



For Immediate Release

**FAMILY OF SINGLE-COUNTRY SMALL CAP
EXCHANGE-TRADED FUNDS INTRODUCED BY INDEXIQ**

First Small Cap ETFs to Provide Exposure to the Dynamic Canadian (CNDA) and Australian (KROO) Economies and Unique Access to a Relatively Untapped Segment of Natural Resources

RYE BROOK, New York, (March 23, 2010) – IndexIQ, a leading developer of index-based alternative investment solutions, is introducing the first in a series of single-country small cap Exchange-Traded Funds (ETFs) focusing on the domestic markets in Canada and Australia, it was announced today.

IQ Canada Small Cap ETF (NYSE Arca: CNDA) seeks to replicate, before fees and expenses, the performance of the IQ Canada Small Cap Index. **IQ Australia Small Cap ETF (NYSE Arca: KROO)** seeks to replicate, before fees and expenses, the performance of the IQ Australia Small Cap Index. They are intended to give investors a means of passively tracking the overall performance of the small-capitalization sector of publicly traded companies domiciled and primarily listed on exchanges in Canada or Australia, respectively.

Both CNDA and KROO are designed to provide additional Alpha exposure as satellite holdings built around an investor's core equity portfolio.

“Investors targeting Canada or Australia typically have been required to invest in funds with broad-based exposure to large cap and global companies domiciled or operating in these markets,” said Adam Patti, chief executive officer at IndexIQ. “However, these domestic economies have their own important dynamics, driven by oil, gas and metals production in Canada, and coal and metals production in Australia. CNDA and KROO are vehicles dedicated to providing investment exposure to the domestic growth potential of these two countries.”

CANADA: Canada is a natural resources rich and high-tech industrial society, which is the fifth largest oil exporter and the second largest natural gas exporter in the world. Canada enjoys the second largest proven reserves of oil globally and is the largest foreign supplier of energy, including oil, gas, uranium, and electric power, to the United States. Given its significant base of natural resources, skilled labor and robust infrastructure, Canada historically has enjoyed solid economic growth. The country's

major banks emerged from the 2008-2009 financial crisis among the strongest in the world, in large part resulting from Canada's history of strong capitalization and conservative lending practices. CNDA provides investors access to the small cap sector of this dynamic economy, including the oil and gas space, which continues to experience rapid growth.¹

AUSTRALIA: Fortified by an expanding resources sector and energy-hungry trading partners in Asia, Australia is the only major economy to have avoided a technical recession in 2009, experiencing only one quarter of contraction in gross domestic product (a technical recession is defined as GDP falling for at least two successive quarters). Australia, a commodity-rich nation entering its 19th straight year without a recession, is referred to by many as the "wonder from down under." Australia is one of China's largest and fastest growing trading partners in large part due to the country's significant exports of natural resources. Australia is the fourth largest producer of coal and gold, two commodities experiencing increasing global demand. KROO provides investors access to the small cap sector of this dynamic economy that is both one of the largest producers of energy and metals products, as well as one of China's major trading partners.²

To be included in the indexes underlying CNDA and KROO, companies must have a minimum average market capitalization of \$150 million for the prior 90-day period; the average maximum capitalization must be equal to the bottom 15 percent ranking of companies in Canada or Australia based on the prior 90 days. Stocks are required to have a minimum average daily trading volume of at least \$1 million for the prior 90 days, and a minimum monthly volume of 250,000 shares for the prior six months. For both indexes, the components and their respective weights are rebalanced quarterly.

