



FOR IMMEDIATE RELEASE

INDEXIQ SEES SIGNIFICANT ASSET GROWTH IN 2010, LAUNCHES FOUR FIRST-OF-THEIR-KIND COUNTRY SMALL CAP ETFs, AND EXPANDS DISTRIBUTION BROADLY ACROSS WIREHOUSE, RIA, INDEPENDENT & REGIONAL BROKER-DEALER PLATFORMS

Firm's assets under management exceed \$500 million; AUM in ETFs and Mutual Fund grew more than 300% in 2010

Family of liquid alternative investment products continued to perform as designed

RYE BROOK, New York, (January 19, 2011) – IndexIQ, a leading developer of index-based, liquid alternative investments, today announced that it reached a number of significant milestones during 2010 and early 2011, including:

- Exceeding \$500 million in assets under management across its family of Exchange-Traded-Funds (ETFs), open-end mutual fund and separate accounts.
- Growing assets in its family of ETFs and its mutual fund by more than 300%.
- Continuing to expand its distribution channels by adding several new platforms during the year, including major wirehouses and other firms, such as TD Ameritrade, LPL Financial, Envestnet, Commonwealth Financial, Cambridge Investment Research, Capital Guardian, Marshall & Ilsley Trust Company, MG Trust Company, Mid Atlantic Capital Corporation, MSCS Financial Services, Vanguard, Reliance Trust Company, and Sunguard.
- Introducing four new single-country small-capitalization ETFs, to complement its existing suite of Liquid Alternative ETFs. As with other IndexIQ products, these small-cap ETFs were the first of their kind to be launched into the market. They include IQ Canada Small Cap ETF (CNDA), IQ Australia Small Cap ETF (KROO), IQ South Korea Small Cap ETF (SKOR), and IQ Taiwan Small Cap ETF (TWON), all traded on NYSE Arca.
- The continued performance of its family of liquid alternative ETFs, mutual fund and benchmark indexes consistent with their investment objectives and design during another year of volatile market conditions.
- For the second straight year, the firm's Hedge Fund Replication ETFs, QAI and MCRO, distributed no capital gains, a significant difference in tax treatment as compared with hedge funds and alternative investment mutual funds. Additionally, IndexIQ ETFs do not issue K-1s.¹

- Partnered with Rocaton Investment Advisors, LLC, a leading investment consultant to institutional investors, to collaborate on the introduction of cutting-edge institutional quality investment solutions for the broad investment marketplace.

“This was an important year for IndexIQ, as we work to become the global leader in liquid alternative investments,” said Adam Patti, chief executive officer at IndexIQ. “We have exceeded our key operational milestones, which helped spark IndexIQ’s status as one of the fastest growing ETF issuers in the country, while adding a number of significant new distribution channels that will further accelerate the firm’s growth rate. IndexIQ’s ETFs and mutual fund, all of which were launched as the first of their kind, continued to perform as designed during another period of volatile and uncertain market conditions.”

IndexIQ’s indexes include those underlying the firm’s ETFs, mutual fund and separate accounts, as well as a family of hedge fund replication and alternative beta indexes, the IQ Hedge™ benchmark indexes (see table below for IQ Hedge™ index performance), which were launched in March 2007 and are increasingly being used as the basis of investment products worldwide, and by advisors as benchmarks for their actively managed hedge funds and alternative mutual funds.

For the period ended December 31, 2010, the returns for the IQ Hedge™ indexes were as follows:

