

**FLEXSHARES ICAV**

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

**FLEXSHARES ICAV**

**TABLE OF CONTENTS**

**PAGE**

Management and General Information	1
Directors' Report	5
Report of the Depositary to the Shareholders	9
Investment Reviews (Unaudited):	
Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF	10
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF	11
Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF	12
Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF	13
Flexshares® Listed Private Equity UCITS ETF	14
Independent Auditor's Report	15
The Financial Statements:	
Statement of Financial Position	21
Statement of Comprehensive Income	24
Statement of Changes in Net Assets attributable to holders of redeemable shares	28
Statement of Cash Flows	30
Notes Forming Part of the Financial Statements	34
Supplementary Information (Unaudited)	61
Appendix I: Portfolio Statements (Unaudited):	
Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF	63
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF	70
Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF	76
Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF	83
Flexshares® Listed Private Equity UCITS ETF	91
Appendix II: Material Purchases and Sales (Unaudited):	
Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF	95
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF	97
Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF	99
Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF	101
Flexshares® Listed Private Equity UCITS ETF	103
Additional Information for Switzerland (Unaudited)	105
Appendix III: Sustainable Finance Disclosure Regulation ("SFDR") (Unaudited)	106

**FLEXSHARES ICAV**  
**MANAGEMENT AND GENERAL INFORMATION**

<b>Manager:</b>	Northern Trust Fund Managers (Ireland) Limited <sup>2</sup> Georges Court 54-62 Townsend Street Dublin 2 D02 R156 Ireland	
<b>Directors:</b>	Ms. Claire Cawley <sup>1</sup> (Chairperson) Mr. Ton Daniels <sup>1</sup> Ms. Marie Dzanis* Ms. Martha Fee* Mr. Bimal Shah* Mr. Feargal Dempsey <sup>1</sup> Mr. Cian Farrell* Mr. Alan Keating*	Irish Resident Dutch Resident UK Resident UK Resident UK Resident Irish Resident Irish Resident Irish Resident
<b>Investment Manager, UK Facilities Agent and Distributor:</b>	Northern Trust Global Investments Limited 50 Bank Street Canary Wharf London E14 5NT United Kingdom	
<b>Depository:</b>	Northern Trust Fiduciary Services (Ireland) Limited Georges Court 54-62 Townsend Street Dublin 2 D02 R156 Ireland	
<b>Registered Office:</b>	Georges Court 54-62 Townsend Street Dublin 2 D02 R156 Ireland	
<b>Administrator and Registrar:</b>	Northern Trust International Fund Administration Services (Ireland) Limited Georges Court 54-62 Townsend Street Dublin 2 D02 R156 Ireland	
<b>Independent Auditors:</b>	KPMG Chartered Accountants and Statutory Audit Firm 1 Harbourmaster Place International Financial Services Centre Dublin 1 D01 F6F5 Ireland	
<b>Legal Advisor:</b>	Maples and Calder 75 St. Stephen's Green Dublin 2 D02 PR50 Ireland	
<b>German Agent:</b>	Acolin Europe AG Reichenaustrasse 11 a-c 78467, Konstanz Germany	

\*Non-Executive Director

<sup>1</sup>Independent Non-Executive Directors

<sup>2</sup>Holders of Authorised non-participating voting shares

**FLEXSHARES ICAV**

**MANAGEMENT AND GENERAL INFORMATION (continued)**

<b>Swedish Agent:</b>	Skandinaviska Enskilda Banken AB Rissneleden 110 SE-106 40 Stockholm Sweden
<b>Secretary of the ICAV:</b>	Northern Trust International Fund Administration Services (Ireland) Limited Georges Court 54-62 Townsend Street Dublin 2 D02 R156 Ireland
<b>Manager and EEA Facilities Agent:</b>	Northern Trust Fund Managers (Ireland) Limited Georges Court 54-62 Townsend Street Dublin 2 D02 R156 Ireland
<b>Authorised Participants:</b>	BNP Paribas Arbitrage SNC 1 Rue Laffitte 75009 Paris FR-75C France  Jane Street Financial Limited 2 &A Half Devonshire Square EC2M 4UJ London United Kingdom  Flow Traders B.V. Jacob Bontiusplaats 9 1018 LL Amsterdam Netherlands  DRW Europe B.V Locatellikade 1 Floor 7 1076 AZ Amsterdam Netherlands  Societe Generale 29 BD Haussmann 75009 Paris 9 France

## FLEXSHARES ICAV

### GENERAL INFORMATION

For the year ended 31 March 2023

The following information is derived from and should be read in conjunction with the full text and definitions section of the Prospectus.

Flexshares® ICAV (the “ICAV”) was authorised in Ireland by the Central Bank of Ireland (the “Central Bank”) on 1 December 2020 and commenced operations on 24 February 2021 as an open-ended umbrella Irish collective asset-management vehicle with segregated liability between Funds pursuant to the Irish Collective Asset-management Vehicle Acts 2015 & 2021 (the “ICAV Act”). It is authorised by the Central Bank pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended), (the “UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, (as amended).

The ICAV was registered on 25 June 2020, with registration number C432491.

The ICAV’s registered office address is Georges Court, 54-62 Townsend Street, Dublin 2, D02 R156, Ireland.

The ICAV has no employees.

As at 31 March 2023 the ICAV comprises five active Funds (the “Funds”).

Flexshares ICAV - Fund Name	Central Bank Authorisation Date	Launch Date	Investment Objective
			To closely match the risks and returns of the following:
Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF	1 December 2020	24 February 2021	iSTOXX Northern Trust Developed Markets Low Volatility Climate ESG Index
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF	1 December 2020	24 February 2021	iSTOXX Northern Trust Developed Markets High Dividend Climate ESG Index
Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF	5 January 2021	23 September 2021	iSTOXX Northern Trust Emerging Markets Low Volatility Climate ESG Index
Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF	5 January 2021	23 September 2021	iSTOXX Northern Trust Emerging Markets High Dividend Climate ESG Index
Flexshares® Listed Private Equity UCITS ETF	5 November 2021	9 December 2021	Foxberry Listed Private Equity SDG Screened USD Net Total Return Index

In accordance with the Prospectus, additional Funds may be established from time to time by the Manager.

Northern Trust International Fund Administration Services (Ireland) Limited (the “Administrator”) has been appointed by the Manager to act as administrator, registrar and transfer agent under the terms of an administration agreement which has been entered into on an arm’s length basis. Northern Trust Fiduciary Services (Ireland) Limited (the “Depositary”) has been appointed by the Manager to act as depositary responsible for the safekeeping (amongst other responsibilities) of all of the assets of each Fund under the terms of a depositary agreement which has been entered into on an arm’s length basis. The Manager has appointed Northern Trust Global Investments Limited (the “Investment Manager”) to provide discretionary investment management services to the Funds.

The Instrument of Incorporation, Prospectus, the Key Information Documents, the annual and semi-annual reports, as well as the issue and redemption prices are available free of charge pursuant to Sec. 297 (1) of the German Capital Investment Code from the office of the German Information and Paying Agent. For investors in Germany, the following Funds are available:

Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF  
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF  
Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF  
Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF  
Flexshares® Listed Private Equity UCITS ETF

### Dealing

Any application received by the Administrator after the relevant deadline on the relevant Dealing Day, where the relevant Dealing Day is defined as each Business Day where the Net Asset Value is determined, shall be deferred until the next succeeding Dealing Day.

## **FLEXSHARES ICAV**

### **GENERAL INFORMATION (continued)**

*For the year ended 31 March 2023*

#### **Shares**

Each Fund may issue one or more classes of Shares. Shares may be issued as Accumulating Shares or Distributing Shares. It is the present intention that only Accumulating Shares will be issued for Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF, Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF and Flexshares® Listed Private Equity UCITS ETF and only Distributing Shares will be issued for Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF and Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF.

#### **Dividends**

Dividends were declared and paid during the year ended 31 March 2023, see Note 7 for further details.

Distributions may be declared and paid on Distributing Shares of Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF and Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF up to four times per annum or at any intervals to be specified by the Board of Directors with such dates to be set out on <https://www.flexshares.com/gb/en/advisors>. No dividends will be declared in respect of the Accumulating Shares of Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF, Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF and Flexshares® Listed Private Equity UCITS ETF. The net income attributable to the Class USD Accumulating Shares shall be retained within the Fund and the value of the Class USD Accumulating Shares shall rise accordingly.

## **FLEXSHARES ICAV**

### **DIRECTORS' REPORT**

*For the year ended 31 March 2023*

The Directors have the pleasure in submitting the Annual Report to the Shareholders together with the audited financial statements for the year ended 31 March 2023.

#### **Review of Business Activities and Future Developments**

A detailed business review is outlined in the Investment Manager's ("Northern Trust Global Investments Limited") Reports on pages 10 to 14 and are included in this report by cross reference. Significant events during the year are included at the bottom of the page.

#### **Results for the Year and State of Affairs as at 31 March 2023**

The results of operations are set out on pages 21 to 33.

#### **Distributions**

Distributions were declared and paid during the year ended 31 March 2023. See Note 7 for further details.

#### **Directors**

The Directors of the ICAV during the year ended 31 March 2023 were:

<b><u>Director</u></b>	<b><u>Country of Residence</u></b>	<b><u>Date of Appointment</u></b>
Ms. Claire Cawley (Chairperson)	Irish Resident	20 November 2020
Mr. Ton Daniels	Dutch Resident	20 November 2020
Ms. Marie Dzanis	UK Resident	20 November 2020
Ms. Martha Fee	UK Resident	25 June 2020
Mr. Bimal Shah	UK Resident	20 November 2020
Mr. Feargal Dempsey	Irish Resident	15 November 2021
Mr. Cian Farrell	Irish Resident	10 January 2022
Mr. Alan Keating	Irish Resident	6 December 2021

#### **Soft Commission Arrangements and Directed Brokerage Services**

There were no soft commission arrangements, directed brokerage services or similar arrangements affecting the ICAV during the year ended 31 March 2023, nor were there any during the year ended 31 March 2022.

#### **Directors' Interests**

None of the Directors held any interest in the shares of the ICAV at any time during the year or at 31 March 2023 (31 March 2022: nil).

#### **Transactions involving Directors**

Other than as stated in Related Party Disclosures in Note 12, there were no contracts or arrangements of any significance in relation to the business of the ICAV in which the Directors had any interest, as defined in the ICAV Act, at any time during the financial year.

#### **Principal Risks and Uncertainties**

The principal risks and uncertainties faced by the ICAV are market risk (including price risk, interest rate risk and foreign currency risk), liquidity risk and counterparty credit risk which are outlined in Note 13 and is included in this report by cross reference.

#### **Political Contributions**

There were no political contributions made by the ICAV during the year ended 31 March 2023 (31 March 2022: nil).

#### **Material Events During the Year**

In accordance with the requirements of Regulation (EU) No. 1286/2014 (as amended) (the "PRIIPs Regulation"), the ICAV produced PRIIP KIDs as of 31 December 2022.

In accordance with the requirements of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 ("SFDR Level 2") in order to comply with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "Taxonomy Regulation", a Third Addendum to the Prospectus of the ICAV was published on 29 November 2022.

## **FLEXSHARES ICAV**

### **DIRECTORS' REPORT (continued)**

*For the year ended 31 March 2023*

#### **Material Events During the Year (continued)**

##### **Russia**

The Russian invasion of Ukraine in February 2022 led to western nations imposing severe economic sanctions on Russia. The ICAV is following all appropriate protocols to abide by the conditions of the sanctions and the ICAV continues to be managed according to stated investment objectives. Northern Trust's Investment Policy Committee and Tactical Asset Allocation committee are regularly monitoring the evolving situation. Consistent with the Manager's established process, and as conditions warrant, the Investment Committee, a subcommittee of the Board, has been in constant contact with Asset Management's Pricing Valuation Committee to determine Fair Value prices and approaches for all the affected Russian securities. All fair value prices have been applied after approval from the Depositary's review. On 31 March 2023 all affected securities were fair valued at zero. The total unrealised loss based on fair valuing the prices from their last traded price to zero was \$139,888 at an ICAV level. From an ICAV's perspective they have moved all Russian income to a receipts basis, however income will not be realised in the ICAV at this time due to current restrictions on Russian Ruble currency. As the situation evolves, we are continually monitoring any changes in sanctions to ensure continued compliance.

##### **Interest rates and volatility**

Central banks have continued to tighten monetary policy in an effort to bring inflation and wage growth back to target levels. Both the European Central Bank ("ECB") and US Federal Reserve ("Fed") have raised interest rates steadily with the ECB raising rates by 350 basis points since July 2022 and the Fed raising rates by 475 basis points since March 2022. These interest rate hikes have contributed to weakened economic activity, which has in many cases negatively impacted the performance of both the benchmarks and the ICAV. In addition, the interest rate hikes have also led to increased volatility in the US and European banking sectors, most notably seen in the bankruptcies of Silicon Valley Bank and Signature Bank in the US and UBS take over of Credit Suisse in Europe. While there is no exposure to these banking institutions, both the Manager and Investment Manager have been and continue to track developments that may impact financial markets with their investment professionals continually monitoring the markets and assessing portfolio positioning to manage risk in the context of portfolio and the ICAV objectives.

There were no other material events during the year.

##### **Subsequent Events**

FlexShares Listed Private Equity UCITS ETF was marketed to institutional investors in Switzerland on 17 April 2023.

There were no significant events subsequent to the year end which require amendment to the financial statements.

##### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

The ICAV Act requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and applicable law.

The financial statements are required to give a true and fair view of the assets, liabilities and financial position of the ICAV at the end of the financial year and of the changes in net assets attributable to holders of redeemable participating shares in the ICAV for the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the ICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the ICAV or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and change in net assets attributable to holders of redeemable participating shares in the ICAV and enable them to ensure that the financial statements comply with the ICAV Act and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the ICAV. In this regard they have entrusted the assets of the ICAV to a depositary for safe-keeping. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the ICAV Act.

Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **FLEXSHARES ICAV**

### **DIRECTORS' REPORT (continued)**

*For the year ended 31 March 2023*

#### **Accounting Records**

The Directors are responsible for ensuring that adequate accounting records, as outlined in Section 109 to 115 of the ICAV Act, are kept by the ICAV. To achieve this, the Directors have appointed experienced administrators and service providers in order to ensure that those requirements are complied with. Those accounting records are maintained at the ICAV's registered office at George's Court, 54-62 Townsend Street, Dublin 2, D02 R156, Ireland.

#### **Independent Auditor**

KPMG, Chartered Accountants, have been reappointed during the year in accordance with Section 125 of the ICAV Act and have expressed their willingness to continue in office in accordance with Section 125 of the ICAV Act.

#### **Connected Persons**

The Central Bank UCITS Regulations require that any transaction carried out with an ICAV by a management company or depositary to the ICAV, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the Shareholders.

The Directors of the Manager are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the year complied with the obligations set out in Regulation 43(1) of the Central Bank UCITS Regulations.

#### **Audit Committee**

The ICAV does not currently have an Audit Committee. As the responsibilities of the Audit Committee, including the review, approval and monitoring of the statutory audit, financial statements and controls, are already carried out by the Board of Directors, hence the establishment of an Audit Committee was not deemed to be currently required by the Directors.

#### **Corporate Governance**

The ICAV is subject to compliance with the requirements of the ICAV Act and the Central Bank UCITS Regulations. During the year under review, the ICAV was subject to corporate governance imposed by:

- i. The ICAV Act which can be obtained at <https://www.irishstatutebook.ie/eli/2015/act/2/enacted/en/html>;
- ii. The Instrument of Incorporation of the ICAV which is available for inspection at the registered office of the ICAV at George's Court, 54-62 Townsend Street, Dublin 2, D02 R156, Ireland;
- iii. The Central Bank UCITS Regulations which can be obtained from the Central Bank's website at: <http://www.centralbank.ie/regulation/industrysectors/funds/ucits/Pages/default.aspx> and is available for inspection at the registered office of the ICAV;
- iv. The Euronext Dublin through the Euronext Dublin Code of Listing Requirements and Procedures which can be obtained from the Euronext Dublin's website at <http://www.ise.ie/>;
- v. The Euronext Amsterdam through the Euronext Amsterdam Code of Listing Requirements and Procedures which can be obtained from the Euronext Amsterdam's website at <http://www.euronext.com/>;
- vi. The London Stock Exchange through the London Stock Exchange Rule book which can be obtained from the London Stock Exchange's website at <http://www.londonstockexchange.com/>;
- vii. The Deutsche Boerse through the Deutsche Boerse Code of Listing Requirements and Procedures which can be obtained from the Deutsche Boerse's website at <https://www.deutsche-boerse.com/dbg-en/>; and
- viii. Irish Funds, formally Irish Funds Industry Association, Corporate Governance Code for Collective Investment Schemes and Management Companies (December 2011) which can be found at <http://www.irishfunds.ie/regulatory-technical/corporate-governance>.

#### **Compliance with the Irish Corporate Governance Code**

The Directors have adopted the voluntary Irish Funds (formerly Irish Funds Industry Association) ("IFIA") Corporate Governance Code for Irish domiciled Collective Investment Schemes and Management Companies, issued 14 December 2011 (the "Code"). The Directors have reviewed and assessed the measures included in the Code and consider its corporate governance practices and procedures since the adoption of the Code as consistent therewith. The Code provides a framework for the organisation and operation of funds to ensure that funds operate efficiently and in the interests of shareholders. The Board considers that the ICAV has complied with the main provisions contained in the Code throughout this accounting period and that it complies with the various other corporate governance requirements prescribed by the legislation noted above.

**FLEXSHARES ICAV**

**DIRECTORS' REPORT (continued)**

*For the year ended 31 March 2023*

**On behalf of the Board of Directors**



---

**Claire Cawley**  
**Director**



---

**Cian Farrell**  
**Director**

31 July 2023

## **FLEXSHARES ICAV**

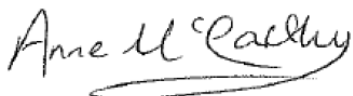
### **REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS**

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Flexshares® ICAV (the “ICAV”) provide this report solely in favour of the Shareholders of the ICAV for the year ended 31 March 2023 (the “Annual Accounting Period”). This report is provided in accordance with current Depositary obligation with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No 352 of 2011), as amended, which implemented Directive 2009/65/EU into Irish Law (“the Regulations”). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation under the Regulations, we have enquired into the conduct of the ICAV for this Annual Accounting Period and we hereby report thereon to the Shareholders of the ICAV as follows;

We are of the opinion that the ICAV has been managed during the Annual Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV by the constitutional document and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the Regulations.



---

**For and on behalf of**  
**Northern Trust Fiduciary Services (Ireland) Limited**  
31 July 2023

**FLEXSHARES ICAV****FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF****INVESTMENT REVIEW (UNAUDITED)***For the year ended 31 March 2023***Launch Date**

24 February 2021

**Fund Size**

US\$5.20 million

**Benchmark**

iSTOXX Northern Trust Developed Markets Low Volatility Climate ESG Index

**Performance Data**

	<b>Since Inception</b>	<b>1 Year</b>	<b>3 Years</b>
<b>Fund</b>	2.17%	(7.26%)	N/A
<b>Benchmark</b>	1.97%	(7.49%)	N/A

**Fund Review****Portfolio Summary\***

United States	63.80
Japan	8.70
United Kingdom	3.80
Switzerland	3.70
Canada	3.00
France	2.50
Netherlands	2.30
Hong Kong	1.90
Germany	1.90
Spain	1.60
Others	6.90

\*Source FactSet as at 31 March 2023. Country breakdown may not sum to 100% as the fund has a small allocation to futures for efficient portfolio management.

**Performance Commentary**

For the year under review the FlexShares Developed Markets Low Volatility Climate ESG UCITS ETF outperformed the net total return benchmark by 24 bps. The Fund posted a gross total return of -7.26% while the benchmark returned -7.49%. Ex-post tracking error for 1 year is 0.23%. The Fund has tracked its benchmark index within its anticipated tracking error.

**Sustainable Finance Disclosure Regulation (“SFDR”)**

FlexShares Developed Markets Low Volatility Climate ESG UCITS ETF is classified as an Article 8 fund under EU SFDR and promotes environmental and/or social characteristics and is therefore subject to the sustainability-related disclosure rules set out in Article 8 of the SFDR. In accordance with Article 11 of the SFDR, further information about the environmental and/or social characteristics of the Funds of FlexShares ICAV are set out from Page 106 of the financial statements where completed template periodic disclosure annex, as prescribed under Commission Delegated Regulation (EU) 2022/1288 (as amended), in respect of each Article 8 fund is included.

**Northern Trust Global Investments Limited****London****May 2023**

## FLEXSHARES ICAV

### FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

#### INVESTMENT REVIEW (UNAUDITED)

For the year ended 31 March 2023

#### Launch Date

24 February 2021

#### Fund Size

US\$16.57 million

#### Benchmark

iSTOXX Northern Trust Developed Markets High Dividend Climate ESG Index

#### Performance Data

	Since Inception	1 Year	3 Years
<b>Fund</b>	3.01%	(7.50%)	N/A
<b>Benchmark</b>	2.78%	(7.72%)	N/A

#### Fund Review

#### Portfolio Summary\*

United States	63.80
Japan	7.20
United Kingdom	5.50
France	3.80
Canada	3.50
Australia	3.40
Netherlands	2.20
Switzerland	2.00
Germany	1.80
Spain	1.80
Others	5.20

\*Source FactSet as at 31 March 2023. Country breakdown may not sum to 100% as the fund has a small allocation to futures for efficient portfolio management.

#### Performance Commentary

For the year under review the FlexShares Developed Markets High Dividend Climate ESG UCITS ETF outperformed the net total return benchmark by 22 bps. The Fund posted a gross total return of -7.50% while the benchmark returned -7.72%. Ex-post tracking error for 1 year is 0.13%. The Fund has tracked its benchmark index within its anticipated tracking error.

#### Sustainable Finance Disclosure Regulation (“SFDR”)

FlexShares Developed Markets High Dividend Climate ESG UCITS ETF is classified as an Article 8 fund under EU SFDR and promotes environmental and/or social characteristics and is therefore subject to the sustainability-related disclosure rules set out in Article 8 of the SFDR. In accordance with Article 11 of the SFDR, further information about the environmental and/or social characteristics of the Funds of FlexShares ICAV are set out from Page 106 of the financial statements where completed template periodic disclosure annex, as prescribed under Commission Delegated Regulation (EU) 2022/1288 (as amended), in respect of each Article 8 fund is included.

#### Northern Trust Global Investments Limited

#### London

#### May 2023

**FLEXSHARES ICAV****FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF****INVESTMENT REVIEW (UNAUDITED)***For the year ended 31 March 2023***Launch Date**

23 September 2021

**Fund Size**

US\$4.20 million

**Benchmark**

iSTOXX Northern Trust Emerging Markets Low Volatility Climate ESG Index

**Performance Data**

	<b>Since Inception</b>	<b>1 Year</b>	<b>3 Years</b>
<b>Fund</b>	(10.17%)	(8.98%)	N/A
<b>Benchmark</b>	(10.28%)	(9.14%)	N/A

**Fund Review****Portfolio Summary\***

China	22.20
India	19.00
Taiwan	18.40
Korea	13.40
Brazil	4.40
Mexico	3.50
South Africa	3.40
Indonesia	3.30
Malaysia	2.80
Greece	1.10
Others	8.60

\*Source FactSet as at 31 March 2023. Country breakdown may not sum to 100% as the fund has a small allocation to futures for efficient portfolio management.

**Performance Commentary**

For the year under review the Flexshares Emerging Markets Low Volatility Climate ESG UCITS ETF outperformed the net total return benchmark by 16 bps. The Fund posted a gross total return of -8.98% while the benchmark returned -9.14%. Ex-post tracking error for 1 year is 0.60%. The Fund has tracked its benchmark index within its anticipated tracking error.

**Sustainable Finance Disclosure Regulation (“SFDR”)**

FlexShares Emerging Markets Low Volatility Climate ESG UCITS ETF is classified as an Article 8 fund under EU SFDR and promotes environmental and/or social characteristics and is therefore subject to the sustainability-related disclosure rules set out in Article 8 of the SFDR. In accordance with Article 11 of the SFDR, further information about the environmental and/or social characteristics of the Funds of FlexShares ICAV are set out from Page 106 of the financial statements where completed template periodic disclosure annex, as prescribed under Commission Delegated Regulation (EU) 2022/1288 (as amended), in respect of each Article 8 fund is included.

**Northern Trust Global Investments Limited****London****May 2023**

**FLEXSHARES ICAV****FLEXSHARES® EMERGING MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF****INVESTMENT REVIEW (UNAUDITED)***For the year ended 31 March 2023***Launch Date**

23 September 2021

**Fund Size**

US\$3.91 million

**Benchmark**

iSTOXX Northern Trust Emerging Markets High Dividend Climate ESG Index

**Performance Data**

	<b>Since Inception</b>	<b>1 Year</b>	<b>3 Years</b>
<b>Fund</b>	(12.20%)	(13.35%)	N/A
<b>Benchmark</b>	(13.20%)	(14.71%)	N/A

**Fund Review****Portfolio Summary\***

China	22.30
Taiwan	18.70
India	18.20
Korea	15.30
Brazil	5.10
Thailand	3.90
South Africa	3.90
Malaysia	2.90
Indonesia	2.30
Mexico	2.20
Others	5.20

\*Source FactSet as at 31 March 2023. Country breakdown may not sum to 100% as the fund has a small allocation to futures for efficient portfolio management.

**Performance Commentary**

For the year under review the FlexShares Emerging Markets High Dividend Climate ESG UCITS ETF outperformed the net total return benchmark by 1.36%. The Fund posted a gross total return of -13.35% while the benchmark returned -14.71%. Ex-post tracking error for 1 year is 1.29%. The Fund has tracked its benchmark index within its anticipated tracking error.

**Sustainable Finance Disclosure Regulation (“SFDR”)**

FlexShares Emerging Markets High Dividend Climate ESG UCITS ETF is classified as an Article 8 fund under EU SFDR and promotes environmental and/or social characteristics and is therefore subject to the sustainability-related disclosure rules set out in Article 8 of the SFDR. In accordance with Article 11 of the SFDR, further information about the environmental and/or social characteristics of the Funds of FlexShares ICAV are set out from Page 106 of the financial statements where completed template periodic disclosure annex, as prescribed under Commission Delegated Regulation (EU) 2022/1288 (as amended), in respect of each Article 8 fund is included.

**Northern Trust Global Investments Limited****London****May 2023**

## FLEXSHARES ICAV

### FLEXSHARES® LISTED PRIVATE EQUITY UCITS ETF

#### INVESTMENT REVIEW (UNAUDITED)

For the year ended 31 March 2023

##### Launch Date

9 December 2021

##### Fund Size

US\$139.18 million

##### Benchmark

Foxberry Listed Private Equity SDG Screened USD Net Total Return Index

##### Performance Data

	Since Inception	1 Year	3 Years
<b>Fund</b>	(17.80%)	(12.52%)	N/A
<b>Benchmark</b>	(18.43%)	(13.17%)	N/A

##### Fund Review

##### Portfolio Summary\*

United States	49.80
United Kingdom	10.10
Netherlands	9.60
Switzerland	8.90
Sweden	7.00
Canada	4.40
France	3.70
Belgium	3.30
Guernsey	2.10
Japan	0.40
Others	0.60

\*Source FactSet as at 31 March 2023. Country breakdown may not sum to 100% as the fund has a small allocation to futures for efficient portfolio management.

##### Performance Commentary

For the year under review the FlexShares Listed Private Equity UCITS ETF outperformed the net total return benchmark by 65 bps. The Fund posted a gross total return of -12.52% while the benchmark returned -13.17%. Ex-post tracking error for 1 year is 0.30%. The Fund has tracked its benchmark index within its anticipated tracking error.

##### Sustainable Finance Disclosure Regulation (“SFDR”)

FlexShares Listed Private Equity UCITS ETF is classified as an Article 6 Fund under EU SFDR and does not have as its objective sustainable investment, nor does it promote environmental and/or social characteristics. As a result, the Fund does not fall within scope of sustainability-related disclosure rules set out in Article 8 or 9 of the SFDR.

Northern Trust Global Investments Limited  
London

May 2023





**KPMG**

Audit  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES ICAV**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Flexshares ICAV ('the ICAV') for the year ended March 31, 2023 set out on pages 21 to 60, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares, Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 5.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the ICAV as at March 31, 2023 and of its net decrease in net assets attributable to holders of redeemable participating shares for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Irish Collective Asset-management Vehicles Acts 2015 to 2021 (the 'ICAV Act'), the European Communities (Undertakings for Collective Investments in Transferable Securities) Regulation 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the board of directors.

We were appointed as auditor by the directors on 14 July 2021. The period of total uninterrupted engagement is three years for the year ended March 31, 2023. We have fulfilled our ethical responsibilities under, and we remained independent of the ICAV in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

#### ***Conclusions relating to going concern***

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the ICAV's ability to continue to adopt the going concern basis of accounting included considering the inherent risks to the ICAV's business model and analysis of how those risks might affect the ICAV's financial resources or ability to continue operations over the going concern period. The risks we considered most likely to adversely affect the ICAV's available financial resources over this period was the availability of capital to meet operating costs and other financial commitments (liquidity risk) and the valuation of investments at fair value as a result of market performance (price risk).



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES ICAV (continued)**

### ***Conclusions relating to going concern (continued)***

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ICAV's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Detecting irregularities including fraud**

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the ICAV's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included:

- Inquiring with the directors and other management as to the ICAV's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims.
- Inquiring of directors, as to the ICAV's high level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Inquiring of directors regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud.
- Inspecting the ICAV's regulatory and legal correspondence.
- Reading Board meeting and Investment committee minutes.
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

Firstly, the ICAV is subject to laws and regulations that directly affect the financial statements including ICAV and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the ICAV is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: certain aspects of company legislation recognising the financial and regulated nature of the ICAV's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.



**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF FLEXSHARES ICAV (continued)**

**Detecting irregularities including fraud (continued)**

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters were as follows (unchanged from 2022):

Accuracy and Valuation of Investments - USD 166,712,656 (2022: USD 175,584,122)

*Refer to page 35 to 36 (Note 5 - Significant Accounting Policies) and pages 54 to 57 (Note 14 - Fair Value Measurement)*

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The ICAV’s investments makes up 98.61% of the net asset value (‘NAV’) of the ICAV, and are considered to be the key driver for the ICAV’s results.</p> <p>While the nature of the ICAV’s investments do not require significant level of judgement, investments are identified as a significant area of audit focus due to their significance in the context of the financial statements as a whole.</p> <p>Investments held by the ICAV include equities and futures contracts.</p> <p>The ICAV’s investments have the greatest impact on our overall audit strategy and allocation of resources both at the planning and completion of our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the process in place to record investment transactions and to price the portfolio of investments.</li> <li>- We obtained independent external confirmation of transferable securities held by the ICAV as at 31 March 2023 directly from the Depositary. Confirmation obtained were reconciled to the ICAV’s records.</li> <li>- We obtained independent external confirmation of 100% of the financial derivative instruments held by the ICAV from the derivative counterparty. Confirmations obtained were reconciled to the ICAV’s records.</li> </ul>



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES ICAV (continued)**

**Key audit matters: our assessment of risks of material misstatement (continued)**

	<ul style="list-style-type: none"><li>- We engaged our valuation specialists to independently re-price and value 100% of investments held by the ICAV as at 31 March 2023.</li><li>- We performed substantive attribute sampling to gain comfort over the data inputs into the valuation of investments.</li><li>- We assessed the adequacy of the disclosure made in the financial statements in relation to the fair value of investments and fair value disclosure for compliance with IFRS as adopted by the EU.</li></ul> <p>No material misstatements were identified as a result of the procedures performed.</p>
--	--

**Our application of materiality and an overview of the scope of our audit**

Materiality for the financial statements as a whole was set at USD 1,690,000, determined with reference to a benchmark of ICAV's net asset value ("NAV") of which it represents 100 basis points as at 31 March 2023.

In applying our judgement in determining the most appropriate benchmark, the factors, which had the most significant impact were:

- the elements of the financial statements (for example, total assets, net asset value, total investment income and decrease in net assets attributable to holders of redeemable participating shares);
- the items on which attention of the users of the ICAV's financial statements tends to be focused;
- the nature of the ICAV, where the ICAV is in its life cycle, and the industry and economic environment in which the ICAV operates; and
- the ICAV's ownership structure and the way it is financed.

In applying our judgement in determining the percentage to be applied to the benchmark, the following qualitative factors, which had the most significant impact, increasing our assessment of materiality were:

- the ICAV's ownership structure and the way in which the entity is financed;
- the limited amount of external debt on the ICAV's balance sheet; and
- the stability of the business environment in which it operates.

We applied ICAV materiality to assist us determine the overall audit strategy.

Performance materiality for the financial statements as a whole was set at 75% of materiality for the financial statements as a whole, which equates to USD 1,260,000, We applied this percentage in our determination of performance materiality because we did not identify any factors indicating a significant level of aggregation risk.



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES ICAV (continued)**

### **Our application of materiality and an overview of the scope of our audit (continued)**

In applying our judgement in determining performance materiality, the following factors were considered to have the most significant impact on our assessment of performance materiality:

- entity level control deficiencies, such as in the control environment;
- the number and severity of deficiencies in control activities, including those that may be pervasive;
- turnover of senior management or key financial reporting personnel;
- the number and/or value of detected misstatements;
- the value of uncorrected misstatements, including the cumulative current period effect of immaterial prior period uncorrected misstatements; and
- management's attitude towards correcting misstatements.

We applied ICAV performance materiality to assist us determine what risks were significant risks for the ICAV.

We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding 5 basis points of the ICAV's net asset value, in addition to other identified misstatements that warranted reporting on qualitative grounds. With specific regard to the valuation of the ICAV's financial assets and liabilities at fair value through profit or loss, we also report to the Board of Directors all corrected and uncorrected misstatements we have identified through our audit with a value in excess of 50 basis points of each sub-fund's NAV.

Our audit was undertaken to the materiality and performance materiality level specified above and was all performed by a single engagement team in Dublin.

