



**Index Strategy**

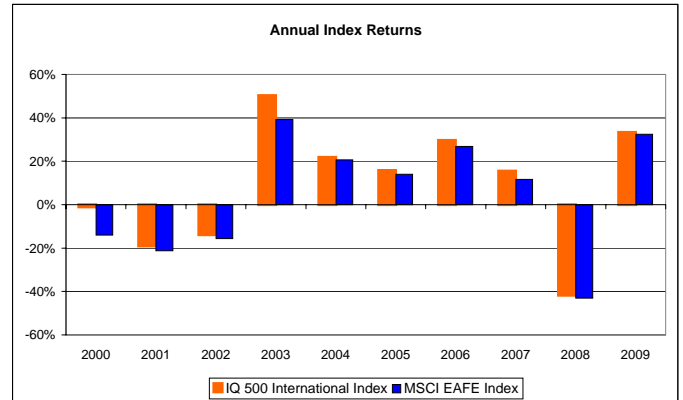
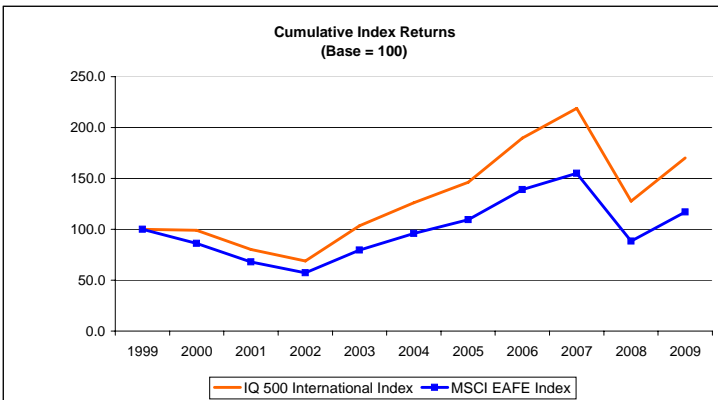
The IQ 500 International Index seeks to identify international companies that enjoy a strong global footprint and, at the same time, are able to maintain their long-term competitive positioning. The combination of these factors is designed to yield companies that are poised to continue driving improved operational performance and sustainable, long-term equity appreciation with low volatility and 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	8 year
IQ 500 International Index	33.3%	-3.5%	6.2%	9.9%
MSCI EAFE Index	32.5%	-5.6%	4.0%	7.1%

Annual Returns	2009	2008	2007	2006	2005	2004	2003
IQ 500 International Index	33.3%	-41.7%	15.5%	29.7%	15.8%	21.8%	50.2%
MSCI EAFE Index	32.5%	-43.1%	11.6%	26.9%	14.0%	20.7%	39.2%



**8-Year Index Performance Analysis vs. MSCI EAFE Index (as of 12/31/09)**

Number of Years Above MSCI EAFE	8/8	Number of Positive Years - IQ 500 International	6/8
Average Annual Return Above MSCI EAFE	3.1%	Number of Positive Years - MSCI EAFE	6/8
Number of Years Below MSCI EAFE	0/8	Number of Negative Years - IQ 500 International	2/8
Average Annual Return Below MSCI EAFE	N/A	Number of Negative Years - MSCI EAFE	2/8

\*Performance information prior to December 31, 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 Facts<sup>1</sup>**

Number of Components	498
Reconstitution Frequency	Annual
Largest Weight	1.35%
Smallest Weight	0.03%
Turnover	20.99%

Maximum Market Capitalization	\$199.40 bn
Minimum Market Capitalization	\$1.07 bn
Weighted Avg. Market Capitalization	\$39.57 bn
Median Market Capitalization	\$9.62 bn

**Index Statistics<sup>1</sup>**

8-Year Index Statistics	IQ 500 International Index	MSCI EAFE Index
Alpha	2.55%	N/A
Sharpe Ratio	0.477	0.346
Volatility	18.96%	18.21%
R-Squared	0.98	1.00
Beta	1.03	1.00

**Index Composition<sup>1</sup>**

IQ 500 International Index Sector Analysis	
Sector	Weight (%)
Finance	17.17%
Non-Energy Minerals	8.28%
Utilities	7.68%
Energy Minerals	7.51%
Producer Manufacturing	7.39%
Consumer Durables	7.17%
Electronic Technology	6.41%
Consumer Non-Durables	6.13%
Communications	5.87%
Retail Trade	5.37%
Process Industries	4.89%
Health Technology	4.39%
Distribution Services	3.13%
Transportation	2.93%
Industrial Services	2.40%
Commercial Services	1.18%
Technology Services	1.00%
Consumer Services	0.97%
Health Services	0.13%

IQ 500 International Index Top 10 Holdings			
Name	Exchange	Sedol	Weight (%)
ArcelorMittal	Euronext	B03XPL1	1.35%
ENI SpA	Italy Continuous	7145056	1.30%
TOTAL SA	Euronext	B15C557	1.29%
Nestle SA Reg	Swiss SIX	7123870	1.25%
BP	London	798059	1.10%
Toyota Motor Corp	Tokyo	6900643	0.97%
Electricite de France	Euronext	B0NJJ17	0.93%
GDF Suez	Euronext	B0C2CQ3	0.92%
FORTIS	Euronext	7266139	0.91%
Dexia	Euronext	7147610	0.85%

IQ 500 International Index Country Analysis		
Name	Exchange	Weight (%)
Japan	Tokyo	23.56%
France	Euronext	13.97%
United Kingdom	London	13.60%
Germany	XETRA	10.53%
Canada	Toronto	5.17%
Italy	Italy Continuous	5.00%
Switzerland	Swiss Virt-X	4.84%
Australia	ASX National	3.94%
Netherlands	Euronext	3.75%
Belgium	Euronext	2.73%
Other	n/a	12.91%

<sup>\*</sup>Performance information prior to December 31, 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.

<sup>1</sup> 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 MSCI EAFE Index).

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

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