

**Index Strategy**

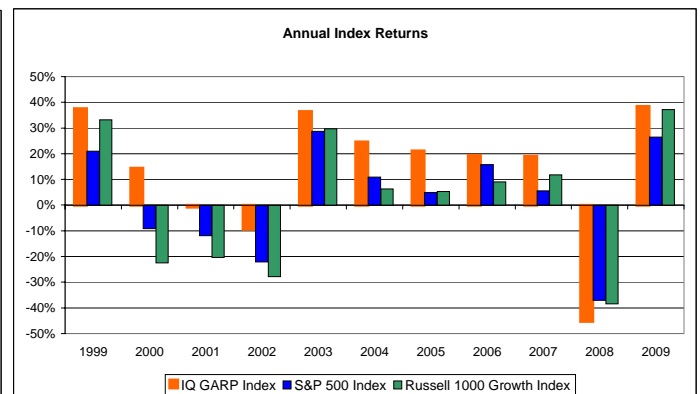
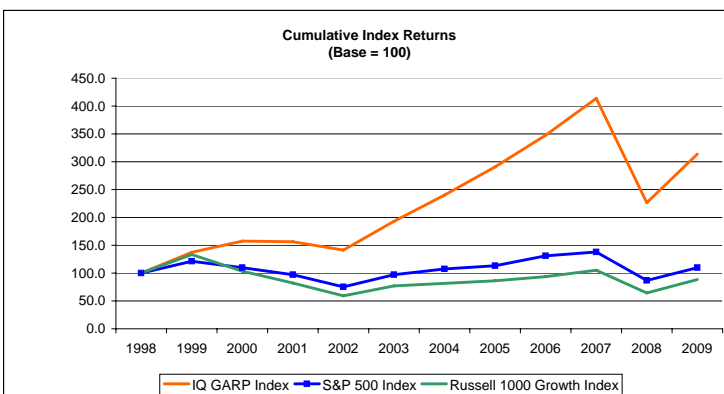
GARP (Growth at a Reasonable Price) investing borrows principles from both growth and value investing disciplines. A GARP strategy emphasizes the selection of stocks that historically have demonstrated solid earnings growth, are expected to continue to exhibit strong growth characteristics in the coming years and yet are undervalued today. Leveraging IndexIQ's Rules-Based Alpha™ approach, the IQ® GARP Index seeks outperformance relative to broad-based benchmarks by employing a sophisticated, multi-factor rules-based methodology to implement a GARP strategy. The use of an objective stock selection process differentiates IndexIQ's product from the typical subjective approach employed by portfolio managers who utilize the GARP strategy.

IndexIQ's 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's 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 GARP Index	38.4%	-3.4%	5.5%	8.6%
S&P 500 Index	26.5%	-5.6%	0.4%	-0.9%
Russell 1000 Growth Index	37.2%	-1.9%	1.6%	-4.0%

Annual Returns	2009	2008	2007	2006	2005	2004	2003
IQ GARP Index	38.4%	-45.2%	19.0%	19.4%	21.2%	24.5%	36.4%
S&P 500 Index	26.5%	-37.0%	5.5%	15.8%	4.9%	10.9%	28.7%
Russell 1000 Growth Index	37.2%	-38.4%	11.8%	9.1%	5.3%	6.3%	29.8%


**10-Year Index Performance Consistency Analysis vs. S&P 500 Index & FTSE RAFI US 1000 Index (as of 12/31/09)**

Number of Years Above S&P 500	9/10	Number of Positive Years - IQ GARP	7/10
Average Annual Return Above S&P 500	12.7%	Number of Positive Years - S&P 500	6/10
Number of Years Above Russell 1000 Growth	9/10	Number of Positive Years - Russell 1000 Growth	6/10
Average Annual Return Above Russell 1000 Growth	14.9%		
Number of Years Below S&P 500	1/10	Number of Negative Years - IQ GARP	3/10
Average Annual Return Below S&P 500	-8.2%	Number of Negative Years - S&P 500	4/10
Number of Years Below Russell 1000 Growth	1/10	Number of Negative Years - Russell 1000 Growth	4/10
Average Annual Return Below Russell 1000 Growth	-6.8%		

\*Performance information prior to December 21, 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	97
Reconstitution Frequency	Annual
Largest Weight	4.42%
Smallest Weight	0.27%
Turnover	81.91%

Maximum Market Capitalization	\$165.38 bn
Minimum Market Capitalization	\$1.17 bn
Weighted Avg. Market Capitalization	\$17.98 bn
Median Market Capitalization	\$4.99 bn

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

10-Year Index Statistics	IQ GARP Index	S&P 500 Index	IQ GARP Index	Index Index
Alpha	9.65%	N/A	11.44%	N/A
Sharpe Ratio	0.395	-0.146	0.395	-0.259
Volatility	18.41%	16.13%	18.41%	19.00%
R-Squared	0.79	1.00	0.77	1.00
Beta	1.01	1.00	0.85	1.00

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

IQ GARP Index Sector Analysis	
Sector	Weight (%)
Consumer Discretionary	20.54%
Health Care	18.76%
Consumer Staples	12.34%
Information Technology	10.44%
Telecommunication Services	8.58%
Industrials	8.30%
Materials	7.00%
Financials	5.90%
Utilities	5.90%
Energy	2.25%

IQ GARP Index Top 20 Holdings			
Name	Ticker	Weight (%)	
Schwab, Charles Corp	SCHW	4.42%	
AutoZone Inc	AZO	3.79%	
AT&T Inc	T	3.40%	
Yum! Brands Inc	YUM	2.70%	
Medco Health Solutions Inc	MHS	2.64%	
Paychex Inc	PAYX	2.43%	
DIRECTV Class A	DTV	2.11%	
American Tower Corp A	AMT	2.10%	
AmerisourceBergen Corp	ABC	1.76%	
Stryker Corp	SYK	1.74%	
Textron Inc	TXT	1.73%	
Joy Global Inc	JOYG	1.59%	
Ford Motor Co	F	1.48%	
WellPoint Inc	WLP	1.46%	
PG&E Corporation	PCG	1.43%	
Coach Inc	COH	1.42%	
Compass Minerals Intl	CMP	1.41%	
Sempra Energy	SRE	1.35%	
Sysco Corp	SYO	1.32%	
Heinz, H.J. Co	HNZ	1.32%	

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<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 S&P 500 and Russell 1000 Growth Indexes, as applicable).

Beta reflects the sensitivity of a portfolio's return to fluctuations in the market (in this case, as measured by the S&P 500 and Russell 1000 Growth Indexes, as applicable).

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