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IQ ALPHA Hedge Index

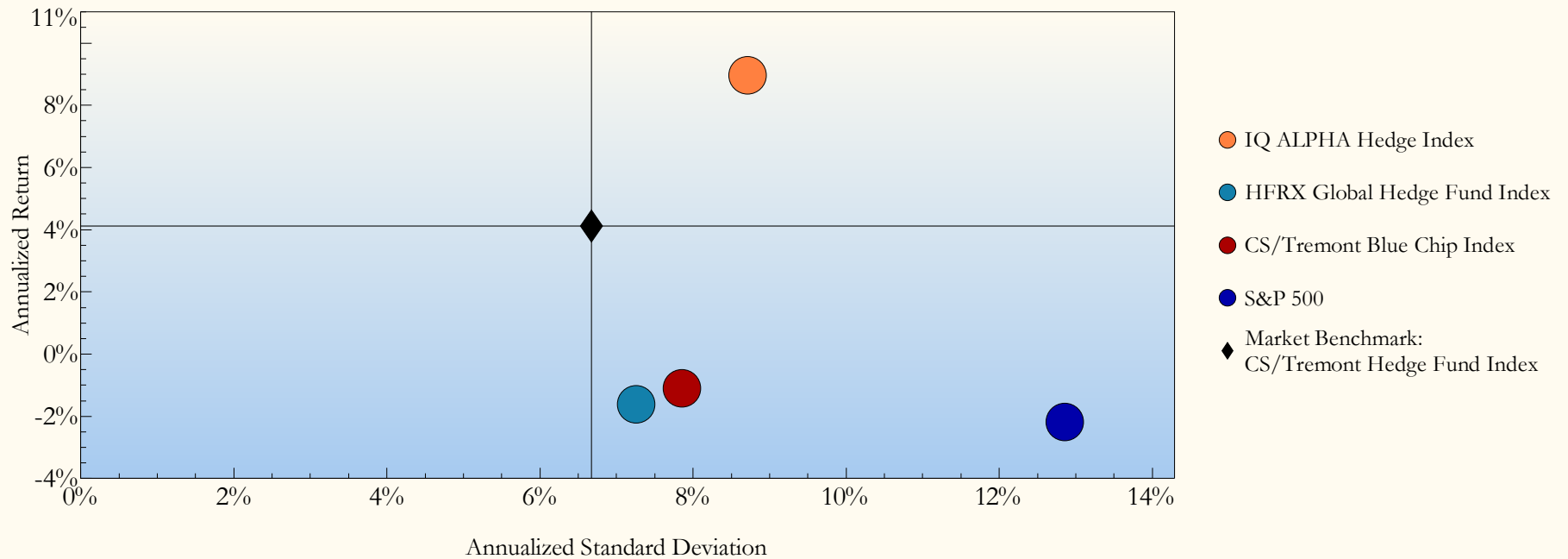
5 Year Analysis

January 2004 – December 2008

Risk/Return

Zephyr StyleADVISOR: IndexIQ Advisors LLC

January 2004 - December 2008



Risk-Return Table

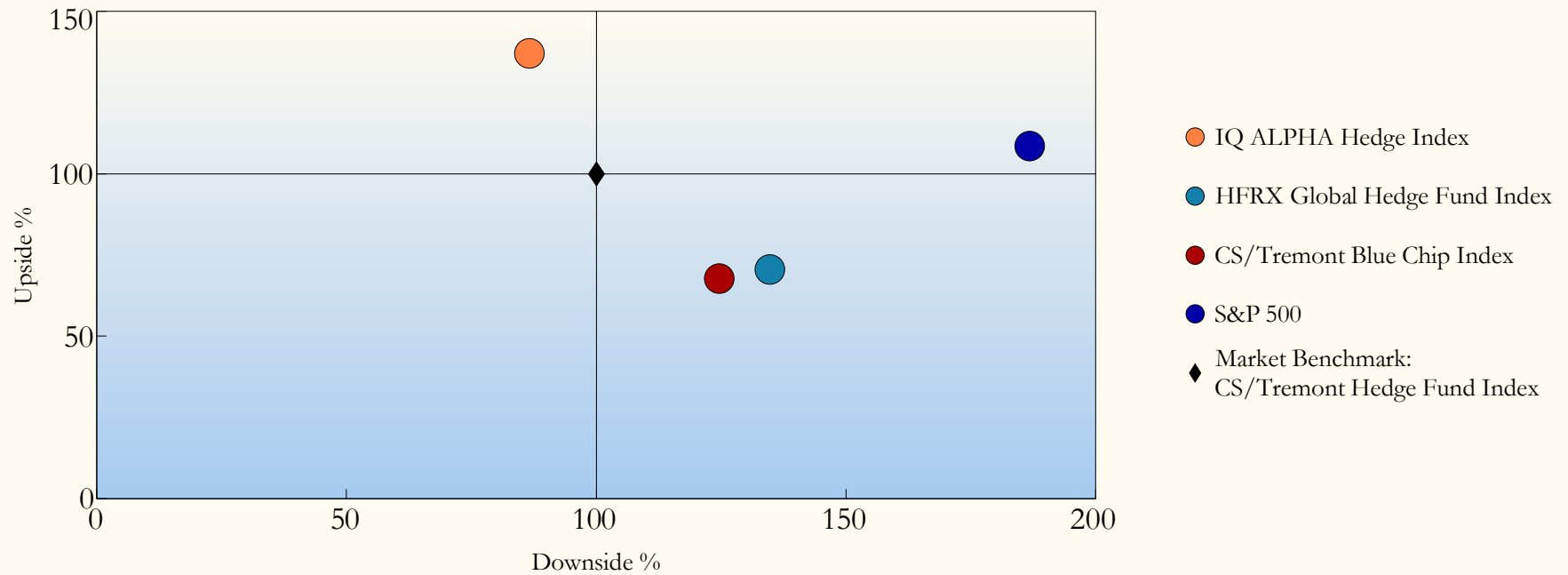
January 2004 - December 2008: Annualized Summary Statistics

