IndexIQ®

IQ® REAL RETURN ETF (NYSE Arca: CPI)

A warning to all investors:

The impact of inflation will likely erode your wealth, and reduce your purchasing power!

The **alternative** to alternatives.™

About IndexIQ

IndexIQ is a leading developer of index-based alternative investment solutions that combine the benefits of traditional index investing with the risk-adjusted return potential sought by active managers. The company's philosophy is to democratize alternative investments by making our strategies available to investors in low cost, liquid and transparent products. A pioneer in hedge fund replication, IndexIQ offers ETFs, SMAs and a Mutual Fund that seek to replicate hedge fund performance characteristics.

Consider the Fund's investment objectives, risks, charges and expenses carefully before investing. A prospectus with this and other information about the Fund may be obtained by visiting www.IndexIQ.com or by calling (888) 934-0777. Read the prospectus carefully before investing.

Warning: Inflation May Be Harmful to Investors' Health!

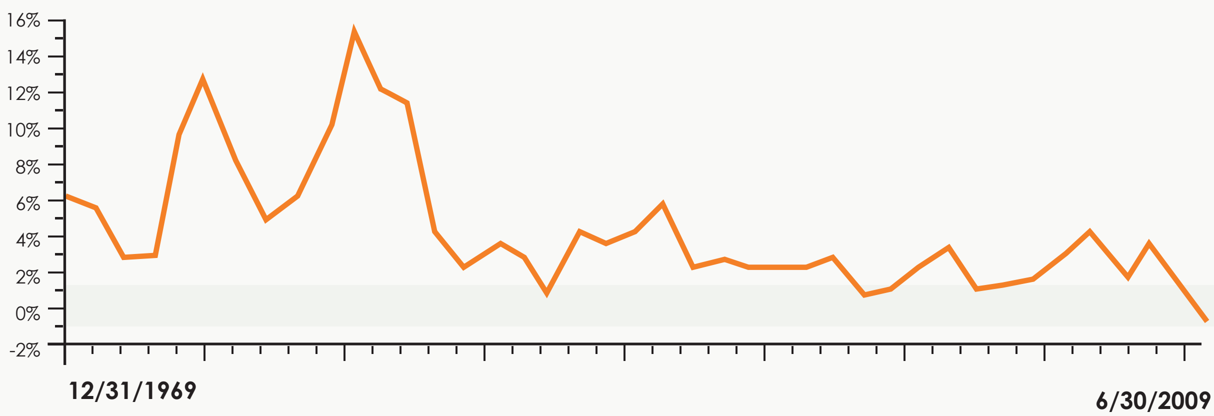
In recent years, inflation has been benign and investors haven't needed to worry too much about the impact of inflation on their portfolios. However, given the current economic environment, pundits and strategists are beginning to warn of higher inflation – and some are even warning that we may encounter hyper-inflation. Following a period of high inflation during the late 1970s and early 80s, the Federal Reserve, among other regulatory bodies, has sought to keep inflation in check by carefully monitoring interest rates and monetary supply.

Various Presidential administrations also have been mindful of the impact of a growing federal debt and rising unemployment. These potential consequences are further exacerbated when large-scale monetary and fiscal infusions occur in hopes of stimulating the economy.

As inflation begins to rear its ugly head, investors need to consider ways of hedging the impact of inflation.

IndexIQ has developed several investment strategies designed to help investors fight the erosion of their purchasing power caused by inflation. Please visit our website for additional information at: www.IndexIQ.com

Year Over Year Inflation*



*Consumer Price Index (CPI): All Urban Consumers, Seasonally Adjusted Annual Rate (SAAR)
Source: US Department of Labor: Bureau of Labor Statistics (www.bls.gov)

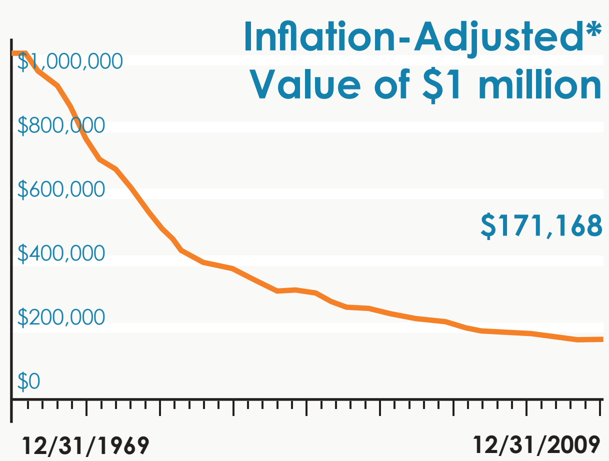
Although inflation has been relatively benign for the last 25 years, the 1970's and early 1980's experienced inflation of greater than 10%, and some experts predict inflation will rise in the coming years.

