



IQ[®] ALPHA Hedge Strategy Fund

Fact Sheet 12/31/2009

Fund description

The IQ ALPHA Hedge Strategy Fund seeks to track, before fees and expenses, the performance of the IQ ALPHA Hedge Index.

The objective of the Index is to provide superior returns and lower volatility relative to the S&P 500[®] Index. The Index also seeks to provide correlation that is similar to the correlation between hedge funds generally and the S&P 500[®] Index.

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 hedge fund-like performance
- Seeks low correlation to equity markets
- Low fees
- Daily liquidity
- Portfolio transparency – holdings available monthly
- No hedge fund manager-specific risk – Fund tracks rules-based index[†]

Risk considerations

- Investment in underlying ETFs
 - Tracking error to the Index
 - Use of derivatives
 - Use of leverage
 - Use of short selling
- See risk discussion on reverse side.

Fund data

Institutional Class

Ticker	IQHIX
CUSIP	454076209
Total Annual Fund Operating Exp.	24.59%
Fee Waiver and/or Exp. Reimbursement	(22.76%)
Net Expenses[†]	1.83%
Minimum Investment	\$250,000

Investor Class

Ticker	IQHOX
CUSIP	454076100
Total Annual Fund Operating Exp.	44.44%
Fee Waiver and/or Exp. Reimbursement	(42.36%)
Net Expenses[†]	2.08%
Minimum Investment	\$2,500

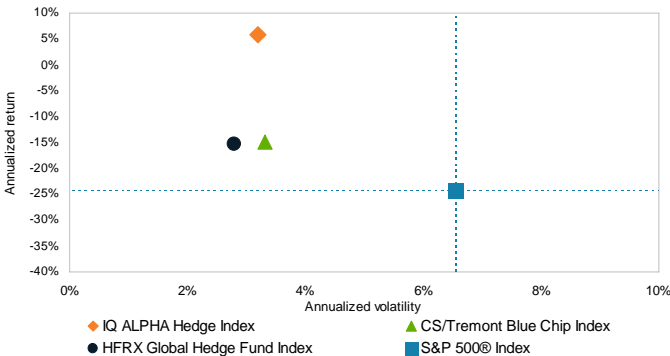
Index data² Since Inception (10/31/2007)

Index Symbol	IQHGALPH
Alpha*	7.22%
Beta*	0.366
Correlation*	0.715

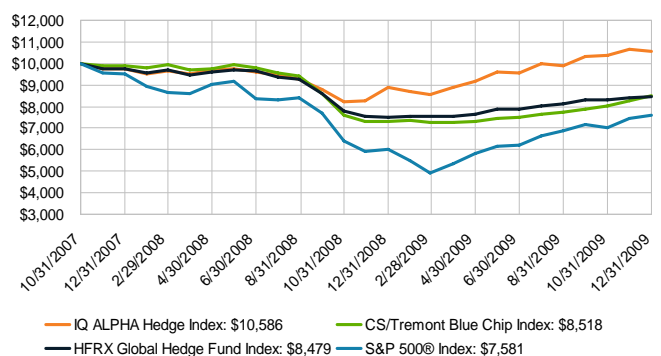
* vs. S&P 500[®] Index

Performance history

Index risk/return profile: Since index inception (10/31/2007)



Index growth of \$10,000: Since index inception (10/31/2007)



Fund/Index History	Month	Quarter	YTD	1 Year	Since Fund Inception (6/30/2008) ³	Since Index Inception (10/31/2007)
Strategy	Return	Return	Return	Return	Return	Return
IQ ALPHA Hedge Strategy Fund (Institutional)	-0.66%	1.84%	15.02%	15.02%	5.90%	n/a
IQ ALPHA Hedge Strategy Fund (Investor)	-0.76%	1.75%	14.73%	14.73%	5.53%	n/a
IQ ALPHA Hedge Index (IQHGALPH)	-0.57%	2.52%	19.35%	19.35%	10.35%	5.86%
S&P 500[®] Index	1.93%	6.04%	26.46%	26.46%	-9.55%	-24.19%
CS/Tremont Blue Chip Index	2.95%	8.29%	16.62%	16.62%	-13.27%	-14.82%
HFRX Global Hedge Fund Index	0.55%	2.16%	13.37%	13.37%	-12.08%	-15.21%

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. Performance may be lower or higher than performance data quoted. Fund performance current to the most recent month-end is available by calling 1-888-934-0777 or by visiting www.indexiq.com. The Fund has a 2% redemption fee on shares held less than 7 days. Fund returns reflect dividends and capital gains distributions. 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 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.