	Return (%)	Std Dev (%)	Beta vs. CS Tremont	Alpha vs. CS Tremont (%)	R-Squared vs. CS Tremont (%)	Sharpe Ratio	Observs.
IQ ALPHA Hedge Index	8.96	8.71	0.96	4.98	54.58	0.67	60
HFRX Global Hedge Fund Index	-1.61	7.26	1.05	-5.67	92.30	-0.65	60
CS/Tremont Blue Chip Index	-1.10	7.85	1.11	-5.40	89.57	-0.53	60
S&P 500	-2.19	12.86	1.47	-7.38	58.53	-0.41	60
CS/Tremont Hedge Fund Index	4.12	6.67	1.00	0.00	100.00	0.15	60

Upside / Downside

Zephyr StyleADVISOR: IndexIQ Advisors LLC

January 2004 - December 2008



Up/Down Table

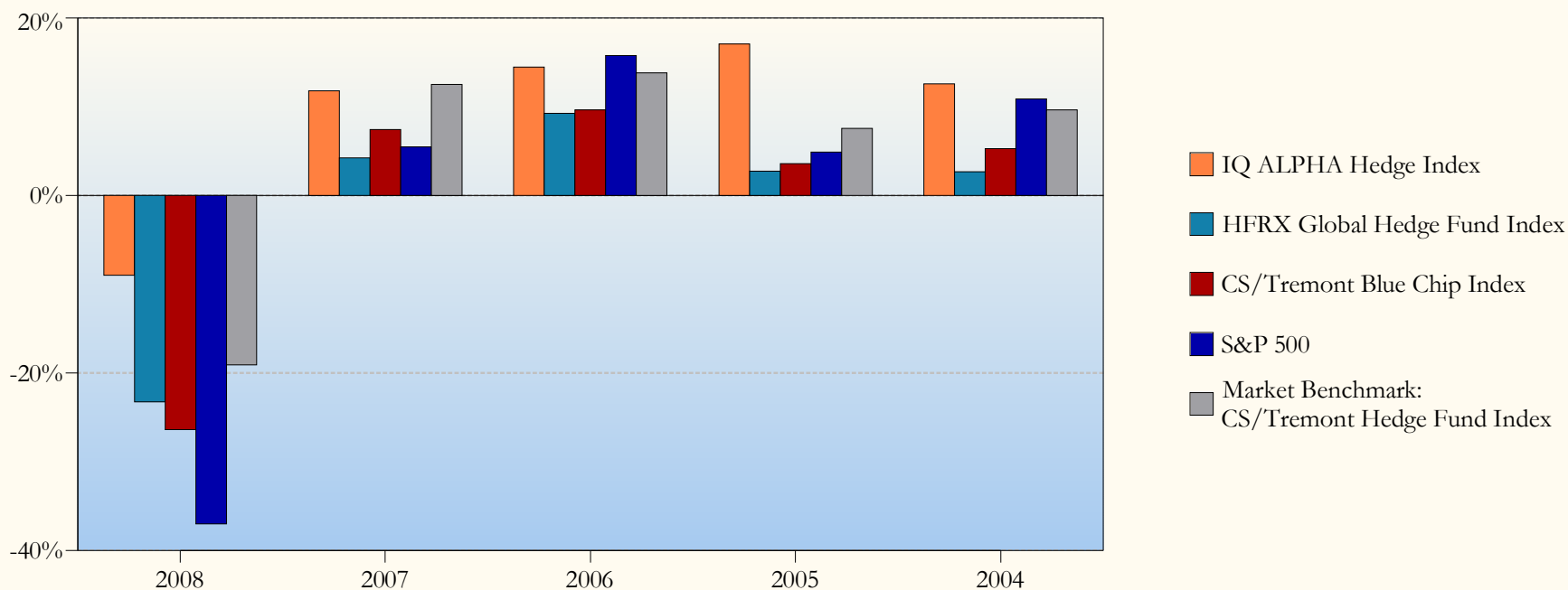
January 2004 - December 2008

	# of Months		Average Return (%)		Average Return (%)		1-Year (%)		Market Benchmark: CS/Tremont Hedge Fund Index		
	Up	Down	Up	Down	Up Market	Down Market	Best	Worst	Up Capture	Down Capture	R-Squared
IQ ALPHA Hedge Index	42	18	1.99	-2.15	1.86	-1.32	25.10	-18.01	137.0	86.6	54.58
HFRX Global Hedge Fund Index	33	27	1.23	-1.75	1.00	-2.19	12.72	-23.26	70.5	134.8	92.30
CS/Tremont Blue Chip Index	36	24	1.07	-1.76	0.97	-1.98	11.62	-26.35	67.9	124.6	89.57
S&P 500	38	22	1.96	-3.70	1.52	-3.14	22.79	-38.09	108.6	186.7	58.53
CS/Tremont Hedge Fund Index	39	21	1.39	-1.57	1.39	-1.57	17.88	-19.07	100.0	100.0	100.00

