Capital Appreciation | Risk Management | Income Generation | Liquidity Management

Rates have risen, now what?

FLEXSHARES EXCHANGE TRADED FUNDS

[MUSIC PLAYING]

Help your clients weather rising interest rates.

Interest rate hikes are impacting the markets and the confidence of your clients. As interest rates have climbed, so have client worries. The longer rates continue to go up, the more anxious investors can become.

With stock prices falling and bond returns down, some clients may be concerned about poor performance across their portfolios. The anxiety can lead to bad decisions, like selling investments at a loss and, as a result, missing a potential rebound.

Now is the time to step in and help clients keep a long-term perspective by ensuring their portfolio construction continues to support their end goals. Fortunately, some asset classes have held up well in rising-rate environments.

For instance, high-yield bonds have historically outperformed investment-grade bonds. In stocks, factors like value, quality and dividend yield have an influence on performance in times like these. When rates are going up, such stocks may have higher current earnings and cash flow - which is the total amount of money being transferred into and out of a business. In addition, stocks in the natural resource sector have historically been an excellent choice as rates rise, delivering the highest returns among the equity classes we examined.

When stress levels are high, it’s important to communicate with your clients. Keep their focus on the big picture so they can see how a well-diversified portfolio can support their long-term goals in any market environment.

Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information is in the prospectus and a summary prospectus, copies of which may be obtained by visiting www.flexshares.com. Read the prospectus carefully before you invest.

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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.