



FIRST MERGER ARBITRAGE ETF INTRODUCED BY INDEXIQ

IQ ARB Merger Arbitrage ETF is designed to provide exposure to accelerating global M&A activity; new fund is latest addition to IndexIQ's roster of alternative investment products

RYE BROOK, New York, (November 17, 2009) - IndexIQ, a leading developer of index-based alternative investment solutions, has introduced the first merger arbitrage Exchange-Traded Fund (ETF) designed to give investors exposure to global corporate merger & acquisition activity, which is rapidly increasing, it was announced today.

The IQ ARB Merger Arbitrage ETF (NYSE Arca: MNA) seeks to provide capital appreciation by investing in global companies for which there has been a public announcement of a takeover by an acquirer, a strategy generally known as "merger arbitrage." This strategy generally seeks to take advantage of the price differential, where it exists, between the current trading price of a stock and the price of that stock at the time the deal is completed.

"To date, investors have not had broad access to capitalize on mergers and acquisitions activity in an ETF," said Adam Patti, chief executive officer at IndexIQ. "The Merger Arbitrage ETF is a hedged strategy designed to take advantage of price disparities that exist in merger activity and strengthen investor portfolios by buying below the target price and realizing the capital appreciation if the deal closes at or above the target price. As such a strategy has not previously been accessible in an ETF offering investors a highly liquid, transparent, low cost, and easily tradable product,* we are very excited about providing this ETF solution to investors."

Merger Arbitrage funds typically have the potential to benefit from buying target companies below the target price. The "spread" in price, the difference between the target price and market price, can be quite lucrative for investors, especially if there are competitive bids for a company. Given today's relatively low corporate valuations and the significant amount of cash on corporate balance sheets, industry experts forecast a rapid increase in M&A activity. Cash on the books of non-financial companies in the S&P 500 Index (SPX) hit a record of more than \$700 billion as of June 2009, up more than 8% in the past year and 16% above the level of two years ago, according to S&P.¹ The IQ ARB Merger Arbitrage ETF, the first of its kind, provides investors unique access to this trend.

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The IQ ARB Merger Arbitrage ETF seeks to track, before fees and expenses, the performance of the IQ ARB Merger Arbitrage Index. The 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 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.

Key Addition to Firm's Offerings of Alternative Investment Strategies

The launch of MNA follows IndexIQ's rollout of other important alternative investment strategies in the form of ETFs. In October, the firm launched the IQ CPI Inflation Hedged ETF (NYSE Arca: CPI), 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; and the IQ ARB Global Resources ETF (NYSE Arca: GRES), 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. In addition, GRES seeks to provide a hedge against inflation and a real return through exposure to a diversified portfolio of commodity-related equities.

IndexIQ also is the sponsor of a number of other index-based alternative investment products designed to "democratize" the alternative investment landscape, including the first U.S.-listed hedge fund replication ETF, the IQ Hedge Multi-Strategy Tracker ETF (NYSE Arca: QAI); the first market directional hedge fund replication ETF, the IQ Hedge Macro Tracker ETF (NYSE: MCRO); 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, tax efficient, and accessible to a broad range of investors.*

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 all investors in low cost, liquid, transparent and tax-efficient 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.

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

¹ MarketWatch September 22, 2009.

Investors are reminded that all investing involves risk, including possible loss of principal. 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 ALPHA Hedge Strategy 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 underlying 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 may 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 ("Merger Arb ETF"), invests may be renegotiated, terminated or involve a longer time frame than originally contemplated, which may negatively impact the Merger Arb ETF's returns. The Merger Arb ETF's investment strategy may result in high portfolio turnover, which, in turn, may result in increased transaction costs to the Merger Arb ETF and lower total returns. The Merger Arb ETF 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 may 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.

IndexIQ ETFs and mutual 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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