Calendar Year Returns

Zephyr StyleADVISOR: IndexIQ Advisors LLC

As of December 2008



Calendar Year Return

As of December 2008

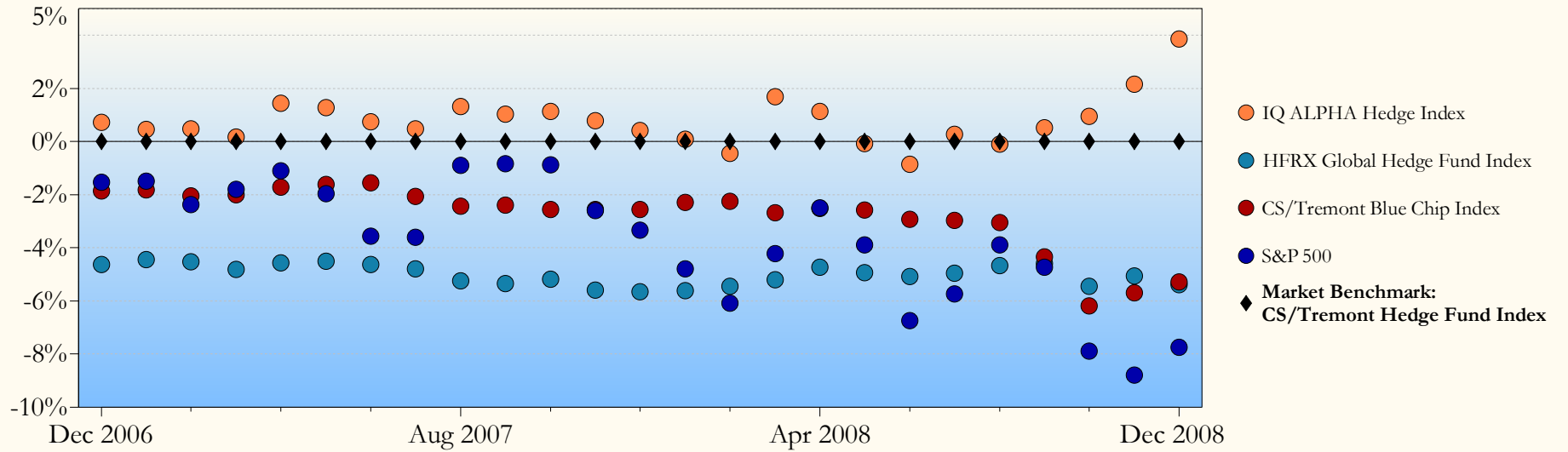
	2008	2007	2006	2005	2004
IQ ALPHA Hedge Index	-8.98%	11.84%	14.47%	17.08%	12.59%
HFRX Global Hedge Fund Index	-23.26%	4.24%	9.25%	2.73%	2.68%
CS/Tremont Blue Chip Index	-26.35%	7.42%	9.65%	3.60%	5.31%
S&P 500	-37.00%	5.49%	15.79%	4.91%	10.88%
CS/Tremont Hedge Fund Index	-19.07%	12.56%	13.86%	7.61%	9.64%

Alpha

Zephyr StyleADVISOR: IndexIQ Advisors LLC

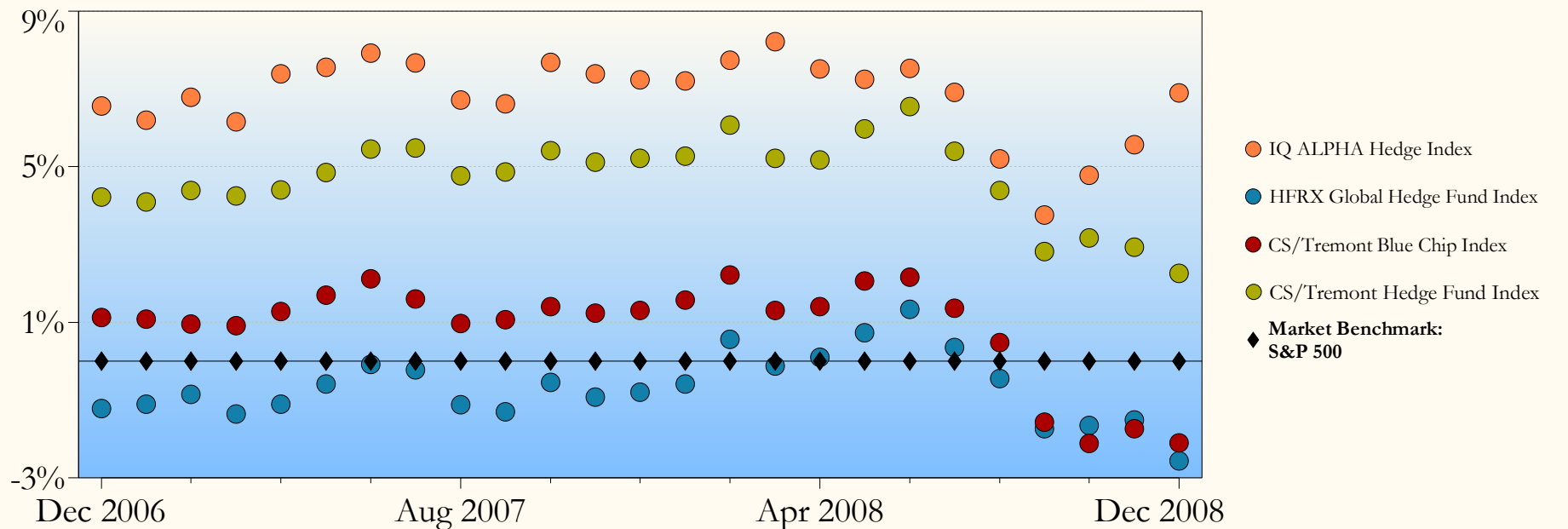
IQ ALPHA Hedge Index vs CS/Tremont HF Index

