



FOR IMMEDIATE RELEASE

**FIRST NO-LOAD, OPEN-END HEDGE FUND REPLICATION
MUTUAL FUND MARKS THREE-YEAR ANNIVERSARY;
RECEIVES 4-STAR OVERALL MORNINGSTAR RATING™**

The IQ Alpha Hedge Strategy Fund (IQHIX) helped usher in a new era of retail access to alternative investing strategies

RYE BROOK, New York, (July 1; , 2011) – The IQ Alpha Hedge Strategy Fund (IQHIX, Institutional Share Class; IQHOX, Investor Share Class), the first no-load, open-end mutual fund designed to replicate broad-based hedge fund performance characteristics, marked its three-year anniversary on June 30th, the fund’s sponsor, IndexIQ, announced today. Based on its three-year track record as of June 30, the fund was given a 4-Star Overall Morningstar Rating™ and was ranked in the top 2% of the 71 funds in the Multi-alternative category based on risk-adjusted performance.

“The past three years have been among the most trying that investors have faced in more than half a century and ‘traditional’ hedge funds have certainly not been immune, as reports have shown that more than 3,400 of them have shut their doors since the start of the financial crisis,” said Adam Patti, Chief Executive Officer at IndexIQ.¹ “What’s emerged among investors is a new set of demands for alternative investment products, including better transparency, greater liquidity, and lower costs. IQHIX has delivered on all of those fronts, while also delivering solid performance.”

“IQHIX has led the way in making available a whole new category of alternative investment products designed to allow investors of all types and sizes to add hedge-like exposure to their portfolios,” added Patti. “Investors have rapidly adopted IQHIX as a core alternative investment holding in their portfolios and, in many cases, as a replacement for traditional Hedge Fund-of-Funds exposure. The Alpha potential of hedge fund investing traditionally had been available only to the institutional and ultra high net worth investing worlds, but our mutual fund, and our related family of hedge fund replication Exchange-Traded Funds (ETFs), helped change those rules and provide

access to all.”

The IQ Alpha Hedge Strategy Fund uses a proprietary rules-based methodology to replicate the returns of six major hedge fund strategies: Equity Long/Short; Global Macro; Emerging Markets; Fixed Income Arbitrage; Equity Market Neutral; and Event Driven. Alpha is sought by optimizing the relative index weights among these six hedge fund strategies.

The Fund seeks to achieve investment results that correspond to the total return of the IQ Alpha Hedge Index. The objective of the Index is to provide superior returns with lower volatility relative to the Standard & Poor’s 500, and with a correlation similar to that between hedge funds generally and the S&P.

As of June 30, 2011, the Fund has performed as follows:

	1 Month	3 Month	YTD	1 Year	Since Fund Inception	Inception Date
IQHIX	-1.80%	0.48%	-0.58%	6.27%	3.13%	6/30/2008
IQHOX	-1.90%	0.19%	-0.96%	5.65%	2.82%	6/30/2008
Index - IQHGALPH	-1.63%	0.98%	-0.63%	8.87%	5.73%	10/31/2007

Performance data quoted above is as of June 30, 2011. The performance data represents past performance, which is not a guarantee of future results. Investment return and value of the Fund shares will fluctuate so that an investor’s shares, when sold, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted. Fund returns reflect dividends and capital gains distributions. Total fund operating expense is 1.30% (Institutional Class) and 1.90% (Investor Class).

IQHIX is available on several platforms, including Morgan Stanley Smith Barney, UBS, Charles Schwab, Fidelity, Pershing, LPL, TD Ameritrade, E-Trade, Trust Company of America, Commonwealth, Mesirow, SunGuard, and many others.

In tandem with the Fund’s three-year anniversary, it also was announced that Morningstar has given the Fund its first star rating. In addition to receiving a 4-Star Overall Morningstar Rating™ the Fund also was ranked among the top 2% of funds in its category.

