



# IQ<sup>®</sup> Hedge Multi-Strategy Index

Fact Sheet 12/31/2009

## Index description

The IQ Hedge Multi-Strategy Index attempts to replicate the risk-adjusted return characteristics of the collective hedge funds using multiple hedge fund investment styles, including long/short equity, global macro, market neutral, event-driven, fixed income arbitrage, and emerging markets.

The Index does not include hedge funds as components. One cannot invest directly in an index.

## Features and benefits

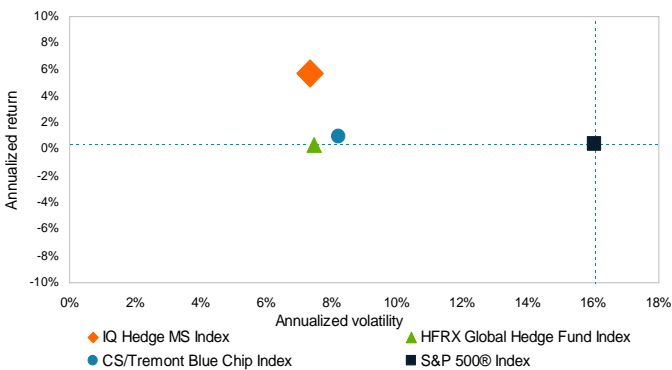
- Seeks performance similar to overall hedge fund universe
- Seeks low correlation to equity markets
- Real-time Index pricing
- Index portfolio transparency
- Rules-based approach

## Index data<sup>1</sup> (5-year)

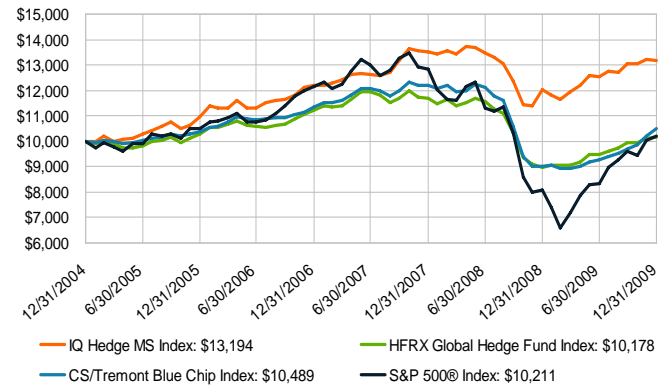
Index Symbol	IQHGMST
Alpha*	5.26%
Beta*	0.33
Sharpe Ratio	0.41
Correlation*	0.71
* vs. S&P 500 <sup>®</sup> Index	

## Performance history

### Index risk/return profile (5-year)



### Index growth of \$10,000 (5-year)



Index History	QTR		YTD		1-year		3-year †			5-year †		
	Return	Volatility <sup>1</sup>	Return	Volatility <sup>1</sup>	Return	Volatility <sup>1</sup>	Return	Volatility <sup>1</sup>	Return	Volatility <sup>1</sup>	Return	Volatility <sup>1</sup>
<b>IQ Hedge MS Index</b>	1.25%	5.62%	9.73%	5.62%	9.73%	5.62%	2.69%	8.25%	0.33	5.70%	7.34%	0.78
<b>CS/Tremont Blue Chip Index</b>	8.29%	4.59%	16.62%	4.59%	16.62%	4.59%	-2.63%	10.26%	-0.26	0.96%	8.20%	0.12
<b>HFRX Global Hedge Fund Index</b>	2.16%	3.68%	13.37%	3.68%	13.37%	3.68%	-3.21%	8.94%	-0.36	0.35%	7.48%	0.05
<b>S&amp;P 500<sup>®</sup> Index</b>	6.04%	22.28%	26.46%	22.28%	26.46%	22.28%	-5.63%	19.91%	-0.28	0.42%	16.05%	0.03

† annualized

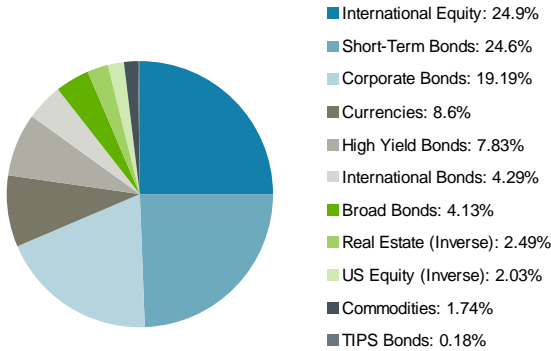
Performance information prior to September 15, 2008 is based on a hypothetical backtest based on rules used in the creation of the Index, is not a guarantee of future performance and is not indicative of any specific investment. Actual results may differ. Indexes are not managed investment products and 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. Sources: IndexIQ, FactSet, Bloomberg and S&P Custom Index Calculation.



