

FLEXSHARES ICAV

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 25 JUNE 2020 (DATE OF
INCORPORATION) TO 31 MARCH 2021**

FLEXSHARES ICAV

TABLE OF CONTENTS	PAGE
Management and General Information	1
Directors' Report	3
Report of the Depositary to the Shareholders	7
Investment Reviews (Unaudited):	
Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF	8
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF	9
Independent Auditor's Report	10
The Financial Statements:	
Statement of Financial Position	13
Statement of Comprehensive Income	14
Statement of Changes in Net Assets	15
Statement of Cash Flows	16
Notes Forming Part of the Financial Statements	17
Supplementary Information (Unaudited)	31
Appendix I: Portfolio Statements (Unaudited):	
Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF	32
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF	39
Appendix II: Material Purchases and Sales (Unaudited):	
Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF	46
Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF	47

FLEXSHARES ICAV
MANAGEMENT AND GENERAL INFORMATION

Manager:	Northern Trust Fund Managers (Ireland) Limited ² George's Court 54-62 Townsend Street Dublin 2 Ireland
*Directors:	Mr. Gerald Brady ¹ (appointed 22 February 2021) Irish Resident Ms. Claire Cawley ¹ (appointed 20 November 2020) Irish Resident Mr. Ton Daniels ¹ (appointed 20 November 2020) Dutch Resident Ms. Marie Dzanis (appointed 20 November 2020) UK Resident Ms. Martha Fee (appointed 25 June 2020) UK Resident Ms. Deirdre Gormley (appointed 25 June 2020) Irish Resident Mr. Bimal Shah (appointed 20 November 2020) UK Resident
Investment Manager, UK Facilities Agent and Distributor:	Northern Trust Global Investments Limited 50 Bank Street Canary Wharf London E14 5NT United Kingdom
Depository:	Northern Trust Fiduciary Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland
Registered Office:	George's Court 54-62 Townsend Street Dublin 2 Ireland
Administrator and Registrar:	Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland
Independent Auditors:	KPMG Ireland Chartered Accountants 1 Harbourmaster Place International Financial Services Centre Dublin 1 Ireland
Legal Advisor:	Maples and Calder, LLP 75 St Stephen's Green Dublin 2 D02 PR50 Ireland
Secretary of the ICAV:	Northern Trust International Fund Administration Services (Ireland) Limited George's Court 54-62 Townsend Street Dublin 2 Ireland

*All Directors are Non-Executive

¹Independent Directors

²Holders of Authorised non-participating voting shares

The authorised participant for the ICAV is BNP Paribas.

FLEXSHARES ICAV

GENERAL INFORMATION

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 Act 2015 & 2020 (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 George's Court, 54-62 Townsend Street, Dublin 2, Ireland.

The ICAV has no employees.

As at 31 March 2021, the ICAV comprises of two 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

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.

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.

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 and only Distributing Shares will be issued for Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF.

Dividends

There were no dividends declared during the financial period ending 31 March 2021.

Distributions may be declared and paid on Distributing Shares of Flexshares® Developed 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/euro/home>. No dividends will be declared in respect of the Accumulating Shares of 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 ICAV

DIRECTORS REPORT

For the period from 25 June 2020 to 31 March 2021

The Directors have the pleasure in submitting their first Annual Report to the Shareholders together with the audited financial statements for the period ended 31 March 2021.

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 7 and 8. Significant events during the period are included on the following page.

Results for the Period and State of Affairs as at 31 March 2021

The results of operations are set out on page 14.

Dividends

There were no dividends declared for the Funds during the period ended 31 March 2021.

Directors

The Directors of the ICAV during the period ended 31 March 2021 were:

<u>Director</u>	<u>Country of Residence</u>	<u>Date of Appointment</u>
Mr. Gerald Brady (Chairman)	Irish Resident	22 February 2021
Ms. Claire Cawley	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
Ms. Deirdre Gormley	Irish Resident	25 June 2020
Mr. Bimal Shah	UK Resident	20 November 2020

Soft Commission Arrangements and Directed Brokerage Services

There were no soft commission arrangements, directed brokerage services or similar arrangements affecting the ICAV during the period ended 31 March 2021.

Directors' Interests

None of the Directors held any interest in the shares of the ICAV at any time during the period or at 31 March 2021.

Transactions involving Directors

Other than as stated in Related Party Disclosures in Note 10, 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 period.

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, counterparty credit risk and operational risk which are outlined in Note 11 and is included in this report by cross reference.

Brexit and Associated Risks

The Manager has completed the Brexit deadline activity, and continues to closely monitor the ongoing dynamics to ensure that the ICAV supports client and business needs. Following the end of the transition period on 31st December 2020, a number of memorandums of understanding (MoU) came into effect between the FCA (Financial Conduct Authority), European regulators and European Securities and Market Authority (ESMA).

Since 1 January 2021 the UK-EU Trade and Cooperation Agreement (TCA) has applied to the relationship between the UK (United Kingdom) and European Union (EU); the agreement contains a number of provisions that are relevant for financial services firms. Overall, UK firms are now regarded as third country firms and passporting rights to establish branches or provide cross border services between the UK and EU no longer exist.

UK/EU firms are able to set up establishments and provide services into the territory of the other Party subject to compliance with local (including EU) authorization/licensing requirements. Moreover, the TCA provides that once authorized/licensed, such firms will benefit from national treatment – meaning no less favorable treatment than the most favorable treatment accorded by each Party to its own investors and firms.

Within the UK, temporary permissions regimes (TPR) were introduced, which will last for a maximum of three years, to allow EU firms and funds to continue to provide services into the UK Market.

Political Contributions

There were no political contributions made by the ICAV during the period ended 31 March 2021.

FLEXSHARES ICAV

DIRECTORS REPORT (CONTINUED)

For the period from 25 June 2020 to 31 March 2021

Material Events During the Period

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

The ICAV was authorised in Ireland by the Central Bank on 1 December 2020 and commenced operations on 24 February 2021.

The following launched on 24th February 2021:

- Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF USD Accumulating.
- Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF USD Distributing.

On 5 March 2021, the ICAV issued an addendum to the Prospectus to meet the requirements of the Sustainable Finance Disclosure Regulation (“SFDR”).

Coronavirus (“Covid-19”)

During the period ended March 2021 the Covid-19 (Coronavirus) pandemic caused and continues to cause major disruption to the global economy and social fabric of many countries. The ICAV and the Northern Trust Group are closely monitoring their business practices, taking into account guidance from the Centers for Disease Control and Prevention (“CDC”) and World Health Organisation (“WHO”), regulators, governments and local public health departments. The ICAV has joined with the Group to implement risk mitigation strategies including alternate work schedules and work-from-home (“WFH”) arrangements. A number of internal programs have been implemented to ensure that the Administrator can continue to provide the level of service expected while also providing the necessary support for employees during this pandemic. In addition, operations and client service teams are working hand in hand with Information Technology, Legal, and Risk and Control teams to adapt to the evolving local developments. In addition to ensuring they operate effectively in their current resiliency mode, a global, cross-functional Future of Work taskforce is exploring how to best evolve all aspects of their foundation, including: client service, partner engagement, risk management, efficiency and culture. The framework will be robust enough to stand the test of time and flexible enough to allow business units and regions to evolve at different speeds and react to local environmental changes. As an immediate next step, business leaders are working on a segmentation strategy to determine which roles are best served working within an office, remotely or in some combination.

