



FOR IMMEDIATE RELEASE

**EXTREME MARKET VOLATILITY IN AUGUST HIGHLIGHTS
TRACK-RECORD OF HEDGE FUND REPLICATION FUNDS**

Five-star overall Morningstar rated IQ Alpha Hedge Strategy Fund (IQHIX) among products from IndexIQ that finished month with better performance and lower volatility than broad markets

RYE BROOK, New York, (September 9, 2011) – As the global markets experienced one of their most volatile months in recent memory in August, several funds from IndexIQ, a leader in developing index-based liquid alternative investment products designed to “democratize” the alternative investment landscape, including absolute return, commodity and international investment solutions, outperformed the broad equity markets and the global hedge fund universe with less volatility, according to data released today.

“During periods of extreme volatility like the one we saw in August, investors tend to react out of fear and move out of the markets at exactly the wrong time,” said Adam Patti, CEO of IndexIQ. “By using our hedged products, or absolute return vehicles, investors may be able to dampen volatility, thus allowing them to maintain a consistent strategy of portfolio diversification.”

Among the funds Patti points to are the IQ Hedge Multi-Strategy Tracker ETF (QAI), the IQ Hedge Macro Tracker ETF (MCRO), the IQ Alpha Hedge Strategy Fund (IQHIX), and the IQ Real Return ETF (CPI), all of which are first-of-their-kind funds from IndexIQ designed to help mitigate volatility for investor portfolios, while retaining upside potential. The funds track either the broad performance characteristics of the hedge fund industry (for instance in the case of MCRO, global macro and emerging markets exposure), or provide a hedge against inflation risk (as in the case of the IQ Real Return ETF (CPI)). Following the celebration of its third anniversary, IQHIX was recently awarded a 5-Star overall Morningstar Rating™ and a #3 absolute ranking (and top 3% overall) out of 75 funds in the Multi-alternative category based on risk-adjusted performance.

The following table, showing the year-to-date and month-to-date performance of 4 IndexIQ alternative investment strategies as of August 31st is illustrative, particularly as compared to the performance of the S&P 500, which exhibited month-to-date returns of -5.43% (with 8.32% standard deviation) and year-to-date returns of -1.77% (with 10.44% standard deviation):

	MTD	YTD	1 Year	Since Inception
IQ Hedge Multi-Strategy Tracker ETF (QAI)				
NAV	-0.83%	0.47%	2.87%	5.00%
Share Price	-0.65%	0.51%	3.01%	5.07%
Standard Deviation	4.17%	3.69%	4.24%	5.26%
IQ Hedge Macro Tracker ETF (MCRO)				
NAV	-1.21%	1.31%	4.25%	5.67%
Share Price	-1.24%	1.27%	4.16%	5.72%
Standard Deviation	6.75%	5.57%	5.91%	6.16%
IQ Real Return ETF (CPI)				
NAV	1.33%	1.45%	2.15%	1.79%
Share Price	1.49%	1.37%	2.39%	1.79%
Standard Deviation	1.43%	2.48%	2.03%	2.10%
IQ Alpha Hedge Strategy Fund (IQHIX)				
Returns	-1.63%	-1.63%	-0.84%	2.61%
Standard Deviation	5.41%	6.76%	6.52%	10.15%

As of June 30, 2011, (i) one-year and since inception returns for IQHIX were 6.27% and 3.13%, respectively; (ii) one-year returns for QAI were 5.48% (NAV) and 5.86% (share price), (iii) since inception returns for QAI were 5.37% (NAV) and 5.44% (share price); (iv) one-year returns for MCRO were 7.59% (NAV) and 7.46% (share price), (v) since inception returns for MCRO were 5.99% (NAV) and 6.06% (share price), (vi) one-year returns for CPI were 0.49% (NAV) and 0.77% (share price), and (vii) since inception returns for CPI were 0.72% (NAV) and 0.79% (share price).

Performance greater than 1 year is annualized. Performance data shown represents past performance and is not a guarantee of future results. Current performance may be lower or higher than performance data quoted. Fund returns reflect dividends and capital gains distributions. 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. Fund performance current to the most recent month-end is available by calling 1-888-934-0777 or by visiting www.IndexIQ.com. The management fee and total fund operating expenses are, respectively: 0.48% and 0.66% (CPI); 0.75% and 1.06% (QAI); 0.75% and 1.09% (MCRO); 0.95% and 1.58% (IQHIX); and 0.95% and 2.18% (IQHOX).