Why Worry About Inflation?

Inflation is the enemy of long-term wealth preservation and wealth creation since it erodes one's purchasing power.

The impact of rising inflation is detrimental to an investor's portfolio and overall lifestyle.

In March 2008, for example, when oil peaked at $147 per barrel, we began to feel the impact of rising prices – not just at the gas pump, but also in the goods and services that we purchased every day. The rising price of oil meant that we were paying more to drive our vehicles; however, it also impacted the entire supply chain from shipping costs, to the ultimate cost of finished goods like food and staples. If our earnings remain constant during such times, the ability to sustain our lifestyle is negatively impacted by the rise in inflation.



*Consumer Price Index (CPI): All Urban Consumers, Seasonally Adjusted Annual Rate (SAAR)
Source: US Department of Labor: Bureau of Labor Statistics (WWW.BLS.GOV), IndexIQ research

"Inflation is a special concern over the next decade given the pending avalanche of government debt about to be unloaded on world financial markets. The need to finance very large fiscal deficits during the coming years could lead to political pressure on central banks to print money to buy newly issued debt."

Alan Greenspan, former Federal Reserve Board Chairman, "Inflation – The Real Threat to Sustained Recovery", Financial Times, June 25, 2009.

What Should an Investor Do?

If inflation is the enemy of long-term wealth preservation and wealth creation, what should an investor do to mitigate the impact of inflation?

Sophisticated investors historically have sought various means of hedging the impact of inflation.

They may allocate to Treasury Inflation Protected Securities (TIPS), Commodities or Real Estate, for example, to offset the impact of inflation. TIPS are a natural alternative because of their linkage to inflation. However, TIPS historically have exhibited certain limitations in providing an effective inflation hedge, including higher correlation to bonds than inflation, and higher levels of volatility than CPI.[1]

Past performance is not a guarantee of future results.

1) Data from Bloomberg and Factset for the period from July 1, 1999 to June 30, 2009 showing: (i) correlation of Barclays Capital Global Inflation-Linked - US TIPS Index (TIPS) of 62% to bonds (as represented by the Barclays Capital US Treasury (20+ Y) Index) and 9% to inflation (as represented by the US Consumer Price Index); and (ii) annualized standardized deviation of TIPS (6.65) and CPI (1.52).

Quarterly Correlation of Returns to US Inflation

January 2002 – March 2009

Asset Class	Index	Correlation*
Bank Loans	Credit Suisse Leveraged Loan USD	0.66
Commodities	DJ UBS Commodity TR USD	0.63
High Yield	BarCap US Corporate High Yield	0.39
Convertibles	ML Convertible Bonds All Qualities	0.39
Private Real Estate	NCREIF Property	0.39
REITS	FTSE NAREIT All REITs	0.19
TIPS	BarCap Gbl Infl Linked US TIPS TR USD	0.21
Local Currency EM	JPM ELMI + TR USD	0.20
Infrastructure	S&P Global Infrastructure TR USD	0.17
Equities	IA SBBI S&P 500 TR USD	0.15
Timberland	NCREIF Timberland	-0.31
Core Fixed Income	BarCap US Agg Bond TR USD	-0.48

Source: IndexUniverse, citing Research Affiliates, based on data from Morningstar Encorr.
See page 5 for definitions. One cannot invest in an index.

As the data above illustrates, Commodities exhibit a relatively high correlation to Inflation (0.63), but TIPS and REITs exhibit a relatively low correlation (0.21 and 0.19, respectively).

In other words, TIPS and REITs may not be very effective hedges for rising or falling inflation.

*Correlation indicates the strength and direction of a linear relationship between two random variables. A value of -1.0 indicates a perfect negative relationship (i.e. the two variables move in opposite directions) and a value of +1.0 indicates a perfect positive relationship (i.e. the two variables move in the same direction).

A Timely Alternative

The IQ Real Return ETF (NYSE Arca: CPI) is designed to assist investors in hedging the risks of rising inflation.

The CPI ETF is designed to provide a hedge against changes in the US inflation rate by seeking investment results that correspond, before fees and expenses, generally to the price and yield performance of the IQ CPI Inflation Hedged Index.

The Index seeks to provide a hedge against changes in the U.S. inflation rate by providing a "real return" or a return above the rate of inflation, as represented by the Consumer Price Index, which is published by the Bureau of Labor Statistics. The CPI is a measure of the average change in prices over time of goods and services purchased by households.

