

PRIME OBLIGATIONS PORTFOLIO

MUTUAL FUND

AS OF DECEMBER 31, 2017

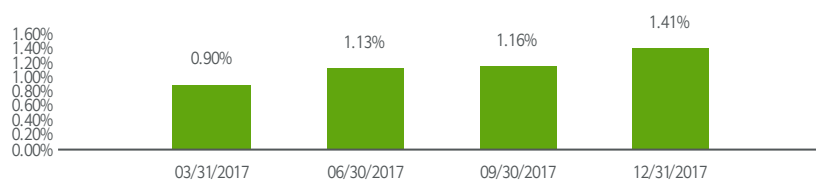
Investment Objective

The Portfolio seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing exclusively in high quality money market instruments.

Investment Approach

The Portfolio seeks to achieve its objective by investing in a broad range of government, bank and commercial obligations that are available in the money markets. The Portfolio offers the potential for a higher yield than a portfolio of government securities, with limited additional risk, by being able to invest in money market eligible corporate securities.

7-DAY CURRENT YIELD HISTORY (SHARES CLASS)

MONTH-END
7-DAY CURRENT
YIELD %

| 2017 | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 0.76 | 0.79 | 0.90 | 0.92 | 0.97 | 1.13 | 1.16 | 1.16 | 1.16 | 1.19 | 1.20 | 1.41 |

TOTAL RETURNS %

As of 12/31/17

| 1-Year | 3-Years | 5-Years | 10-Years | Since Inception |
|--------|---------|---------|----------|-----------------|
| 1.04 | 0.53 | 0.34 | 0.46 | 1.34 |

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 800-637-1380.

Northern Trust Investments, Inc. has contractually agreed to reimburse a portion of the operating expenses of the Portfolio (other than certain excepted expenses, i.e., acquired fund fees and expenses, service fees, the compensation paid to each Independent Trustee of the Trust, expenses of third party consultants engaged by the Board of Trustees, membership dues paid to the Investment Company Institute and Mutual Fund Directors Forum, expenses in connection with the negotiation and renewal of the revolving credit facility, extraordinary expenses and interest) to the extent the "Total Annual Portfolio Operating Expenses" exceed 0.15%. This contractual limitation may not be terminated before April 1, 2018 without the approval of the Board of Trustees. In the absence of these reimbursements, 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 Portfolio than the total returns. The Portfolio also includes voluntary expense reimbursements that were in effect prior to November 30, 2013. Without the voluntary expense reimbursements, the 7-Day current yield prior to November 30, 2013 would have been lower. The Portfolio also includes voluntary expense reimbursements to prevent a negative yield that may be implemented, changed or ended at any time.

Market Value NAV is calculated using current market quotations, or an appropriate substitute, to value a portfolio. This NAV is calculated to four decimal places and is currently being used for transacting purchase and sale activity.

You could lose money by investing in the Portfolio. Because the share price of the Portfolio will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The Portfolio may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the Portfolio's liquidity falls below required minimums because of market conditions or other factors. An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Portfolio's sponsor has no legal obligation to provide financial support to the Portfolio, and you should not expect that the sponsor will provide financial support to the Portfolio at any time.

Please see back page for important investment considerations.

FUND OVERVIEW

| | |
|----------------------------|---------------|
| Inception Date | 8/21/03 |
| Total Net Portfolio Assets | \$2.2 Billion |
| Minimum Investment | \$5 Million |
| Cut Off Time - Purchases | 2:00 p.m. CT |
| Cut Off Time - Redemptions | 2:00 p.m. CT |
| Symbol | NPAXX |
| CUSIP | 665279204 |

RATING

| | |
|-------------------|--------|
| Moody's | Aaa-mf |
| Standard & Poor's | AAAm |

7-DAY CURRENT YIELD %

| | |
|--------|------|
| Shares | 1.41 |
|--------|------|

QUALITY DISTRIBUTION %

| | |
|--------|-------|
| Tier 1 | 100.0 |
|--------|-------|

SECTOR DISTRIBUTION %

| | |
|-------------------------|------|
| Banking Industry | 74.9 |
| Municipal | 11.2 |
| Broker/Dealer | 7.4 |
| Finance & Insurance | 6.2 |
| Commercial & Industrial | 0.4 |

ANNUAL EXPENSE RATIOS %

| | |
|--------------------------------|------|
| Net Expense Ratio ¹ | 0.15 |
| Gross Expense Ratio | 0.17 |

SECURITY DISTRIBUTION %

| | |
|------------------------------|------|
| CD's- Certificate of Deposit | 34.9 |
| Commercial Paper | 27.9 |
| Time Deposit | 20.3 |
| Variable Rate Note/Bond | 10.7 |
| Repurchase Agreements | 6.3 |

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

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

MATURITY DISTRIBUTION %

Maturity Range

| | |
|---------------------------|---------|
| Overnight | 39.4 |
| 2 – 15 Days | 18.8 |
| 16 – 30 Days | 17.4 |
| 31 – 60 Days | 15.8 |
| 61 – 97 Days | 4.8 |
| 98 – 180 Days | 0.7 |
| 181 – 270 Days | 0.8 |
| 271 – 366 Days | 2.3 |
| Weighted Average Maturity | 28 Days |
| Weighted Average Life | 77 Days |