36-Month Moving Windows, Computed Monthly



IQ ALPHA Hedge Index vs S&P 500

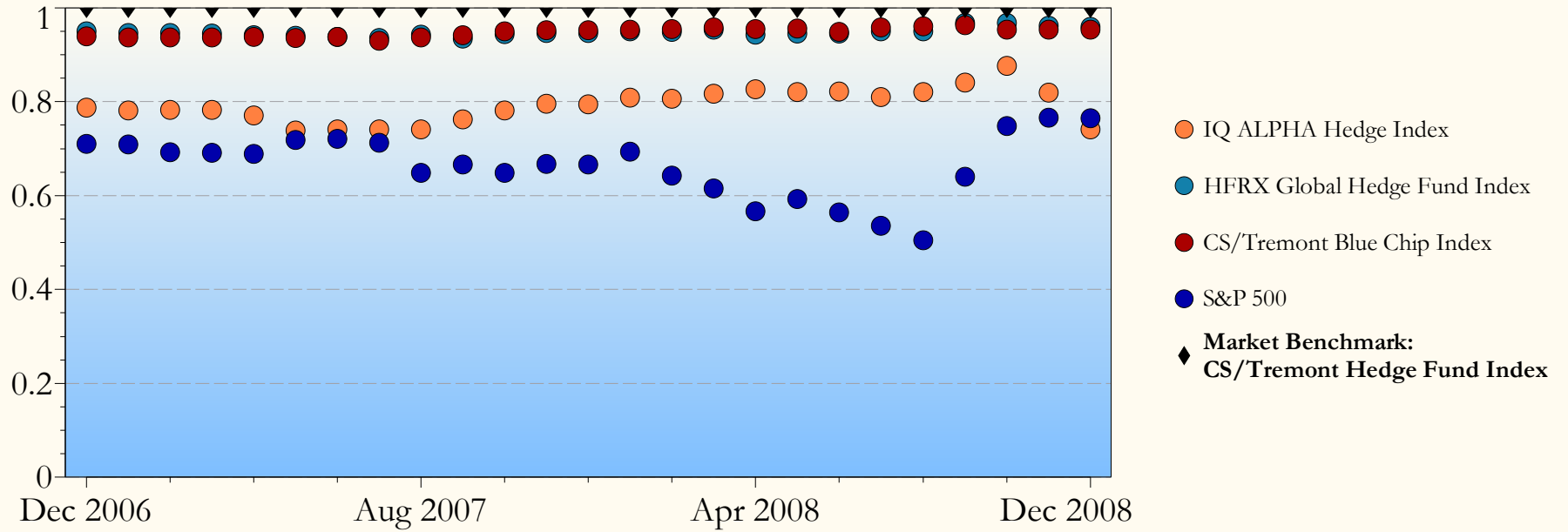
36-Month Moving Windows, Computed Monthly



Correlation

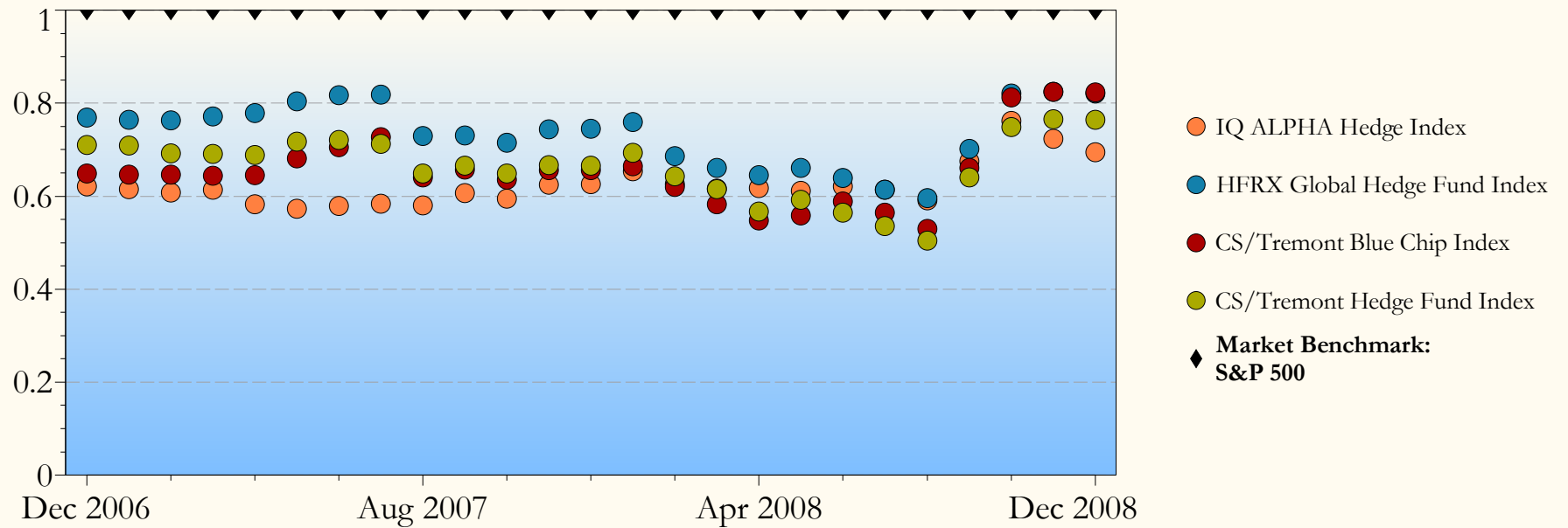
IQ ALPHA Hedge Index vs CS/Tremont HF Index

