

# Northern Funds MULTI-MANAGER EMERGING MARKETS EQUITY FUND

4Q2011

NMMEX/EQUITY

## OVERALL MORNINGSTAR RATING™



among 352 diversified emerging markets funds derived from a weighted average of the fund's 3-year risk-adjusted returns as of 12/31/11\*

## FUND FACTS

**Fund Objective:** Capital Appreciation

**Inception Date:** November 19, 2008

**Ticker Symbol:** NMMEX

**Gross Expense Ratio:** 1.52%

**Net Expense Ratio:** 1.36%<sup>1</sup>

**Redemption Fee:** 2% on shares sold or exchanged within 30 days of purchase

**Dividend Schedule:** Annually

**Benchmark:** MSCI Emerging Markets Index

**Morningstar Category:** Diversified Emerging Markets

## FUND CHARACTERISTICS

**Total Net Assets:** \$1.7 billion

**Number of Holdings:** 400

**Annual Portfolio Turnover:** 76.35% (as of 3/31/11)

**Weighted Average Market Cap (\$mil):** \$39,268

	Fund	Benchmark <sup>2</sup>
Trailing 12-month Price to Earnings Ratio	10.20	10.22
Price to Book Ratio	1.37	1.36

## RISK CHARACTERISTICS

	Fund	Benchmark <sup>2</sup>
Beta	1.00	1.00
Up Market Capture	103.09	100.00
Down Market Capture	100.42	100.00
Information Ratio	0.20	0.00

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

## FUND STRATEGY

- Invest at least 80% of net assets in equity securities of emerging and frontier markets — emerging and frontier markets are defined as markets in MSCI Emerging Markets Index and MSCI Frontier Markets Index.
- Select complementary managers from a broad universe of investment managers.
- Blend managers into a single fund in an effort to provide an attractive combination of risk/return.

## SUB-ADVISER ALLOCATION

Sub-Adviser	Target Allocation	Role in Portfolio
AXIOM INTERNATIONAL INVESTORS, LLC	30%	Opportunistic bottom-up growth strategy seeks to identify high-quality companies exhibiting signs of improvement and/or acceleration in key business drivers. Axiom also applies a qualitative top-down overlay. The portfolio should participate in earnings momentum-driven markets.
WESTWOOD GLOBAL INVESTMENTS, LLC	30%	Value oriented, opportunistic investment approach complementary to PanAgora's diversified quantitative style. This portfolio should exhibit a less benchmark-oriented approach to value investing.
TRILOGY GLOBAL ADVISORS, LP	20%	Bottom-up, growth-oriented investment process with a valuation overlay.
PANAGORA ASSET MANAGEMENT, INC.	10%	Highly diversified quantitative value approach. Primary driver of out performance is country weights. Expected to provide consistent risk-adjusted performance as a result of its diversified investment approach.
PZENA INVESTMENT MANAGEMENT, LLC	10%	A deeper value strategy approach that targets companies whose earnings are underperforming their historical average.

## PERFORMANCE as of 12/31/11

FUND	ANNUALIZED						
	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
FUND	5.68%	-17.73%	-17.73%	20.98%	—	—	27.57%
MSCI EMERGING MARKETS INDEX <sup>2</sup>	4.42%	-18.42%	-18.42%	20.07%	—	—	25.11%
MORNINGSTAR CATEGORY AVG DIV EMG MKTS	4.22%	-19.86%	-19.86%	18.32%	—	—	—

**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.**

<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 risk disclosure, calendar year returns, investment terms and index definitions.



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NOT FDIC INSURED

May lose value/No bank guarantee

# Multi-Manager Emerging Markets Equity Fund

## TOP 10 HOLDINGS

Company	Fund % of Net Assets
Samsung Electronics Co Ltd	5.1%
China Mobile Ltd	2.9%
America Movil SA	2.3%
Itau Unibanco Holding SA	2.2%
Truworths International Ltd	2.0%
Taiwan Semiconductor Manufacturing Co Ltd	1.8%
Petrol Brasileiros SA	1.7%
Grupo Televisa SA	1.7%
Tenaris SA	1.6%
Hon Hai Precision Industry Co Ltd	1.6%
<b>TOTAL</b>	<b>22.9%</b>

## SECTOR WEIGHTINGS

Economic Sector	Fund	Benchmark <sup>2</sup>
Financials	21.9%	23.9%
Information Technology	17.8%	13.1%
Energy	13.2%	14.0%
Consumer Discretionary	13.0%	8.1%
Materials	9.9%	13.2%
Consumer Staples	8.7%	8.1%
Telecommunication Services	7.0%	8.5%
Industrials	6.2%	6.4%
Health Care	1.2%	1.0%
Utilities	1.1%	3.7%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

## TOP 10 COUNTRY WEIGHTINGS

Country	Fund	Benchmark <sup>2</sup>
South Korea	15.4%	15.0%
Brazil	15.3%	14.9%
China	14.1%	17.8%
Taiwan	9.5%	10.9%
South Africa	9.0%	7.8%
Mexico	7.2%	4.7%
India	6.0%	6.2%
Russia	4.0%	6.3%
Turkey	2.6%	1.2%
Indonesia	2.5%	3.0%
<b>TOTAL</b>	<b>85.6%</b>	<b>87.8%</b>

## ASSET ALLOCATION

Stocks	97.8%
Cash	2.2%
<b>TOTAL</b>	<b>100.0%</b>

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

## PORTFOLIO MANAGERS



JESSICA K. HART | Began career in 1999  
With Northern Trust since 2000

Ms. Hart received a B.S. degree in economics from the University of Wisconsin and an MBA from New York University, Stern School of Business.

ANDREW SMITH | Began career in 1986  
With Northern Trust since 2000

Mr. Smith holds a B.A. from the University of Western Ontario. He is a CFA charterholder, registered Investment Counsel and Portfolio Manager.

## CALENDAR YEAR RETURNS

	2011	2010	2009	2008	2007
<b>FUND</b>	<b>-17.73%</b>	<b>23.04%</b>	<b>74.90%</b>	<b>-</b>	<b>-</b>
MSCI EMERGING MARKETS INDEX <sup>2</sup>	-18.42%	18.88%	78.51%	-	-
MORNINGSTAR CATEGORY AVG DIV EMG MKTS	-19.86%	19.26%	73.81%	-	-

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

**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.

**Emerging and Frontier Markets Risk:** Emerging and frontier market investing may be subject to additional economic, political, liquidity and currency risks not associated with more developed countries. Additionally, frontier countries generally have smaller economies or less developed capital markets than traditional emerging markets and, as a result, the risks of investing in emerging market countries are magnified in frontier countries.

<sup>2</sup> **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. 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 risk-adjusted relative return.

\*Past performance is no guarantee of future results. Ratings reflect fee waivers in effect; in their absence, ratings may have been lower.

Star ratings are based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The overall rating is a weighted average of the 3-, 5- and 10-year (if applicable) returns. 5 stars = top 10% of funds in an asset category; 4 stars = next 22.5% of funds; 3 stars = next 35%; 2 stars = next 22.5% and 1 star = next 10%. A fund must be in existence three years to be rated. Ratings are subject to change monthly. The Multi-Manager Emerging Markets Equity Fund received 4 stars for the 3-year rating among 352 diversified emerging markets funds. The 5- and 10-year Morningstar Ratings are not available.

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**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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