



# IQ<sup>®</sup> CPI Inflation Hedged Index

Fact Sheet 3/31/2010

## Index description

The IQ CPI Inflation Hedged Index seeks to provide investors with a hedge against changes in the U.S. inflation rate by providing a “real return,” or a return above the rate of inflation, as represented by the Consumer Price Index (the “CPI”). The CPI is a measure of the average change in prices over time of goods and services purchased by households and a widely-recognized barometer of inflation in the U.S.

## Features and benefits

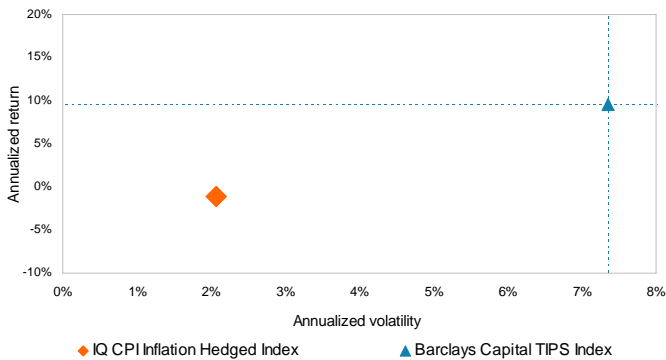
- Seeks to provide a hedge against inflation
- Seeks to provide a low volatility “real return” (i.e., return above inflation)
- Portfolio transparency – holdings available daily
- Rules-based approach

## Index data

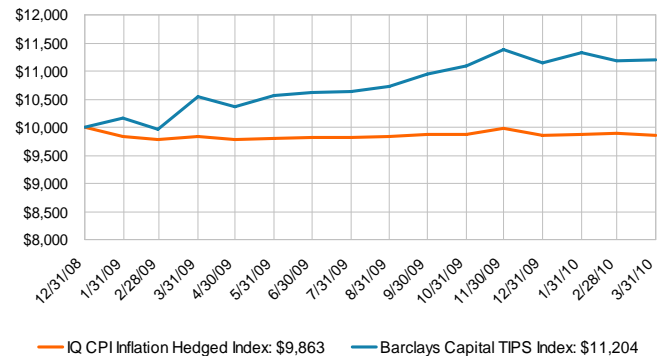
Index Symbol - Price	IQHGCP1
Index Symbol - Total Return	IQHGCPIT

## Performance history

### Index risk/return profile (12/31/2008-3/31/2010)



### Index growth of \$10,000 (12/31/2008-3/31/2010)



Index History	1-year			3-year †			5-year †			Life ‡
	Return	Volatility	Return/ Volatility	Return	Volatility	Return/ Volatility	Return	Volatility	Return/ Volatility	Return
IQ CPI Inflation Hedged Index	0.27%	1.96%	0.14	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Barclays Capital TIPS Index	6.18%	5.54%	1.12	6.01%	8.88%	0.68	4.82%	7.39%	0.65	n/a

‡ annualized

Note: Inflation typically is analyzed on a year-over-year (rolling 12-month) basis, and therefore YTD and Quarterly performance is not shown. For periods greater than 12 months, returns are annualized to be comparable to the compounded growth rate of inflation.

*Index inception date: December 31, 2008. 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. Sources: IndexIQ, FactSet, Bloomberg and S&P Custom Index Calculation.*



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Index maximum drawdown analysis (12/31/08-3/31/10)		
	IQ CPI Inflation Hedged Index	Barclays Capital TIPS Index
<b>Maximum Drawdown</b>	-2.25%	-2.19%
<b>Drawdown Start</b>	12/31/08	11/30/09
<b>Drawdown End</b>	4/30/09	12/31/09
<b>Recovery Date</b>	n/a	n/a

Top index holdings (3/31/10)		
Ticker	Name	Weight
SHV	iShares Barclays Short Treasury Bond Fund	58.31%
BIL	SPDR Barclays Capital 1-3 Month T-Bill ETF	26.50%
FXE	CurrencyShares Japanese Yen Trust	6.45%
TLT	iShares Barclays 20+ Year Treasury Bond Fund	5.39%
GLD	SPDR Gold Shares	1.81%

The maximum drawdown analysis measures the largest decline between any two points in the monthly history of the respective indexes, and indicates the time period during which such drawdown occurred, as well as the date on which the index's returns had fully recovered (if applicable) all losses incurred during the drawdown period.

Asset class exposures (through ETF holdings) vary based on monthly rebalance. Available asset classes include: U.S. Large Cap Equity; U.S. Small Cap Equity; International Equity; British Pounds; Euro; Japanese Yen; Real Estate; Oil; Gold; Short Term U.S. Treasury Bills; and Long Term U.S. Treasury Bonds.

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References to "TIPS" apply to the Barclays Capital U.S. TIPS Index. The Barclays Capital U.S. TIPS Index measures the performance of inflation protected public obligations of the U.S. Treasury, also known as "TIPS". Sources for IndexIQ and benchmark data: IndexIQ, FactSet, Bloomberg, and www.BLS.gov.

<sup>1</sup>**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.

<sup>2</sup>Reflects distribution of historical 12 month real returns for each calendar month between February 1998, which is 12 months from the inception of TIPS (March 1997), and September 2009. "Gold" refers to the spot price of gold (London 4:00 pm close) and is included because gold is traditionally viewed as an inflation hedge.

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