36-Month Moving Windows, Computed Monthly



IQ ALPHA Hedge Index vs S&P 500

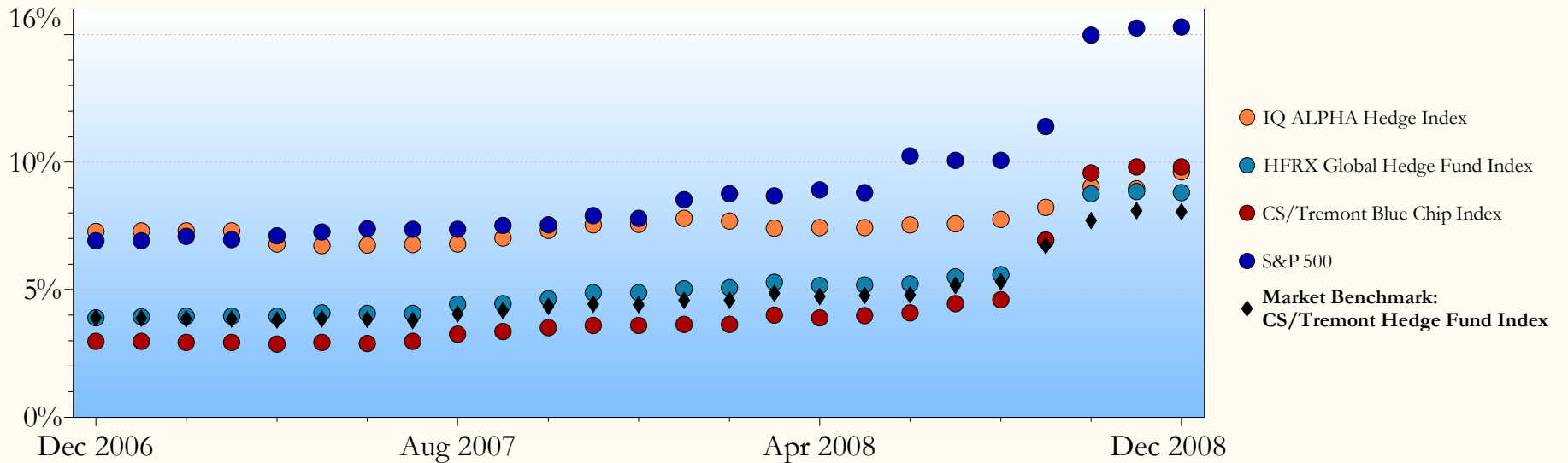
36-Month Moving Windows, Computed Monthly



Volatility

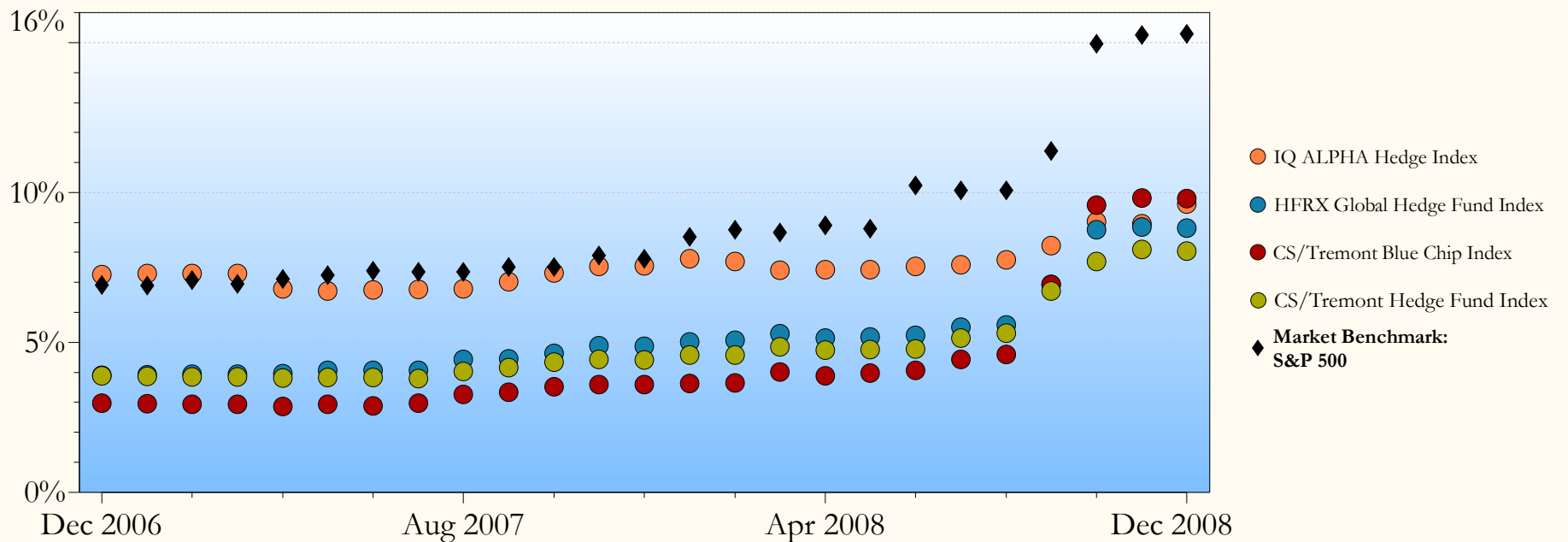
IQ ALPHA Hedge Index vs CS/Tremont HF Index

36-Month Moving Windows, Computed Monthly



IQ ALPHA Hedge Index vs S&P 500

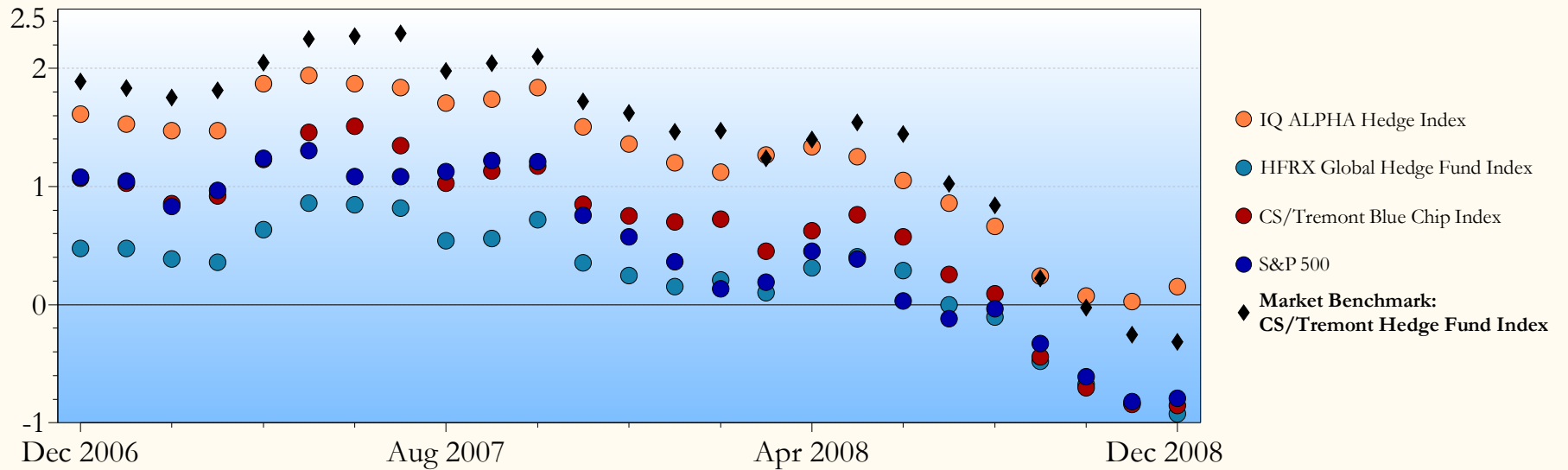
36-Month Moving Windows, Computed Monthly



