

# GLOBAL REAL ESTATE INDEX FUND

## FUND FACTS

**Fund Objective:** Seeks to Replicate Index

**Inception Date:** July 26, 2006

**Ticker Symbol:** NGREX

**Cusip:** 665162541

**Gross Expense Ratio:** 0.74%

**Net Expense Ratio:** 0.65%<sup>1</sup>

**Dividend Schedule:** Quarterly

**Benchmark:** FTSE® EPRA®/NAREIT® Global Index

**Morningstar Category:** Global Real Estate

## FUND CHARACTERISTICS

**Total Net Assets:** \$497 million

**Number of Holdings:** 363

**Annual Portfolio Turnover:** 38.23% (as of 3/31/09)

**Weighted Average Market Cap (\$mil):** \$9,281

|   | FUND  | BENCHMARK <sup>2</sup> |
|---|-------|------------------------|
| Trailing 12-month Price to Earnings Ratio | 24.91 | 24.74                  |
| Price to Book Ratio                       | 1.10  | 1.10                   |

## RISK CHARACTERISTICS

|                     | FUND   | BENCHMARK <sup>2</sup> |
|---------------------|--------|------------------------|
| Beta                | 1.01   | 1.00                   |
| Up Market Capture   | 105.14 | 100.00                 |
| Down Market Capture | 101.81 | 100.00                 |
| Information Ratio   | -0.10  | 0.00                   |

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

## FUND STRATEGY

- Seek to duplicate the investment composition and overall performance of the stocks included in the FTSE®EPRA®/NAREIT® Global Index.
- Invest at least 80% of its net assets in equity securities in the Index, in weightings that approximate the relative composition of the Index.
- Use proprietary quantitative techniques designed to minimize trading costs.

## PERFORMANCE as of 3/31/10

| FUND  | ANNUALIZED |       |        |         |        |         |                 |
|---|------------|-------|--------|---------|--------|---------|-----------------|
|   | QUARTER    | YTD   | 1-YEAR | 3-YEAR  | 5-YEAR | 10-YEAR | SINCE INCEPTION |
| FUND  | 3.63%      | 3.63% | 82.69% | -13.90% | —      | —       | -5.07%          |
| FTSE® EPRA®/NAREIT® GLOBAL INDEX <sup>2</sup> | 3.37%      | 3.37% | 83.82% | -13.63% | —      | —       | -4.14%          |
| MORNINGSTAR CATEGORY AVG GLOBAL REAL ESTATE   | 2.27%      | 2.27% | 73.07% | -13.82% | —      | —       | —               |

**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.**

**Performance calculations reflect voluntary fee waivers in effect. In the absence of fee waivers, 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 recent growth rate in the stock market has helped to produce short-term returns that are not typical and may not continue in the future. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.**

**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.

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

**REIT/Real Estate Risk:** Investments in the Fund are subject to the risks related to direct investment in real estate, such as real estate risk, regulatory risks, concentration risk and diversification risk. By itself the Fund does not constitute a complete investment plan and should be considered a long-term investment for investors who can afford to weather changes in the value of their investments.

**Index Fund Risk:** The performance of the Fund is expected to be lower than that of the Index because of Fund fees and expenses. It is important to remember that there are risks associated with index investing, including the potential risk of market decline, as well as the risks associated with investing in specific companies.

<sup>1</sup> The Net Expense Ratio includes voluntary expense reimbursements by Northern Funds' investment advisers that may change or end at any time.

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

## TOP 10 HOLDINGS

| COMPANY                     | FUND<br>% OF NET ASSETS |
|-----------------------------|-------------------------|
| SUN HUNG KAI PROPERTIES LTD | 3.8%                    |
| WESTFIELD GROUP             | 3.4%                    |
| UNIBAIL-RODAMCO SA          | 3.4%                    |
| SIMON PROPERTY GROUP INC    | 3.2%                    |
| MITSUBISHI ESTATE CO LTD    | 2.3%                    |
| MITSUI FUDOSAN CO LTD       | 2.0%                    |
| VORNADO REALTY TRUST        | 1.8%                    |
| PUBLIC STORAGE              | 1.5%                    |
| EQUITY RESIDENTIAL          | 1.5%                    |
| BOSTON PROPERTIES INC       | 1.4%                    |
| TOTAL                       | 24.3%                   |

## INDUSTRY WEIGHTINGS

| INDUSTRY SECTOR              | FUND   | BENCHMARK <sup>2</sup> |
|------------------------------|--------|------------------------|
| REAL ESTATE INV TRUSTS       | 58.6%  | 58.7%                  |
| REAL ESTATE MGMT/DEV         | 34.4%  | 34.5%                  |
| REAL ESTATE                  | 4.2%   | 4.2%                   |
| HOUSEHOLD DURABLES           | 2.1%   | 2.0%                   |
| COMMERCIAL SVCS & SUPPLIES   | 0.3%   | 0.3%                   |
| HOTELS RESTAURANTS & LEISURE | 0.2%   | 0.2%                   |
| INSURANCE                    | 0.1%   | 0.1%                   |
| HEALTHCARE PROVIDERS & SVCS  | 0.1%   | 0.0%                   |
| TOTAL                        | 100.0% | 100.0%                 |

## TOP 10 COUNTRY WEIGHTINGS

| COUNTRY        | FUND  | BENCHMARK <sup>2</sup> |
|----------------|-------|------------------------|
| UNITED STATES  | 35.9% | 35.7%                  |
| HONG KONG      | 11.7% | 11.7%                  |
| JAPAN          | 9.4%  | 9.4%                   |
| AUSTRALIA      | 8.4%  | 8.4%                   |
| UNITED KINGDOM | 5.0%  | 5.1%                   |
| FRANCE         | 4.6%  | 4.6%                   |
| CHINA          | 4.6%  | 4.4%                   |
| SINGAPORE      | 4.2%  | 4.3%                   |
| CANADA         | 3.7%  | 3.8%                   |
| BRAZIL         | 2.0%  | 1.9%                   |
| TOTAL          | 89.5% | 89.3%                  |

## ASSET ALLOCATION

|        |        |
|--------|--------|
| STOCKS | 98.0%  |
| CASH   | 2.0%   |
| TOTAL  | 100.0% |

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

## PORTFOLIO MANAGERS



SHAUN MURPHY | Began career in 1997  
With Northern Trust since 2004

Mr. Murphy received a degree in business studies from the University of Sunderland in the United Kingdom. He is a CFA charterholder and a member of the CFA Institute.

THOMAS E. O'BRIEN | Began career in 1997  
With Northern Trust since 2004

Mr. O'Brien received a B.S. degree in finance from the University of Rhode Island and an MBA from Suffolk University. He is a CFA charterholder.

## CALENDAR YEAR RETURNS

|   | 2009   | 2008    | 2007   | 2006 | 2005 |
|---|--------|---------|--------|------|------|
| FUND  | 36.96% | -48.04% | -8.49% | —    | —    |
| FTSE® EPRA®/NAREIT®<br>GLOBAL INDEX <sup>2</sup>  | 37.94% | -48.21% | -7.39% | —    | —    |
| MORNINGSTAR<br>CATEGORY AVG<br>GLOBAL REAL ESTATE | 37.01% | -46.63% | -7.68% | —    | —    |

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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> FTSE®EPRA®/NAREIT® Global Index is a free float, market capitalization weighted real estate index designed to represent publicly traded equity REITs and listed property companies globally. Expanded in December 2008, the FTSE®EPRA®/NAREIT® Global Index covers both Developed and Emerging Markets, and is eligible to invest in 48 countries worldwide. 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 the consistency of excess return.

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