

FlexShares US Quality Low Volatility Index Fund (QLV)

FLEXSHARES EXCHANGE TRADED FUNDS

[MUSIC PLAYING] The FlexShares US Quality Low Volatility Index Fund, QLV, is designed to provide exposure to US based companies that possess lower overall absolute volatility characteristics, while also exhibiting financial strength and stability, or what we believe are quality characteristics.

We build QLV through a three-step process. First, we develop a composite score ranking. We take the companies that are members of the Northern Trust 1250 Index and give them a quality score based on management efficiency, profitability, and cash flow. We then divide the securities into quintiles, 1 for the highest ranked stocks to 5 for the lowest ranked ones, which are then excluded from the fund.

Next, we apply security constraints to help ensure the fund is properly balanced. This includes the maximum allocation to single securities, maximum liquidity in comparison to the benchmark, maximum exposure to various sectors, industries, and styles, and a historical beta of 0.70%. We also target a maximum of 12% turnover. Finally, we optimize the fund by applying both a volatility reduction and a quality tilt. The funds are then rebalanced on a quarterly basis.

To learn more about the FlexShares US Quality Low Volatility Index Fund, visit flexshares.com/funds/qlv.

Before investing consider the Fund's investment objectives, risks, charges and expenses. Go to flexshares.com for a prospectus containing this information. Read it carefully. Foreside Fund Services, LLC, distributor.

All investments involve risk, including possible loss of principal. Funds' returns may not match returns of their respective indexes. Risks include fluctuation of yield, income, interest rate, non-diversification, asset class and market.

MANAGED BY NORTHERN TRUST