IQ HEDGE FUND REPLICATION - Beta Indexes						
		1 Month	3 Month	YTD	1 Year	3 Year
IQ Hedge Composite Beta Index	IQHGCOB	2.04%	1.61%	6.13%	6.13%	3.14%
IQ Hedge Long/Short Beta Index	IQHGLSB	4.44%	3.47%	7.09%	7.09%	-3.51%
IQ Hedge Event-Driven Beta Index	IQHGEDB	2.41%	2.66%	9.70%	9.70%	4.11%
IQ Hedge Market Neutral Beta Index	IQHGMMNB	0.98%	0.82%	2.76%	2.76%	2.87%
IQ Hedge Emerging Markets Beta Index	IQHGEMB	4.36%	4.37%	9.29%	9.29%	9.48%
IQ Hedge Fixed Income Arbitrage Beta Index	IQHGFIB	1.22%	2.24%	5.66%	5.66%	3.10%
IQ Hedge Global Macro Beta Index	IQHGGMB	-1.11%	-3.79%	1.97%	1.97%	-0.21%

Past performance does not guarantee future results.

IndexIQ is the sponsor of a number of index-based alternative investment products designed to “democratize” the alternative investment landscape, including:

- **IQ Alpha Hedge Strategy Fund (IQHIX – Institutional Share Class; IQHOX – Investor Share Class)**, the first open-end, no-load Hedge Fund Replication mutual fund;
- **IQ Hedge Multi-Strategy Tracker ETF (NYSE Arca: QAI)**, the first US-listed Hedge Fund Replication Exchange-Traded Fund;

- **IQ Global Resources ETF (NYSE Arca: GRES)**, the first hedged Global Natural Resources ETF;
- **IQ Merger Arbitrage ETF (NYSE Arca: MNA)**, the first Merger Arbitrage ETF;
- **IQ Hedge Macro Tracker ETF (NYSE Arca: MCRO)**, the first Global Macro/Emerging Markets Hedge Fund Replication ETF;
- **IQ Real Return ETF (NYSE Arca: CPI)**, the first US-listed “Real Return” ETF, which seeks to generate a real return above the rate of inflation as measured by changes in the Consumer Price Index;
- **IQ Canada Small Cap ETF (NYSE Arca: CNDA)**, the first Canada small cap ETF;
- **IQ Australia Small Cap ETF (NYSE Arca: KROO)**, the first Australia small 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.

IndexIQ products are designed to be liquid, transparent, low cost, and accessible to a broad range of investors.* In developing its suite of products, IndexIQ works closely with its Academic Board, comprised of some of the leading thinkers and researchers in portfolio construction, finance and alternative investments. The Academic Board is led by Professor Robert Whitelaw, Chairman of the Finance Department at NYU’s Stern School of Business and Chief Investment Strategist at IndexIQ, and also includes Donald Chance of LSU, Ludwig Chincarini of Pomona College, and Hany Shawky of the Center for Institutional Investment Management at the School of Business at the University of Albany.

About IndexIQ

Based in Rye Brook, New York, IndexIQ is a leading developer of index-based liquid 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) Investors in IndexIQ do not receive K-1s for tax reporting purposes, as do investors in other investment vehicles. IndexIQ ETF distributions are reported to fund shareholders on Form 1099.

The IQ Alpha Hedge Strategy Fund (IQ Fund), the IQ Hedge Multi-Strategy Tracker ETF (IQ Multi-Strategy ETF), and the IQ Macro Tracker ETF (IQ Macro ETF) are not hedge funds and do not invest in hedge funds. The IQ Alpha Hedge Strategy Fund is a registered open-end mutual fund that invests in exchange-traded funds (ETFs) and similar securities in an attempt to replicate the performance characteristics of certain hedge fund investing styles, but with less cost, more liquidity, and greater portfolio transparency than traditional hedge funds. There can be no assurance that the Funds’ investment strategies will be successful. The investment

performance of the IQ Multi-Strategy ETF, the IQ Macro ETF and the IQ Real Return ETF (collectively, the IQ ETFs), 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 IQ ETFs themselves, or each of the underlying ETFs in the Funds' portfolios, will perform exactly as its underlying index. The IQ ETFs are non-diversified and susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund. The IQ ETFs' 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 IQ ETF's underlying ETFs to be more volatile than if the underlying ETFs had not been leveraged.

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.

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 Rocatton or IndexIQ. Adam Patti is a registered representative of ALPS.

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