



IQ[®] Hedge Multi-Strategy Tracker ETF



Fact Sheet 12/31/11

Fund Description

The IQ Hedge Multi-Strategy Tracker ETF seeks to track, before fees and expenses, the performance of the IQ Hedge Multi-Strategy Index.

Index Description

The IQ Hedge Multi-Strategy Index attempts 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 Fund does not invest in hedge funds and the Index does not include hedge funds as components. The Fund is not suitable for all investors.

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 – Fund tracks rules-based index¹

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

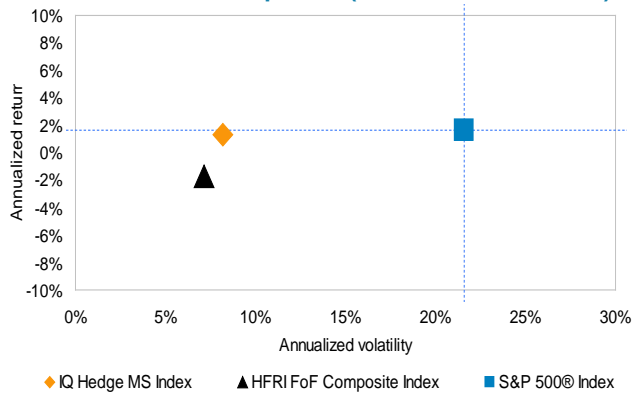
See risk discussion on reverse side.

Fund Data

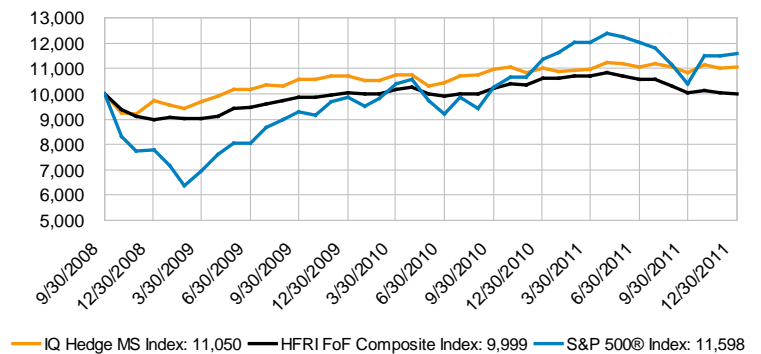
Fund Ticker	QAI
Intraday NAV (IIV)	QAI.IV
Index Symbol	IQHGMST
Exchange	NYSE Arca
Expense Ratio²	0.75%
Other Expenses²	0.31%
Total Annual Fund Operating Expenses²	1.06%
Index Beta vs. S&P 500²	0.30

Performance History

Index risk/return profile (9/30/2008 – 12/31/2011)



Index growth of 10,000 (9/30/2008 – 12/31/2011)



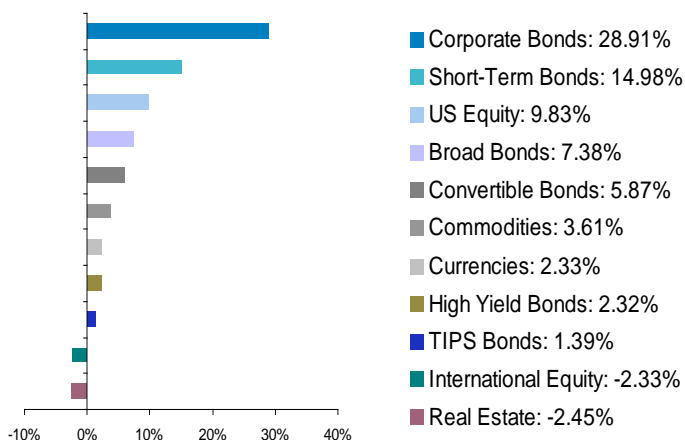
Fund / Index History	Quarter	YTD	1 Year	3-year†	Since Fund Inception: 3/25/2009 †	Since Index Inception: 9/15/2008 †
Strategy	Return	Return	Return	Return	Return	Return
IQ Hedge MS Tracker ETF (NAV)	1.98%	0.26%	0.26%	n/a	4.30%	n/a
IQ Hedge MS Tracker ETF (MP)	1.90%	0.15%	0.15%	n/a	4.31%	n/a
IQ Hedge MS Index	2.12%	0.53%	0.53%	4.31%	4.88%	2.41%
HFRI FoF Composite Index	-0.26%	-5.66%	-5.66%	3.59%	n/a	n/a
S&P 500® Index	11.82%	2.11%	2.11%	14.11%	19.48%	3.92%

