

# FlexShares ESG & Climate Investment Grade Corporate Core Index Fund

## FEIG

All data as of December 31, 2024

### 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 Investment Grade U.S. Corporate Core Index<sup>SM</sup> (the "Underlying Index").

### FUND FACTS

Ticker	FEIG
Inception	09/20/2021
CUSIP	33939L571
Exchange	NYSE Arca
Underlying Index	Northern Trust ESG & Climate Investment Grade U.S. Corporate Core Index
Index Ticker	NTUIECBTR
IOPV Ticker	FEHY.IV
Estimated Cash Ticker	FEHY.EU
Net Assets	\$48,511,883
Shares Outstanding	1,200,000
No. of Holdings	832

### FUND INFORMATION

Weighted Average Maturity (years)	11.22
Weighted Average Price	93.07
Weighted Average Effective Duration (years)	6.83
Weighted Average Option Adjusted Spread (basis points)	121.32
SEC Subsidized Yield	5.08%
SEC Unsubsidized Yield	5.07%
<b>EXPENSE RATIO (%)</b>	
Management Fee	0.12
Acquired Fund Fees and Expenses	0.00
Other Expenses	0.01
Gross Expense Ratio	0.13
Expense Reimbursement	-0.01
Net Expense Ratio	0.12

### QUARTER END PERFORMANCE (%) As of December 31, 2024

	QTD	YTD	1 Yr.	3 Yr.	Since Inception
FEIG NAV Return	-3.07	2.02	2.02	-2.50	-2.68
FEIG Market Return	-3.16	1.75	1.75	-2.41	-2.67
Northern Trust ESG & Climate Investment Grade U.S. Corporate Core Index Return	-3.10	2.35	2.35	-2.19	-2.40
Bloomberg US Corporate Total Return Value Unhedged Index Return	-3.04	2.13	2.13	-2.26	-2.45

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. Beginning July 1, 2024, market price performance is determined using the closing price on the primary exchange. Prior to July 1, 2024, market price performance was determined using the bid/ask midpoint at 4:00pm EST, when the NAV is typically calculated. 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 0.12% until March 1, 2025. 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 (%)
GOLDMAN SACHS GROUP INC/THE CALLABLE NOTES	4.482%	08/23/2028	1.86
CASH			1.59
JPMORGAN CHASE & CO CALLABLE NOTES VARIABLE	5.581%	04/22/2030	0.97
FORD MOTOR CREDIT CO LLC CALLABLE NOTES FIXED 7.2%	7.200%	06/10/2030	0.88
CITIGROUP INC NOTES FIXED 4.45% 29/SEP/2027 USD	4.450%	09/29/2027	0.86
FORD MOTOR CREDIT CO LLC CALLABLE NOTES FIXED	6.950%	06/10/2026	0.85
VERIZON COMMUNICATIONS INC CALLABLE NOTES FIXED	2.550%	03/21/2031	0.79
MORGAN STANLEY CALLABLE MEDIUM TERM NOTE FIXED	3.125%	07/27/2026	0.66
ORACLE CORP CALLABLE NOTES FIXED 5.55% 06/FEB/2053	5.550%	02/06/2053	0.61
MICROSOFT CORP CALLABLE NOTES FIXED 3.4%	3.400%	06/15/2027	0.61
Total			9.68

## SECTOR (%)

Financials	30.88
Consumer	21.78
Technology, Telecomm & Media	15.64
Industrial	15.24
Energy	14.87
Other	1.59

## SUB-SECTOR (%)

Banking	21.44
Technology	12.42
Pharmaceuticals	6.70
Electric	6.32
Health Care	5.04
Midstream	4.06
Automotive	3.15
Retailers	3.03
Food and Beverage	2.87
Wirelines	2.76
Other	32.21

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.

## COUNTRY (%)

United States	83.28
United Kingdom	5.30
Canada	2.99
Japan	1.14
Switzerland	0.87
Netherlands	0.83
Belgium	0.71
France	0.50
Ireland	0.44
Macao	0.41
Other	3.53

## MATURITY (%)

0 - 1 Years	0.10
1 - 2 Years	6.58
2 - 3 Years	7.59
3 - 5 Years	16.59
5 - 7 Years	17.64
7 - 10 Years	14.81
10 - 15 Years	6.84
15 - 20 Years	6.27
20+ Years	21.99
Cash/and or Derivatives	1.59

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## 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.

## 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](http://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 Investment Grade Corporate Core Index Fund (FEIG) is a passively managed fund that invests in United States fixed income 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.

**The Northern Trust ESG & Climate Investment Grade U.S. Corporate Core Index** is designed to measure the performance of a diversified universe of US-dollar denominated bonds of companies with investment grade credit quality, that also possess environmental, social, and governance (ESG) characteristics.

**Bloomberg US Corporate Total Return Value Unhedged USD Index** tracks the performance of the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

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

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## IMPORTANT INFORMATION

**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. **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. **Financial Sector Risk** is the risk that the financial sector can be significantly affected by changes in interest rates, government regulation, the rate of corporate and consumer debt defaulted, price competition, and the availability and cost of capital, among other factors. **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. **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 because the Fund is non-diversified and may invest a larger percentage of its assets in the securities of fewer issuers than a diversified fund, the Fund's performance will be more vulnerable to changes in the market value of a single issuer or group of issuers, and more susceptible to risks associated with a single economic, political or regulatory occurrence. **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. **Market Trading Risk** is the risk that the Fund faces because its shares are listed on a securities exchange, including the potential lack of an active market for Fund shares, losses from trading in secondary markets, periods of high volatility and disruption in the creation/redemption process of the Fund. ANY OF THESE FACTORS MAY LEAD TO THE FUND'S SHARES TRADING AT A PREMIUM OR DISCOUNT TO NAV.