



FOR IMMEDIATE RELEASE

FIRST TAIWAN SMALL CAP ETF INTRODUCED BY INDEXIQ

*IQ Taiwan Small Cap ETF (TWON) Provides Exposure to the “Taiwan Miracle”;
Latest in Series of IndexIQ Small Cap Country ETFs*

RYE BROOK, New York, (May 19, 2010) – IndexIQ, a leading developer of index-based alternative investment solutions, is introducing the **IQ Taiwan Small Cap ETF (NYSE Arca: TWON)** focused on the domestic market of Taiwan, it was announced today.

TWON is designed to provide additional Alpha exposure as a satellite holding built around an investor’s core equity portfolio and seeks to track, before fees and expenses, the performance of the IQ Taiwan Small Cap Index. The market capitalization-weighted Index is intended to give investors a means of tracking the overall performance of the small capitalization sector of publicly traded companies domiciled and primarily listed on an exchange in Taiwan. One of the four “Asian Tigers,” the country is home to the so-called “Taiwan Miracle,” a reference to its rapid economic and industrial development over the past several decades.

“In our view, domestically-oriented small capitalization companies provide one of the best vehicles for investors seeking to build exposure to the internal dynamics of an emerging market economy,” said Adam Patti, chief executive officer at IndexIQ. “Taiwan has been growing rapidly for many years, and is well-positioned to continue to expand.”

TAIWAN: Driven by strong exports and access to the mainland Chinese market, Taiwan is home to one of the fastest-growing economies in Asia. Exports grew more than 75 percent in January 2010, the biggest jump in more than 33 years.¹ Corporate earnings are expected to grow by as much as 80 percent this year.² Electronics remains a key industry for Taiwan, which is home to some of the world’s most important technology manufacturing operations. More recently, the country has started to turn its attention to renewable energy, an initiative that is expected to further benefit the small capitalization sector of the stock market. Seeking to remain at the forefront of this business globally, Taiwan plans to

invest as much as \$20 billion over the next five years into advanced technologies in related energy industries including wind power, LED electric vehicles, solar energy, hydrogen energy and fuel cells.³

The TWON Exchange-Traded Fund (ETF) is designed to provide exposure to the small cap companies believed to be best positioned to take advantage of the economic developments driving the country's growth.

The Index

To be included in the index underlying TWON, 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 Taiwan. 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. The Index's 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)**;
- **IQ Canada Small Cap ETF (NYSE Arca: CNDA)**, the first Canada small cap ETF, and **IQ Australia Small Cap ETF (NYSE Arca: KROO)**, the first Australia small cap ETF, and **IQ South Korea Small Cap ETF (NYSE Arca: SKOR)**, the first South Korea small cap ETF;
- 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. "Taiwan Exports Jump", The Wall Street Journal, March 9, 2010.
2. "Buy Taiwanese Stocks with China Ties, Champion Says", BusinessWeek, March 10, 2010.
3. "Cabinet Plans 'Low Carbon' Taiwan", Taipei Times, July 30, 2009.

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 the Fund's investments are concentrated in Taiwan, the value of its shares will be affected by factors specific to Taiwan and may fluctuate more widely than that of a fund which invests in a broad range of countries and in developed markets. Investments in Taiwan can be impacted by several factors, including a natural disaster in Taiwan, a reduction in trading activity with its key trading partners, labor-related issues (rising labor costs and increasing environmental consciousness have led some labor-intensive industries to relocate to countries with cheaper work forces, and continued labor outsourcing may adversely affect the Taiwanese economy), fluctuations or shortages in the commodity markets (Taiwan is a small island state with few raw material resources and limited land area and is reliant on imports for its commodity needs), political uncertainties (the uncertainty with which Taiwan is recognized internationally could materially impact the Taiwanese economy and securities market). The Fund 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. The Fund 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 the Fund's ability to track its Index and Fund returns in general may be adversely impacted by changes in currency exchange rates.

IQ CPI Inflation Hedged ETF: 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. The Fund is non-diversified and is susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund. The Fund's 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. Loss may result from the imposition of exchange controls, confiscations and other government restrictions. Foreign risks will normally be greater when the Fund invests in emerging markets. Leverage, including borrowing, will cause some of the Fund's underlying ETFs to be more volatile than if the underlying ETFs had not been leveraged.

IQ ARB Global Resources ETF: As the Fund's investments 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. The Fund also may be 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. Loss may result because of less foreign government regulation, less public information, less economic, political and social stability, or other factors. The Fund is exposed to mid and small capitalization companies risk. Stock prices of mid and small capitalization companies 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. Since the Fund may invest directly in foreign currencies or securities that trade in, and receive revenues in, foreign currencies, the Fund 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.

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.