

FlexShares iBoxx 3-Year Target Duration TIPS Index Fund (TDTT)

FLEXSHARES EXCHANGE TRADED FUNDS

[MUSIC PLAYING]

The FlexShares iBoxx 3-Year Target Duration TIPS Index Fund — TDTT — gives investors access to the inflation-hedging qualities of TIPS and seeks to provide targeted duration* exposure through changing interest rate and economic cycles.

** Duration is a measure of the sensitivity of the price of a fixed-income investment to a potential change in interest rates.*

We build the TDTT fund through a two-step process.

First, we Define the Investible Universe. We begin by including all U.S. Treasury Inflation-Protected Securities bonds with at least \$2 Billion Outstanding and Maturities between 1 and 10 Years.

From there, we Construct the Index. We start with five issues with the shortest distance to three year duration of the index, which we call “core bonds”. If necessary, we extend the maturity bucket until there are three available. We then calculate the Average Modified Adjusted Duration**, or MAD, of the index. If the duration is within plus or minus five percent of three years, the index is set!

*** Modified Adjusted Duration is the market’s estimate of the duration on a TIPS bond based on inflation expectations at that point in time.*

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

continues until the index falls within range, with constraints put in place to reduce the possibility of wash sales.

The fund is then rebalanced monthly.

To learn more about the FlexShares iBoxx 3-Year Target Duration TIPS Index Fund, visit [FlexShares.com/funds/TDTT](https://www.flexshares.com/funds/TDTT)

Investing involves risk including possible loss of principal. FlexShares iBoxx 3-Year Target Duration TIPS Fund (TDTT) is a passively managed, non-diversified fund that invests in Treasury Inflation Protection Securities (TIPS). TIPS may decrease in value even in an inflationary environment. The Fund is also subject to fluctuation of yield risk, income risk, and interest rate/maturity risk. The Fund may also invest in derivative instruments. 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; read it carefully before investing.

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