“While August was certainly a bumpy ride for investors and advisors, it provided yet another legitimate ‘real world’ test for our hedge fund replication strategies,” continued Patti. “We’re very pleased with how they performed versus the broad equity markets and the active hedge fund universe. We believe they delivered exactly as they were designed.”

IndexIQ’s full family of Absolute Return products, which includes a number of index-based liquid alternative investment products designed to “democratize” the alternative investment landscape, includes:

- **IQ Hedge Multi-Strategy Tracker ETF (NYSE Arca: QAI)**, the first US-listed Hedge Fund Replication ETF;
- **IQ Hedge Macro Tracker ETF (NYSE Arca: MCRO)**, the first Global Macro ETF;
- **IQ Merger Arbitrage ETF (NYSE Arca: MNA)**, the first Merger Arbitrage ETF;

- **IQ Real Return ETF (NYSE Arca: CPI)**, the first multi-asset class “Real Return” ETF, which seeks to generate a real return above the rate of inflation as measured by changes in the Consumer Price Index; and
- **IQ Alpha Hedge Strategy Fund (IQHIX & IQHOX)**, the first no-load hedge fund replication mutual fund.

Additional members of the IndexIQ fund family include:

- **IQ Emerging Markets Mid Cap ETF (NYSE Arca: EMER)**, the first Emerging Markets mid-cap ETF;
- **IQ Japan Mid Cap ETF (NYSE Arca: RSUN)**, the first Japan mid cap ETF;
- **IQ South Korea Small Cap ETF (NYSE Arca: SKOR)**, the first South Korea small cap ETF;
- **IQ Taiwan Small Cap ETF (NYSE Arca: TWON)**, the first Taiwan small cap ETF;
- **IQ Australia Small Cap ETF (NYSE Arca: KROO)**, the first Australia small cap ETF;
- **IQ Canada Small Cap ETF (NYSE Arca: CNDA)**, the first Canada small cap ETF;
- **IQ Hong Kong Small Cap ETF (NYSE Arca: HKK)**, the first Hong Kong small cap ETF; and
- **IQ Global Resources ETF (NYSE Arca: GRES)**, the first Global Natural Resources ETF;
- **IQ Global Agribusiness Small Cap ETF (NYSE Arca: CROP)**, the first global agribusiness small cap ETF;
- **IQ Global Oil Small Cap ETF (NYSE Arca: IOIL)**, the first global oil small cap ETF; and
- **IQ US Real Estate Small Cap ETF (NYSE Arca: ROOF)**, the first small-cap REIT ETF.

IndexIQ products are designed to be liquid, transparent, low cost, and accessible to a broad range of investors.*

About IndexIQ

IndexIQ is a leading issuer of index-based liquid alternative solutions focused on absolute return, real assets and international strategies. IndexIQ solutions are offered as ETFs, Mutual Funds & Separate Accounts. IndexIQ’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.

IndexIQ ETF shares are bought and sold at market price (not NAV) and are not individually redeemed from the fund. Total returns are calculated using the daily 4:00 pm net asset value (NAV). Market price returns reflect the share price as of the close of trading on the exchange where fund shares are listed. Market price returns do not represent the returns you would receive if you traded shares at other times.

Investors are reminded that all investing involves risk, including possible loss of principal. 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.

QAI, MCRO and IQHIX are not hedge funds and do not invest in hedge funds. Mutual fund investing involves risk, including loss of principal. There is no guarantee that the funds will meet their objective. The funds are 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 funds' use of derivatives, such as swap agreements, may expose the funds to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. The funds' investment performance, 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 funds themselves, or each of the ETFs in the funds' portfolio, will perform exactly as their underlying index. The funds are non-diversified and may be susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund.

CPI's investment performance, because it is a fund of funds, depends on the investment performance of the underlying ETFs in which it invests. CPI is non-diversified and is susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund. CPI'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.

The funds are distributed by ALPS Distributors, Inc. (ALPS), which is not affiliated with IndexIQ.

For each fund with at least a three-year history, Morningstar calculates a Morningstar RatingTM based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. IQ Alpha Hedge Strategy Fund was rated against 75 U.S.-domiciled funds in the Multi-alternative category overall and over the last three years. With respect to these Multi-alternative funds, IQ Alpha Hedge Strategy Fund received a 5-Star Overall Morningstar Rating and a 5-Star Three-year Morningstar Rating. The Fund received a 3-year ranking and

1-year ranking of 3% (out of 75 funds) and 91% (out of 161 funds), respectively. Past performance is no guarantee of future results.

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