The Northern Trust Group formally activated the Enterprise Pandemic Phase of their Business Continuity Plan (“BCP”) on 11 March 2020, ahead of the WHO announcement. The Group has implemented best practices including stress testing of BCP to include extended WFH, implementing social distancing arrangements, adapting and refining its established and tested transfer-of-work protocols and cancelling in-person meetings and events. The Group maintains robust BCP’s to manage its operation in support of its clients. Its service has been designed to be fault tolerant, minimising the potential for any single points of failure. To achieve this, the Group is utilising its dedicated Business Resiliency Centers, optimising work-from-home arrangements and will invoke transfer-of-work capabilities as required to complete processes across multiple offices, countries and regions.

There were no other material events during the period.

Subsequent Events

While the impact of Covid-19 still is and will continue to have an evolving effect on economies and society, the Funds continue to perform as designed in line with their indices and investment philosophies and without liquidity or quality issues.

Effective as of 29 July 2021, Deirdre Gormley resigned as a director of the Manager and the ICAV.

There were no other significant events subsequent to the period 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 Funds at the end of the financial period and of the changes in net assets attributable to holders of redeemable participating shares in the Funds for the financial period. 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 Funds’ 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 Funds or to cease operations or have no realistic alternative but to do so.

FLEXSHARES ICAV

DIRECTORS REPORT (CONTINUED)

For the period from 25 June 2020 to 31 March 2021

Statement of Directors' Responsibilities (continued)

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 Funds 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Funds. In this regard they have entrusted the assets of the Funds 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.

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, Ireland.

Independent Auditor

KPMG Ireland, Chartered Accountants, have been appointed during the period in accordance with Section 125 of the ICAV Act 2015 and 2020 and have expressed their willingness to continue in office in accordance with Section 125 of the ICAV Act 2015.

Connected Persons

The Central Bank UCITS Regulations require in effect that any transaction carried out with a UCITS by a management company or depositary to the UCITS, 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 are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 41(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 period complied with the obligations set out in Regulation 41(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 <http://www.irishstatutebook.ie/home.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, Ireland;
- iii. The Central Bank UCITS Regulations which can be obtained from the Central Bank's website at: <http://www.centralbank.ie/regulation/industry-sectors/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. The 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/regulatorytechnical/corporate-governance>. Compliance with the Irish Corporate Governance Code

FLEXSHARES ICAV


DIRECTORS REPORT (CONTINUED)

For the period from 25 June 2020 to 31 March 2021


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 measure 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.

On behalf of the Board of Directors



Gerald Brady
Director
29 July 2021



Deirdre Gormley
Director

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 period ended 31 March 2021 (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
29 July 2021

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

INVESTMENT REVIEW (UNAUDITED)

For the period ended 31 March 2021

Launch Date

24 February 2021

Fund Size

USD 5.13 million

Benchmark

iSTOXX Northern Trust Developed Markets Low Volatility Climate ESG Index

Performance Data

	Since inception	1 Year	3 Years
Fund	2.61%	N/A	N/A
Benchmark	2.64%	N/A	N/A

Fund Review

Portfolio Summary*

United States	63.1
Japan	9.7
Switzerland	3.9
United Kingdom	3.3
Canada	3.1
Hong Kong	2.9
France	2.3
Germany	1.8
Italy	1.7
Spain	1.4
Other	6.6

*Country breakdown may not sum to 100% as the Fund has a small allocation to futures for efficient portfolio management as described in Note 15.

Performance Commentary

Global equity markets advanced during the period, buoyed by the news of further US fiscal stimulus and roll-out of Covid-19 vaccines. The FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF launched on the 24th of February with USD 5 million of initial seed funding. Since inception, the Fund has posted a net total return of 2.61%, underperforming the benchmark return of 2.64%. The underperformance is explained by the impact of the daily accrued TER on the Fund's assets. The annualised tracking error during the period was 0.09% which is within the anticipated level of up to 0.50% per annum.

Northern Trust Global Investments Limited
Investment Manager

July 2021

FLEXSHARES ICAV**FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF****INVESTMENT REVIEW (UNAUDITED)***For the period ended 31 March 2021***Launch Date**

24 February 2021

Fund Size

USD 4.32 million

Benchmark

iSTOXX Northern Trust Developed Markets High Dividend Climate ESG Index

Performance Data

	Since inception	1 Year	3 Years
Fund	2.79%	N/A	N/A
Benchmark	2.77%	N/A	N/A

Fund Review**Portfolio Summary***

United States	63.2
Japan	8.3
United Kingdom	4.4
Switzerland	3.7
Canada	3.2
Australia	2.5
France	2.5
Germany	2.3
Spain	1.7
Hong Kong	1.5
Other	6.6

*Country breakdown may not sum to 100% as the Fund has a small allocation to futures for efficient portfolio management as described in Note 15.

Performance Commentary

Covid-19 vaccine roll-outs and US spending plans helped equity markets to new highs during the period. The FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF launched on the 24th of February with USD 4.2 million of initial seed funding. Since inception, the Fund has posted a net total return of 2.79%, outperforming the benchmark return of 2.77%. The overperformance is due to withholding tax suffered by the Fund on income received from its investments versus that suffered by the benchmark. The annualised tracking error during the period was 0.09% which is within the anticipated level of up to 0.50% per annum.

Northern Trust Global Investments Limited**Investment Manager****July 2021**



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF AND FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

Report on the audit of the financial statements

Opinion

We have audited the financial statements of each of FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF, and FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF (collectively, “the Sub-Funds”), of FlexShares ICAV (“the ICAV”) for the period from 25 June 2020, date of incorporation, to 31 March 2021 set out on pages 13 to 30, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets, 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 each of the Sub-Funds as at 31 March 2021 and of the changes in net assets attributable to holders of redeemable participating shares of each of the Sub-Funds for the period 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 and 2020 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 (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 audit for the period ended 31 March 2021 is the first period of total uninterrupted engagement. 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 directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of each of the Sub-Funds’ ability to continue to adopt the going concern basis of accounting included considering the inherent risks to the Sub-Funds’ business model and analysing how those risks might affect the Sub-Funds’ financial resources or ability to continue operations over the going concern period.

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 each of the Sub-Funds’ 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.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, 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 matter for both Sub-Funds was as follows:



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF AND FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

Accuracy of Investments

FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF - \$5,090,826

FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF - \$4,289,497

Refer to note 5 (accounting policy) on pages 18 to 19 and Notes 11 and 12 (financial disclosures) on pages 24 to 29.

The key audit matter

Accuracy of investments is considered to be a key audit matter.

The Sub-Funds' investment portfolio comprises of level 1 equities and future contracts.

Due to their materiality in the context of the financial statements as a whole, investments are considered of most significance to the audit of the financial statements.

How the matter was addressed in our audit

Our audit procedures included engaging our valuation specialists to price 100% of the portfolio of investments. Our valuation specialists independently priced 100% of the equities and futures in the Sub-Funds' portfolio of investments and assessed whether the prices obtained fell within the pre-determined acceptable range for each of the asset classes when compared to the prices per the Administrator. We obtained prices from reputable sources such as Bloomberg, Reuters and IDC.