### **Other information**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Management and General Information, Directors' Report, Report of the Depositary to the Shareholders, Investment Reviews, Supplementary Information, Appendix I: Portfolio Statements, Appendix II: Material Purchases and Sales, Additional Information for Switzerland and Appendix III: Sustainable Finance Disclosure Regulation ("SFDR"). The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work undertaken during the course of the audit, we have not identified material misstatements in the other information.

### **Opinion on other matter prescribed by the Irish Collective Asset-management Vehicles Acts 2015 to 2021**

In our opinion, the information given in the Directors' Report is consistent with the financial statements.

### **Matters on which we are required to report by exception**

The Irish Collective Asset-management Vehicles Acts 2015 to 2021 requires us to report to you, if in our opinion, the disclosures of Directors' remuneration specified by law are not made. We have nothing to report in this regard.



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES ICAV (continued)**

### **Respective responsibilities and restrictions on use**

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the ICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the ICAV or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the shareholders of the ICAV, as a body, in accordance with the Section 120 of the Irish Collective Asset-management Vehicles Act 2015. Our audit work has been undertaken so that we might state to the ICAV's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICAV and the ICAV's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Maria Flannery

for and on behalf of  
KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5

31 July 2023

**FLEXSHARES ICAV**

**STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2023*

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Assets</b>							
Cash and cash equivalents	11	102,746	86,924	94,304	97,518	1,601,719	1,983,211
Margin cash	11	11,179	15,973	9,322	9,322	299,318	345,114
Dividends receivable		12,029	37,497	17,708	19,684	199,159	286,077
Other assets	8	58,419	67,760	68,518	68,632	69,406	332,735
Transferable securities: Equities	13,14	5,105,956	16,468,245	4,112,528	3,816,710	137,103,850	166,607,289
Unrealised gain on futures contracts	13,14	4,860	6,996	1,720	1,720	90,071	105,367
<b>Total assets</b>		<b>5,295,189</b>	<b>16,683,395</b>	<b>4,304,100</b>	<b>4,013,586</b>	<b>139,363,523</b>	<b>169,659,793</b>
<b>Liabilities</b>							
Investment management fees payable	6,12	4,228	15,725	4,300	4,532	91,513	120,298
Administration fees payable	6,12	(3,231)	(2,773)	(427)	(439)	5,012	(1,858)
Depository fees payable	6,12	268	864	575	537	6,519	8,763
Audit fees payable	6	19,552	19,552	19,552	19,552	19,552	97,760
Directors fees payable	6,12	795	795	795	795	795	3,975
Accrued expenses and other liabilities	9	78,174	78,134	79,953	80,051	58,592	374,904
<b>Total liabilities</b>		<b>99,786</b>	<b>112,297</b>	<b>104,748</b>	<b>105,028</b>	<b>181,983</b>	<b>603,842</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>5,195,403</b>	<b>16,571,098</b>	<b>4,199,352</b>	<b>3,908,558</b>	<b>139,181,540</b>	<b>169,055,951</b>
Classified as liabilities		5,195,403	16,571,098	4,199,352	3,908,558	139,181,540	
NAV per share		US\$25.98	US\$25.16	US\$21.00	US\$19.54	US\$19.26	

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

**FLEXSHARES ICAV**

**STATEMENT OF FINANCIAL POSITION (continued)**

*As at 31 March 2023*



---

**Claire Cawley**  
**Director**

31 July 2023



---

**Cian Farrell**  
**Director**



**FLEXSHARES ICAV**

**STATEMENT OF FINANCIAL POSITION (continued)**

As at 31 March 2022

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF* US\$	FlexShares® Listed Private Equity UCITS ETF** US\$	Total US\$
<b>Assets</b>							
Cash and cash equivalents	11	178,387	306,865	101,864	125,115	1,735,533	2,447,764
Margin cash	11	10,037	27,380	5,331	12,689	444,192	499,629
Dividends receivable		10,122	57,277	15,474	21,291	154,768	258,932
Other assets	8	37,450	42,363	111,593	108,897	97,235	397,538
Transferable securities: Equities	13,14	5,502,833	15,730,143	4,534,128	4,537,265	145,154,881	175,459,250
Unrealised gain on futures contracts	13,14	6,614	16,340	2,275	2,950	96,693	124,872
<b>Total assets</b>		<b>5,745,443</b>	<b>16,180,368</b>	<b>4,770,665</b>	<b>4,808,207</b>	<b>147,683,302</b>	<b>179,187,985</b>
<b>Liabilities</b>							
Investment management fees payable	6,12	5,953	18,193	6,309	7,124	121,709	159,288
Administration fees payable	6,12	(2,329)	(1,356)	425	425	7,375	4,540
Depositary fees payable	6,12	2,396	3,465	1,730	1,730	9,887	19,208
Audit fees payable	6	9,945	9,945	11,167	11,166	14,256	56,479
Directors fees payable	6,12	892	892	448	441	1,159	3,832
Accrued expenses and other liabilities	9	106,218	105,728	100,683	100,818	62,608	476,055
<b>Total liabilities</b>		<b>123,075</b>	<b>136,867</b>	<b>120,762</b>	<b>121,704</b>	<b>216,994</b>	<b>719,402</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>5,622,368</b>	<b>16,043,501</b>	<b>4,649,903</b>	<b>4,686,503</b>	<b>147,466,308</b>	<b>178,468,583</b>
Classified as equities		5,622,368	16,043,501	4,649,903	4,686,503	147,466,308	
NAV per share		US\$28.11	US\$28.06	US\$23.25	US\$23.43	US\$22.09	

\*Launched on 23 September 2021.

\*\*Launched on 9 December 2021.

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

**FLEXSHARES ICAV**

**STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2023*

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Income</b>							
<i>Income from financial instruments at fair value through profit or loss:</i>							
Dividend income	5	134,511	524,756	160,295	166,032	5,025,533	6,011,127
<i>Gains and losses from financial instruments at fair value through profit or loss:</i>							
Net realised losses on transferable securities		(388,562)	(990,194)	(364,275)	(478,076)	(16,489,155)	(18,710,262)
Net unrealised losses on transferable securities		(118,447)	(463,168)	(165,385)	(272,947)	(9,852,070)	(10,872,017)
Net realised and unrealised (losses)/gains on futures contracts		(19,288)	(44,098)	(13,905)	(12,310)	24,607	(64,994)
<i>Income and losses from financial instruments that are not at fair value through profit or loss:</i>							
Bank interest income		1,056	1,073	1,066	1,256	16,222	20,673
Net realised losses on foreign currency		(2,733)	(12,957)	(6,516)	(5,858)	(73,532)	(101,596)
Net unrealised gains/(losses) on foreign currency		145	642	(408)	(178)	(1,445)	(1,244)
Expenses rebate	6	108,153	122,006	132,160	133,121	242,926	738,366
<b>Net expense</b>		<u>(285,165)</u>	<u>(861,940)</u>	<u>(256,968)</u>	<u>(468,960)</u>	<u>(21,106,914)</u>	<u>(22,979,947)</u>

**FLEXSHARES ICAV**

**STATEMENT OF COMPREHENSIVE INCOME (continued)**

*For the year ended 31 March 2023*

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Operating expenses</b>							
Investment management fees	6,12	(12,661)	(45,158)	(12,796)	(13,843)	(557,990)	(642,448)
Administration fees	6,12	(8,037)	(10,664)	(7,803)	(7,760)	(41,663)	(75,927)
Depository fees	6,12	(14,811)	(18,576)	(8,501)	(9,581)	(58,201)	(109,670)
Audit fees	6	(18,496)	(18,496)	(18,496)	(18,496)	(18,497)	(92,481)
Directors' fees	6,12	(2,876)	(2,875)	(3,319)	(3,327)	(2,608)	(15,005)
Transaction costs	5	(3,741)	(13,101)	(9,981)	(10,652)	(45,807)	(83,282)
Other expenses	10	(61,453)	(69,386)	(111,939)	(108,105)	(117,309)	(468,192)
<b>Total operating expenses before tax</b>		<u>(122,075)</u>	<u>(178,256)</u>	<u>(172,835)</u>	<u>(171,764)</u>	<u>(842,075)</u>	<u>(1,487,005)</u>
<b>Operating loss before tax</b>		(407,240)	(1,040,196)	(429,803)	(640,724)	(21,948,989)	(24,466,952)
Bank interest expense		(142)	(200)	(19)	(18)	(988)	(1,367)
Distributions	7	–	(407,584)	–	(115,900)	–	(523,484)
Withholding tax expense		(19,583)	(82,841)	(22,211)	(23,099)	(585,041)	(732,775)
Capital gains tax		–	–	1,482	1,796	–	3,278
<b>Decrease in net assets attributable to holders of redeemable participating shares from operations</b>		<u>(426,965)</u>	<u>(1,530,821)</u>	<u>(450,551)</u>	<u>(777,945)</u>	<u>(22,535,018)</u>	<u>(25,721,300)</u>

There were no recognised income or expenses arising in the year other than those included above. In arriving at the results for the year, all amounts above relate to continuing operations.

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

**FLEXSHARES ICAV**

**STATEMENT OF COMPREHENSIVE INCOME (continued)**

*For the year/period ended 31 March 2022*

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF* US\$	FlexShares® Listed Private Equity UCITS ETF** US\$	Total US\$
<b>Income</b>							
<i>Income from financial instruments at fair value through profit or loss:</i>							
Dividend income	5	120,644	319,701	48,473	66,963	737,541	1,293,322
<i>Gains and losses from financial instruments at fair value through profit or loss:</i>							
Net realised gains/(losses) on transferable securities		210,084	314,740	(17,042)	(28,150)	(1,832,884)	(1,353,252)
Net unrealised gains/(losses) on transferable securities		194,659	358,650	(340,745)	(272,982)	(12,644,387)	(12,704,805)
Net realised and unrealised gains/(losses) on futures contracts		9,755	10,364	(7,855)	(11,810)	(153,924)	(153,470)
<i>Income and losses from financial instruments that are not at fair value through profit or loss:</i>							
Net realised losses on foreign currency		(1,590)	(1,102)	(2,878)	(1,636)	(51,798)	(59,004)
Net unrealised (losses)/gains on foreign currency		(175)	(1,024)	64	397	8,163	7,425
Expenses rebate	6	183,302	189,077	147,222	144,495	97,235	761,331
<b>Net income/(expense)</b>		<u>716,679</u>	<u>1,190,406</u>	<u>(172,761)</u>	<u>(102,723)</u>	<u>(13,840,054)</u>	<u>(12,208,453)</u>

**FLEXSHARES ICAV**

**STATEMENT OF COMPREHENSIVE INCOME (continued)**

*For the year/period ended 31 March 2022*

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF* US\$	FlexShares® Listed Private Equity UCITS ETF** US\$	Total US\$
<b>Operating expenses</b>							
Investment management fees	6,12	(13,981)	(31,881)	(7,827)	(8,840)	(121,710)	(184,239)
Administration fees	6,12	(2,172)	(3,522)	(1,453)	(1,454)	(7,849)	(16,450)
Depository fees	6,12	(7,454)	(12,020)	(12,163)	(9,494)	(9,887)	(51,018)
Audit fees	6	(19,883)	(19,883)	(19,883)	(19,883)	(19,883)	(99,415)
Directors' fees	6,12	(4,636)	(4,636)	(4,707)	(4,707)	(1,159)	(19,845)
Transaction costs	5	(4,029)	(13,033)	(9,606)	(10,641)	(150,591)	(187,900)
Other expenses	10	(149,919)	(149,913)	(116,841)	(116,206)	(59,352)	(592,231)
<b>Total operating expenses before tax</b>		<b>(202,074)</b>	<b>(234,888)</b>	<b>(172,480)</b>	<b>(171,225)</b>	<b>(370,431)</b>	<b>(1,151,098)</b>
<b>Operating profit/(loss) before tax</b>		<b>514,605</b>	<b>955,518</b>	<b>(345,241)</b>	<b>(273,948)</b>	<b>(14,210,485)</b>	<b>(13,359,551)</b>
Bank interest expense		(201)	(220)	(81)	(137)	(1,817)	(2,456)
Withholding tax expense		(22,766)	(53,192)	(7,192)	(10,875)	(98,857)	(192,882)
Capital gains tax		–	–	(2,390)	(3,126)	–	(5,516)
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations</b>		<b>491,638</b>	<b>902,106</b>	<b>(354,904)</b>	<b>(288,086)</b>	<b>(14,311,159)</b>	<b>(13,560,405)</b>

\*Launched on 23 September 2021.

\*\*Launched on 10 December 2021.

\*For the period from 23 September 2021 to 31 March 2022.

\*\*For the period from 9 December 2021 to 31 March 2022.

There were no recognised income or expenses arising in the year/period other than those included above. In arriving at the results for the year, all amounts above relate to continuing operations.

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

**FLEXSHARES ICAV**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES**

*For the year ended 31 March 2023*

	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF US\$</b>	<b>Total US\$</b>
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the year</b>	5,622,368	16,043,501	4,649,903	4,686,503	147,466,308	178,468,583
Decrease in net assets attributable to redeemable participating shares	(426,965)	(1,530,821)	(450,551)	(777,945)	(22,535,018)	(25,721,300)
Issue of redeemable participating shares	–	2,058,418	–	–	31,358,088	33,416,506
Redemption of redeemable participating shares	–	–	–	–	(17,107,838)	(17,107,838)
Total contributions and redemptions by holders of redeemable participating shares	–	2,058,418	–	–	14,250,250	16,308,668
<b>Net assets attributable to holders of redeemable participating shares at the end of the year</b>	5,195,403	16,571,098	4,199,352	3,908,558	139,181,540	169,055,951

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

**FLEXSHARES ICAV**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (continued)**

*For the year/period ended 31 March 2022*

Notes	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF* US\$</b>	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF* US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF** US\$</b>	<b>Total US\$</b>
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the year/period</b>	5,130,730	4,317,035	–	–	–	9,447,765
Increase/(decrease) in net assets attributable to redeemable participating shares	491,638	902,106	(354,904)	(288,086)	(14,311,159)	(13,560,405)
Issue of redeemable participating shares	–	11,043,288	5,004,807	5,004,429	161,777,467	182,829,991
Redemption of redeemable participating shares	–	–	–	–	–	–
Total contributions and redemptions by holders of redeemable participating shares	–	11,043,288	5,004,807	5,004,429	161,777,467	182,829,991
Distributions	–	(218,928)	–	(29,840)	–	(248,768)
<b>Net assets attributable to holders of redeemable participating shares at the end of the year/period</b>	<b>5,622,368</b>	<b>16,043,501</b>	<b>4,649,903</b>	<b>4,686,503</b>	<b>147,466,308</b>	<b>178,468,583</b>

\*For the period from 23 September 2021 to 31 March 2022.

\*\*For the period from 9 December 2021 to 31 March 2022.

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

**FLEXSHARES ICAV**

**STATEMENT OF CASH FLOWS**

*For the year ended 31 March 2023*

	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF US\$</b>	<b>Total US\$</b>
<b>Cash flows from operating activities</b>						
Decrease in net assets attributable to holders of redeemable participating units from operations	(426,965)	(1,530,821)	(450,551)	(777,945)	(22,535,018)	(25,721,300)
Purchase of investments	(4,100,323)	(14,304,260)	(3,031,074)	(3,145,546)	(62,582,598)	(87,163,801)
Sale of investments	3,986,450	12,099,695	2,913,033	3,104,426	44,246,597	66,350,201
Dividend income received	132,604	544,537	158,061	167,639	4,981,142	5,983,983
Withholding tax paid	(19,583)	(82,841)	(22,211)	(23,099)	(585,041)	(732,775)
<i>Adjustments for:</i>						
Distributions	–	407,584	–	115,900	–	523,484
Withholding tax	19,583	82,841	22,211	23,099	585,041	732,775
Net losses on investments	512,504	1,475,806	540,196	762,905	26,393,654	29,685,065
Net (increase)/decrease in receivables and other assets	(20,969)	(25,397)	43,075	40,265	27,829	64,803
Net (increase)/decrease in margin cash	(1,142)	11,407	(3,991)	3,367	144,874	154,515
Dividend income	(134,511)	(524,756)	(160,295)	(166,032)	(5,025,533)	(6,011,127)
Net decrease in payables and accrued expenses	(23,289)	(24,570)	(16,014)	(16,676)	(35,011)	(115,560)
<b>Net cash (used in)/generated from operating activities</b>	<b>(75,641)</b>	<b>(1,870,775)</b>	<b>(7,560)</b>	<b>88,303</b>	<b>(14,384,064)</b>	<b>(16,249,737)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of redeemable units	–	2,058,418	–	–	31,358,088	33,416,506
Payments from redemption of redeemable units	–	–	–	–	(17,107,838)	(17,107,838)
Distributions paid	–	(407,584)	–	(115,900)	–	(523,484)
<b>Net cash generated from/(used in) financing activities</b>	<b>–</b>	<b>1,650,834</b>	<b>–</b>	<b>(115,900)</b>	<b>14,250,250</b>	<b>15,785,184</b>
<b>Net decrease in cash</b>	<b>(75,641)</b>	<b>(219,941)</b>	<b>(7,560)</b>	<b>(27,597)</b>	<b>(133,814)</b>	<b>(464,553)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>178,387</b>	<b>306,865</b>	<b>101,864</b>	<b>125,115</b>	<b>1,735,533</b>	<b>2,447,764</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>102,746</b>	<b>86,924</b>	<b>94,304</b>	<b>97,518</b>	<b>1,601,719</b>	<b>1,983,211</b>



**FLEXSHARES ICAV**

**STATEMENT OF CASH FLOWS (continued)**

*For the year ended 31 March 2023*

	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF US\$</b>	<b>Total US\$</b>
<b>Supplementary information</b>						
Bank interest paid	(158)	(238)	(20)	(19)	(1,526)	(1,961)
Bank interest received	963	966	927	1,085	12,832	16,773
Dividends received	113,021	461,696	135,850	144,540	4,396,101	5,251,208

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

**FLEXSHARES ICAV**

**STATEMENT OF CASH FLOWS (continued)**

*For the financial year/period ended 31 March 2022*

	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF* US\$</b>	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF* US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF** US\$</b>	<b>Total US\$</b>
<b>Cash flows from operating activities</b>						
Increase/(decrease) in net assets attributable to holders of redeemable participating units from operations	491,638	902,106	(354,904)	(288,086)	(14,311,159)	(13,560,405)
Purchase of investments	(4,400,546)	(19,390,087)	(6,421,601)	(6,634,039)	(184,152,263)	(220,998,536)
Sale of investments	4,388,755	8,609,396	1,520,080	1,785,001	24,369,520	40,672,752
Dividend income received	117,301	273,839	32,999	45,672	582,773	1,052,584
Withholding tax paid	(22,766)	(53,192)	(7,192)	(10,875)	(98,857)	(192,882)
<i>Adjustments for:</i>						
Withholding tax	22,766	53,192	7,192	10,875	98,857	192,882
Net (gains)/losses on investments	(406,830)	(676,295)	365,118	308,823	14,531,169	14,121,985
Net increase in receivables and other assets	(17,932)	(22,950)	(111,593)	(108,897)	(97,235)	(358,607)
Net increase in margin cash	(8,262)	(25,558)	(5,331)	(12,689)	(444,192)	(496,032)
Dividend income	(120,644)	(319,701)	(48,473)	(66,963)	(737,541)	(1,293,322)
Net increase in payables and accrued expenses	105,013	118,874	120,762	121,704	216,994	683,347
<b>Net cash generated from/(used in) operating activities</b>	<b>148,493</b>	<b>(10,530,376)</b>	<b>(4,902,943)</b>	<b>(4,849,474)</b>	<b>(160,041,934)</b>	<b>(180,176,234)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of redeemable units	–	11,043,288	5,004,807	5,004,429	161,777,467	182,829,991
Distributions paid	–	(218,928)	–	(29,840)	–	(248,768)
<b>Net cash generated from financing activities</b>	<b>–</b>	<b>10,824,360</b>	<b>5,004,807</b>	<b>4,974,589</b>	<b>161,777,467</b>	<b>182,581,223</b>
<b>Net increase in cash</b>	<b>148,493</b>	<b>293,984</b>	<b>101,864</b>	<b>125,115</b>	<b>1,735,533</b>	<b>2,404,989</b>
<b>Cash and cash equivalents at the beginning of the year/period</b>	<b>29,894</b>	<b>12,881</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>42,775</b>
<b>Cash and cash equivalents at the end of the year/period</b>	<b>178,387</b>	<b>306,865</b>	<b>101,864</b>	<b>125,115</b>	<b>1,735,533</b>	<b>2,447,764</b>

**FLEXSHARES ICAV**

**STATEMENT OF CASH FLOWS (continued)**

*For the financial year/period ended 31 March 2022*

	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF* US\$</b>	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF* US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF** US\$</b>	<b>Total US\$</b>
<b>Supplementary information</b>						
Bank interest paid	(191)	(180)	(80)	(136)	(1,265)	(1,852)
Dividends received	94,535	220,646	25,807	34,797	483,916	859,701

\*For the period from 23 September 2021 to 31 March 2022.

\*\*For the period from 9 December 2021 to 31 March 2022.

The accompanying notes on pages 34 to 60 form an integral part of these financial statements.

*For the year ended 31 March 2023*

**1. Establishment**

Flexshares® ICAV (the “ICAV”) was registered on 25 June 2020 as an open-ended investment ICAV with variable capital and segregated liability between funds under the laws of Ireland. The ICAV is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferable Securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, (as amended) (the “UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019 (as amended) (the “Central Bank UCITS Regulations”).

The ICAV is structured as an umbrella fund and may comprise of several portfolios of assets. The share capital of the ICAV (“Shares”) is divided into different Classes of Shares (“Classes”), the class specific characteristics of a Class may be varied or abrogated by the ICAV, subject to the Central Bank Rules.

The ICAV is registered and listed on the following stock exchanges: Deutsche Börse, Euronext Amsterdam, Euronext Dublin and London Stock Exchange.

As at 31 March 2023, the ICAV comprises five active Funds (the “Funds”) (31 March 2022: five).

**2. Basis of Preparation**

These audited financial statements for the year ended 31 March 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and interpretations adopted by the International Accounting Standards Board (“IASB”), and with the requirements of the Irish Collective Asset-management Vehicles Acts 2015 and 2021 (“ICAV Act”) and pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as amended (the “UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended (the “Central Bank UCITS Regulations”). In accordance to the provisions of the Irish Collect Asset-management Vehicles Acts 2015 and 2021, the financial statements have been prepared at an ICAV combined total level. The combined financial statements are presented in US Dollar (“\$”)

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results ultimately may differ from those estimates.

***Going Concern***

The Directors have a reasonable expectation that the ICAV has adequate resources to continue in operational existence for the foreseeable future. This includes the ability of the ICAV to meet redemption requests from participating shareholders and to meet expenses as they fall due. The liquidity risk associated with the redemption of the redeemable participating shares of the ICAV are outlined in Note 13(v). Therefore, the ICAV continues to adopt the going concern basis of accounting in preparing its financial statements.

***Standards and amendments effective for the year ended 31 March 2023***

The following new and amended standards have no material impact on the ICAV’s financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Annual Improvements to IFRS Standards 2018 – 2020.

There were no other new standards or amendments that had no material impact on the ICAV’s financial statements for the year ended 31 March 2023.

***Standards and amendments issued but not yet effective***

The following new and amended standards are not expected to have a significant impact on the ICAV’s financial statements:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimate (Amendments to IAS 8).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

**3. Functional and Presentation Currency**

The functional currency of the ICAV and each Fund is the currency of the primary economic environment in which the ICAV and each fund operates. The Directors have determined the functional currency of Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF, Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF, Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF, Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF and Flexshares® Listed Private Equity UCITS ETF to be the US dollar (“US\$”), as the US\$ most faithfully represents the economic effects of their underlying transactions, events, conditions and the tracked indices for the Funds are priced in US\$ therefore each Fund follows the same logic for pricing and performance purposes.

The Directors have adopted the functional currency of the ICAV and each fund as its presentation currency. The ICAV may issue Share classes denominated in a currency other than its functional currency. Information in respect of the Funds’ shares is presented in their denominated currency as it is more relevant to investors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

4. Use of Estimates and Judgements

*Use of Estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Use of Judgements*

Information about significant areas of critical judgement in applying accounting policies is included in Note 5 – (v) *Financial Instruments: Fair Value Measurement Principles*.

5. Significant Accounting Policies

*Basis of Measurement*

The financial statements of the ICAV have been prepared under the historical cost basis, as modified by the fair value measurement of financial assets and financial liabilities (including transferrable securities: equities and financial derivative instruments) at fair value through profit or loss.

*Financial Instruments*

*(i) Classification of financial assets and financial liabilities*

On initial recognition, the ICAV classifies financial assets as measured at amortised cost or Fair Value Through Profit or Loss (“FVTPL”).

A financial asset is measured at amortised cost only if both of the following criteria are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (“SPPI”).

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

*Business Model Assessment:*

In making an assessment of the objective of the business model in which a financial asset is held, the Funds consider all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the ICAV’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activity.

The ICAV has determined it operates a business model which is neither that of Held-to-Collect or Held-to-Collect and Sell but is one in which financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place. This includes equity investments and derivatives.

Financial assets that are classified as amortised cost include cash, cash and cash equivalents, margin cash, dividend receivable and other assets.

Financial liabilities that are classified as amortised cost include payables and other liabilities.

*(ii) Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the ICAV were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5. Significant Accounting Policies (continued)

*Financial Instruments (continued)*

*(iii) Recognition*

The ICAV recognise financial assets and financial liabilities on the trade date, the date the Funds become party to the contractual provisions of the instrument, or on the date on which they are originated.

*(iv) Measurement*

Financial instruments at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the Statement of Comprehensive Income. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that were directly attributable to their acquisition or issue.

Subsequent to initial recognition, all financial instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised within profit or loss in the Statement of Comprehensive Income.

Financial liabilities not at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

*(v) Fair Value Measurement Principles*

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Funds have access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial instruments traded in active markets is based on their quoted market prices at the measurement date. The Funds utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Funds determine the point within the bid-ask spread that is most representative of fair value.

If a quoted market price is not available on a recognised stock exchange, the fair value of the instrument is estimated using valuation techniques, including use of recent arm’s length market transactions, reference to the current fair value of another instrument that is substantially the same or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

The Funds recognise transfers between the levels of the fair value hierarchy as at the beginning of the reporting year during which the change has occurred. For further details see Note 14.

*(vi) Impairment*

Financial assets that are stated at cost or amortised cost are reviewed at each Statement of Financial Position date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

The Funds recognise loss allowances for Expected Credit Losses (“ECLs”) on financial assets measured at amortised cost.

*(vii) Derecognition*

A financial asset is derecognised when the Funds lose control over the contractual rights to the cash flows that comprise that asset. This occurs when the rights are realised, expire or are surrendered and control is not retained. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

*(viii) Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. For the years ended 31 March 2023 and 31 March 2022, there were no financial assets or liabilities subject to enforceable master netting arrangements or similar arrangements which would require disclosure.

*Dividend Income*

Dividend income is recognised in the Statement of Comprehensive Income on an ex-dividend date basis. Dividend income is shown gross of any nonrecoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

*Fees and Expenses*

Fees and expenses are recognised on an accruals basis. Expense rebates are recognised by the Funds and subsequently paid by the Investment Manager in the event that the Total Expense Ratio (“TER”) is insufficient to cover the expenses incurred by the Funds.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5. Significant Accounting Policies (continued)

*Transaction Costs*

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability at fair value. An incremental cost is one that would not have been incurred if the Funds had not acquired, issued or disposed of the financial instrument. Transaction costs are recognised within profit or loss in the Statement of Comprehensive Income, when incurred, as an expense.

*Net Gains and Losses on Investments*

Realised gains or losses on disposal of financial instruments at fair value through profit or loss and unrealised gains or losses on revaluation of financial instruments at fair value through profit or loss at the measurement date are calculated on a weighted average cost basis and recognised in the Statement of Comprehensive Income.

*Redeemable Participating Shares*

The ICAV classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Net Asset Value per Share of a share class shall be determined by dividing the Net Asset Value of the share class by the number of shares in issue in that share class as at the valuation point for each valuation day. All the Funds' redeemable participating shares provide investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets at each daily redemption date.

In accordance with IAS 32, a puttable financial instrument that includes a contractual obligation for a Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The ICAV's redeemable participating shares no longer meet these conditions and as such were reclassified as liabilities for the current financial year. In the prior financial year, redeemable participating shares were deemed to meet these conditions and as such were classified as equity.

*Foreign Currency*

Transactions in foreign currencies are translated into the functional currency of the Funds at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the Funds at the closing exchange rate at the measurement date. Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated into the functional currency of the Funds at the exchange rates at the dates that the values were determined.

Foreign currency exchange differences relating to financial instruments at fair value through profit or loss are included within gains and losses from financial instruments at fair value through profit or loss in the Statement of Comprehensive Income. All other foreign currency exchange differences relating to cash are included within net realised and unrealised gains/losses on foreign currency in the Statement of Comprehensive Income.

*Segment reporting*

Operating Segments are reported in a manner consistent with the internal reporting used by the Chief Operating Decision Manager ("CODM"). The CODM, who is responsible for allocation of resources and assessing the performance of the operating segment has been identified as the Board of Directors. The Board of Directors make the strategic resource allocations on behalf of the ICAV. Each Fund is managed as one operating segment.

*Distributions*

During the year ended 31 March 2023, as a result of the classification of their redeemable participating shares as liabilities, any of the Funds distributions will be recognised in the Statement of Comprehensive Income.

During the year ended 31 March 2022, as a result of the classification of their redeemable participating shares as equities, any of the Funds distributions has been recognised in the Statement of Changes in Net Assets

*Cash, Cash Equivalents and Margin Cash*

Cash comprises current deposits with banks. Margin Cash are held for derivatives trading with brokers.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

5. Significant Accounting Policies (continued)

*Expense Rebate*

If a Fund’s expenses actually incurred in any period exceed the Total Expense Ratio (“TER”) the Investment Manager will reimburse the difference between the TER and the actual expenses incurred from its own resources. For further details see Note 6.

*Taxation*

The ICAV will not be liable for tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution payment to shareholders or any encashment, redemption or transfer of shares or an ending of a Relevant Period.

A chargeable event does not include:

- (i) Any transactions in relation to Redeemable Participating Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or,
- (ii) An exchange of Redeemable Participating Shares representing one Fund for another Fund of the ICAV; or,
- (iii) An exchange of Redeemable Participating Shares arising on a qualifying amalgamation or reconstruction of the ICAV with another Fund.

A chargeable event will not occur in respect of Redeemable Participating Shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the ICAV with a relevant declaration to that effect. There were no chargeable events during the financial year.

In the absence of an appropriate declaration, the ICAV will be liable for Irish tax on the occurrence of a chargeable event and the ICAV reserves its right to withhold such taxes from payments to relevant shareholders.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the ICAV or its Shareholders. Prior year capital gains tax accrual reversals and tax reclaims received are recorded in the Statement of Comprehensive Income.

*Duties and Charges*

A fee may be charged by the ICAV on the issue and/or redemption of Shares to cover the dealing costs relating to such issue and/or redemption.

For the avoidance of any doubt, the above Duties and Charges shall be in addition to the Subscription Price or shall be deducted from the Redemption Price payable to the investor or used to purchase the Shares of the New Class, in the case of a conversion (as appropriate).

6. Fees and Expenses

*Total Expense Ratio (“TER”)*

Each Fund pays all of its fees and expenses (and its due proportion of any costs and expenses of the ICAV allocated to it). Where a Fund has multiple Share Classes, any fees and expenses which are attributable to a particular Share Class (rather than the entire Fund) will be deducted from the assets notionally allocated by the Fund to that Share Class.

The Funds will bear all costs incurred in connection with the Funds’ assets. This includes, but is not limited to, fees and out-of-pocket expenses properly incurred of the Manager, Investment Manager, any sub-investment manager, Depositary, Administrator, Directors, Distributor or sub-distributor, Secretary, MLRO, auditor, legal advisors, tax agent and Paying Agents or facilities agent (including the UK Facilities Agent). An additional list of fees and expenses is also outlined in the Prospectus.

All Directors will be entitled to reimbursement by the ICAV of out-of-pocket expenses properly incurred in connection with the business of the ICAV or the discharge of their duties.

The Funds may pay, subject to any applicable regulations, part or all of its fees to any person that invests in or provides services to the ICAV or in respect of any Fund.

Separate to and distinct from the Duties and Charges, the following TER will be applied to the ICAV on behalf of the Funds and will affect the Net Asset Value of the relevant Share Class of the Funds:

<b>Fund</b>	<b>Share Class</b>	<b>Total Expense Ratio</b>
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF	USD Accumulating Share Class	Up to 0.25% per annum
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF	USD Distributing Share Class	Up to 0.29% per annum
FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF	USD Accumulating Share Class	Up to 0.31% per annum
FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF	USD Distributing Share Class	Up to 0.35% per annum
FlexShares® Listed Private Equity UCITS ETF	USD Accumulating Share Class	Up to 0.40% per annum

The TER is calculated daily from the Net Asset Value of each Fund. The TER of each Fund is as listed in the relevant supplement to the Prospectus.

If a Fund’s expenses actually incurred in any period exceed the TER (“Deficit”), the Investment Manager will pay the difference between the TER and the actual expenses incurred from its own resources which the Funds will record and recognise as an expenses rebate.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

6. Fees and Expenses (continued)

*Total Expense Ratio (“TER”) (continued)*

The costs attributable to the individual Funds shall be allocated directly to them; otherwise the costs shall be divided among the individual Funds in proportion to the net asset value of each Fund. All the above fees accrue and are calculated on each dealing day and are payable monthly in arrears. The actual fees earned by the Investment Manager, Administrator and Depositary for the year are disclosed in the Statement of Comprehensive Income.

Northern Trust Fund Managers (Ireland) Limited is not entitled to a Manager fee as at the year ended 31 March 2023 (31 March 2022: Nil).

Audit fees of US\$75,190 (31 March 2022: US\$80,826) (ex VAT) were incurred in relation to the statutory audit of the financial statements of the ICAV for the year.

Tax compliance fees of US\$20,385 (31 March 2022: US\$25,024) (ex VAT) for non-audit services provided by KPMG were incurred for the year.

