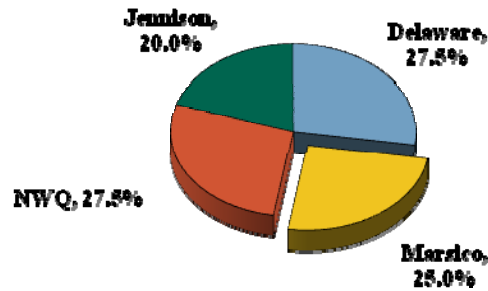
Portfolio composition may change at any time.

Source: Wilshire Atlas



# Marsico Capital Management Quarterly Performance Attribution

## Sub-Adviser Target Allocations



- During the quarter, Marsico underperformed the Russell 1000 Growth Index by 3.4%.
- Weak stock selection within the technology and energy sectors accounted for a substantial portion of the performance shortfall. Additionally, lackluster issue selection in the health care sector provided a performance challenge during the quarter. An underweight to consumer staples, one of the best performing sectors in the benchmark, and technology combined with an overweight to materials, weighed heavily on the relative results. Meanwhile, solid selection in the consumer discretionary sector helped offset some of the shortfall.
- Marsico believes that the record-high stock correlations that have persisted over the past several months will ease and individual fundamental attributes will eventually be recognized. As a result, stock prices should respond positively. The portfolio remains invested in a combination of sectors, industries, and companies associated with global growth and wealth creation. It also has investments in variety of more defensively-oriented companies with durable franchises and dependable revenue streams that they believe can produce solid earnings growth amidst a choppy economic environment.

Source: Wilshire Atlas





# Marsico Capital Management Portfolio Characteristics

	Marsico	Russell 1000 Growth Index
Wtd Avg Market Cap	\$49.7 Billion	\$88.2 Billion
% EPS Growth - Past 5 yrs.	15.39%	11.91%
Positive Trailing P/E	18.2x	14.89x
Price to Book	3.79%	3.48%
Number of Holdings	53	590

5 Largest Holdings	% of Portfolio
Apple Computer Inc	4.6%
Tjx Cos Inc New	4.5%
Priceline Com Inc	3.6%
Amazon Com Inc	3.4%
Nike Inc	3.3%
<b>Total*</b>	<b>19.3%</b>

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

Portfolio composition may change at any time.

Source: Wilshire Atlas





## Marsico Capital Management Sector Exposure

Economic Sectors	Marsico	Russell 1000 Growth Index	Over/Under
Consumer Discretionary	38.0%	14.4%	23.6%
Consumer Staples	5.3%	13.0%	-7.8%
Energy	7.1%	10.3%	-3.2%
Financials	3.1%	3.8%	-0.7%
Healthcare	4.8%	11.0%	-6.2%
Industrials	10.8%	12.1%	-1.3%
Information Technology	21.4%	28.9%	-7.5%
Materials	9.4%	5.1%	4.3%
Telecom Services	0.0%	1.2%	-1.2%
Utilities	0.0%	0.1%	-0.1%
Total*	100.0%	100.0%	0.0%

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

Portfolio composition may change at any time.

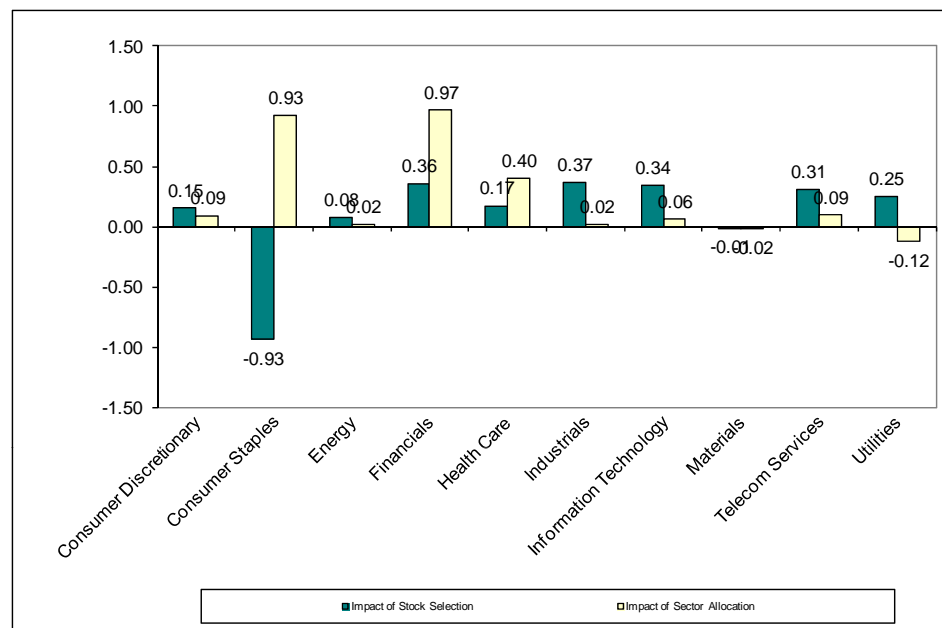
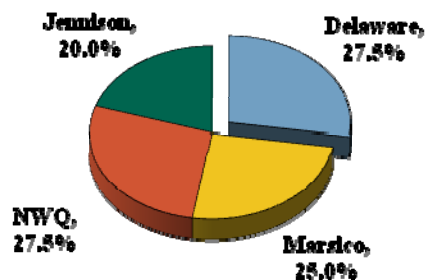
Source: Wilshire Atlas