We considered the adequacy of the disclosures made in the financial statements in relation to the fair value of investments and fair value disclosures for compliance with IFRS as adopted by the EU.

We discussed with the Administrator and analysed the pricing of the portfolio to determine whether there were any stale prices, cost prices and/or instruments which have moved in excess of tolerance levels, none of which were identified.

We reviewed the fair value hierarchy disclosure of investments in accordance with IFRS 13 "Fair Value Measurement".

No material misstatements were noted as part of our testing.

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

The materiality for the Sub-Funds' financial statements was set at \$51,307 for FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF and \$43,170 for FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF. This has been calculated with reference to a benchmark of the Sub-Funds' net asset value, (of which it represents 1%) as at 31 March 2021, which we consider to be one of the principal considerations for members of the Sub-Funds in assessing the financial performance of the Sub-Funds. We applied materiality to assist us determine what risks were significant risks and the procedures to be performed. We reported to the board of directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of \$2,565 for FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF and \$2,159 for FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Sub-Funds was undertaken to the materiality level specified above and was all performed by the one 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 and Appendix II: Material Purchases and Sales. 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 and 2020

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



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF AND FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

Matters on which we are required to report by exception

The Irish Collective Asset-management Vehicles Acts 2015 and 2020 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.

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 pages 4 to 5, 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 Sub-Funds' 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 Sub-Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for>.

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

Our report is made solely to the shareholders of each of the Sub-Funds of the ICAV, as a body, in accordance with Section 120 of the Irish Collective Asset-management Vehicles Act 2015. Our audit work has been undertaken so that we might state to each of the Sub-Funds' 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 Sub-Funds and the Sub-Funds' shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Ivor Conlon
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1
29 July 2021

FLEXSHARES ICAV
STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF* US\$
Assets			
Cash and cash equivalents	9	29,894	12,881
Margin cash	9	1,775	1,822
Dividend income receivable		6,779	11,415
Other assets		19,518	19,413
Transferable securities: Equities	11,12	5,090,329	4,289,095
Financial derivative instruments:			
Unrealised gain on future contracts	11,12	497	402
Total assets		5,148,792	4,335,028
Liabilities			
Investment management fees payable	6,10	(1,200)	(1,171)
Administration fees payable	6,10	(120)	(101)
Depositary fees payable	6,10	(96)	(81)
Audit fees payable	6	(4,527)	(4,526)
Directors fees payable	6,10	(516)	(516)
Other liabilities		(11,603)	(11,598)
Total liabilities		(18,062)	(17,993)
Net assets attributable to holders of redeemable participating shares		5,130,730	4,317,035
Classified as equity		5,130,730	4,317,035
NAV per share		\$25.65	\$25.70

* launched on 24 February 2021, therefore no comparatives are being presented.

The accompanying notes on pages 17 to 30 form an integral part of these financial statements.

On behalf of the Board of Directors



Gerald Brady
Director

29 July 2021



Deirdre Gormley
Director

FLEXSHARES ICAV

STATEMENT OF COMPREHENSIVE INCOME

For the period from 25 June 2020 to 31 March 2021

	Notes	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShares® Developed Markets High Dividend Climate UCITS ETF* US\$
Income			
<i>Revenue from financial instruments at fair value through profit or loss:</i>			
Dividend income		15,990	27,725
<i>Gains and losses from financial instruments at fair value through profit or loss:</i>			
Net unrealised gains on investments		119,044	94,908
Realised and unrealised (losses)/gains on futures contracts		344	1,036
<i>Income and losses from financial instruments that are not at fair value through profit or loss:</i>			
Net realised gains/(losses) on foreign currency		(116)	(144)
Net unrealised gains/(losses) on foreign currency		(388)	(141)
Expenses rebate	6	19,518	19,413
Net income		<u>154,392</u>	<u>142,797</u>
Operating expenses			
Investment management fees	6,10	(1,200)	(1,171)
Administration fees	6,10	(120)	(101)
Depository fees	6,10	(96)	(81)
Audit fees	6	(4,527)	(4,527)
Directors' fees	6,10	(516)	(516)
Transaction costs		(1,743)	(1,715)
Other expenses	8	(14,263)	(14,194)
Total operating expenses before tax		<u>(22,465)</u>	<u>(22,305)</u>
Operating profit before tax		131,927	120,492
Withholding tax (expense)		(2,921)	(5,165)
Increase in net assets attributable to holders of redeemable participating shares from operations		<u>129,006</u>	<u>115,327</u>

* For the period from 24 February 2021 to 31 March 2021.

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

The accompanying notes on pages 17 to 30 form an integral part of these financial statements.

FLEXSHARES ICAV

STATEMENT OF CHANGES IN NET ASSETS

For the period from 25 June 2020 to 31 March 2021

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF* US\$
Net assets attributable to holders of redeemable participating shares at the beginning of the period	-	-
Increase in net assets attributable to holders of redeemable participating shares	129,006	115,327
Issue of redeemable participating shares	5,001,724	4,201,708
Redemption of redeemable participating shares	-	-
Total contributions and redemptions by holders of redeemable participating shares	5,001,724	4,201,708
Net assets attributable to holders of redeemable participating shares at the end of the period	5,130,730	4,317,035

* For the period from 24 February 2021 to 31 March 2021.

The accompanying notes on pages 17 to 30 form an integral part of these financial statements.

FLEXSHARES ICAV

STATEMENT OF CASH FLOWS

For the period from 25 June 2020 to 31 March 2021

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF* US\$
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable participating shares from operations	129,006	115,327
Purchase of investments	(4,973,028)	(4,195,902)
Dividend income received	9,211	16,310
Withholding tax paid	(2,921)	(5,165)
<i>Adjustments for:</i>		
Withholding tax	2,921	5,165
Net (gains) on investments	(117,798)	(93,595)
Net (increase) in debtors	(19,518)	(19,413)
Net (increase) in margin cash	(1,775)	(1,822)
Dividend income	(15,990)	(27,725)
Net increase in creditors and accrued expenses	18,062	17,993
Net cash used in operating activities	<u>(4,971,830)</u>	<u>(4,188,827)</u>
Cash flows from financing activities		
Proceeds from issue of redeemable shares	5,001,724	4,201,708
Net cash generated from financing activities	<u>5,001,724</u>	<u>4,201,708</u>
Net increase in cash	29,894	12,881
Cash and cash equivalents at the beginning of the period*	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the period*	<u><u>29,894</u></u>	<u><u>12,881</u></u>

* For the period from 24 February 2021 to 31 March 2021.

The accompanying notes on pages 17 to 30 form an integral part of these financial statements.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the period ended 31 March 2021

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 (“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”), 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 2021, the ICAV comprises of two active Funds (“the Funds”).

2. Basis of Preparation

These audited financial statements for the period ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”) and interpretations adopted by the International Accounting Standards Board (“IASB”), and with the requirements of the Irish Collective Asset-management Vehicles Act 2015 and 2020 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 Act 2015 and 2020, the financial statements of the Funds have been prepared on an individual basis with each financial statement a separate financial statement of the Fund.

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

Management has a reasonable expectation that the Funds have adequate resources to continue in operational existence for the foreseeable future. Therefore, the Funds continue to adopt the going concern basis of accounting in preparing their financial statements.

