

# FlexShares Morningstar<sup>®</sup> U.S. Market Factor Tilt Index Fund

Capital  
Appreciation

Risk  
Management

Income  
Generation

Liquidity  
Management

## Objective and Strategy

The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Morningstar<sup>®</sup> U.S. Market Factor Tilt Index<sup>®</sup> (Underlying Index).

## Different, by Design

- "Tilt" the portfolio to the small cap and value segments of the US equity market
- Exposure to 99.5% of the investable market while minimizing turnover

## FUND FACTS

Ticker	TILT
Inception	09/16/2011
CUSIP	33939L100
Exchange	CBOE
Underlying Index	Morningstar <sup>®</sup> U.S. Market Factor Tilt Index <sup>SM</sup>
Index Ticker	MUFTT
IOPV Ticker	TILT.IV
Estimated Cash Ticker	TILT.EU
Net Assets	\$1,242,232,576
Shares Outstanding	12,400,001
No. of Holdings	2,021

## QUARTER END PERFORMANCE (%)

As of December 31, 2018

	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	Since Inception
TILT NAV Return	-15.62	-8.52	-8.52	8.04	6.30	11.63
TILT Market Return (Bid-Ask Midpoint)	-15.62	-8.59	-8.59	8.04	6.29	11.63
Morningstar <sup>®</sup> U.S. Market Factor Tilt Index <sup>SM</sup> Return	-15.44	-8.44	-8.44	8.14	6.47	11.83
Russell 3000 Index Return	-14.30	-5.24	-5.24	8.97	7.91	12.50

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 0.25% (0.26%). 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](http://www.flexshares.com).

## FUND CHARACTERISTICS

As of December 31, 2018

Average Market Cap (\$)	122,979,982,278
SEC Subsidized Yield	2.09%
SEC Unsubsidized Yield	2.09%

## EXPENSE RATIO (%)

As of December 31, 2018

<b>Management Fee</b>	0.25
Acquired Fund Fees and Expenses	0.00
Other Expenses	0.01
<b>Gross Expense Ratio</b>	<b>0.26</b>
Expense Reimbursement	-0.01
<b>Net Expense Ratio</b>	<b>0.25</b>

## TOP FUND HOLDINGS

As of December 31, 2018

Name	Weight (%)
1. MICROSOFT	2.36
2. APPLE	2.13
3. AMAZON.COM	1.84
4. BERKSHIRE HATHAWAY	1.42
5. JPMORGAN CHASE	1.21
6. JOHNSON & JOHNSON	1.04
7. EXXON MOBIL	1.02
8. ALPHABET	0.98
9. FACEBOOK	0.95
10. ALPHABET	0.93
<b>Total</b>	<b>13.88</b>

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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FlexShares Morningstar<sup>®</sup> U.S. Market Factor Tilt Index Fund (TILT)

**SECTOR BREAKDOWN (%)**

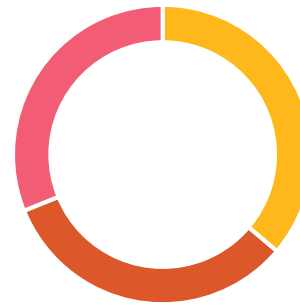
As of December 31, 2018



Information Technology	16.83
Financials	16.48
Health Care	12.95
Industrials	11.18
Consumer Discretionary	10.78
Communication Services	8.36
Consumer Staples	5.72
Energy	5.51
Real Estate	4.41
Utilities	3.22
Materials	3.20
Other	1.36

**STYLE BREAKDOWN (%)**

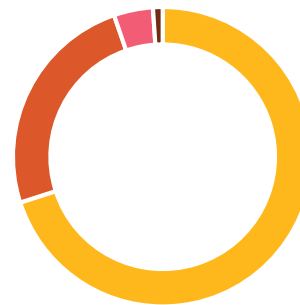
As of December 31, 2018



Value	36.18
Core	32.69
Growth	31.13

**MARKET CAP BREAKDOWN (%)**

As of December 31, 2018



Large Cap	70.05
Mid Cap	24.68
Small Cap	4.23
Micro Cap	1.04

**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](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; commodity; concentration; counterparty; currency; derivatives; dividend; emerging markets; equity securities; fluctuation of yield; foreign securities; geographic; income; industry concentration; inflation-protected securities; infrastructure-related companies; interest rate / maturity risk; issuer; large cap; management; market; market trading; mid cap stock; MLP; momentum; natural resources; new funds; non-diversification; passive investment; privatization; small cap stock; tracking error; value investing; and volatility risk. A full description of risks is in the prospectus.

Performance would have been lower without fee waivers and reimbursements in effect.

Price to earnings is calculated as a company's current stock price divided by its earnings per share. Price to book is calculated as the market value of all common stock shares of a company divided by the book value of the company. Price to cash flow is calculated as a company's current price per share divided by cash flow per share. Price to sales is calculated as a company's current stock price by its revenue per share.

The Morningstar<sup>®</sup> U.S. Market Factor Tilt Index<sup>SM</sup> measures the performance of U.S. equity markets with increased exposure toward small-capitalization and value stocks. Stocks that are deemed to be small-capitalization or value will have an overweighting compared to their weight in a corresponding market capitalization-weighted index. Likewise, stocks designated as "large" or "growth" stocks will have an underweighting compared to a standard market-capitalization weighting. The Morningstar index methodology defines "U.S. market" as those stocks that form the top 99.5% of the market capitalization of the stocks eligible to be included in Morningstar's investable universe. All stocks are then designated as "core", "growth" or "value" based on factors such as price-to-book ratios and price-to-earnings ratios, and are modified free float market-capitalization weighted. The Morningstar<sup>®</sup> U.S. Market Factor Tilt Index<sup>SM</sup> was created and is maintained by Morningstar, Inc. Morningstar, Inc. does not sponsor, endorse, issue, sell, or promote the FlexShares Morningstar U.S. Market Factor Tilt Index Fund and bears no liability with respect to that ETF or any security. Morningstar is a registered trademark of Morningstar, Inc. Morningstar U.S. Market Factor Tilt Index is a service mark of Morningstar, Inc. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Morningstar<sup>®</sup> U.S. Market Factor Tilt Index is the intellectual property (including registered trademarks) of Morningstar<sup>®</sup> and/or its licensors ("Licensors"), which is used under license. The securities based on the Index are in no way sponsored, endorsed, sold or promoted by Morningstar<sup>®</sup> and its Licensors and neither of the Licensors shall have any liability with respect thereto.

FlexShares Morningstar<sup>®</sup> U.S. Market Factor Tilt Index Fund (TILT) is subject to concentration risk. The Fund's investments are concentrated in the securities of issuers in a particular market, industry, sector or asset class. The Fund may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, sector or asset class. 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.

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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