TOP ISSUERS %

| Company | Net Assets |
|---|------------|
| Toronto-dominion Bank/The | 5.2 |
| Royal Bank of Canada | 5.0 |
| Australia And New Zealand Banking Group Ltd | 5.0 |
| Nordea Bank Ab | 5.0 |
| Rue La Boetie Sas | 5.0 |
| Canadian Imperial Bank of Commerce | 4.9 |
| Bank of Montreal | 4.5 |
| Commonwealth Bank of Australia | 4.1 |
| Wells Fargo & Company | 4.0 |
| Westpac Banking Corp | 3.5 |

PORTFOLIO MANAGEMENT

JENNIFER GRECA, CFP®

Began career in 2000 | With Northern Trust since 2000

Ms. Greca received a BBA in international business and human resource management from the University of Toledo and an MBA with a concentration in finance from Loyola University, Chicago. She also holds the CERTIFIED FINANCIAL PLANNER™ certification.

PETER YI, CFA®

Began career in 2000 | With Northern Trust since 2000

Mr. Yi received a Bachelor's degree from the University of Michigan and an MBA from the University of Chicago Booth School of Business. He is an active CFA charter holder and a member of the CFA Institute and the Investment Analysts Society of Chicago.

PORTFOLIO MANAGER COMMENTARY

As widely expected, the Federal Open Market Committee (FOMC) raised the Fed funds target range by twenty-five basis points (0.25%) and released their projections for an additional three rate hikes in 2018.

Although the makeup of the Fed will be different in 2018, the "dot plot" submitted by current FOMC members reflected 3 rate hikes in 2018 and inflation would be at 1.9%. Market expectations continue to rise for a potential March hike. However it is not known if the Fed would continue increasing rates if the 10 year Treasury does not sell off. The Fed may be okay with a flattened yield curve but an inverted yield curve may cause the Fed to pause, especially with inflation reading below their 2% mandate.

President Trump signed sweeping tax reform for both individuals and corporations with only Republican support.

We continue to position ourselves conservatively with a neutral duration strategy. Liquidity and principal preservation remain our primary objectives.

DISCLOSURE

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

¹ Includes contractual expense reimbursements that, if not extended, will end on April 1, 2018. Unaudited as of December 31, 2017.

DEFINITIONS

7-day current yields are based on the relation between the fund's net asset value per share on the date indicated and the annualization of the funds net dividend income for the 7 days ended on the date indicated. The yields shown do not include capital gains and may, therefore, differ slightly from the actual distribution rate.

Ratings are as of March 3, 2017 for Standard and Poor's and October 4, 2016 for Moody's. They are subject to change. A Standard & Poor's principal stability fund rating, also known as "money market fund rating", is a forward-looking opinion about a fixed income fund's capacity to maintain stable principal (net asset value). When assigning a principal stability rating to a fund, Standard & Poor's analysis focuses primarily on the creditworthiness of the fund's investments and counterparties, and also its investments' maturity structure and management's ability and policies to maintain the fund's stable net asset value. Principal stability fund ratings are assigned to funds that seek to maintain a stable or an accumulating net asset value. A fund rated AAAM demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. Moody's Money Market and Bond Fund Ratings are opinions of the investment quality of shares in mutual funds and similar investment vehicles which principally invest in short-term and long-term fixed income obligations, respectively. As such, these ratings incorporate Moody's assessment of a fund's published investment objectives and policies, the creditworthiness of the assets held by the fund, as well as the management characteristics of the fund. The ratings are not intended to consider the prospective performance of a fund with respect to appreciation, volatility of net asset value, or yield.

The fund is a managed portfolio and its holdings are subject to change.

The holdings percentages are based on net assets at the close of business on December 31, 2017 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Quality Distribution is determined as follows: A security is classified as Tier 1 when two or more of the three nationally recognized statistical rating agencies have assigned a rating in their top short-term ratings category (A1+ and A1 for Standard & Poor's, P1 for Moody's and F1+ and F1 for Fitch). A security is classified as Tier 2 when two or more of the ratings assigned to that security are below the top short-term ratings from the agencies (this would include ratings of A2 for Standard & Poor's, P2 for Moody's and F2 for Fitch). If a security has only two short-term ratings available, the lower rating is used to define the Tier; i.e. a split rating of A1/P2 is considered Tier 2. If only one short-term rating is available for a security, the Tier is determined by that one agency. A security is classified as Tier 3 if it does not meet the definition of Tier 1 or Tier 2, has two or more ratings below A2, P2, or F2 or if the security does not have a short-term rating.

The gross and net expense ratios are as of the most recent prospectus.

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

Please carefully read the prospectus and summary prospectus and consider the investment objectives, risks, charges and expenses of Northern Institutional Funds before investing. Call 800-637-1380 to obtain a prospectus and summary prospectus, which contains this and other information about the funds.

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