



FOR IMMEDIATE RELEASE

**FIRST NO-LOAD, OPEN-END HEDGE FUND REPLICATION
MUTUAL FUND MARKS TWO-YEAR ANNIVERSARY**

*The IQ Alpha Hedge Strategy Fund Continues to
Post Strong Results During Historic Market Volatility*

RYE BROOK, New York, (July 12, 2010) – The IQ Alpha Hedge Strategy Fund (Institutional Share Class Ticker – IQHIX; Investor Share Class Ticker - IQHOX), the first no-load, open-end mutual fund designed to replicate broad-based hedge fund performance characteristics, marked its two-year anniversary on June 30th, the fund’s sponsor, IndexIQ, announced today.

“The past two years have seen explosive demand for liquid, transparent hedge fund-like exposures, as investors of all types and sizes seek to mitigate market volatility while maintaining exposure to potential upward moves,” said Adam Patti, Chief Executive Officer at IndexIQ.

“With our mutual fund now having been live for more than two years, we have established a real world track record demonstrating how the fund performs through an extraordinarily challenging time. To date, both the returns and the volatility have been in line with what we anticipated when we launched the fund in 2008,” Patti said.

The IQ 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. The relative weights among these six hedge fund strategies are dynamically adjusted monthly based on the movement of global markets. 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.

“In examining performance attribution, a number of factors have contributed to returns over the past two years,” said Patti. “These include the Fund’s long exposures, through investments in ETFs, to the corporate bond market, our overall hedged position to the equity market by going short small cap equity and long emerging market equity, and short exposure to the Euro. The Fund also benefitted from positions in broad bond ETFs as interest rates remained at historical lows.”

The IQ Alpha Hedge Strategy Fund is available for purchase on several platforms, including Morgan Stanley Smith Barney, UBS, Schwab, Fidelity, Pershing, TD Ameritrade, E-Trade, Commonwealth Financial Network, Cambridge Investment Research, Mesirow Financial, MG Trust Company, MSCS Financial Services, and National Financial Services.

In addition to the open-end mutual fund, IndexIQ is the sponsor of the IQ Hedge Multi-Strategy Tracker ETF, the first hedge fund replication Exchange-Traded Fund (NYSE Arca: QAI), introduced in March 2009.

IQ Alpha Hedge Strategy Fund Performance Summary

	YTD		1 Month		Q2		Since Inception	
	IQHIX	S&P 500	IQHIX	S&P 500	IQHIX	S&P 500	IQHIX	S&P 500
Return	-2.55%	-6.66%	3.33%	-5.24%	-2.17%	-11.43%	1.59%	-8.11%
Ann Std Dev	10.59%	20.48%	6.98%	25.63%	11.88%	24.93%	11.65%	23.69%
Beta (S&P 500)	35.99%	100.00%	16.07%	100.00%	31.77%	100.00%	34.54%	100.00%

The 1-Year return for IQHIX is 5.93%.

Performance data quoted above is as of June 30, 2010. Performance data quoted above is through June 30, 2010. The performance data represents past performance. Past performance 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.

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;
- the first Taiwan-focused small cap ETF, the **Taiwan Small Cap ETF (NYSE Arca: TWON)**.

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 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.

The S&P 500 Index is an unmanaged index considered representative of the U.S. stock market. Standard deviation 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. Beta reflects the sensitivity of a portfolio's return to fluctuations in the market (in this case, as measured by the S&P 500 Index). Correlation is a measure of the relationship between two variables (e.g., portfolio returns and the S&P 500 Index).

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. QAI, MCRO, IQHIX and IQHOX are not hedge funds and do not invest in hedge funds.

IQ Alpha Hedge Strategy Fund: 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 companies risk. Stock prices of 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 in 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.

IQ CPI Inflation Hedged Tracker 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 in 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.

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