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:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- 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 each Fund is the currency of the primary economic environment in which the Fund operates. Management have determined the functional currency of Flexshares® Developed Markets Low Volatility Climate ESG UCITS ETF and Flexshares® Developed Markets High Dividend Climate ESG UCITS ETF to be the US dollar (US\$), as the US dollar most faithfully represents the economic effects of their underlying transactions, events and conditions.

Management has adopted the functional currency of each individual Fund as its presentation currency. The Funds 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.

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.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

4. Use of Estimates and Judgements (continued)

Use of Judgements

Information about significant areas of judgement in applying accounting policies is included in Note 5 - *Financial Instruments: Fair Value Measurement Principles*.

5. Significant Accounting Policies

Basis of Measurement

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

Financial Instruments

(i) Classification of financial assets and financial liabilities

On initial recognition, the Funds classify 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.

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.

All other financial assets of the Funds are measured at FVTPL.

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 Fund'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 periods, 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 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.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

5. Significant Accounting Policies (continued)

Financial Instruments (continued)

(iii) Recognition

The Funds 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 fair value hierarchy as at the beginning of the reporting period during which the change has occurred.

(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 period ended 31 March 2021, there were no financial assets or liabilities subject to enforceable master netting arrangements or similar arrangements which would require disclosure.

Dividend Income and Bank Interest

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 within profit or loss 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 is insufficient to cover the expenses incurred by the Funds.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

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 within profit or loss in the Statement of Comprehensive Income.

Redeemable Participating Shares

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

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 Funds' redeemable participating shares meet these conditions and are classified as equities.

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.

Distributions

As a result of the classification of their redeemable participating shares as equities, any of the Funds distributions will be recognised in the Statement of Changes in Net Assets.

Cash and Cash Equivalents

Cash comprises current deposits with banks.

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.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

5. Significant Accounting Policies (continued)

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 period.

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.

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

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 that will also be 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 Total Expense Ratio 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:

Fund	Share Class	Total Expense Ratio ("TER")
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

The TER, which is expressed as a percentage of the Net Asset Value of the relevant Share Class of the Fund, represents the total expenses which will be borne by each share class of the Fund.

Any extraordinary expenses will be charged to the Fund in addition and will reduce the Net Asset Value of the relevant Share Class of the Fund accordingly.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

6. Fees and Expenses (continued)

Total Expense Ratio (continued)

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.

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.

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, Manager, Administrator and Depository for the period are disclosed in the Statement of Comprehensive Income.

Audit fees of €25,500 (ex VAT) were incurred in relation to the statutory audit of the financial statements of the ICAV for the period.

Tax compliance fees of €3,040 (Incl. VAT) for non-audit services provided by KPMG were incurred for the period.

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.

There were no distributions declared during the period ended 31 March 2021.

8. Other Expenses

For the period ended 31 March 2021

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF* US\$	FlexShare® Developed Markets High Dividend Climate ESG UCITS ETF* US\$
Other expenses		
Corporate secretarial fees	(263)	(262)
Directors insurance	(66)	(66)
Legal fees	(635)	(635)
Registration and Filing Fee	(2,273)	(2,273)
General expenses ¹	(11,026)	(10,958)
Total	(14,263)	(14,194)

* For the period from 24 February 2021 to 31 March 2021.

¹ Included within General expenses are tax agent fees and various listing fees.

9. Cash and Cash Equivalents

All cash and investments are held with The Northern Trust Company as mentioned in Note 10.

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

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

10. Transactions with Related Parties and Key Management Personnel

The following transactions were entered into during the period by the Funds:

The Investment Manager is considered to be a related party in accordance with IAS 24 as it has the ability to exert significant influence over the activities of the Funds. The following fees were earned by/payable to Northern Trust Global Investments Limited, as Investment Manager, during/as at the period ended 31 March 2021.

	For the period ended 31 March 2021	As at 31 March 2021
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF	US\$1,200	US\$1,200
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF	US\$1,171	US\$1,171

The Manager is considered to be a related party in accordance with IAS 24 as it has the ability to exert significant influence over the activities of the Funds. The following fees were earned by/payable to Northern Trust Fund Managers (Ireland) Limited, as Manager, during/as at the period ended 31 March 2021.

	For the period ended 31 March 2021	As at 31 March 2021
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF	US\$0	US\$0
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF	US\$0	US\$0

The Administrator is considered to be a related party in accordance with IAS 24 as they are part of the same group of companies as the Investment Manager and Manager. The following fees were earned by/payable to Northern Trust International Fund Administration Services (Ireland) Limited, as Administrator, during/as at the period ended 31 March 2021.

	For the period ended 31 March 2021	As at 31 March 2021
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF	US\$120	US\$120
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF	US\$101	US\$101

The Depositary is considered to be a related party in accordance with IAS 24 as they are part of the same group of companies as the Investment Manager and Manager. The following fees were earned by/payable to Northern Trust Fiduciary Services (Ireland) Limited, as Depositary, during/as at the period ended 31 March 2021.

	For the period ended 31 March 2021	As at 31 March 2021
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF	US\$96	US\$96
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF	US\$81	US\$81

The Funds have cash balances with The Northern Trust Company, the appointed global sub-custodian of the Depositary. Cash held with The Northern Trust Company for each Fund as at 31 March 2021 is disclosed in the Statement of Financial Position. Bank interest received/paid by each Fund (if any) during the period ended 31 March 2021 in respect of their cash/overdrawn balances held with The Northern Trust Company is disclosed in the Statement of Comprehensive Income.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

10. Transactions with Related Parties and Key Management Personnel (continued)

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.

No remuneration was paid to the Group Directors during the period as the ICAV was in operation for one month.

Long term incentives awarded are delivered in the form of non-cash instruments and these restricted stock shares are recognised over the period that the restricted stock vests. Certain restricted stock shares vested during the current period.

Independent Non-Executive Directors' remuneration:

During the period the ICAV was charged a Directors fee by its Independent Non-Executive Directors amounting to US\$516 for the FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF of which US\$516 was outstanding at period end and US\$516 for the FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF of which US\$516 was outstanding at period end for both Funds.

11. 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 period end the sub-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.

Concentration of Investments by Asset Classification

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2021 % of net assets	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2021 % of net assets
Equities	99.21	99.35
Derivatives	0.01	0.01
Total	99.22	99.36

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

11. 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 2021:

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

	FlexShares® Developed Markets Low Volatility Climate 31 March 2021 % of net assets	FlexShares® Developed Markets High Dividend Climate 31 March 2021 % of net assets
United States	60.93	59.34
Japan	9.57	8.27
Other countries/territories	28.72	31.75
Total	99.22	99.36

Notional Value of Investments by Asset Classification

	FlexShares® Developed Markets Low Volatility Climate 31 March 2021 US\$	FlexShares® Developed Markets High Dividend Climate 31 March 2021 US\$
Derivatives	39,674	19,837

If the value of the underlying securities held by each Fund as at 31 March 2021 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 Manager believes that a movement of 5% is reasonably possible.

