

IQDF

FlexShares International Quality Dividend Index Fund Analyst Report

The FlexShares International Quality Dividend Index Fund (IQDF) is part of Northern Trust's stable of proprietary factor strategies. This one has an international flair. The fund follows a Northern Trust index that selects dividend-paying companies in developed and emerging markets outside the U.S. Simple enough, but then the index weights the portfolio toward companies that earned the highest "dividend quality" scores. To prevent unintentional concentrations, the methodology caps the weighting of individual securities, industry groups, sectors and regions. Lastly, the fund aims to match market beta — jargon used to describe how volatile performance is relative to the market. It's another way of saying IQDF aims to be no more or less risky than the market.

Investors can be excused for confusing IQDF with its sister funds: The FlexShares International Quality Dividend Dynamic Index Fund (IQDY) and the FlexShares International Quality Dividend Defensive Index Fund (IQDE). Like FlexShares' domestic variations on the same theme, the three funds are distinguished by their approach to market beta. IQDY aims for a little more risk than the market, IQDE for a little less, and IQDF tries to match it. In practice, all three funds share many of the same top holdings, including Royal Bank of Canada, GlaxoSmithKline and L'Oreal. The difference comes down to weighting, with IQDY leaning a little more on volatile tech stocks than IQDE and IQDF.

Many FlexShares funds charge a premium for the Northern Trust expertise, but the FlexShares international dividend ETFs are priced competitively. Still, they are multiples more expensive than plain-vanilla international equity ETFs. Is it worth it? Investors can look at it several different ways. There are other international factor strategies out there, like the Vident International Equity Fund (VIDI) or the highly-concentrated (and extremely international Focus 5 tional dividend ETFs Quality Dividend

ESG Themes and Scores

7.02/10

ESG Rate

74.59%

Global Percentile

36.31%

Peer Percentile

Performance Data

	IQDF	ETF Database Category Average	Factset Segment Average
1 Month	0.61%	1.41%	0.92%
3 Month	7.61%	6.40%	5.88%
YTD Return	23.86%	23.55%	18.07%
1 Year Return	16.90%	16.89%	11.32%
3 Year Return	18.29%	15.13%	7.15%
5 Year Return	11.07%	9.44%	3.43%

Top 5 Holdings

Symbol	Holding	% Assets
NOVN	Novartis AG	2.69%
2330	Taiwan Semiconductor Manufacturing Co., Ltd.	2.65%
BHP	BHP Group Ltd	2.35%
HSBA	HSBC Holdings Plc	1.82%
ROG	Roche Holding Ltd Dividend Right Cert.	1.70%

Vitals

Issuer	Northern Trust
Brand	FlexShares
Structure	ETF
Expense Ratio	0.47%
Inception	Apr 12, 2013
Index Tracked	Northern Trust International Quality Dividend Index

ETF Database Themes

Category	Foreign Large Cap Equities
Asset Class	Equity
Asset Class Size	Multi-Cap
Asset Class Style	Blend
Region (General)	Developed Markets
Region (Specific)	Broad

FactSet Classifications

Segment	Equity: Global Ex-U.S. - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	Multi-factor
Weighting	Multi-Factor

