

QLC

FlexShares US Quality Large Cap Index Fund

Analyst Report

The FlexShares US Quality Large Cap Index Fund (QLC) is part of Northern Trust's stable of factor ETFs. QLC tracks an index of large-cap U.S. companies that scores companies based on quality metrics like profitability, management efficiency and cash flow. The methodology weeds out the lowest-scoring companies. Top holdings include familiar blue-chip companies like Apple, Microsoft, and Johnson & Johnson.

As with many FlexShares ETFs, investors pay a premium for a factor twist. It charges more than double the management fee of the iShares Edge MSCI Quality Factor ETF (QUAL), which makes a similar investment case but uses a different methodology. There's plenty of crossover between QUAL and QLC, but they have substantially different portfolios. Which is the better performer? It depends on the time frame, but in the three years through May 2020, QUAL is the clear leader. There's plenty of other competition, like the Goldman Sachs ActiveBeta U.S. Large Cap Equity ETF (GLSC), which also has a significantly lower price tag and better 3-year returns through May 2020. There are periods where QLC has come out ahead, and past performance is no guarantee of future results. But lagging behind competitors makes it hard to justify a higher management fee.

ESG Themes and Scores

6.34/10

ESG Rate

46.94%

Global Percentile

54.83%

Peer Percentile

Performance Data

	QLC	ETF Database Category Average	Factset Segment Average
1 Month	2.24%	1.48%	1.18%
3 Month	12.88%	10.91%	7.37%
YTD Return	13.24%	11.81%	6.81%
1 Year Return	18.94%	18.80%	8.91%
3 Year Return	19.94%	17.64%	6.47%
5 Year Return	15.85%	10.47%	3.51%

Top 5 Holdings

Symbol	Holding	% Assets
NVDA	NVIDIA Corporation	7.57%
AAPL	Apple Inc.	6.91%
MSFT	Microsoft Corporation	5.13%
GOOGL	Alphabet Inc. Class A	3.13%
GOOG	Alphabet Inc. Class C	3.03%

Vitals

Issuer	Northern Trust
Brand	FlexShares
Structure	ETF
Expense Ratio	0.25%
Inception	Sep 24, 2015
Index Tracked	Northern Trust Quality Large Cap Total Return

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. - Large Cap
Category	Size and Style
Focus	Large Cap
Niche	Broad-based
Strategy	Multi-factor
Weighting	Multi-Factor