	31 March 2021
FlexShares Developed Markets Low Volatility Climate ESG UCITS ETF	US\$254,541
FlexShares Developed Markets High Dividend Climate ESG UCITS ETF	US\$214,475

(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 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.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

11. Financial Instruments and Associated Risks (continued)

Market Risk (continued)

(iii) Currency Risk (continued)

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

FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF

31 March 2021

All amounts stated in US\$	Total	Swiss Franc	Danish Krone	British Pound Sterling	Euro	Hong Kong Dollar
Monetary assets	29,741	2,802	1,002	8,108	5,754	3,685
Non-monetary assets	1,833,112	200,762	56,906	180,201	505,649	117,358
Monetary liabilities	(4)	(3)	(1)	-	-	-
Net currency exposure	1,862,849	203,561	57,907	188,309	511,403	121,043

All amounts stated in US\$	Canadian Dollar	Swedish Krona	Singaporean Dollar	Japanese Yen	Australian Dollar
Monetary assets	699	114	591	5,739	1,248
Non-monetary assets	158,491	11,874	43,816	491,234	66,820
Monetary liabilities	-	-	-	-	-
Net currency exposure	159,190	11,988	44,407	496,973	68,068

FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF

31 March 2021

All amounts stated in US\$	Total	Swiss Franc	Danish Krone	British pound sterling	Euro	Hong Kong Dollar
Monetary assets	17,410	1,962	51	3,959	2,831	743
Non-monetary assets	1,578,330	156,787	38,174	190,509	463,575	65,670
Monetary liabilities	(2)	(2)	-	-	-	-
Net currency exposure	1,595,738	158,747	38,225	194,468	466,406	66,413

All amounts stated in US\$	Canadian dollar	Swedish Krona	Singaporean Dollar	Japanese Yen	Australian Dollar	Norwegian Krona
Monetary assets	431	57	457	1,999	4,919	1
Non-monetary assets	135,126	41,754	17,916	357,391	109,030	2,397
Monetary liabilities	-	-	-	-	-	-
Net currency exposure	135,557	41,811	18,373	359,390	113,949	2,398

If the exchange rates as at 31 March 2021 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 Manager believes that a movement of 5% is reasonably possible.

31 March 2021

All amounts stated in US\$

FlexShares Developed Markets Low Volatility Climate ESG UCITS ETF	US\$93,142
FlexShares Developed Markets High Dividend Climate ESG UCITS ETF	US\$79,787

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 period 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.

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

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

11. Financial Instruments and Associated Risks (continued)

Market Risk (continued)

(iv) Credit Risk (continued)

	FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF 31 March 2021 US\$	FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF 31 March 2021 US\$
Cash	29,894	12,881
Dividends receivable	6,779	11,415
Margin cash	1,775	1,822
Other assets	19,518	19,413
Unrealised gains on future contracts	497	402
Total	58,463	45,933

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.

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 2021 the counterparty of the future contracts had the following credit rating from Standard & Poor’s: Merrill Lynch International: 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 period end, NTC had a long term credit rating from Standard & Poor’s of 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.

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

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

11. Financial Instruments and Associated Risks (continued)

Market Risk (continued)

(vi) Liquidity Risk (continued)

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.

The following tables show the residual contractual maturities of the Funds' financial liabilities as at the Statement of Financial Position date.

FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF

31 March 2021

	Less than 1 month	1-3 months
	US\$	US\$
Expenses payable and other liabilities	18,062	-
Total	<u>18,062</u>	<u>-</u>

FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF

31 March 2021

	Less than 1 month	1-3 months
	US\$	US\$
Expenses payable and other liabilities	17,993	-
Total	<u>17,993</u>	<u>-</u>

12. Fair Value Measurement

IFRS 13 requires the Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Inputs that are quoted prices for identical investments in active markets;
- Level 2: Inputs that are quoted prices for similar investments in active markets and model-derived valuations whose significant value drivers are observable; and
- Level 3: Inputs that are unobservable.

The framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

For financial assets and liabilities, fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets and liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at measurement date.

The determination of what constitutes observable requires significant judgement by the Funds. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs.

FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF

31 March 2021

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
<i>Financial assets at fair value through profit or loss:</i>				
Equities	5,090,329	-	-	5,090,329
Unrealised gains on futures contracts	497	-	-	497
Total	<u>5,090,826</u>	<u>-</u>	<u>-</u>	<u>5,090,826</u>

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

12. Fair Value Measurement (continued)

FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF

31 March 2021

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<i>Financial assets at fair value through profit or loss:</i>				
Equities	4,289,095	-	-	4,289,095
Unrealised gains on futures contracts	402	-	-	402
Total	<u>4,289,497</u>	<u>-</u>	<u>-</u>	<u>4,289,497</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 financial instruments classified as Level 2 or Level 3 as at 31 March 2021.

There were no transfers between levels during the period ended 31 March 2021.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the period.

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 period ended 31 March 2021, 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.

13. 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").

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 Company. 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.

FLEXSHARES ICAV

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the period ended 31 March 2021

14. Shares Outstanding (continued)

Authorised (continued)

The following tables set out the movements in the Funds' redeemable participating shares during the period ended 31 March 2021.

	Shares in issue 24 February 2021	Shares issued during the period	Shares redeemed during the period	Shares in issue 31 March 2021
FlexShares® Developed Markets Low Volatility Climate ESG UCITS ETF				
USD Accumulating Share Class	-	200,000	-	200,000
FlexShares® Developed Markets High Dividend Climate ESG UCITS ETF				
USD Distributing Share Class	-	168,000	-	168,000

15. 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.

16. Commitments and Contingencies

The Funds had no significant commitments or contingencies as at 31 March 2021

17. 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.

US dollar

31 March 2021

Australian dollar	1.3129	Hong Kong dollar	7.7744
British pound sterling	0.7248	Japanese yen	110.5001
Canadian dollar	1.2568	Singapore dollar	1.3436
Danish Krone	6.3280	Swedish krona	8.7162
Euro	0.8508	Swiss franc	0.9412

18. Events Since the Period End

While the impact of Covid-19 still is and will continue to have an evolving effect on economies and society, the Funds continue to perform as designed in line with their indices and investment philosophies and without liquidity or quality issues.

Effective as of 29 July 2021, Deirdre Gormley resigned as a director of the Manager and the ICAV.

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

19. Approval of Financial Statements

The financial statements were approved by the Directors of the ICAV on 29 July 2021.

FLEXSHARES ICAV

SUPPLEMENTARY INFORMATION (UNAUDITED)

As at 31 March 2021

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 period 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.

	Net asset value 31 March 2021	Shares in issue 31 March 2021	Net asset value per Share 31 March 2021
FlexShares Developed Markets Low Volatility Climate ESG UCITS ETF			
USD Accumulating Share Class	US\$5,130,730	200,000	US\$25.65
FlexShares Developed Markets High Dividend Climate ESG UCITS ETF			
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 remuneration policy 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. The ICAV pays the Independent Non-Executive Directors a fixed fee per annum. This fee is not related to the performance of the Funds.

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 Directors 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.

