

Northern Funds GLOBAL TACTICAL ASSET ALLOCATION FUND

1Q2012

BBALX/ASSET ALLOCATION

FUND FACTS

Fund Objective: Capital Appreciation and Current Income
Inception Date: July 1, 1993**
Ticker Symbol: BBALX
Gross Expense Ratio: 1.52%
Net Expense Ratio: 0.66%¹
Dividend Schedule: Quarterly
Benchmark: Asset Allocation Blend Index²
Morningstar Category: Moderate Allocation

FUND CHARACTERISTICS

Total Net Assets: \$35 million
Number of Holdings: 13
Annual Portfolio Turnover: 76.65% (as of 11/30/11)

RISK CHARACTERISTICS

	Fund	Benchmark ²
Beta	0.86	1.00
Up Market Capture	79.27	100.00
Down Market Capture	86.99	100.00
Information Ratio	-1.34	0.00

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

FUND STRATEGY

- Diversify among various asset classes (stocks, bonds, commodities, and other) both domestic and foreign. The allocation will be based on an asset allocation framework developed by the Investment Policy Committee of The Northern Trust Company (TNTC) and Northern Trust Investments, Inc (NTI).
- Invest significantly in funds that invest in companies that are located outside of the U.S. as represented in either the MSCI EAFE[®] Index, MSCI Emerging Markets Index or other diversified foreign indices.
- Monitor the current asset allocation framework regularly to ensure the allocation is aligned with evolving investment views amid changing market and economic conditions.

ASSET ALLOCATION WEIGHTINGS

Asset Class	Investment Vehicle	Weight
U.S. EQUITY - LARGE	NIF Equity Index	24.9%
U.S. EQUITY - MID	NF Mid Cap Index	2.5%
U.S. EQUITY - SMALL	NIF Small Company Index	2.5%
NON U.S. EQUITY - DEVELOPED	NIF International Equity Index	10.0%
NON U.S. EQUITY - EMERGING MARKETS	NF Emerging Markets Equity Index	7.0%
GLOBAL REAL ESTATE	NF Global Real Estate Index	3.0%
U.S. BONDS - HIGH YIELD	NF High Yield Fixed Income	13.0%
U.S. BONDS - INTERMEDIATE	NF Bond Index	13.5%
U.S. BONDS - INFLATION PROTECTED	Flexshares SM iBoxx 5-Year Target Duration TIPS Index	2.0%
U.S. BONDS - SHORT	NIF Short Bond	13.5%
GOLD	SPDR Gold Trust ETF	5.9%
COMMODITIES/NATURAL RESOURCES	Flexshares SM Morningstar Global Upstream Natural Resources Index	1.9%
CASH	NIF Diversified Assets	0.3%
TOTAL		100.0%

PERFORMANCE as of 3/31/12**

	Quarter	YTD	1-Year	ANNUALIZED			
				3-Year	5-Year	10-Year	Since Inception
FUND	7.96%	7.96%	4.87%	14.62%	3.12%	3.90%	6.26%
ASSET ALLOCATION BLEND INDEX ²	8.87%	8.87%	6.01%	18.44%	3.35%	5.73%	7.73%
INTERNAL REFERENCE BENCHMARK ³	7.01%	7.01%	4.57%	16.73%	4.20%	—	—
MORNINGSTAR CATEGORY AVG MODERATE ALLOCATION	8.09%	8.09%	3.82%	16.74%	2.60%	4.72%	—

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 April 1, 2013. 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.

Asset Allocation Risk: An asset allocation strategy does not guarantee any specific result or profit nor protect against a loss. **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. **Interest Rate Risk:** Increases in prevailing interest rates will cause fixed income securities, including convertible securities, held by the Fund to decline in value. **International Risk:** International investing involves increased risk and volatility.

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



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NOT FDIC INSURED

May lose value/No bank guarantee

Global Tactical Asset Allocation Fund

SECTOR WEIGHTINGS (Equity Holdings)

Economic Sector	Fund	Benchmark ²
Financials	21.7%	—
Information Technology	13.4%	—
Energy	11.2%	—
Industrials	10.0%	—
Consumer Discretionary	9.5%	—
Consumer Staples	9.5%	—
Health Care	8.9%	—
Materials	8.1%	—
Utilities	3.9%	—
Telecommunication Services	3.8%	—
TOTAL	100.0%	—

ASSET ALLOCATION

Stocks	49.9%
Bonds	41.9%
Real Assets	7.9%
Cash	0.3%
TOTAL	100.0%

PORTFOLIO MANAGERS



PETER J. FLOOD | Began career in 1979
With Northern Trust since 1979

Mr. Flood received a B.S. from Loyola University, Chicago, and an MBA from the University of Chicago Graduate School of Business.

DANIEL J. PHILLIPS | Began career in 2005
With Northern Trust since 2005

Mr. Phillips received his BBA degree in finance and economics from the University of Iowa. He is a CFA charterholder.