Sharpe Ratio

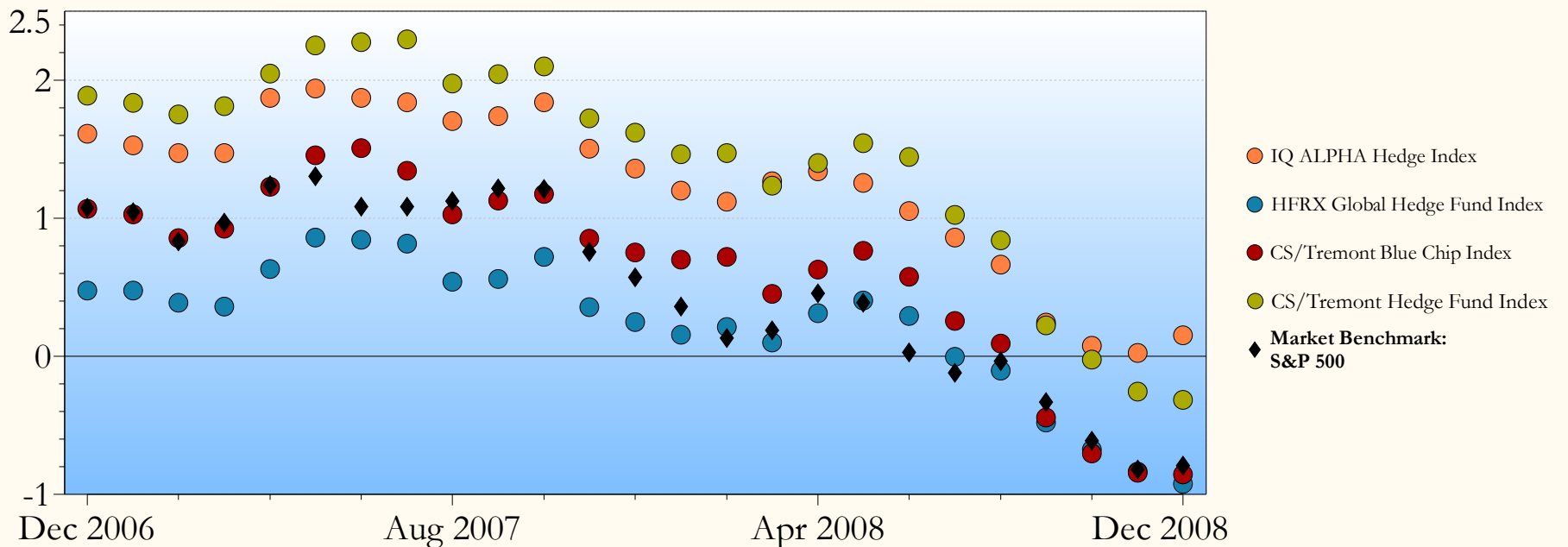
IQ ALPHA Hedge Index vs CS/Tremont HF Index

36-Month Moving Windows, Computed Monthly



IQ ALPHA Hedge Index vs S&P 500

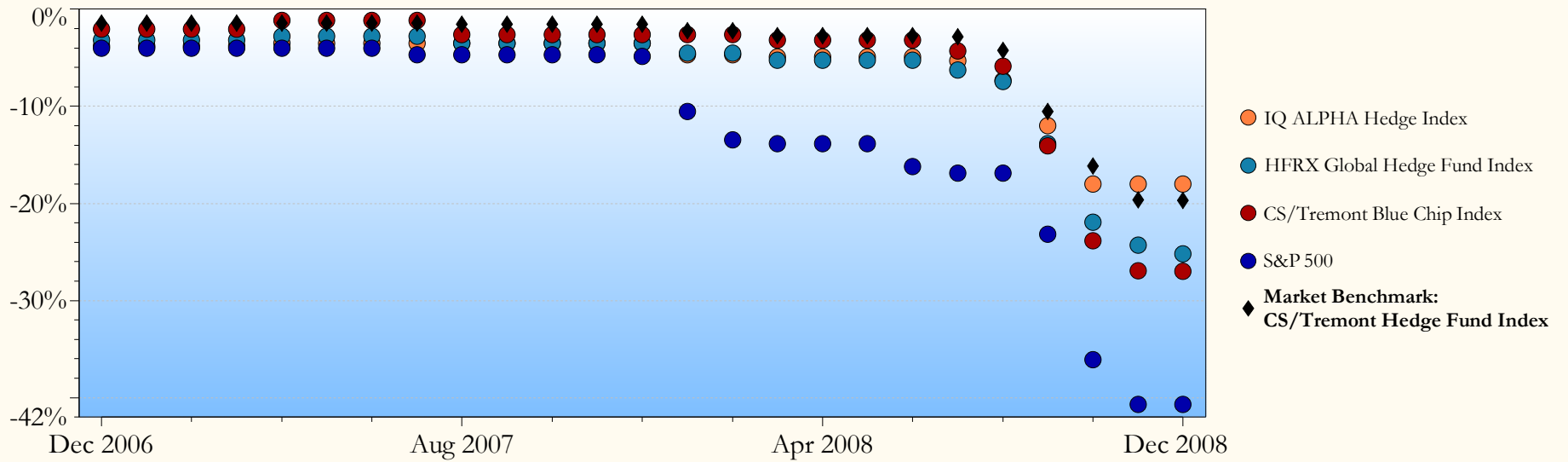
36-Month Moving Windows, Computed Monthly



