

MBSD

FlexShares Disciplined Duration MBS Index Fund Analyst Report

The FlexShares Disciplined Duration MBS Index Fund (MBSD) tracks a proprietary index of mortgage-backed securities. MBSD's particular twist is that it aims to keep duration within a range. Duration measures sensitivity to a change in interest rates. Bond prices typically fall when rates rise. The higher the duration, the more volatile the expected change.

MBSD invests in U.S.-dollar denominated mortgage-backed securities with terms ranging from 15 years to 30 years, but the index targets a composite portfolio duration between 3.25 years and 4.25 years. The index excludes some riskier types of mortgage debt, such as balloon mortgages, mobile home loans, graduated mortgage payments, and collateralized mortgage obligations.

MBSD's secret sauce also means a significantly higher management fee than the ultra-low-cost competition. Is it worth it? Investors can compare MBSD to the iShares MBS ETF (MBB), the SPDR Portfolio Mortgage Backed Bond ETF (SPMB), or the Vanguard Mortgage Backed Securities ETF (VMBS).

ESG Themes and Scores

N/A

ESG Rate

N/A

Global Percentile

N/A

Peer Percentile

Performance Data

	MBSD	ETF Database Category Average	Factset Segment Average
1 Month	1.84%	2.09%	2.12%
3 Month	1.08%	0.91%	0.84%
YTD Return	0.91%	0.93%	0.80%
1 Year Return	4.46%	5.16%	3.94%
3 Year Return	-0.01%	-0.09%	-0.48%
5 Year Return	0.10%	0.03%	-0.35%

Top 5 Holdings

Symbol	Holding	% Assets
Other	GNMA II 30yr Pool#MA9909 7.000% 20-Sep-2054 20-SEP-	1.91%
Other	FNMA 30yr Pool#FS2095 5.500% 01-Feb-2049 5.5% 01-	1.77%
Other	FNMA 30yr Pool#CB5581 5.000% 01-Nov-2052 5.0% 01-	1.70%
Other	GNMA I 30yr Pool#785274 3.500% 15-Jun-2046 3.5% 15-	1.70%
Other	GNMA I 30yr Pool#667387 4.500% 15-May-2039 4.5%	1.41%

Vitals

Issuer	Northern Trust
Brand	FlexShares
Structure	ETF
Expense Ratio	0.20%
Inception	Sep 03, 2014
Index Tracked	ICE BofA Constrained Duration US Mortgage Backed Securities

ETF Database Themes

Category	Mortgage Backed Securities
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. - Government, Mortgage-backed Investment Grade
Category	Government, Mortgage-backed
Focus	Investment Grade
Niche	Broad Maturities
Strategy	Target Duration
Weighting	Tiered

