



## **NEW HAVEN PENSION FUND SELECTS INDEXIQ FOR FIRST ALTERNATIVE INVESTMENT ALLOCATION**

*City of New Haven Employee Retirement Fund allocates to firm's multi-strategy  
hedge fund replication separately managed account product*

RYE BROOK, New York, (December 14, 2009) - IndexIQ, a leading developer of index-based alternative investment solutions, announced today that the City of New Haven's Employee Retirement Fund has invested \$8 million in the firm's multi-strategy hedge fund replication separately managed account (SMA) vehicle. The IQ Hedge Multi-Strategy SMA is designed to be liquid, transparent and low cost.\* This allocation represents the first time the City of New Haven's Employee Retirement Fund has invested in a hedge fund-like strategy.

The IQ Hedge Multi-Strategy SMA seeks to track, before fees and expenses, the performance of the IQ Hedge Multi-Strategy SMA Index. The Index attempts to replicate the risk-adjusted return characteristics of the collective hedge funds using multiple hedge fund investment styles, including long/short equity, global macro, market neutral, event-driven, fixed income arbitrage, and emerging markets. IndexIQ does not invest directly in hedge funds. Instead, it seeks to replicate the performance of the hedge fund strategies by investing in selected Exchange-Trade Funds (ETFs).

"In today's economic environment, it is especially important for trustees to be open to examining alternatives as part of their investment allocation to ensure it has the proper diversification to meet the evolving needs of their fund," said Derek Ciampini, of Coppola, Ciampini & Associates, a unit of Ameriprise Financial Services, Inc., consultant to the City of New Haven's Employee Retirement Fund.

"By using ETFs to replicate hedge fund performance, we can provide investors with increased liquidity and full transparency at a considerably lower cost than traditional hedge funds," said Adam Patti, chief executive officer at IndexIQ. "At the same time, the investor avoids fund manager-specific risk, a key concern in the post-Madoff world."

"The City of New Haven was contemplating adding hedge fund exposure to its Retirement Fund, but was leery about the recent difficulties of other Public Funds," said Anthony Davidow, Executive Vice President of IndexIQ. "The Trustees were attracted to the investment merits of hedge funds, but

were concerned about liquidity and transparency. Our unique strategy eliminates those concerns and captures the positive investment attributes of the asset class.”

### **“Democratizing” the investment landscape**

IndexIQ is a leader in developing alternative investing solutions for a wide range of investors. It is the sponsor of a number of other index-based alternative investment products designed to “democratize” the alternative investment landscape, including:

- the first U.S.-listed hedge fund replication ETF, the IQ Hedge Multi-Strategy Tracker ETF (NYSE Arca: QAI);
- the first market directional hedge fund replication ETF, the IQ Hedge Macro Tracker ETF (NYSE Arca: MCRO);
- the IQ CPI Inflation Hedged ETF (NYSE Arca: CPI), 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;
- IQ ARB Global Resources ETF (NYSE Arca: GRES), 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;
- IQ ARB Merger Arbitrage ETF (NYSE Arca: MNA), the first merger arbitrage ETF designed to give investors exposure to global corporate merger & acquisition activity, which we believe is rapidly increasing; and,
- the first open-end, no-load hedge fund replication mutual fund, the IQ ALPHA Hedge Strategy Fund (IQHIX – Institutional Share Class, and IQHOX – Investor Share Class).

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

### **Past performance is not a guarantee of future results.**

#### **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 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).

\*IndexIQ's ETF holdings are available daily on IndexIQ's website. Brokerage commissions apply to ETFs. ETFs are liquid in that they are exchange-traded. Lower cost than traditional hedge funds; higher cost than traditional ETFs.

The Consumer Price Index (the "CPI") is published by the Bureau of Labor Statistics. The CPI is a measure of the average change in prices over time of goods and services purchased by households.

The Funds are new, with limited historical performance data. There can be no assurance that the Funds' investment strategies will be successful. The Funds are not suitable for all investors.

The IQ Hedge Multi-Strategy SMA is not a registered investment product under the Investment Company Act of 1940.

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

The investment performance of the IQ Multi-Strategy ETF, the IQ Macro ETF and the IQ CPI Inflation Hedged 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.

The investments of the IQ ARB Global Resources ETF (GRES) 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. GRES also may be susceptible to foreign securities risk. Since GRES 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. GRES is exposed to mid and small capitalization companies risk. Stock prices of mid and small capitalization companies 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 GRES may invest

directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, GRES 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. GRES has a limited operating history.

Certain of the proposed takeover transactions in which the IQ ARB Merger Arbitrage ETF (“Merger Arb ETF”), invests may be renegotiated, terminated or involve a longer time frame than originally contemplated, which may negatively impact the Merger Arb ETF’s returns. The Merger Arb ETF’s investment strategy may result in high portfolio turnover, which, in turn, may result in increased transaction costs to the Merger Arb ETF and lower total returns. The Merger Arb ETF is 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, including currency transaction risk. Stock prices of mid and small capitalization companies are more volatile than those of larger companies.

Diversification does not eliminate the risk of experiencing investment losses.

*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](http://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.*

IndexIQ ETFs and mutual funds are distributed by ALPS Distributors, Inc. (ALPS), which is not affiliated with IndexIQ. Adam Patti and Anthony Davidow are registered representatives of ALPS.

Separately managed accounts and related investment advisory services are provided by IndexIQ Advisors LLC, a federally registered investment advisor, which is not affiliated with ALPS.

IDX000306.12091020