† annualized

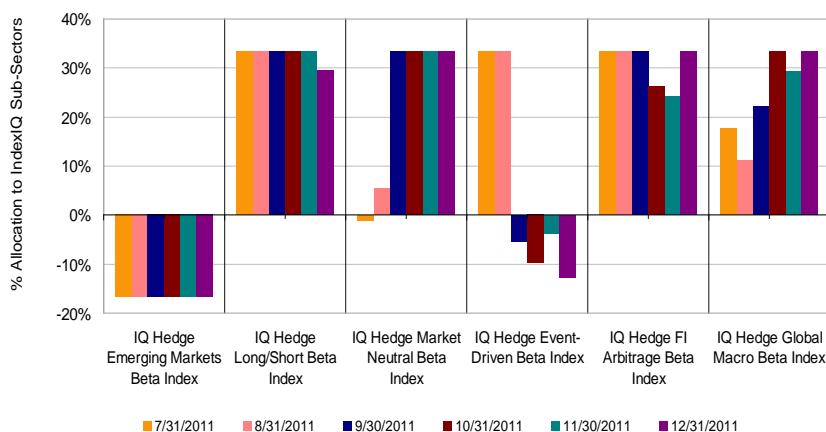
IndexIQ shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Total Returns are calculated using the daily 4:00 pm ET net asset value (NAV). The price used to calculate market return ("MP") is determined by using the closing price listed on the NYSE Arca and does not represent returns an investor would receive if shares were traded at other times.

The performance data quoted above represents past performance. Past performance is not a guarantee of future results. 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. Current performance may be lower or higher than performance data quoted. Fund returns reflect dividends and capital gains distributions. Fund performance current to the most recent month-end is available by calling 1-888-934-0777 or by visiting www.indexiq.com. Index performance is for illustrative purposes only and does not represent actual Fund 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 Fund directly. No representation is being made that any investment will achieve performance similar to that shown.

Fund Asset Allocation³ 12/31/11



Monthly Strategy Allocation – 6 Month



Top 10 Fund Holdings 12/31/11

Long Exposure

Ticker	Name	Weight
LQD	iShares Iboxx Inv Gr Corp Bd	27.11%
DBV	Powershares DB G10 Curr Harv	7.32%
SHY	iShares Barclays 1-3Yr Trs Bd	6.62%
IWM	iShares Russell 2000	6.38%
CWBTRS	SPDR Barclays Capital Convertible Securities ETF Swap	5.87%
BSV	Vanguard Short-Term Bond ETF	4.83%
EFA	iShares MSCI Eafe Index Fund	4.59%
RWX	SPDR Dow Jones REIT ETF	4.06%
AGG	iShares Barclays Aggregate Bond Fund	3.69%
BND	Vanguard Total Bond Market ETF	3.61%

Short Exposure

Ticker	Name	Weight
IYRTRSP	iShares Dow Jones U.S. Real Estate Index	-6.51%

Maximum Drawdown Analysis Since Index Inception

	IQ Hedge MS Index	HFRI FoF Composite Index	S&P 500® Index
Maximum Drawdown	-7.88%	-10.05%	-36.13%
Drawdown Start	Sep-08	Sep-08	Sep-08
Drawdown End	Nov-08	Dec-08	Feb-09
Recovery Date	May-09	Dec-09	Mar-10

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 Fund's investment objectives, risks, charges and expenses carefully before investing. The prospectus and the statement of additional information include this and other relevant information about the Fund and are available by visiting www.indexiq.com or calling 1-888-934-0777. Read the prospectus carefully before investing.

Risk Discussion: The Fund's investment performance, because it is a fund of funds, depends on the investment performance of the underlying ETFs in which it invests. There is no guarantee that the Fund itself, or any of the ETFs in the Fund's portfolio, will perform exactly as its underlying index. The Fund'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 Fund'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 management fees, 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.

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

²As stated in the Fund's prospectus, the expense ratio of 0.75% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio. In addition to this expense ratio, the Fund will indirectly bear its proportionate share of the fees and expenses of the underlying ETFs in which it invests. The Fund has Total Annual Fund Operating Expenses of 1.13%, which includes (i) other Fund expenses and (ii) the Fund's pro rata share of fees and expenses incurred indirectly as a result of investing in other funds, including ETFs and money market funds. This amount will vary over time due to changes in the underlying ETF fees and expenses and the constitution of the Index. Beta is a measure of volatility or systematic risk in comparison to the market as represented by the S&P 500 Index.

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

Fund shares are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called "creation units" and otherwise can be bought and sold only through exchange trading. Creation units are issued and redeemed principally in-kind.

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 therein.

The Fund is distributed by ALPS Distributors, Inc., which is not affiliated with IndexIQ or the Fund's investment advisor.

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