# Delaware Investments Quarterly Performance Attribution

## Sub-Adviser Target Allocations



- During the quarter, Delaware, the top performing Sub-Adviser during the quarter, outperformed the Russell 1000 Value Index on a relative basis by 3.7%.
- Stock selection and an underweight to financials were the largest contributors to relative performance for the quarter. In addition, an overweight to the consumer staples and health care sectors boosted the portfolio’s relative performance. The largest drag on relative performance was related to consumer staples, where stock selection within the sector was poor. Concerns over rising input costs and limited pricing power continued to weigh on many of the food retailers they had been favoring.
- Delaware believes that global economic growth is slowing and the improvements in housing and employment will be slow to materialize. In their opinion, this will weigh heavily on discretionary spending, the banking sector, and the U.S. economy more broadly. Furthermore, general lack of confidence in government policy responses has created even more uncertainty. In aggregate, Delaware has been favoring higher-quality companies with leading positions, strong cash flow generation, diversified business models, and attractive yields.

Source: Wilshire Atlas





## Delaware Investments Portfolio Characteristics

	Delaware	Russell 1000 Value Index
Wtd Avg Market Cap	\$51.7 Billion	\$66.1 Billion
% EPS Growth - Past 5 yrs.	-0.60%	0.57%
Positive Trailing P/E	12.1x	11.5x
Price to Book	1.46%	1.22%
Number of Holdings	33	656

5 Largest Holdings	% of Portfolio
Progress Energy Inc	3.6%
Intel Corp	3.4%
Edison Intl	3.3%
Verizon Communicatio	3.2%
Johnson & Johnson	3.2%
Total*	16.7%

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

Portfolio composition may change at any time.

Source: Wilshire Atlas





## Delaware Investments Sector Exposure

Economic Sectors	Delaware	Russell 1000 Value Index	Over/Under
Consumer Discretionary	6.1%	8.7%	-2.6%
Consumer Staples	15.0%	8.2%	6.8%
Energy	11.2%	11.8%	-0.6%
Financials	11.6%	24.7%	-13.1%
Healthcare	18.7%	13.2%	5.5%
Industrials	9.3%	8.8%	0.5%
Information Technology	12.1%	8.8%	3.3%
Materials	2.6%	2.6%	0.1%
Telecom Services	6.4%	5.1%	1.3%
Utilities	6.9%	8.1%	-1.2%
Total*	100.0%	100.0%	0.0%

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

Portfolio composition may change at any time.

