

# FlexShares Credit-Scored US Long Corporate Bond 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 Northern Trust Credit-Scored US Long Corporate Bond Index<sup>®</sup> (Underlying Index).

## Different, by Design

1. Identify a liquid universe of bonds with maturities of 10 years or more
2. Assess the current financial state of US issuers based on a proprietary credit score model
3. Optimize exposure to the credit score while maintaining market like duration and spread

## FUND FACTS

Ticker	LKOR
Inception	09/23/2015
CUSIP	33939L753
Exchange	NASDAQ
Underlying Index	Northern Trust Credit-Scored US Long Corporate Bond Index <sup>SM</sup>
Index Ticker	NTUCLCBTR
IOPV Ticker	LKOR.IV
Estimated Cash Ticker	LKOR.EU
Net Assets	\$28,581,312
Shares Outstanding	550,001
No. of Holdings	241

## EXPENSE RATIO (%)

As of March 31, 2019

Management Fee	0.22
Acquired Fund Fees and Expenses	0.00
Other Expenses	0.00
Gross Expense Ratio	0.22
Expense Reimbursement	0.00
Net Expense Ratio	0.22

## FUND CHARACTERISTICS

As of March 31, 2019

Weighted Average Maturity (years)	23.70
Weighted Average Price	110.06
Weighted Average Effective Duration (years)	13.95
Weighted Average Option Adjusted Spread (basis points)	171.75
SEC Subsidized Yield	4.15%
SEC Unsubsidized Yield	4.15%

## QUARTER END PERFORMANCE (%)

As of March 31, 2019	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	Since Inception
LKOR NAV Return	8.14	8.14	4.48	4.47	N/A	5.58
LKOR Market Return (Bid-Ask Midpoint)	7.87	7.87	3.80	4.29	N/A	5.59
Northern Trust Credit-Scored US Long Corporate Bond Index <sup>SM</sup> Return	8.47	8.47	4.99	5.24	N/A	6.12
Bloomberg Barclays Long U.S. Corporate Index Return	7.97	7.97	4.38	5.27	5.32	6.05

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 0.22% (0.22%). Northern Trust Investments, Inc. ("NTI" or "Investment Adviser") has contractually agreed to reimburse certain expenses (amount is less than 0.005%) of the Trust's independent trustees until March 1, 2020.**

For the most recent month-end performance, please visit the Fund's website at [www.flexshares.com](http://www.flexshares.com).

## TOP FUND HOLDINGS

As of March 31, 2019

Name	Coupon	Maturity	Weight (%)
1. COMCAST CORPORATION	4.600%	10/15/2038	1.92
2. ORACLE CORP	4.375%	05/15/2055	1.49
3. APPLE INC	4.650%	02/23/2046	1.38
4. VERIZON COMMUNICATIONS INC	5.012%	08/21/2054	1.32
5. AT&T INC	4.300%	12/15/2042	1.31
6. WYETH	6.500%	02/01/2034	1.14
7. VERIZON COMMUNICATIONS INC	5.500%	03/16/2047	1.11
8. BANK OF AMERICA CORP	4.244%	04/24/2038	1.10
9. CITIGROUP INC	6.625%	06/15/2032	1.10
10. JPMORGAN CHASE & CO	4.950%	06/01/2045	1.04
Total			12.90

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.com](http://flexshares.com)

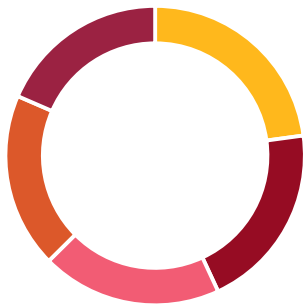
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**SECTOR BREAKDOWN (%)**

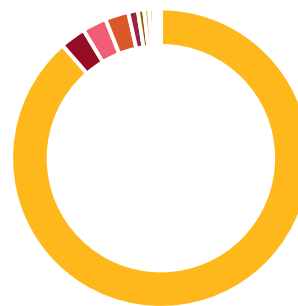
As of March 31, 2019



Consumer	22.86
Financials	20.23
Technology, Telecomm & Media	19.49
Energy	18.92
Industrial	18.50

**COUNTRY BREAKDOWN (%)**

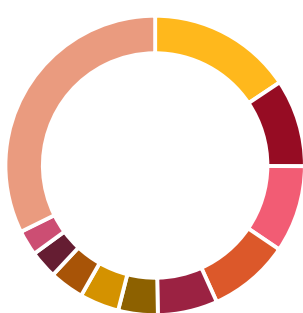
As of March 31, 2019



United States	88.59
Netherlands	2.76
United Kingdom	2.61
Canada	2.53
China	1.04
Mexico	0.67
Australia	0.53
France	0.46
Germany	0.38
Switzerland	0.36
Other	0.07

**SUB SECTOR BREAKDOWN (%)**

As of March 31, 2019



Banking	15.63
Wirelines	9.45
Pharmaceuticals	9.39
Technology	8.78
Electric	6.46
Railroads	4.27
Cable and Satellite	4.25
Midstream	3.73
Retailers	3.01
Diversified Manufacturing	2.73
Other	32.30

**DISCLOSURES**

Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information is in the prospectus, a copy 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; authorized participant concentration; concentration; corporate bond; counterparty; credit/default; debt extension; derivatives; high portfolio turnover; income; inflation; interest rate/maturity; issuer; liquidity; management; market; market trading; new fund; non-diversification; non-U.S. issuer; passive investment; prepayment/call; tracking error; U.S. issuer; and valuation. A full description of risks is in the prospectus.

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

FlexShares Credit-Scored US Long Corporate Bond Index Fund is subject corporate bond risk, which is the risk that the issuer is unable to meet principal and interest rate payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of credit worthiness of and general market liquidity. When interest rates rise, the value of corporate debt can be expected to decline. The Fund 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 also 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 assets in securities issued by or representing a small number of issuers.

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).

Weighted Average Maturity is calculated by weighing each bond's maturity by its market value with respect to the portfolio, as well as the likelihood of any of the bonds being called. Weighted Average Price is the sum of the price of the underlying securities, weighted by its market value with respect to the total market value of the portfolio. Weighted Average Effective Duration is the sum of the duration of the underlying securities, weighted by its market value with respect to the total market value of the portfolio. Weighted Average Option Adjusted Spread is the sum of the spreads of the fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option of the underlying securities, weighted by its market value with respect to the total market value of the portfolio.

Duration is the sensitivity of a fixed income security's price to a change in interest rates.

Spread is the difference in the yield on a corporate bond and a government bond with a similar maturity.

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