

# Northern Funds MUNICIPAL MONEY MARKET FUND

4Q2011

NOMXX/MONEY MARKET

## FUND OBJECTIVE

The Fund seeks to provide, to the extent consistent with the preservation of capital and prescribed portfolio standards, a high level of income exempt from regular federal income tax by investing primarily in municipal instruments.

## FUND FACTS

**Inception Date:** April 11, 1994  
**Ticker Symbol:** NOMXX  
**Gross Expense Ratio:** 0.48%  
**Net Expense Ratio:** 0.35%<sup>1</sup>  
**Dividend Payment Schedule:** Monthly  
**Benchmark:** iMoneyNet Fund Average™ – Tax-Free Retail

## FUND CHARACTERISTICS

**Total Net Assets:** \$7.2 billion  
**Number of Holdings:** 475  
**7-Day Current Yield:** 0.01%  
**7-Day Effective Yield:** 0.01%  
**Tax-Equivalent 7-Day Yield:** 0.02%<sup>2</sup>  
**Weighted Average Maturity:** 38 days  
**Weighted Average Life:** 38 days

## FUND FEATURES

- Concentrate on income that is exempt from regular federal income tax.
- Strive to maintain 0% alternative minimum tax (AMT) securities, however, the Fund may purchase higher yielding securities subject to the federal AMT; to the extent that it invests in AMT obligations, investors who are not subject to the AMT may potentially enjoy higher, non-taxable income.
- The Fund may be attractive for investors in higher tax brackets as the Fund's taxable equivalent yield may exceed the yields of taxable funds.
- Seek to maintain an average maturity range of 20 to 60 days; this conservative range may help avoid excessive yield volatility and unnecessary risk.

## HISTORICAL MONTH-END 7-DAY CURRENT YIELD

| 2011  |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Dec   | Nov   | Oct   | Sep   | Aug   | Jul   | Jun   | May   | Apr   | Mar   | Feb   | Jan   |
| FUND  |       |       |       |       |       |       |       |       |       |       |       |
| 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.02% | 0.02% | 0.02% | 0.02% | 0.03% |

## PERFORMANCE as of 12/31/11

| FUND   | ANNUALIZED |       |        |        |        |         |                 |
|--|------------|-------|--------|--------|--------|---------|-----------------|
|  | Quarter    | YTD   | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
| FUND   | 0.00%      | 0.02% | 0.02%  | 0.07%  | 1.01%  | 1.24%   | 2.06%           |
| IMONEYNET FUND AVERAGE™ – TAX-FREE RETAIL <sup>3</sup> | 0.00%      | 0.02% | 0.02%  | 0.06%  | 0.97%  | 1.17%   | –               |

**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 at [northernfunds.com](http://northernfunds.com) or 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 7-day current yield more closely reflects the current earnings of the Fund than the total returns. The Fund also includes voluntary fee waivers that may change or end at any time. The 7-day current yield would have been -0.34%.**

**Money Market Risk:** An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

**Tax-Free/AMT Risk:** Tax-exempt funds' income may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.

<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. The Fund also includes voluntary fee waivers that may change or end at any time.

<sup>2</sup> Tax-equivalent yields are based on an assumed tax rate of 35.0% for national municipal funds.

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



Managed by  
Northern Trust

NOT FDIC INSURED

May lose value/No bank guarantee

**MATURITY DISTRIBUTION**

| Maturity Range      | Fund   |
|---------------------|--------|
| 1 Day               | 11.4%  |
| 2 - 15 Days         | 73.2%  |
| 61 - 97 Days        | 5.2%   |
| 98 - 180 Days       | 3.4%   |
| 181 - 270 Days      | 5.8%   |
| 271 - 366 Days      | 0.9%   |
| 367 Days - 397 Days | 0.1%   |
| TOTAL               | 100.0% |

**QUALITY DISTRIBUTION**

| Quality Rating | Fund   |
|----------------|--------|
| Tier 1         | 100.0% |
| TOTAL          | 100.0% |

**SECURITY DISTRIBUTION**

| Security Type           | Fund   |
|-------------------------|--------|
| Variable Rate Note/Bond | 86.7%  |
| Commercial Paper        | 10.8%  |
| Fixed Rate Note/Bond    | 2.5%   |
| TOTAL                   | 100.0% |

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

**PORTFOLIO MANAGER**



KURT STOEBER | Began career in 1991  
With Northern Trust since 2000

Mr. Stoeber received a B.S. in finance from Illinois State University and an MBA in finance from the University of Illinois at Chicago.

**CALENDAR YEAR RETURNS**

|  | 2011  | 2010  | 2009  | 2008  | 2007  |
|--|-------|-------|-------|-------|-------|
| FUND   | 0.02% | 0.02% | 0.16% | 1.73% | 3.15% |
| IMONEYNET FUND AVERAGE™ – TAX-FREE RETAIL <sup>3</sup> | 0.02% | 0.03% | 0.14% | 1.66% | 2.98% |

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

**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>3</sup> **iMoneyNet Fund Average™ – Tax-Free Retail** category includes all retail national and state tax-free and municipal money funds. Portfolio holdings of tax-free include rated and unrated demand notes, rated and unrated general market notes, commercial paper, put bonds – 6-month and less, put bonds – over 6 months, AMT paper and other tax free holdings. The category average is the average of all funds in this category reported by iMoneyNet. It is not possible to invest directly in an index.

**Weighted Average Maturity:** The weighted average maturity (WAM) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days until maturity for WAM are calculated using the lower of the stated maturity date or next interest rate reset date.

**Weighted Average Life:** The weighted average life (WAL) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days to maturity for WAL are calculated using the lower of the stated maturity date or demand feature date.

**Distribution Calculations:** All distribution calculations (Maturity Distribution, Quality Distribution and Security Distribution) are measured on a trade date basis and exclude uninvested cash from the market value used to compute the percentage calculations.

**Maturity Distribution:** The data is measured using the lower of the stated maturity date or next interest rate reset date.

**Quality Distribution:** A Tier 1 asset (or the issuer of the asset does not have short-term rating) is classified when any two of the nationally recognized statistical rating agencies have given it a rating in its top rating category (this includes A1+ and A1 for Standard & Poor's as well as F1+ and F1 for Fitch). If only one short-term rating is available, the Tier is determined by the one agency. If there are one or fewer top ratings from the agencies and the rest are in the second tier (A2, P2 or F2) then the asset falls into Tier 2. Note a split rating (A1/P2) is considered Tier 2, as it does not meet the definition for Tier 1.

*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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