

Northern Trust Quality Low Volatility Index

Using quality in an effort to minimize volatility*

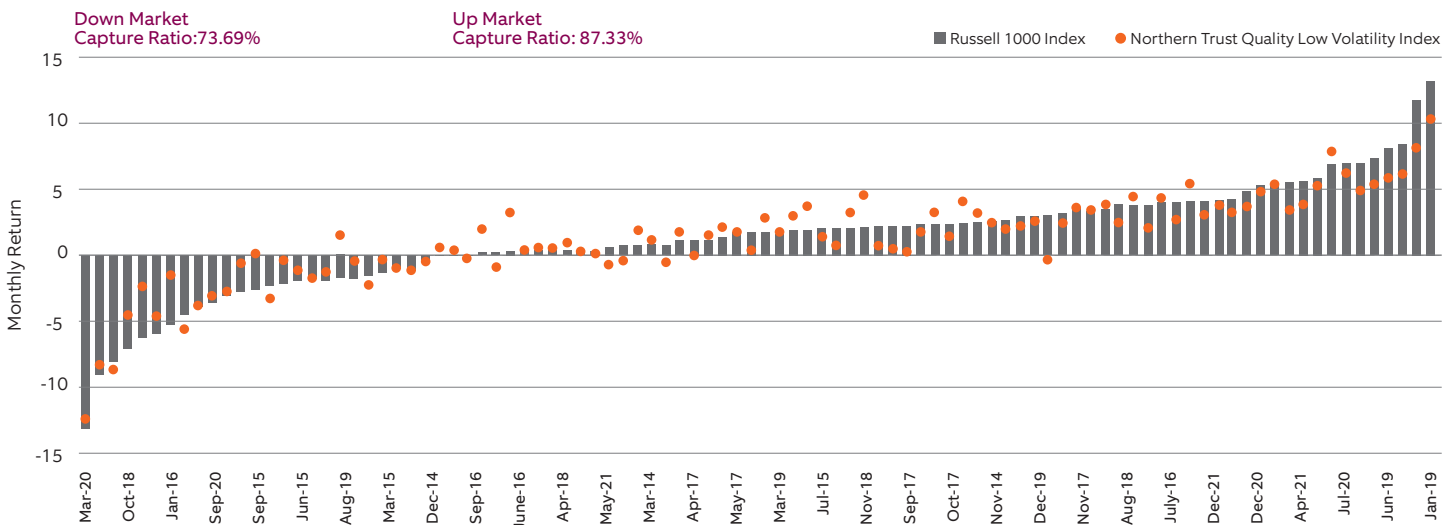
- 1** Core equity allocation with strong market upside potential while reducing downside risk
- 2** Quality factor seeks to further reduce volatility & potentially add incremental returns
- 3** Designed to mitigate unintended sector biases and interest rate risk

Designed to Provide Strong Potential Exposure to Market Upside While Reducing Downside Risk

Low volatility investing is an attempt to minimize the fluctuation of the value of an investment over a period of time and is often considered as a defensive strategy. Applying the quality factor to a low volatility strategy may allow an investor to capture more of the market upside potential while protecting against downside risks. The Northern Trust Quality Low Volatility Index historically has offered an up market capture ratio of 87% on average, while providing a down market capture ratio of 74% on average in comparison to the broad market index.

We recommend that clients consider adding a quality low volatility strategy to their core equity allocation.

Seeking to Overcome Low Vol's Limited Upside Capture



Average Performance in Down Months		Average Performance in Up Months	
NT Quality Low Volatility Index	-2.72%	NT Quality Low Volatility Index	2.65%
Russell 1000	-3.69%	Russell 1000	3.03%

Source: Refinitiv, Bloomberg. Graph shows monthly performance of NT Quality Low Volatility Index and Russell 1000 Index from 01/31/14–12/31/2021. Down (up) markets are defined as any monthly period when the Russell 1000 Index experienced negative (positive) performance. Arithmetic average is used. Index performance returns do not reflect any management fees, transaction costs or expenses. **Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.**

Quality Matters: Quality as Additional Volatility Mitigation

Historical evidence, based on Northern Trust's research conducted on stocks in the Russell 1000 index from 1998 – 2016, shows that lower quality stocks have tended to experience higher levels of volatility. The Northern Trust Quality Low Volatility Index methodology assigns a proprietary Quality score to each stock (based on Cash Flow, Profitability and Management Efficiency metrics) and excludes the bottom quintile of stocks as ranked by Quality. This research suggests that applying the Quality factor further helps to diversify the portfolio and reduce volatility without sacrificing returns.

