



IQ[®] ARB Merger Arbitrage Index

Fact Sheet 12/31/2009

Index description

The IQ ARB Merger Arbitrage Index seeks to achieve capital appreciation by investing in global companies for which there has been a public announcement of a takeover by an acquirer. This differentiated approach is based on a passive strategy of owning certain announced takeover targets with the goal of generating returns that are representative of global merger arbitrage activity.

The Index also includes short exposure to global equities as a partial equity market hedge.

Features and benefits

- Seeks returns representative of global Merger Arbitrage activity
- Seeks to provide portfolio diversification benefits
- Index portfolio transparency
- Rules-based approach

Index data¹ (5-year)

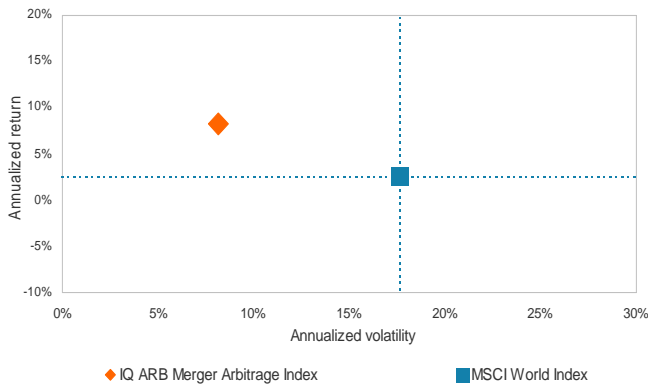
Index Symbol	IQMNAT
Alpha*	6.91%
Beta*	0.34
Sharpe Ratio	0.68
* vs. MSCI World Index	

Market Capitalization (\$M) as of: 12/31/2009

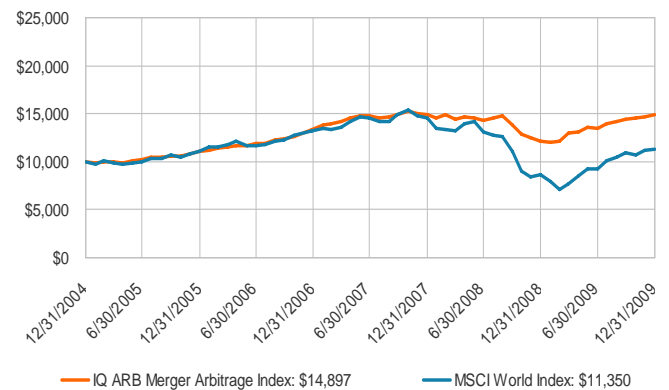
Weighted Average	\$	8,122
Largest	\$	33,595
Smallest	\$	277

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 †			Life ‡
	Return	Volatility	Return	Volatility	Return	Volatility	Return/Volatility	Return	Volatility	Return/Volatility	Return	Volatility	Return/Volatility	Return
IQ ARB Merger Arbitrage Index	2.89%	8.05%	22.16%	8.05%	22.16%	8.05%	2.75	3.90%	9.84%	0.40	8.30%	8.17%	1.02	n/a
MSCI World Index	4.18%	23.49%	30.79%	23.49%	30.79%	23.49%	1.31	-5.09%	21.74%	-0.23	2.57%	17.59%	0.15	n/a

† annualized

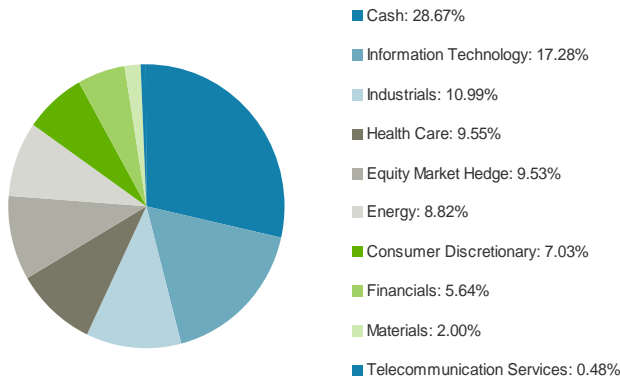
Performance information prior to 10/31/2007 based on a hypothetical backtest based on rules used in the creation of the Index, is not a guarantee of future performance and is not indicative of any specific investment. Actual results may differ. Indexes are not managed investment products and cannot be 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.



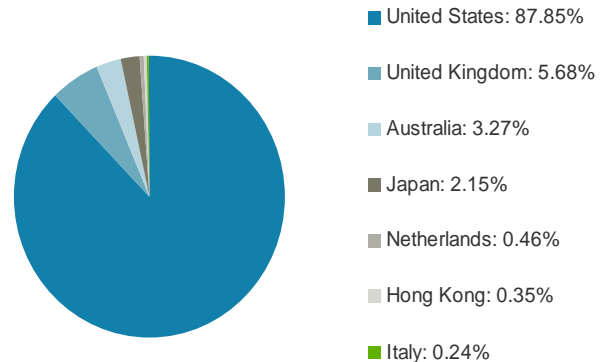
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Sector allocation² (12/31/2009)

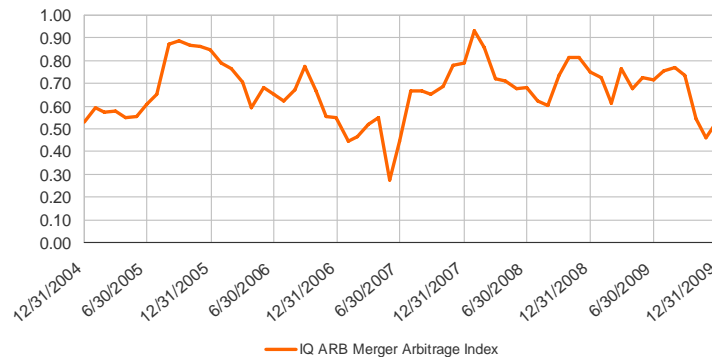


Country allocation² (12/31/2009)



Note: Eligible universe includes developed markets in North America, Europe, and Asia/Pacific regions.

Rolling 12-mth correlation to MSCI World (12/31/2009)



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¹**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 MSCI World 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 return divided by its annualized 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 MSCI World 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 MSCI World Index.).

²Demonstrates the allocations of the Index to the various commodity sectors represented by the Indexes equity holdings. "Equity Market Hedge" exposure, if any, reflects short exposure. The sector and country allocation information and Index holdings are subject to change without notice.

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.

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