



IQ[®] CPI Inflation Hedged ETF

Fact Sheet 12/31/2009

Fund description

The IQ CPI Inflation Hedged ETF seeks to track, before fees and expenses, the performance of the IQ CPI Inflation Hedged Index.

The Index seeks to provide investors with a hedge against 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 (the “CPI”). The CPI is a measure of the average change in prices over time of goods and services purchased by households and a widely-recognized barometer of inflation in the U.S.

Features and benefits

- Seeks to provide a hedge against inflation
- Seeks to provide a low volatility “real return” (i.e., return above inflation)
- Low fees [±]
- Intra-day liquidity
- Portfolio transparency – holdings available daily
- Rules-based approach¹

Risk considerations

- Investment in underlying ETFs which themselves have risks.
- Tracking error to the Index
- Price may differ from NAV
- Other risks similar to stocks

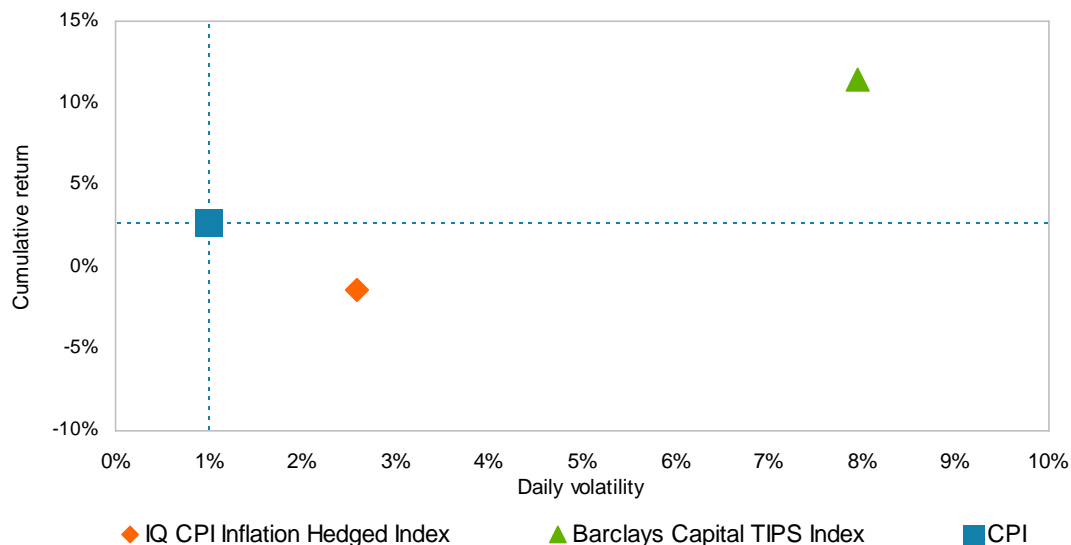
See risk discussion on reverse side.

Fund data

| | |
|---|------------------|
| Fund Ticker | CPI |
| Intraday NAV (IIV) | CPI.IV |
| Expense Ratio² | 0.48% |
| Acquired Fund Fees and Expenses² | 0.17% |
| Total Annual Fund Operating Expenses² | 0.65% |
| Exchange | NYSE Arca |
| Underlying Index Symbol | IQHGCPIT |

Index performance history

Index risk/return profile: Since index inception - 12/31/2008



[±] Brokerage commissions apply. Lower fees than typical hedge funds; higher fees than typical ETFs.

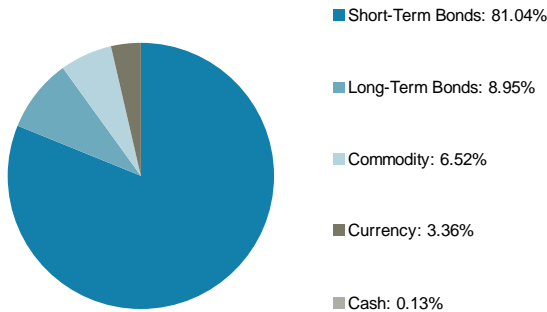
Past performance is not a guarantee of future results. Index performance is for illustrative purposes only and does not represent actual Fund performance. One cannot invest directly in an index. Performance data for the Index assumes reinvestment of dividends and is net of the management fees for the Index's components, as applicable, but it does not reflect management fees, transaction costs or other expenses that you would pay if you invested in the Fund directly. No representation is being made that any investment will achieve performance similar to that shown.



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Fund asset allocation³ (12/31/2009)



Top fund holdings³ (12/31/2009)

| Ticker | Name | Weight |
|--------|--|--------|
| SHV | iShares Barclays Short Treasury Bond Fund | 54.89% |
| BIL | SPDR Barclays Capital 1-3 Month T-Bill ETF | 26.15% |
| TLT | iShares Barclays 20+ Year Treasury Bond Fund | 8.95% |
| GLD | SPDR Gold Shares | 4.71% |
| FXE | CurrencyShares Japanese Yen Trust | 3.36% |

Asset class exposures (through ETF holdings) vary based on monthly rebalance. Available asset classes include: U.S. Large Cap Equity; U.S. Small Cap Equity; International Equity; British Pounds; Euro; Japanese Yen; Real Estate; Oil; Gold; Short Term U.S. Treasury Bills; and Long Term U.S. Treasury Bonds.

Consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus and the statement of additional information include this and other relevant information about the Fund and are available by visiting www.indexiq.com or calling 1-888-934-0777. Read the prospectus carefully before investing.

Risk Discussion: 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 any 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. The ETF is new and has limited operating history.

The Consumer Price Index (the "CPI") 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. References to "TIPS" apply to the Barclays Capital U.S. TIPS Index. The Barclays Capital U.S. TIPS Index measures the performance of inflation protected public obligations of the U.S. Treasury, also known as "TIPS". Sources for IndexIQ and benchmark data: IndexIQ, FactSet, Bloomberg, and www.BLS.gov.

¹The Fund employs a "passive management" – or indexing – investment approach designed to track the performance of the Index. The Fund invests primarily in the Index components that comprise the Index.

²As stated in the Fund's prospectus, the expense ratio of 0.48% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. In addition to this expense ratio, the Fund will indirectly bear its proportionate share of the fees and expenses of the underlying ETFs in which it invests. As of September 30, 2009, the Fund estimated that these fees, known as "Acquired Fund Fees and Expenses," would be 0.17% annualized for the fiscal year ending April 30, 2010. However, this amount will vary over time due to changes in the underlying ETF fees and expenses and the constitution of the Index.

³Holdings are subject to change without notice.

Fund shares are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called "creation units" and otherwise can be bought and sold only through exchange trading. Creation units are issued and redeemed principally in-kind.

IndexIQ has no obligation to take the needs of the Funds or its owners into consideration in determining, composing or calculating the Index. IndexIQ shall not be liable to any person for any error in the Index nor shall it be under any obligation to advise any person of any error therein.

The Fund is distributed by ALPS Distributors, Inc., which is not affiliated with IndexIQ or the Fund's investment advisor.

The IQ CPI Inflation Hedged Index is the exclusive property of IndexIQ which has contracted with Standard & Poor's ("S&P") to maintain and calculate the Index. S&P shall have no liability for any errors or omissions in calculating the Index. IndexIQ[®] and IQ[®] are registered service marks of IndexIQ.

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