

# FlexShares Morningstar<sup>®</sup> Global Upstream Natural Resources Index Fund (GUNR)

*Strategic allocations to natural resources should be considered for all portfolios as an intermediate to long-term defense against the corrosive impacts of inflation and to potentially participate in global growth.*

- 1** Potential defense against the risk of intermediate-term inflation
- 2** Efficiency and diversification opportunities from an equities-based strategy
- 3** Access to global growth trends

## Inflation Shield

Strategic exposure to upstream natural resource equities may provide a buffer against the risk of elevated intermediate-term inflation.

Companies may operate with a business focus on the upstream or downstream portion of the supply chain. Upstream companies sit at the start of the supply chain and produce or develop resources that are then transported to processors. Downstream companies process natural resources into consumer goods.

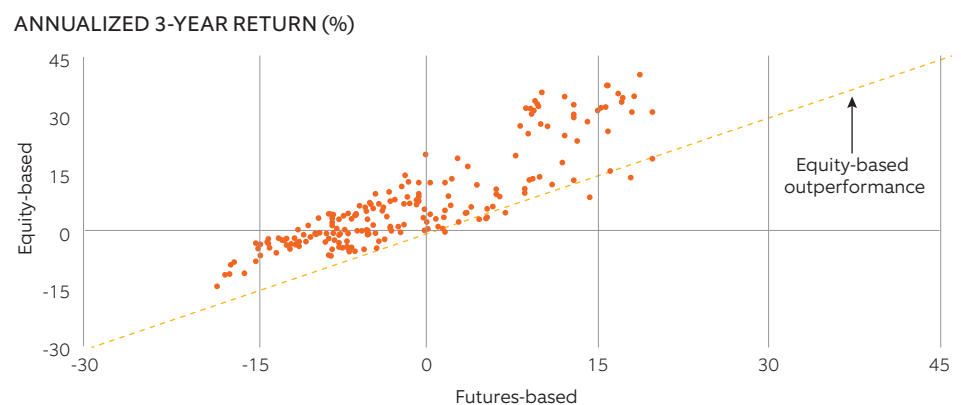
Downstream companies may face complexities and costs related to packaging, distribution, marketing, branding, and other factors that can affect profitability and cash flow. By contrast, upstream companies can be less complex because their costs lie primarily in resource extraction, with minimal processing and delivery to downstream companies. Upstream companies also may benefit from raw material price increases, while downstream companies, which must pay those higher prices for their input materials, may experience negative impacts.

## Efficiency in an Equity- Based Strategy

As compared to commodity futures investment vehicles, an equities-based strategy allows for greater transparency, potentially more tax-efficient structure, and unique exposure to sectors not available through futures such as water resources, timber, dairy and poultry/fish protein.

Global equities can provide distinct advantages including long term capital appreciation and the ability to generate income. Natural resource equity prices generally move independent of short-term stock market trends, with a particularly low correlation to the financial sector. An equity-based strategy that invests in companies that own, harvest, or extract

natural resources provides exposure to assets that aren't widely traded — or aren't available at all — on the commodity futures markets. Additionally, this strategy can provide many of the benefits of a futures-based approach — but without the structural headwinds, such as negative roll yield. This approach also avoids the complex and volatile nature of investing in futures contracts, which requires strategies to continually replace expiring contracts with new ones at potentially higher costs. Overall, an equity-based approach has consistently outperformed the futures-based approach over longer periods.

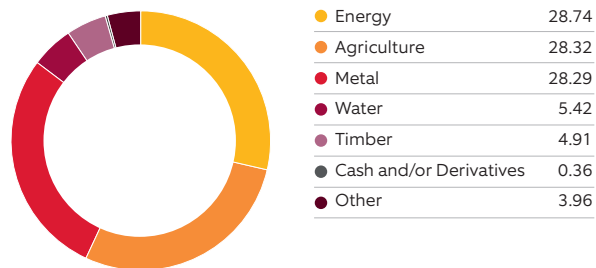


Source: Bloomberg. Total returns for S&P Global Natural Resources (equity-based) and Bloomberg Commodity Index (futures-based) as of 6/30/2022.

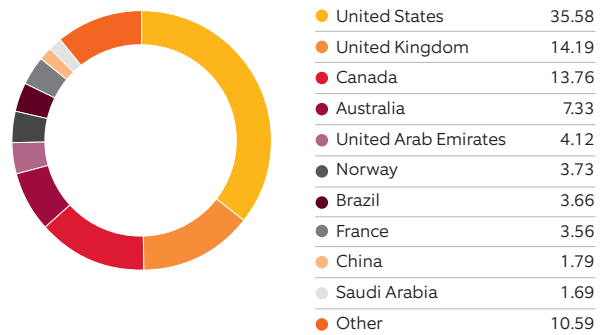
## Broad, balanced approach with global diversification

With growing populations and increasing per-capita income, global markets are in the early stages of what is expected to be an extended period of demand expansion for energy, food products, metals and other natural resources such as paper and water. In 2022, the United Nations forecasted that global population is expected to grow from 7.9 billion in 2021 to 8.5 billion in 2030, 9.7 billion in 2050 and 10.9 billion in 2100. Adding exposure to global natural resources investments provides an opportunity to capitalize on the potential benefit of rising natural resource product prices. Focus on the upstream portion of the supply chain may help to increase investors' exposure to the positive impact of rising prices. At the same time, diversification across sectors and regions may help mitigate the risk of skewed concentrations in sectors with a greater economic footprint. We believe this approach offers investors an opportunity to participate in the rising global demand for natural resources while maintaining a balanced position across emerging and established regions.

### SECTOR BREAKDOWN (%)



### COUNTRY BREAKDOWN (%)



Source: FlexShares.com. As of 06/30/2022.

**Cash flow** is the amount of cash that comes in and goes out of a company. Businesses take in money from sales as revenues and spend money on expenses.

FIND OUT MORE: 1-855-FlexETF (1-855-353-9383).

## 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.

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.

FlexShares Morningstar® Global Upstream Natural Resources Index Fund (GUNR) is passively managed and uses 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. It is subject to the global natural resource industry. As the demand for or prices of natural resources increase, the Fund's equity investment generally would be expected to also increase. Conversely, declines in demand for or prices of natural resources generally would be expected to cause declines in value of such equity securities. Such declines may occur quickly and without warning and may negatively impact your investment in the Fund. Investments in foreign market securities involve certain risks such as currency volatility, political and social instability and reduced market liquidity. To the extent that the Fund invests in Emerging markets, those investments may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that country, market, industry, sector or asset class.

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