

INCOME EQUITY FUND

FUND FACTS

Fund Objective: Current Income and Capital Appreciation

Inception Date: April 1, 1994

Ticker Symbol: NOIEX

Cusip: 665162202

Gross Expense Ratio: 1.23%

Net Expense Ratio: 1.00%¹

Dividend Schedule: Monthly

Benchmark: Merrill Lynch All U.S. Convertibles Index

Morningstar Category: Moderate Allocation

FUND CHARACTERISTICS

Total Net Assets: \$272 million

Number of Holdings: 74

Annual Portfolio Turnover: 26.94% (as of 3/31/10)

30-Day SEC Yield: 3.07%

30-Day SEC Yield w/o Waivers: 2.84%

RISK CHARACTERISTICS

	FUND	BENCHMARK ²
Beta	0.91	1.00
Up Market Capture	85.23	100.00
Down Market Capture	99.21	100.00
Information Ratio	-0.36	0.00

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

FUND STRATEGY

- Select securities with the potential to generate high current yields, such as dividend-paying common stocks, preferred stocks and convertible securities, as well as selected fixed income securities.
- Maintain a conservative, broadly diversified portfolio of companies with strong prospects for growth and appreciation potential.
- Analyze the upside/downside ratio of individual securities in relation to the underlying stocks in an effort to identify those issues that are priced to have more exposure to the upside.

PERFORMANCE as of 6/30/10

FUND	ANNUALIZED						
	QUARTER	YTD	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE INCEPTION
FUND	-7.46%	-3.44%	18.35%	-4.82%	2.74%	3.75%	7.24%
MERRILL LYNCH ALL U.S. CONV INDEX ²	-5.80%	-0.49%	22.63%	-2.32%	3.31%	2.08%	7.28%
MORNINGSTAR CATEGORY AVG MODERATE ALLOCATION	-6.63%	-3.14%	12.89%	-4.62%	1.28%	1.86%	-

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 July 31, 2011. 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.

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.

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.

Interest Rate/Maturity Risk: Increases in prevailing interest rates will cause fixed-income securities, including convertible securities, held by the Fund to decline in value.

¹ The Net Expense Ratio, as reported in the most recent prospectus, includes contractual expense reimbursements that, if not extended, will end on July 31, 2011.

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

TOP 10 HOLDINGS

COMPANY	FUND % OF NET ASSETS
NEWMONT MNG CORP	2.7%
OLD REPUBLIC INTL CORP	2.5%
AMERICAN EQUITY INVESTMENT LIFE HOLDING CO	2.3%
CACI INTL INC	2.2%
INTEL CORP	2.1%
GREAT PLAINS ENERGY INC	2.1%
NEW YORK COMMUNITY BANCORP INC	2.1%
3M CO	2.0%
ACCENTURE PLC	2.0%
MERCK & CO INC	2.0%
TOTAL	22.0%

SECTOR WEIGHTINGS

ECONOMIC SECTOR	FUND	BENCHMARK ²
TECHNOLOGY	17.2%	20.7%
FINANCIALS	15.8%	21.0%
HEALTH CARE	15.2%	18.5%
ENERGY	9.9%	9.0%
CONSUMER DISCRETIONARY	8.5%	9.1%
CONSUMER STAPLES	8.1%	3.2%
MATERIALS	6.9%	4.6%
INDUSTRIALS	6.6%	4.9%
TELECOMMUNICATION SERVICES	5.6%	2.8%
UTILITIES	3.2%	1.8%
COMMUNICATIONS	3.0%	2.2%
TRANSPORTATION	0.0%	2.2%
TOTAL	100.0%	100.0%

ASSET ALLOCATION

STOCKS	64.2%
BONDS	34.7%
CASH	1.1%
TOTAL	100.0%

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

PORTFOLIO MANAGER



JACKIE M. BENSON | Began career in 1992
With Northern Trust since 2004

Ms. Benson received a B.S. degree in finance with honors from the University of Illinois and is a CFA charterholder.

CALENDAR YEAR RETURNS

	2009	2008	2007	2006	2005
FUND	32.22%	-30.82%	5.43%	18.26%	5.85%
MERRILL LYNCH ALL U.S. CONV INDEX ²	49.13%	-35.73%	4.53%	12.83%	1.01%
MORNINGSTAR CATEGORY AVG MODERATE ALLOCATION	24.13%	-28.00%	5.99%	11.29%	5.13%

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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.

² **Merrill Lynch All U.S. Convertibles Index** is an unmanaged index consisting of convertible securities of all investment grades. It is not possible to invest directly in an index.

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 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.