Max Drawdown

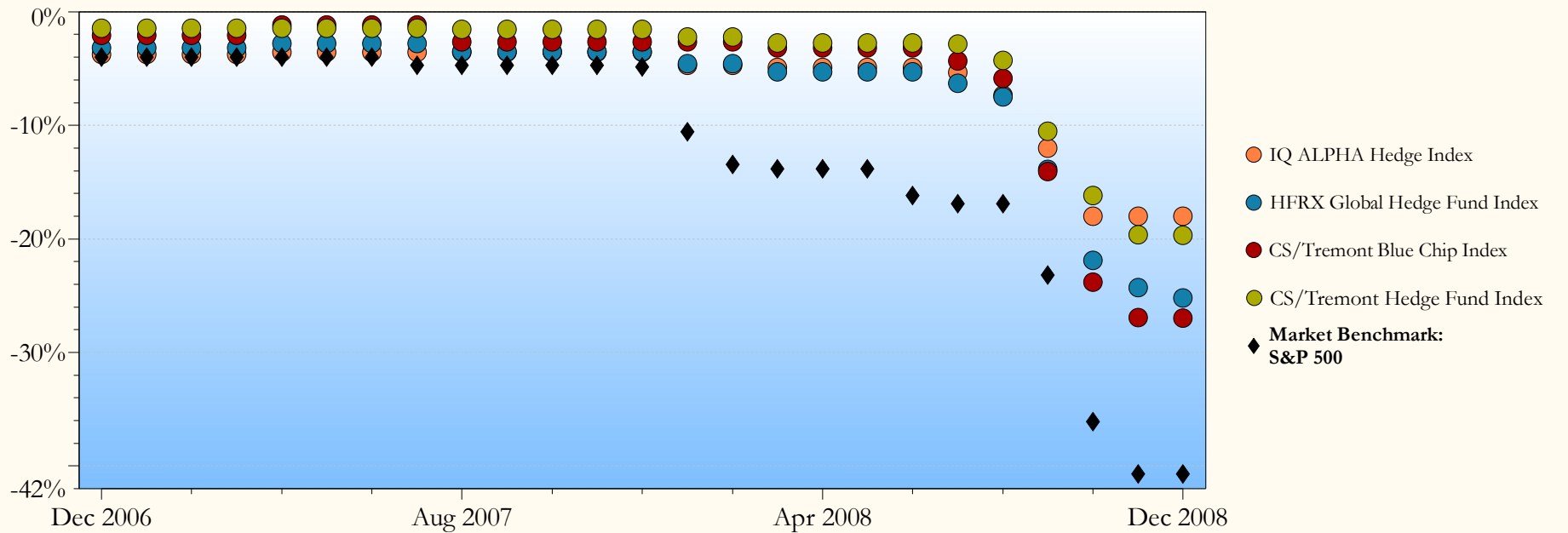
IQ ALPHA Hedge Index vs CS/Tremont HF Index

36-Month Moving Windows, Computed Monthly



IQ ALPHA Hedge Index vs S&P 500

36-Month Moving Windows, Computed Monthly



Correlation Matrix

Zephyr StyleADVISOR: IndexIQ Advisors LLC

January 2004 - December 2008

	(1)	(2)	(3)	(4)	(5)
1) IQ ALPHA Hedge Index	1.00				
2) HFRX Global Hedge Fund Index	0.72	1.00			
3) CS/Tremont Blue Chip Index	0.69	0.95	1.00		
4) S&P 500	0.68	0.82	0.81	1.00	
5) CS/Tremont Hedge Fund Index	0.74	0.96	0.95	0.77	1.00