Therefore, we believe IndexIQ's CPI ETF is an innovative solution that seeks to provide investors with a means of achieving real return in excess of the rate of inflation.

The CPI ETF uses a rules-based process and a broad array of investments in achieving its investment objective, including investing in asset classes that are impacted by changes in inflation, such as equities, fixed income, commodities, currencies, and real estate. For all of these reasons, the CPI ETF is a potential solution to hedge the impact of a rising inflationary environment.

For additional information, please visit IndexIQ's website at: www.IndexIQ.com Or call (888) 934-0777

Disclosure

The Fund's investment performance, because it is a fund of funds, depends on the investment performance of the underlying ETFs in which it invests.

There is no guarantee that the Fund itself, or each of the ETFs in the Fund's portfolio, will perform exactly as its underlying index.

The Fund is non-diversified and is susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund. The Fund's underlying ETFs invest in: foreign securities, which subject them to risk of loss not typically associated with domestic markets, such as currency fluctuations and political uncertainty; commodities markets, which subject them to greater volatility than investments in traditional securities, such as stocks and bonds; and fixed income securities, which subject them to credit risk – the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt – and interest rate risk – changes in the value of a fixed-income security resulting from changes in interest rates.

Loss may result from the imposition of exchange controls, confiscations and other government restrictions. Foreign risks will normally be greater when the Fund invests in emerging markets. Leverage, including borrowing, will cause some of the Fund's underlying ETFs to be more volatile than if the underlying ETFs had not been leveraged. The Fund has a limited operating history.

Definitions: The Bank Loans asset class consists of loans extended to companies that already have considerable amounts of debt and typically carry higher risk of default. The Commodities asset class includes 19 physical commodity futures covering energy, petroleum, grains, industrial metals, livestock, precious metals and soft commodities. High Yield represents below investment grade bonds USD, taxable, and fixed-rate bonds. Convertibles are comprised of hybrid fixed income instruments that have traditional bond characteristics (pay interest regularly and return principal at maturity) yet also contain provisions for the conversion into a predetermined amount of the company's equity at certain times during its life, usually at the discretion of the bondholder. Private Real Estate represents private investments in real estate properties. REITs are exchange-listed instruments that invest in real estate directly, either through properties or mortgages. TIPS are treasury securities that offer protection from inflation through coupons and underlying principal that are automatically increased to compensate for inflation as measured by the consumer price index (CPI). Local Currency EM is comprised of local currency denominated money market instruments in the emerging markets. Infrastructure includes global equities engaged in the development of economic infrastructure. Equities are comprised of US stocks and other securities. Timberland is comprised of investments in tree farms and managed natural forests. Core Fixed Income includes U.S. bonds including investment grade corporate, asset backed, treasury and agency bonds.

The Credit Suisse Leveraged Loan USD Index is an index designed to mirror the investable universe of $US-denominated leveraged loan market. The DJ UBS Commodity TR USD Index is an index comprised of futures contracts on 19 physical commodities. The BarCap US Corporate High Yield is a total return index that covers USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. The ML Convertible Bonds All Qualities Index is a total return index of convertible bonds covering all investment qualities. The NCREIF Property Index is a quarterly time series composite total rate of return measure of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. The FTSE NAREIT All REITs Index is an index designed to represent general trends in eligible global real estate equities. The BarCap Gbl Infl Linked US TIPS TR USD Index is an index that includes securities with offer the potential for protection against inflation as their cash flows are linked to an underlying inflation index. The JPM ELMI+ TR USD Index is an index that tracks total returns for local-currency-denominated money-market instruments in the emerging markets. The S&P Global Infrastructure TR USD Index is an index of global equities engaged in the development of economic infrastructure across utilities, transportation and energy. The IA SBBA S&P 500 TR USD Index is a broad based, market capitalization weighted index of 500 of the leading U.S. equities. The NCREIF Timberland Index is an index designed to convey to the investment community an accurate reflection of the performance of timberland investments that are (i) held in a fiduciary environment; (ii) reflective of properties where the ownership is at least 80% fee simple; (iii) wholly owned and joint venture investments; (iv) reported on a pre-tax basis; and (v) U.S.-based. The BarCap US Agg Bond TR USD Index covers USD denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The Barclays Capital US Treasury (20+ Y) Index covers USD denominated, fixed-rate, taxable U.S Treasury bonds with greater than 20 years remaining until maturity.

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Shares are not individually redeemable and owners of the Shares may acquire those Shares from the Fund and tender those Shares for redemption to the Fund in Creation Unit aggregations only, typically consisting of 50,000 Shares.

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