Senior Management and other Code Staff	2021
Number of Code Staff	11
Fixed remuneration (US\$m)	0
Variable remuneration (US\$m)	0

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Investments in Transferable Securities admitted to an official stock exchange listing			
Equities: 99.21%			
Australia: 1.31%			
716	APA	5,465	0.11
624	ASX	33,768	0.66
974	Coles	11,877	0.23
16	Commonwealth Bank of Australia	1,049	0.02
5,530	Medibank Pvt	11,793	0.23
34	Rio Tinto	2,868	0.06
Total Australia		66,820	1.31
Bermuda: 0.64%			
500	Jardine Matheson	32,695	0.64
Total Bermuda		32,695	0.64
Canada: 3.09%			
352	Bank of Nova Scotia	22,019	0.43
176	Canadian National Railway	20,422	0.40
92	Franco-Nevada	11,528	0.22
672	Royal Bank of Canada	61,952	1.21
486	Thomson Reuters	42,570	0.83
Total Canada		158,491	3.09
Denmark: 1.11%			
264	Coloplast	39,792	0.78
252	Novo Nordisk	17,114	0.33
Total Denmark		56,906	1.11
Finland: 1.35%			
430	Elisa	25,845	0.50
460	Kone	37,661	0.73
60	Neste	3,191	0.06
78	UPM-Kymmene	2,808	0.06
Total Finland		69,505	1.35

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Equities: 99.21% (continued)			
France: 1.72%			
78	BioMerieux	9,947	0.19
12	Hermes International	13,314	0.26
124	L'Oreal	47,627	0.93
30	Total	1,402	0.03
482	Vivendi	15,862	0.31
Total France		88,152	1.72
Germany: 1.62%			
154	Deutsche Boerse	25,647	0.50
98	Deutsche Post	5,381	0.10
348	Henkel Pref	39,207	0.76
108	Symrise	13,125	0.26
Total Germany		83,360	1.62
Guernsey: 0.26%			
190	Amdocs	13,329	0.26
Total Guernsey		13,329	0.26
Hong Kong: 2.28%			
400	AIA	4,852	0.09
2,000	Hang Seng Bank	38,717	0.75
9,000	Hong Kong & China Gas	14,238	0.28
2,500	MTR	14,165	0.28
1,000	New World Development	5,171	0.10
13,000	Swire Properties	40,215	0.78
Total Hong Kong		117,358	2.28
Ireland: 1.67%			
310	Accenture	85,638	1.67
Total Ireland		85,638	1.67
Italy: 1.73%			
728	FinecoBank Banca Fineco	11,940	0.23
6,832	Snam	37,964	0.74
5,146	Terna Rete Elettrica Nazionale	38,938	0.76
Total Italy		88,842	1.73

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Equities: 99.21% (continued)			
Japan: 9.57%			
1,200	Bridgestone	48,597	0.95
100	Chugai Pharmaceutical	4,062	0.08
600	FP	24,462	0.48
200	Fujifilm	11,893	0.23
100	GMO Payment Gateway	13,285	0.26
200	Hamamatsu Photonics	11,837	0.23
200	Idemitsu Kosan	5,166	0.10
800	Japan Exchange	18,787	0.37
1,500	Japan Post Bank	14,443	0.28
700	Marui	13,170	0.26
200	Murata Manufacturing	16,004	0.31
500	Nagoya Railroad	11,914	0.23
4	Nippon Prologis REIT	12,869	0.25
1,000	Nomura Research Institute	30,995	0.61
100	Oracle Corporation Japan	9,774	0.19
1,700	Pan Pacific International	40,169	0.78
2,400	Sega Sammy	37,510	0.73
500	SG	11,480	0.22
168	Shimano	40,100	0.78
300	Sysmex	32,375	0.63
300	Terumo	10,857	0.21
1,700	Tokyo Gas	37,885	0.74
600	Welcia	20,633	0.40
2,400	Yamada	12,967	0.25
Total Japan		491,234	9.57
Jersey: 0.21%			
554	Polymetal International	10,850	0.21
Total Jersey		10,850	0.21
Luxembourg: 0.20%			
406	Grand City Properties	10,192	0.20
Total Luxembourg		10,192	0.20
Netherlands: 1.83%			
20	ASML	12,153	0.24
308	Euronext	31,095	0.61
228	Koninklijke DSM	38,668	0.75
244	QIAGEN	11,835	0.23
Total Netherlands		93,751	1.83

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Equities: 99.21% (continued)			
Singapore: 0.85%			
5,100	Singapore Exchange	37,844	0.74
400	Venture	5,972	0.11
Total Singapore		43,816	0.85
Spain: 1.40%			
1,718	Enagas	37,395	0.73
1,364	Iberdrola	17,611	0.34
678	Red Electrica	12,032	0.24
124	Siemens Gamesa Renewable Energy	4,809	0.09
Total Spain		71,847	1.40
Sweden: 0.23%			
138	ICA Gruppen	6,761	0.13
64	Investor	5,113	0.10
Total Sweden		11,874	0.23
Switzerland: 3.92%			
38	Allreal	7,688	0.15
10	Givaudan	38,697	0.75
104	Kuehne + Nagel International	29,803	0.58
530	Nestle	59,321	1.16
142	Novartis	12,186	0.24
44	Roche	14,280	0.28
72	Swisscom	38,787	0.76
Total Switzerland		200,762	3.92
United Kingdom: 3.30%			
166	Admiral	7,102	0.14
13,512	ConvaTec	36,558	0.71
436	Croda International	38,186	0.74
6,228	Direct Line Insurance	26,922	0.53
1,190	GlaxoSmithKline	21,147	0.41
464	Hargreaves Lansdown	9,868	0.19
868	Pennon	11,676	0.23
86	Spirax-Sarco Engineering	13,527	0.26
78	Unilever	4,365	0.09
Total United Kingdom		169,351	3.30

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	Equities: 99.21% (continued)		
	United States: 60.92%		
96	Abbott Laboratories	11,505	0.22
400	AbbVie	43,288	0.84
202	Adobe	96,025	1.87
144	Agilent Technologies	18,308	0.36
136	Akamai Technologies	13,858	0.27
44	Alphabet	91,020	1.77
18	Amazon.com	55,693	1.09
276	Amgen	68,672	1.34
1,440	Apple	175,896	3.43
1,194	AT&T	36,142	0.71
138	Autodesk	38,247	0.75
432	Bank of America	16,714	0.33
528	Bristol-Myers Squibb	33,333	0.65
90	Broadridge Financial Solutions	13,779	0.27
824	Campbell Soup	41,422	0.81
142	CH Robinson Worldwide	13,551	0.26
410	Church & Dwight	35,814	0.70
1,056	Cisco Systems	54,606	1.06
44	Citigroup	3,201	0.06
272	Citrix Systems	38,178	0.74
32	Colgate-Palmolive	2,523	0.05
208	Costco Wholesale	73,316	1.43
122	Digital Realty Trust REIT	17,182	0.33
96	Dollar General	19,452	0.38
134	Dollar Tree	15,338	0.30
724	eBay	44,337	0.86
292	Electronic Arts	39,528	0.77
24	Eli Lilly and Company	4,484	0.09
408	Expeditors International of Washington	43,938	0.86
64	Facebook	18,850	0.37
42	FactSet Research Systems	12,961	0.25
728	General Mills	44,641	0.87
720	Gilead Sciences	46,534	0.91
76	Home Depot	23,199	0.45
212	Illinois Tool Works	46,962	0.92
946	Intel	60,544	1.18
158	Intercontinental Exchange	17,645	0.34
114	International Flavors & Fragrances	15,916	0.31
418	JPMorgan Chase	63,632	1.24
244	Kellogg Company	15,445	0.30
274	Kimberly-Clark	38,100	0.74
430	Kroger	15,476	0.30
10	Lowe's Cos	1,902	0.04
160	Marsh & McLennan Cos	19,488	0.38
54	Mastercard	19,227	0.38
118	McDonald's	26,449	0.52
1,146	Merck	88,345	1.72
34	Mettler-Toledo International	39,293	0.77