IndexIQ is the sponsor of a number of index-based alternative investment products designed to "democratize" the alternative investment landscape, including:

- the first US-listed hedge fund replication Exchange-Traded Fund, the **IQ Hedge Multi-Strategy Tracker ETF (NYSE Arca: QAI)**;
- the first Macro and Emerging Markets hedge fund replication ETF, the **IQ Hedge Macro Tracker ETF (NYSE Arca: MCRO)**;
- the first U.S.-listed "real return" ETF which seeks to give investors a hedge against the U.S. inflation rate by providing a return above the rate of inflation as measured by changes in the Consumer Price Index, the **IQ CPI Inflation Hedged ETF (NYSE Arca: CPI)**;

- the first global resources hedged ETF, which seeks to solve the problems associated with the significant overweight in the energy sector inherent in other broad-based commodity products, the **IQ ARB Global Resources ETF (NYSE Arca: GRES)**;
- the first merger arbitrage ETF, the **IQ ARB Merger Arbitrage ETF (NYSE Arca: MNA)**;
- and the first open-end, no-load hedge fund replication mutual fund, the **IQ ALPHA Hedge Strategy Fund (IQHIX – Institutional Share Class, and IQHOX – Investor Share Class)**.

IndexIQ products are designed to be liquid, transparent, low cost, and accessible to a broad range of investors.*

The ETFs should be considered a speculative investment entailing a high degree of risk and are not suitable for all investors. An investment in the ETFs does not represent a complete investment program.

Past performance is not a guarantee of future results.

About IndexIQ

Based in Rye Brook, New York, IndexIQ is a leading developer of index-based alternative investment solutions that combine the benefits of traditional index investing with the risk-adjusted return potential sought by the best active managers. The company's philosophy is to democratize investment management by making innovative alternative investment strategies available to investors in low cost, liquid and transparent products. IndexIQ strategies are marketed through the company's proprietary investment products and select partnerships with leading global financial institutions.

Additional information about the company and its products can be found at www.IndexIQ.com.

*Ordinary brokerage commissions apply. IndexIQ's ETF holdings are available daily on IndexIQ's website. ETFs are liquid in that they are exchange-traded.

¹ Data sourced from The World Factbook, CIA, 2009.

² Data sourced from The World Factbook, CIA, 2009. Department of Foreign Affairs and Trade, Government of Australia, 2008-2009; Knowledge@Wharton, January 6, 2010.

Alpha is a measure of a portfolio's actual excess returns and expected performance, given its level of risk.

Investors are reminded that all investing involves risk, including possible loss of principal. The funds are not suitable for all investors. Investors in the Funds should be willing to accept a high degree of volatility in the price of the Funds' shares and the possibility of significant losses. An investment in the Funds involves a substantial degree of risk and the Funds do not represent a complete investment program

As investments of IQ Canada Small Cap ETF (CNDA) are concentrated in Canada, the value of its shares will be affected by factors specific to Canada and may fluctuate more widely than that of a fund which invests in a broad range of countries. Any negative changes in the agricultural or mining industries could have an adverse impact on the Canadian economy. The Canadian economy is heavily dependent upon trading with its key partners. Any reduction in this trading may cause an adverse impact on the economy

in which CNDA invests. CNDA is susceptible to foreign securities risk. Since the Fund invests in foreign markets, it will be subject to risk of loss not typically associated with domestic markets. CNDA is concentrated in small capitalization companies, whose stock prices generally are more volatile than those of larger companies and also are more vulnerable than those of large capitalization companies to adverse business and economic developments. Both CNDA's ability to track its Index and CNDA returns in general may be adversely impacted by changes in currency exchange rates. CNDA is new and has limited operating history.

As investments of IQ Australia Small Cap ETF (KROO) are concentrated in Australia, the value of its shares will be affected by factors specific to Australia and may fluctuate more widely than that of a fund which invests in a broad range of countries. Any negative changes in the agricultural or mining industries could have an adverse impact on the Australian economy. The Australian economy is heavily dependent upon trading with its key partners. Any reduction in this trading may cause an adverse impact on the economy in which KROO invests. KROO is susceptible to foreign securities risk. Since KROO invests in foreign markets, it will be subject to risk of loss not typically associated with domestic markets. KROO is concentrated in small capitalization companies, whose stock prices generally are more volatile than those of larger companies and also are more vulnerable than those of large capitalization companies to adverse business and economic developments. Both KROO's ability to track its Index and Fund returns in general may be adversely impacted by changes in currency exchange rates. KROO is new and has limited operating history.

