



Fact Sheet 12/31/2011

Fund Description

The IQ South Korea Small Cap ETF seeks to track, before fees and expenses, the performance of the IQ South Korea Small Cap Index.

Index Description

The IQ South Korea Small Cap Index is float-adjusted market cap-weighted and seeks to provide investors with a means of tracking the overall performance of small cap South Korean companies.

Features and Benefits

- Complement to large cap South Korean exposure
- First ETF to isolate small cap South Korean exposure - all components are listed on the Korea Stock Exchange
- Tax efficient - Fund seeks to minimize capital gains distributions
- Intra-day liquidity
- Transparency – holdings available daily
- Rules-based approach¹

Risk Considerations

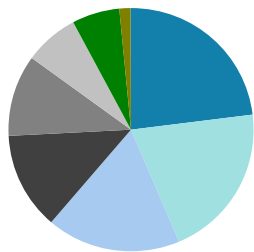
- Tracking error to the Index
- Price may differ from NAV
- Other risks similar to stocks
- Risks specific to South Korean market
- Small cap exposure
- Foreign securities and currency risks

See risk discussion on reverse side.

Fund Data

Fund Ticker	SKOR
Intraday NAV (IIV)	SKOR.IV
Index Symbol	IQSMKORT
Exchange	NYSE Arca
Expense Ratio²	0.79%
# Holdings	100
Wtd Avg Mkt Cap (\$ MM)	\$619
Price/Earnings Ratio³	13.50
Price/Book Value Ratio⁴	3.30
Index Dividend Yield⁵	1.24

Fund Sector Allocation⁵ (12/31/2011)



- Industrials: 22.83%
- Consumer Discretionary: 20.67%
- Technology: 17.21%
- Financials: 13.03%
- Materials: 10.81%
- Consumer Staples: 7.12%
- Health Care: 6.31%
- Communications: 1.45%

Top Fund Holdings⁵ (12/31/2011)

Name	Sector	Weight
Korean Reinsurance Co. Ltd.	Financials	3.85%
Hotel Shilla Co. Ltd.	Consumer Discretionary	3.79%
Medipost Co. Ltd.	Health Care	3.64%
LIG Insurance Co. Ltd.	Financials	2.90%
SFA Engineering Corp.	Technology	2.81%
Hyundai Greenfood Co. Ltd.	Consumer Discretionary	2.54%
LG Fashion Corp.	Consumer Discretionary	2.28%
Meritz Fire & Marine Insurance Co. Ltd.	Financials	2.13%
GemVax & KAEL Co. Ltd.	Industrials	2.09%
Chabio&Diostech Co. Ltd.	Industrials	1.92%

Fund / Index history	QTR	YTD	1-year	Since Fund Inception †
	Return	Return	Return	Inception Date: 4/14/2010
IQ South Korea Small Cap ETF (NAV)	4.25%	-5.75%	-5.75%	3.58%
IQ South Korea Small Cap ETF (MP)	9.31%	-7.42%	-7.42%	3.55%
IQ South Korea Small Cap Index	4.46%	-5.61%	-5.61%	5.49%

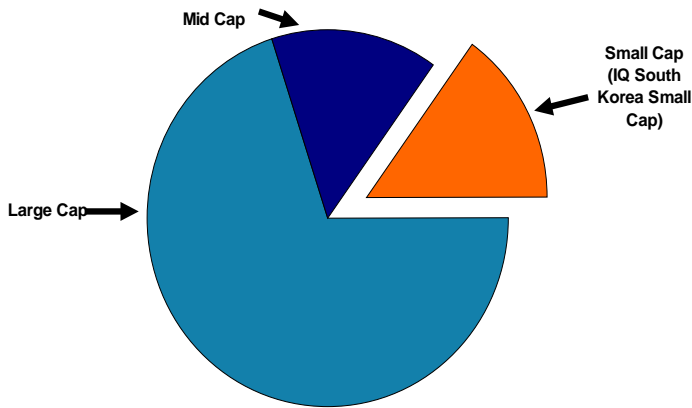
† annualized

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, 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.

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 ET pm net asset value (NAV). The price used to calculate market price ("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.

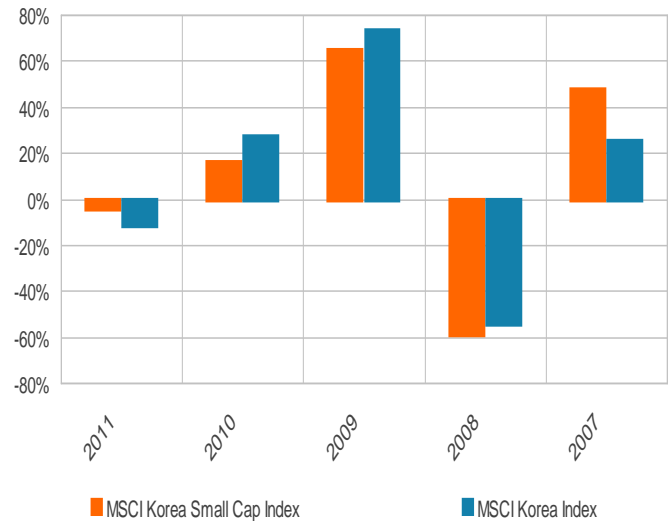
The performance data quoted above represents past performance. Past performance is not a guarantee of future results. Investment return and value of the Fund shares will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Current performance may be lower 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

Completeness of Market Cap Spectrum



For illustrative purposes only - the pie chart above does not depict any investment portfolio or asset allocation strategy.

Small Cap vs. Large Cap Calendar Year Index Returns



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: As the Fund's investments are concentrated in South Korea, the value of its shares will be affected by factors specific to South Korea and may fluctuate more widely than that of a fund which invests in a broad range of countries and in developed markets. Investments in South Korea can be impacted by several factors, including a natural disaster in South Korea, a reduction in trading activity with its key trading partners, labor-related issues (South Korea's economic growth potential is susceptible to problems from large scale emigration, rigid labor regulations and ongoing labor relations issues, and the average age of South Korea's workforce is rapidly increasing), and security issues, as any outbreak of hostilities between North and South Korea could have a severe adverse effect on the South Korean economy and its securities markets. The Fund 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. The Fund is concentrated in small capitalization companies, whose stock prices generally 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. Both the Fund's ability to track its Index and Fund returns in general may be adversely impacted by changes in currency exchange rates. The Fund is non-diversified and is susceptible to greater losses if a single portfolio investment declines than would a diversified fund. The Fund is not suitable for all investors. Investors in the Fund should be willing to accept a high degree of volatility in the price of the Fund's Shares and the possibility of significant losses. An investment in the Fund involves a substantial degree of risk and the Fund does not represent a complete investment program.

MSCI Korea Index is a capitalization-weighted index that aims to capture 85% of the publicly available total market capitalization of companies located in South Korea. MSCI Korea Small Cap Index is a capitalization-weighted index that aims to capture the bottom 15% of the publicly available total market capitalization of companies located in South Korea. 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 0.79% is expressed as a unitary fee to cover expenses incurred in connection with managing the portfolio.

³Price/Earnings Ratio is a valuation of a company's current share price compared to its per-share earnings and is not intended to demonstrate growth or income.

⁴Price/Book Ratio is used to compare a company's stock's value to its book value and is not intended to demonstrate growth or income.

⁵Demonstrates the allocations of the Fund to the various industry sectors represented by the Fund's holdings. The sector and Fund holdings are subject to change without notice.

⁶Index Dividend Yield is a measure of the annual dividends of the shares of all index components divided by the index value.

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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