

# ESG

## FlexShares STOXX US ESG Select Index Fund

### Analyst Report

FlexShares STOXX US ESG Select Index Fund (ESG) tracks a proprietary STOXX index that rates companies based on environmental, social and governance factors that influence risk and return, such as workplace safety, executive compensation, and board diversity. The portfolio is weighted in favor of the best performers.

ESG (the strategy, not the ticker) is different from traditional socially-responsible investing, which typically tried to exclude bad actors and industries. Many advisers worried that this came at the expense of diversification and returns. So today's strategies aim to be more inclusive. Instead of ignoring large swathes of the market, the goal is to maintain market-like diversification with a tilt toward the best corporate citizens. The top holdings aren't that much different than plain-vanilla U.S. stock funds, with holdings like Microsoft, Apple and Amazon. The difference comes down to weighting. It's worth nothing that there are plenty of skeptics when it comes to ESG investing, and critics say ESG whitewashes a portfolio rather than driving companies to truly change their behavior.

Issuers have rolled out dozens of ESG-style funds in recent years to appeal to younger investors who are concerned about the social impact of their investments, which means FlexShares has a lot of competition — especially when it comes to price. The management fees for FlexShares ESG are more than double that of rivals including the Vanguard ESG U.S. Stock ETF (ESGV) and the iShares ESG MSCI U.S.A. ETF (ESGU). Investors would do well to comparison shop.

### ESG Themes and Scores

6.27/10

ESG Rate

44.2%

Global Percentile

45.6%

Peer Percentile

### Performance Data

	ESG	ETF Database Category Average	Factset Segment Average
1 Month	1.37%	1.48%	1.51%
3 Month	7.66%	10.91%	8.70%
YTD Return	10.45%	11.81%	8.12%
1 Year Return	16.51%	18.80%	10.92%
3 Year Return	17.45%	17.64%	8.66%
5 Year Return	13.63%	10.47%	5.70%

### Top 5 Holdings

Symbol	Holding	% Assets
NVDA	NVIDIA Corporation	5.89%
AAPL	Apple Inc.	5.53%
AMZN	Amazon.com, Inc.	5.15%
META	Meta Platforms Inc Class A	5.13%
MSFT	Microsoft Corporation	5.04%

### Vitals

Issuer	Northern Trust
Brand	FlexShares
Structure	ETF
Expense Ratio	0.32%
Inception	Jul 13, 2016
Index Tracked	STOXX USA ESG Select KPIs Index

### ETF Database Themes

Category	Large Cap Growth Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Blend
Region (General)	North America
Region (Specific)	U.S.

### FactSet Classifications

Segment	Equity: U.S. - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	ESG
Weighting	Principles-based

