



Index Strategy

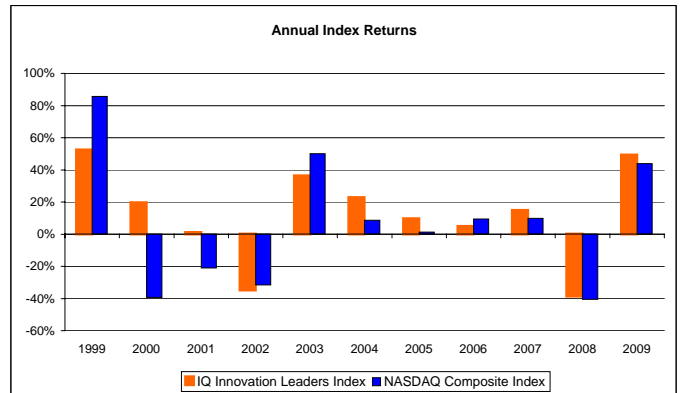
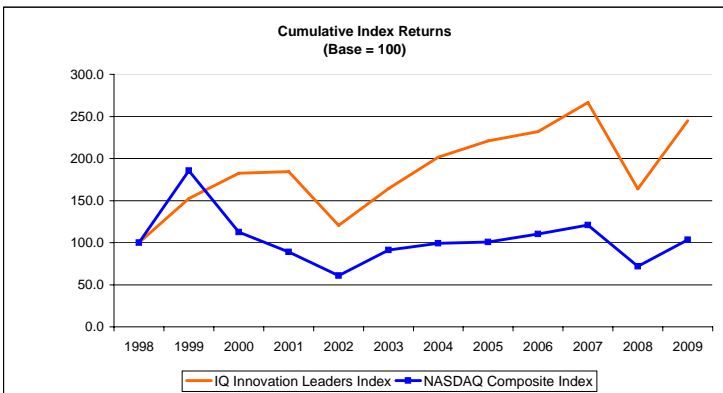
The IQ Innovation Leaders Index employs fundamental factors that seek to identify companies that are driving innovation throughout their business processes. Companies gain competitive advantages through innovation when they mobilize internal resources to drive good ideas from conception to successful execution. Financial metrics relating to research and development expense, capital expenditures, and other innovation-related factors are at the forefront of IndexIQ research to identify companies driving tomorrow's innovations.

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	10 year
IQ Innovation Leaders Index	49.3%	1.8%	4.0%	4.8%
NASDAQ Composite Index	43.9%	-2.1%	0.8%	-5.7%

Annual Returns	2009	2008	2007	2006	2005	2004	2003
IQ Innovation Leaders Index	49.3%	-38.5%	14.9%	5.0%	9.6%	22.8%	36.3%
NASDAQ Composite Index	43.9%	-40.5%	9.8%	9.5%	1.4%	8.6%	50.0%



10-Year Index Performance Consistency Analysis vs. NASDAQ Composite Index (as of 12/31/09)

Number of Years Above NASDAQ Composite	7/10	Number of Positive Years - IQ Innovation	8/10
Average Annual Return Above NASDAQ Composite	16.6%	Number of Positive Years - NASDAQ Composite	6/10
Number of Years Below NASDAQ Composite	3/10	Number of Negative Years - IQ Innovation	2/10
Average Annual Return Below NASDAQ Composite	-7.1%	Number of Negative Years - NASDAQ Composite	4/10

\*Performance information prior to February 26, 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 price returns. Sources: IndexIQ, FactSet, Bloomberg and S&P Custom Index Calculation.



# IQ® Innovation Leaders Index

Fact Sheet 12/31/2009

Bloomberg Ticker: IQININO

## Basic Facts<sup>1</sup>

Number of Components	97
Reconstitution Frequency	Annual
Largest Weight	2.11%
Smallest Weight	0.28%
Turnover	62.34%

Maximum Market Capitalization	\$196.49 bn
Minimum Market Capitalization	\$0.45 bn
Weighted Avg. Market Capitalization	\$15.32 bn
Median Market Capitalization	\$4.02 bn

## Index Statistics<sup>1</sup>

10-Year Index Statistics	IQ Innovation Leaders Index	NASDAQ Composite Index
Alpha	7.73%	N/A
Sharpe Ratio	0.203	-0.180
Volatility	21.82%	26.92%
R-Squared	0.71	1.00
Beta	0.68	1.00

## Index Composition<sup>1</sup>

IQ Innovation Leaders Index Sector Analysis	
Sector	Weight (%)
Information Technology	39.22%
Health Care	19.89%
Energy	17.46%
Industrials	9.91%
Consumer Discretionary	4.10%
Telecommunication Services	2.88%
Consumer Staples	2.64%
Financials	2.23%
Materials	1.67%

IQ Innovation Leaders Index Top 20 Holdings			
Name	Ticker	Weight (%)	
Intuitive Surgical Inc	ISRG	2.11%	
Citrix Systems Inc	CTXS	2.00%	
Atlantic Tel-Net	ATNI	1.89%	
Green Mountain Coffee Roasters Inc	GMCR	1.74%	
Seagate Technology	STX	1.69%	
Google Inc	GOOG	1.67%	
NetApp Inc	NTAP	1.59%	
F5 Networks Inc	FFIV	1.56%	
eBay Inc.	EBAY	1.49%	
IDEXX Laboratories Inc	IDXX	1.46%	
Nvidia Corp	NVDA	1.42%	
Healthways Inc	HWAY	1.39%	
Woodward Governor Co	WGOV	1.34%	
Western Digital Corp	WDC	1.33%	
Zimmer Holdings Inc	ZMH	1.28%	
Adobe Systems Inc	ADBE	1.28%	
Plantronics Inc	PLT	1.28%	
Cash America Intl Inc	CSH	1.26%	
ANSYS Inc	ANSS	1.25%	
Schlumberger Ltd	SLB	1.25%	

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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 NASDAQ Composite Index).

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

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