

# LKOR

## FlexShares Credit-Scored US Long Corporate Bond Index Fund Analyst Report

The FlexShares Credit-Scored U.S. Long Corporate Bond Index Fund (LKOR) follows a proprietary index of investment-grade debt with maturities of 10 years or longer, but with a twist characteristic of Northern Trust's FlexShares lineup. The index scores bonds by evaluating the issuers' value and quality by looking at measures like solvency, profitability, and management efficiency. The index weights the portfolio towards those with the highest scores while those with the worst performance are excluded. Then, to preserve diversification, the methodology limits the weight of individual bonds, issuers, sectors, duration and turnover.

Like many FlexShares funds, investors pay a premium for Northern Trust's fancy factors. Is it worth it? We compared performance to a few long-term corporate bond ETFs that charge a fraction of LKOR's management fee, such as the Vanguard Long-Term Corporate Bond ETF (VCLT) or the iShares Long-Term Corporate Bond ETF (IGLB). LKOR beat them both. It also outperformed the iShares Edge Investment Grade Enhanced Bond ETF (IGEB), which also tries to mitigate risk by focussing on quality on value. As they say, past performance is no guarantee of future results, but LKOR is definitely worth considering.

### ESG Themes and Scores

6.47/10	52.24%	59.74%
ESG Rate	Global Percentile	Peer Percentile

### Performance Data

	LKOR	ETF Database Category Average	Factset Segment Average
1 Month	1.46%	0.88%	1.23%
3 Month	6.46%	2.84%	4.64%
YTD Return	4.79%	4.96%	3.49%
1 Year Return	-0.29%	4.53%	0.80%
3 Year Return	3.14%	4.44%	1.96%
5 Year Return	-2.31%	0.70%	-0.42%

### Top 5 Holdings

Symbol	Holding	% Assets
Other	Meta Platforms, Inc. 5.6% 15-MAY-2053	0.96%
Other	McDonald's Corporation 4.875% 09-DEC-2045	0.91%
Other	Altria Group, Inc. 5.375% 31-JAN-2044	0.86%
Other	Cisco Systems, Inc. 5.5% 15-JAN-2040	0.81%
Other	Enterprise Products Operating LLC 4.85% 15-AUG-2042	0.79%

### Vitals

Issuer	Northern Trust
Brand	FlexShares
Structure	ETF
Expense Ratio	0.15%
Inception	Sep 23, 2015
Index Tracked	Northern Trust US Long Corporate Bond Quality Value Index

### ETF Database Themes

Category	Corporate Bonds
Asset Class	Bond
Asset Class Size	N/A
Asset Class Style	N/A
Region (General)	North America
Region (Specific)	U.S.

### FactSet Classifications

Segment	Fixed Income: U.S. - Corporate, Broad-based Investment Grade Long-Term
Category	Corporate, Broad-based
Focus	Investment Grade
Niche	Long-Term
Strategy	Fundamental
Weighting	Fundamental

