



## For Immediate Release

### INDEXIQ DELIVERS STRONG RESULTS IN CHALLENGING 2008

*The IQ ALPHA Hedge Strategy Fund,\* the World's First No-Load Hedge Fund Replication Mutual Fund, Outperforms S&P 500 Index by Nearly 2100 Basis Points with Lower Volatility, and Correlation to the S&P 500 Index that was Similar to that of Hedge Fund Indexes for 6-Month Period Ended 12/31/08*

NEW YORK, (January 7, 2009) – IndexIQ, a leading developer of index-based alternative investment solutions, announced today the performance of its IQ Alpha Hedge Strategy Fund, which uses proprietary algorithms to closely 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 then sought by optimizing the relative index weights among these six hedge fund strategies. The objective of the IQ Alpha Hedge 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.

#### **IQ ALPHA Hedge Strategy Fund Performance Summary:**

- **Strong Performance:**
  - The Fund declined -7.93% versus a decline of -28.48% for the S&P 500, from 6/30/2008 through 12/31/08.
  - The Fund increased 7.06% in December and 0.60% in November versus an increase of 1.06% and a decline of -7.18% for the S&P 500.
- **Low Volatility:** The Fund had annualized standard deviation of 16% compared to 54% for the S&P 500 from 6/30/2008 through 12/31/08.
- **Low Correlation:** The Fund provided correlation relative to the S&P 500 of 57%, which was similar to the correlation of broad-based hedge fund indexes from 6/30/2008 through 12/31/08.

Monthly Returns	July	August	Sept	Oct	Nov	Dec	Since Inception*
IQ ALPHA Hedge Strategy Fund (Institutional Class)	-1.50%	-2.23%	-5.30%	-6.25%	0.60%	7.06%	-7.93%
S&P 500 <sup>1</sup>	-0.84%	1.45%	-8.91%	-16.79%	-7.18%	1.06%	-28.48%
HF <sup>2</sup>	-2.82%	-1.28%	-6.90%	-9.35%	-3.04%	-1.22%	-22.45%

\*Fund Inception Date: June 30, 2008

*Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here. Performance data current to the most recent month-end is available at [www.indexiq.com](http://www.indexiq.com) or by calling (888) 934-0777. The gross operating expense ratio of the Fund is 1.70% for the Institutional Class and 1.95% for the Investor Class. The Fund will assess a 2.00% redemption fee on shares redeemed within 7 days of purchase.*

The IndexIQ Alpha Hedge Strategy Fund is sponsored by IndexIQ and seeks to replicate as closely as possible, before fees and expenses, the return characteristics of the IQ Alpha Hedge Index. The Fund uses ETFs and a variety of other highly liquid financial instruments to provide exposure to the components of the index in approximately the same weighting. It employs leverage totaling 25 percent of the portfolio to magnify returns. In both the Index and the fund, the characteristics of the underlying strategies are replicated without exposing shareholders to the idiosyncratic manager risk of hedge fund investing.

### **About IndexIQ**

Based in Rye Brook, New York, IndexIQ is the 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](http://www.indexiq.com).

<sup>1</sup> 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 management fees, transaction costs or other expenses). <sup>2</sup> The HFRX Global Hedge Fund Index is comprised of hedge funds across 8 strategies and is designed to represent the hedge fund industry in general (performance data is net of underlying manager fees but does not reflect the deduction of management fees, transaction costs or other expenses).

\*Investors are reminded that mutual fund investing involves risk, including possible loss of principal. The Fund and its index are new, with limited historical performance data. There are no guarantees that the Fund will meet its objective. The Fund should be considered a high-risk investment due to its use of leverage, short-selling and derivatives, all of which may amplify the volatility of the Fund's share price. An investor in the Fund will bear the operating expenses of the underlying ETFs and related securities in which the Fund invests.

*Consider the Fund's investment objectives, risks, charges and expenses carefully before investing. A prospectus with this and other information about the Fund may be obtained by visiting [www.indexiq.com](http://www.indexiq.com) or by calling (888) 934-0777. Read the prospectus carefully before investing.*

The Fund is distributed by PFPC Distributors, Inc., which is not affiliated with IndexIQ or the IQ ALPHA Hedge Strategy Fund's investment advisor, or with any of the individuals on the Academic Board.

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