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	Equities: 99.21% (continued)		
	United States: 60.92% (continued)		
1,058	Microsoft	249,445	4.86
102	Nasdaq	15,041	0.29
672	Newmont	40,501	0.79
880	Oracle	61,750	1.20
752	Pfizer	27,245	0.53
672	Procter & Gamble	91,009	1.77
42	Qualcomm	5,569	0.11
86	Regeneron Pharmaceuticals	40,690	0.79
320	Republic Services	31,792	0.62
62	S&P Global	21,877	0.43
60	Sherwin-Williams	44,281	0.86
110	T Rowe Price	18,876	0.37
242	Target	47,933	0.93
16	Tesla	10,687	0.21
438	Texas Instruments	82,778	1.61
18	Thermo Fisher Scientific	8,215	0.16
108	Union Pacific	23,804	0.46
338	United Parcel Service	57,457	1.12
62	UnitedHealth	23,068	0.45
80	Varian Medical Systems	14,121	0.28
80	Verisk Analytics	14,135	0.28
1,702	Verizon Communications	98,970	1.93
160	Vertex Pharmaceuticals	34,382	0.67
332	Visa	70,294	1.37
166	VMware	24,975	0.49
650	Walmart	88,290	1.72
366	Waste Management	47,221	0.92
150	Waters	42,626	0.83
246	Yum China	14,565	0.28
	Total United States	3,125,556	60.92
	Total Equities	5,090,329	99.21
	Total Financial assets at fair value through profit or loss	5,090,329	99.21

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Counterparty	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets	
Financial Derivative Instruments Dealt on a Regulated Market					
Unrealised Gain on Futures Contracts: 0.01%					
Merrill Lynch	Mini CME S&P 500 Index Future June 2021	USD	2	497	0.01
Total Unrealised Gain on Futures Contracts			497	0.01	
Total Financial Derivative Instruments Dealt on a Regulated Market			497	0.01	
			Fair Value US\$	% of Net Assets	
Total Value of Investments			5,090,826	99.22	
Cash and Cash Equivalents			29,894	0.59	
Margin Cash			1,775	0.03	
Other Net Assets			8,235	0.16	
Net Assets Attributable to Holders of Redeemable Participating Shares			5,130,730	100.00	
Portfolio Classification				% of Total Assets	
Transferable securities admitted to an official stock exchange listing				98.86	
Financial derivative instruments dealt on a regulated market				0.01	
Other current assets				1.13	
				100.00	

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	Investments in Transferable Securities admitted to an official stock exchange listing		
	Equities: 99.35%		
	Australia: 2.53%		
8,964	Aurizon	26,627	0.62
43	Commonwealth Bank of Australia	2,820	0.07
7	CSL	1,411	0.03
1,477	Fortescue Metals	22,488	0.52
702	JB Hi-Fi	27,686	0.64
66	Magellan Financial	2,270	0.05
305	Rio Tinto	25,728	0.60
	Total Australia	109,030	2.53
	Belgium: 0.67%		
1,321	Proximus SADP	28,816	0.67
	Total Belgium	28,816	0.67
	Canada: 3.13%		
685	BCE	30,919	0.72
95	Magna International	8,366	0.19
548	Royal Bank of Canada	50,520	1.17
695	Toronto-Dominion Bank	45,321	1.05
	Total Canada	135,126	3.13
	Cayman Islands: 0.56%		
4,800	Sands China	23,986	0.56
	Total Cayman Islands	23,986	0.56
	Curacao: 0.74%		
1,182	Schlumberger	32,138	0.74
	Total Curacao	32,138	0.74
	Denmark: 0.88%		
40	Coloplast	6,029	0.14
59	Novo Nordisk	4,007	0.09
262	Pandora	28,138	0.65
	Total Denmark	38,174	0.88

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Equities: 99.35% (continued)			
Finland: 1.45%			
712	Fortum	19,046	0.44
273	UPM-Kymmene	9,828	0.23
924	Valmet	33,676	0.78
Total Finland		62,550	1.45
France: 2.52%			
176	Gecina REIT	24,285	0.56
4	L'Oreal	1,536	0.03
26	Sanofi	2,574	0.06
217	Schneider Electric	33,219	0.77
1,014	TOTAL	47,402	1.10
Total France		109,016	2.52
Germany: 2.26%			
413	Covestro	27,833	0.64
173	Deutsche Boerse	28,811	0.67
235	Porsche Automobil	24,974	0.58
172	Scout24	13,079	0.30
18	Siemens	2,962	0.07
Total Germany		97,659	2.26
Hong Kong: 0.96%			
400	AIA	4,852	0.11
300	Hang Seng Bank	5,807	0.13
6,000	New World Development	31,025	0.72
Total Hong Kong		41,684	0.96
Ireland: 2.72%			
179	Accenture	49,449	1.14
470	Seagate Technology	36,073	0.84
192	Trane Technologies	31,788	0.74
Total Ireland		117,310	2.72
Italy: 0.64%			
3,639	Terna Rete Elettrica Nazionale	27,535	0.64
Total Italy		27,535	0.64

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Equities: 99.35% (continued)			
Japan: 8.27%			
59	BayCurrent Consulting	13,482	0.31
800	Bridgestone	32,398	0.75
600	Chugai Pharmaceutical	24,375	0.56
1,200	Dai Nippon Printing	25,184	0.58
300	Daito Trust Construction	34,833	0.81
300	Eisai	20,142	0.47
200	GMO Payment Gateway	26,570	0.62
100	Nihon Unisys	3,086	0.07
300	Nitto Denko	25,683	0.59
1,200	Nomura	6,314	0.15
800	Nomura Research Institute	24,796	0.57
1,300	Sekisui House	27,930	0.65
37	Sony	3,882	0.09
80	Tokyo Electron	33,875	0.78
500	TOTO	30,769	0.71
700	Welcia	24,072	0.56
Total Japan		357,391	8.27
Jersey: 0.24%			
4,626	Man Group	10,279	0.24
Total Jersey		10,279	0.24
Netherlands: 1.49%			
21	ASML	12,760	0.29
654	ASR Nederland	29,370	0.68
2,135	Koninklijke	7,262	0.17
305	NN	14,944	0.35
Total Netherlands		64,336	1.49
Norway: 0.06%			
46	Yara International	2,397	0.06
Total Norway		2,397	0.06
Singapore: 0.42%			
1,200	Venture	17,916	0.42
Total Singapore		17,916	0.42

