

FlexShares Disciplined Duration MBS Index Fund

MBSD

ALL DATA AS OF DECEMBER 31, 2025

INVESTMENT OBJECTIVE

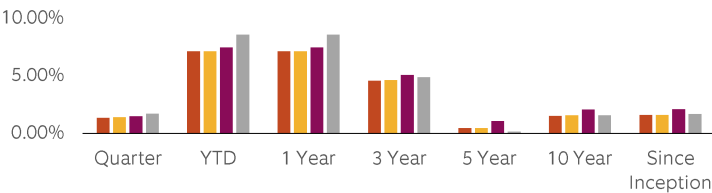
The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the ICE BofA® Constrained Duration US Mortgage-Backed Securities Index (Underlying Index).

INVESTMENT APPROACH

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.

INVESTMENT PERFORMANCE% — As of December 31, 2025

- FlexShares Disciplined Duration MBS Index Index Fund (Market Price)
- FlexShares Disciplined Duration MBS Index Index Fund (NAV Price)
- ICE BofA® Constrained Duration US Mortgage-Backed Securities IndexSM Return
- Bloomberg U.S. MBS Index Return



Average Annual Returns							
Market Return	1.36	7.13	7.13	4.59	0.46	1.53	1.62
NAV Return	1.41	7.13	7.13	4.64	0.48	1.59	1.62
M375	1.49	7.46	7.46	5.08	1.09	2.08	2.10
Benchmark	1.71	8.58	8.58	4.89	0.15	1.59	1.69

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

Performance is historical and does not guarantee future results. Current performance may be lower or higher than quoted investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance data for the latest month end is available at <https://www.flexshares.com/us/en/individual/funds>. It is not possible to invest directly in an index.

FlexShares shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total Returns are calculated using the daily 4:00 pm EST Net Asset Value. Beginning July 1, 2024, market price performance is determined using the closing price on the primary exchange. Prior to July 1, 2024, market price performance was determined using the bid/ask midpoint at 4:00pm EST, when the NAV is typically calculated. Market price returns do not represent the returns you would receive if you traded shares at other times.

Bloomberg 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).

30-Day SEC Subsidized Yield reflects the dividends and interest earned during the period, after the deduction of the fund's expenses. This is also referred to as the "standardized yield."

30-Day SEC Unsubsidized Yield does not reflect fee waivers in effect.

FUND OVERVIEW

FUND	
Ticker	MBSD
Inception	09/02/2014
CUSIP	33939L779
Exchange	NYSE Arca
Net Assets	\$91,404,016
No. of Holdings	476
Gross Expense Ratio	0.21
Net Expense Ratio	0.20

FUND CHARACTERISTICS

FUND	
Weighted Average Effective Duration (years)	3.53
SEC Subsidized Yield	3.61%
SEC Unsubsidized Yield	3.61%

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, 2026.

Performance would have been lower without fee waivers and expense reimbursements in effect. Fee waivers and/or expense reimbursements, including voluntary fee waivers and/or reimbursements, were in place for some or all periods shown, without which, fund performance would have been lower. Any such voluntary expense reimbursement or fee waiver could be decreased or discontinued at any time.



NOT FDIC INSURED	MAY LOSE VALUE	NO BANK GUARANTEE
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TOP FUND HOLDINGS

Name	Coupon (%)	Maturity	Weight (%)
UMBS MORTPASS 4% 01/OCT/2039 CI PN# SB8332	4.000	10/1/39	1.80
UMBS MORTPASS 6% 01/SEP/2039 CI PN# FA0742	6.000	9/1/39	1.47
UMBS MORTPASS 4% 01/AUG/2040 CT PN# FS7792	4.000	8/1/40	1.46
GNMA I MORTPASS 3.5% 15/JUN/2046 SP PN# 785274	3.500	6/15/46	1.39
UMBS MORTPASS 5.5% 01/FEB/2049 CL PN# FS2095	5.500	2/1/49	1.35
UMBS MORTPASS 3% 01/JUN/2052 CL PN# FS5050	3.000	6/1/52	1.22
UMBS MORTPASS 3% 01/JUL/2052 CL PN# MA4653	3.000	7/1/52	1.20
UMBS MORTPASS 2% 01/MAY/2052 CL PN# SD8211	2.000	5/1/52	1.09
UMBS MORTPASS 7% 01/NOV/2054 CL PN# MA5547	7.000	11/1/54	1.08
UMBS MORTPASS 5% 01/AUG/2048 CL PN# BK4773	5.000	8/1/48	1.08
Total			13.13

