

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

### Part I Reporting Issuer

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Flexshares iBoxx 3-Year Target Duration TIPS Index Fund		45-2840874	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Randal Rein	312-630-1872	rr36@ntrs.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
50 S. LaSalle St.		Chicago, IL60603	
<b>8</b> Date of action		<b>9</b> Classification and description	
10/31/13		Common Stock - Regulated Investment Company	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
33939L506	N/A	TDDT	N/A

### Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

**14** Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On June 7, 2013, Flexshares iBoxx 3-Year Target Duration TIPS Index Fund paid a distribution to common shareholders of record of June 5, 2013. A portion of the distribution constitutes a non-taxable return of capital.

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The portion of the distribution that constitutes a non-taxable return of capital will decrease a U.S. taxpayer's basis in the shares of Flexshares iBoxx 3-Year Target Duration TIPS Index Fund. The non-taxable return of capital is as follows:

Distribution Payable On:	Per Share Reduction of Basis in Common Stock
June 7, 2013	\$0.041673

**16** Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Flexshares iBoxx 3-Year Target Duration TIPS Index Fund's current and accumulated earnings were compared to distributions paid during the year ended October 31, 2013. The non-taxable return of capital represents the amount of distributions paid during the taxable year ended October 31, 2013 in excess of Flexshares iBoxx 3-Year Target Duration TIPS Index Fund's current and accumulated earnings and profits under IRC Section 316.