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Equities: 99.35% (continued)			
Spain: 1.71%			
799	Enagas	17,391	0.40
1,103	Naturgy Energy	27,094	0.63
6,504	Telefonica	29,178	0.68
Total Spain		73,663	1.71
Sweden: 0.97%			
283	Evolution Gaming	41,754	0.97
Total Sweden		41,754	0.97
Switzerland: 3.63%			
185	Cembra Money Bank	20,463	0.47
43	Geberit	27,486	0.64
133	LafargeHolcim	7,849	0.18
315	Nestle	35,257	0.82
626	Novartis	53,724	1.24
37	Roche	12,008	0.28
Total Switzerland		156,787	3.63
United Kingdom: 4.17%			
9,627	ConvaTec	26,047	0.60
229	Evraz	1,826	0.04
128	Games Workshop	17,599	0.41
2,265	IG	28,157	0.65
4,758	M&G	13,615	0.31
730	Persimmon	29,611	0.69
407	Rio Tinto	31,165	0.72
6,654	Standard Life Aberdeen	26,614	0.62
100	Unilever	5,596	0.13
Total United Kingdom		180,230	4.17
United States: 59.33%			
10	3M	1,927	0.04
337	AbbVie	36,470	0.84
835	AGNC Investment REIT	13,995	0.32
1	Alphabet	2,069	0.05
20	Amazon	61,882	1.43
7	American Tower REIT	1,673	0.04
218	Amgen	54,241	1.26
1,602	Annaly Capital Management	13,777	0.32

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	Equities: 99.35% (continued)		
	United States: 59.33% (continued)		
1,550	Apple	189,332	4.39
189	Automatic Data Processing	35,621	0.83
166	AvalonBay Communities REIT	30,629	0.71
407	Bank of America	15,747	0.37
267	Best Buy	30,654	0.71
55	BlackRock	41,468	0.96
306	Boston Properties REIT	30,986	0.72
589	Campbell Soup	29,609	0.69
499	Cardinal Health	30,314	0.70
1,245	Cisco Systems	64,379	1.49
789	Citigroup	57,400	1.33
87	Citrix Systems	12,211	0.28
391	Colgate-Palmolive	30,822	0.71
17	Costco Wholesale	5,992	0.14
148	Dow	9,463	0.22
545	eBay	33,376	0.77
311	Eli Lilly	58,101	1.35
457	Exelon	19,989	0.46
30	Facebook	8,836	0.20
574	Fastenal	28,861	0.67
207	General Mills	12,693	0.30
523	Gilead Sciences	33,801	0.78
5	Goldman Sachs Group	1,635	0.04
234	Home Depot	71,428	1.66
1,154	HP	36,639	0.85
157	Illinois Tool Works	34,779	0.81
338	Intel	21,632	0.50
342	International Business Machines	45,575	1.06
100	Intuit	38,306	0.89
36	JPMorgan Chase	5,480	0.13
231	Kimberly-Clark	32,121	0.75
1,980	Kinder Morgan	32,967	0.76
64	Lam Research	38,095	0.88
290	Lowe's	55,152	1.28
1,077	Lumen Technologies	14,378	0.33
268	Masco	16,053	0.37
175	Mastercard	62,309	1.44
302	Maxim Integrated Products	27,594	0.64
674	Merck	51,959	1.20
603	MetLife	36,656	0.85
769	Microsoft	181,307	4.20
508	Morgan Stanley	39,451	0.91
80	Motorola Solutions	15,044	0.35
1,214	NortonLifeLock	25,810	0.60
31	NVIDIA	16,552	0.38
449	Omnicom	33,293	0.77
718	Oracle	50,382	1.17

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
Equities: 99.35% (continued)			
United States: 59.33% (continued)			
314	Paychex	30,778	0.71
374	Principal Financial	22,425	0.52
146	Procter & Gamble	19,773	0.46
362	Prudential Financial	32,978	0.76
102	Public Storage REIT	25,170	0.58
46	QUALCOMM	6,099	0.14
100	ResMed	19,402	0.45
24	Sherwin-Williams	17,712	0.41
192	Target	38,029	0.88
12	Tesla	8,015	0.19
310	Texas Instruments	58,587	1.36
18	Thermo Fisher Scientific	8,215	0.19
24	Union Pacific	5,290	0.12
16	United Parcel Service	2,720	0.06
55	UnitedHealth	20,464	0.47
241	Verizon Communications	14,014	0.32
100	Visa	21,173	0.49
324	Walmart	44,009	1.02
244	Waste Management	31,481	0.73
1,138	Western Union	28,063	0.65
854	Weyerhaeuser	30,402	0.71
155	Whirlpool	34,154	0.79
1,329	Williams	31,484	0.73
277	Yum! Brands	29,966	0.69
Total United States		2,561,318	59.33
Total Equities		4,289,095	99.35

Unrealised Gain on Futures Contracts: 0.01%

Counterparty	Description	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets
United States: 0.01%					
Merrill Lynch	CME Micro S&P June 2021	USD	1	402	0.01
Total United States				402	0.01
Total Unrealised Gains on Futures Contracts				402	0.01

FLEXSHARES ICAV

FLEXSHARES® DEVELOPED MARKETS HIGH DIVIDEND CLIMATE ESG UCITS ETF

APPENDIX I - PORTFOLIO STATEMENT (UNAUDITED) (continued)

As at 31 March 2021

	Fair Value US\$	% of Net Assets
Total Value of Investments	4,289,497	99.36
Cash and Cash Equivalents	12,881	0.30
Margin Cash	1,822	0.04
Other Net Assets	12,835	0.30
Net Assets Attributable to Holders of Redeemable Participating Shares	<u>4,317,035</u>	<u>100.00</u>
Portfolio Classification		% of Total Assets
Transferable securities admitted to an official stock exchange listing		98.94
Financial derivative instruments dealt on a regulated market		0.01
Other current assets		1.05
		<u>100.00</u>

FLEXSHARES ICAV**FLEXSHARES® DEVELOPED MARKETS LOW VOLATILITY CLIMATE ESG UCITS ETF****APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED)***For the period ended 31 March 2021*

Asset Name	Acquisitions Nominal	Cost US\$
Microsoft	1,058	248,166
Apple	1,440	180,513
Verizon Communications	1,702	97,223
Adobe	202	96,282
Alphabet	44	92,192
Walmart	650	86,591
Procter & Gamble	672	85,792
Merck	1,146	85,461
Accenture	310	80,378
Texas Instruments	438	78,577
Visa	332	72,854
Costco Wholesale	208	70,869
JPMorgan Chase	418	64,066
Amgen	276	63,480
Royal Bank of Canada	672	59,836
Intel	946	59,781
Oracle	880	56,939
Amazon.com	18	56,874
Nestle	530	56,408
United Parcel Service	338	54,106

There were no disposals for the period.

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

FLEXSHARES ICAV**FLEXSHARES® DEVELOPED MARKET HIGH DIVIDEND CLIMATE ESG UCITS ETF****APPENDIX II - MATERIAL PURCHASES AND SALES (UNAUDITED)***For the period ended 31 March 2021*

Asset Name	Acquisitions Nominal	Cost US\$
Apple	1,550	194,302
Microsoft	769	180,378
Mastercard	175	64,284
Eli Lilly	311	63,609
Amazon	20	63,106
Home Depot	234	60,836
Cisco Systems	1,245	56,949
Texas Instruments	310	55,614
Novartis	626	54,656
Citigroup	789	54,128
Merck	674	50,263
Amgen	218	50,140
Royal Bank of Canada	548	48,795
TOTAL	1,014	48,055
Lowe's Cos	290	47,072
Oracle	718	46,457
Accenture	179	46,412
Toronto-Dominion Bank	695	43,918
Walmart	324	43,162
International Business Machines	342	42,140

There were no disposals for the period.

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