

FlexShares Disciplined Duration MBS Index Fund

OBJECTIVE

The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the ICE BofA® Constrained Duration US Mortgage-Backed Securities Index (Underlying Index).

FUND FACTS

Ticker	MBSD
Inception	09/03/2014
CUSIP	33939L779
Exchange	NYSE Arca
Underlying Index	ICE BofA® Constrained Duration US Mortgage Backed Securities Index SM
Index Ticker	M375
IOPV Ticker	MBSD.IV
Estimated Cash Ticker	MBSD.EU
Net Assets	\$87,777,742
Shares Outstanding	4,250,001
No. of Holdings	455

EXPENSE RATIO (%)

Management Fee	0.20
Acquired Fund Fees and Expenses	0.00
Other Expenses	0.01
Gross Expense Ratio	0.21
Expense Reimbursement	-0.01
Net Expense Ratio	0.20

FUND CHARACTERISTICS

Weighted Average Effective Duration (years)	4.22
Weighted Average Option Adjusted Spread (basis points)	88.60
Weighted Average Life (years)	5.09
SEC Subsidized Yield	2.77%
SEC Unsubsidized Yield	2.77%

QUARTER END PERFORMANCE (%)

As of March 31, 2023

	QTD	YTD	1 Yr.	3 Yr.	5 Yr.	7 Yr.	Since Inception
MBSD NAV Return	2.00	2.00	-3.35	-2.23	0.49	0.38	0.77
MBSD Market Return (Bid-Ask Midpoint)	1.85	1.85	-3.30	-1.90	0.34	0.4	0.77
ICE BofA® Constrained Duration US Mortgage Backed Securities Index SM Return	2.12	2.12	-2.56	-1.62	1.04	0.9	1.26
Bloomberg U.S. MBS Index Return	2.53	2.53	-4.85	-3.31	0.20	0.28	0.83

Index performance returns do not reflect any fees, transaction costs, expenses or taxes.

Performance data quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed or sold in the secondary market, may be worth more or less than the original cost. Investors will incur usual and customary brokerage commissions when buying or selling shares of the exchange-traded funds ("ETFs") in the secondary market, and that, if reflected, the brokerage commissions would reduce the performance returns. Current performance may be lower or higher than the performance shown. Shares are bought and sold at market price not net asset value ("NAV") and are not individually redeemable from the fund. For the most recent month-end performance, please visit the Fund's website at www.flexshares.com or call 855-353-9383 for more information.

Index performance does not represent FlexShares fund performance. It is not possible to invest directly in an index. All performance figures assume reinvestment of dividend and capital gains at net asset value; actual returns may differ. Performance 1-year and less are cumulative; performance over 1-year are average annualized total returns. Market price performance is determined using the bid/ask midpoint at 4:00pm Eastern time, when the NAV is typically calculated. NAV price performance is determined using the daily calculated NAV. They do not represent the returns you would receive if you traded shares at other times. Performance figures do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or upon redemption or sale of fund shares. The fund inception date is generally several days prior to when the fund begins trading. NAV prices are used to calculate market price performance prior to 09/04/2014, when the fund first traded on an exchange.

Northern Trust Investments, Inc. ("NTI" or the "Adviser") has contractually agreed to reimburse a portion of the operating expenses of the Fund (other than Acquired Fund Fees and Expenses) to the extent the "Total Annual Fund Operating Expenses" exceed 0.20% until March 1, 2024. Performance would have been lower without fee waivers and expense reimbursements in effect.

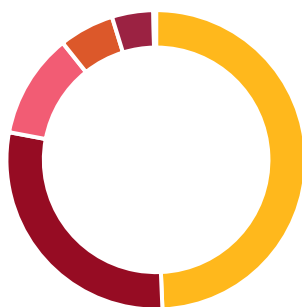
ICE BofA® Constrained Duration US Mortgage-Backed Securities Index tracks the performance of US dollar denominated 30-year, 20-year and 15-year fixed rate residential mortgage pass-through securities publicly issued by US agencies in the US domestic market.

