Capital Appreciation | Risk Management | Income Generation | Liquidity Management

A New Approach to Fixed Income Investing

FLEXSHARES EXCHANGE TRADED FUNDS

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For a long time, the fixed income field has lacked the wow factor of the more lucrative equities market. Because of that, fund managers have focused their innovation efforts on equities with fixed income funds largely built around rating agency scores.

But times have changed. We've learned that rating agencies weren't as reliable as everyone thought. And the persistence of a low interest rate and low liquidity environment, has increased the demand for high quality bonds.

That's why we've developed a new approach to evaluating corporate bond investability in our FlexShares, fixed-income suite of index funds. Our quantitative research group has designed a fully objective credit evaluation process that doesn't rely on rating agencies creating dynamic credit ratings that update with greater frequency and specificity.

So how do we build our fixed income funds? We start by limiting the corporate bond universe to assets that best fit a fixed-income portfolio.

Next, we calculate the credit score of the debt issuer using our own algorithmic rating system, taking into account management efficiency, profitability, and solvency.

Finally, we apply our proprietary optimization to each fund based on targeted credit scores, spreads, and durations.

The funds are reconstituted monthly, to carefully control for sector exposure. Whether you're looking to invest in the intermediate bond market or in the larger maturity bond market, you can have confidence building a fixed-income portfolio around the very latest research and innovation in the corporate bond market.

FlexShares. Built by investors, for investors.

Before investing consider the Fund's investment objectives, risks, charges and expenses. Go to 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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