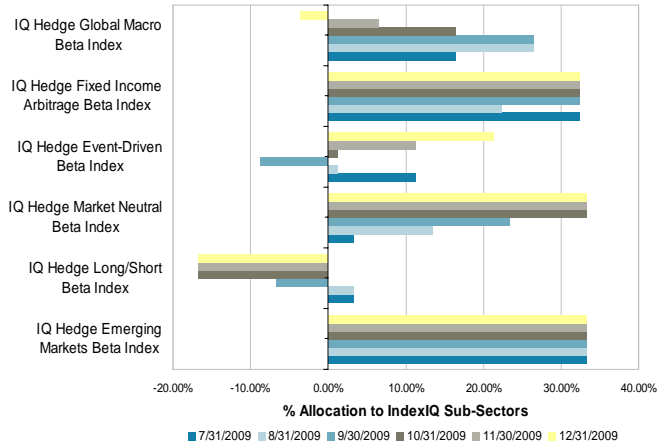
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## Asset allocation<sup>2</sup> (12/31/2009)



## Monthly allocations – 6 month



## Top 10 index holdings<sup>2</sup> (12/31/2009)

Ticker	Name	Weight
LQD	iBoxx \$ Investment Grade Corporate Bond Fund	18.49%
EEM	iShares MSCI Emerging Markets Index Fund	15.04%
SHY	iShares Barclays 1-3 Year Treasury Bond Fund	13.92%
DBV	PowerShares DB G10 Currency Harvest Fund	8.60%
VWO	Vanguard Emerging Markets ETF	6.99%
BSV	Vanguard Short-Term Bond ETF	6.15%
HYG	iShares iBoxx \$ High Yield Corporate Bond Fund	4.59%
JNK	SPDR Barclays Capital High Yield Bond ETF	3.24%
SHV	iShares Barclays Short Treasury Bond Fund	3.05%
AGG	iShares Barclays Aggregate Bond Fund	2.64%

## Index maximum drawdown analysis (5-year)

	IQ Hedge MS Index	S&P 500 <sup>®</sup> Index	CS/Tremont Blue Chip Index	HFRX Global Hedge Fund Index
<b>Maximum Drawdown</b>	-17.00%	-50.95%	-27.59%	-25.21%
<b>Drawdown Start</b>	4/30/08	10/31/07	10/31/07	10/31/07
<b>Drawdown End</b>	11/28/08	2/27/09	3/31/09	12/31/08
<b>Recovery Date</b>	n/a	n/a	n/a	n/a

The maximum drawdown analysis measures the largest decline between any two points in the monthly return 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.

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The S&P 500<sup>®</sup> Index is an unmanaged index considered representative of the U.S. stock market (performance data assumes reinvestment of dividends, but it does not reflect management fees, transaction costs or other expenses). The "CS/Tremont Blue Chip Index" is the Credit Suisse/Tremont Blue Chip Index, which is comprised of hedge funds across 10 strategies and is designed to represent the hedge fund industry in general (performance data is net of underlying manager fees and calculation fees). The HFRX Global Hedge Fund Index is comprised of hedge funds across 8 strategies and is designed to represent the hedge fund industry in general (performance data is net of underlying manager fees).

**Alpha** is a measure of a portfolio's actual excess returns and expected performance, given its level of risk (as measured by Beta); **Beta** reflects the sensitivity of a portfolio's return to fluctuations in the market (in this case, as measured by the S&P 500<sup>®</sup> Index); **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; **Return/Volatility** is a portfolio's annualized 5-year return divided by its annualized 5-year standard deviation; **Sharpe Ratio** is a measure of a portfolio's risk-adjusted performance (return per unit of risk); **Correlation** is a measure of the relationship between two variables (e.g., portfolio returns and the S&P 500<sup>®</sup> Index). **Up/Down Capture** is a measure of a portfolio's performance in up/down markets relative to a benchmark index (in this case, the S&P 500<sup>®</sup> Index).

<sup>2</sup>Demonstrates the allocations of the Index to the various asset classes represented by the Index's underlying ETFs. "Inverse" exposure, if any, reflects short exposure achieved through a long position in an inverse (or ultra inverse) ETF.

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