CALENDAR YEAR RETURNS **

	2011	2010	2009	2008	2007
FUND	-0.01%	10.80%	20.14%	-21.14%	4.31%
ASSET ALLOCATION BLEND INDEX ²	1.28%	13.05%	23.59%	-27.78%	7.81%
INTERNAL REFERENCE BENCHMARK ³	0.46%	12.28%	22.62%	-26.21%	13.58%
MORNINGSTAR CATEGORY AVG MODERATE ALLOCATION	-0.11%	11.83%	24.13%	-28.00%	5.99%

Performance quoted represents past performance and does not guarantee future results.

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

**Prior to July 29, 2011 the Fund was registered as the Northern Institutional Global Tactical Asset Allocation Portfolio. The performance record from the Northern Institutional Global Tactical Asset Allocation Portfolio has been carried over to the Northern Funds Global Tactical Asset Allocation Fund. The Fund's investment strategy changed from a traditional balanced fund to an asset allocation fund, operating as a fund of funds, on April 1, 2008.

¹ The Net Expense Ratio, as reported in the most recent prospectus, includes contractual expense reimbursements that, if not extended, will end on April 1, 2013.

² **Asset Allocation Blend Index** consists of 55% Russell 1000[®] Index, 30% Barclays Capital U.S. Aggregate Bond Index and 15% MSCI EAFE[®] Index and MSCI Emerging Markets IndexSM. It is not possible to invest directly in an index.

³ **Internal Reference Benchmark** represents the strategic asset allocation weights assigned annually by the Investment Policy Committee – the baseline from which the portfolio managers tactically allocate within the Fund. As of August 18, 2011, the benchmark consists of 18% S&P 500[®] Index, 3% S&P Mid Cap 400[®] Index, 3% Russell 2000[®] Index, 14% MSCI EAFE[®] Index, 2% MSCI EAFE[®] Small Cap Index, 7% MSCI Emerging Markets IndexSM, 16% Barclay's Capital 1-3 Year U.S. Government/Credit Index, 16% Barclay's Capital U.S. Aggregate Bond Index, 8% Barclay's Capital U.S. Corporate High Yield 2% Issuer Cap Index, 2% iBoxx 5-Year Target Duration TIPS Index, 3% London PM Fix Index, 2% Morningstar Global Upstream Natural Resources Index, 4% FTSE[®] EPRA[®]/NAREIT[®] Global Index, 2% iMoneyNet Fund Avg. – First Tier Institutional. It is not possible to invest directly in an index.

Russell 1000[®] Index is an unmanaged index which measures the performance of the 1,000 largest companies in the Russell 3000[®] Index, based on market capitalization. **Barclays Capital U.S. Aggregate Bond Index** is an unmanaged index of prices of U.S. dollar-denominated, fixed-rate, taxable, investment-grade fixed-income securities with remaining maturities of one year and longer. **MSCI EAFE[®] Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the U.S. and Canada. **MSCI Emerging Markets IndexSM** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. **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. **S&P MidCap 400[®] Index** is an unmanaged index consisting of 400 mid-cap stocks. The S&P MidCap 400[®] Index covers over 7% of the U.S. equities market. **Russell 2000[®] Index** is an unmanaged index which measures the performance of the 2,000 smallest companies in the Russell 3000[®] Index based on market capitalization. **MSCI EAFE Small Cap Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of small cap securities of developed markets, excluding the U.S. & Canada. The MSCI EAFE[®] Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. With 2,345 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country. **Barclay's Capital 1-3 Year U.S. Government/Credit Index** is an unmanaged index of securities issued by the U.S. government and corporate bonds with maturities of one to three years. **Barclay's Capital U.S. Corp. HY 2% Issuer Cap Index** is an unmanaged index of the 2% Issuer Cap component of the Barclays Capital High Yield Corporate Bond Index, which is a market value-weighted index of fixed-rate, non-investment grade debt. **iBoxx 5-Year Target Duration TIPS Index** measures the performance of Treasury Inflation Protected Securities (TIPS) as determined by Markit iBoxx's proprietary index methodology. The iBoxx index methodology targets a modified adjusted duration of 5.0 years and defines the eligible universe of TIPS as having no less than three years and no more than 20 years until maturity as of the Index determination date. **London PM Fix (Gold) Market** determined price for gold. **Morningstar Global Upstream Natural Resources Index** measures the performance of stocks issued by companies that have significant business operations in the ownership, management and/or production of natural resources in energy, agriculture, precious or industrial metals, timber and water resources sectors as defined by Morningstar's industry classification standards. Individual stock weights as well as category and regional exposure are capped to provide diversified exposure. **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 represents 48 countries worldwide. **iMoneyNet Fund Avg. – First Tier Institutional** category includes only non-government institutional funds that also are not holding any second tier securities. Portfolio holdings of first tier funds include U.S. Treasury, U.S. other, repos, time deposits, domestic bank obligations, foreign bank obligations, first tier CP, floating rate notes and asset-backed commercial paper.

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 risk-adjusted relative return.

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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