

IndexIQ[®]

IQ[®] ARB GLOBAL RESOURCES ETF (NYSE Arca: GRES)

Global Resources include the following:

- Energy
- Timber
- Livestock
- Water
- Precious Metals
- Coal
- Industrial Metals
- Grains, Food & Fiber

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.

Index IQ Contacts:

Adam S. Patti
Chief Executive Officer
914.697.4946
apatti@indexiq.com

Anthony B. Davidow, CIMA
EVP & Head of Distribution
914.481.8398
tdavidow@indexiq.com

Jeffery D. Carlin, CFA
SVP & National Sales Manager
415.608.9589
jcarlin@indexiq.com

Global Natural Resources

Global Natural Resources represent an important investment opportunity for investors. Most investors who are thinking about gaining exposure to global natural resources as an asset class typically think about buying Gold or Oil in some shape or form (e.g., Stock, Futures, Mutual Fund or ETF). However, Gold and Oil represent only a small component of this vast investment opportunity.

Global Natural Resources include:

- Energy
- Livestock
- Precious Metals
- Industrial Metals
- Timber
- Water
- Coal
- Grains, Food & Fiber

Each of these resources has a scarcity element, and each is dependent on consumption.



Individually, each component of Global Natural Resources represents an attractive investment opportunity, and collectively they represent a broad basket of goods designed to diversify risk and complete an overall asset allocation model. Historically, commodity-related investments have served as a good diversifier due to their low correlation to traditional investments (e.g., US Equities). They also historically served as an inflation hedge.

We believe the IQ ARB Global Resources ETF (NYSE Arca: GRES) is an innovative solution that provides broad-based exposure across eight sub-sectors of this market. GRES uses a rules-based approach to underweight or overweight these sectors based on both valuation and momentum.

We believe GRES is an important component of a well-diversified portfolio and a valuable alternative for investors seeking various investment objectives, including:

- **To gain exposure to a broader basket of commodity-related investments.**
- **To hedge the impact of rising inflation, which historically erodes purchasing power and erodes wealth.**

The Case for Global Natural Resources

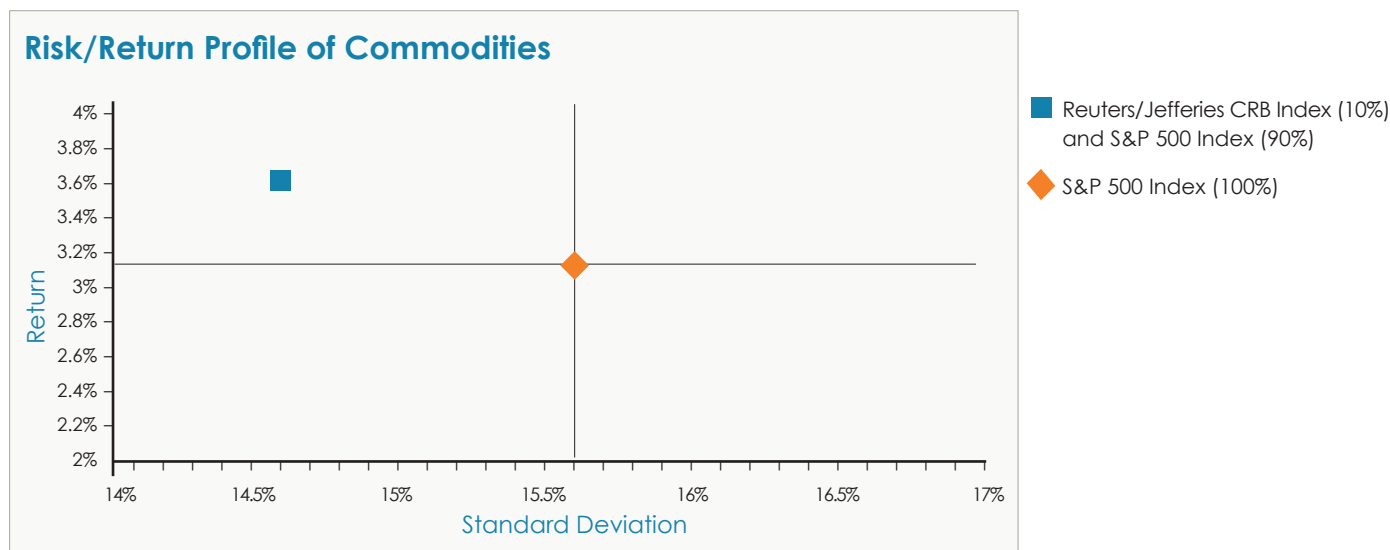
The Value of Our Resources

Every time we go to the supermarket, we are reminded how valuable our natural resources are to us. We buy milk and cheese (which come from cows), bread and cereal (which come from wheat), corn and potatoes (which come from harvestable land), and meat (which comes from cows, pigs and chickens). We have also experienced a rise in sales of bottled water (a basic staple in our everyday lives). These are all resources that we sometimes take for granted. They sustain us and, although we may vary our intake, we are dependent on them to live. Similarly, we are dependent on oil and coal for power and energy. We can alter or reduce our intake, but there currently are few viable alternatives.

