

# Understanding the FlexShares International Quality Dividend Index Fund (IQDF)

FLEXSHARES EXCHANGE TRADED FUNDS

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The FlexShares International Quality Dividend Index Fund — IQDF — seeks to provide exposure to the long-term growth potential of international based companies that have historically paid dividends.

We build the IQDF fund through a three-step process.

First, we develop a Composite Score Ranking. We begin by excluding all non-dividend paying funds and then assess Management Efficiency, Profitability, and Cash Flow to develop a Quality Dividend Score. We then divide the securities into quintiles: 1 for the highest-ranked stocks, to 5 for the lowest-ranked ones — which are excluded from the fund.

Next we apply Diversification Controls to make sure the fund is properly diversified. This includes overweight/underweight maximums for single securities, industry groups, sector, country, region, and sector/region exposure. We also minimize style exposure and rebalance on a quarterly basis, with a maximum targeted turnover of 25%.

Finally, using our internal Optimization process we seek to Optimize the fund based on the Dividend Quality Score, Dividend Yield, and market-like Beta.

\*Beta is a statistical measure of the sensitivity of rates of return on a portfolio compared to a market index

\*\* Dividend yield is a financial ratio that indicates how much a company pays out in dividends each year relative to its share price

To learn more about the FlexShares International Quality Dividend Index Fund, visit [FlexShares.com/funds/IQDF](https://www.flexshares.com/funds/IQDF)

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Investing involves risk including possible loss of principal. FlexShares International Quality Dividend Index Fund (IQDF) is a passively managed fund that invests in international equity securities. Foreign and emerging market securities may involve certain risks such as currency volatility, political and social instability and reduced market liquidity. The Fund is also subject to Dividend Risk, as the issuers of the underlying stock might not declare a dividend, or the dividend rate may not remain at current levels. The Fund may invest in derivative instruments. The Fund may also be subject to concentration risk of securities in a particular industry or group of industries, and volatility risk. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

**Carefully consider the Fund's investment objectives, risks, charges, expenses before investing. A prospectus is available at [www.flexshares.com](http://www.flexshares.com); read it carefully before investing.**

**FlexShares funds are distributed by Foreside Fund Services, LLC**