7. Distributions

**Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF**

The net income attributable to the Class USD Accumulating Shares shall be retained within the Fund and the value of the Class USD Accumulating Shares shall rise accordingly.

**Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF**

The Board of Directors is entitled to determine the payment of dividends and to decide to what extent distributions are to be made from the net investment income attributable to the Class USD Distributing Shares.

**Flexshares® Emerging Markets Low Volatility Climate ESG UCITS ETF**

The net income attributable to the Class USD Accumulating Shares shall be retained within the Fund and the value of the Class USD Accumulating Shares shall rise accordingly.

**Flexshares® Emerging Markets High Dividend Climate ESG UCITS ETF**

The Board of Directors is entitled to determine the payment of dividends and to decide to what extent distributions are to be made from the net investment income attributable to the Class USD Distributing Shares.

**Flexshares® Listed Private Equity UCITS ETF**

The net income attributable to the Class USD Accumulating Shares shall be retained within the Fund and the value of the Class USD Accumulating Shares shall rise accordingly.

**For the year ended 31 March 2023**

	Currency	For Period Ended	Ex-Dividend Date	Payment Date	Distribution	Distribution Per Share
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>						
USD Distributing Share Class	USD	31 May 2022	16 June 2022	29 June 2022	US\$135,337	US\$0.24
USD Distributing Share Class	USD	31 August 2022	15 September 2022	28 September 2022	US\$93,844	US\$0.14
USD Distributing Share Class	USD	30 November 2022	15 December 2022	30 December 2022	US\$102,801	US\$0.16
USD Distributing Share Class	USD	28 February 2023	16 March 2023	29 March 2023	US\$75,602	US\$0.11
					<u>US\$407,584</u>	
<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF</b>						
USD Distributing Share Class	USD	31 May 2022	16 June 2022	29 June 2022	US\$24,900	US\$0.12
USD Distributing Share Class	USD	31 August 2022	15 September 2022	28 September 2022	US\$54,740	US\$0.27
USD Distributing Share Class	USD	30 November 2022	15 December 2022	30 December 2022	US\$22,780	US\$0.11
USD Distributing Share Class	USD	28 February 2023	16 March 2023	29 March 2023	US\$13,480	US\$0.07
					<u>US\$115,900</u>	

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

7. Distributions (continued)

For the year ended 31 March 2022

	Currency	For Period Ended	Ex-Dividend Date	Payment Date	Distribution	Distribution Per Share
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>						
USD Distributing Share Class	USD	31 May 2021	17 June 2021	30 June 2021	US\$34,507	US\$0.21
USD Distributing Share Class	USD	31 August 2021	16 September 2021	29 September 2021	US\$57,292	US\$0.15
USD Distributing Share Class	USD	30 November 2021	16 December 2021	31 December 2021	US\$61,947	US\$0.12
USD Distributing Share Class	USD	28 February 2022	17 March 2022	30 March 2022	US\$65,182	US\$0.11
					<u>US\$218,928</u>	

	Currency	For Period Ended	Ex-Dividend Date	Payment Date	Distribution	Distribution Per Share
<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF</b>						
USD Distributing Share Class	USD	30 November 2021	16 December 2021	31 December 2021	US\$9,640	US\$0.05
USD Distributing Share Class	USD	28 February 2022	17 March 2022	30 March 2022	US\$20,200	US\$0.10
					<u>US\$29,840</u>	

8. Other Assets

As at 31 March 2023

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$
<b>Other Assets</b>			
Bank Interest Receivable	93	107	139
Expense Cap Reimbursement	58,319	67,646	68,372
Prepaid Directors Insurance	7	7	7
<b>Total</b>	<u>58,419</u>	<u>67,760</u>	<u>68,518</u>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Other Assets</b>			
Bank Interest Receivable	171	3,390	3,900
Expense Cap Reimbursement	68,454	66,009	328,800
Prepaid Directors Insurance	7	7	35
<b>Total</b>	<u>68,632</u>	<u>69,406</u>	<u>332,735</u>

As at 31 March 2022

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$
<b>Other Assets</b>			
Expense Cap Reimbursement	37,443	42,357	111,589
Prepaid Directors Insurance	7	6	4
<b>Total</b>	<u>37,450</u>	<u>42,363</u>	<u>111,593</u>

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

8. Other Assets (continued)

As at 31 March 2022 (continued)

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Other Assets</b>			
Expense Cap Reimbursement	108,893	97,235	397,517
Prepaid Directors Insurance	4	–	21
<b>Total</b>	<u>108,897</u>	<u>97,235</u>	<u>397,538</u>

9. Accrued Expenses and Other Liabilities

As at 31 March 2023

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$
<b>Accrued Expenses and Other Liabilities</b>			
Accrued Bank Interest expense	(4)	(2)	–
Accrued Corporate Secretarial fees	(388)	(388)	(388)
Accrued Director's insurance	–	–	–
Accrued IFSRA Fee	(2,742)	(2,742)	(2,742)
Accrued ISE Fee	(883)	(883)	(883)
Accrued Legal fees and expenses	(2,290)	(2,290)	(2,290)
Accrued Listing fee	(19,294)	(19,294)	(19,295)
Accrued Professional Services	(35,167)	(35,129)	(35,170)
Accrued Registration & Filing Fee	(13,928)	(13,928)	(16,011)
Accrued Taxation fee	(2,630)	(2,630)	(2,231)
Accrued Translation Fee	(848)	(848)	(848)
Capital Gains Tax Payable	–	–	–
Other payables	–	–	(95)
<b>Total</b>	<u>(78,174)</u>	<u>(78,134)</u>	<u>(79,953)</u>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Accrued Expenses and Other Liabilities</b>			
Accrued Bank Interest expense	–	(14)	(20)
Accrued Corporate Secretarial fees	(388)	(388)	(1,940)
Accrued Director's insurance	–	–	–
Accrued IFSRA Fee	(2,742)	(2,742)	(13,710)
Accrued ISE Fee	(883)	(883)	(4,415)
Accrued Legal fees and expenses	(2,290)	(2,290)	(11,450)
Accrued Listing fee	(19,295)	(17,408)	(94,586)
Accrued Professional Services	(35,171)	(18,886)	(159,523)
Accrued Registration & Filing Fee	(16,011)	(12,465)	(72,343)
Accrued Taxation fee	(2,231)	(2,668)	(12,390)
Accrued Translation Fee	(848)	(848)	(4,240)
Capital Gains Tax Payable	–	–	–
Other payables	(192)	–	(287)
<b>Total</b>	<u>(80,051)</u>	<u>(58,592)</u>	<u>(374,904)</u>

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

9. Accrued Expenses and Other Liabilities (continued)

As at 31 March 2022

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$
<b>Accrued Expenses and Other Liabilities</b>			
Accrued Bank Interest expense	(20)	(40)	(1)
Accrued Corporate Secretarial fees	(1,147)	(1,148)	(2,428)
Accrued Director's insurance	–	–	–
Accrued IFSRA Fee	(9,365)	(9,365)	(5,234)
Accrued ISE Fee	(72)	(72)	(31)
Accrued Legal fees and expenses	(5,372)	(5,372)	(4,459)
Accrued Listing fee	(23,383)	(23,383)	(12,762)
Accrued Miscellaneous expenses	(18,543)	(18,543)	(20,557)
Accrued Professional Services	(23,164)	(22,653)	(25,669)
Accrued Registration & Filing Fee	(19,890)	(19,890)	(16,088)
Accrued Taxation fee	(4,628)	(4,628)	(11,172)
Accrued Translation Fee	(634)	(634)	(664)
Capital Gains Tax Payable	–	–	(1,618)
<b>Total</b>	<b>(106,218)</b>	<b>(105,728)</b>	<b>(100,683)</b>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	<b>Total US\$</b>
<b>Accrued Expenses and Other Liabilities</b>			
Accrued Bank Interest expense	(1)	(552)	(614)
Accrued Corporate Secretarial fees	(2,428)	–	(7,151)
Accrued Director's insurance	–	(46)	(46)
Accrued IFSRA Fee	(5,234)	(3,525)	(32,723)
Accrued ISE Fee	(31)	(155)	(361)
Accrued Legal fees and expenses	(4,170)	(4,636)	(24,009)
Accrued Listing fee	(12,762)	(22,777)	(95,067)
Accrued Miscellaneous expenses	(20,557)	(15,166)	(93,366)
Accrued Professional Services	(25,670)	(6,254)	(103,410)
Accrued Registration & Filing Fee	(16,095)	(3,309)	(75,272)
Accrued Taxation fee	(11,172)	(5,261)	(36,861)
Accrued Translation Fee	(664)	(927)	(3,523)
Capital Gains Tax Payable	(2,034)	–	(3,652)
<b>Total</b>	<b>(100,818)</b>	<b>(62,608)</b>	<b>(476,055)</b>

10. Other Expenses

For the year ended 31 March 2023

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$
<b>Other expenses</b>			
Corporate secretarial fees	(2,402)	(2,402)	(2,402)
Directors insurance	(41)	(41)	(39)
Legal fees	(4,222)	(4,222)	(5,381)
Professional services fees	(3,121)	(3,729)	(6,223)
Registration and filing fee	(34,620)	(42,214)	(48,316)
Translation fee	(214)	(214)	(183)
General expenses <sup>1</sup>	(16,833)	(16,564)	(49,395)
<b>Total</b>	<b>(61,453)</b>	<b>(69,386)</b>	<b>(111,939)</b>

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

10. Other Expenses (continued)

For the year ended 31 March 2023 (continued)

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Other expenses</b>			
Corporate secretarial fees	(2,402)	(2,402)	(12,010)
Directors insurance	(39)	11	(149)
Legal fees	(5,672)	(4,948)	(24,445)
Professional services fees	(6,219)	(7,637)	(26,929)
Registration and filing fee	(48,308)	(73,087)	(246,545)
Translation fee	(183)	80	(714)
General expenses <sup>1</sup>	(45,282)	(29,326)	(157,400)
<b>Total</b>	<u>(108,105)</u>	<u>(117,309)</u>	<u>(468,192)</u>

<sup>1</sup> Included within General expenses are tax agent fees, foreign tax fees, VAT fees and various listing fees.

For the year ended 31 March 2022

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF US\$
<b>Other expenses</b>			
Corporate secretarial fees	(2,737)	(2,738)	(3,000)
Directors insurance	66	60	4
Legal fees	(6,089)	(6,089)	(5,431)
Professional services fees	(32,412)	(32,408)	(26,651)
Registration and filing fee	(22,746)	(22,746)	(21,326)
Translation fee	–	–	–
General expenses <sup>1</sup>	(86,001)	(85,992)	(60,437)
<b>Total</b>	<u>(149,919)</u>	<u>(149,913)</u>	<u>(116,841)</u>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF US\$	FlexShares® Listed Private Equity UCITS ETF US\$	Total US\$
<b>Other expenses</b>			
Corporate secretarial fees	(2,999)	–	(11,474)
Directors insurance	4	(46)	88
Legal fees	(5,431)	(4,636)	(27,676)
Professional services fees	(26,651)	(7,353)	(125,475)
Registration and filing fee	(21,326)	(4,988)	(93,132)
Translation fee	–	–	–
General expenses <sup>1</sup>	(59,803)	(42,329)	(334,562)
<b>Total</b>	<u>(116,206)</u>	<u>(59,352)</u>	<u>(592,231)</u>

<sup>1</sup> Included within General expenses are tax agent fees, foreign tax fees, VAT fees and various listing fees.

11. Cash, Cash Equivalents and Margin Cash

All cash and cash equivalents are held with The Northern Trust Company as mentioned in Note 12.

All Margin cash is held with Merrill Lynch International. All margin cash is not freely available.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

**12. Transactions with Related Parties and Key Management Personnel**

The following transactions with related parties were entered into during the year by the ICAV:

- The Investment Manager, earned a fee of US\$642,448 (2022: US\$184,239) of which US\$120,298 (2022: US\$159,288) was due as at year end.
- The Administrator, earned a fee of US\$75,927 (2022: US\$16,450) of which US\$(1,858) (2022: US\$4,540) was recoverable as at year end.
- The Depositary, earned a fee of US\$109,670 (2022: US\$51,018) of which US\$8,763 (2022: US\$19,208) was due as at year end.
- No Manager fees were charged to the ICAV during the year (2022: Nil).
- Cash balances were held with The Northern Trust Company during the year.

**Remuneration of the Directors**

*Group Directors remuneration:*

Group Directors are employed by Northern Trust Group companies and can be either Executive or Non-Executive Directors, as approved by the Central Bank of Ireland under its Fitness and Probity Regime. Group Directors' remuneration is allocated based on the apportionment of time incurred by Directors in respect of qualifying services to the ICAV.

No remuneration was paid to the Group Directors during the current or prior years.

Long term incentives awarded are delivered by Northern Trust Group companies in the form of non-cash instruments and these restricted stock shares are recognised over the year that the restricted stock vests.

*Independent Non-Executive Directors' remuneration:*

During the year the ICAV was charged a Directors fee by its Independent Non-Executive Directors amounting to US\$15,005 (31 March 2022: US\$19,845) for the FlexShares ICAV, of which US\$3,975 (31 March 2022: US\$3,832) was outstanding at year end.

**13. Financial Instruments and Associated Risks**

The Investment Manager assesses the risk profiles of the Funds on the basis of their investment policies, strategies and their use made of financial derivative instruments. Based on the risk profile, the Investment Manager has determined to calculate global exposure for all Funds using the commitment approach.

The Funds seek to achieve their investment objectives through investment primarily in a diversified portfolio of Equity and (where considered by the Investment Manager to be necessary or appropriate) Equity Related Securities that as far as possible and practicable consists of the component securities of the respective indices.

Such Equity and Equity Related Securities shall include but will not be limited to common stock, depositary receipts, preferred shares, warrants (not more than 5% of the Fund's Net Asset Value), and convertible securities (such as convertible preference shares, share purchase rights and bonds convertible into common or preferred shares).

The Funds may also invest up to 10% of their net asset value indirectly in equities securities comprised within their respective indices through holdings in open-ended investment funds with investment objectives which are materially similar to the Funds.

At year end the Funds only held equity and future contract securities.

**Market Risk**

*(i) Price Risk*

Price risk is the risk that the fair value of an instrument will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. The Funds' investments are susceptible to price risk arising from uncertainties about future prices of these instruments.

The price risk of the Funds is managed by investing primarily in a diversified portfolio of companies listed or traded on a regulated stock exchange or market.

The Funds may use the following derivative instruments for efficient portfolio management or currency hedging purposes: future contracts, spot and forward currency contracts, currency options and currency swaps.

The Funds' overall market positions are monitored on a daily basis by the Investment Manager.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

13. Financial Instruments and Associated Risks (continued)

Market Risk (continued)

(i) Price Risk (continued)

The following tables detail the concentration of the investments held by the Funds by asset class as at 31 March 2023:

Concentration of Investments by Asset Classification

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2023 % of net assets	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2023 % of net assets	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF 31 March 2023 % of net assets
Equities	98.28	99.38	97.93
Derivatives	0.09	0.04	0.04
<b>Total</b>	<b>98.37</b>	<b>99.42</b>	<b>97.97</b>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF 31 March 2023 % of net assets	FlexShares® Listed Private Equity UCITS ETF 31 March 2023 % of net assets	Total 31 March 2023 % of net assets
Equities	97.65	98.51	98.55
Derivatives	0.04	0.06	0.06
<b>Total</b>	<b>97.69</b>	<b>98.57</b>	<b>98.61</b>

The following tables detail the concentration of the investments held by the Funds by asset class as at 31 March 2022:

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2022 % of net assets	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2022 % of net assets	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF 31 March 2022 % of net assets
Equities	97.87	98.05	97.51
Derivatives	0.12	0.10	0.05
<b>Total</b>	<b>97.99</b>	<b>98.15</b>	<b>97.56</b>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF 31 March 2022 % of net assets	FlexShares® Listed Private Equity UCITS ETF 31 March 2022 % of net assets	Total 31 March 2022 % of net assets
Equities	96.82	98.43	98.31
Derivatives	0.06	0.07	0.07
<b>Total</b>	<b>96.88</b>	<b>98.50</b>	<b>98.38</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (i) Price Risk (continued)

## Concentration of Investments by Geographical Location (significant - more than 5%)

The following tables detail the concentration of the investments held by the Funds by geographical location as at the year end:

## FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF

	31 March 2023 % of Net Assets	31 March 2022 % of Net Assets
United States	63.22	63.72
Japan	8.34	7.94
Other countries/territories	26.81	26.33
<b>Total</b>	<b>98.37</b>	<b>97.99</b>

## FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF

	31 March 2023 % of Net Assets	31 March 2022 % of Net Assets
United States	63.43	64.09
Japan	7.16	6.92
Other countries/territories	28.83	27.14
<b>Total</b>	<b>99.42</b>	<b>98.15</b>

## FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF

	31 March 2023 % of Net Assets	31 March 2022 % of Net Assets
Taiwan	17.98	19.07
India	18.62	17.07
People's Republic of China	23.62	8.91
Republic of South Korea	13.09	13.76
Cayman Islands	–	10.19
Other countries/territories	24.66	28.56
<b>Total</b>	<b>97.97</b>	<b>97.56</b>

## FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF

	31 March 2023 % of Net Assets	31 March 2022 % of Net Assets
Taiwan	18.28	18.41
India	17.75	16.74
Republic of South Korea	14.90	15.29
People's Republic of China	21.92	6.86
Cayman Islands	–	12.84
Brazil	5.02	6.96
Other countries/territories	19.82	19.78
<b>Total</b>	<b>97.69</b>	<b>96.88</b>

## FlexShares® Listed Private Equity UCITS ETF

	31 March 2023 % of Net Assets	31 March 2022 % of Net Assets
United States	48.70	44.26
United Kingdom	10.60	9.17
Switzerland	8.76	8.67
Canada	–	11.96
People's Republic of China	9.49	6.66
Sweden	6.88	6.17
Other countries/territories	14.14	11.61
<b>Total</b>	<b>98.57</b>	<b>98.50</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (i) Price Risk (continued)

The following tables detail the notional value of derivatives held by the Funds by asset class as at 31 March 2023:

## Notional Value of Investments by Asset Classification

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2023 US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2023 US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF 31 March 2023 US\$
Derivatives	82,755	144,821	49,775
<b>Total</b>	<b>82,755</b>	<b>144,821</b>	<b>49,775</b>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF 31 March 2023 US\$	FlexShares® Listed Private Equity UCITS ETF 31 March 2023 US\$	<b>Total</b> 31 March 2023 US\$
Derivatives	49,775	2,216,359	2,543,485
<b>Total</b>	<b>49,775</b>	<b>2,216,359</b>	<b>2,543,485</b>

The following tables detail the notional value of derivatives held by the Funds by asset class as at 31 March 2022:

## Notional Value of Investments by Asset Classification

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2022 US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2022 US\$	FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF 31 March 2022 US\$
Derivatives	113,269	333,758	56,275
<b>Total</b>	<b>113,269</b>	<b>333,758</b>	<b>56,275</b>

	FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF 31 March 2022 US\$	FlexShares® Listed Private Equity UCITS ETF 31 March 2022 US\$	<b>Total</b> 31 March 2022 US\$
Derivatives	112,550	2,323,713	2,939,565
<b>Total</b>	<b>112,550</b>	<b>2,323,713</b>	<b>2,939,565</b>

If the value of the underlying investments held by each Fund as at 31 March 2023 had increased or decreased by 5%, with all other variables held constant, this would have increased or decreased respectively net assets attributable to holders of redeemable participating shares by the amounts shown below. The price risk exposure to the ICAV is not significant as at 31 March 2023. The Manager believes that a movement of 5% is reasonably possible.

	31 March 2023	31 March 2022
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF	US\$259,436	US\$275,472
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF	US\$830,653	US\$787,324
FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF	US\$208,115	US\$226,820
FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF	US\$193,324	US\$227,011
FlexShares® Listed Private Equity UCITS ETF	US\$6,966,010	US\$7,262,579

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (ii) Interest Rate Risk

Substantially all of the Funds' financial assets and financial liabilities are non-interest bearing. Any excess cash is invested in ancillary liquid assets at short-term market interest rates. As a result, the Funds and the ICAV are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

## (iii) Currency Risk

The Funds hold financial instruments denominated in currencies other than their functional currencies. They are therefore exposed to currency risk, as the value of the financial assets and financial liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Funds may enter into currency exchange transactions in an attempt to protect against changes in currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. The Funds may also enter into forward contracts to hedge against a change in currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the functional currency of the Funds. To do this, the Funds would enter into a forward contract to sell the currency in which the investment is denominated or principally traded in exchange for the functional currency of the Funds. There is no currency risk at ICAV level. Currency risk is evaluated at a Fund level.

The following tables set out the Funds' financial assets and financial liabilities exposed to foreign currency risk as at the year end:

## FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF

## 31 March 2023

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Net Currency Exposure
Australian Dollar	2,982	77,247	80,229
British Pound Sterling	3,658	194,409	198,067
Canadian Dollar	4,829	151,078	155,907
Danish Krone	1,038	61,827	62,865
Euro	12,085	549,013	561,098
Hong Kong Dollar	765	97,796	98,561
Japanese Yen	27,627	433,167	460,794
New Zealand Dollar	478	–	478
Singaporean Dollar	1,016	73,535	74,551
Swedish Krona	2,820	–	2,820
Swiss Franc	5,490	188,239	193,729
<b>Total</b>	<b>62,788</b>	<b>1,826,311</b>	<b>1,889,099</b>

## 31 March 2022

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Monetary Liabilities	Net Currency Exposure
Australian Dollar	557	69,691	–	70,248
British Pound Sterling	6,470	203,728	–	210,198
Canadian Dollar	3,858	156,369	–	160,227
Danish Krone	1,798	73,472	(3)	75,267
Euro	19,812	555,759	–	575,571
Hong Kong Dollar	2,222	111,468	–	113,690
Japanese Yen	8,309	446,268	–	454,577
New Zealand Dollar	532	–	–	532
Singaporean Dollar	1,313	43,411	–	44,724
Swedish Krona	385	10,509	–	10,894
Swiss Franc	2,775	213,107	–	215,882
<b>Total</b>	<b>48,031</b>	<b>1,883,782</b>	<b>(3)</b>	<b>1,931,810</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (iii) Currency Risk (continued)

## FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF

## 31 March 2023

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Net Currency Exposure
Australian Dollar	17,851	554,697	572,548
British Pound Sterling	11,592	900,014	911,606
Canadian Dollar	8,368	568,938	577,306
Danish Krone	6,312	167,473	173,785
Euro	12,534	1,889,778	1,902,312
Hong Kong Dollar	4,751	109,694	114,445
Japanese Yen	22,517	1,186,206	1,208,723
New Zealand Dollar	6,266	–	6,266
Norwegian Krona	4,102	41,907	46,009
Singaporean Dollar	424	–	424
Swedish Krona	2,341	229,054	231,395
Swiss Franc	9,585	321,665	331,250
<b>Total</b>	<b>106,643</b>	<b>5,969,426</b>	<b>6,076,069</b>

## 31 March 2022

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Monetary Liabilities	Net Currency Exposure
Australian Dollar	27,003	560,932	–	587,935
British Pound Sterling	21,464	659,130	–	680,594
Canadian Dollar	8,915	618,089	–	627,004
Danish Krone	2,759	250,930	(3)	253,686
Euro	31,614	1,513,254	–	1,544,868
Hong Kong Dollar	1,641	–	–	1,641
Japanese Yen	43,622	1,110,577	–	1,154,199
New Zealand Dollar	268	–	–	268
Norwegian Krona	4,489	–	–	4,489
Singaporean Dollar	417	–	–	417
Swedish Krona	9,761	299,764	–	309,525
Swiss Franc	4,835	323,662	(6)	328,491
<b>Total</b>	<b>156,788</b>	<b>5,336,338</b>	<b>(9)</b>	<b>5,493,117</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (iii) Currency Risk (continued)

## FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF

## 31 March 2023

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Monetary Liabilities	Net Currency Exposure
Brazilian Real	5,852	179,554	–	185,406
Chilean Peso	44	1,201	–	1,245
Columbian Peso	295	19,297	–	19,592
Euro	1,468	46,980	–	48,448
Hong Kong Dollar	1,756	766,582	–	768,338
Hungarian Forint	679	12,055	–	12,734
Indian Rupee	2,575	781,755	–	784,330
Indonesian Rupiah	1,911	135,343	–	137,254
Korean Won	11,539	549,584	–	561,123
Malaysian Ringgit	2	115,377	–	115,379
Mexico Nuevo Peso	674	142,058	–	142,732
Pakistan Rupee	152	10,720	–	10,872
Philippine Peso	–	14,058	–	14,058
Russian Ruble	95	–	(95)	–
South African Rand	1,687	141,497	–	143,184
Taiwan Dollars	6,973	755,232	–	762,205
Thai Baht	1,731	156,664	–	158,395
Turkish Lira	6,051	48,197	–	54,248
<b>Total</b>	<b>43,484</b>	<b>3,876,154</b>	<b>(95)</b>	<b>3,919,543</b>

## 31 March 2022

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Monetary Liabilities	Net Currency Exposure
Brazilian Real	5,367	212,647	–	218,014
Chilean Peso	45	60,843	–	60,888
Columbian Peso	–	15,304	–	15,304
Egyptian Pound	–	33,926	–	33,926
Euro	1,066	42,856	(1)	43,921
Hong Kong Dollar	6,344	896,403	–	902,747
Hungarian Forint	1,728	17,000	–	18,728
Indian Rupee	9,184	793,698	–	802,882
Indonesian Rupiah	1,111	96,070	–	97,181
Korean Won	11,899	639,626	–	651,525
Malaysian Ringgit	421	138,055	–	138,476
Mexico Nuevo Peso	2,901	100,547	–	103,448
Pakistan Rupee	793	30,936	–	31,729
Philippine Peso	330	31,692	–	32,022
South African Rand	1,798	110,730	–	112,528
Taiwan Dollars	5,808	886,749	–	892,557
Thai Baht	1,777	207,311	–	209,088
Turkish Lira	2,723	24,942	–	27,665
<b>Total</b>	<b>53,295</b>	<b>4,339,335</b>	<b>(1)</b>	<b>4,392,629</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (iii) Currency Risk (continued)

## FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF

## 31 March 2023

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Monetary Liabilities	Net Currency Exposure
Brazilian Real	6,641	196,060	–	202,701
Chilean Peso	379	14,445	–	14,824
Columbian Peso	270	30,528	–	30,798
Czech Koruna	3,279	13,780	–	17,059
Egyptian Pound	–	1,678	–	1,678
Euro	735	34,932	–	35,667
Hong Kong Dollar	1,138	737,909	–	739,047
Indian Rupee	5,750	693,814	–	699,564
Indonesian Rupiah	1,600	89,382	–	90,982
Korean Won	13,411	582,454	–	595,865
Malaysian Ringgit	2	111,390	–	111,392
Mexico Nuevo Peso	2,333	82,618	–	84,951
Pakistan Rupee	187	3,838	–	4,025
Philippine Peso	–	36,445	–	36,445
Russian Ruble	192	–	(192)	–
South African Rand	1,795	147,948	–	149,743
Taiwan Dollars	2,117	714,351	–	716,468
Thai Baht	1,650	150,150	–	151,800
Turkish Lira	1,156	5,766	–	6,922
<b>Total</b>	<b>42,635</b>	<b>3,647,488</b>	<b>(192)</b>	<b>3,689,931</b>

## 31 March 2022

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Monetary Liabilities	Net Currency Exposure
Brazilian Real	7,663	326,344	–	334,007
Chilean Peso	381	49,082	–	49,463
Euro	1,233	17,756	(1)	18,988
Hong Kong Dollar	6,238	892,316	–	898,554
Indian Rupee	16,107	784,452	–	800,559
Indonesian Rupiah	154	98,416	–	98,570
Korean Won	34,710	716,748	–	751,458
Malaysian Ringgit	1	123,818	–	123,819
Mexico Nuevo Peso	1,820	73,372	–	75,192
Pakistan Rupee	244	7,023	–	7,267
Philippine Peso	–	9,066	–	9,066
South African Rand	4,571	221,205	–	225,776
Taiwan Dollars	7,010	862,869	–	869,879
Thai Baht	1,176	164,487	–	165,663
Turkish Lira	2,247	25,339	–	27,586
<b>Total</b>	<b>83,555</b>	<b>4,372,293</b>	<b>(1)</b>	<b>4,455,847</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (iii) Currency Risk (continued)

## FlexShares® Private Equity Listed UCITS ETF

## 31 March 2023

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Net Currency Exposure
Australian Dollar	360	–	360
British Pound Sterling	200,935	16,896,111	17,097,046
Canadian Dollar	97,962	6,057,310	6,155,272
Euro	334,991	23,471,807	23,806,798
Hong Kong Dollar	117	–	117
Japanese Yen	107,163	590,274	697,437
Swedish Krona	150,202	9,577,414	9,727,616
Swiss Franc	135,279	12,197,064	12,332,343
<b>Total</b>	<b>1,027,009</b>	<b>68,789,980</b>	<b>69,816,989</b>

## 31 March 2022

All amounts stated in US\$	Monetary Assets	Non Monetary Assets	Monetary Liabilities	Net Currency Exposure
Australian Dollar	403	–	–	403
British Pound Sterling	296,363	18,747,479	–	19,043,842
Canadian Dollar	281,685	17,628,991	–	17,910,676
Euro	350,401	21,672,546	(137)	22,022,810
Hong Kong Dollar	118	–	–	118
Japanese Yen	3	–	(5)	(2)
Swedish Krona	146,920	9,100,550	(65)	9,247,405
Swiss Franc	216,149	12,791,439	(344)	13,007,244
<b>Total</b>	<b>1,292,042</b>	<b>79,941,005</b>	<b>(551)</b>	<b>81,232,496</b>

If the exchange rates as at 31 March 2023 between the functional currency of each Fund and the non-functional currencies to which the Funds are exposed had increased or decreased by 5%, with all other variables held constant, this would have decreased or increased respectively net assets attributable to holders of redeemable preference shares by approximately the amounts shown below. The currency risk to the ICAV is not significant as at 31 March 2023. The Manager believes that a movement of 5% is reasonably possible.

All amount stated in US\$	31 March 2023	31 March 2022
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF	US\$94,455	US\$96,591
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF	US\$303,803	US\$274,656
FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF	US\$195,977	US\$219,631
FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF	US\$184,497	US\$222,792
FlexShares® Listed Private Equity UCITS ETF	US\$3,490,849	US\$4,061,625

In accordance with the Funds' policies, the Investment Manager monitors the Funds' currency risk on a daily basis.

## (iv) Credit Risk

The Funds are exposed to credit risk, which is the risk that a counterparty will fail to discharge an obligation resulting in a financial loss to a Fund. Impairment provisions are provided for losses that have been incurred by the year end, if any. The carrying amounts of financial assets best represent the maximum credit risk exposure as at the Statement of Financial Position date. This relates also to financial assets carried at amortised cost, as they have a short-term to maturity.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 13. Financial Instruments and Associated Risks (continued)

## Market Risk (continued)

## (iv) Credit Risk (continued)

The following tables set out the carrying amounts of the Funds' financial assets exposed to credit risk as at the year end.

	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2023 US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2023 US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF 31 March 2023 US\$</b>
Cash & cash equivalents	102,746	86,924	94,304
Margin cash	11,179	15,973	9,322
Dividends receivable	12,029	37,497	17,708
Other assets	58,419	67,760	68,518
Unrealised gains on futures contracts	4,860	6,996	1,720
<b>Total</b>	<b>189,233</b>	<b>215,150</b>	<b>191,572</b>

	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF 31 March 2023 US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF 31 March 2023 US\$</b>	<b>Total 31 March 2023 US\$</b>
Cash & cash equivalents	97,518	1,601,719	1,983,211
Margin cash	9,322	299,318	345,114
Dividends receivable	19,684	199,159	286,077
Other assets	68,632	69,406	332,735
Unrealised gains on futures contracts	1,720	90,071	105,367
<b>Total</b>	<b>196,876</b>	<b>2,259,673</b>	<b>3,052,504</b>

	<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2022 US\$</b>	<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2022 US\$</b>	<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF 31 March 2022 US\$</b>
Cash & cash equivalents	178,387	306,865	101,864
Margin cash	10,037	27,380	5,331
Dividends receivable	10,122	57,277	15,474
Other assets	37,450	42,363	111,593
Unrealised gains on futures contracts	6,614	16,340	2,275
<b>Total</b>	<b>242,610</b>	<b>450,225</b>	<b>236,537</b>

	<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF 31 March 2022 US\$</b>	<b>FlexShares® Listed Private Equity UCITS ETF 31 March 2022 US\$</b>	<b>Total 31 March 2022 US\$</b>
Cash & cash equivalents	125,115	1,735,533	2,447,764
Margin cash	12,689	444,192	499,629
Dividends receivable	21,291	154,768	258,932
Other assets	108,897	97,235	397,538
Unrealised gains on futures contracts	2,950	96,693	124,872
<b>Total</b>	<b>270,942</b>	<b>2,528,421</b>	<b>3,728,735</b>

The Investment Manager analyses credit concentration based on the counterparty, industry and geographical location of the financial assets that the Funds hold. The Investment Manager is of the opinion that any ECL on these instruments was not deemed to be material.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

13. Financial Instruments and Associated Risks (continued)

**Market Risk (continued)**

*(iv) Credit Risk (continued)*

Substantially all of the cash assets are held with The Northern Trust Company (“TNTC”). Further details are disclosed in the Depository’s Credit Risk Statement below.

All transactions in equities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. In accordance with the Funds’ policies, the Investment Manager monitors the Funds’ exposure to credit risk on a daily basis.

As at 31 March 2023 the counterparty of the future contracts had the following credit rating from Standard & Poor’s: Merrill Lynch International: A+ (31 March 2022: A+).

**Depository’s Credit Risk Statement**

Northern Trust Fiduciary Services (Ireland) Limited (“NTFSIL”) is the appointed Depository of the Funds, responsible for the safe-keeping of assets. NTFSIL has appointed TNTC as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation (“NTC”). As at the year end, NTC had a long term credit rating from Standard & Poor’s of A+ (31 March 2022: A+).