In addition to IQHIX, IndexIQ is also the sponsor of a number of liquid, index-based absolute return products designed to “democratize” the alternative investment landscape, including

- **IQ Hedge Multi-Strategy Tracker ETF (NYSE Arca: QAI)**, the first US-listed Hedge Fund Replication ETF;

- **IQ Hedge Macro Tracker ETF (NYSE Arca: MCRO)**, the first Global Macro ETF;
- **IQ Merger Arbitrage ETF (NYSE Arca: MNA)**, the first Merger Arbitrage ETF; and
- **IQ Real Return ETF (NYSE Arca: CPI)**, the first multi-asset class “Real Return” ETF, which seeks to generate a real return above the rate of inflation as measured by changes in the Consumer Price Index.

IndexIQ also has a family of “real asset” funds that includes:

- **IQ Global Resources ETF (NYSE Arca: GRES)**, the first Global Natural Resources ETF;
- **IQ Global Agribusiness Small Cap ETF (NYSE Arca: CROP)**, the first global agribusiness small cap ETF;
- **IQ Global Oil Small Cap ETF (NYSE Arca: IOIL)**, the first global oil small cap ETF; and
- **IQ US Real Estate Small Cap ETF (NYSE Arca: ROOF)**, the first US real estate small-cap ETF.

IndexIQ also has a robust family of International ETFs, including:

- **IQ Emerging Markets Mid Cap ETF (NYSE Arca: EMER)**, the first emerging markets mid cap ETF;
- **IQ Japan Mid Cap ETF (NYSE Arca: RSUN)**, the first Japan mid cap ETF;
- **IQ Hong Kong Small Cap ETF (NYSE Arca: HKK)**, the first Hong Kong small cap ETF;
- **IQ South Korea Small Cap ETF (NYSE Arca: SKOR)**, the first South Korea small cap ETF;
- **IQ Taiwan Small Cap ETF (NYSE Arca: TWON)**, the first Taiwan small cap ETF;
- **IQ Australia Small Cap ETF (NYSE Arca: KROO)**, the first Australia small cap ETF;

- **IQ Canada Small Cap ETF (NYSE Arca: CNDA)**, the first Canada small cap ETF.

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

About IndexIQ

Based in Rye Brook, New York, IndexIQ is a leading developer of index-based liquid 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) Hedge Fund Research, Inc.

Alpha is a measure of performance on a risk-adjusted basis. Correlation is a statistical measure of how two securities move in relation to each other.

Investors are reminded that all investing involves risk, including possible loss of principal. 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.

IQHIX and IQHOX are not hedge funds and do not invest in hedge funds. Mutual fund investing involves risk, including loss of principal. There is no guarantee that the Fund will meet its objective. The Fund is not suitable for all investors. Funds that use leverage to seek to increase return are subject to greater risk in adverse market conditions. There are particular risks associated with funds that employ short sales, such as the fact that the potential loss from a short position theoretically is unlimited. The Fund's use of derivatives, such as swap agreements, may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The Fund's investment performance, because it is a fund of funds, depends on the investment performance of the underlying ETFs in which it invests. There is no guarantee that the Fund itself, or each of the ETFs in the Fund's portfolio, will perform exactly as its underlying index. An investor in the Fund will bear the operating expenses of the underlying ETFs in which the Fund invests. The Fund is non-diversified and may be susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund. The Fund is exposed to small capitalization risk (stock prices of small capitalization companies generally are more volatile than those of larger

companies) and foreign currency risk (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).

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

For each fund with at least a three-year history, Morningstar calculates a Morningstar RatingTM based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. IQ Alpha Hedge Strategy Fund was rated against 71 U.S.-domiciled funds in the Multi-alternative category overall and over the last three years. With respect to these Multi-alternative funds, IQ Alpha Hedge Strategy Fund received a 4-Star Overall Morningstar Rating and a 4-Star Three-year Morningstar Rating. The Fund received a 3-year ranking and 1-year ranking of 2% (out of 71 funds) and 63% (out of 159 funds), respectively. Past performance is no guarantee of future results.

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