

# A Quality Approach to Dividends

FLEXSHARES EXCHANGE TRADED FUNDS

[MUSIC PLAYING] The FlexShares Quality Dividend Index Fund, or QDF, seeks to provide exposure to the long-term growth potential of US-based companies that have historically paid dividends. We build the QDF fund through a three step process.

First, we develop a composite score ranking. We begin by excluding all non-dividend paying securities and then give them a dividend quality score based on management efficiency, profitability, and cash flow.

We then divide the securities into quintiles, one for the highest ranked stocks to five for the lowest ranked ones, which are then excluded from the fund.

Next, we apply diversification controls, with a goal for the fund to be properly diversified. This includes overweight/underweight maximums for single securities, industry groups, and sector exposure. We also minimize style exposure and re-balance 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 life beta.

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

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*Before investing consider the Fund's investment objectives, risks, charges and expenses. Go to [flexshares.com](http://flexshares.com) for a prospectus containing this information. Read it carefully. Foreside Fund Services, LLC, distributor.*

All investments involve risk, including possible loss of principal. Funds' returns may not match returns of their respective indexes. Risks include fluctuation of yield, income, interest rate, non-diversification, asset class and market.

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