



# IQ® Hedge Multi-Strategy SMA

Fact Sheet 3/31/12

## Description

The IQ Hedge Multi-Strategy SMA seeks to track the performance of the IQ Hedge Multi-Strategy SMA Index.

## Index Description

The IQ Hedge Multi-Strategy SMA Index seeks to replicate the risk-adjusted return characteristics of hedge funds using multiple hedge fund investment styles, including long/short equity, global macro, market neutral, event-driven, fixed income arbitrage, and emerging markets.

The portfolio does not invest in hedge funds and the Index does not include hedge funds as components.

## Features and Benefits

- Seeks performance similar to overall hedge fund universe
- Seeks low correlation to equity market
- Intra-day liquidity
- Portfolio transparency – holdings available daily
- No manager-specific risk – portfolio tracks rules-based index<sup>1</sup>

## Risk Considerations

- Investment in underlying ETFs which themselves have risks
- Tracking error to the Index
- Price may differ from NAV
- Other risks similar to stocks

See risk discussion on reverse side.

## Index Data

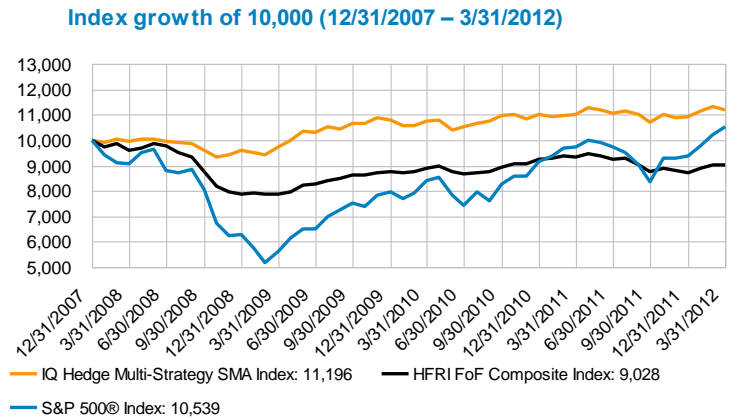
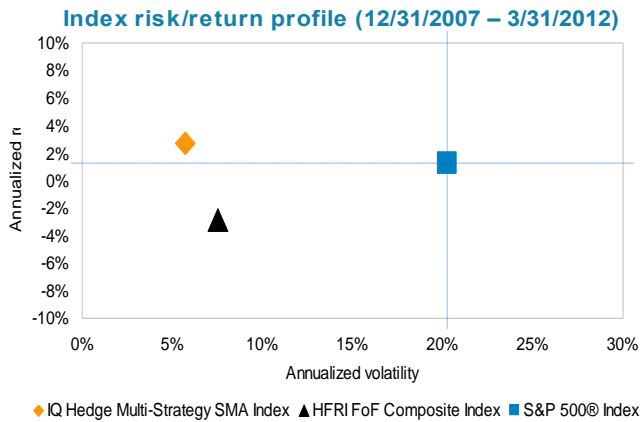
<b>Index Symbol</b>	<b>IQHGSMAT</b>
<b>Number of Positions</b>	<b>28</b>
<b>Index Beta vs. S&amp;P 500<sup>2</sup></b>	<b>0.21</b>
<b>Reweighting Frequency</b>	<b>Monthly</b>

## Contact

For additional information:

- Call 888.934.0777
- Email: [Innovate@IndexIQ.com](mailto:Innovate@IndexIQ.com)
- Visit our website: [www.IndexIQ.com](http://www.IndexIQ.com)

## Performance History



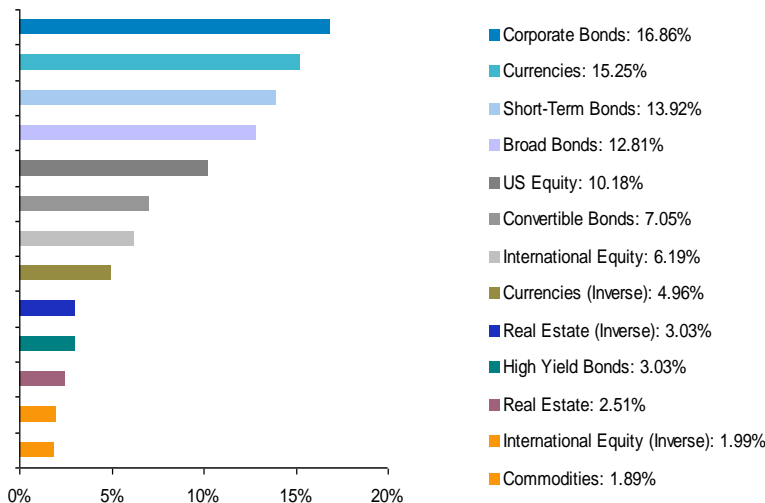
Portfolio / Index History	Quarter	YTD	1 Year	3 Year	Since Fund Inception: 3/31/2009 †	Since Index Inception: 12/31/2007 †
<b>Strategy</b>	<b>Return</b>	<b>Return</b>	<b>Return</b>	<b>Return</b>	<b>Return</b>	<b>Return</b>
<b>IQ Hedge Multi-Strategy SMA</b>	2.18%	2.18%	0.83%	3.73%	3.73%	n/a
<b>IQ Hedge Multi-Strategy SMA Index</b>	2.43%	2.43%	1.54%	4.72%	4.72%	2.69%
<b>HFRI FoF Composite Index</b>	3.36%	3.36%	-3.41%	4.59%	4.59%	-2.38%
<b>S&amp;P 500® Index</b>	12.59%	12.59%	8.54%	23.39%	23.39%	1.24%

