

FlexShares ESG & Climate High Yield Corporate Core Index Fund

FEHY

All data as of June 30, 2023

OBJECTIVE

The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Northern Trust ESG & Climate High Yield U.S. Corporate Core IndexSM (the "Underlying Index").

FUND FACTS

| | |
|-----------------------|---|
| Ticker | FEHY |
| Inception | 09/20/2021 |
| CUSIP | 33939L589 |
| Exchange | NYSE Arca |
| Underlying Index | Northern Trust ESG & Climate High Yield U.S. Corporate Core Index |
| Index Ticker | NTUHECBTR |
| IOPV Ticker | FEHY.IV |
| Estimated Cash Ticker | FEHY.EU |
| Net Assets | \$2,024,530 |
| Shares Outstanding | 50,000 |
| No. of Holdings | 718 |

FUND INFORMATION

| | |
|--|--------|
| Weighted Average Maturity (years) | 6.25 |
| Weighted Average Price | 89.74 |
| Weighted Average Effective Duration (years) | 3.81 |
| Weighted Average Option Adjusted Spread (basis points) | 410.77 |
| SEC Subsidized Yield | 9.73% |
| SEC Unsubsidized Yield | 9.04% |
| EXPENSE RATIO (%) | |
| Management Fee | 0.23 |
| Acquired Fund Fees and Expenses | 0.00 |
| Other Expenses | 0.01 |
| Gross Expense Ratio | 0.24 |
| Expense Reimbursement | -0.01 |
| Net Expense Ratio | 0.23 |

QUARTER END PERFORMANCE (%) As of June 30, 2023

| | QTD | YTD | 1 Yr. | Since Inception |
|--|------|------|-------|-----------------|
| FEHY NAV Return | 1.86 | 5.43 | 8.12 | -3.98 |
| FEHY Market Return (Bid-Ask Midpoint) | 1.36 | 5.84 | 8.46 | -3.79 |
| Northern Trust ESG & Climate High Yield U.S. Corporate Core Index Return | 1.74 | 5.33 | 8.62 | -3.44 |
| ICE BofA [®] US High Yield Index Return | 1.63 | 5.41 | 8.87 | -3.36 |

Index performance returns do not reflect any fees, transaction costs, expenses or taxes.

Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the latest month end is available at <https://www.flexshares.com/us/en/individual/funds>. It is not possible to invest directly in an index.

FlexShares shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total Returns are calculated using the daily 4:00 pm EST net asset value (NAV). Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

Northern Trust Investments, Inc. ("NTI" or the "Adviser") has contractually agreed to reimburse a portion of the operating expenses of the Fund (other than Acquired Fund Fees and Expenses) to the extent the "Total Annual Fund Operating Expenses" exceed 0.23% until March 1, 2024. Performance would have been lower without fee waivers and expense reimbursements in effect.

30-Day SEC Subsidized Yield is computed under an SEC standardized formula based on net income earned over the past 30 days. It is a "subsidized" yield, which means it includes contractual expense reimbursements and it would be lower without those reimbursements. It may also include an inflation adjustment that can cause the yield to vary substantially from one month to the next.

30-Day SEC Unsubsidized Yield calculation is also computed under the same SEC standardized formula based on net income earned over the past 30 days, but excludes contractual expense reimbursements, resulting in a lower yield. It may also include an inflation adjustment that can cause the yield to vary substantially from one month to the next.

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TOP FUND HOLDINGS

| Name | Coupon | Maturity | Weight (%) |
|--|--------|------------|------------|
| CASH | | | 2.25 |
| FORD MOTOR CREDIT CO LLC CALLABLE NOTES FIXED | 6.950% | 03/06/2026 | 1.01 |
| CCO HOLDINGS LLC / CCO HOLDINGS CAPITAL CORP | 7.375% | 03/01/2031 | 0.93 |
| DIRECTV FINANCING LLC / DIRECTV FINANCING | 5.875% | 08/15/2027 | 0.59 |
| TENET HEALTHCARE COD 06/15/23 06.125% | 6.125% | 06/15/2030 | 0.50 |
| CLOUD SOFTWARE GROUP INC CALLABLE BOND FIXED 9% | 9.000% | 09/30/2029 | 0.48 |
| SENSATA TECHNOLOGIES INC CALLABLE NOTES FIXED | 3.750% | 02/15/2031 | 0.47 |
| GOODYEAR TIRE & RUBBER CO/THE CALLABLE NOTES FIXED | 5.250% | 07/15/2031 | 0.44 |
| INTELSAT JACKSON HOLDINGS SA CALLABLE NOTES FIXED | 6.500% | 03/15/2030 | 0.41 |
| DAVITA INC CALLABLE NOTES FIXED 3.75% 15/FEB/2031 | 3.750% | 02/15/2031 | 0.40 |
| Total | | | 7.49 |

SECTOR (%)

| | |
|------------------------------|-------|
| Industrial | 30.72 |
| Consumer | 29.32 |
| Technology, Telecomm & Media | 14.60 |
| Energy | 12.04 |
| Financials | 10.98 |
| Cash/and or Derivatives | 2.25 |
| Other | 0.09 |

SUB-SECTOR (%)

| | |
|----------------------------|-------|
| Technology | 9.12 |
| Health Care | 6.54 |
| Cable and Satellite | 5.49 |
| Automotive | 5.13 |
| Midstream | 5.11 |
| Retailers | 3.97 |
| Consumer Cyclical Services | 3.85 |
| Gaming | 3.82 |
| Leisure | 3.52 |
| Media and Entertainment | 3.04 |
| Other | 50.41 |

COUNTRY (%)

| | |
|-------------------------|-------|
| United States | 86.31 |
| Canada | 4.20 |
| Cash/And Or Derivatives | 2.25 |
| United Kingdom | 1.91 |
| Luxembourg | 1.32 |
| Italy | 1.14 |
| Australia | 0.85 |
| France | 0.85 |
| Ireland | 0.40 |
| Japan | 0.24 |
| Other | 0.53 |

MATURITY (%)

| | |
|-------------------------|-------|
| 0 - 1 Years | 0.1 |
| 1 - 2 Years | 7.22 |
| 2 - 3 Years | 12.17 |
| 3 - 5 Years | 27.59 |
| 5 - 7 Years | 30.67 |
| 7 - 10 Years | 13.83 |
| 10 - 15 Years | 2.69 |
| 15 - 20 Years | 0.21 |
| 20+ Years | 3.27 |
| Cash and/or Derivatives | 2.25 |

Holdings are subject to change without notice.

