

**FUND FACTS**

**Fund Objective:** Total Return  
**Inception Date:** April 1, 1994  
**Ticker Symbol:** NOIFX  
**Gross Expense Ratio:** 1.58%  
**Net Expense Ratio:** 0.80%<sup>1</sup>  
**Dividend Schedule:** Annually  
**Benchmark:** JP Morgan Government Bond Index Global  
**Morningstar Category:** World Bond

**FUND CHARACTERISTICS**

**Total Net Assets:** \$27 million  
**Number of Holdings:** 132  
**30-Day SEC Yield:** 0.53%  
**Average Duration:** 7.6 years  
**Average Maturity:** 10.0 years

**FUND STRATEGY**

- Invest in a broad range of investment-grade international bonds with an average maturity, under normal circumstances, between three and 11 years.
- Base investments on the investment management team's outlook for the relative economic growth, expected inflation and other economic and political prospects of each country or region.
- Buy and sell securities using a relative value approach that employs models that analyze and compare expected returns and assumed risks.

**PERFORMANCE** as of 12/31/11

|   | ANNUALIZED    |              |              |              |              |              |                 |
|---|---------------|--------------|--------------|--------------|--------------|--------------|-----------------|
|   | Quarter       | YTD          | 1-Year       | 3-Year       | 5-Year       | 10-Year      | Since Inception |
| <b>FUND</b>                                   | <b>-0.24%</b> | <b>6.04%</b> | <b>6.04%</b> | <b>3.38%</b> | <b>6.04%</b> | <b>6.11%</b> | <b>5.27%</b>    |
| JP MORGAN GOVT BOND INDEX GLOBAL <sup>2</sup> | 0.14%         | 7.22%        | 7.22%        | 5.16%        | 7.61%        | 7.96%        | 6.53%           |
| MORNINGSTAR CATEGORY AVG WORLD BOND           | 0.66%         | 3.39%        | 3.39%        | 7.73%        | 5.96%        | 6.64%        | —               |

**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 30-day SEC yield more closely reflects the current earnings of the Fund than the total returns.**

**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.

**International Risk:** International investing involves increased risk and volatility.

**Non-Diversified Risk:** The Fund invests in a smaller number of securities than the average mutual fund. The change in value of a single holding may have a more pronounced effect on the Fund's net asset value and performance than for other funds.

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

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



**MATURITY DISTRIBUTION**

| Maturity Range | Fund   |
|----------------|--------|
| 0 - 5 Years    | 37.2%  |
| 5 - 10 Years   | 25.3%  |
| 10 - 20 Years  | 23.1%  |
| 20 - 30 Years  | 12.6%  |
| 30+ Years      | 1.8%   |
| TOTAL          | 100.0% |

**QUALITY DISTRIBUTION**

| Quality Rating   | Fund   | Benchmark <sup>2</sup> |
|------------------|--------|------------------------|
| US Government    | 30.8%  | 33.6%                  |
| Agency           | 2.9%   | 0.0%                   |
| Aaa              | 32.2%  | 24.4%                  |
| Aa               | 27.3%  | 33.8%                  |
| A                | 3.8%   | 8.2%                   |
| Cash Equivalents | 3.0%   | 0.0%                   |
| TOTAL            | 100.0% | 100.0%                 |

**CURRENCY WEIGHTINGS**

| Country        | Fund   | Benchmark <sup>2</sup> |
|----------------|--------|------------------------|
| Japan          | 35.4%  | 32.2%                  |
| United States  | 28.9%  | 33.5%                  |
| Euro           | 24.4%  | 23.9%                  |
| United Kingdom | 7.1%   | 6.7%                   |
| Canada         | 2.0%   | 1.8%                   |
| Australia      | 1.0%   | 0.9%                   |
| Denmark        | 0.7%   | 0.6%                   |
| Sweden         | 0.5%   | 0.4%                   |
| TOTAL          | 100.0% | 100.0%                 |

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

**PORTFOLIO MANAGERS**



DAVID BLAKE | Began career in 2000  
With Northern Trust since 2003

Mr. Blake has a Master of Physics degree.

DANIEL SMITH | Began career in 1995  
With Northern Trust since 1997

Mr. Smith received a BA (Hons) Politics and Government from the London Guildhall University in 1995 and has gained the Investment Management Certificate (IMC). He is also a Member of the Society of Technical Analysts (MSTA).

**CALENDAR YEAR RETURNS**

|   | 2011         | 2010         | 2009          | 2008          | 2007         |
|---|--------------|--------------|---------------|---------------|--------------|
| <b>FUND</b>                                   | <b>6.04%</b> | <b>4.43%</b> | <b>-0.21%</b> | <b>10.98%</b> | <b>9.33%</b> |
| JP MORGAN GOVT BOND INDEX GLOBAL <sup>2</sup> | 7.22%        | 6.42%        | 1.90%         | 12.00%        | 10.81%       |
| MORNINGSTAR CATEGORY AVG WORLD BOND           | 3.39%        | 6.35%        | 13.12%        | -1.57%        | 7.28%        |

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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.

<sup>2</sup> **JP Morgan Government Bond Index Global** is an unmanaged, total return, market capitalization-weighted index of traded government fixed income securities which can be purchased by international investors. It is not possible to invest directly in an index.

**Average Duration:** Duration is a measure of a bond fund's sensitivity to changes in interest rates. The Fund's duration is calculated using the option-adjusted formula.

**Quality Distribution:** Credit quality ratings are based on the conservative average of Moody's, Standard & Poor's and Fitch ratings. If ratings from all three rating agencies disagree, the model assigns the middle rating to the security. If two of the three agree, the model assigns the rating from those two to the security. If none of these three rating agencies has assigned a rating, the Fund will assign a rating of not rated. The ratings, expressed in Moody's nomenclature, range from Aaa (judged to be of the highest quality, with minimal credit risk) to C (the lowest rated class of bonds, typically in default, with little prospect for recovery of principal or interest). U.S. government securities consist of obligations issued or guaranteed by the U.S. Treasury. Agency securities consist of obligations issued or guaranteed by U.S. government agencies, foreign government agencies, and their respective sponsored enterprises. Reserves consist of short-term cash and cash equivalent securities, including U.S. Treasury bills. The ratings represent the rating agencies' opinions of the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality.

*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.*



Managed by  
**Northern Trust**