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the U.S., the U.K., Ireland, Canada, Belgium, France, Germany, Netherlands and Saudi Arabia. However, in all other markets, TNTC appoints local external sub-custodians.

NTFSIL, in the discharge of its depository duties, verifies the Funds’ ownership of Other Assets (Art 22(5) of UCITS V Directive 2014/91/EU), by assessing whether the Funds hold the ownership based on information or documents provided by the Funds or where available, on external evidence.

TNTC, in the discharge of its delegated depository duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Funds, clearly identifiable as belonging to the Funds, and distinct and separately from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds the cash of the Funds on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Funds will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Where relevant please note the following currencies, Jordanian Dinar, Saudi Riyal, cash in the onshore China market (principally the currency of Chinese Yuan Renminbi, and any other currencies remitted into accounts in the onshore China market), are no longer held on the Balance Sheet of TNTC. For these off-book currencies, Funds’ cash exposure is directly to the relevant local sub-custodian / financial institution in the market.

Insolvency of NTFSIL and or one of its agents or affiliates may cause the Funds’ rights with respect to its assets to be delayed.

The Responsible Party (the “board of directors or its delegate(s)”), manages risk by monitoring the credit quality and financial position of the Depository and such risk is further managed by the Depository monitoring the credit quality and financial positions of sub-custodian appointments.

*(v) Liquidity Risk*

The main liquidity risk of the ICAV is the redemption of any shares that investors wish to sell. Redeemable shares of the ICAV has been classified as liabilities in accordance with IAS 32. The Prospectus provides for the daily creation and cancellation of shares and the ICAV is therefore exposed to the liquidity risk of meeting Shareholder redemptions at any time. The ICAV’s financial instruments include investments in equities and investment funds, which can normally be easily liquidated at an amount close to fair value in order to meet liquidity requirements.

The Funds may, from time to time, invest in derivative contracts traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Funds may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet their liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

In accordance with the Funds’ policy, the Investment Manager monitors the Funds’ liquidity risk on a daily basis.

With the exception of the Redeemable shares of the Funds which as detailed above can be redeemed on a daily basis, all expenses payable and other liabilities as outlined on pages 20 to 21 in the Statement of Financial Position as at 31 March 2023 are payable within 1-3 months (2022: 1-3 months).

14. Fair Value Measurement

IFRS 13 requires the ICAV to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair values of financial assets and financial liabilities that are traded in active markets are based on prices obtained directly from an exchange on which the instruments are traded are obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the ICAV determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 14. Fair Value Measurement (continued)

The fair value hierarchy has the following levels:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (as prices), or indirectly (derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not considered active; or other valuation techniques in which all significant inputs are directly and indirectly observable from market data; and
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

**FlexShares® Developed Markets Low Volatility Climate ESG  
UCITS ETF**

31 March 2023

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	5,082,355	23,601	–	5,105,956
Unrealised gains on futures contracts	4,860	–	–	4,860
<b>Total</b>	<u>5,087,215</u>	<u>23,601</u>	<u>–</u>	<u>5,110,816</u>

**FlexShares® Developed Markets High Dividend Climate ESG  
UCITS ETF**

31 March 2023

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	16,468,245	–	–	16,468,245
Unrealised gains on futures contracts	6,996	–	–	6,996
<b>Total</b>	<u>16,475,241</u>	<u>–</u>	<u>–</u>	<u>16,475,241</u>

**FlexShares® Emerging Markets Low Volatility Climate ESG  
UCITS ETF**

31 March 2023

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	4,111,327	1,201	–	4,112,528
Unrealised gains on futures contracts	1,720	–	–	1,720
<b>Total</b>	<u>4,113,047</u>	<u>1,201</u>	<u>–</u>	<u>4,114,248</u>

**FlexShares® Emerging Markets High Dividend Climate ESG  
UCITS ETF**

31 March 2023

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	3,812,551	4,159	–	3,816,710
Unrealised gains on futures contracts	1,720	–	–	1,720
<b>Total</b>	<u>3,814,271</u>	<u>4,159</u>	<u>–</u>	<u>3,818,430</u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 14. Fair Value Measurement (continued)

## FlexShares® Listed Private Equity UCITS ETF

31 March 2023

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	136,244,209	859,641	–	137,103,850
Unrealised gains on futures contracts	90,071	–	–	90,071
<b>Total</b>	<b>136,334,280</b>	<b>859,641</b>	<b>–</b>	<b>137,193,921</b>

**Total**

31 March 2023

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	165,718,687	888,602	–	166,607,289
Unrealised gains on futures contracts	105,367	–	–	105,367
<b>Total</b>	<b>165,824,054</b>	<b>888,602</b>	<b>–</b>	<b>166,712,656</b>

## FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF

31 March 2022

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	5,497,569	5,264	–	5,502,833
Unrealised gains on futures contracts	6,614	–	–	6,614
<b>Total</b>	<b>5,504,183</b>	<b>5,264</b>	<b>–</b>	<b>5,509,447</b>

## FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF

31 March 2022

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	15,635,379	94,764	–	15,730,143
Unrealised gains on futures contracts	16,340	–	–	16,340
<b>Total</b>	<b>15,651,719</b>	<b>94,764</b>	<b>–</b>	<b>15,746,483</b>

## FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF

31 March 2022

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	4,534,128	–	–	4,534,128
Unrealised gains on futures contracts	2,275	–	–	2,275
<b>Total</b>	<b>4,536,403</b>	<b>–</b>	<b>–</b>	<b>4,536,403</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 14. Fair Value Measurement (continued)

**FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF****31 March 2022**

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	4,537,265	–	–	4,537,265
Unrealised gains on futures contracts	2,950	–	–	2,950
<b>Total</b>	<u>4,540,215</u>	<u>–</u>	<u>–</u>	<u>4,540,215</u>

**FlexShares® Listed Private Equity UCITS ETF****31 March 2022**

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	144,662,683	492,198	–	145,154,881
Unrealised gains on futures contracts	96,693	–	–	96,693
<b>Total</b>	<u>144,759,376</u>	<u>492,198</u>	<u>–</u>	<u>145,251,574</u>

**Total****31 March 2022**

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	174,867,024	592,226	–	175,459,250
Unrealised gains on futures contracts	124,872	–	–	124,872
<b>Total</b>	<u>174,991,896</u>	<u>592,226</u>	<u>–</u>	<u>175,584,122</u>

Financial instruments, whose values are based on quoted market prices in active markets, and therefore are classified within Level 1, include listed equities and exchange traded derivatives. The ICAV does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

There were no transfers between levels during the year ended 31 March 2023 or 31 March 2022.

Most of the Funds' financial instruments are measured at fair value on the Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments. The carrying value of all the Funds' financial assets and financial liabilities at the year end approximated their fair values.

For each class of the Funds' assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, the Funds are required to disclose the level within the fair value hierarchy which the fair value measurement would be categorised.

For the years ended 31 March 2023 and 31 March 2022, cash and cash equivalents, whose carrying amount approximate to fair value, were classified as Level 1. Margin cash, dividends receivable, other assets, payables and other liabilities, whose carrying amount approximate to fair value, were classified as Level 2.

## 15. Shares Outstanding

*Authorised*

The authorised share capital of the ICAV is:

- 2 redeemable non-participating voting subscriber shares of no par value; and
- 500,000,000,000 participating shares of no par value (the "participating shares").

**FLEXSHARES ICAV**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)**

*For the year ended 31 March 2023*

**15. Shares Outstanding (continued)**

The two redeemable non-participating voting subscriber shares of no par value are held in a nominee capacity by Northern Trust Fund Managers (Ireland) Limited. Subscriber Shares do not entitle the holders to any dividend and on winding up entitle the holder to receive the amount paid up thereon but not otherwise to participate in the assets of the ICAV. The Subscriber Share capital does not form part of Shareholders' Funds, and is disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the ICAV's business as an investment fund.

The share capital may be divided into different Classes of Shares with any preferential, deferred or special rights or privileges attached thereto, and from time to time may be varied so far as may be necessary to give effect to any such preference restriction or other term.

Every shareholder or holder of voting non-participating shares present in person or proxy who votes on a show of hands shall be entitled to one vote.

The following tables set out the movements in the Funds' redeemable participating units during the year ended 31 March 2023.

	Shares in issue 1 April 2022	Shares issued during the year	Shares redeemed during the year	Shares in issue 31 March 2023
<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF</b>				
USD Accumulating Share Class	200,000	–	–	200,000
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>				
USD Distributing Share Class	571,769	86,785	–	658,554
<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF</b>				
USD Accumulating Share Class	200,000	–	–	200,000
<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF</b>				
USD Distributing Share Class	200,000	–	–	200,000
<b>FlexShares® Listed Private Equity UCITS ETF</b>				
USD Accumulating Share Class	6,675,149	1,609,603	(1,057,712)	7,227,040
<b>Total</b>	<b>7,846,918</b>	<b>1,696,388</b>	<b>(1,057,712)</b>	<b>8,485,594</b>

	Shares in issue 1 April 2021	Shares issued during the year	Shares redeemed during the year	Shares in issue 31 March 2022
<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF</b>				
USD Accumulating Share Class	200,000	–	–	200,000
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>				
USD Distributing Share Class	168,000	403,769	–	571,769
<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF</b>				
USD Accumulating Share Class	–	200,000	–	200,000
<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF</b>				
USD Distributing Share Class	–	200,000	–	200,000
<b>FlexShares® Listed Private Equity UCITS ETF</b>				
USD Accumulating Share Class	–	6,675,149	–	6,675,149

**16. Efficient Portfolio Management**

The purpose of Efficient Portfolio Management (“EPM”) is to achieve one or more of the following: the reduction of risk, the reduction of costs and the generation of additional capital or income for the Funds with an acceptably low level of risk. The Funds may use the following instruments for EPM: exchange traded futures.

**17. Commitments and Contingencies**

The Funds had no significant commitments or contingencies as at 31 March 2023 (31 March 2022: Nil).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

**18. Exchange Rates**

The following exchange rates were used to convert assets and liabilities denominated in foreign currencies to US Dollar as at the Statement of Financial Position date.

	<b>31 March 2023</b>	<b>31 March 2022</b>
Australian dollar	1.4931	1.3316
Brazilian real	5.0703	4.7520
British pound sterling	0.8088	0.7595
Canadian dollar	1.3534	1.2491
Chilean peso	790.6100	786.9250
Colombian peso	4,659.3100	3,753.7050
Czech Republic Koruna	21.6089	21.9525
Danish krone	6.8566	6.6854
Egyptian pound	30.8000	18.2800
Euro	0.9204	0.8988
Hong Kong dollar	7.8500	7.8314
Hungarian forint	350.0852	330.0589
Indian rupee	82.1825	75.7750
Indonesian rupiah	14,994.5000	14,362.5000
Japanese yen	133.0900	121.3750
Korean won	1,301.8500	1,212.0500
Malaysian ringgit	4.4125	4.2048
Mexican peso	18.0560	19.9420
New Zealand dollar	1.5983	1.4377
Norwegian krone	10.4731	8.7440
Pakistan rupee	283.8750	183.3500
Philippine peso	54.3650	51.7450
Russian ruble	77.7000	82.3500
Singapore dollar	1.3296	1.3534
South African rand	17.7425	14.6125
Swedish krona	10.3696	9.3194
Swiss franc	0.9136	0.9203
Taiwan dollar	30.4475	28.6515
Thai baht	34.1950	33.2500
Turkish lira	19.1950	14.6678

**19. Significant Events During the Year**

In accordance with the requirements of Regulation (EU) No. 1286/2014 (as amended) (the "PRIIPs Regulation"), the ICAV produced PRIIP KIDs as of 31 December 2022.

In accordance with the requirements of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 ("SFDR Level 2") in order to comply with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (the "Taxonomy Regulation", a Third Addendum to the Prospectus of the ICAV was published on 29 November 2022.

**Russia**

The Russian invasion of Ukraine in February 2022 led to western nations imposing severe economic sanctions on Russia. The ICAV is following all appropriate protocols to abide by the conditions of the sanctions and the ICAV continues to be managed according to stated investment objectives. Northern Trust's Investment Policy Committee and Tactical Asset Allocation committee are regularly monitoring the evolving situation. Consistent with the Manager's established process, and as conditions warrant, the Investment Committee, a subcommittee of the Board, has been in constant contact with Asset Management's Pricing Valuation Committee to determine Fair Value prices and approaches for all the affected Russian securities. All fair value prices have been applied after approval from the Depositary's review. On 31 March 2023 all affected securities were fair valued at zero. The total unrealised loss based on fair valuing the prices from their last traded price to zero was \$139,888 at an ICAV level. From an ICAV's perspective they have moved all Russian income to a receipts basis, however income will not be realised in the ICAV at this time due to current restrictions on Russian Ruble currency. As the situation evolves, we are continually monitoring any changes in sanctions to ensure continued compliance.

**Interest rates and volatility**

Central banks have continued to tighten monetary policy in an effort to bring inflation and wage growth back to target levels. Both the European Central Bank ("ECB") and US Federal Reserve ("Fed") have raised interest rates steadily with the ECB raising rates by 350 basis points since July 2022 and the Fed raising rates by 475 basis points since March 2022. These interest rate hikes have contributed to weakened economic activity, which has in many cases negatively impacted the performance of both the benchmarks and the ICAV. In addition, the interest rate hikes have also led to increased volatility in the US and European banking sectors, most notably seen in the bankruptcies of Silicon Valley Bank and Signature Bank in the US and UBS take over of Credit Suisse in Europe. While there is no exposure to these banking institutions, both the Manager and Investment Manager have been and continue to track developments that may impact financial markets with their investment professionals continually monitoring the markets and assessing portfolio positioning to manage risk in the context of portfolio and the ICAV objectives.

**FLEXSHARES ICAV****NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)***For the year ended 31 March 2023***19. Significant Events During the Year (continued)**

There have been no other significant events affecting the Funds during the year end.

**20. Significant Events Since the Year End****Distributions**

After the reporting date, distributions were proposed and approved by the directors. The following tables detail the distributions:

	<b>Currency</b>	<b>For Period Ended</b>	<b>Ex-Dividend Date</b>	<b>Payment Date</b>	<b>Distribution</b>	<b>Distribution Per Share</b>
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>						
USD Distributing Share Class	USD	31 May 2023	15 June 2023	28 June 2023	<u>US\$135,989</u> <u>US\$135,989</u>	US\$0.27
	<b>Currency</b>	<b>For Period Ended</b>	<b>Ex-Dividend Date</b>	<b>Payment Date</b>	<b>Distribution</b>	<b>Distribution Per Share</b>
<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF</b>						
USD Distributing Share Class	USD	31 May 2023	15 June 2023	28 June 2023	<u>US\$28,860</u> <u>US\$28,860</u>	US\$0.15

FlexShares Listed Private Equity UCITS ETF was marketed to institutional investors in Switzerland on 17 April 2023.

There have been no other significant events affecting the Funds subsequent to the year end.

**21. Approval of Financial Statements**

The financial statements were approved by the Directors of the ICAV on 31 July 2023.

**FLEXSHARES ICAV**

**SUPPLEMENTARY INFORMATION (UNAUDITED)**

*For the year ended 31 March 2023*

**Net Assets Attributable to Holders of Redeemable Participating Shares**

The following tables detail the net assets attributable to holders of redeemable participating shares in the Funds as at the year end. The net asset value per share is calculated by determining the proportion of the net asset value of each Fund attributable to each of its share classes and dividing this amount by the number of shares of that class in issue. The number of shares in issue is presented rounded to the nearest whole number. The net asset value per share is calculated dividing the net asset value by the unrounded number of shares in issue and is presented rounded to two decimal places.

	<b>Net Asset Value 31 March 2023</b>	<b>Units in Issue 31 March 2023</b>	<b>Net Asset Value per Unit 31 March 2023</b>
<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF</b>			
USD Accumulating Share Class	US\$5,195,403	200,000	US\$25.98
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>			
USD Distributing Share Class	US\$16,571,098	658,554	US\$25.16
<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF</b>			
USD Accumulating Share Class	US\$4,199,352	200,000	US\$21.00
<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF</b>			
USD Distributing Share Class	US\$3,908,558	200,000	US\$19.54
<b>FlexShares® Listed Private Equity UCITS ETF</b>			
USD Accumulating Share Class	US\$139,181,540	7,227,040	US\$19.26
	<b>Net Asset Value 31 March 2022</b>	<b>Units in Issue 31 March 2022</b>	<b>Net Asset Value per Unit 31 March 2022</b>
<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF</b>			
USD Accumulating Share Class	US\$5,622,368	200,000	US\$28.11
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>			
USD Distributing Share Class	US\$16,043,501	571,769	US\$28.06
<b>FlexShares® Emerging Markets Low Volatility Climate ESG UCITS ETF</b>			
USD Accumulating Share Class	US\$4,649,903	200,000	US\$23.25
<b>FlexShares® Emerging Markets High Dividend Climate ESG UCITS ETF</b>			
USD Distributing Share Class	US\$4,686,503	200,000	US\$23.43
<b>FlexShares® Listed Private Equity UCITS ETF</b>			
USD Accumulating Share Class	US\$147,466,308	6,675,149	US\$22.09

## FLEXSHARES ICAV

### SUPPLEMENTARY INFORMATION (UNAUDITED) (continued)

For the year ended 31 March 2023

#### Net Assets Attributable to Holders of Redeemable Participating Shares (continued)

	Net Asset Value 31 March 2021	Units in Issue 31 March 2021	Net Asset Value per Unit 31 March 2021
<b>FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF</b>			
USD Accumulating Share Class	US\$5,130,730	200,000	US\$25.65
<b>FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF</b>			
USD Distributing Share Class	US\$4,317,035	168,000	US\$25.70

#### Conflicts of Interest Statement

The Directors of the ICAV, the Manager, the Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and shareholders, employees and agents (collectively the “Parties”) are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the ICAV and/or their respective roles with respect to the ICAV. These activities may include managing or advising other funds (including other collective investment schemes), purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Funds may invest. In particular, other companies within the Investment Manager group may be involved in advising or managing other investment funds (including other collective investment schemes) or real estate portfolios which have similar or overlapping investment objectives to or with the Funds. Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of shareholders.

#### Remuneration Disclosures

The ICAV has a Manager in place to ensure compliance with UCITS V. The Directors primary role is to ensure that all decisions related to the funds under management are taken for the best interests of investors. None of the Directors or Designated Persons has a performance based variable component to their remuneration for their role. The ICAV pays the Independent Non-Executive Directors a fixed fee per annum.

No pension payments are made. A number of factors are included in determining the fee paid including the size and risk profile of the funds under management. The Non-Executive Directors do not receive any compensation from the Manager. Designated Persons (unless Independent Non-Executive Directors) do not receive any compensation.

The Manager sets a framework (setting out the investment objective, the investment policies, the proposed investment strategies and investment limits including leverage, liquidity and credit) that achieves a necessary level of risk control over the delegate investment manager. This framework and the ongoing controls exercised by the Manager ensure that no persons from the delegate investment manager have the capacity to exercise a material impact on the risk profile of the Funds.

The Manager seeks periodic assurances from the delegate investment manager that they have an appropriate risk management focused remuneration policy in place or one that is in line with regulation which is equally effective as UCITS V, which includes, without limitation:

- (i) CRD/MiFID firms (including firms still subject to CRD III and which have availed of the CRD IV exemptions); and
- (ii) non-EU firms which are subject to group remuneration policies that are equally as effective as MiFID or CRD.

The remuneration policy is reviewed annually. Further details with regard to the remuneration policy are available at the following website:

<https://www.northerntrust.com/documents/funds/ntfmil-ucits-v-remuneration-disclosure-en.pdf>

#### Quantitative Information

The delegated investment manager, Northern Trust Global Investments Limited (“NTGIL”) has provided the following information in proportion to the activities it performs for the ICAV. Remuneration of the Directors of the ICAV that are also identified staff of NTGIL are included within the amounts below.

Fixed remuneration consists of base salaries and cash allowances. Variable remuneration consists of cash incentive, deferred bonus payable in short term restricted stock shares (RSUs) and long term deferred incentive awards in long term cash and shares (RSUs). All material risk takers are employed by another Northern Trust Group entity.

Code staff are considered to be the identified staff of Northern Trust Global Investments Limited.

<b>Senior Management and other Code Staff</b>	<b>2023</b>	<b>2022</b>
<b>Number of Code Staff</b>	17	13
<b>Fixed remuneration (US\$)</b>	1,724	269
<b>Variable remuneration (US\$)</b>	931	258



APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>Investments in Transferable Securities admitted to an official stock exchange listing</b>		
	<b>Equities: 98.28% (2022: 97.87%)</b>		
	<b>Australia: 1.49% (2022: 1.24%)</b>		
14,324	AMP	10,073	0.19
189	BHP Billiton Ltd	5,978	0.12
1,730	Brambles	15,561	0.30
194	Commonwealth Bank of Australia	12,775	0.25
104	Ramsay Health Care	4,635	0.09
1,690	Transurban	16,084	0.31
1,258	Worley	12,141	0.23
	<b>Total Australia</b>	<b>77,247</b>	<b>1.49</b>
	<b>Austria: 0.00% (2022: 0.47%)</b>		
	<b>Belgium: 0.36% (2022: 0.25%)</b>		
558	Umicore	18,921	0.36
	<b>Total Belgium</b>	<b>18,921</b>	<b>0.36</b>
	<b>Canada: 2.91% (2022: 2.78%)</b>		
164	Canadian National Railway	19,325	0.37
679	Royal Bank of Canada	64,847	1.25
878	Toronto-Dominion Bank	52,517	1.01
110	WPS Global	14,389	0.28
	<b>Total Canada</b>	<b>151,078</b>	<b>2.91</b>
	<b>Cayman Islands: 0.00% (2022: 0.25%)</b>		
	<b>Denmark: 1.19% (2022: 1.31%)</b>		
82	Novo Nordisk	12,985	0.25
412	Orsted	35,056	0.67
475	Vestas Wind Systems	13,786	0.27
	<b>Total Denmark</b>	<b>61,827</b>	<b>1.19</b>
	<b>Finland: 1.49% (2022: 0.29%)</b>		
612	Elisa	36,943	0.71
1,293	Tieto	40,626	0.78
	<b>Total Finland</b>	<b>77,569</b>	<b>1.49</b>
	<b>France: 2.49% (2022: 2.86%)</b>		
627	AXA	19,186	0.37
267	Edenred	15,821	0.30

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 98.28% (2022: 97.87%) (continued)</b>			
<b>France: 2.49% (2022: 2.86%) (continued)</b>			
1,047	Electricite de France	13,514	0.26
350	Gaztransport et Technigaz	35,820	0.69
418	La Francaise des Jeux	17,434	0.34
13	LVMH Moet Hennessy Louis Vuitton	11,926	0.23
16	Sanofi	1,742	0.03
94	TotalEnergies	5,552	0.11
74	Vinci	8,500	0.16
<b>Total France</b>		<b>129,495</b>	<b>2.49</b>
<b>Germany: 1.88% (2022: 2.40%)</b>			
99	Allianz	22,888	0.44
903	GEA	41,156	0.79
202	Henkel	15,815	0.31
50	Muenchener Rueckversicherungs	17,519	0.34
<b>Total Germany</b>		<b>97,378</b>	<b>1.88</b>
<b>Hong Kong: 1.88% (2022: 1.73%)</b>			
5,800	AIA	61,066	1.17
14,000	Hong Kong & China Gas	12,324	0.24
2,500	MTR	12,054	0.23
4,800	Swire Properties	12,352	0.24
<b>Total Hong Kong</b>		<b>97,796</b>	<b>1.88</b>
<b>Ireland: 0.00% (2022: 1.09%)</b>			
<b>Italy: 0.27% (2022: 0.57%)</b>			
2,646	Snam	14,055	0.27
<b>Total Italy</b>		<b>14,055</b>	<b>0.27</b>
<b>Japan: 8.34% (2022: 7.94%)</b>			
700	Asahi Kasei	4,872	0.09
600	Canon	13,324	0.26
3,600	Eneos Holdings	12,583	0.24
500	Hitachi	27,245	0.52
4,500	J Front Retailing	44,699	0.86
9	Japan Prime Realty Investment REIT	23,601	0.45
1,000	Kao	38,823	0.75
600	Kirin	9,449	0.18
700	Marui	10,640	0.21
5,300	Mitsubishi UFJ Financial	33,766	0.65
2,900	Mizuho Financial	40,921	0.79
500	Nankai Electric Railway	10,989	0.21
1,800	Obayashi	13,700	0.26

FLEXSHARES ICAV  
FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 98.28% (2022: 97.87%) (continued)</b>			
<b>Japan: 8.34% (2022: 7.94%) (continued)</b>			
3,300	Oji	12,993	0.25
100	Ono Pharmaceutical	2,077	0.04
400	Ricoh	2,978	0.06
700	SCSK	10,177	0.20
800	Sekisui House	16,218	0.31
400	Seven & I	17,958	0.35
1,400	SoftBank	16,084	0.31
300	Sompo	11,839	0.23
400	Taisei	12,307	0.24
600	Takeda Pharmaceutical	19,611	0.38
1,300	Teijin	13,636	0.26
3,700	Yamada	12,677	0.24
<b>Total Japan</b>		<b>433,167</b>	<b>8.34</b>
<b>Jersey: 0.00% (2022: 0.06%)</b>			
<b>Netherlands: 2.22% (2022: 1.12%)</b>			
107	Akzo Nobel	8,368	0.16
23	ASML	15,623	0.30
844	ASR Nederland	33,689	0.65
7,070	Koninklijke KPN	25,010	0.48
534	NN Group	19,412	0.37
105	Wolters Kluwer	13,273	0.26
<b>Total Netherlands</b>		<b>115,375</b>	<b>2.22</b>
<b>Portugal: 0.28% (2022: 0.27%)</b>			
2,703	EDP - Energias de Portugal	14,730	0.28
<b>Total Portugal</b>		<b>14,730</b>	<b>0.28</b>
<b>Singapore: 1.42% (2022: 0.77%)</b>			
2,200	City Developments	12,195	0.24
42,200	ComfortDelGro	37,453	0.72
700	DBS	17,375	0.33
700	Oversea-Chinese Banking Corporation Ltd	6,513	0.13
<b>Total Singapore</b>		<b>73,536</b>	<b>1.42</b>
<b>Spain: 1.57% (2022: 1.33%)</b>			
752	Enagas	14,461	0.28
1,651	Iberdrola	20,601	0.40
1,383	Inditex	46,429	0.89
<b>Total Spain</b>		<b>81,491</b>	<b>1.57</b>

**FLEXSHARES ICAV**  
**FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
	<b>Equities: 98.28% (2022: 97.87%) (continued)</b>		
	<b>Sweden: 0.00% (2022: 0.19%)</b>		
	<b>Switzerland: 3.62% (2022: 3.79%)</b>		
1,064	Novartis	97,554	1.88
36	Roche Holdings	10,283	0.20
158	Swiss Re	16,230	0.31
69	Swisscom	44,049	0.85
42	Zurich Insurance	20,123	0.38
	<b>Total Switzerland</b>	<b>188,239</b>	<b>3.62</b>
	<b>United Kingdom: 3.74% (2022: 3.56%)</b>		
868	Diageo	38,787	0.75
4,902	HSBC	33,318	0.64
354	IG	3,057	0.06
1,764	Informa	15,106	0.29
493	Johnson Matthey	12,091	0.23
1,173	Pearson	12,247	0.23
1,523	RELX - London	49,300	0.95
927	Smith & Nephew	12,860	0.25
1,762	Standard Chartered	13,381	0.26
572	Tesco	1,879	0.04
46	Unilever - London	2,383	0.04
	<b>Total United Kingdom</b>	<b>194,409</b>	<b>3.74</b>
	<b>United States: 63.13% (2022: 63.60%)</b>		
419	Abbott Laboratories	42,428	0.82
108	AbbVie	17,212	0.33
113	Accenture	32,297	0.62
220	Activision Blizzard	18,830	0.36
15	Adobe Systems	5,781	0.11
156	Akamai Technologies	12,215	0.24
1,420	Alphabet	147,680	2.84
93	Amazon.com	9,606	0.19
244	AmerisourceBergen	39,067	0.75
228	Amgen	55,119	1.06
1,383	Apple	228,057	4.39
1,722	AT&T	33,148	0.64
202	Automatic Data Processing	44,971	0.87
17	AutoZone	41,789	0.80
75	Avery Dennison	13,420	0.26
397	Bank of America	11,354	0.22
94	Berkshire Hathaway	29,024	0.56
117	Biogen	32,530	0.63
66	Bristol-Myers Squibb	4,574	0.09
23	Broadcom	14,755	0.28
75	Cigna	19,165	0.37
193	Cisco Systems	10,089	0.19
218	Coca-Cola	13,523	0.26

**FLEXSHARES ICAV**  
**FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
	<b>Equities: 98.28% (2022: 97.87%) (continued)</b>		
	<b>United States: 63.13% (2022: 63.60%) (continued)</b>		
576	Colgate-Palmolive	43,286	0.83
151	Comcast	5,724	0.11
36	ConocoPhillips	3,572	0.07
1,381	CSX	41,347	0.80
64	Cummins	15,288	0.29
639	CVS Health	47,484	0.91
962	Dell Technologies	38,682	0.75
75	Dollar General	15,785	0.30
58	Elevance Health	26,669	0.51
64	Eli Lilly	21,979	0.42
66	Enphase Energy	13,878	0.27
62	Equinix REIT	44,704	0.86
187	Eversource Energy	14,635	0.28
312	Exxon Mobil	34,214	0.66
567	First Horizon National	10,081	0.19
512	General Mills	43,756	0.84
534	Hartford Financial Services	37,214	0.72
205	Hasbro	11,006	0.21
878	Hewlett Packard Enterprise	13,987	0.27
69	Home Depot	20,363	0.39
1,412	HP	41,442	0.80
38	Humana	18,447	0.36
437	International Business Machines	57,286	1.10
136	International Flavors & Fragrances	12,507	0.24
384	International Paper	13,847	0.27
217	Jack Henry & Associates	32,706	0.63
691	Johnson & Johnson	107,105	2.06
212	JPMorgan Chase	27,626	0.53
210	Kellogg	14,062	0.27
114	Kimberly-Clark	15,301	0.30
12	Lowe's Cos	2,400	0.05
196	Marathon Petroleum	26,427	0.51
285	Mastercard	103,572	1.99
355	McDonald's	99,262	1.91
321	Medtronic	25,879	0.50
935	Merck	99,475	1.92
143	Meta Platforms	30,307	0.58
598	MetLife	34,648	0.67
683	Microsoft	196,909	3.79
321	Morgan Stanley	28,184	0.54
235	Nasdaq	12,847	0.25
564	NetApp	36,011	0.69
320	Newmont Mining	15,686	0.30
172	Norfolk Southern	36,464	0.70
178	NVIDIA	49,443	0.95
376	Oracle	34,938	0.67
316	PepsiCo	57,607	1.11
332	Pfizer	13,546	0.26
161	Procter & Gamble	23,939	0.46
27	QUALCOMM	3,445	0.07
120	Republic Services	16,226	0.31
15	Starbucks	1,562	0.03

FLEXSHARES ICAV  
FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 98.28% (2022: 97.87%) (continued)</b>			
<b>United States: 63.13% (2022: 63.60%) (continued)</b>			
177	Tesla Motors	36,720	0.71
29	Texas Instruments	5,394	0.10
576	TJX Cos	45,135	0.87
66	Tractor Supply	15,513	0.30
31	Trane Technologies	5,703	0.11
89	Travelers Cos	15,255	0.29
299	Union Pacific	60,177	1.16
16	United Parcel Service	3,104	0.06
142	UnitedHealth	67,108	1.29
323	Valero Energy	45,091	0.87
1,014	Verizon Communications	39,434	0.76
287	Visa	64,707	1.25
328	VMware	40,951	0.79
314	Walmart	46,299	0.89
283	Waste Management	46,177	0.89
495	Williams Cos	14,781	0.28
253	Yum China	16,038	0.31
323	Yum! Brands	42,662	0.82
<b>Total United States</b>		<b>3,279,643</b>	<b>63.13</b>
<b>Total Equities</b>		<b>5,105,956</b>	<b>98.28</b>
<b>Total Financial assets at fair value through profit or loss</b>		<b>5,105,956</b>	<b>98.28</b>

**Financial Derivative Instruments Dealt on a Regulated Market**

**Unrealised Gain on Futures Contracts: 0.09% (2022: 0.12%)**

Counterparty	Description	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets
Merrill Lynch	Mini CME Standard & Poor's 500 Index Futures June 2023	USD	4	4,860	0.09
<b>Total Unrealised Gains on Futures Contracts</b>				<b>4,860</b>	<b>0.09</b>
<b>Total Financial Derivative Instruments Dealt on a Regulated Market</b>				<b>4,860</b>	<b>0.09</b>

**FLEXSHARES ICAV  
FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

*As at 31 March 2023*

	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Total Value of Investments</b>	<b>5,110,816</b>	<b>98.37</b>
Cash and Cash Equivalents	102,746	1.98
Margin Cash	11,179	0.22
Other Net Liabilities	(29,338)	(0.57)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b><u>5,195,403</u></b>	<b><u>100.00</u></b>

<b>Portfolio Classification</b>	<b>% of Total Assets</b>
Transferable securities admitted to an official stock exchange listing	96.43
Financial derivative instruments dealt on a regulated market	0.09
Other current assets	3.48
	<b><u>100.00</u></b>