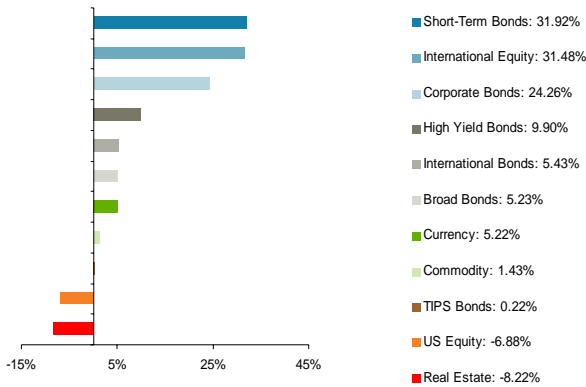
[†]The Fund's investment advisor has contractually agreed to waive fees and/or reimburse expenses through June 30, 2010, to ensure that the net annual Fund expenses (excluding certain fees such as 12(b)1 fees, taxes, and the fees and expenses of the underlying ETFs) will not exceed 1.65%, for the possible recoupment from the Fund in future years. Without these waivers, the Fund's total annual expense would be higher and performance would be lower.



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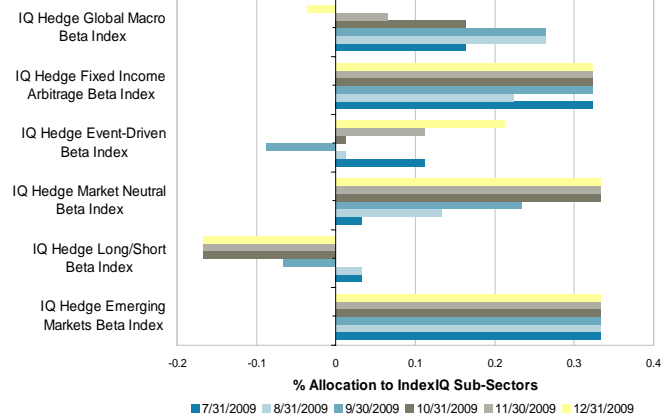
Index asset allocation⁴ (12/31/2009)



Top 10 index holdings⁴ (12/31/2009)

Ticker	Name	Weight
LQD	iBoxx \$ Investment Grade Corporate Bond Fund	23.38%
EEM	iShares MSCI Emerging Markets Index Fund	19.01%
SHY	iShares Lehman 1-3 Year Treasury Bond Fund	18.06%
VWO	Vanguard ETF Emerging Markets	8.84%
BSV	Vanguard Short-Term Bond ETF	7.98%
DBV	PowerShares DB G10 Currency Harvest Fund	7.02%
IWM	iShares Russell 2000 Index Fund	-6.88%
HYG	iShares iBoxx \$ High Yield Corporate Bond Fund	5.80%
VNQ	Vanguard ETF REIT	-4.47%
JNK	SPDR Lehman High Yield Bond ETF	4.10%

Monthly allocations – 6 month



Maximum drawdown analysis since index inception

	IQ ALPHA Hedge Index	S&P 500 [®] Index	CS/Tremont Blue Chip Index	HFRX Global Hedge Fund Index
Maximum Drawdown	-18.01%	-50.95%	-27.59%	-25.21%
Drawdown Start	10/31/07	10/31/07	10/31/07	10/31/07
Drawdown End	10/31/08	2/27/09	3/31/09	12/31/08
Recovery Date	9/30/09	n/a	n/a	n/a

The maximum drawdown analysis measures the largest decline between any two points in the monthly 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.

Risk Discussion: Mutual fund investing involves risk, including loss of principal. There is no guarantee that the Fund will meet its objective. The Fund may not be suitable for all investors due to its use of leverage, short selling, and derivatives, or for other reasons. 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 Fund's use of derivatives, such as swap agreements, may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities underlying those derivatives. 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 each of the ETFs in the Fund's portfolio, will perform exactly as its underlying index. An investor in the Fund will bear the operating expenses of the underlying ETFs in which the Fund invests. The Fund is non-diversified and may be susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund.

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 "CS/Tremont Blue Chip Index" is the Credit Suisse/Tremont Blue Chip Index, which is comprised of hedge funds across 10 strategies and is designed to represent the hedge fund industry in general (performance data is net of underlying manager fees and calculation fees). The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry. 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 make up the Index.

²Alpha is a measure of a portfolio's actual excess returns and expected performance, given its level of risk (as measured by Beta); Beta reflects the sensitivity of a portfolio's return to fluctuations in the market (in this case, as measured by the S&P 500[®] Index); Sharp Ratio is a measure of a portfolio's risk-adjusted performance (return per unit of risk); Correlation is a measure of the relationship between two variables (e.g., portfolio returns and the S&P 500[®] Index).

³For performance reporting purposes, the inception date for the Institutional and Investor Class shares is the first day the Fund commenced operations (June 30, 2008).

⁴Demonstrates the allocations of the Index to the various asset classes represented by the Index's underlying ETFs. Negative values, if any, refer to short positions. Weights for each Index component include application of 25% leverage. The asset allocation information and holdings are subject to change without notice.

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.

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

The IQ ALPHA Hedge Index is the exclusive property of IndexIQ which has contracted with Standard & Poor's ("S&P") to maintain and calculate the Index. S&P shall have no liability for any errors or omissions in calculating the Index. S&P 500[®] is a registered trademark of the McGraw-Hill Companies. IndexIQ[®] and IQ[®] are registered service marks of IndexIQ.

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Contact IndexIQ: www.IndexIQ.com • info@IndexIQ.com • 1-888-934-0777

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