Sectors may include many industries and weights are subject to change without notice.

Country allocations subject to change without notice.

Percentages for some of the tables on this page may not total 100 due to rounding.

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FEHY*All data as of June 30, 2023*

DEFINITIONS

Duration is the sensitivity of a fixed income security's price to a change in interest rates.

ESG Investing is defined as utilizing environmental, social, and governance (ESG) criteria as a set of standards for a company's operations that socially conscious investors use to screen potential investments.

Spread is the difference in the yield on a corporate bond and a government bond with a similar maturity.

Weighted Average Effective Duration is the sum of the duration of the underlying securities, weighted by its market value with respect to the total market value of the portfolio.

Weighted Average Option Adjusted Spread is the sum of the spreads of the fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option of the underlying securities, weighted by its market value with respect to the total market value of the portfolio.

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IMPORTANT INFORMATION

Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information is in the prospectus and a summary prospectus, copies of which may be obtained by visiting www.flexshares.com. Read the prospectus carefully before you invest.

Foreside Fund Services, LLC, distributor. FlexShares and Foreside are not related.

An investment in FlexShares is subject to numerous risks, including possible loss of principal. Fund returns may not match the return of the respective indexes. A full description of risks is in the prospectus. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

FlexShares ESG & Climate High Yield Corporate Core Index Fund (FEHY) is a passively managed fund that invests in high yield securities and use a representative sampling strategy to track its underlying index. Use of a representative sampling strategy creates tracking risk where the Fund's performance could vary substantially from the performance of the underlying index along with the risk of high portfolio turnover. Northern Trust does not attempt to take defensive positions in any market conditions, including declining markets.

ESG Investment Risk is the risk that because the Index Provider includes and excludes issuers and assigns weights to issuers in the Underlying Index by applying non-financial factors, the Fund may underperform the broader equity market or other funds that do or do not use ESG investment criteria. Although the Underlying Index is designed to measure a portfolio of companies with certain ESG characteristics, there is no assurance that the Underlying Index or Fund will be comprised of such securities or that companies that have historically exhibited such characteristics will continue to exhibit such characteristics.

Seed Investor Risk is the risk that may result from Northern Trust and/or its affiliates making payments to one or more investors to contribute seed capital to the Fund, such as an Authorized Participant, a market maker and/or another entity. As with redemptions by other large shareholders, redemptions by seed investors could have a significant negative impact on the Fund, including on the Fund's liquidity and the market price of the Fund's shares. **Concentration Risk** is the risk that, to the extent the Fund's investments are concentrated in the securities of issuers in a particular region, country, market, industry, sector or asset class, the Fund may be subject to increased price volatility. **Authorized Participant Concentration Risk** is the risk that the Fund may be adversely affected because it has a limited number of institutions that act as authorized participants. **Derivatives Risk** is the risk that the use of futures and options on futures may pose risks in addition to and greater than those associated with investing directly in securities and other instruments, may be illiquid or less liquid, more volatile, more difficult to value and leveraged so that small changes in the value of the underlying instrument may produce disproportionate losses to the Fund.

Non Diversification Risk is the risk that Fund performance may depend on the performance of a small number of issuers because the Fund may invest a large percentage of its assets in securities issued by or representing a small number of issuers.

High Yield Securities Risk is the risk that the Fund will be subject to greater credit risk, price volatility and risk of loss than if it invested primarily in investment grade securities, which can adversely impact the Fund's return and NAV. **Corporate Bond Risk** is the risk the Fund faces because it invests primarily in bonds issued by corporations. **Income Risk** is the risk that the Fund's income may decline when interest rates fall. **LIBOR Risk** is the risk from the expected discontinuation of the publication of the London Interbank Offered Rate (LIBOR), which many debt securities, derivatives and other financial instruments use as the reference or benchmark rate for interest rate calculations, at the end of June 2023. **Liquidity Risk** is the risk that certain portfolio securities may be less liquid than others, which may make them difficult or impossible to sell at the time and the price that the Fund would like, adversely affecting the value of the Fund's investments and its returns.

High Portfolio Turnover Risk is the risk that active and frequent trading of the Fund's portfolio securities may result in increased transaction costs to the Fund. **Tracking Error Risk** is the risk that the Fund's performance may vary substantially from the performance of the Underlying Index. The Fund's performance may vary from the performance of the Underlying Index for a number of reasons including that the Fund incurs operating expenses that the Underlying Index does not and that the Fund accepts custom baskets. **Passive Investment Risk** is the risk that the Fund is not actively managed.

The Northern Trust ESG & Climate High Yield U.S. Corporate Core Index is designed to measure the performance of a diversified universe of high yield, US-dollar denominated bonds of companies that also possess environmental, social, and governance (ESG) characteristics.

ICE BofA® US High Yield Index tracks the performance of below investment grade, but not in default, US dollar-denominated corporate bonds publicly issued in the US domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

All data provided by: Northern Trust, J.P. Morgan, Rimes, Morningstar and Refinitiv.