

Building a Smarter Core with AGGE and AGGP

have design hyperlink these to the AGGE and AGGP web pages. See what we did with QGTA flyer.

- Incorporate FINRA letter comments
- Submit a print production request as well (3,000 copies)

AGGE | IQ Enhanced Core Bond U.S. ETF
AGGP | IQ Enhanced Core Plus Bond U.S. ETF

Asset Class Evaluation—Have you reviewed your core bond allocations recently? Considering Factors for Your Core Fixed Income Allocations

1 Performance—Have your investments outperformed or provided alpha?

According to S&P (Standard & Poor's), 93% of intermediate-term investment grade managers underperformed the Barclays U.S. Aggregate Bond Index for the 2015 calendar year.

Source: S&P, as of 12/31/15. Past performance is no guarantee of future results.



2 Diversification—Are your allocations truly diverse?



Consider different investment styles within fixed income to achieve a higher level of diversification.

3 Transparency—Do you know what you own?



Top active managers' fund holdings can be complex derivatives, while some don't even hold bonds as a majority of their top holdings.

4 Cost Efficiency—Are your fund fees below or above average?

Fees are a growing concern, especially with new fiduciary standards—most funds are not delivering alpha after fees.

Average Expense Ratio:
for Intermediate-Term Bond Category

0.82%

Source: Morningstar, as of 5/31/16. Average expense ratio for the Morningstar Intermediate-Term Bond Category includes all share classes. Average expense ratio for the Morningstar Intermediate-Term Bond Category Class A is 0.87% and Class I is 0.53%.

5 Tax Efficiency—Do you own tax-efficient securities?

Some active funds have embedded capital gains, which can result in tax consequences. Funds in the Morningstar Intermediate-Term Bond Category may distribute capital gains, with the average fund distributing a capital gain of \$0.08 per share in 2015.

2015 Capital Gains:
Morningstar Intermediate-Term Bond Category

164/288

Number of funds
distributing
capital gains

\$0.08/share

Average 2015
capital gain

Source: Morningstar, as of 12/31/15.

Add AGGE and AGGP expenses. See how we did it in QGTA flyer. It's basically a replica of #4 on the inside.

Lauren can provide updates through 6/30/16

Asset allocation and diversification cannot assure a profit or protect against loss in a declining market.

Active management (also called active investing) refers to a portfolio management strategy where the manager makes specific investments with the goal of outperforming an investment benchmark index. Active management typically charges higher fees.

Alpha is a measure of performance on a risk-adjusted basis.

The Morningstar Intermediate-Term Bond Category includes portfolios that invest primarily in corporate and other investment-grade U.S. fixed income issues and typically have durations of 3.5 to 6.0 years. These portfolios are less sensitive to interest rates, and therefore are less volatile, than portfolios that have longer durations.

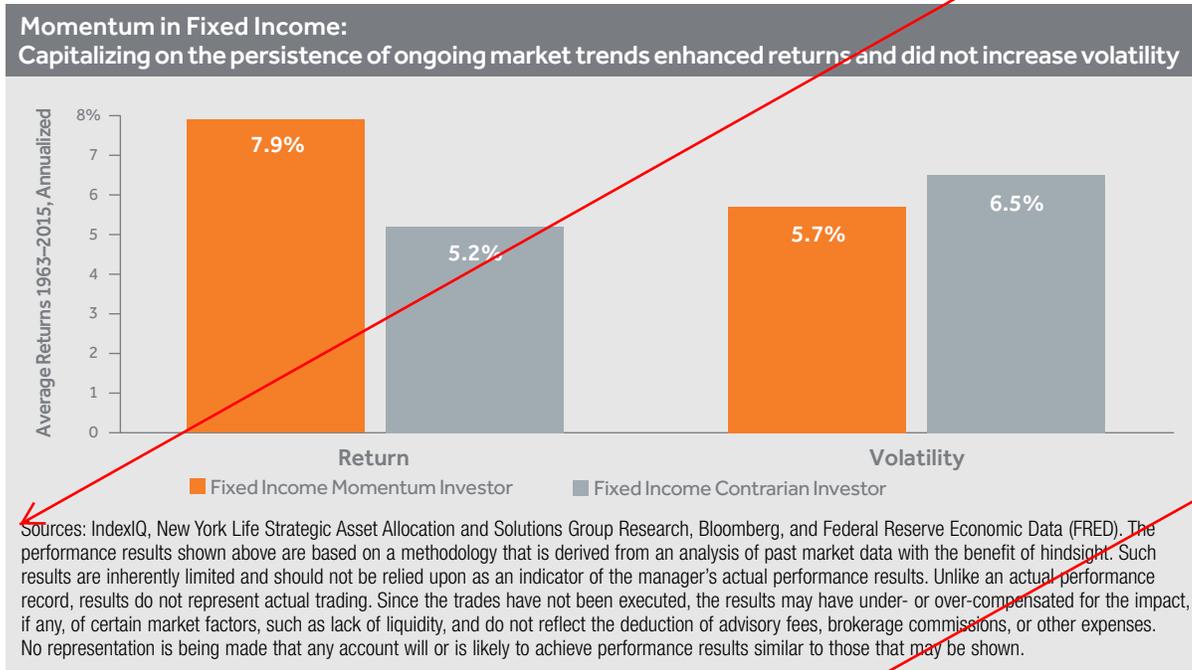
Build a Smarter Core with AGGE and AGGP

Five Reasons to Consider Our Core Fixed Income Solutions

1 Performance

AGGE and AGGP seek to enhance returns with comparable levels of risk to the fixed income market by employing a **momentum** investment approach. Momentum investing seeks to capitalize on the persistence of ongoing trends in the market by dynamically allocating assets across U.S. fixed income sectors, overweighting sectors with high momentum and underweighting sectors with low momentum. There is no assurance that the investment objectives will be met.