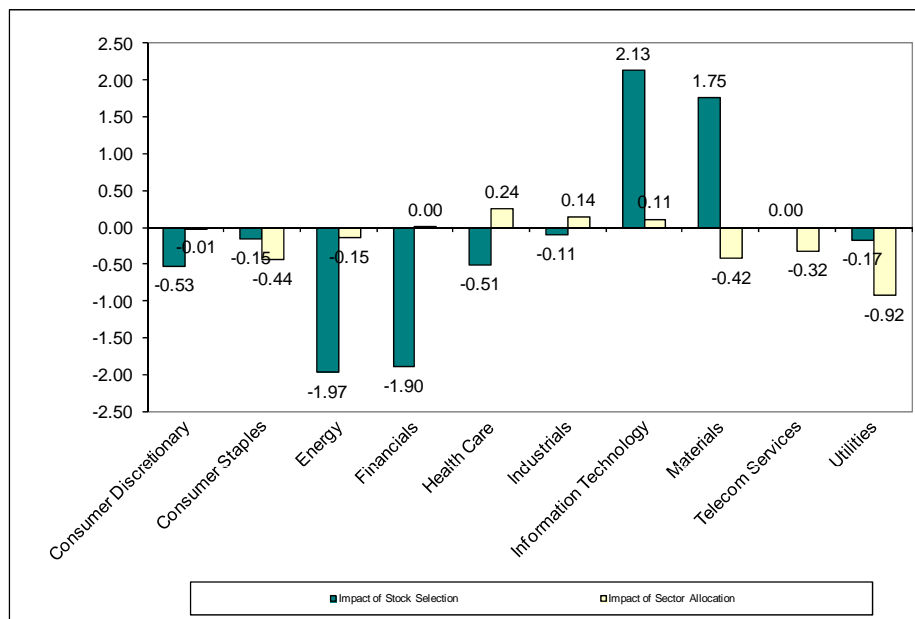
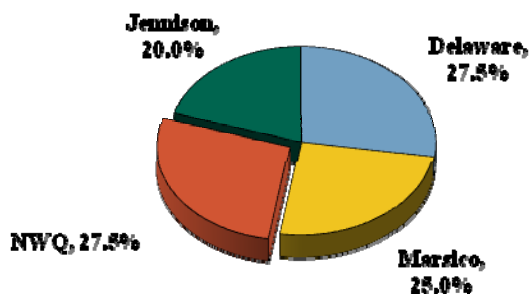
Source: Wilshire Atlas



# NWQ

## Quarterly Performance Attribution

### Sub-Adviser Target Allocations



- During the quarter, NWQ underperformed the Russell 1000 Value Index by 2.1%.
- The portfolio’s positioning within the energy and financials sectors were the largest areas of negative contribution in the quarter. Within energy, NWQ has been favoring exploration and production companies which tend to be highly sensitive to pricing activity for the underlying commodities. Within financials, NWQ’s bank, insurance and asset management holdings all underperformed. Conversely, stock selection in the materials sector, specifically investments in gold-related companies, contributed positively to relative performance. From an allocation standpoint, NWQ continues to be hampered by underweights to both the utilities and consumer staples sectors. Both sectors continued to be the better performing areas of the market during the quarter.
- NWQ remains cautious on the U.S. economy but they foresee possibilities for tempting valuations. From a macro perspective they see tepid growth, a difficult housing environment, weak lending, conservative consumer spending, uncertainty with financial reform and significant sovereign debt issues. However, in their opinion, a lot of this negativism has already been largely priced into the market. NWQ believes stocks appear more attractive relative to bonds from an earnings yield perspective and correlations are likely to come down from these near historically high levels. When correlations drop, the manager expects valuations to revert back to something closer to the norm, which should provide for some meaningful upside among their holdings.

Source: Wilshire Atlas





# NWQ

## Portfolio Characteristics

	NWQ	Russell 1000 Value Index
Wtd Avg Market Cap	\$45.6 Billion	\$66.1 Billion
% EPS Growth - Past 5 yrs.	0.85%	0.57%
Positive Trailing P/E	10.8x	11.5x
Price to Book	0.92%	1.22%
Number of Holdings	41	656

5 Largest Holdings	% of Portfolio
Ca Inc	6.5%
Pfizer Inc	4.6%
Amgen	4.5%
Anglogold Ltd	4.5%
Viacom Inc New -B	4.1%
<b>Total*</b>	<b>24.2%</b>

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

Portfolio composition may change at any time.

Source: Wilshire Atlas





# NWQ Sector Exposure

Economic Sectors	NWQ	Russell 1000 Value Index	Over/Under
Consumer Discretionary	9.5%	8.7%	0.8%
Consumer Staples	3.7%	8.2%	-4.5%
Energy	13.3%	11.8%	1.5%
Financials	25.0%	24.7%	0.2%
Healthcare	17.2%	13.2%	4.0%
Industrials	7.4%	8.8%	-1.4%
Information Technology	15.0%	8.8%	6.2%
Materials	7.6%	2.6%	5.0%
Telecom Services	0.0%	5.1%	-5.1%
Utilities	1.3%	8.1%	-6.9%
Total*	100.0%	100.0%	0.0%

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

Portfolio composition may change at any time.

Source: Wilshire Atlas





## 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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