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>Investments in Transferable Securities admitted to an official stock exchange listing</b>		
	<b>Equities: 99.38% (2022: 98.05%)</b>		
	<b>Australia: 3.35% (2022: 3.50%)</b>		
7,379	Australia & New Zealand Banking	113,322	0.68
859	BHP Billiton Ltd	27,172	0.17
190	Commonwealth Bank of Australia	12,511	0.08
7,467	Fortescue Metals	112,473	0.68
3,383	JB Hi-Fi	96,227	0.58
4,491	National Australia Bank	83,378	0.50
83,078	Nine Entertainment Holdings	109,614	0.66
	<b>Total Australia</b>	<b>554,697</b>	<b>3.35</b>
	<b>Belgium: 0.45% (2022: 0.00%)</b>		
1,081	KBC	74,343	0.45
	<b>Total Belgium</b>	<b>74,343</b>	<b>0.45</b>
	<b>Canada: 3.43% (2022: 3.85%)</b>		
183	Bank of Nova Scotia	9,205	0.05
600	Canadian National Railway	70,700	0.43
6,384	Manulife Financial	116,986	0.70
2,095	Royal Bank of Canada	200,080	1.21
2,875	Toronto-Dominion Bank	171,967	1.04
	<b>Total Canada</b>	<b>568,938</b>	<b>3.43</b>
	<b>Denmark: 1.01% (2022: 1.56%)</b>		
327	Novo Nordisk	51,784	0.31
1,155	Orsted	98,275	0.59
600	Vestas Wind Systems	17,414	0.11
	<b>Total Denmark</b>	<b>167,473</b>	<b>1.01</b>
	<b>Finland: 0.69% (2022: 0.61%)</b>		
3,611	Tieto	113,458	0.69
	<b>Total Finland</b>	<b>113,458</b>	<b>0.69</b>
	<b>France: 3.73% (2022: 2.96%)</b>		
1,154	BNP Paribas	69,220	0.42
136	Capgemini	25,229	0.15
10,056	Credit Agricole	113,602	0.68
984	Gecina REIT	102,149	0.62
205	Kering	133,633	0.81
15	L'Oreal	6,702	0.04



APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 99.38% (2022: 98.05%) (continued)</b>			
<b>France: 3.73% (2022: 2.96%) (continued)</b>			
52	LVMH Moet Hennessy Louis Vuitton	47,705	0.29
2,043	SCOR	46,479	0.28
2,134	Societe Generale	48,190	0.29
433	TotalEnergies	25,573	0.15
<b>Total France</b>		<b>618,482</b>	<b>3.73</b>
<b>Germany: 1.82% (2022: 2.14%)</b>			
1,169	Covestro	48,427	0.29
1,529	GEA	69,687	0.42
18,273	Telefonica Deutschland	56,322	0.34
784	Wacker Chemie	127,256	0.77
<b>Total Germany</b>		<b>301,692</b>	<b>1.82</b>
<b>Hong Kong: 0.66% (2022: 0.00%)</b>			
1,400	AIA	14,740	0.09
246,000	Pacific Basin Shipping	94,954	0.57
<b>Total Hong Kong</b>		<b>109,694</b>	<b>0.66</b>
<b>Ireland: 1.12% (2022: 1.22%)</b>			
846	Kingspan	57,943	0.35
1,928	Seagate Technology	127,479	0.77
<b>Total Ireland</b>		<b>185,422</b>	<b>1.12</b>
<b>Japan: 7.16% (2022: 6.92%)</b>			
3,200	Bridgestone	129,043	0.78
1,000	Canon	22,207	0.13
24,100	Daiwa Securities	112,451	0.68
3,500	Dentsu	122,286	0.74
2,900	Kao	112,588	0.68
7,500	Kirin	118,115	0.71
4,500	Mitsui O.S.K. Lines	111,917	0.68
2,400	Nomura Research Institute	55,271	0.33
7,400	SCSK	107,589	0.65
5,300	SoftBank	60,889	0.37
400	Sysmex	25,976	0.16
1,000	Taisei	30,768	0.19
2,100	Takeda Pharmaceutical	68,638	0.41
900	Tokyo Electron	108,468	0.65
<b>Total Japan</b>		<b>1,186,206</b>	<b>7.16</b>

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 99.38% (2022: 98.05%) (continued)</b>			
<b>Malta: 0.00% (2022: 0.42%)</b>			
<b>Netherlands: 2.21% (2022: 1.68%)</b>			
3,316	ABN AMRO Bank	52,671	0.32
88	ASML	59,774	0.36
2,395	ING Groep	28,441	0.17
3,204	Koninklijke Philips	58,606	0.35
1,799	NN Group	65,398	0.39
3,061	Signify	101,897	0.62
<b>Total Netherlands</b>		<b>366,787</b>	<b>2.21</b>
<b>Norway: 0.25% (2022: 0.00%)</b>			
3,577	Telenor	41,907	0.25
<b>Total Norway</b>		<b>41,907</b>	<b>0.25</b>
<b>Portugal: 0.36% (2022: 0.00%)</b>			
2,514	Jeronimo Martins	59,051	0.36
<b>Total Portugal</b>		<b>59,051</b>	<b>0.36</b>
<b>Spain: 1.80% (2022: 1.62%)</b>			
2,892	Enagas	55,614	0.34
4,018	Inditex	134,889	0.81
5,097	Merlin Properties REIT	44,633	0.27
14,569	Telefonica NPV	62,887	0.38
<b>Total Spain</b>		<b>298,023</b>	<b>1.80</b>
<b>Sweden: 1.38% (2022: 1.45%)</b>			
8,881	Hennes & Mauritz	126,600	0.76
19,551	Telia	49,719	0.30
2,147	Thule	52,735	0.32
<b>Total Sweden</b>		<b>229,054</b>	<b>1.38</b>
<b>Switzerland: 1.94% (2022: 2.02%)</b>			
1,068	Adecco	38,755	0.23
1,792	Novartis	164,302	0.99
142	Roche Holdings	40,561	0.25
592	Swiss Re	60,810	0.37
27	Swisscom	17,237	0.10
<b>Total Switzerland</b>		<b>321,665</b>	<b>1.94</b>

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 99.38% (2022: 98.05%) (continued)</b>			
<b>United Kingdom: 4.63% (2022: 4.11%)</b>			
21,334	Barratt Developments	123,055	0.74
10,094	British Land REIT	48,400	0.29
13,190	BT	23,778	0.14
194	Diageo	8,669	0.05
1,988	IG	17,170	0.10
7,096	Intermediate Capital Group	106,778	0.65
18,016	Legal & General	53,217	0.32
6,879	Persimmon	106,830	0.65
863	RELX - London	27,935	0.17
44,919	Standard Life Aberdeen	113,024	0.68
18,975	Tesco	62,338	0.38
311	Unilever - London	16,112	0.10
54,354	Vodafone	60,015	0.36
<b>Total United Kingdom</b>		<b>767,321</b>	<b>4.63</b>
<b>United States: 63.39% (2022: 63.99%)</b>			
773	3M	81,250	0.49
2,018	Abbott Laboratories	204,343	1.23
1,607	AbbVie	256,108	1.55
792	Accenture	226,361	1.37
312	Alphabet	32,448	0.20
1,161	Amazon.com	119,920	0.72
38	American Tower REIT	7,765	0.05
77	Amgen	18,615	0.11
2,327	Annaly Capital Management REIT	44,469	0.27
5,972	Apple	984,783	5.94
59	Applied Materials	7,247	0.04
5,588	AT&T	107,569	0.65
651	Automatic Data Processing	144,932	0.87
1,509	Bank of America	43,157	0.26
1,872	Bank of New York Mellon	85,064	0.51
1,305	Best Buy	102,142	0.62
14	BlackRock	9,368	0.06
1,572	Boston Properties REIT	85,077	0.51
888	Bristol-Myers Squibb	61,547	0.37
91	Broadcom	58,380	0.35
20	Chubb	3,884	0.02
255	Cigna	65,160	0.39
4,151	Cisco Systems	216,993	1.31
3,037	Citigroup	142,405	0.86
849	Coca-Cola	52,663	0.32
1,648	Colgate-Palmolive	123,847	0.75
708	Comcast	26,840	0.16
183	ConocoPhillips	18,155	0.11
3,955	CSX	118,413	0.71
2,076	CVS Health	154,268	0.93
2,695	Dell Technologies	108,366	0.65
1,900	Devon Energy	96,159	0.58
2,457	eBay	109,017	0.66
187	Elevance Health	85,984	0.52

**FLEXSHARES ICAV**  
**FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Equities: 99.38% (2022: 98.05%) (continued)</b>			
<b>United States: 63.39% (2022: 63.99%) (continued)</b>			
230	Eli Lilly	78,987	0.48
178	Equinix REIT	128,345	0.77
480	Estee Lauder Companies	118,301	0.71
2,051	Exelon	85,916	0.52
1,090	Exxon Mobil	119,529	0.72
111	Gilead Sciences	9,210	0.06
7,510	GSK	132,693	0.80
786	Hasbro	42,200	0.26
3,312	Hewlett Packard Enterprise	52,760	0.32
825	Home Depot	243,474	1.47
4,005	HP	117,547	0.71
1,412	International Business Machines	185,099	1.12
3,082	Interpublic	114,774	0.69
1,772	Johnson & Johnson	274,660	1.66
744	JPMorgan Chase	96,951	0.59
647	Kimberly-Clark	86,840	0.52
981	Lowe's Cos	196,171	1.18
704	Mastercard	255,841	1.54
136	McDonald's	38,027	0.23
1,043	Medtronic	84,087	0.51
2,286	Merck	243,208	1.47
1,698	MetLife	98,382	0.59
3,047	Microsoft	878,450	5.30
1,035	Morgan Stanley	90,873	0.55
124	MSCI	69,402	0.42
1,722	NetApp	109,950	0.66
1,185	Newmont Mining	58,089	0.35
490	Norfolk Southern	103,880	0.63
5,039	NortonLifeLock	86,469	0.52
628	NVIDIA	174,440	1.05
449	Omnicom	42,359	0.26
991	Paychex	113,559	0.69
298	PepsiCo	54,325	0.33
5,215	Pfizer	212,772	1.28
535	Pioneer Natural Resources	109,268	0.66
583	Procter & Gamble	86,686	0.52
1,447	Prologis REIT	180,542	1.09
1,181	Prudential Financial	97,716	0.59
145	QUALCOMM	18,499	0.11
120	Starbucks	12,496	0.08
369	T Rowe Price	41,660	0.25
1,202	Texas Instruments	223,584	1.35
204	TJX Cos	15,985	0.10
747	Union Pacific	150,341	0.91
97	United Parcel Service	18,817	0.11
77	UnitedHealth	36,389	0.22
872	Valero Energy	121,731	0.73
3,325	Verizon Communications	129,309	0.78
1,747	VF	40,024	0.24
828	Visa	186,681	1.13
808	Waste Management	131,841	0.80

FLEXSHARES ICAV  
FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets		
	<b>Equities: 99.38% (2022: 98.05%) (continued)</b>				
	<b>United States: 63.39% (2022: 63.99%) (continued)</b>				
840	Williams-Sonoma	102,194	0.62		
	<b>Total United States</b>	<b>10,504,032</b>	<b>63.39</b>		
	<b>Total Equities</b>	<b>16,468,245</b>	<b>99.38</b>		
	<b>Total Financial assets at fair value through profit or loss</b>	<b>16,468,245</b>	<b>99.38</b>		
	<b>Financial Derivative Instruments Dealt on a Regulated Market</b>				
	<b>Unrealised Gain on Futures Contracts: 0.04% (2022: 0.10%)</b>				
Counterparty	Description	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets
Merrill Lynch	Mini CME Standard & Poor's 500 Index Futures June 2023	USD	7	6,996	0.04
	<b>Total Unrealised Gains on Futures Contracts</b>			<b>6,996</b>	<b>0.04</b>
	<b>Total Financial Derivative Instruments Dealt on a Regulated Market</b>			<b>6,996</b>	<b>0.04</b>
				<b>Fair Value US\$</b>	<b>% of Net Assets</b>
	<b>Total Value of Investments</b>			<b>16,475,241</b>	<b>99.42</b>
	Cash and Cash Equivalents			86,924	0.52
	Margin Cash			15,973	0.10
	Other Net Liabilities			(7,040)	(0.04)
	<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>			<b>16,571,098</b>	<b>100.00</b>
	<b>Portfolio Classification</b>				<b>% of Total Assets</b>
	Transferable securities admitted to an official stock exchange listing				98.71
	Financial derivative instruments dealt on a regulated market				0.04
	Other current assets				1.25
					<b>100.00</b>

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>Investments in Transferable Securities admitted to an official stock exchange listing</b>		
	<b>Equities: 97.93% (2022: 97.51%)</b>		
	<b>Bermuda: 0.00% (2022: 0.52%)</b>		
	<b>Brazil: 4.28% (2022: 4.57%)</b>		
1,300	Ambev	3,674	0.09
2,216	B3 - Brasil Bolsa Balcao	4,524	0.11
4,900	Banco Bradesco	11,452	0.27
1,900	Banco Bradesco Pref	4,935	0.12
4,700	Banco do Brasil	36,254	0.86
4,200	Centrais Eletricas Brasileiras Ord	27,568	0.66
1,300	Centrais Eletricas Brasileiras Pref	9,302	0.22
9,861	Cia Energetica de Minas Gerais	22,249	0.53
4,300	Itau Unibanco	17,861	0.43
2,164	Itau Unibanco Pref	10,559	0.25
3,113	Lojas Renner	10,174	0.24
1,560	Petroleo Brasileiro	8,151	0.19
2,048	Petroleo Brasileiro Pref	9,472	0.23
412	Suzano Papel e Celulose	3,380	0.08
	<b>Total Brazil</b>	<b>179,555</b>	<b>4.28</b>
	<b>Cayman Islands: 0.26% (2022: 10.19%)</b>		
329	Autohome ADR	11,012	0.26
	<b>Total Cayman Islands</b>	<b>11,012</b>	<b>0.26</b>
	<b>Chile: 0.03% (2022: 1.31%)</b>		
18	Sociedad Quimica y Minera de Chile Pref	1,201	0.03
	<b>Total Chile</b>	<b>1,201</b>	<b>0.03</b>
	<b>Colombia: 0.46% (2022: 0.33%)</b>		
1,272	Bancolombia	9,552	0.23
1,556	Bancolombia Pref	9,745	0.23
	<b>Total Colombia</b>	<b>19,297</b>	<b>0.46</b>
	<b>Egypt: 0.00% (2022: 0.73%)</b>		
	<b>Greece: 1.12% (2022: 0.92%)</b>		
14,760	Eurobank Ergasias Services	19,516	0.47
91	Mytilineos	2,590	0.06
1,548	OPAP	24,874	0.59
	<b>Total Greece</b>	<b>46,980</b>	<b>1.12</b>

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Equities: 97.93% (2022: 97.51%) (continued)</b>			
<b>Hong Kong: 0.00% (2022: 3.84%)</b>			
<b>Hungary: 0.29% (2022: 0.37%)</b>			
1,646	MOL Hungarian Oil & Gas	12,055	0.29
<b>Total Hungary</b>		<b>12,055</b>	<b>0.29</b>
<b>India: 18.62% (2022: 17.07%)</b>			
184	Apollo Hospitals Enterprise	9,652	0.23
1,413	Asian Paints	47,482	1.13
731	Bajaj Finance	49,960	1.19
1,137	Bharat Forge	10,659	0.25
2,985	Bharat Petroleum	12,506	0.30
3,860	Bharti Airtel	35,179	0.84
407	Britannia Industries	21,405	0.51
1,993	Cipla	21,838	0.52
1,241	Cummins India	24,608	0.59
292	Dr. Reddy's Laboratories	16,425	0.39
10,450	GAIL India	13,370	0.32
1,546	Havells India	22,358	0.53
3,324	HCL Technologies	43,895	1.05
2,532	HDFC Bank	49,589	1.18
233	Hindalco Industries	1,149	0.03
1,786	Hindustan Unilever	55,642	1.32
3,789	ICICI Bank	40,445	0.96
279	Info Edge India	12,641	0.30
4,764	Infosys	82,776	1.97
1,827	JSW Steel	15,297	0.36
649	Kotak Mahindra Bank	13,684	0.33
315	Mahindra & Mahindra	4,441	0.11
4,057	Marico	23,686	0.56
6	Nestle India	1,439	0.03
46	Page Industries	21,216	0.51
595	Pidilite Industries	17,036	0.41
514	Power Grid Corporation of India	1,412	0.03
812	Reliance Industries	23,032	0.55
1,252	SBI Cards & Payment Services	11,276	0.27
327	Siemens	13,239	0.32
370	Sun Pharmaceutical Industries	4,426	0.11
2,012	Tech Mahindra	26,976	0.64
2,119	United Spirits	19,500	0.46
3,041	Wipro	13,515	0.32
<b>Total India</b>		<b>781,754</b>	<b>18.62</b>
<b>Indonesia: 3.22% (2022: 2.07%)</b>			
73,100	Astra International	29,251	0.70
26,000	Bank Central Asia	15,172	0.36
4,200	Bank Mandiri Persero	2,892	0.07
7,800	Bank Negara Indonesia Persero	4,864	0.11

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Equities: 97.93% (2022: 97.51%) (continued)</b>			
<b>Indonesia: 3.22% (2022: 2.07%) (continued)</b>			
112,900	Bank Rakyat Indonesia Persero	35,614	0.85
167,700	Kalbe Farma	23,487	0.56
12,800	Telekomunikasi Indonesia Persero	3,466	0.08
71,000	Unilever Indonesia	20,597	0.49
<b>Total Indonesia</b>		<b>135,343</b>	<b>3.22</b>
<b>Malaysia: 2.75% (2022: 2.97%)</b>			
37,300	Astro Malaysia	5,875	0.14
1,200	Carlsberg Brewery Malaysia	5,858	0.14
19,500	IJM	7,071	0.17
23,700	IOI	20,464	0.49
2,600	Kuala Lumpur Kepong	12,244	0.29
700	Nestle Malaysia	21,750	0.52
8,400	Petronas Chemicals	13,459	0.32
2,000	Petronas Dagangan	9,672	0.23
3,400	Public Bank	3,082	0.07
8,704	RHB Bank	11,007	0.26
6,000	Westports	4,895	0.12
<b>Total Malaysia</b>		<b>115,377</b>	<b>2.75</b>
<b>Mexico: 3.38% (2022: 2.16%)</b>			
2,700	Arca Continental	24,470	0.58
4,000	Grupo Financiero Banorte	33,651	0.80
1,000	Grupo Mexico	4,726	0.11
10,700	Orbia Advance	23,218	0.55
14,036	Wal-Mart de Mexico	55,993	1.34
<b>Total Mexico</b>		<b>142,058</b>	<b>3.38</b>
<b>Pakistan: 0.25% (2022: 0.66%)</b>			
10,145	Engro Fertilizers	3,031	0.07
4,724	Systems	7,689	0.18
<b>Total Pakistan</b>		<b>10,720</b>	<b>0.25</b>
<b>People's Republic of China: 23.62% (2022: 8.91%)</b>			
95,000	Agricultural Bank of China	35,217	0.84
935	Alibaba ADR	95,538	2.28
600	Anta Sports Products	8,713	0.21
526	Bilibili	12,361	0.29
11,000	BOC Hong Kong	34,261	0.82
500	BYD	14,637	0.35
125,000	China Construction Bank	81,051	1.93
13,000	China Medical System	20,535	0.49
1,500	China Merchants Bank	7,662	0.18



**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Equities: 97.93% (2022: 97.51%) (continued)</b>			
<b>People's Republic of China: 23.62% (2022: 8.91%) (continued)</b>			
16,000	China Merchants Port	24,540	0.58
11,500	China Overseas Land & Investment	27,776	0.66
2,000	China Resources Land	9,121	0.22
6,200	Chow Tai Fook Jewellery	12,305	0.29
26,000	CSPC Pharmaceutical	25,570	0.61
1,200	ENN Energy	16,449	0.39
50,000	GCL Technology	12,930	0.31
533	GDS ADR	9,946	0.24
1,000	Geely Automobile	1,287	0.03
200	Haier Smart Home	629	0.02
8,000	Haitian International	20,688	0.49
10,000	Hansoh Pharmaceutical	17,376	0.41
4,500	Hengan International	20,809	0.50
17,800	Huatai Securities	20,340	0.48
122,000	Industrial & Commercial Bank of China	64,963	1.55
102	JD.com ADR	4,477	0.11
3,400	Kingsoft	16,740	0.40
28,000	Kunlun Energy	21,901	0.52
30,000	Lenovo	32,484	0.77
6,000	Li Ning	47,312	1.13
1,100	Meituan	20,108	0.48
40	NetEase ADR	3,538	0.08
400	Nongfu Spring	2,301	0.05
560	Pinduoduo	42,504	1.01
7,000	Ping An Insurance Group of China	45,567	1.09
100	Sunny Optical Technology	1,210	0.03
10,000	TravelSKY Technology	18,675	0.44
874	Trip.com Group	32,924	0.78
1,586	Vipshop	24,076	0.57
32,000	Want Want China	20,586	0.49
8,000	Weichai Power	12,841	0.31
1,100	WuXi AppTec	11,519	0.27
12,000	Xinyi Solar	14,385	0.34
6,000	Zijin Mining	10,028	0.24
4,800	ZTE	14,064	0.34
<b>Total People's Republic of China</b>		<b>991,944</b>	<b>23.62</b>
<b>Philippines: 0.33% (2022: 0.68%)</b>			
23,300	SM Prime	14,058	0.33
<b>Total Philippines</b>		<b>14,058</b>	<b>0.33</b>
<b>Republic of South Korea: 13.09% (2022: 13.76%)</b>			
32	Celltrion	3,710	0.09
228	Dongbu Insurance	13,118	0.31
130	Douzone Bizon	3,500	0.08
598	GS Engineering & Construction	9,485	0.23
430	Hana Financial	13,443	0.32
449	Hankook Tire & Technology	12,002	0.29

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Equities: 97.93% (2022: 97.51%) (continued)</b>			
<b>Republic of South Korea: 13.09% (2022: 13.76%) (continued)</b>			
433	Hyundai Engineering & Construction	12,123	0.29
101	Hyundai Mobis	16,758	0.40
611	Kangwon Land	9,340	0.22
838	Kia Motors	52,140	1.24
197	Korea Shipbuilding & Offshore Engineering	11,728	0.28
34	LG Chem	8,109	0.19
204	LG Electronics	18,067	0.43
294	LG Electronics Pref	10,998	0.26
32	POSCO	9,046	0.22
180	Samsung C&T	14,960	0.36
3,667	Samsung Electronics Ord	180,273	4.29
991	Samsung Electronics Pref	41,030	0.98
88	Samsung Fire & Marine Insurance	13,925	0.33
231	Samsung SDS	20,583	0.49
716	Shinhan Financial	19,442	0.46
95	SK	12,588	0.30
635	SK Hynix	43,216	1.03
<b>Total Republic of South Korea</b>		<b>549,584</b>	<b>13.09</b>
<b>Russian Federation: 0.00% (2022: 0.00%)</b>			
770	Lukoil	–	–
171	Polyus	–	–
150	Rosneft Oil	–	–
19,240	Sberbank of Russia	–	–
729	Severstal	–	–
106	Tatneft	–	–
<b>Total Russian Federation</b>		<b>–</b>	<b>–</b>
<b>South Africa: 3.37% (2022: 2.38%)</b>			
69	Anglo American Platinum	3,710	0.09
25	Capitec Bank	2,378	0.06
1,690	FirstRand	5,751	0.14
105	Impala Platinum	970	0.02
144	Kumba Iron Ore	3,650	0.09
2,202	Mr Price	17,896	0.42
222	Naspers	41,203	0.98
3,552	Standard Bank	34,596	0.82
1,630	Vodacom	11,212	0.27
5,587	Woolworths	20,131	0.48
<b>Total South Africa</b>		<b>141,497</b>	<b>3.37</b>
<b>Taiwan: 17.98% (2022: 19.07%)</b>			
28,000	Acer	25,887	0.62
3,000	Asustek Computer	26,849	0.64
15,142	Cathay Financial	20,788	0.50
1,050	Chailease	7,707	0.18

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Equities: 97.93% (2022: 97.51%) (continued)</b>			
<b>Taiwan: 17.98% (2022: 19.07%) (continued)</b>			
12,000	China Steel	12,178	0.29
7,000	Chunghwa Telecom	27,473	0.65
6,000	CTBC Financial	4,306	0.10
21,830	E.Sun Financial	18,139	0.43
12,000	Far Eastern New Century	12,336	0.29
11,000	Far EasTone Telecommunications	27,168	0.65
2,060	First Financial	1,790	0.04
7,000	Formosa Chemicals & Fibre	15,886	0.38
2,000	Formosa Plastics	6,030	0.14
13,650	Fubon Financial	25,330	0.60
14,000	Hon Hai Precision Industry	47,820	1.14
1,068	Hua Nan Financial	784	0.02
11,000	Lite-On Technology	26,482	0.63
1,000	MediaTek	25,848	0.62
3,100	Mega Financial	3,360	0.08
18,000	Nan Ya Plastics	45,817	1.09
1,000	Nanya Technology	2,184	0.05
2,060	Taiwan Cooperative Financial	1,766	0.04
9,000	Taiwan Mobile	29,855	0.71
18,000	Taiwan Semiconductor Manufacturing	315,100	7.50
1,000	Uni-President Enterprises	2,361	0.06
5,000	United Microelectronics	8,687	0.21
18,120	Yuanta Financial	13,301	0.32
<b>Total Taiwan</b>		<b>755,232</b>	<b>17.98</b>
<b>Thailand: 3.73% (2022: 4.46%)</b>			
4,400	Advanced Info Service	27,279	0.65
3,100	Bangkok Dusit Medical Services	2,674	0.06
20,200	Bangkok Expressway & Metro	5,228	0.12
7,000	Central Pattana	14,074	0.34
1,000	Delta Electronics Thailand	33,397	0.80
300	Energy Absolute	667	0.02
47,700	Home Product Center	20,087	0.48
9,500	Indorama Ventures	9,585	0.23
21,500	PTT	19,805	0.47
2,900	PTT Exploration & Production	12,763	0.30
8,300	PTT Global Chemical	11,105	0.26
<b>Total Thailand</b>		<b>156,664</b>	<b>3.73</b>
<b>Turkey: 1.15% (2022: 0.54%)</b>			
12,222	Petkim Petrokimya	8,825	0.21
20,482	Turkiye Is Bankasi	13,840	0.33
1,420	Turkiye Sise ve Cam Fabrikalari	3,131	0.08

FLEXSHARES ICAV  
FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets		
	<b>Equities: 97.93% (2022: 97.51%) (continued)</b>				
	<b>Turkey: 1.15% (2022: 0.54%) (continued)</b>				
44,931	Yapi ve Kredi Bankasi	22,401	0.53		
	<b>Total Turkey</b>	<b>48,197</b>	<b>1.15</b>		
	<b>Total Equities</b>	<b>4,112,528</b>	<b>97.93</b>		
	<b>Total Financial assets at fair value through profit or loss</b>	<b>4,112,528</b>	<b>97.93</b>		
	<b>Financial Derivative Instruments Dealt on a Regulated Market</b>				
	<b>Unrealised Gain on Futures Contracts: 0.04% (2022: 0.05%)</b>				
Counterparty	Description	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets
Merrill Lynch	Mini MSCI Emerging Market Index Futures June 2023	USD	1	1,720	0.04
	<b>Total Unrealised Gains on Futures Contracts</b>			<b>1,720</b>	<b>0.04</b>
	<b>Total Financial Derivative Instruments Dealt on a Regulated Market</b>			<b>1,720</b>	<b>0.04</b>
		<b>Fair Value US\$</b>		<b>% of Net Assets</b>	
	<b>Total Value of Investments</b>	<b>4,114,248</b>		<b>97.97</b>	
	Cash and Cash Equivalents	94,304		2.25	
	Margin Cash	9,322		0.22	
	Other Net Liabilities	(18,522)		(0.44)	
	<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b>4,199,352</b>		<b>100.00</b>	
	<b>Portfolio Classification</b>			<b>% of Total Assets</b>	
	Transferable securities admitted to an official stock exchange listing			95.55	
	Financial derivative instruments dealt on a regulated market			0.04	
	Other current assets			4.41	
				<b>100.00</b>	

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>Investments in Transferable Securities admitted to an official stock exchange listing</b>		
	<b>Equities: 97.65% (2022: 96.82%)</b>		
	<b>Brazil: 5.02% (2022: 6.96%)</b>		
12,900	Ambev	36,459	0.93
2,116	B3 - Brasil Bolsa Balcao	4,319	0.11
1,900	Banco Bradesco	4,935	0.13
4,176	Banco do Brasil	32,212	0.82
2,100	Centrais Eletricas Brasileiras	13,784	0.35
9,461	Cia Energetica de Minas Gerais	21,347	0.55
1,470	Gerdau	7,332	0.19
2,110	Itau Unibanco	10,296	0.26
2,800	JBS	9,857	0.25
3,446	Lojas Renner	11,262	0.29
1,460	Petroleo Brasileiro	7,628	0.20
1,948	Petroleo Brasileiro Pref	9,010	0.23
1,800	Telefonica Brasil	13,725	0.35
5,600	TIM	13,894	0.36
	<b>Total Brazil</b>	<b>196,060</b>	<b>5.02</b>
	<b>Cayman Islands: 0.32% (2022: 12.84%)</b>		
370	Autohome ADR	12,384	0.32
	<b>Total Cayman Islands</b>	<b>12,384</b>	<b>0.32</b>
	<b>Chile: 0.37% (2022: 1.05%)</b>		
179	Sociedad Quimica y Minera de Chile	14,445	0.37
	<b>Total Chile</b>	<b>14,445</b>	<b>0.37</b>
	<b>Colombia: 0.78% (2022: 0.00%)</b>		
1,397	Bancolombia	10,491	0.27
1,190	Bancolombia Pref	7,453	0.19
23,932	Ecopetrol	12,584	0.32
	<b>Total Colombia</b>	<b>30,528</b>	<b>0.78</b>
	<b>Czech Republic: 0.35% (2022: 0.00%)</b>		
415	Komerční banka	13,780	0.35
	<b>Total Czech Republic</b>	<b>13,780</b>	<b>0.35</b>

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 97.65% (2022: 96.82%) (continued)</b>			
<b>Egypt: 0.04% (2022: 0.00%)</b>			
6,087	Credit Agricole	1,678	0.04
<b>Total Egypt</b>		<b>1,678</b>	<b>0.04</b>
<b>Greece: 0.89% (2022: 0.38%)</b>			
752	Hellenic Telecommunications Organization	11,021	0.28
1,488	OPAP	23,910	0.61
<b>Total Greece</b>		<b>34,931</b>	<b>0.89</b>
<b>Hong Kong: 0.97% (2022: 2.87%)</b>			
34,000	Bosideng International	18,971	0.48
1,000	Orient Overseas International	19,134	0.49
<b>Total Hong Kong</b>		<b>38,105</b>	<b>0.97</b>
<b>India: 17.75% (2022: 16.74%)</b>			
159	Asian Paints	5,343	0.14
104	Bajaj Finance	7,108	0.18
1,270	Bharat Forge	11,906	0.30
3,191	Bharat Petroleum	13,369	0.34
3,572	Bharti Airtel	32,555	0.83
1,882	Cipla	20,622	0.53
189	Coforge	8,771	0.22
1,141	Colgate-Palmolive India	20,928	0.54
1,210	Cummins India	23,993	0.61
316	Dr. Reddy's Laboratories	17,775	0.45
11,108	GAIL India	14,212	0.36
1,477	Havells India	21,360	0.55
3,126	HCL Technologies	41,280	1.06
794	HDFC Asset Management	16,500	0.42
2,370	HDFC Bank	46,417	1.19
214	Hindalco Industries	1,055	0.03
1,675	Hindustan Unilever	52,184	1.34
269	Housing Development Finance	8,594	0.22
3,486	ICICI Bank	37,211	0.95
2,479	Indian Oil	2,350	0.06
310	Info Edge India	14,046	0.36
4,499	Infosys	78,172	2.00
640	Kotak Mahindra Bank	13,495	0.35
222	Mahindra & Mahindra	3,130	0.08
3,610	Marico	21,076	0.54
836	Mphasis	18,267	0.47
5	Nestle India	1,199	0.03
41	Page Industries	18,909	0.48
41	Pidilite Industries	1,174	0.03
491	Power Grid Corporation of India	1,348	0.03
13,844	REC	19,448	0.50
775	Reliance Industries	21,982	0.56

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 97.65% (2022: 96.82%) (continued)</b>			
<b>India: 17.75% (2022: 16.74%) (continued)</b>			
367	Siemens	14,858	0.38
339	Sun Pharmaceutical Industries	4,055	0.10
1,922	Tech Mahindra	25,769	0.66
5,581	Vedanta	18,638	0.48
3,311	Wipro	14,715	0.38
<b>Total India</b>		<b>693,814</b>	<b>17.75</b>
<b>Indonesia: 2.29% (2022: 2.10%)</b>			
42,200	Astra International	16,886	0.43
24,800	Bank Central Asia	14,472	0.37
4,000	Bank Mandiri Persero	2,754	0.07
102,300	Bank Rakyat Indonesia Persero	32,271	0.83
12,300	Telekomunikasi Indonesia Persero	3,330	0.09
67,800	Unilever Indonesia	19,669	0.50
<b>Total Indonesia</b>		<b>89,382</b>	<b>2.29</b>
<b>Malaysia: 2.85% (2022: 2.64%)</b>			
35,600	Astro Malaysia	5,607	0.14
1,200	Carlsberg Brewery Malaysia	5,858	0.15
74,000	Datasonic	7,044	0.18
45,700	Hartalega	19,678	0.50
9,200	IJM	3,336	0.09
22,700	IOI	19,600	0.50
11,200	Lotte Chemical Titan	3,427	0.09
60,400	My EG Services	10,472	0.27
2,400	Petronas Dagangan	11,607	0.30
8,300	Public Bank	7,524	0.19
9,889	RHB Bank	12,505	0.32
5,800	Westports	4,732	0.12
<b>Total Malaysia</b>		<b>111,390</b>	<b>2.85</b>
<b>Mexico: 2.11% (2022: 1.57%)</b>			
10,800	Fibra Uno Administracion REIT	15,055	0.38
6,500	Grupo Financiero Banorte	54,683	1.40
1,000	Grupo Mexico	4,726	0.12
2,044	Wal-Mart de Mexico	8,154	0.21
<b>Total Mexico</b>		<b>82,618</b>	<b>2.11</b>
<b>Pakistan: 0.10% (2022: 0.15%)</b>			
9,692	Engro Fertilizers	2,896	0.07