The IQ ALPHA Hedge Strategy Fund (IQ Fund), the IQ Hedge Multi-Strategy Tracker ETF (IQ Multi-Strategy ETF), and the IQ Macro Tracker ETF (IQ Macro ETF) are not hedge funds and do not invest in hedge funds. The IQ Fund is a registered open-end mutual fund that invests in exchange-traded funds (ETFs) and similar securities in an attempt to replicate the performance characteristics of certain hedge fund investing styles, but with less cost, more liquidity, and greater portfolio transparency than traditional hedge funds. The Funds are new, with limited historical performance data. There can be no assurance that the Funds' investment strategies will be successful. The Funds are not suitable for all investors.

The investment performance of the IQ Multi-Strategy ETF, the IQ Macro ETF and the IQ CPI Inflation Hedged ETF (collectively, the IQ ETFs), because they are funds of funds, depends on the investment performance of the underlying ETFs in which they invest. There is no guarantee that the IQ ETFs themselves, or each of the ETFs in the Funds' portfolios, will perform exactly as its underlying index. The IQ ETFs are non-diversified and susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund. The IQ ETFs' underlying ETFs invest in: foreign securities, which subject them to risk of loss not typically associated with domestic markets, such as currency fluctuations and political uncertainty; commodities markets, which subject them to greater volatility than investments in traditional securities, such as stocks and bonds; and fixed income securities, which subject them to credit risk – the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt – and interest rate risk – changes in the value of a fixed-income security resulting from changes in interest rates. Leverage, including borrowing, will cause some of the IQ ETF's underlying ETFs to be more volatile than if the underlying ETFs had not been leveraged.

The investments of the IQ ARB Global Resources ETF (GRES) are concentrated in the global resources sector, the value of its shares will be affected by factors specific to that sector and may fluctuate more widely than that of a fund which invests in a broad range of industries. GRES also may be susceptible to foreign securities risk. Since GRES invests in foreign markets, it will be subject to risk of loss not

typically associated with domestic markets. Loss may result because of less foreign government regulation, less public information, less economic, political and social stability, or other factors. GRES is exposed to mid and small capitalization companies risk. Stock prices of mid and small capitalization companies generally will be more volatile than those of larger companies and also are more vulnerable than those of large capitalization companies to adverse business and economic developments. Since GRES may invest directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, GRES is subject to the risk that those currencies will decline in value relative to the U.S. that the U.S. dollar will decline in value relative to the currency being hedged. GRES has a limited operating history.

Certain of the proposed takeover transactions in which the IQ ARB Merger Arbitrage ETF (MNA), invests may be renegotiated, terminated or involve a longer time frame than originally contemplated, which generally will negatively impact MNA's returns. MNA's investment strategy generally will result in high portfolio turnover, which, in turn, generally will result in increased transaction costs to MNA and lower total returns. MNA is susceptible to foreign securities risk –since the Fund invests in foreign markets, it will be subject to risk of loss not typically associated with domestic markets, including currency transaction risk. Diversification does not eliminate the risk of experiencing investment losses. Stock prices of mid and small capitalization companies generally will be more volatile than those of larger companies.

Consider the Funds' investment objectives, risks, charges and expenses carefully before investing. A prospectus with this and other information about the Funds may be obtained by visiting www.indexiq.com or by calling (888) 934-0777. Read the prospectus carefully before investing.

ETF Shares are not individually redeemable and owners of the ETF shares may acquire those ETF shares from the ETFs and tender those shares for redemption to the ETF in Creation Unit aggregations only, typically consisting of 50,000 Shares.

The Funds are distributed by ALPS Distributors, Inc. (ALPS), which is not affiliated with IndexIQ. Adam Patti is a registered representative of ALPS.

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