Bloomberg Barclays Capital U.S. MBS Index tracks generics fixed-rate mortgage-backed pass-through and hybrid adjustable-rate mortgage pools issued by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

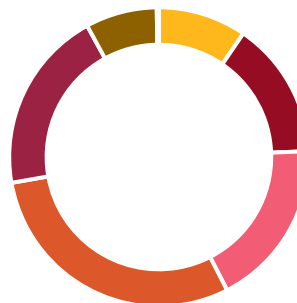
TOP FUND HOLDINGS

Name	COUPON	MATURITY	Weight (%)
1. UMBS MORTPASS 3% 01/OCT/2033 CI PN# SB0745	3.000%	10/01/2033	2.73
2. GNMA I MORTPASS 3.5% 15/JUN/2046 SP PN# 785274	3.500%	06/15/2046	2.34
3. GNMA I MORTPASS 4.5% 15/MAY/2039 SF PN# 667387	4.500%	05/15/2039	2.31
4. UMBS MORTPASS 5.5% 01/FEB/2049 CL PN# FS2095	5.500%	02/01/2049	2.22
5. UMBS MORTPASS 3% 01/JUL/2035 CI PN# FS2764	3.000%	07/01/2035	2.09
6. UMBS MORTPASS 3% 01/APR/2033 CI PN# SB0199	3.000%	04/01/2033	1.74
7. GNMA I MORTPASS 5% 15/NOV/2039 SF PN# 710994	5.000%	11/15/2039	1.62
8. UMBS MORTPASS 4% 01/JUL/2050 CL PN# FM3978	4.000%	07/01/2050	1.49
9. UMBS MORTPASS 3% 01/SEP/2030 CI PN# BM3057	3.000%	09/01/2030	1.40
10. GNMA I MORTPASS 4% 15/AUG/2045 SP PN# 784371	4.000%	08/15/2045	1.29
Total			19.22

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.

ISSUER BREAKDOWN (%)


● FEDERAL NATIONAL MORTGAGE ASSOCIATION	49.33
● FEDERAL HOME LOAN MORTGAGE CORPORATION	28.63
● GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 1	11.31
● GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 2	5.96
● FEDERAL HOME LOAN MORTGAGE CORPORATION - GOLD	4.47
● Other	0.30

MATURITY BREAKDOWN (%)


● 0 - 5 years	9.54
● 5 - 10 years	14.84
● 10 - 15 years	18.09
● 15 - 20 years	29.77
● 20 - 25 years	19.80
● 25+ years	7.73
● Cash/and or Derivatives	0.23

DISCLOSURES

Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information are in the prospectus and summary prospectus, copies of which may be obtained by visiting 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. A full description of risks are in the prospectus and summary prospectus.

FlexShares Disciplined Duration MBS Index Fund (MBSD) is passively managed and uses a representative sampling strategy to track its underlying index. Use of a representative sampling strategy creates tracking risk where the Fund's performance could vary substantially from the performance of the underlying index along with the risk of high portfolio turnover. It is subject to credit risk, which is the risk that the inability or unwillingness of an issuer or guarantor of a fixed-income security, or a counterparty to a TBA, repurchase or other transaction, to meet its payment or other financial obligations will adversely affect the value of the Fund's investments and its returns. Changes in the credit rating of a debt security held by the Fund could have a similar effect. Debt extension risk is the risk that an issuer will exercise its right to pay principal on an obligation held by the Fund (such as a mortgage-backed security) later than expected. This may happen during a period of rising interest rates. Under these circumstances, the value of the obligation will decrease, and the Fund will suffer from the inability to invest in higher yielding securities. Mortgage-backed pass-through securities risk is the risk of investing in mortgage-backed securities issued by a U.S. Agency. These securities may not be backed by the full faith and credit of the U.S. government. As interest rates rise, bond prices fall, reducing the value of fixed income investments.

The ICE BofA® Constrained Duration US Mortgage-Backed Securities Index is the intellectual property (including registered trademarks) of ICE BofA® and/or its licensors ("Licensors"), which is used under license. The securities based on the Index are in no way sponsored, endorsed, sold or promoted by BofA® and its Licensors and neither of the Licensors shall have any liability with respect thereto. 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. Weighted Average Life is the sum of the average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding 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.

All data provided by: Northern Trust, J.P. Morgan, Rimes, Morningstar and Refinitiv.