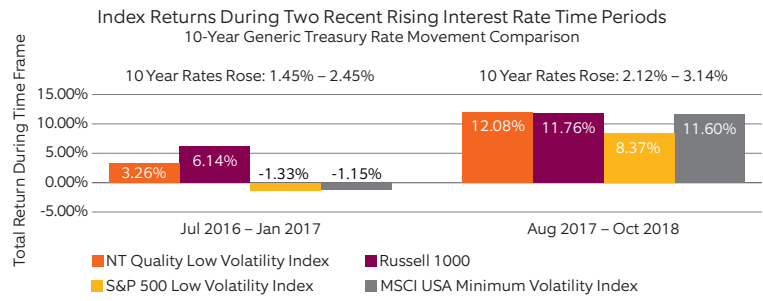
* The core components of the Northern Trust quality scoring model are based on quantitative ranking of various metrics obtained from company filings. These scores have three components: Management Efficiency (e.g. corporate finance activities), Profitability (e.g. assess the reliability and the sustainability of financial performance) and Cash Flow (e.g. cash flow generation).

Unintended Sector Biases and Interest Rate Risk

Our research suggests that low volatility strategies have historically often resulted in portfolios with significant sector biases (e.g. utilities, consumer staples, etc.) that may result in unintended sector risks and potential interest rate sensitivity that investors may not have been expecting. The Northern Trust Quality Low Volatility Index employs constraints on portfolio construction in an effort to produce a portfolio with potentially less sector bias which can also mitigate interest rate sensitivity compared to other low volatility strategies.

The MSCI USA Minimum Volatility Index aims to reflect the performance characteristics of a minimum variance strategy applied to the US large- and mid-cap equity universe.

The S&P 500 Low Volatility Index measures performance of the 100 stocks with the lowest realized volatility over the past 12 months from within the broader S&P 500 Index.



Source: Bloomberg. The time periods in the chart above, 01Jul2016 - 31Jan2017 and 01Aug2017 - 31Oct2018, respectively, were chosen because 10-Year Treasury rates rose 100 basis points or more. During the first period from 1.45% to 2.45% rate and during the second period from 2.12% to 3.14% rate. Basis Point (BPS) refers to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a fixed income financial instrument. **Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.**

Historical Index Performance Comparison

Index Name	Returns				Standard Deviation				Sharpe Ratio				Capture	
	1-Yr	3-Yr	5-Yr	Since Inception	1-Yr	3-Yr	5-Yr	Since Inception	1-Yr	3-Yr	5-Yr	Since Inception	Upside	Downside
Russell 1000 Index	26.36%	26.17%	18.40%	15.05%	10.93%	17.96%	15.77%	14.12%	2.41	1.40	1.09	1.01	-	-
NT Quality Low Volatility Index	26.38%	21.69%	16.21%	15.03%	13.04%	15.82%	13.82%	12.06%	2.02	1.31	1.09	1.18	87%	74%

Source: Bloomberg. Data is from 1/31/2014 to 12/31/2021 and performance data is annualized as appropriate. **Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.**

Standard deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. If the data points are further from the mean, there is a higher deviation within the data set; thus, the more spread out the data, the higher the standard deviation.

Sharpe ratio was developed by Nobel laureate William F. Sharpe and is used to help investors understand the return of an investment compared to its risk. The ratio is the average return earned in excess of the risk-free rate, in this instance utilizing the US Generic Government 3-month Yield index, per unit of volatility or total risk.

Downside capture measures how much performance loss a fund captures relative to a benchmark index in down markets.

Upside capture measures how much performance gain a fund captures relative to a benchmark index in up markets.

Index methodology of the Northern Trust Quality Low Volatility Index is designed to reflect the performance of a selection of companies that, in aggregate, possess lower overall absolute volatility risk characteristics relative to the Northern Trust 1250 Index, a float-adjusted market capitalization weighted index of U.S. domiciled large- and mid-capitalization companies. In addition, the Index looks to select companies from the Parent Index that exhibit financial strength and stability (i.e., quality) characteristics.

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. Read the prospectus carefully before you invest.

Forside 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. The Funds are subject to the following principal risks: asset class; authorized participant, calculation methodology; commodity; concentration; counterparty; currency; derivatives; dividend; emerging markets; equity securities; financial sector, fluctuation of yield; foreign securities; geographic; high portfolio turnover; income; industry concentration; inflation; infrastructure-related companies; interest rate; issuer; liquidity; large cap; management; market; market trading; mid cap stock; MLP; momentum; natural resources; new funds; non-diversification; passive investment; privatization; securities lending; small cap stock; tracking error; value investing; and volatility risk. A full description of risks is in the prospectus.