† annualized

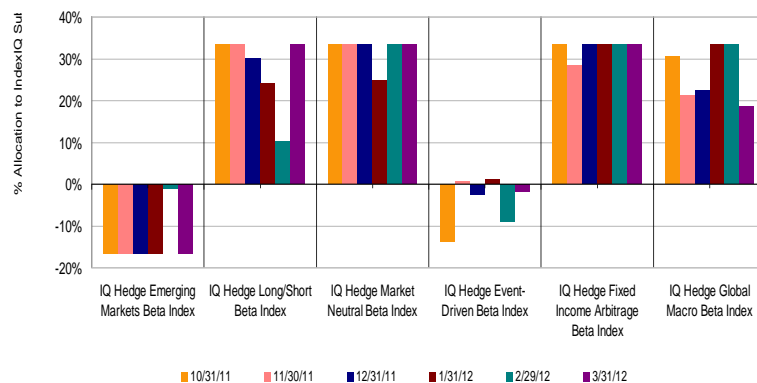
The performance data quoted above represents past performance. Past performance is not a guarantee of future results. Investment return and value of the shares will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than performance data quoted. Portfolio returns are net of fees. Fee used in performance calculation is seventy basis points, but actual fees vary by platform. Portfolio performance current to the most recent month-end is available by calling 1-888-934-0777.

Index performance is for illustrative purposes only and does not represent actual investment performance. One cannot invest directly in an index. Performance data for the Index assumes reinvestment of dividends and is net of the management fees for the Index's components, as applicable, but it does not reflect management fees, transaction costs or other expenses that you would pay if you invested in the investment portfolio directly. No representation is being made that any investment will achieve performance similar to that shown.

## Index Asset Allocation<sup>3</sup> 3/31/12



## Monthly Strategy Allocation – 6 Month



## Top 10 Index Holdings 3/31/11

Ticker	Name	Weight
LQD	iShares Iboxx Inv Gr Corp Bd	15.92%
DBV	Powershares DB G10 Curr Harv	11.58%
CWB	SPDR Barclays Capital Convertible Securities ETF	7.05%
SHY	iShares Barclays 1-3Yr Trs Bd	6.67%
IWM	iShares Russell 2000	6.64%
BND	Vanguard Total Bond Market ETF	6.43%
AGG	iShares Barclays Aggregate Bond Fund	6.25%
EFA	iShares MSCI Eafe Index Fund	5.11%
BSV	Vanguard Short-Term Bond ETF	5.03%
EUO	ProShares UltraShort Euro*	4.96%

\* Indicates inverse (short) exposure

## Maximum Drawdown Analysis Since Index Inception

	IQ Hedge Multi-Strategy SMA Index	HFRI FoF Composite Index	S&P 500® Index
<b>Maximum Drawdown</b>	-7.32%	-21.37%	-48.45%
<b>Drawdown Start</b>	Apr-08	Dec-07	Dec-07
<b>Drawdown End</b>	Oct-08	Dec-08	Feb-09
<b>Recovery Date</b>	May-09	n/a	Feb-12

The maximum drawdown analysis measures the largest decline between any two points in the daily return history of the respective indexes, and indicates the time period during which such drawdown occurred, as well as the date on which the index's returns had fully recovered (if applicable) all losses incurred during the drawdown period.

Consider the portfolio's investment objectives, risks, charges and expenses carefully before investing. The portfolio's investment performance, because it is a portfolio of funds, depends on the investment performance of the underlying ETFs in which it invests. There is no guarantee that the portfolio itself, or any of the ETFs in the portfolio's portfolio, will perform exactly as its underlying index. The portfolio is non-diversified and is susceptible to greater losses if a single portfolio investment declines than would a diversified portfolio. The portfolio'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. Leverage, including borrowing, will cause some of the portfolio's underlying ETFs to be more volatile than if the underlying ETFs had not been leveraged.

The S&P 500® Index is an unmanaged index considered representative of the U.S. stock market (performance data assumes reinvestment of dividends, but it does not reflect managements, transaction costs or other expenses). The HFRI Fund of Funds Composite Index ("HFRI FoF Composite Index") is an equally weighted hedge fund index including over 650 domestic and off-shore fund of funds. The index is rebalanced monthly with performance updates three times per month. Sources for IndexIQ and benchmark data: IndexIQ, FactSet, Bloomberg.

<sup>1</sup>The portfolio employs a "passive management" – or indexing – investment approach designed to track the performance of the Index. The portfolio invests primarily in the Index components that comprise the Index.

<sup>2</sup>Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

<sup>3</sup>Demonstrates the portfolio's allocations to the various asset classes represented by the portfolio's underlying ETFs and other securities. The asset allocation information and holdings are subject to change without notice.

IQ Hedge Multi-Strategy SMA (the "Composite") contains all discretionary accounts managed by IndexIQ that employ individual assets in the strategy and utilize the investment methodology. The Composite sets a minimum account value of \$100,000 at measurement period close for inclusion. However, once an account is included, it cannot be removed from the Composite universe until the period closing asset value falls below \$90,000. Leverage is not used in the Composite. Composite results are United States dollar-based, measured both externally and internally. Returns are based upon trade date accounting, and include the reinvestment of dividends and interest. Results for the full historical period are time weighted. Actual results of each account may be materially different from results of the Composite as a result of many factors, including without limitation differences in transaction and related costs, the inception dates of the accounts, varying cash flows, and differences in the investment objectives and guidelines.

IndexIQ has no obligation to take the needs of the funds or its owners into consideration in determining, composing or calculating the Index. IndexIQ shall not be liable to any person for any error in the Index nor shall it be under any obligation to advise any person of any error thereon.

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