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
	<b>Equities: 97.65% (2022: 96.82%) (continued)</b>		
	<b>Pakistan: 0.10% (2022: 0.15%) (continued)</b>		
2,325	MCB Bank	942	0.03
	<b>Total Pakistan</b>	<b>3,838</b>	<b>0.10</b>
	<b>People's Republic of China: 21.92% (2022: 6.86%)</b>		
90,000	Agricultural Bank of China	33,363	0.85
873	Alibaba ADR	89,203	2.28
400	Anta Sports Products	5,809	0.15
10,500	BOC Hong Kong	32,704	0.84
500	BYD	14,637	0.37
118,000	China Construction Bank	76,513	1.96
12,000	China Medical System	18,955	0.49
1,500	China Merchants Bank	7,662	0.20
14,000	China Merchants Port	21,473	0.55
16,000	China National Building Material	13,126	0.34
11,000	China Overseas Land & Investment	26,568	0.68
14,000	Chinasoft International	8,864	0.23
6,400	Chow Tai Fook Jewellery	12,702	0.33
57,000	Country Garden	16,047	0.41
5,000	Country Garden Services	8,650	0.22
24,000	CSPC Pharmaceutical	23,603	0.60
34,000	Dongfeng Motor	15,939	0.41
1,200	ENN Energy	16,448	0.42
1,000	Geely Automobile	1,287	0.03
400	Haier Smart Home	1,259	0.03
7,000	Haitian International	18,102	0.46
8,000	Hansoh Pharmaceutical	13,901	0.36
4,000	Hengan International	18,497	0.47
8,000	Huatai Securities	9,141	0.23
34,000	Industrial & Commercial Bank of China	18,105	0.46
159	JD.com ADR	6,978	0.18
3,600	Kingsoft	17,725	0.45
2,000	Kunlun Energy	1,564	0.04
28,000	Lenovo	30,319	0.78
5,500	Li Ning	43,370	1.11
4,500	Longfor Properties	12,697	0.32
8,058	Lufax ADR	16,438	0.42
1,000	Meituan	18,280	0.47
500	NetEase ADR	44,220	1.13
400	Nongfu Spring	2,301	0.06
6,500	Ping An Insurance Group of China	42,312	1.08
11,000	Sunac China	4,159	0.11
100	Sunny Optical Technology	1,210	0.03
9,000	TravelSKy Technology	16,808	0.43
31,000	Want Want China	19,943	0.51
1,200	WuXi AppTec	12,566	0.32
12,000	Xinyi Solar	14,385	0.37
9,000	Yuexiu Property	13,575	0.35



APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 97.65% (2022: 96.82%) (continued)</b>			
<b>People's Republic of China: 21.92% (2022: 6.86%) (continued)</b>			
5,200	ZTE	15,236	0.39
<b>Total People's Republic of China</b>		<b>856,644</b>	<b>21.92</b>
<b>Philippines: 0.93% (2022: 0.19%)</b>			
6,390	International Container Terminal Services	25,083	0.64
435	PLDT	11,362	0.29
<b>Total Philippines</b>		<b>36,445</b>	<b>0.93</b>
<b>Republic of South Korea: 14.90% (2022: 15.29%)</b>			
28	Celltrion	3,231	0.08
255	Dongbu Insurance	14,671	0.38
421	Douzone Bizon	11,335	0.29
747	Fila Korea	20,944	0.54
662	GS Engineering & Construction	10,501	0.27
463	Hana Financial	14,475	0.37
376	Hankook Tire & Technology	10,051	0.26
434	Hyundai Engineering & Construction	12,151	0.31
106	Hyundai Mobis	17,587	0.45
1,587	Industrial Bank of Korea	12,312	0.31
552	KB Financial	20,204	0.52
783	Kia Motors	48,718	1.25
484	Korea Gas	10,075	0.26
219	LG Electronics	19,396	0.50
284	LG Electronics Pref	10,624	0.27
25	LG Household & Health Care Ord	11,522	0.29
3,823	Mirae Asset Securities	18,970	0.48
2,740	NH Investment & Securities	18,521	0.47
54	POSCO	15,265	0.39
89	Samsung C&T	7,397	0.19
502	Samsung Card	11,722	0.30
2,504	Samsung Electronics	123,099	3.15
96	Samsung Fire & Marine Insurance	15,191	0.39
223	Samsung SDS	19,870	0.51
758	Samsung Securities	18,457	0.47
680	Shinhan Financial	18,465	0.47
99	SK	13,118	0.34
651	SK Hynix	44,305	1.13
277	SK Telecom	10,277	0.26
<b>Total Republic of South Korea</b>		<b>582,454</b>	<b>14.90</b>
<b>Russian Federation: 0.00% (2022: 0.00%)</b>			
450	Gazprom	—	—
648	Lukoil	—	—
248	Rosneft Oil	—	—
19,280	Sberbank of Russia	—	—
159	Severstal	—	—

FLEXSHARES ICAV  
FLEXSHARES® EMERGING MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 97.65% (2022: 96.82%) (continued)</b>			
<b>Russian Federation: 0.00% (2022: 0.00%) (continued)</b>			
239	Tatneft	–	–
<b>Total Russian Federation</b>		<b>–</b>	<b>–</b>
<b>South Africa: 3.79% (2022: 4.72%)</b>			
257	Anglo American Platinum	13,819	0.35
22	Capitec Bank	2,093	0.05
1,552	FirstRand	5,282	0.14
85	Impala Platinum	785	0.02
644	Kumba Iron Ore	16,322	0.42
809	Mr Price	6,575	0.17
231	Naspers	42,873	1.10
3,231	Standard Bank	31,469	0.80
1,806	Vodacom	12,422	0.32
4,526	Woolworths	16,308	0.42
<b>Total South Africa</b>		<b>147,948</b>	<b>3.79</b>
<b>Taiwan: 18.28% (2022: 18.41%)</b>			
26,000	Acer	24,038	0.62
3,000	Asustek Computer	26,850	0.69
4,000	AUO	2,417	0.06
50	Chailease	367	0.01
3,000	China Steel	3,045	0.08
7,000	CTBC Financial	5,023	0.13
21,763	E.Sun Financial	18,084	0.46
2,040	First Financial	1,772	0.05
2,000	Formosa Plastics	6,030	0.15
12,650	Fubon Financial	23,474	0.60
1,034	Hua Nan Financial	759	0.02
56,000	Innolux	26,669	0.68
2,000	MediaTek	51,696	1.32
3,100	Mega Financial	3,360	0.09
5,000	Micro-Star International	23,647	0.60
17,000	Nan Ya Plastics	43,271	1.11
11,000	Nanya Technology	24,025	0.61
2,000	Novatek Microelectronics	28,344	0.73
1,060	Taiwan Cooperative Financial	909	0.02
8,000	Taiwan Mobile	26,537	0.68
17,000	Taiwan Semiconductor Manufacturing	297,594	7.61
1,000	Uni-President Enterprises	2,361	0.06
33,000	United Microelectronics	57,335	1.47
22,810	Yuanta Financial	16,744	0.43
<b>Total Taiwan</b>		<b>714,351</b>	<b>18.28</b>
<b>Thailand: 3.84% (2022: 3.51%)</b>			
3,900	Advanced Info Service ADR	24,179	0.62
2,800	Bangkok Dusit Medical Services ADR	2,415	0.06

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets		
<b>Equities: 97.65% (2022: 96.82%) (continued)</b>					
<b>Thailand: 3.84% (2022: 3.51%) (continued)</b>					
7,500	Central Pattana ADR	15,079	0.39		
900	Delta Electronics Thailand ADR	30,057	0.77		
1,400	Energy Absolute ADR	3,112	0.08		
45,600	Home Product Center ADR	19,203	0.49		
10,600	Indorama Ventures ADR	10,694	0.27		
20,500	PTT	18,884	0.48		
3,200	PTT Exploration & Production ADR	14,084	0.36		
9,300	PTT Global Chemical ADR	12,443	0.32		
<b>Total Thailand</b>		<b>150,150</b>	<b>3.84</b>		
<b>Turkey: 0.15% (2022: 0.54%)</b>					
11,564	Yapi ve Kredi Bankasi	5,765	0.15		
<b>Total Turkey</b>		<b>5,765</b>	<b>0.15</b>		
<b>Total Equities</b>		<b>3,816,710</b>	<b>97.65</b>		
<b>Total Financial assets at fair value through profit or loss</b>		<b>3,816,710</b>	<b>97.65</b>		
<b>Financial Derivative Instruments Dealt on a Regulated Market</b>					
<b>Unrealised Gain on Futures Contracts: 0.04% (2022: 0.06%)</b>					
Counterparty	Description	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets
Merrill Lynch	Mini MSCI Emerging Market Index Futures June 2023	USD	1	1,720	0.04
<b>Total Unrealised Gains on Futures Contracts</b>				<b>1,720</b>	<b>0.04</b>
<b>Total Financial Derivative Instruments Dealt on a Regulated Market</b>				<b>1,720</b>	<b>0.04</b>
<b>Total Value of Investments</b>		<b>3,818,430</b>	<b>97.69</b>		
Cash and Cash Equivalents		97,518	2.49		
Margin Cash		9,322	0.24		
Other Net Liabilities		(16,712)	(0.42)		
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>		<b>3,908,558</b>	<b>100.00</b>		

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

<b>Portfolio Classification</b>	<b>% of Total Assets</b>
Transferable securities admitted to an official stock exchange listing	95.09
Financial derivative instruments dealt on a regulated market	0.04
Other current assets	4.87
	<u><u>100.00</u></u>

FLEXSHARES ICAV  
FLEXSHARES® LISTED PRIVATE EQUITY UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>Investments in Transferable Securities admitted to an official stock exchange listing</b>		
	<b>Equities: 98.51% (2022: 98.43%)</b>		
	<b>Belgium: 3.27% (2022: 3.10%)</b>		
7,449	Ackermans & van Haaren	1,230,131	0.88
4,598	Gimv	222,300	0.16
36,295	Groupe Bruxelles Lambert	3,095,467	2.23
	<b>Total Belgium</b>	<b>4,547,898</b>	<b>3.27</b>
	<b>Bermuda: 0.00% (2022: 0.59%)</b>		
	<b>Canada: 4.35% (2022: 11.96%)</b>		
10,644	Alaris Equity Partners Income	131,816	0.09
97,786	Brookfield Asset Management	3,198,719	2.30
58,409	Onex	2,726,775	1.96
	<b>Total Canada</b>	<b>6,057,310</b>	<b>4.35</b>
	<b>Cayman Islands: 0.41% (2022: 0.00%)</b>		
38,606	Patria Investments	571,369	0.41
	<b>Total Cayman Islands</b>	<b>571,369</b>	<b>0.41</b>
	<b>Finland: 0.12% (2022: 0.11%)</b>		
55,804	CapMan	169,153	0.12
	<b>Total Finland</b>	<b>169,153</b>	<b>0.12</b>
	<b>France: 3.64% (2022: 4.04%)</b>		
14,949	Antin Infrastructure Partners	271,068	0.20
42,492	Eurazeo	3,023,836	2.17
16,690	Wendel	1,765,233	1.27
	<b>Total France</b>	<b>5,060,137</b>	<b>3.64</b>
	<b>Georgia: 0.00% (2022: 0.20%)</b>		
	<b>Germany: 0.08% (2022: 0.64%)</b>		
7,102	Aurelius Equity Opportunities	114,582	0.08
	<b>Total Germany</b>	<b>114,582</b>	<b>0.08</b>
	<b>Guernsey: 1.56% (2022: 2.90%)</b>		
161,936	Apax Global Alpha	310,350	0.23
134,466	Chrysalis Investments	97,595	0.07

FLEXSHARES ICAV  
FLEXSHARES® LISTED PRIVATE EQUITY UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Equities: 98.51% (2022: 98.43%) (continued)</b>			
<b>Guernsey: 1.56% (2022: 2.90%) (continued)</b>			
42,337	HarbourVest Global Private Equity	1,073,126	0.77
17,726	NB Private Equity Partners	307,938	0.22
37,025	Princess Private Equity	374,100	0.27
<b>Total Guernsey</b>		<b>2,163,109</b>	<b>1.56</b>
<b>Japan: 0.42% (2022: 0.00%)</b>			
41,500	JAFCO	590,273	0.42
<b>Total Japan</b>		<b>590,273</b>	<b>0.42</b>
<b>People's Republic of China: 9.49% (2022: 6.66%)</b>			
168,962	Prosus	13,205,937	9.49
<b>Total People's Republic of China</b>		<b>13,205,937</b>	<b>9.49</b>
<b>Sweden: 6.88% (2022: 6.17%)</b>			
17,589	Bure Equity	418,965	0.30
400,730	EQT	8,138,611	5.85
56,392	Kinnevik	840,207	0.60
45,056	Ratos	137,390	0.10
21,577	VNV Global	42,240	0.03
<b>Total Sweden</b>		<b>9,577,413</b>	<b>6.88</b>
<b>Switzerland: 8.76% (2022: 8.67%)</b>			
1,353	HBM Healthcare Investments	316,942	0.23
12,667	Partners	11,880,122	8.53
<b>Total Switzerland</b>		<b>12,197,064</b>	<b>8.76</b>
<b>United Kingdom: 10.60% (2022: 9.17%)</b>			
446,218	3i	9,296,588	6.68
32,052	abrdn Private Equity Opportunities Trust	163,278	0.12
241,537	Bridgepoint Group	659,416	0.47
189,644	HG Capital Trust	804,285	0.58
24,366	ICG Enterprise Trust	299,164	0.21
133,971	Intermediate Capital Group	2,015,942	1.45
462,061	IP Group	316,223	0.23
33,284	Molten Ventures	112,597	0.08
76,039	Oakley Capital Investments	426,373	0.31
125,726	Pantheon International Fund	362,985	0.26
159,142	Syncona	291,615	0.21
<b>Total United Kingdom</b>		<b>14,748,466</b>	<b>10.60</b>

**FLEXSHARES ICAV**  
**FLEXSHARES® LISTED PRIVATE EQUITY UCITS ETF**

**APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)**

As at 31 March 2023

<b>Holdings</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
<b>Equities: 98.51% (2022: 98.43%) (continued)</b>			
<b>United States: 48.67% (2022: 44.22%)</b>			
184,106	Apollo Global Management	11,628,135	8.35
485,133	Ares Capital	8,865,806	6.37
41,139	Ares Management	3,432,638	2.47
15,446	Bain Capital Specialty Finance	184,116	0.13
26,007	Barings	206,496	0.15
17,059	BlackRock Capital Investment	58,853	0.04
13,887	BlackRock TCP Capital	143,036	0.10
140,639	Blackstone	12,353,730	8.88
18,509	Cannae	373,512	0.27
5,460	Capital Southwest	97,079	0.07
172,803	Carlyle Group	5,367,261	3.86
12,389	Carlyle Secured Lending	168,738	0.12
13,029	CION Investment	128,596	0.09
17,150	Compass Diversified	327,222	0.23
7,260	Crescent Capital	98,881	0.07
5,745	Fidus Investment	109,557	0.08
67,130	FS KKR Capital	1,241,905	0.89
7,870	Gladstone Capital	73,978	0.05
7,600	Gladstone Investment	100,700	0.07
24,395	Goldman Sachs	332,992	0.24
39,261	Golub Capital	532,379	0.38
8,247	Hamilton Lane	610,113	0.44
31,191	Hercules Capital	402,052	0.29
6,205	Horizon Technology Finance	69,992	0.05
230,021	KKR	12,080,703	8.68
18,326	Main Street Capital	723,144	0.52
14,542	MidCap Financial Management	165,779	0.12
5,010	Monroe Capital	38,326	0.03
23,957	New Mountain Finance	291,557	0.21
40,033	Oaktree Specialty Lending	751,419	0.54
93,425	Owl Rock Capital	1,178,089	0.85
11,511	Oxford Square Capital	36,375	0.03
29,191	P10	295,121	0.21
10,464	PennantPark Floating Rate Capital	111,023	0.08
14,881	PennantPark Investment	78,572	0.06
2,259	Portman Ridge Finance	46,558	0.03
202,563	Prospect Capital	1,409,838	1.01
9,525	Runway Growth Finance	115,538	0.08
2,122	Saratoga Investment	53,644	0.04
19,288	Sixth Street Specialty Lending	352,970	0.25
13,099	SLR Investment	197,009	0.14
4,810	Stellus Capital Investment	67,773	0.05
11,391	StepStone	276,460	0.20
67,354	TPG	1,975,493	1.42
33,372	Trinity Capital	424,826	0.31
7,957	TriplePoint Venture Growth	96,121	0.07
5,463	WhiteHorse Finance	68,397	0.05
<b>Total United States</b>		<b>67,742,502</b>	<b>48.67</b>

FLEXSHARES ICAV  
FLEXSHARES® LISTED PRIVATE EQUITY UCITS ETF

APPENDIX I - PORTFOLIO STATEMENTS (UNAUDITED) (continued)

As at 31 March 2023

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets		
<b>Equities: 98.51% (2022: 98.43%) (continued)</b>					
<b>Vietnam: 0.26% (2022: 0.00%)</b>					
67,142	VinaCapital Vietnam Opportunity Fund	358,637	0.26		
<b>Total Vietnam</b>		<b>358,637</b>	<b>0.26</b>		
<b>Total Equities</b>		<b>137,103,850</b>	<b>98.51</b>		
<b>Total Financial assets at fair value through profit or loss</b>		<b>137,103,850</b>	<b>98.51</b>		
<b>Financial Derivative Instruments Dealt on a Regulated Market</b>					
<b>Unrealised Gains on Futures Contracts: 0.06% (2022: 0.07%)</b>					
Counterparty	Description	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets
Merrill Lynch	CME E-Mini Standard & Poor's 500 Index Futures June 2023	USD	4	47,880	0.03
Merrill Lynch	Eurex Euro Stoxx Index 50 Futures June 2023	EUR	30	42,191	0.03
<b>Total Unrealised Gains on Futures Contracts</b>				<b>90,071</b>	<b>0.06</b>
<b>Total Financial Derivative Instruments Dealt on a Regulated Market</b>				<b>90,071</b>	<b>0.06</b>
<b>Total Value of Investments</b>		<b>137,193,921</b>	<b>98.57</b>		
Cash and Cash Equivalents		1,601,719	1.15		
Margin Cash		299,318	0.22		
Other Net Assets		86,582	0.06		
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>		<b>139,181,540</b>	<b>100.00</b>		
<b>Portfolio Classification</b>				<b>% of Total Assets</b>	
Transferable securities admitted to an official stock exchange listing				98.38	
Financial derivative instruments dealt on a regulated market				0.06	
Other current assets				1.56	
				<b>100.00</b>	



**FLEXSHARES ICAV**  
**FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Acquisitions Nominal</b>	<b>Cost US\$</b>
Alphabet	901	92,744
Merck	885	84,046
Novartis	973	80,739
Accenture	286	77,653
UnitedHealth	123	62,474
CVS Health	639	61,998
AIA	5,600	60,557
Inditex	2,235	58,954
Berkshire Hathaway	188	58,095
Valero Energy	417	51,962
AmerisourceBergen	292	47,214
MetLife	669	46,433
Dell Technologies	1,009	46,100
TJX Cos	576	45,821
Kao	1,100	44,299
Robert Half	392	43,823
Sekisui House	2,500	43,706
Secom	600	41,622
Canadian National Railway	335	41,268
J Front Retailing	4,500	41,263
Visa	185	41,253

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year. If there were fewer than 20 purchases that exceed 1 per cent during the year, the largest 20 purchases are disclosed.

**FLEXSHARES ICAV**  
**FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED) (continued)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Disposals Nominal</b>	<b>Proceeds US\$</b>
Microsoft	310	75,424
Procter & Gamble	502	73,839
AbbVie	477	72,591
Adobe Systems	196	60,045
United Parcel Service	321	59,210
Mitsubishi UFJ Financial	9,400	57,719
Accenture	203	56,932
Gilead Sciences	720	48,733
Verisk Analytics	227	47,804
Vertex Pharmaceuticals	164	46,925
Costco Wholesale	96	46,038
Allianz	217	45,329
L'Oreal	121	44,616
Abbott Laboratories	369	44,143
Singapore Press	25,000	43,159
Givaudan	13	42,489
Sumitomo Mitsui Financial Group	1,000	42,066
Thomson Reuters	390	40,874
Kagome	1,600	40,590
Hang Seng Bank	2,400	40,194
Mitsubishi Electric	3,900	40,174

The above represents aggregate disposals of a security exceeding 1 per cent of the total value of sales for the year. If there were fewer than 20 disposals that exceed 1 per cent during the year, the largest 20 disposals are disclosed.

**FLEXSHARES ICAV  
FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Acquisitions Nominal</b>	<b>Cost US\$</b>
Apple	1,579	232,084
Merck	2,458	216,091
AbbVie	1,287	195,607
Inditex	7,100	189,952
Texas Instruments	1,088	187,385
Lowe's Cos	918	187,246
Accenture	683	185,835
Boston Properties REIT	1,929	185,357
Home Depot	609	179,904
Abbott Laboratories	1,744	168,175
Prologis REIT	1,413	167,844
QUALCOMM	1,201	160,356
Waste Management	952	148,950
Verizon Communications	3,363	147,399
Microsoft	582	147,384
Pioneer Natural Resources	535	139,062
Host Hotels & Resorts	6,616	131,741
Barratt Developments	25,694	130,639
TJX Cos	2,131	129,226
Marathon Petroleum	1,459	127,104

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year. If there were fewer than 20 purchases that exceed 1 per cent during the year, the largest 20 purchases are disclosed.

**FLEXSHARES ICAV**  
**FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED) (continued)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Disposals Nominal</b>	<b>Proceeds US\$</b>
Visa	1,039	220,124
AbbVie	1,365	211,467
NVIDIA	1,174	209,413
Amgen	802	205,146
Coca-Cola	3,192	201,593
Whirlpool	1,280	198,427
QUALCOMM	1,323	190,207
Oracle	2,315	188,895
McDonald's	731	182,866
Bank of America	4,758	166,520
SAP	1,589	164,752
Bath & Body Works	3,824	157,014
Lowe's Cos	796	156,851
Texas Instruments	889	154,063
UnitedHealth	292	153,519
Marathon Petroleum	1,459	152,104
TJX Cos	1,927	149,052
American Express	1,014	148,850
La Francaise des Jeux	3,293	141,646
Nike	1,595	141,138
Principal Financial	1,686	138,564
Swedbank	7,232	132,644
Kinder Morgan	6,965	127,732
Rio Tinto Limited	1,444	127,057
Hartford Financial Services	1,803	126,336
Orsted	1,095	125,315

The above represents aggregate disposals of a security exceeding 1 per cent of the total value of sales for the year. If there were fewer than 20 disposals that exceed 1 per cent during the year, the largest 20 disposals are disclosed.

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Acquisitions Nominal</b>	<b>Cost US\$</b>
Taiwan Semiconductor Manufacturing	5,000	69,224
Tencent	1,400	60,479
SK Hynix	635	55,329
Bajaj Finance	731	54,872
Marico	7,816	51,216
Hon Hai Precision Industry	14,000	48,834
Naspers	444	47,605
Nan Ya Plastics	18,000	47,230
ICICI Bank	3,967	43,490
Kia Motors	667	41,778
Pinduoduo ADR	664	39,629
Centrais Eletricas Brasileiras	4,200	39,357
HDFC Bank	2,132	37,174
Li Ning	5,500	34,495
Yapi ve Kredi Bankasi	106,850	33,129
Standard Bank	3,272	32,584
Astra International	73,100	32,242
Longfor Properties	6,500	29,160
MOL Hungarian Oil & Gas	3,336	26,781
Delta Electronics Thailand ADR	1,000	26,224

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year. If there were fewer than 20 purchases that exceed 1 per cent during the year, the largest 20 purchases are disclosed.

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED) (continued)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Disposals Nominal</b>	<b>Proceeds US\$</b>
Tencent	4,400	130,271
Bank of China	178,000	67,376
Naver	167	40,304
Mega Financial	33,000	38,559
Taiwan Semiconductor Manufacturing	2,000	38,001
Enel Americas	347,146	37,950
CCR	12,896	36,213
HDFC Bank	2,047	35,022
Naspers	222	34,441
Baidu	329	34,115
Wharf	9,000	31,973
Yapi ve Kredi Bankasi	61,919	31,565
Bangkok Dusit Medical Services ADR	35,300	30,621
Grupo Aeroportuario del Sureste	1,205	29,872
MediaTek	1,000	29,080
Amorepacific	825	27,284
Enel Chile	753,116	27,000
Commercial International Bank Egypt	17,506	26,357
Hero MotoCorp	817	26,093
Nestle India	109	25,751

The above represents aggregate disposals of a security exceeding 1 per cent of the total value of sales for the year. If there were fewer than 20 disposals that exceed 1 per cent during the year, the largest 20 disposals are disclosed.

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Acquisitions Nominal</b>	<b>Cost US\$</b>
Marico	7,349	48,312
Nan Ya Plastics	19,000	47,343
MediaTek	2,000	46,839
Evergreen Marine Taiwan	13,000	38,777
HDFC Bank	2,123	37,022
Bank Rakyat Indonesia Persero	106,700	35,348
Bharti Airtel	3,572	34,497
Taiwan Semiconductor Manufacturing	2,000	34,321
Novatek Microelectronics	4,000	34,082
Ambev	12,900	33,730
SK Hynix	354	30,773
Agricultural Bank of China	90,000	30,590
Longfor Properties	6,500	29,160
Li Ning	4,000	28,882
Nanya Technology	13,000	28,420
Anta Sports Products	2,400	28,321
LG Chem	72	28,260
Kia Motors	436	28,196
JBS	3,500	28,028
ICICI Bank	2,499	27,193

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year. If there were fewer than 20 purchases that exceed 1 per cent during the year, the largest 20 purchases are disclosed.

**FLEXSHARES ICAV**  
**FLEXSHARES® EMERGING MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED) (continued)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Disposals Nominal</b>	<b>Proceeds US\$</b>
Tencent	4,600	137,566
Samsung Electronics	1,376	57,023
Asian Paints	1,504	53,068
Grupo Financiero Banorte	6,500	48,718
BYD	1,500	47,884
China Resources Land	10,000	46,485
Bajaj Finance	555	45,416
Mega Financial	32,000	44,491
Li Ning	4,500	38,574
HDFC Bank	2,192	37,268
Cencosud	21,973	36,945
CCR	12,664	35,562
Astra International	72,300	35,421
Agricultural Bank of China	90,000	33,875
Impala Platinum	2,744	33,226
POSCO	128	31,631
Taiwan Semiconductor Manufacturing	2,000	31,052
Evergreen Marine Taiwan	6,000	30,875
Indus Towers	12,694	30,156
Hero MotoCorp	864	29,376

The above represents aggregate disposals of a security exceeding 1 per cent of the total value of sales for the year. If there were fewer than 20 disposals that exceed 1 per cent during the year, the largest 20 disposals are disclosed.



**FLEXSHARES ICAV**  
**FLEXSHARES® LISTED PRIVATE EQUITY UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Acquisitions Nominal</b>	<b>Cost US\$</b>
EQT	234,241	5,209,930
Blackstone	51,003	4,871,699
Partners	4,365	4,266,298
Ares Capital	198,761	3,913,973
Apollo Global Management	69,539	3,823,865
Carlyle Group	115,986	3,654,353
KKR	59,241	3,034,846
3i	199,020	2,928,830
Brookfield Asset Management	58,334	2,877,165
Prosus	48,457	2,611,741
Groupe Bruxelles Lambert	29,313	2,420,207
Intermediate Capital Group	115,996	1,681,365
Prospect Capital	189,262	1,409,849
Brookfield Asset Management	38,654	1,187,805
Ares Management	14,645	1,078,563
Onex	16,336	896,874
TPG	30,029	876,602
Eurazeo	11,368	859,001
JAFCO	51,900	804,067
Kinnevik	56,392	742,279

The above represents aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the year. If there were fewer than 20 purchases that exceed 1 per cent during the year, the largest 20 purchases are disclosed.

**FLEXSHARES ICAV**  
**FLEXSHARES® LISTED PRIVATE EQUITY UCITS ETF**

**APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED) (continued)**

*For the year ended 31 March 2023*

<b>Asset Name</b>	<b>Disposals Nominal</b>	<b>Proceeds US\$</b>
Brookfield	245,890	7,037,321
Apollo Global Management	92,742	4,984,755
Prosus	61,207	3,687,716
Brookfield Asset Management	68,587	2,967,182
KKR	54,161	2,529,774
Groupe Bruxelles Lambert	23,038	1,712,360
3i	115,926	1,696,027
Blackstone	17,768	1,507,832
Partners	1,638	1,356,154
Ares Capital	70,795	1,263,355
HarbourVest Global Private Equity	46,175	1,101,634
Alliance Trust	91,708	1,043,221
Wendel	11,744	1,025,174
Prospect Capital	148,043	1,000,947
HG Capital Trust	200,141	835,862
EQT	40,896	747,748
Eurazeo	11,523	670,670
Oakley Capital Investments	118,879	542,192
Bridgepoint Group	209,563	537,541
TPG	17,056	472,884

The above represents aggregate disposals of a security exceeding 1 per cent of the total value of sales for the year. If there were fewer than 20 disposals that exceed 1 per cent during the year, the largest 20 disposals are disclosed.

## **FLEXSHARES ICAV**

### **ADDITIONAL INFORMATION FOR SWITZERLAND (UNAUDITED)**

*For the year ended 31 March 2023*

The ICAV, is compliant with Swiss law for distribution to qualified investors in Switzerland. The Swiss representative is Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva. The Swiss paying agent is Banque Cantonale de Geneve, 17, quai de l'Ile, 1204 Geneve, Switzerland. Investors in Switzerland can obtain the documents of the ICAV, such as the Prospectus, the Memorandum and Articles of Association, the Key Investor Information Documents (KIIDs), respectively the key information document, and the financial reports free of charge from the Swiss representative. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser or the Swiss representative.

Only FlexShares Listed Private Equity UCITS ETF of Flexshares ICAV are compliant with Swiss law for distribution to qualified investors.

Each time performance data is published, it should be noted that the past performance is no indication of current or future performance, and that it does not take account the commissions and costs incurred on the issue and redemption of shares.

*For the year ended 31 March 2023*

The additional disclosure requirements under SFDR Level 2 for all annual reports published after 1 January 2023 are contained in Appendix III of this report. These disclosures were prepared using data and the analysis of such information provided by third party data providers which was available as at the date of which the disclosures were produced. Similarly, the activities reported in the disclosures may be an output of proprietary analysis, which in turn may utilise data published by underlying investee companies. The availability of such data and analysis is evolving. The presentation of information in the disclosures may also change with regulatory developments and it is in this context the information should be read and understood. The Board of the Management Company on behalf of the ICAV continues to actively monitor the evolution of data provision and regulation in this regard.

**Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852**

**Product name:**  
**FlexShares Developed Markets Low Volatility**  
**Climate ESG UCITS ETF**

**Legal entity identifier:**  
**635400JV3CQYUCSWZD21**

**Environmental and/or social characteristics**

Does this financial product have a sustainable investment objective ?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> __%	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 37% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> __%	<input type="checkbox"/> with a social objective
	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

Unless otherwise stated, all data provided in the Annex IV, refers to the reference period ending 31 March 2023.

The Product met the following environmental and social (“E/S”) characteristics using the sustainability indicators to:

- Exclude issuers using revenue thresholds across a range of sectors and/or specific business activities that the investment manager deemed to have adverse impact on the environment and/or society based on the screening methodology (“NT Custom ESG screening criteria”);
- Exclude issuers that did not adhere to international norms such as UN Global Compact (“UNGC”) principles and Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises;
- Promote good governance through the exclusion of issuers with ‘very severe’ controversies;
- Improve ESG profile of the Product, through the NT ESG Vector Score™;

Over the period, through tracking the iSTOXX Northern Trust Developed Markets Low Volatility Climate ESG Index, the Product achieved a significant reduction of the operational carbon intensity (weighted average carbon intensity based on tons of CO2e/\$M sales) and carbon risk improvement relative to the parent Index; the STOXX Global 1800 Index.

The sustainability indicators are disclosed in detail in the Product’s supplement as part of Annex II which can be found [here](#).

**Sustainability Indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### **How did the sustainability indicators perform?**

The sustainability indicators, performed as expected during the reference period:

Sector and business activity based exclusions: 98.51%

Compliance with UNGC and international norms: 98.51%

Carbon intensity and potential carbon emissions below broad Index: Yes

ESG Profile higher than broad index: Yes

Issuers found not to meet the various exclusion focus criteria and thresholds disclosed were removed from the index.

The exclusion criteria was across the following high-level themes: global norms, controversies, tobacco, weapons, thermal coal, unconventional oil and gas, for profit prisons and human rights coupled, in some cases, with various revenue thresholds across focused activities such as production, distribution, supply or retail.

### **... and compared to previous periods?**

This is not applicable as this is the first reference period.

### **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Product made a commitment to invest a minimum of 10% in sustainable investments in companies that positively contributed towards environmental objectives without causing significant harm. 37.35% of the Product was held in sustainable investments across the below environmental objectives;

- activities focused on climate change mitigation;
- energy efficiency;
- pollution prevention and waste minimisation;
- sustainable management of water; and
- forestry and land resources.

The investment manager's definition of positive contribution includes minimum percentage revenues, "green revenues" deriving from activities linked with these objectives alongside companies assessed to have credible carbon reduction targets such as those created by Science Based Targets Initiative ("SBTI").

Although the product did not commit to making Taxonomy-aligned investments, investments may also align with the EU Taxonomy contributing towards one or more of the following objectives:

- climate change adaptation; and/or
- climate change mitigation.

### **How were the indicators for adverse impacts on sustainability factors taken into account?**

The adverse indicators were taken into account by the investment manager as follows:

- To help form an assessment of significant harm using the mandatory Principal Adverse Impacts ("PAI") indicators in Annex 1, Table 1 of the SFDR Regulatory Technical Standards ("SFDR RTS"). Companies found to cause significant harm, per the investment manager's definition, were not deemed to be a sustainable investment; and
- Depending on the indicator in question, companies found to indicate a presence of principal adverse impact were assessed and either excluded from investment or monitored through voting and stewardship activity.

