

FlexShares Core Select Bond Fund

Objective and Strategy

FlexShares Core Select Bond Fund (BNDC) seeks total return and preservation of capital.

Different, by Design

1. Construct a fixed income portfolio, based on Northern Trust's forecast, implementing active top-down decisions primarily using passively managed, rules based fixed income sector ETFs.
2. Actively manage portfolio adjusting to potential changes in interest rate levels, the shape of the yield curve and credit spread relationships while emphasizing liquidity and diversification.

Capital
Appreciation

Risk
Management

Income
Generation

Liquidity
Management

FUND FACTS

Ticker	BNDC
Inception	11/18/2016
CUSIP	33939L670
Exchange	NYSE
IOPV Ticker	BNDC.IV
Estimated Cash Ticker	BNDC.EU
Net Assets	\$44,373,457
Shares Outstanding	1,850,001
No. of Holdings	10

EXPENSE RATIO (%)

As of December 31, 2018

Management Fee	0.35
Acquired Fund Fees and Expenses	0.24
Other Expenses	-0.08
Gross Expense Ratio	0.67
Expense Reimbursement	-0.32
Net Expense Ratio	0.35

FUND CHARACTERISTICS

As of December 31, 2018

Weighted Average Price	55.76
Weighted Average Effective Duration (years)	5.91
Weighted Average Option Adjusted Spread (basis points)	79.54
SEC Subsidized Yield	2.81%
SEC Unsubsidized Yield	2.81%

QUARTER END PERFORMANCE (%)

As of December 31, 2018

	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	Since Inception
BNDC NAV Return	0.93	-1.27	-1.27	N/A	N/A	0.89
BNDC Market Return (Bid-Ask Midpoint)	0.76	-1.31	-1.31	N/A	N/A	0.89
Bloomberg Barclays Aggregate Bond Index Return	1.64	0.01	0.01	2.06	2.52	1.72

One cannot invest directly in an index.

Performance 1-year and less are cumulative; performance over 1-year are average annualized total returns.

Performance data quoted represents past performance and is no guarantee of future results.

Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the original cost. The fund has a net (gross) expense ratio of 0.35% (0.67%). NTI has contractually agreed to reimburse the fees and expenses of the Fund's independent trustees and independent legal counsel until March 1, 2019.

For the most recent month-end performance, please visit the Fund's website at www.flexshares.com.

TOP FUND HOLDINGS

As of December 31, 2018

Name	Coupon	Maturity	Weight (%)
1. FLEXSHARES DISCIPLINED DURATION MB			35.49
2. FLEXSHARES CREDIT-SCORED US CORP B			24.46
3. ISHARES -7 YEAR TREASURY BOND ETF			15.43
4. FLEXSHARES CREDIT-SCORED US LONG C			12.13
5. ISHARES PLUS YEAR TREASURY BOND E			4.86
6. ISHARES SHORT-TERM CORPORATE BOND			3.53
7. FLEXSHARES READY ACCESS VARIABLE I			3.06
8. ISHARES -10 YEAR TREASURY BOND ETF			0.67
9. TREASURY BILL		04/25/2019	0.37
10. US 2YR NOTE MAR 19		03/29/2019	0.00
Total			100.00

The **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. The **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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DISCLOSURES

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. Foreside Fund Services, LLC, distributor.

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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 concentration; counterparty; credit/default; currency; debt extension; derivatives; emerging markets; financial sector; foreign securities; high portfolio turnover; inflation; interest rate/maturity risk; issuer; leveraging; liquidity; management; market; market trading; mortgage-related and other asset-backed; municipal market volatility; non-diversification; prepayment/call; U.S. government; U.S. issuer and valuation. A full description of risks is in the prospectus.

FlexShares Core Select Bond Fund is actively managed and does not seek to replicate a specified index. The Fund is subject to increased credit and default risk, where there is an inability or unwillingness by the issuer of a fixed income security to meet its financial obligations, debt extension risk, where an issuer may exercise its right to pay principal on an obligation later than expected, as well as interest rate/maturity risk, where the value of the Fund's fixed income assets will decline because of rising interest rates. The Fund is subject to increased underlying fund risk, where the Fund's investment performance and its ability to achieve its investment objective may be directly related to the performance of the Underlying Funds in which it invests. The Fund may also be subject to increased concentration risk as it may invest more than 25% of its assets into the securities of a single developed market. Additionally, the Fund may invest without limitation in mortgage or asset-backed securities, which puts it at increased risk for interest rate/maturity risk, debt extension risk, and prepayment (or call) risk.

Shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Market performance is determined using the bid/ask midpoint at 4:00pm Eastern time. NAV return is determined using the daily calculated Net Asset Value (NAV).

Weighted Average Price is the average price of the investments within a given portfolio. The formula for determining this is to multiply each price paid for the investments by the number of individual securities purchased at that price. Add up all of these results and divide by the total number of investments found within the portfolio.

Weighted Average Effective Duration is the average expected price decline for the portfolio when interest rates rise by 1%. All else being equal, the longer the maturity of a portfolio, the larger its effective duration.

Weighted Average Option Adjusted Spread is the average measurement of the spread of a fixed-income portfolio and the risk-free rate of return, which is adjusted to take into account an embedded option. Typically, an analyst uses the Treasury securities yield for the risk-free rate.

All data provided by: Northern Trust, J.P. Morgan, and Thomson Reuters.

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