

Index Strategy

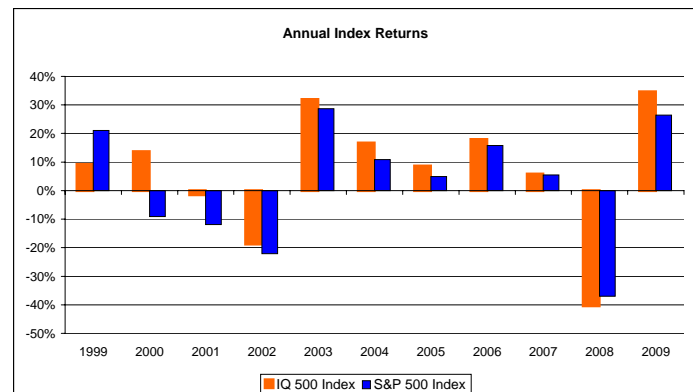
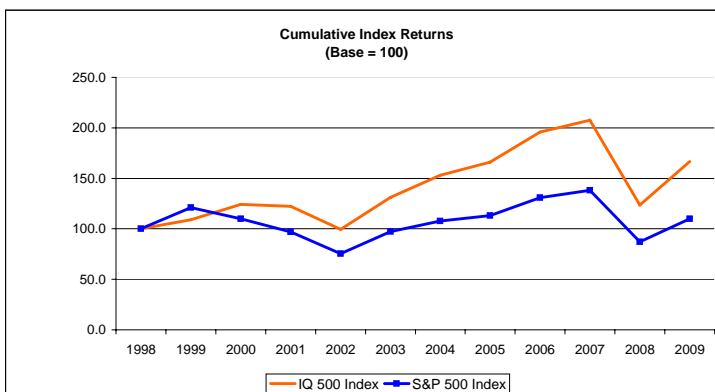
The IQ 500 Index seeks to identify U.S. companies that enjoy a strong economic footprint and, at the same time, are able to maintain their long-term competitive positioning. The combination of these factors is designed to yield companies that are poised to continue driving improved operational performance and sustainable, long-term equity appreciation with low volatility and low turnover.

IndexIQ products are based on a patent-pending construction process that utilizes sophisticated quantitative research, multi-factor fundamental models, and a proprietary non-market capitalization weighting system. IndexIQ products bridge the gap between traditional passive indexes and actively managed funds by retaining the rules based methodologies, tax efficiency and low cost of index investing, while generating the alpha sought after by the best active managers.

Index Performance*

Annualized Returns	1 year	3 year	5 year	10 year
IQ 500 Index	34.6%	-5.3%	1.7%	4.3%
S&P 500 Index	26.5%	-5.6%	0.4%	-0.9%

Annual Returns	2009	2008	2007	2006	2005	2004	2003
IQ 500 Index	34.6%	-40.4%	5.8%	17.9%	8.6%	16.7%	31.9%
S&P 500 Index	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%



10-Year Index Performance Consistency Analysis vs. S&P 500 Index (as of 12/31/09)

Number of Years Above S&P 500 Index	9/10	Number of Positive Years - IQ 500 Index	7/10
Average Annual Return Above S&P 500 Index	6.7%	Number of Positive Years - S&P 500 Index	6/10
Number of Years Below S&P 500 Index	1/10	Number of Negative Years - IQ 500 Index	3/10
Average Annual Return Below S&P 500 Index	-3.4%	Number of Negative Years - S&P 500 Index	4/10

*Performance information prior to August 16, 2007 is based on a hypothetical backtest based on rules used in the creation of the Index, is not a guarantee of future performance and is not indicative of any specific investment. Actual results may differ. Indexes are not managed investment products and cannot be invested in directly. The illustrations and performance-related data do not represent the performance of any particular investment. Performance data for the Index assumes reinvestment of dividends and is net of the management fees of Index components, as applicable, but does not reflect any management fees, transaction costs or other expenses that would be incurred by a fund, or brokerage commissions on transactions in a fund's shares. **Past performance does not guarantee future results.** Benchmark returns are total returns. Sources: IndexIQ, FactSet, Bloomberg and S&P Custom Index Calculation.

Basic Facts¹

Number of Components	434
Reconstitution Frequency	Annual
Largest Weight	4.04%
Smallest Weight	0.04%
Turnover	21.99%

Maximum Market Capitalization	\$323.72 bn
Minimum Market Capitalization	\$1.77 bn
Weighted Avg. Market Capitalization	\$52.14 bn
Median Market Capitalization	\$10.02 bn

Index Statistics¹

10-Year Index Statistics	IQ 500 Index	S&P 500 Index
Alpha	5.21%	N/A
Sharpe Ratio	0.175	-0.146
Volatility	16.71%	16.13%
R-Squared	0.88	1.00
Beta	0.97	1.00

Index Composition¹

IQ 500 Index Sector Analysis	
Sector	Weight (%)
Industrials	16.39%
Financials	14.41%
Consumer Discretionary	13.45%
Information Technology	11.28%
Health Care	9.90%
Consumer Staples	9.06%
Materials	8.49%
Utilities	7.00%
Energy	6.90%
Telecommunication Services	3.12%

IQ 500 Index Top 20 Holdings			
Name	Ticker	Weight (%)	
General Electric Co	GE	4.04%	
Bank of America Corp	BAC	2.05%	
Microsoft Corp	MSFT	1.42%	
Ford Motor Co	F	1.31%	
JP Morgan Chase & Co	JPM	1.24%	
AT&T Inc	T	1.18%	
Verizon Communications Inc	VZ	1.17%	
Dow Chemical	DOW	0.97%	
Goldman Sachs Group Inc	GS	0.92%	
Intl Business Machines Corp	IBM	0.91%	
Procter & Gamble	PG	0.91%	
Morgan Stanley	MS	0.87%	
Exxon Mobil Corp	XOM	0.82%	
Hewlett-Packard Co	HPQ	0.81%	
Intl Paper Co	IP	0.79%	
Johnson & Johnson	JNJ	0.79%	
Citigroup Inc	C	0.78%	
McKesson Corp	MCK	0.76%	
Chevron Corp	CVX	0.74%	
Wells Fargo & Co	WFC	0.73%	

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¹ Statistics are annualized based on monthly returns for period ending as of the date of this fact sheet and are relative to benchmark, as applicable. Source: FactSet, Bloomberg and S&P Custom Index Calculation.

Alpha is a measure of a portfolio's actual excess returns and expected performance, given its level of risk (as measured by Beta).

Sharpe Ratio is a measure of a portfolio's risk-adjusted performance (excess return per unit of risk).

Volatility 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.

R-Squared is a measure of how closely performance can be explained by the performance of the benchmark index (in this case, how closely performance correlates with the S&P 500 Index).

Beta reflects the sensitivity of a portfolio's return to fluctuations in the market (in this case, as measured by the S&P 500 Index).

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