**Principal adverse impacts** are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Product applied the NT Custom ESG screening criteria methodology to the corporate holdings to identify and exclude companies from that did not adhere to international norms such as:

- OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation ("ILO") on Fundamental Principles and Rights at Work; and
- the International Bill of Human Rights.

Hence, during the reporting period, the Product did not actively invest in any company that violated any of the above international norms. Nor did the Product actively invest in any companies with controversies assessed as "very severe" per the data provider's methodology.

However, from time to time, the Product may have held securities which no longer met the screening criteria owing to a change in the company's ESG profile or a corporate action. Where this was the case, such securities were identified and divested of as soon as reasonably practicable, based on the most efficient trading strategy and with careful consideration given to the impact to portfolio turnover and transaction costs.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## How did this financial product consider principal adverse impacts on sustainability factors?

The Product considered principal adverse impacts (PAIs) on sustainability factors through the NT Custom ESG screening methodology. Specifically, the Product considered the following principal adverse impact indicators below as part of the investment strategy from Table 1 Annex 1:

PAI 1: Green House Gas (“GHG”) emissions (Scope 1 and Scope 2)

PAI 2: Carbon footprint

PAI 3: GHG intensity

PAI 10: Violations of UNGC principles and OECD Guidelines for Multinational Enterprises; and

PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

The Product’s Screening criteria also excluded issuers that did comply across a range of sectors and/or specific activities and across range of revenue thresholds as disclosed in detail in the Product’s supplement as part of Annex II.

As an indexation approach, this can lead to the Product holding securities which do not meet the screening criteria but which are included in the Index constituents as a result of corporate actions and other such activities. Any such securities are sold as soon as reasonably practicable. Any securities which underlying screening criteria changes in the period between rebalances to make it no longer eligible will be removed at the next index rebalance for the portfolio.

Lastly, adverse impacts form part of the investment manager’s focused engagement and voting activity enabling the investment manager to identify where best to utilise resources for maximum social and/or environmental impact. For more information on this in relation to the Product please refer [here](#) to access the quarterly and annual engagement reports.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2022-04-01 / 2023-03-31

Largest investments	Sector	% net assets	Country
APPLE INC COM	TECHNOLOGY	4.39%	US
MICROSOFT CORP COM	TECHNOLOGY	3.79%	US
ALPHABET INC	COMMUNICATIONS	2.84%	US
JOHNSON & JOHNSON COM USD	CONSUMER NON-CYCLICAL	2.06%	US
MASTERCARD INC	CONSUMER NON-CYCLICAL	1.99%	US
MCDONALDS CORP COM	CONSUMER CYCLICAL	1.91%	US
MERCK & CO INC NEW COM	CONSUMER NON-CYCLICAL	1.91%	US
NOVARTIS AG CHF0.50 (REGD)	CONSUMER NON-CYCLICAL	1.88%	CH
UNITEDHEALTH GROUP INC CO	CONSUMER NON-CYCLICAL	1.29%	US
ROYAL BK CDA MONTREAL QUE	FINANCIAL	1.25%	CA
VISA INC COM CL A	CONSUMER NON-CYCLICAL	1.25%	US
AIA GROUP LIMITED NPV	FINANCIAL	1.18%	HK
UNION PAC CORP COM	INDUSTRIAL	1.16%	US
PEPSICO INC COM	CONSUMER NON-CYCLICAL	1.11%	US
INTERNATIONAL BUSINESS MA	TECHNOLOGY	1.10%	US

Note: If cash and/or derivatives are within the top 15 investments during the reference period, they are not presented in the table above and have been replaced by a holding that promotes E/S characteristics as we believe that excluding investments that are not used to promote E/S characteristics leads to greater transparency.





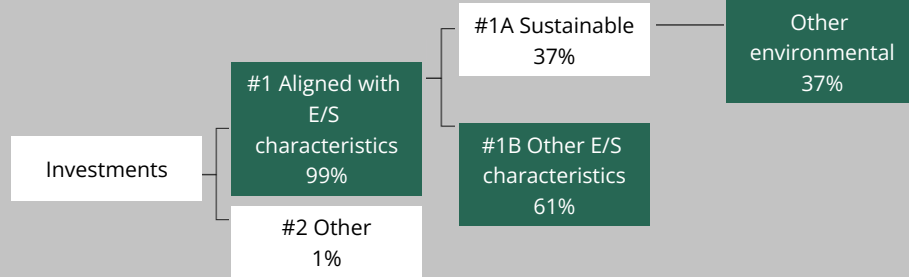
## What was the proportion of sustainability-related investments?

### What was the asset allocation?

The Product was 98.51% invested in issuers that promote environmental and/or social characteristics.

37.35% of investments held in the period was determined to be in sustainable investments, none of which were taxonomy-aligned.

The remaining proportion of the Product held in cash was used for ancillary liquidity. Cash does not form part of the Product's environmental and social characteristics and are also not subject to any minimum safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

### In which economic sectors were the investments made?

The Product had investments across the following sectors and sub-sectors of the economy as detailed in the chart below:

Sector	Sub Sector	% of NAV as at 31/03/2023
BASIC MATERIALS	CHEMICALS	1.34%
	FOREST PRODUCTS&PAPER	0.52%
	MINING	0.42%
CALL DEPOSITS	CALL DEPOSITS	0.00%
CASH	CASH	0.17%
COMMUNICATIONS	TELECOMMUNICATIONS	3.94%
	INTERNET	3.60%
	MEDIA	0.90%
CONSUMER CYCLICAL	RETAIL	9.77%
	AUTO MANUFACTURERS	0.71%
	ENTERTAINMENT	0.34%

CONSUMER CYCLICAL	HOME BUILDERS	0.31%
	LODGING	0.23%
	APPAREL	0.23%
	TOYS/GAMES/HOBBIES	0.21%
CONSUMER NON-CYCLICAL	PHARMACEUTICALS	8.97%
	COMMERCIAL SERVICES	5.97%
	BEVERAGES	2.30%
	HEALTHCARE-SERVICES	2.25%
	COSMETICS/PERSONAL CARE	2.09%
	BIOTECHNOLOGY	1.69%
	HEALTHCARE-PRODUCTS	1.57%
	FOOD	1.50%
	HOUSEHOLD PRODUCTS/WARES	0.85%
ENERGY	OIL&GAS	2.46%
	ENERGY-ALTERNATE SOURCES	0.54%
	PIPELINES	0.28%
EXPENSE	EXPENSE	0.00%
FINANCIAL	BANKS	6.79%
	INSURANCE	6.71%
	REITS	1.31%
	DIVERSIFIED FINAN SERV	0.31%
	REAL ESTATE	0.24%
FOREIGN CURRENCIES	FOREIGN CURRENCIES	2.43%
INDUSTRIAL	TRANSPORTATION	4.25%
	ENGINEERING&CONSTRUCTION	1.86%
	ENVIRONMENTAL CONTROL	1.20%
	MACHINERY-DIVERSIFIED	1.08%
	MACHINERY-CONSTR&MINING	0.52%
	MISCELLANEOUS MANUFACTUR	0.11%
TECHNOLOGY	COMPUTERS	9.59%
	SOFTWARE	6.59%
	SEMICONDUCTORS	1.70%
	OFFICE/BUSINESS EQUIP	0.32%
UNIT	UNIT	0.00%
UTILITIES	ELECTRIC	1.89%
	GAS	0.79%

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational**



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Product made a 0% commitment to environmentally sustainable (taxonomy aligned) investments and reports 0% actual alignment as at year-end. The Product will seek to report actual taxonomy alignment when sufficient coverage and more mature and reliable data is widely available from the index provider.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

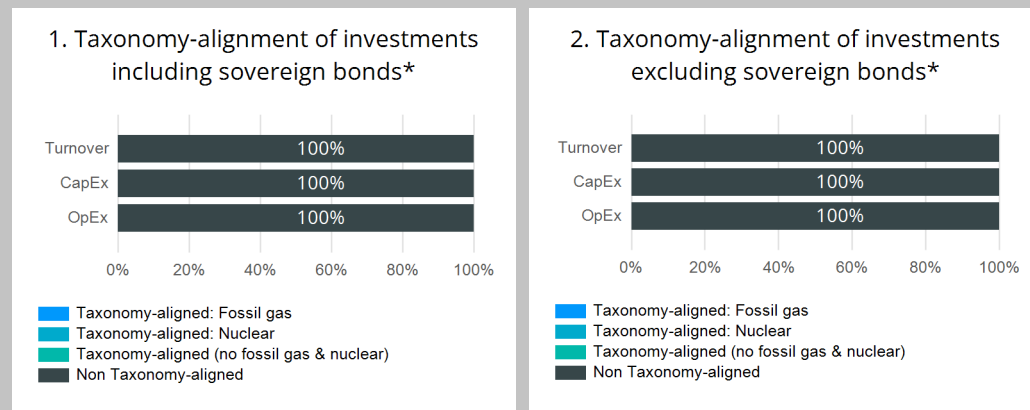
- Yes
- In fossil gas  In nuclear energy

**expenditure (OpEx)** reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

No

The two graphs below show in dark green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### **What was the share of investments made in transitional and enabling activities?**

The Product invested 0% of its assets in investments determined to substantially contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation. Therefore 0% of its assets were invested in enabling or transitional activities.

### **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

This is not applicable as this is the first reference period.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



### **What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

The Product was 37.35% invested in sustainable investments, none of which (0%) was aligned with the EU Taxonomy. Economic activities that are not aligned with the EU Taxonomy are not necessarily environmentally harmful or unsustainable. In addition, not all economic activities are covered by the EU Taxonomy as it is not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution to the environment.



### **What was the share of socially sustainable investments?**

The Product does not target socially sustainable investments hence there were 0% investments in socially sustainable investments.



### **What investments were included under "#2 Other", what was their purpose and were there any minimum environmental or social safeguards?**

Cash is the only investment types categorised as 'other'. Cash is retained for ancillary liquidity and hedging purposes and was not subject to any E/S characteristics or any minimum environmental or social safeguards.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Product is a passive investment strategy, using an indexation approach that aims to fully replicate the risk and return characteristics of the designated Custom Index, including the E/S characteristics, during the reference period.

The Product uses our preferred provider for ESG data and research and as part of the due diligence process, throughout the reference period, the investment manager will engage with the provider in relation to any data issues or updates. The exclusion methodology is coded into our investment systems pre and post trade (where applicable) to enable independent oversight so as to monitor compliance with environmental or social characteristics promoted by the Product on an ongoing basis. The holdings of the Product were also subject to the investment manager's hybrid engagement approach, which efficiently combines our own NT Engagement Policy, with Federated Hermes Equity Ownership Services ("EOS") and the efforts coming from significant industry initiatives.

This hybrid approach provided a broad coverage of companies where selected engagement involved the most material strategic, operational, legal, social, environmental, ethical or governance issues and provided an opportunity to engage with selective companies and to seek ways to improve their ESG performance. For details on full voting and engagement activity during the reference period, please refer to the Hermes EOS reports found [here](#).



## How did this financial product perform compared with the reference benchmark?

**Reference benchmarks** are indexes to measure whether financial products attain the environmental or social characteristics that they promote.

### **How does the reference benchmark differ from a broad market index?**

The Index differs from the broad market index due to the ESG negative screening; the NT Custom ESG Screening, the NT ESG Vector Score™ screening and the target reduction in carbon emissions applied to the Index.

The exclusion criteria is across the following high-level themes: global norms (UNGC and OECD violations), “very severe” controversies, tobacco, weapons, thermal coal, unconventional oil and gas, and human rights. Some exclusions are based on any tie, whilst others are based on defined revenue thresholds across activities such as production, distribution, supply or retail.

The Product’s sustainability indicators were disclosed in full as part of its in its Supplement as part of Annex II.

Further information on the impact of the exclusion criteria on the Parent Index, including the number of securities excluded from the Custom Index, when compared to the standard benchmark, can be found in the factsheet [here](#) under the ‘Basic Information’ tab. For more information on the methodology used for the reference Index can be found [here](#). Please search by benchmark name.

### **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental and social characteristics promoted?**

The Product is a passive investment strategy, using an indexation approach that aims to track the risk and return characteristics of the designated reference benchmark.

The Product’s ex-post tracking error, an indication of the index Product’s performance, was 0.23%. In practice, this means the Product was very closely aligned with the Custom Index it was tracking over the reference period and therefore closely aligned with the E/S characteristics promoted.

### **How did this financial product perform compared with the reference benchmark?**

The Product’s performance compared to the reference benchmark is detailed in the chart below:

	31/03/2023	31/03/2022
FlexShares Developed Markets Low Volatility Climate ESG UCITS ETF	-7.26 %	9.9 %
iSTOXX Northern Trust Developed Markets Low Volatility Climate ESG Index	-7.49%	9.71 %

### **How did this financial product perform compared with the broad market index?**

The Product’s performance compared to the broad market index is detailed in the chart below:

	31/03/2023	31/03/2022
FlexShares Developed Markets Low Volatility Climate ESG UCITS ETF	-7.26 %	9.9 %
STOXX Global 1800 Index	-6.93 %	8.88 %

**Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852**

**Product name:**  
**FlexShares Developed Markets High Dividend**  
**Climate ESG UCITS ETF**

**Legal entity identifier:**  
**635400VYBJNLKSSHNL06**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Environmental and/or social characteristics**

Does this financial product have a sustainable investment objective ?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: __%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made <b>sustainable investments with a social objective: __%</b>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 37% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>



**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

**Sustainability Indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Unless otherwise stated, all data provided in the Annex IV, refers to the reference period ending 31 March 2023.

The Product met the following environmental and social (“E/S”) characteristics using the sustainability indicators to:

- Exclude issuers using revenue thresholds across a range of sectors and/or specific business activities that the investment manager deemed to have adverse impact on the environment and/or society based on the screening methodology (“NT Custom ESG screening criteria”);
- Exclude issuers that did not adhere to international norms such as UN Global Compact (“UNGC”) principles and Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises;
- Promote good governance through the exclusion of issuers with ‘very severe’ controversies;
- Improve ESG profile of the Product, through the NT ESG Vector Score™;

Over the period, through tracking the iSTOXX Northern Trust Developed Markets High Dividend Climate ESG Index, the Product achieved a significant reduction of the operational carbon intensity (weighted average carbon intensity based on tons of CO2e/\$M sales) and carbon risk improvement relative to the parent Index; the STOXX Global 1800 Index.

The sustainability indicators are disclosed in detail in the Product’s supplement as part of Annex II which can be found [here](#).

### **How did the sustainability indicators perform?**

The sustainability indicators, performed as expected during the reference period:

Sector and business activity based exclusions: 99.61%

Compliance with UNGC and international norms: 99.61%

Carbon intensity and potential carbon emissions below broad Index: Yes

ESG Profile higher than broad index: Yes

Issuers found not to meet the various exclusion focus criteria and thresholds disclosed were removed from the index.

The exclusion criteria was across the following high-level themes: global norms, controversies, tobacco, weapons, thermal coal, unconventional oil and gas, for profit prisons and human rights coupled, in some cases, with various revenue thresholds across focused activities such as production, distribution, supply or retail.

### **... and compared to previous periods?**

This is not applicable as this is the first reference period.

### **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Product made a commitment to invest a minimum of 10% in sustainable investments in companies that positively contributed towards environmental objectives without causing significant harm. 36.59% of the Product was held in sustainable investments across the below environmental objectives;

- activities focused on climate change mitigation;
- energy efficiency;
- pollution prevention and waste minimisation;
- sustainable management of water; and
- forestry and land resources.

The investment manager's definition of positive contribution includes minimum percentage revenues, "green revenues" deriving from activities linked with these objectives alongside companies assessed to have credible carbon reduction targets such as those created by Science Based Targets Initiative ("SBTI").

Although the product did not commit to making Taxonomy-aligned investments, investments may also align with the EU Taxonomy contributing towards one or more of the following objectives:

- climate change adaptation; and/or
- climate change mitigation.

### **How were the indicators for adverse impacts on sustainability factors taken into account?**

The adverse indicators were taken into account by the investment manager as follows:

- To help form an assessment of significant harm using the mandatory Principal Adverse Impacts ("PAI") indicators in Annex 1, Table 1 of the SFDR Regulatory Technical Standards ("SFDR RTS"). Companies found to cause significant harm, per the investment manager's definition, were not deemed to be a sustainable investment; and
- Depending on the indicator in question, companies found to indicate a presence of principal adverse impact were assessed and either excluded from investment or monitored through voting and stewardship activity.

**Principal adverse impacts** are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Product applied the NT Custom ESG screening criteria methodology to the corporate holdings to identify and exclude companies from that did not adhere to international norms such as:

- OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation ("ILO") on Fundamental Principles and Rights at Work; and
- the International Bill of Human Rights.

Hence, during the reporting period, the Product did not actively invest in any company that violated any of the above international norms. Nor did the Product actively invest in any companies with controversies assessed as "very severe" per the data provider's methodology.

However, from time to time, the Product may have held securities which no longer met the screening criteria owing to a change in the company's ESG profile or a corporate action. Where this was the case, such securities were identified and divested of as soon as reasonably practicable, based on the most efficient trading strategy and with careful consideration given to the impact to portfolio turnover and transaction costs.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.





## How did this financial product consider principal adverse impacts on sustainability factors?

The Product considered principal adverse impacts (PAIs) on sustainability factors through the NT Custom ESG screening methodology. Specifically, the Product considered the following principal adverse impact indicators below as part of the investment strategy from Table 1 Annex 1:

PAI 1: Green House Gas (“GHG”) emissions (Scope 1 and Scope 2)

PAI 2: Carbon footprint

PAI 3: GHG intensity

PAI 10: Violations of UNGC principles and OECD Guidelines for Multinational Enterprises; and

PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

The Product’s Screening criteria also excluded issuers that did comply across a range of sectors and/or specific activities and across range of revenue thresholds as disclosed in detail in the Product’s supplement as part of Annex II.

As an indexation approach, this can lead to the Product holding securities which do not meet the screening criteria but which are included in the Index constituents as a result of corporate actions and other such activities. Any such securities are sold as soon as reasonably practicable. Any securities which underlying screening criteria changes in the period between rebalances to make it no longer eligible will be removed at the next index rebalance for the portfolio.

Lastly, adverse impacts form part of the investment manager’s focused engagement and voting activity enabling the investment manager to identify where best to utilise resources for maximum social and/or environmental impact. For more information on this in relation to the Product please refer [here](#) to access the quarterly and annual engagement reports.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2022-04-01 / 2023-03-31

Largest investments	Sector	% net assets	Country
APPLE INC COM	TECHNOLOGY	5.94%	US
MICROSOFT CORP COM	TECHNOLOGY	5.30%	US
JOHNSON & JOHNSON COM USD	CONSUMER NON-CYCLICAL	1.66%	US
ABBVIE INC COM	CONSUMER NON-CYCLICAL	1.55%	US
MASTERCARD INC	CONSUMER NON-CYCLICAL	1.54%	US
HOME DEPOT INC. COMMON S	CONSUMER CYCLICAL	1.47%	US
MERCK & CO INC NEW COM	CONSUMER NON-CYCLICAL	1.47%	US
ACCENTURE PLC CLS A USD0.	TECHNOLOGY	1.37%	IE
TEXAS INSTRUMENTS INC COM	TECHNOLOGY	1.35%	US
CISCO SYS INC COM	COMMUNICATIONS	1.31%	US
PFIZER INC COM	CONSUMER NON-CYCLICAL	1.28%	US
ABBOTT LABORATORIES	CONSUMER NON-CYCLICAL	1.23%	US
ROYAL BK CDA MONTREAL QUE	FINANCIAL	1.21%	CA
LOWES COS INC COM	CONSUMER CYCLICAL	1.18%	US
VISA INC COM CL A	CONSUMER NON-CYCLICAL	1.13%	US

Note: If cash and/or derivatives are within the top 15 investments during the reference period, they are not presented in the table above and have been replaced by a holding that promotes E/S characteristics as we believe that excluding investments that are not used to promote E/S characteristics leads to greater transparency.



## What was the proportion of sustainability-related investments?

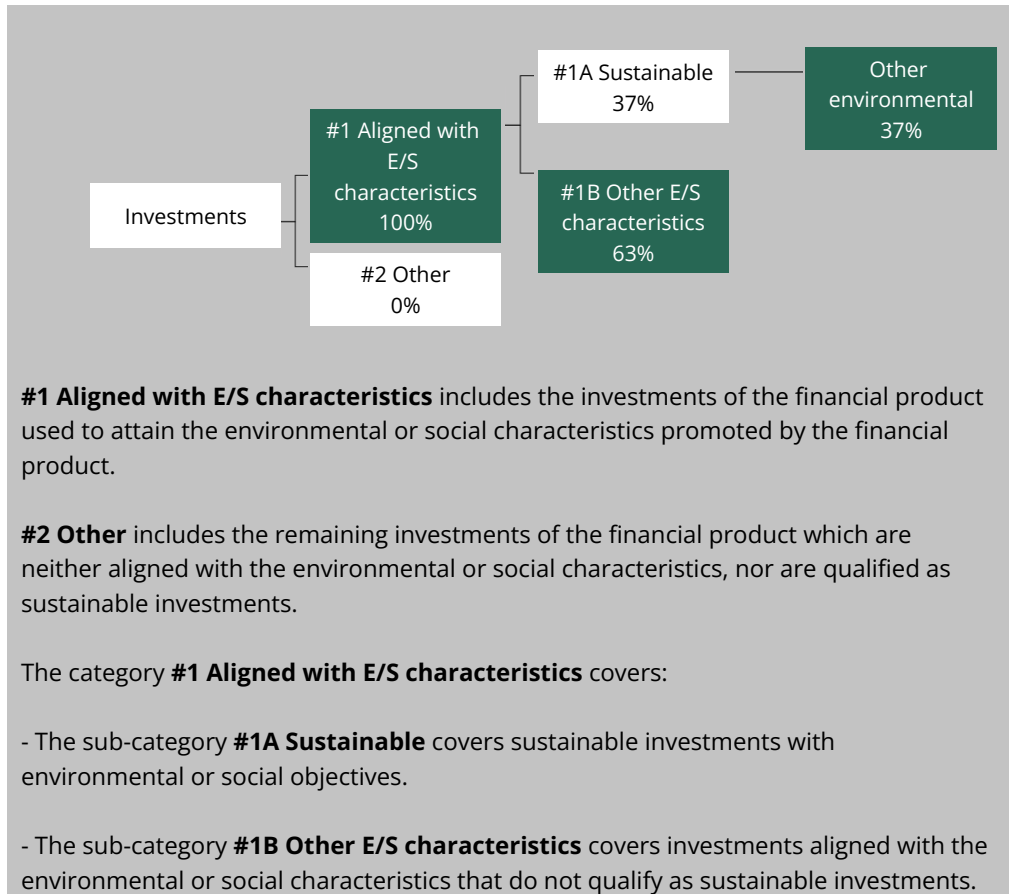
**Asset allocation** describes the share of investments in specific assets.

### What was the asset allocation?

The Product was 99.61% invested in issuers that promote environmental and/or social characteristics.

36.59% of investments held in the period was determined to be in sustainable investments, none of which were taxonomy-aligned.

The remaining proportion of the Product held in cash was used for ancillary liquidity. Cash does not form part of the Product's environmental and social characteristics and are also not subject to any minimum safeguards.



### In which economic sectors were the investments made?

The Product had investments across the following sectors and sub-sectors of the economy as detailed in the chart below:

Sector	Sub Sector	% of NAV as at 31/03/2023
BASIC MATERIALS	CHEMICALS	1.06%
	IRON/STEEL	0.68%
	MINING	0.51%
CALL DEPOSITS	CALL DEPOSITS	0.00%
CASH	CASH	0.18%
COMMUNICATIONS	TELECOMMUNICATIONS	4.98%
	INTERNET	2.10%
	ADVERTISING	1.69%
	MEDIA	0.82%
CONSUMER CYCLICAL	RETAIL	8.19%
	HOME BUILDERS	1.38%

CONSUMER CYCLICAL	AUTO PARTS&EQUIPMENT	0.78%
	APPAREL	0.53%
	LEISURE TIME	0.32%
	TOYS/GAMES/HOBBIES	0.25%
CONSUMER NON-CYCLICAL	PHARMACEUTICALS	9.95%
	COMMERCIAL SERVICES	3.94%
	COSMETICS/PERSONAL CARE	2.80%
	HEALTHCARE-PRODUCTS	1.90%
	BEVERAGES	1.41%
	FOOD	0.74%
	HEALTHCARE-SERVICES	0.74%
	HOUSEHOLD PRODUCTS/WARES	0.52%
	BIOTECHNOLOGY	0.17%
ENERGY	OIL&GAS	2.95%
	ENERGY-ALTERNATE SOURCES	0.11%
EXPENSE	EXPENSE	0.00%
FINANCIAL	BANKS	8.68%
	REITS	3.87%
	INSURANCE	3.36%
	DIVERSIFIED FINAN SERV	2.41%
FOREIGN CURRENCIES	FOREIGN CURRENCIES	1.17%
INDUSTRIAL	TRANSPORTATION	4.04%
	ENVIRONMENTAL CONTROL	0.80%
	ELECTRICAL COMPO&EQUIP	0.61%
	MISCELLANEOUS MANUFACTUR	0.49%
	MACHINERY-DIVERSIFIED	0.42%
	ELECTRONICS	0.35%
	BUILDING MATERIALS	0.35%
	ENGINEERING&CONSTRUCTION	0.19%
TECHNOLOGY	SOFTWARE	6.41%
	SEMICONDUCTORS	3.91%
	COMPUTERS	13.35%
	OFFICE/BUSINESS EQUIP	0.13%
UNIT	UNIT	0.00%
UTILITIES	ELECTRIC	1.11%
	GAS	0.34%

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational**



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Product made a 0% commitment to environmentally sustainable (taxonomy aligned) investments and reports 0% actual alignment as at year-end. The Product will seek to report actual taxonomy alignment when sufficient coverage and more mature and reliable data is widely available from the index provider.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

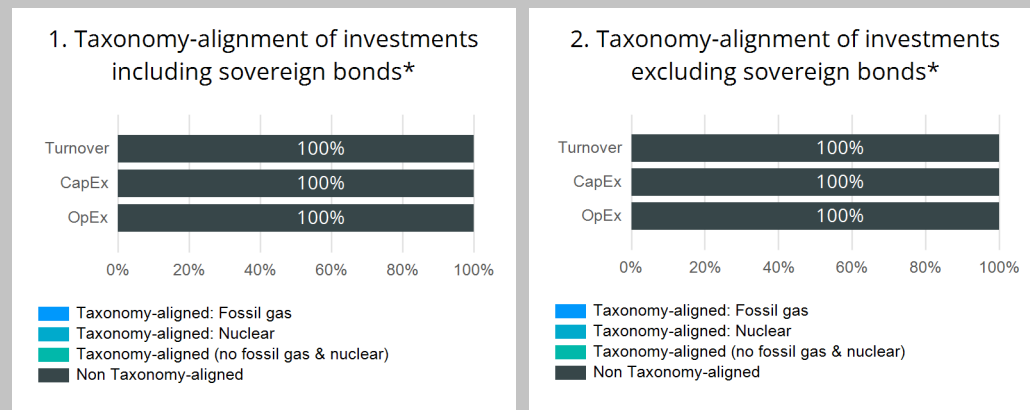
- Yes
- In fossil gas  In nuclear energy

**expenditure (OpEx)** reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

No

The two graphs below show in dark green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Product invested 0% of its assets in investments determined to substantially contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation. Therefore 0% of its assets were invested in enabling or transitional activities.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

This is not applicable as this is the first reference period.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



### What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The Product was 36.59% invested in sustainable investments, none of which (0%) was aligned with the EU Taxonomy. Economic activities that are not aligned with the EU Taxonomy are not necessarily environmentally harmful or unsustainable. In addition, not all economic activities are covered by the EU Taxonomy as it is not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution to the environment.



### What was the share of socially sustainable investments?

The Product does not target socially sustainable investments hence there were 0% investments in socially sustainable investments.



### What investments were included under "#2 Other", what was their purpose and were there any minimum environmental or social safeguards?

Cash is the only investment types categorised as 'other'. Cash is retained for ancillary liquidity and hedging purposes and was not subject to any E/S characteristics or any minimum environmental or social safeguards.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Product is a passive investment strategy, using an indexation approach that aims to fully replicate the risk and return characteristics of the designated Custom Index, including the E/S characteristics, during the reference period.

The Product uses our preferred provider for ESG data and research and as part of the due diligence process, throughout the reference period, the investment manager will engage with the provider in relation to any data issues or updates. The exclusion methodology is coded into our investment systems pre and post trade (where applicable) to enable independent oversight so as to monitor compliance with environmental or social characteristics promoted by the Product on an ongoing basis. The holdings of the Product were also subject to the investment manager's hybrid engagement approach, which efficiently combines our own NT Engagement Policy, with Federated Hermes Equity Ownership Services ("EOS") and the efforts coming from significant industry initiatives.

This hybrid approach provided a broad coverage of companies where selected engagement involved the most material strategic, operational, legal, social, environmental, ethical or governance issues and provided an opportunity to engage with selective companies and to seek ways to improve their ESG performance. For details on full voting and engagement activity during the reference period, please refer to the Hermes EOS reports found [here](#).



## How did this financial product perform compared with the reference benchmark?

**Reference benchmarks** are indexes to measure whether financial products attain the environmental or social characteristics that they promote.

### **How does the reference benchmark differ from a broad market index?**

The Index differs from the broad market index due to the ESG negative screening; the NT Custom ESG Screening, the NT ESG Vector Score™ screening and the target reduction in carbon emissions applied to the Index.

The exclusion criteria is across the following high-level themes: global norms (UNGC and OECD violations), “very severe” controversies, tobacco, weapons, thermal coal, unconventional oil and gas, and human rights. Some exclusions are based on any tie, whilst others are based on defined revenue thresholds across activities such as production, distribution, supply or retail.

The Product’s sustainability indicators were disclosed in full as part of its in its Supplement as part of Annex II.

Further information on the impact of the exclusion criteria on the Parent Index, including the number of securities excluded from the Custom Index, when compared to the standard benchmark, can be found in the factsheet [here](#) under the ‘Basic Information’ tab. For more information on the methodology used for the reference Index can be found [here](#). Please search by benchmark name.

### **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental and social characteristics promoted?**

The Product is a passive investment strategy, using an indexation approach that aims to track the risk and return characteristics of the designated reference benchmark.

The Product’s ex-post tracking error, an indication of the index Product’s performance, was 0.13%. In practice, this means the Product was very closely aligned with the Custom Index it was tracking over the reference period and therefore closely aligned with the E/S characteristics promoted.

### **How did this financial product perform compared with the reference benchmark?**

The Product’s performance compared to the reference benchmark is detailed in the chart below:

	31/03/2023	31/03/2022
FlexShares Developed Markets High Dividend Climate ESG UCITS ETF	-7.5 %	11.9 %
iSTOXX Northern Trust Developed Markets High Dividend Climate ESG Index	-7.72 %	11.69 %

### **How did this financial product perform compared with the broad market index?**

The Product’s performance compared to the broad market index is detailed in the chart below:

	31/03/2023	31/03/2022
FlexShares Developed Markets High Dividend Climate ESG UCITS ETF	-7.5 %	11.9 %
STOXX Global 1800 Index	-6.93 %	8.88 %

**Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852**

**Product name:**  
**FlexShares Emerging Markets Low Volatility**  
**Climate ESG UCITS ETF**

**Legal entity identifier:**  
**635400MEMJJBEXH8GC82**

**Environmental and/or social characteristics**

Does this financial product have a sustainable investment objective ?	
<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective:</b> __%	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 21% of sustainable investments
<input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy	<input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	<input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
<input type="checkbox"/> It made <b>sustainable investments with a social objective:</b> __%	<input type="checkbox"/> with a social objective
	<input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

Unless otherwise stated, all data provided in the Annex IV, refers to the reference period ending 31 March 2023.

The Product met the following environmental and social (“E/S”) characteristics using the sustainability indicators to:

- Exclude issuers using revenue thresholds across a range of sectors and/or specific business activities that the investment manager deemed to have adverse impact on the environment and/or society based on the screening methodology (“NT Custom ESG screening criteria”);
- Exclude issuers that did not adhere to international norms such as UN Global Compact (“UNGC”) principles and Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises;
- Promote good governance through the exclusion of issuers with ‘very severe’ controversies and exclude majority held companies in countries with a poor human rights track record, unsound board composition and a qualified auditor’s opinion;
- Improve ESG profile of the Product, through the NT ESG Vector Score™;

Over the period, through tracking the iSTOXX Northern Trust Emerging Markets Low Volatility Climate ESG Index, the Product achieved a significant reduction of the operational carbon intensity (weighted average carbon intensity based on tons of CO2e/\$M sales) and carbon risk improvement relative to the parent Index; the iSTOXX Northern Trust Emerging Markets Index.

The sustainability indicators are disclosed in detail in the Product’s supplement as part of Annex II which can be found [here](#).

**Sustainability Indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

### **How did the sustainability indicators perform?**

The sustainability indicators, performed as expected during the reference period:

Sector and business activity based exclusions: 98.35%

Compliance with UNGC and international norms: 98.35%

Carbon intensity and potential carbon emissions below broad Index: Yes

ESG Profile higher than broad index: Yes

Issuers found not to meet the various exclusion focus criteria and thresholds disclosed were removed from the index.

The exclusion criteria was across the following high-level themes: global norms, controversies, tobacco, weapons, thermal coal, unconventional oil and gas, for profit prisons and human rights coupled, in some cases, with various revenue thresholds across focused activities such as production, distribution, supply or retail.

### **... and compared to previous periods?**

This is not applicable as this is the first reference period.

### **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Product made a commitment to invest a minimum of 10% in sustainable investments in companies that positively contributed towards environmental objectives without causing significant harm. 20.7% of the Product was held in sustainable investments across the below environmental objectives;

- activities focused on climate change mitigation;
- energy efficiency;
- pollution prevention and waste minimisation;
- sustainable management of water; and
- forestry and land resources.

