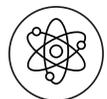


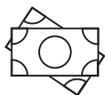
# iBoxx<sup>®</sup> 3-Year Target Duration TIPS Index

The above index is the underlying index for the FlexShares iBoxx 3-Year Target Duration TIPS Index Fund (TDTT), and is designed to provide investors with the inflation protection they seek from TIPS, while also maintaining a target duration that stays relatively constant over time in a rules-based methodology for investors who want to manage both inflation risk and interest-rate risk in their portfolios.



## Define Universe

Includes all U.S. Treasury Inflation-Protected Securities bonds with:



At Least \$2 Billion Outstanding



Maturities Between 1 and 10 Years



## Construct Index

Start with five issues with the shortest distance to three year duration of the index (“core bonds”)



For illustrative purposes only



If necessary, extend maturity bucket until three are available



Calculate Average Modified Adjusted Duration (MAD)\* of index

*If duration is within +/- 5% of three years, index is set*



If the average MAD is above (below) the target duration, highest (lowest) duration bond is redistributed pro rata to the core bond



Process continues until index falls within range



Constraints in place to reduce possibility of wash sales



Rebalanced Monthly

To learn more about FlexShares, contact our team at 1-855-FlexETF (1-855-353-9383) or visit our website, [www.flexshares.com](http://www.flexshares.com).

**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.

Please see back for additional important information.



*\*Duration is the sensitivity of a fixed income security's price to a change in interest rates. Modified adjusted duration (MAD) is an estimate of the market duration of a specific TIPS. It provides a way for investors to compare, on an apples-to-apples basis, the interest rate sensitivity of TIPS to other fixed income securities, based on inflation expectations.*

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 iBoxx<sup>®</sup> 3-Year Target Duration TIPS Fund (TDTT) 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 may 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 subject to fluctuation of yield risk, income risk, inflation protected security risk and interest rate/maturity risk. The Fund is non-diversified meaning the Fund performance may depend on the performance of a small number of issuers because the Fund may invest a large percentage of its assets in securities issued by or representing a small number of issuers.

The iBoxx<sup>®</sup> 3-Year Target Duration TIPS Index is the intellectual property (including registered trademarks) of Markit iBoxx<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 Markit iBoxx<sup>®</sup> and its Licensors and neither of the Licensors shall have any liability with respect thereto.