ISSUER (%)

UNIFORM MBS	33.24
FEDERAL NATIONAL MORTGAGE ASSOCIATION	23.98
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 2	14.36
FEDERAL HOME LOAN MORTGAGE CORPORATION	12.49
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION 1	7.20
Other	8.73

MATURITY (%)

0 - 5 years	9.05
5 - 10 years	10.10
10 - 15 years	19.97
15 - 20 years	17.55
20 - 25 years	14.01
25+ years	28.59
Cash and/or Derivatives	0.73

ASSET ALLOCATION (%)

Bond	96.22
Other	3.78

MBS COUPON RATE (%)

< 2.0%	6.83
2.0% - 2.9%	21.72
3.0% - 3.9%	20.31
4.0% - 4.9%	20.63
5.0% - 5.9%	10.66
>= 6.0%	19.85

QUALITY %

S&P

AA+	97.36
Unclassified	2.64
Total	100

FITCH

AA+	97.36
Unclassified	2.64
Total	100

MOODY'S

Aa1	97.36
Unclassified	2.64
Total	100

Holdings are subject to change without notice. Sectors may include many industries and weights are subject to change without notice.

Country allocations subject to change without notice. Percentages for some of the tables on this page may not total 100 due to rounding.

Credit-quality ratings are assigned by Standard & Poor's, Moody's or Fitch. Credit ratings are classified into "quality grades" of "investment grade" or highest quality, and "high yield" or lowest quality, where rating levels of AAA, AA, A, and BBB constitute investment grade and BB, B, and Below B constitute high yield.



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IMPORTANT INFORMATION

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.

Before investing, carefully read the fund prospectus and consider the investment objectives, risks, charges and expenses. This and more complete information about the fund is in the prospectus and a 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. FlexShares and Foreside are not related.

An investment in FlexShares is subject to numerous risks, including possible loss of principal.

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.

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

As with any investment, you could lose all or part of your investment in a FlexShares ETF, and the ETF's performance could trail that of other investments. An ETF is subject to certain risks, including the principal risks noted below, any of which may adversely affect the ETF's net asset value ("NAV"), trading price, yield, total return and ability to meet its investment objective.

For more complete information on the Fund's Principal Risks, please read the prospectus and summary prospectus, including all principal risk information such as: **Disclosure references: U.S. Government Securities Risk, Income Risk, Concentration Risk (Financial Sector)** and other principal risks. Copies of the prospectus and summary prospectus may be obtained by visiting www.flexshares.com. Read the prospectus carefully before you invest.

Mortgage-Backed Pass-Through Securities Risk is the risk of investing in mortgage-backed securities issued by a US Agency. Mortgage-backed securities may be less liquid than other bonds, and may be more sensitive than other bonds to the market's perception of issuers and creditworthiness of payees, particularly in declining general economic conditions when concern regarding mortgagees' ability to pay rises, which may result in the Fund experiencing difficulty selling or valuing these securities. In addition, these securities may not be backed by the full faith and credit of the U.S. government, have experienced extraordinary weakness and volatility at various times in recent years, and may decline quickly in the event of a substantial economic or market downturn. **Authorized Participant Concentration Risk** is the risk that the Fund may be adversely affected because it has a limited number of institutions that act as authorized participants. **Market Trading Risk** is the risk that the Fund faces because its shares are listed on a securities exchange, including the potential lack of an active market for Fund shares, losses from trading in secondary markets, periods of high volatility and disruption in the creation/redemption process of the Fund. ANY OF THESE FACTORS MAY LEAD TO THE FUND'S SHARES TRADING AT A PREMIUM OR DISCOUNT TO NAV.



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