The investment manager's definition of positive contribution includes minimum percentage revenues, "green revenues" deriving from activities linked with these objectives alongside companies assessed to have credible carbon reduction targets such as those created by Science Based Targets Initiative ("SBTI").

Although the product did not commit to making Taxonomy-aligned investments, investments may also align with the EU Taxonomy contributing towards one or more of the following objectives:

- climate change adaptation; and/or
- climate change mitigation.

### **How were the indicators for adverse impacts on sustainability factors taken into account?**

The adverse indicators were taken into account by the investment manager as follows:

- To help form an assessment of significant harm using the mandatory Principal Adverse Impacts ("PAI") indicators in Annex 1, Table 1 of the SFDR Regulatory Technical Standards ("SFDR RTS"). Companies found to cause significant harm, per the investment manager's definition, were not deemed to be a sustainable investment; and
- Depending on the indicator in question, companies found to indicate a presence of principal adverse impact were assessed and either excluded from investment or monitored through voting and stewardship activity.

**Principal adverse impacts** are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Product applied the NT Custom ESG screening criteria methodology to the corporate holdings to identify and exclude companies from that did not adhere to international norms such as:

- OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation ("ILO") on Fundamental Principles and Rights at Work; and
- the International Bill of Human Rights.

Hence, during the reporting period, the Product did not actively invest in any company that violated any of the above international norms. Nor did the Product actively invest in any companies with controversies assessed as "very severe" per the data provider's methodology.

However, from time to time, the Product may have held securities which no longer met the screening criteria owing to a change in the company's ESG profile or a corporate action. Where this was the case, such securities were identified and divested of as soon as reasonably practicable, based on the most efficient trading strategy and with careful consideration given to the impact to portfolio turnover and transaction costs.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## How did this financial product consider principal adverse impacts on sustainability factors?

The Product considered principal adverse impacts (PAIs) on sustainability factors through the NT Custom ESG screening methodology. Specifically, the Product considered the following principal adverse impact indicators below as part of the investment strategy from Table 1 Annex 1:

PAI 1: Green House Gas (“GHG”) emissions (Scope 1 and Scope 2)

PAI 2: Carbon footprint

PAI 3: GHG intensity

PAI 10: Violations of UNGC principles and OECD Guidelines for Multinational Enterprises; and

PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

The Product’s Screening criteria also excluded issuers that did comply across a range of sectors and/or specific activities and across range of revenue thresholds as disclosed in detail in the Product’s supplement as part of Annex II.

As an indexation approach, this can lead to the Product holding securities which do not meet the screening criteria but which are included in the Index constituents as a result of corporate actions and other such activities. Any such securities are sold as soon as reasonably practicable. Any securities which underlying screening criteria changes in the period between rebalances to make it no longer eligible will be removed at the next index rebalance for the portfolio.

Lastly, adverse impacts form part of the investment manager’s focused engagement and voting activity enabling the investment manager to identify where best to utilise resources for maximum social and/or environmental impact. For more information on this in relation to the Product please refer [here](#) to access the quarterly and annual engagement reports.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2022-04-01 / 2023-03-31

Largest investments	Sector	% net assets	Country
TAIWAN SEMICONDUCTOR MANU	TECHNOLOGY	7.50%	TW
SAMSUNG ELECTRONICS CO KR	TECHNOLOGY	4.29%	KR
ALIBABA GRP HLDG LTD SPON	COMMUNICATIONS	2.28%	KY
INFOSYS LTD	TECHNOLOGY	1.97%	IN
CHINA CONSTRUCTION BANK H	FINANCIAL	1.93%	CN
INDUSTRIAL & COMMERCIAL B	FINANCIAL	1.55%	CN
HINDUSTAN UNILEVER LTD IN	CONSUMER NON-CYCLICAL	1.33%	IN
WAL-MART DE MEXICO SAB DE	CONSUMER CYCLICAL	1.33%	MX
KIA CORP	CONSUMER CYCLICAL	1.24%	KR
BAJAJ FINANCE LTD INR2	FINANCIAL	1.19%	IN
HDFC BANK LTD INR1	FINANCIAL	1.18%	IN
HON HAI PRECISION INDUSTR	INDUSTRIAL	1.14%	TW
ASIAN PAINTS LTD INR1	BASIC MATERIALS	1.13%	IN
LI NING CO LTD HKD0.1	CONSUMER CYCLICAL	1.13%	KY
NAN YA PLASTIC TWD10	BASIC MATERIALS	1.09%	TW

Note: If cash and/or derivatives are within the top 15 investments during the reference period, they are not presented in the table above and have been replaced by a holding that promotes E/S characteristics as we believe that excluding investments that are not used to promote E/S characteristics leads to greater transparency.



## What was the proportion of sustainability-related investments?

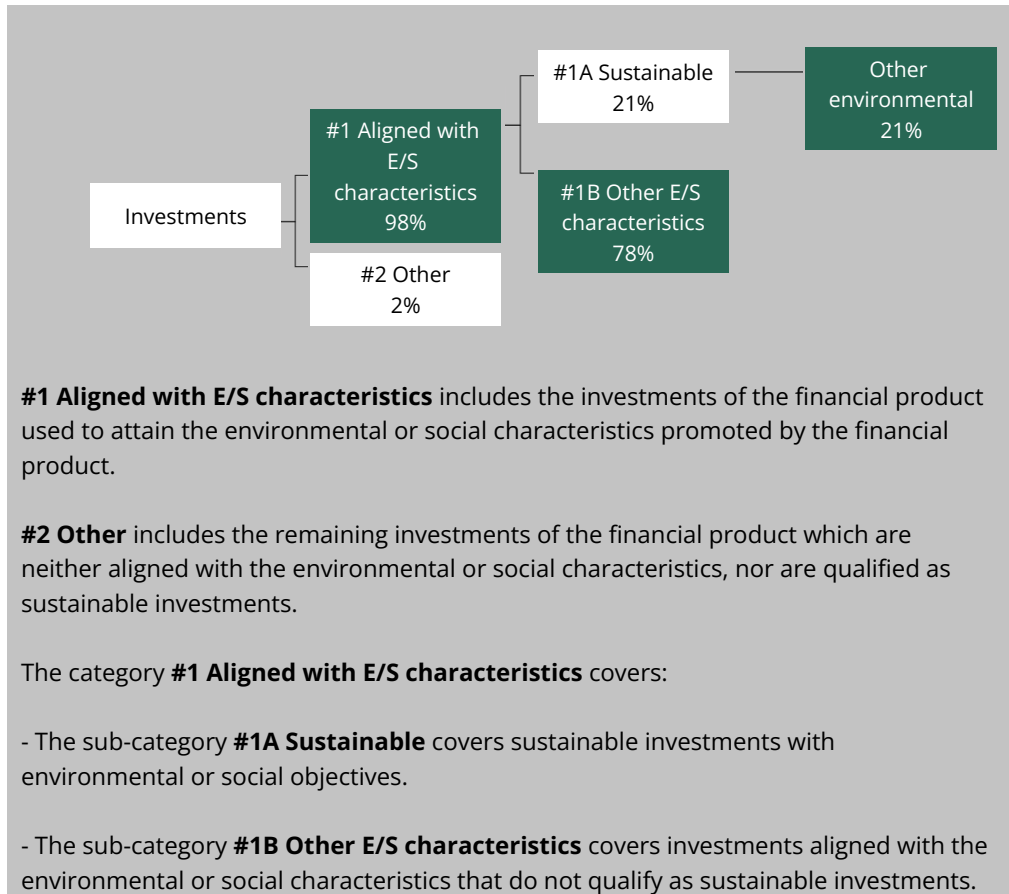
**Asset allocation** describes the share of investments in specific assets.

### What was the asset allocation?

The Product was 98.35% invested in issuers that promote environmental and/or social characteristics.

20.7% of investments held in the period was determined to be in sustainable investments, none of which were taxonomy-aligned.

The remaining proportion of the Product held in cash was used for ancillary liquidity. Cash does not form part of the Product's environmental and social characteristics and are also not subject to any minimum safeguards.



### In which economic sectors were the investments made?

The Product had investments across the following sectors and sub-sectors of the economy as detailed in the chart below:

Sector	Sub Sector	% of NAV as at 31/03/2023
BASIC MATERIALS	CHEMICALS	4.37%
	IRON/STEEL	0.96%
	MINING	0.49%
	FOREST PRODUCTS&PAPER	0.08%
CALL DEPOSITS	CALL DEPOSITS	0.19%
CASH	CASH	1.89%
COMMUNICATIONS	INTERNET	5.57%
	TELECOMMUNICATIONS	4.42%
	MEDIA	1.12%
CONSUMER CYCLICAL	RETAIL	5.65%
	AUTO MANUFACTURERS	1.73%

CONSUMER CYCLICAL	AUTO PARTS&EQUIPMENT	1.00%
	APPAREL	0.80%
	ENTERTAINMENT	0.59%
	CHEMICALS	0.23%
	LODGING	0.22%
	HOUSEWARES	0.07%
	HOME FURNISHINGS	0.01%
CONSUMER NON-CYCLICAL	PHARMACEUTICALS	2.69%
	HOUSEHOLD PRODUCTS/WARES	2.38%
	FOOD	1.61%
	BEVERAGES	1.32%
	COMMERCIAL SERVICES	1.00%
	HEALTHCARE-PRODUCTS	0.99%
	AGRICULTURE	0.78%
	HEALTHCARE-SERVICES	0.56%
	COSMETICS/PERSONAL CARE	0.00%
DIVERSIFIED	HOLDING COMPANIES-DIVERS	0.17%
ENERGY	OIL&GAS	3.08%
	ENERGY-ALTERNATE SOURCES	0.67%
EXPENSE	EXPENSE	0.00%
FINANCIAL	DIVERSIFIED FINAN SERV	4.70%
	INSURANCE	2.23%
	BANKS	14.99%
	REAL ESTATE	1.55%
FOREIGN CURRENCIES	FOREIGN CURRENCIES	1.61%
INDUSTRIAL	ELECTRONICS	1.94%
	ELECTRICAL COMPO&EQUIP	1.28%
	MACHINERY-DIVERSIFIED	1.08%
	ENGINEERING&CONSTRUCTION	0.58%
	MISCELLANEOUS MANUFACTUR	0.44%
	SHIPBUILDING	0.28%
	METAL FABRICATE/HARDWARE	0.25%
	TRANSPORTATION	0.12%
PREFERENCE SHARES	PREFERENCE SHARES	0.26%
TECHNOLOGY	COMPUTERS	5.74%
	SOFTWARE	3.08%
	SEMICONDUCTORS	14.68%
UNIT	UNIT	0.00%
UTILITIES	ELECTRIC	1.44%
	GAS	0.71%

Taxonomy-aligned activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies
- capital expenditure



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Product made a 0% commitment to environmentally sustainable (taxonomy aligned) investments and reports 0% actual alignment as at year-end. The Product will seek to report actual taxonomy alignment when sufficient coverage and more mature and reliable data is widely available from the index provider.

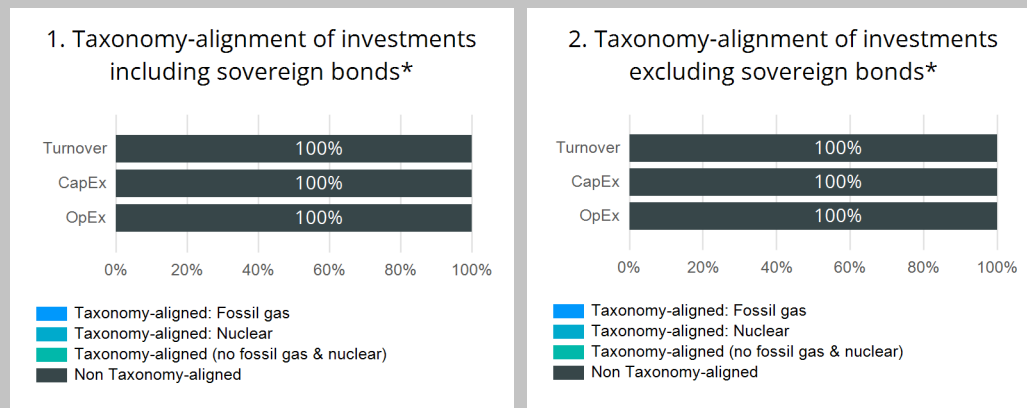
(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.  
**- operational expenditure (OpEx)** reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

## Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

- Yes
- In fossil gas  In nuclear energy
- No

The two graphs below show in dark green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Product invested 0% of its assets in investments determined to substantially contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation. Therefore 0% of its assets were invested in enabling or transitional activities.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

This is not applicable as this is the first reference period.

are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The Product was 20.7% invested in sustainable investments, none of which (0%) was aligned with the EU Taxonomy. Economic activities that are not aligned with the EU Taxonomy are not necessarily environmentally harmful or unsustainable. In addition, not all economic activities are covered by the EU Taxonomy as it is not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution to the environment.



### What was the share of socially sustainable investments?

The Product does not target socially sustainable investments hence there were 0% investments in socially sustainable investments.



### What investments were included under "#2 Other", what was their purpose and were there any minimum environmental or social safeguards?

Cash is the only investment types categorised as 'other'. Cash is retained for ancillary liquidity and hedging purposes and was not subject to any E/S characteristics or any minimum environmental or social safeguards.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Product is a passive investment strategy, using an indexation approach that aims to fully replicate the risk and return characteristics of the designated Custom Index, including the E/S characteristics, during the reference period.

The Product uses our preferred provider for ESG data and research and as part of the due diligence process, throughout the reference period, the investment manager will engage with the provider in relation to any data issues or updates. The exclusion methodology is coded into our investment systems pre and post trade (where applicable) to enable independent oversight so as to monitor compliance with environmental or social characteristics promoted by the Product on an ongoing basis. The holdings of the Product were also subject to the investment manager's hybrid engagement approach, which efficiently combines our own NT Engagement Policy, with Federated Hermes Equity Ownership Services ("EOS") and the efforts coming from significant industry initiatives.

This hybrid approach provided a broad coverage of companies where selected engagement involved the most material strategic, operational, legal, social, environmental, ethical or governance issues and provided an opportunity to engage with selective companies and to seek ways to improve their ESG performance. For details on full voting and engagement activity during the reference period, please refer to the Hermes EOS reports found [here](#).



## How did this financial product perform compared with the reference benchmark?

**Reference benchmarks** are indexes to measure whether financial products attain the environmental or social characteristics that they promote.

### **How does the reference benchmark differ from a broad market index?**

The Index differs from the broad market index due to the ESG negative screening; the NT Custom ESG Screening, the NT ESG Vector Score™ screening and the target reduction in carbon emissions applied to the Index.

The exclusion criteria is across the following high-level themes: global norms (UNGC and OECD violations), “very severe” controversies, tobacco, weapons, thermal coal, unconventional oil and gas, and human rights. Some exclusions are based on any tie, whilst others are based on defined revenue thresholds across activities such as production, distribution, supply or retail. In addition, the governance screen excludes majority held companies in countries with a poor human rights track record, unsound board composition and a qualified auditor’s opinion.

The Product’s sustainability indicators were disclosed in full as part of its in its Supplement as part of Annex II.

Further information on the impact of the exclusion criteria on the Parent Index, including the number of securities excluded from the Custom Index, when compared to the standard benchmark, can be found in the factsheet [here](#) under the ‘Basic Information’ tab. For more information on the methodology used for the reference Index can be found [here](#). Please search by benchmark name.

### **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental and social characteristics promoted?**

The Product is a passive investment strategy, using an indexation approach that aims to track the risk and return characteristics of the designated reference benchmark.

The Product’s ex-post tracking error, an indication of the index Product’s performance, was 0.60%. In practice, this means the Product was very closely aligned with the Custom Index it was tracking over the reference period and therefore closely aligned with the E/S characteristics promoted.

### **How did this financial product perform compared with the reference benchmark?**

The Product’s performance compared to the reference benchmark is detailed in the chart below:

	31/03/2023
FlexShares Emerging Markets Low Volatility Climate ESG UCITS ETF	-8.98 %
iSTOXX Northern Trust Emerging Markets Low Volatility Climate ESG Index	-9.14 %

### **How did this financial product perform compared with the broad market index?**

The Product’s performance compared to the broad market index is detailed in the chart below:

	31/03/2023
FlexShares Emerging Markets Low Volatility Climate ESG UCITS ETF	-8.98 %
iSTOXX Northern Trust Emerging Markets Index	-9.53 %

**Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852**

**Product name:**  
**FlexShares Emerging Markets High Dividend**  
**Climate ESG UCITS ETF**

**Legal entity identifier:**  
**635400AIFIQVFP4IR87**

**Environmental and/or social characteristics**

**Does this financial product have a sustainable investment objective ?**

Yes       No

<input type="checkbox"/> It made <b>sustainable investments with an environmental objective: __%</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It made <b>sustainable investments with a social objective: __%</b>	<input checked="" type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of 23% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>
---	---

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



**To what extent were the environmental and/or social characteristics promoted by this financial product met?**

Unless otherwise stated, all data provided in the Annex IV, refers to the reference period ending 31 March 2023.

The Product met the following environmental and social (“E/S”) characteristics using the sustainability indicators to:

- Exclude issuers using revenue thresholds across a range of sectors and/or specific business activities that the investment manager deemed to have adverse impact on the environment and/or society based on the screening methodology (“NT Custom ESG screening criteria”);
- Exclude issuers that did not adhere to international norms such as UN Global Compact (“UNGC”) principles and Organisation for Economic Cooperation and Development (“OECD”) Guidelines for Multinational Enterprises;
- Promote good governance through the exclusion of issuers with ‘very severe’ controversies;
- Improve ESG profile of the Product, through the NT ESG Vector Score™;

Over the period, through tracking the iSTOXX Northern Trust Emerging Markets High Dividend Climate ESG Index, the Product achieved a significant reduction of the operational carbon intensity (weighted average carbon intensity based on tons of CO2e/\$M sales) and carbon risk improvement relative to the parent Index; the iSTOXX Northern Trust Emerging Markets Index.

The sustainability indicators are disclosed in detail in the Product’s supplement as part of Annex II which can be found [here](#).

**Sustainability Indicators** measure how the environmental or social characteristics promoted by the financial product are attained.



### **How did the sustainability indicators perform?**

The sustainability indicators, performed as expected during the reference period:

Sector and business activity based exclusions: 98.15%

Compliance with UNGC and international norms: 98.15%

Carbon intensity and potential carbon emissions below broad Index: Yes

ESG Profile higher than broad index: Yes

Issuers found not to meet the various exclusion focus criteria and thresholds disclosed were removed from the index.

The exclusion criteria was across the following high-level themes: global norms, controversies, tobacco, weapons, thermal coal, unconventional oil and gas, for profit prisons and human rights coupled, in some cases, with various revenue thresholds across focused activities such as production, distribution, supply or retail.

### **... and compared to previous periods?**

This is not applicable as this is the first reference period.

### **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Product made a commitment to invest a minimum of 10% in sustainable investments in companies that positively contributed towards environmental objectives without causing significant harm. 22.56% of the Product was held in sustainable investments across the below environmental objectives;

- activities focused on climate change mitigation;
- energy efficiency;
- pollution prevention and waste minimisation;
- sustainable management of water; and
- forestry and land resources.

The investment manager's definition of positive contribution includes minimum percentage revenues, "green revenues" deriving from activities linked with these objectives alongside companies assessed to have credible carbon reduction targets such as those created by Science Based Targets Initiative ("SBTI").

Although the product did not commit to making Taxonomy-aligned investments, investments may also align with the EU Taxonomy contributing towards one or more of the following objectives:

- climate change adaptation; and/or
- climate change mitigation.

### **How were the indicators for adverse impacts on sustainability factors taken into account?**

The adverse indicators were taken into account by the investment manager as follows:

- To help form an assessment of significant harm using the mandatory Principal Adverse Impacts ("PAI") indicators in Annex 1, Table 1 of the SFDR Regulatory Technical Standards ("SFDR RTS"). Companies found to cause significant harm, per the investment manager's definition, were not deemed to be a sustainable investment; and
- Depending on the indicator in question, companies found to indicate a presence of principal adverse impact were assessed and either excluded from investment or monitored through voting and stewardship activity.

**Principal adverse impacts** are the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

The Product applied the NT Custom ESG screening criteria methodology to the corporate holdings to identify and exclude companies from that did not adhere to international norms such as:

- OECD Guidelines for Multinational Enterprises;
- the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation ("ILO") on Fundamental Principles and Rights at Work; and
- the International Bill of Human Rights.

Hence, during the reporting period, the Product did not actively invest in any company that violated any of the above international norms. Nor did the Product actively invest in any companies with controversies assessed as "very severe" per the data provider's methodology.

However, from time to time, the Product may have held securities which no longer met the screening criteria owing to a change in the company's ESG profile or a corporate action. Where this was the case, such securities were identified and divested of as soon as reasonably practicable, based on the most efficient trading strategy and with careful consideration given to the impact to portfolio turnover and transaction costs.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## How did this financial product consider principal adverse impacts on sustainability factors?

The Product considered principal adverse impacts (PAIs) on sustainability factors through the NT Custom ESG screening methodology. Specifically, the Product considered the following principal adverse impact indicators below as part of the investment strategy from Table 1 Annex 1:

PAI 1: Green House Gas ("GHG") emissions (Scope 1 and Scope 2)

PAI 2: Carbon footprint

PAI 3: GHG intensity

PAI 10: Violations of UNGC principles and OECD Guidelines for Multinational Enterprises; and

PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

The Product's Screening criteria also excluded issuers that did comply across a range of sectors and/or specific activities and across range of revenue thresholds as disclosed in detail in the Product's supplement as part of Annex II.

As an indexation approach, this can lead to the Product holding securities which do not meet the screening criteria but which are included in the Index constituents as a result of corporate actions and other such activities. Any such securities are sold as soon as reasonably practicable. Any securities which underlying screening criteria changes in the period between rebalances to make it no longer eligible will be removed at the next index rebalance for the portfolio.

Lastly, adverse impacts form part of the investment manager's focused engagement and voting activity enabling the investment manager to identify where best to utilise resources for maximum social and/or environmental impact. For more information on this in relation to the Product please refer [here](#) to access the quarterly and annual engagement reports.



## What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2022-04-01 / 2023-03-31

Largest investments	Sector	% net assets	Country
TAIWAN SEMICONDUCTOR MANU	TECHNOLOGY	7.61%	TW
SAMSUNG ELECTRONICS CO KR	TECHNOLOGY	3.15%	KR
ALIBABA GRP HLDG LTD SPON	COMMUNICATIONS	2.28%	CN
INFOSYS LTD	TECHNOLOGY	2.00%	IN
CHINA CONSTRUCTION BANK H	FINANCIAL	1.96%	CN
UNITED MICROELECTRONICS C	TECHNOLOGY	1.47%	TW
GRUPO FINANCIERO BANORTE	CONSUMER CYCLICAL	1.40%	MX
HINDUSTAN UNILEVER LTD IN	CONSUMER NON-CYCLICAL	1.34%	IN
MEDIATEK INC TWD10	TECHNOLOGY	1.32%	TW
FUT. ICUS MSCI EMG JUN23	FINANCIAL	1.27%	EM
KIA CORP	CONSUMER CYCLICAL	1.25%	KR
HDFC BANK LTD INR1	FINANCIAL	1.19%	IN
SK HYNIX INC 000660	TECHNOLOGY	1.13%	KR
NETEASE INC SPONSORED ADR	COMMUNICATIONS	1.13%	US
LI NING CO LTD HKD0.1	CONSUMER CYCLICAL	1.11%	CN

Note: If cash and/or derivatives are within the top 15 investments during the reference period, they are not presented in the table above and have been replaced by a holding that promotes E/S characteristics as we believe that excluding investments that are not used to promote E/S characteristics leads to greater transparency.



## What was the proportion of sustainability-related investments?

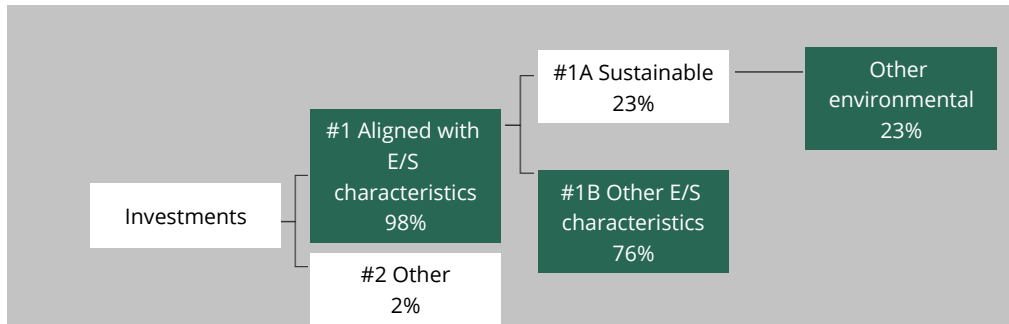
**Asset allocation** describes the share of investments in specific assets.

### What was the asset allocation?

The Product was 98.15% invested in issuers that promote environmental and/or social characteristics.

22.56% of investments held in the period was determined to be in sustainable investments, none of which were taxonomy-aligned.

The remaining proportion of the Product held in cash was used for ancillary liquidity. Cash does not form part of the Product's environmental and social characteristics and are also not subject to any minimum safeguards.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

### In which economic sectors were the investments made?

The Product had investments across the following sectors and sub-sectors of the economy as detailed in the chart below:

Sector	Sub Sector	% of NAV as at 31/03/2023
BASIC MATERIALS	CHEMICALS	2.25%
	IRON/STEEL	1.08%
	MINING	1.00%
CALL DEPOSITS	CALL DEPOSITS	0.12%
CASH	CASH	2.18%
COMMUNICATIONS	INTERNET	5.07%
	TELECOMMUNICATIONS	4.47%
	MEDIA	1.24%
CONSUMER CYCLICAL	RETAIL	4.27%
	AUTO MANUFACTURERS	2.14%
	APPAREL	1.02%

CONSUMER CYCLICAL	AUTO PARTS&EQUIPMENT	0.71%
	ENTERTAINMENT	0.61%
	CHEMICALS	0.27%
	HOME FURNISHINGS	0.03%
CONSUMER NON-CYCLICAL	HOUSEHOLD PRODUCTS/WARES	2.38%
	PHARMACEUTICALS	2.12%
	COMMERCIAL SERVICES	1.89%
	BEVERAGES	1.14%
	HEALTHCARE-PRODUCTS	0.95%
	FOOD	0.85%
	COSMETICS/PERSONAL CARE	0.83%
	AGRICULTURE	0.50%
	HEALTHCARE-SERVICES	0.38%
DIVERSIFIED	HOLDING COMPANIES-DIVERS	0.09%
ENERGY	OIL&GAS	2.89%
	ENERGY-ALTERNATE SOURCES	0.45%
EXPENSE	EXPENSE	0.00%
FINANCIAL	DIVERSIFIED FINAN SERV	6.61%
	REAL ESTATE	2.26%
	BANKS	13.48%
	INSURANCE	1.85%
	REITS	0.39%
FOREIGN CURRENCIES	FOREIGN CURRENCIES	1.74%
INDUSTRIAL	ELECTRONICS	1.62%
	ELECTRICAL COMPO&EQUIP	1.43%
	MACHINERY-DIVERSIFIED	1.07%
	ENGINEERING&CONSTRUCTION	0.58%
	MISCELLANEOUS MANUFACTUR	0.56%
	TRANSPORTATION	0.49%
	BUILDING MATERIALS	0.34%
	METAL FABRICATE/HARDWARE	0.30%
PREFERENCE SHARES	PREFERENCE SHARES	0.27%
TECHNOLOGY	COMPUTERS	6.22%
	SOFTWARE	3.59%
	SEMICONDUCTORS	16.02%
UNIT	UNIT	0.00%
UTILITIES	GAS	1.04%
	ELECTRIC	0.93%

Taxonomy-aligned activities are expressed as a share of:

- turnover reflecting the share of revenue from green activities of investee companies
- capital expenditure (CapEx) showing the green investments made by investee companies,



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Product made a 0% commitment to environmentally sustainable (taxonomy aligned) investments and reports 0% actual alignment as at year-end. The Product will seek to report actual taxonomy alignment when sufficient coverage and more mature and reliable data is widely available from the index provider.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

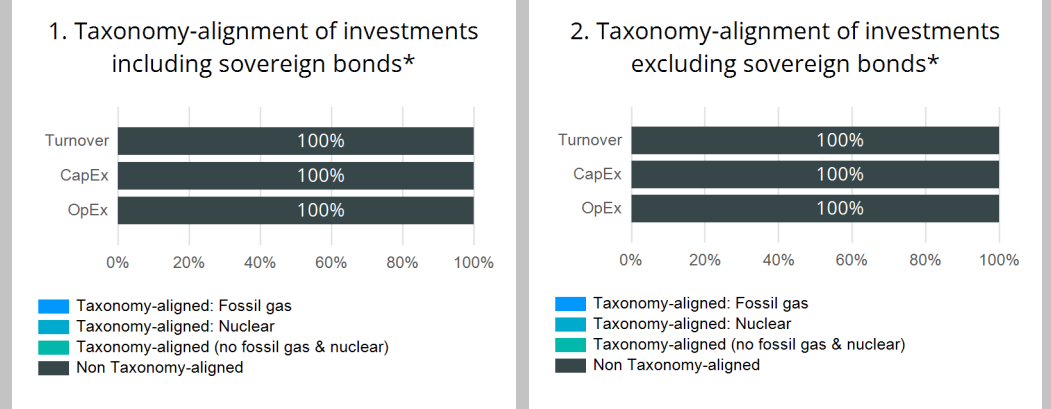
<sup>1</sup>Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

e.g. for a transition to a green economy.  
**- operational expenditure (OpEx)** reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

- Yes
- In fossil gas  In nuclear energy
- No

The two graphs below show in dark green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What was the share of investments made in transitional and enabling activities?**

The Product invested 0% of its assets in investments determined to substantially contribute to environmentally sustainable economic activities in accordance with the Taxonomy Regulation. Therefore 0% of its assets were invested in enabling or transitional activities.

**How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

This is not applicable as this is the first reference period.

are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?**

The Product was 22.56% invested in sustainable investments, none of which (0%) was aligned with the EU Taxonomy. Economic activities that are not aligned with the EU Taxonomy are not necessarily environmentally harmful or unsustainable. In addition, not all economic activities are covered by the EU Taxonomy as it is not possible to develop criteria for all sectors where activities could conceivably make a substantial contribution to the environment.



**What was the share of socially sustainable investments?**

The Product does not target socially sustainable investments hence there were 0% investments in socially sustainable investments.



**What investments were included under "#2 Other", what was their purpose and were there any minimum environmental or social safeguards?**

Cash is the only investment types categorised as 'other'. Cash is retained for ancillary liquidity and hedging purposes and was not subject to any E/S characteristics or any minimum environmental or social safeguards.



## What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Product is a passive investment strategy, using an indexation approach that aims to fully replicate the risk and return characteristics of the designated Custom Index, including the E/S characteristics, during the reference period.

The Product uses our preferred provider for ESG data and research and as part of the due diligence process, throughout the reference period, the investment manager will engage with the provider in relation to any data issues or updates. The exclusion methodology is coded into our investment systems pre and post trade (where applicable) to enable independent oversight so as to monitor compliance with environmental or social characteristics promoted by the Product on an ongoing basis. The holdings of the Product were also subject to the investment manager's hybrid engagement approach, which efficiently combines our own NT Engagement Policy, with Federated Hermes Equity Ownership Services ("EOS") and the efforts coming from significant industry initiatives.

This hybrid approach provided a broad coverage of companies where selected engagement involved the most material strategic, operational, legal, social, environmental, ethical or governance issues and provided an opportunity to engage with selective companies and to seek ways to improve their ESG performance. For details on full voting and engagement activity during the reference period, please refer to the Hermes EOS reports found [here](#).



## How did this financial product perform compared with the reference benchmark?

**Reference benchmarks** are indexes to measure whether financial products attain the environmental or social characteristics that they promote.

### **How does the reference benchmark differ from a broad market index?**

The Index differs from the broad market index due to the ESG negative screening; the NT Custom ESG Screening, the NT ESG Vector Score™ screening and the target reduction in carbon emissions applied to the Index.

The exclusion criteria is across the following high-level themes: global norms (UNGC and OECD violations), “very severe” controversies, tobacco, weapons, thermal coal, unconventional oil and gas, and human rights. Some exclusions are based on any tie, whilst others are based on defined revenue thresholds across activities such as production, distribution, supply or retail. In addition, the governance screen excludes majority held companies in countries with a poor human rights track record, unsound board composition and a qualified auditor’s opinion.

The Product’s sustainability indicators were disclosed in full as part of its in its Supplement as part of Annex II.

Further information on the impact of the exclusion criteria on the Parent Index, including the number of securities excluded from the Custom Index, when compared to the standard benchmark, can be found in the factsheet [here](#) under the ‘Basic Information’ tab. For more information on the methodology used for the reference Index can be found [here](#). Please search by benchmark name.

### **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental and social characteristics promoted?**

The Product is a passive investment strategy, using an indexation approach that aims to track the risk and return characteristics of the designated reference benchmark.

The Product’s ex-post tracking error, an indication of the index Product’s performance, was 1.29%. In practice, this means the Product was very closely aligned with the Custom Index it was tracking over the reference period and therefore closely aligned with the E/S characteristics promoted.

### **How did this financial product perform compared with the reference benchmark?**

The Product’s performance compared to the reference benchmark is detailed in the chart below:

	31/03/2023
FlexShares Emerging Markets High Dividend Climate ESG UCITS ETF	-13.35 %
iSTOXX Northern Trust Emerging Markets High Dividend Climate ESG Index	-14.71 %

### **How did this financial product perform compared with the broad market index?**

The Product’s performance compared to the broad market index is detailed in the chart below:

	31/03/2023
FlexShares Emerging Markets High Dividend Climate ESG UCITS ETF	-13.35 %
iSTOXX Northern Trust Emerging Markets Index	-9.53 %