In the United States, we are fortunate to have an abundance of natural resources. In particular, we have a plentiful supply of Livestock, Grains, Food and Fiber. In fact, we feed much of the World by virtue of these resources. However, when the farm belt experiences a drought or when oil refiners are hit by a hurricane, prices naturally rise – our consumption does not necessarily change. We will still eat steak, corn and bread – but we will pay a higher price.

Commodities: A Powerful Asset Allocation Tool

As the data below illustrates, adding a small percentage of commodities to a portfolio potentially improves the risk-return profile. This is due to the low historical correlation of commodities to traditional equity investments.



The data above is for the period from 8/1/02 to 7/31/09. Standard deviation is a measure of the range of a portfolio's performance, meaning the degree to which it rises above and falls below its average return. The S&P 500 Index is an unmanaged index considered representative of the U.S. stock market (performance data assumes reinvestment of dividends, but it does not reflect management fees, transaction costs or other expenses). The Reuters/Jefferies CRB Index is a measure of global commodities markets. One cannot invest in an index. **Past performance does not guarantee future results.**

A Hedge for 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. The various Presidential administrations also have been mindful of the impact of a growing federal deficit and rising unemployment. These potential consequences are further exacerbated when large-scale monetary 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.

In inflationary periods, there is a depletion of one's purchasing power. In other words, because of the impact of inflation, a family earning the same level of income would be able to purchase fewer goods and services.

Rising commodity prices affect the costs of goods and services.

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 historically have served as a relatively good hedge for rising inflation. Ironically, investments such as TIPS and REITs are not effective hedges, with a relatively low correlation to the rise and fall of inflation (0.21 and 0.19 correlation, respectively).

* 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).

IQ ARB Global Resources ETF

How is GRES Unique?

Global Resources represent an attractive investment option, and a potential hedge for inflation. Most investors seek to gain exposure to commodities by investing in Gold or Oil. In fact, even some of the Commodity-related Mutual Funds and ETFs typically have heavy concentrations in Energy and Precious Metals. By stark and important contrast, GRES offers broad exposure to the eight Global Resources sub-sectors, including unique sub-sectors, such as Coal, Timber and Water.

The IQ ARB Global Resources ETF seeks investment results that correspond, before fees and expenses, to the price and yield performance of the IQ ARB Global Resources Index. The Index's objective is to employ a systematic investment process designed to identify opportunities in markets exhibiting trending or momentum characteristics across commodity asset classes, represented by companies that operate in commodity-specific market segments and whose equity securities trade in developed markets, including the U.S.

The Index is constructed by first equal-weighting eight Global Resources sub-sectors and, based on IndexIQ's rules-based discipline, the sub-sectors are then overweighted and underweighted monthly based on valuation and momentum factors. Global resource stocks are purchased to gain exposure to the sub-sectors. The portfolio is reconstituted annually, and rebalanced monthly.

The GRES portfolio seeks to exhibit favorable risk and return characteristics, with low correlation to traditional investments. GRES is structured as an ETF, so investors do not receive a K-1 (often the case with other commodity-related investment vehicles). As an ETF, investors also have access to the benefits of the favorable and tax-efficient process by which shares are created and redeemed.

How Should Investors Use GRES?

We believe GRES is a unique and beneficial way to gain exposure to commodities and global natural resources, the precious raw materials that we consume every day. We would have a difficult time living without these resources – so why not own them in your portfolios?

GRES also can be used to hedge inflation and to diversify one's overall portfolio. For additional information, please visit IndexIQ's website at www.IndexIQ.com.

Disclosure

As the Fund's investments are concentrated in the global resources sector, the value of its shares will be affected by factors specific to that sector and may fluctuate more widely than that of a fund which invests in a broad range of industries. The Fund also may be susceptible to foreign securities risk. Since the Fund invests in foreign markets, it will be subject to risk of loss not typically associated with domestic markets. Loss may result because of less foreign government regulation, less public information, less economic, political and social stability, or other factors.

The Fund is exposed to mid and small capitalization companies risk. Stock prices of mid and small capitalization companies may be more volatile than those of larger companies and also are more vulnerable than those of large capitalization companies to adverse business and economic developments. Since the Fund may invest directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, the Fund is subject to the risk that those currencies will decline in value relative to the U.S. that the U.S. dollar will decline in value relative to the currency being hedged. 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 investible 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.

ALPS Distributors, Inc. (ALPS) is distributor for IndexIQ products only and not for any other products referenced herein. ALPS is not affiliated with IndexIQ or the Fund's investment advisor. Adam Patti, Anthony Davidow and Jeffrey Carlin are registered representatives of ALPS.

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.

© 2009 IndexIQ. All rights reserved. Any unauthorized use, disclosure, copying, dissemination, or redistribution of this information is strictly prohibited.



800 Westchester Avenue, Suite N-611
Rye Brook, NY 10573
Phone: (888) 934-0777

www.IndexIQ.com

IDX000214.10022010