

# FlexShares US Quality Low Volatility Index Fund

## Objective and Strategy

The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Northern Trust Quality Low Volatility Index<sup>SM</sup> (the "Underlying Index").

## Different, by Design

1. Invests in US-based companies and employs quality factor as a tool to potentially mitigate future volatility
2. Utilize constraints to help optimize and remove biases
3. Maximize exposure to low volatility factor



## FUND FACTS

As of July 16, 2019

Ticker	QLV
Inception	07/16/2019
CUSIP	33939L654
Exchange	NYSE Arca
Underlying Index	Northern Trust Quality Low Volatility Index <sup>SM</sup>
Index Ticker	NTUQLV
IOPV Ticker	QLV.IV
Estimated Cash Ticker	QLV.EU
Net Assets	\$4,000,000
Shares Outstanding	100,000
No. of Holdings	133

## FLEXSHARES APPROACH – QUALITY & LOW VOLATILITY

Integrates rigorous fundamental analysis through a quality screen of US-based companies which can be viewed as a potential means to mitigate future volatility. We believe this is different than other low volatility funds that may utilize only historical return and/or correlation data in hopes the lower volatility will carry forward.

The core components of the quality scoring model are based on quantitative ranking of various metrics obtained from company filings. These scores have three components: Management Expertise (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).

Incorporates strict sector controls to help prevent the index from deviating too significantly from the broader US-equity market.

Constructs the final constituents list with consideration to the exposure of the low volatility factor, we believe giving investors a more efficient means of accessing this factor.

## FUND CHARACTERISTICS

As of July 16, 2019

Weighted Average Market Cap	\$160.35B
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## EXPENSE RATIO (%)

As of July 16, 2019

Management Fee	0.22
Acquired Fund Fees and Expenses	0.00
Other Expenses	0.00
Gross Expense Ratio	0.22
Expense Reimbursement	0.00
Net Expense Ratio	0.22

*Northern Trust Investments, Inc. ("NTI" or "Investment Adviser") has contractually agreed to reimburse certain expenses (amount is less than 0.005%) of the Trust's independent trustees until June 25, 2020.*

## TOP FUND HOLDINGS

As of July 16, 2019

Name	Weight (%)
1. Johnson & Johnson	4.51%
2. MasterCard, Inc.	3.57%
3. PepsiCo, Inc.	3.13%
4. Visa	2.87%
5. Verizon Communications	2.54%
6. Microsoft	2.46%
7. Apple	2.37%
8. Exxon Mobil Corp	2.16%
9. Starbucks Corp	2.11%
10. AT&T, Inc.	2.07%
Total	27.78%

SECTOR BREAKDOWN (%)

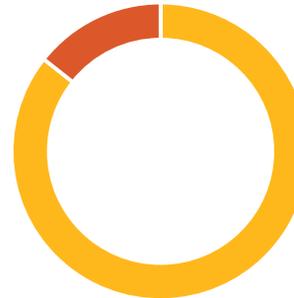
As of July 16, 2019



Information Tech	18.59
Financials	14.35
Health Care	13.13
Consumer Discretionary	10.61
Consumer Staples	9.75
Communication Services	9.64
Real Estate	6.84
Industrials	6.76
Utilities	6.10
Energy	2.55
Materials	1.68

MARKET CAP BREAKDOWN (%)

As of July 16, 2019



Large Cap	85.64
Mid Cap	14.36

DISCLOSURES

**Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy 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. The Funds are subject to the following principal risks: asset class; authorized participant concentration; concentration; counterparty; derivatives; dividend; equity securities; issuer; management; market; market trading; passive investment; tracking error; U.S. issuer; valuation; and volatility. A full description of risks is in the prospectus.

The FlexShares US Quality Low Volatility Index Fund (QLV) 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 higher portfolio turnover. Although the fund seeks lower volatility than the broader U.S. equity market, there is no guarantee it will be successful as securities or other assets in the Fund's portfolio may be subject to greater price volatility than the market as a whole. The Fund may also invest in derivative instruments. Changes in the value of the derivative may not correlate with the underlying asset, rate or index and the Fund could lose more than the principal amount invested. The Fund is also subject to increased risk of Industry Concentration, where it may be more than 25% invested in the assets of a single industry.

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).

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

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