Periodic Returns

Zephyr StyleADVISOR: IndexIQ Advisors LLC

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
IQ ALPHA Hedge Index	2008	-2.21	1.16	-1.37	2.19	0.25	-1.52	-1.32	-2.10	-5.05	-6.82	0.85	7.27	-8.98
	2007	0.22	0.59	1.13	1.95	0.81	0.31	-0.43	0.00	4.67	4.77	-2.27	-0.29	11.84
	2006	5.48	-1.15	0.40	2.64	-3.53	0.28	2.58	1.09	-0.23	2.57	2.77	1.01	14.47
	2005	0.12	3.05	-3.29	0.77	2.03	2.31	2.54	1.74	3.85	-3.11	2.42	3.75	17.08
	2004	1.41	1.38	0.80	-3.42	-0.36	1.13	-0.24	2.00	2.63	1.38	3.00	2.38	12.59
HFRX Global Hedge Fund Index	2008	-2.06	1.77	-2.47	1.20	1.44	-0.83	-2.82	-1.28	-6.90	-9.35	-3.04	-1.22	-23.26
	2007	1.50	-0.21	0.28	2.21	2.55	-0.07	-0.93	-2.55	1.28	2.82	-2.41	-0.14	4.24
	2006	2.45	0.17	1.15	1.15	-1.31	-0.49	-0.57	0.76	0.50	2.02	1.54	1.58	9.25
	2005	-0.95	0.88	-0.97	-1.76	0.14	0.92	1.67	0.43	1.11	-1.85	1.69	1.48	2.73
	2004	1.13	0.44	0.25	-1.23	-0.62	-0.17	-0.92	-0.25	0.75	0.16	1.92	1.24	2.68
CS/Tremont Blue Chip Index	2008	-0.97	1.07	-2.39	0.62	1.89	-1.08	-2.57	-1.63	-8.70	-11.35	-4.09	-0.09	-26.35
	2007	1.23	0.10	0.96	1.61	2.04	0.31	-0.85	-1.81	1.93	2.64	-1.08	0.20	7.42
	2006	1.86	0.25	1.61	1.86	-0.79	-0.10	0.27	0.54	-0.13	0.95	1.14	1.83	9.65
	2005	-0.64	0.77	-0.08	-1.09	0.33	0.94	0.94	0.51	1.27	-0.76	0.81	0.57	3.60
	2004	1.25	1.32	0.05	-1.01	-0.39	-0.24	-0.17	-0.29	0.47	1.43	1.74	1.07	5.31
S&P 500	2008	-6.00	-3.25	-0.43	4.87	1.30	-8.43	-0.84	1.45	-8.91	-16.79	-7.18	1.06	-37.00
	2007	1.51	-1.96	1.12	4.43	3.49	-1.66	-3.10	1.50	3.74	1.59	-4.18	-0.69	5.49
	2006	2.65	0.27	1.24	1.34	-2.88	0.14	0.62	2.38	2.58	3.26	1.90	1.40	15.79
	2005	-2.44	2.10	-1.77	-1.90	3.18	0.14	3.72	-0.91	0.81	-1.67	3.78	0.03	4.91
	2004	1.84	1.39	-1.51	-1.57	1.37	1.94	-3.31	0.40	1.08	1.53	4.05	3.40	10.88
Market Benchmark: CS/Tremont Hedge Fund Index	2008	-1.48	1.61	-2.11	0.57	2.00	-0.00	-2.61	-1.47	-6.55	-6.30	-4.15	-0.03	-19.07
	2007	1.33	0.74	1.24	2.02	2.31	0.78	-0.00	-1.53	2.71	3.16	-1.21	0.47	12.56
	2006	3.23	0.34	1.82	2.22	-1.30	-0.11	0.29	0.85	0.13	1.77	2.07	1.83	13.86
	2005	-0.34	1.43	-0.15	-1.04	0.15	1.31	1.92	0.88	1.63	-1.46	1.48	1.61	7.61
	2004	1.70	1.40	0.28	-0.58	-0.23	0.34	-0.31	0.14	1.01	1.28	2.65	1.61	9.64

IndexIQ - The alternative to alternatives.

Zephyr StyleADVISOR: IndexIQ Advisors LLC

AN INNOVATIVE NEW SOLUTION – “IQ ALPHA HEDGE INDEX”

Objective:

The objective of the IQ ALPHA Hedge Index is to provide superior returns and lower volatility relative to the Standard & Poor's 500®. In addition, the Index seeks to provide correlation that is similar to the correlation between hedge funds generally and the S&P 500 Index.

The IQ ALPHA Hedge Index is constructed using a two-step, rules-based process. First, IndexIQ creates six underlying strategies that seek to replicate the risk-adjusted return characteristics of six hedge fund indexes. Second, IndexIQ combines these six strategies using an optimization and leverage technique in an attempt to achieve the Index's objective. The Index components include ETFs and related securities.

Performance information for the IQ ALPHA Hedge Index is based on a hypothetical backtest based on calculations of what would have been the exposure and returns of the Index had it existed at that time, which has inherent limitations. 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 any management fees, transaction costs or other expenses that would be incurred by a fund, or brokerage commissions on transactions in a fund's shares. Results prior to an Index component's existence as an ETF or related security are based on its underlying index, which do not reflect underlying management fees. **Past performance does not guarantee future results.**

The performance of the IQ ALPHA Hedge Index is not the performance of the IQ ALPHA Hedge Strategy Fund. The performance of the Index is not affected by management fees, operating expenses, transaction costs and taxes that apply to an investment in the Fund. The Fund does not invest in hedge funds.

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 IQ ALPHA Hedge 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.

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 (888) 934-0777. Read the prospectus carefully before investing.

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Zephyr StyleADVISOR: IndexIQ Advisors LLC

AN INNOVATIVE NEW SOLUTION – “IQ ALPHA HEDGE INDEX”

Descriptions:

The "S&P 500 Index" is a broad-based unmanaged index of 500 stocks, which is designed to represent the equity market in general (performance data assumes reinvestment of dividends, but it does not reflect management fees, transaction costs or other expenses).

The "CS/Tremont Hedge Fund Index" is comprised solely of hedge funds. The Credit Suisse/Tremont Blue Chip Index is compiled by Credit Suisse Tremont Index LLC. It is an asset-weighted investable hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 5000 funds. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees. It is the exclusive property of Credit Suisse Tremont Index LLC.

The "CS/Tremont Blue Chip Index" is comprised solely of hedge funds. The Credit Suisse/Tremont Blue Chip Index is compiled by Credit Suisse Tremont Index LLC. It is an asset-weighted investable hedge fund index and includes only funds, as opposed to separate accounts. The Blue Chip Index is derived from the market leading Credit Suisse/Tremont Hedge Fund Index, rebalanced semi-annually and shown net of all performance fees. The Blue Chip Index is rules-based and fully investable index, enabling investors to participate in the performance of a diversified market barometer for the hedge fund industry. It is the exclusive property of Credit Suisse Tremont Index LLC.

The "HFRX Global Hedge Fund Index" is comprised solely of hedge funds. The HFRX Global Hedge Fund Index is compiled by Hedge Fund Research, Inc. (HFR). It is designed to be representative of the overall composition of the hedge fund universe. It is comprised of eight strategies: convertible arbitrage; distressed securities; equity hedge; equity market neutral; event driven; macro; merger arbitrage; and relative value arbitrage. Returns presented are net of underlying management fees, but do not reflect the deduction of taxes and other expenses.

The source for all of the data pertaining to the IQ ALPHA Hedge Index and all benchmark indexes is IndexIQ, FactSet, and Bloomberg.

Alpha 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).

Volatility/Standard Deviation is a measure of the range of a portfolio's performance, meaning the degree to which it rises above and falls below its average return.

Return/Volatility is the annualized return of the portfolio divided by the standard deviation of the portfolio.

Sharpe Ratio is a measure of a portfolio's risk-adjusted performance (excess return per unit of risk).

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