



IQ[®] Country Rotation Developed Mkts ex-US Index

Fact Sheet: 12/31/2009

Bloomberg Symbol: IQETFDM

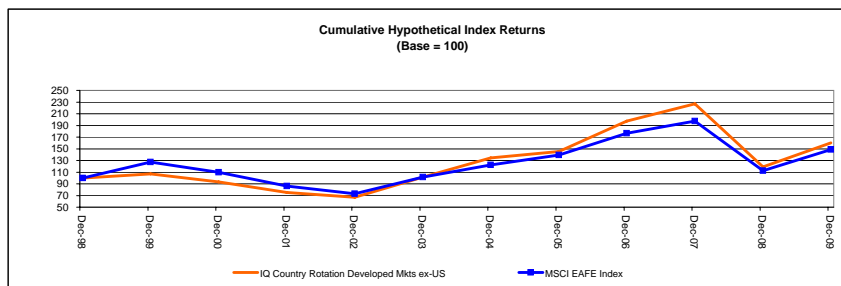
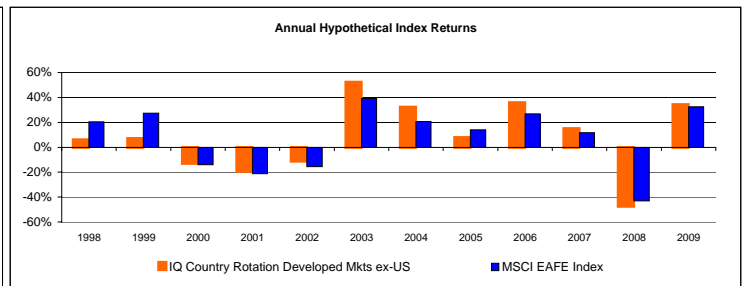
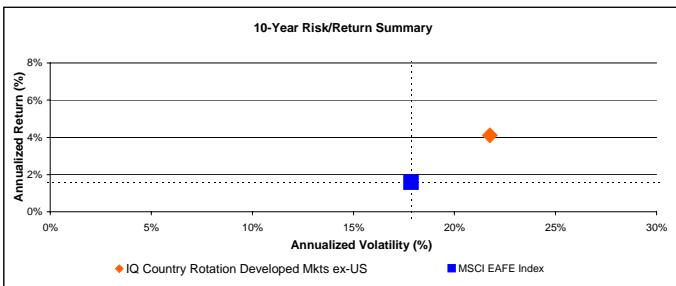
Strategy

The IQ Country Rotation Developed Markets ex-US Index seeks to achieve long-term capital appreciation through exposure, on a rotating basis, to developed markets other than the U.S. The strategy's differentiated approach is based on a multi-factor, rules-based methodology that employs valuation, technical and economic factors to select the most attractive foreign equity markets in a manner designed to enhance the risk-adjusted returns of the Index. The Index invests in equities and seeks to achieve its performance through developed market country selection. The methodology does not involve asset allocation or individual stock selection.

Index Performance*

| Annualized Returns | 1 year | 3 year | 5 year | 10 year |
|--|--------|--------|--------|---------|
| IQ Country Rotation Developed Mkts ex-US | 34.3% | -6.7% | 3.5% | 4.1% |
| MSCI EAFE Index | 32.5% | -5.6% | 4.0% | 1.6% |

| Annual Returns | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|--|-------|--------|-------|-------|-------|-------|-------|
| IQ Country Rotation Developed Mkts ex-US | 34.3% | -47.4% | 15.0% | 35.8% | 8.0% | 32.3% | 52.3% |
| MSCI EAFE Index | 32.5% | -43.1% | 11.6% | 26.9% | 14.0% | 20.7% | 39.2% |



10-Year Hypothetical Index Consistency Analysis vs. MSCI EAFE Index (as of 12/31/2009)

| | | | |
|---------------------------------------|-------|---|------|
| Number of Years Above Benchmark | 8/10 | Number of Positive Years - IQ Country Rotation Dev Mkts ex-US | 6/10 |
| Average Annual Return Above Benchmark | 5.8% | Number of Positive Years - Benchmark | 6/10 |
| Number of Years Below Benchmark | 2/10 | Number of Negative Years - IQ Country Rotation Dev Mkts ex-US | 4/10 |
| Average Annual Return Below Benchmark | -5.2% | Number of Negative Years - Benchmark | 4/10 |

*Performance information prior to September 28, 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. Results prior to the Index component's existence as an ETF, as applicable, are based on its underlying index, which do not reflect underlying management fees. **Past performance does not guarantee future results.** Benchmark returns are total returns. Source: IndexIQ, FactSet, Bloomberg and S&P Custom Index Calculation.



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Basic Facts¹

| Basic Facts | |
|--------------------------|---------|
| Number of Components | 8 |
| Reconstitution Frequency | Monthly |
| Largest Weight | 20.58% |
| Smallest Weight | 3.70% |

Index Statistics¹

| 10-Year Index Statistics | | |
|--------------------------|--|-----------------|
| | IQ Country Rotation Developed Mkts ex-US | MSCI EAFE Index |
| Alpha | 3.20% | N/A |
| Sharpe Ratio | 0.171 | 0.026 |
| Volatility | 21.75% | 17.86% |
| R-Squared | 0.91 | 1.00 |
| Beta | 1.16 | 1.00 |

| Maximum Drawdown | | |
|------------------|--|-------------------|
| | IQ Country Rotation Developed Mkts ex-US | MSCI EAFE Index |
| Max Drawdown | -62.28% | -56.40% |
| Drawdown Start | 31-Oct-2007 | 31-Oct-2007 |
| Drawdown End | 27-Feb-2009 | 27-Feb-2009 |
| Recovery Date | Not Yet Recovered | Not Yet Recovered |

Index Composition¹

| Index Composition | | | |
|---|--------|-----|------------|
| Country | Ticker | ETF | Weight (%) |
| Please contact IndexIQ for index holdings information | | | |

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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 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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