Below is a hypothetical risk and return analysis of an investor who employed a momentum investment approach vs. an investor who did not.



The momentum investor invests in the top two performing fixed income segments of the prior 12 months vs. the contrarian investor who invests in the bottom two performing fixed income segments of the prior 12 months.

: AGGE and AGGP provide exposure across a broad range of fixed income sectors

2 Diversification

Diversification comes in many forms, including holding different investment styles within the same asset class. The unique momentum investment approach that AGGE and AGGP employ may provide an **element of diversification** for your core bond allocations.

AGGE and AGGP serve as core portfolio solutions, providing exposure across a broad range of fixed income sectors for a clean, simple, and transparent portfolio.

Break out bond terms as requested by team

Sector Range Guidelines

Sector	AGGE		AGGP	
	Minimum	Maximum	Minimum	Maximum
U.S. Government	0%	50%	0%	50%
U.S. Investment-Grade Corporate Bonds	0%	50%	0%	50%
U.S. Investment-Grade Mortgage Backed Securities	0%	50%	0%	50%
U.S. High Yield Debt			0%	25%
U.S. Dollar Emerging Market Debt			0%	5%

Build a Smarter Core with AGGE and AGGP (continued)

AGGE and AGGP's ETF structure offers transparency, cost efficiency, tax efficiency, flexibility, and liquidity.

3 Transparency

Investors have access to daily **ETF holdings** on IQetfs.com, offering a level of daily transparency that many active fund managers may not provide.

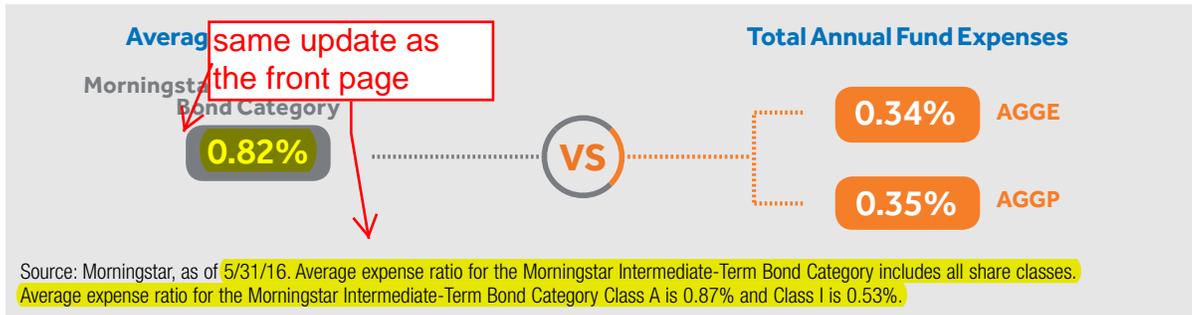
Top 5 Fund Holdings: AGGE			Top 5 Fund Holdings: AGGP		
Ticker	Name	Market Value	Ticker	Name	Market Value
LQD	iShares iBoxx \$ Investment Grade Corporate Bond ETF	28%	LQD	iShares iBoxx \$ Investment Grade Corporate Bond ETF	28%
VMBS	Vanguard Mortgage-Backed Securities ETF	27%	VCIT	Vanguard Intermediate-Term Corporate Bond ETF	21%
VCIT	Vanguard Intermediate-Term Corporate Bond ETF	21%	VMBS	Vanguard Mortgage-Backed Securities ETF	13%
MBG	SPDR Barclays Mortgage Backed Bond ETF	14%	JNK	SPDR Barclays High Yield Bond ETF	10%
MBB	iShares MBS ETF	9%	HYG	iShares iBoxx \$ High Yield Corporate Bond ETF	8%

Source: IndexIQ, as of 5/31/16. Holdings are subject to change.

update holdings - should mimic fact sheets

4 Cost Efficiency

AGGE and AGGP offer **competitive expense ratios** vs. active managers, who may be not be providing the expected alpha.



same update as the front page

The ETF structure offers a tax-efficient solution, providing competitive post-tax returns

5 Tax Efficiency

Because of their ETF structure, AGGE and AGGP offer a tax-efficient solution for a portfolio. The ETF structure may **reduce or eliminate short-term capital gains** on portfolio turnover, thus providing significant tax alpha.



update -- Lauren can pull the post-tax returns for you

About risk

AGGE and AGGP: As with all investments, there are certain risks of investing in the Funds. The Funds' shares will change in value, and you could lose money by investing in the Funds. The Funds' investment performance, because they are fund of funds, depends on the investment performance of the ETPs in which they invest.

Funds that invest in bonds are subject to interest rate risk and can lose principal value when interest rates rise. Bonds are also subject to credit risk, which is the possibility that the bond issuer may fail to pay interest and principal in a timely manner.

The principal risk of mortgage-backed securities is that the underlying debt may be prepaid ahead of schedule if interest rates fall, thereby reducing the value of the Funds' investment. If interest rates rise, less of the debt may be prepaid and the Funds may lose money.

The value of the Funds' investment in ETPs is based on stock market prices and the Funds could lose money due to stock market developments, the failure of an active trading market to develop, or exchange trading halts or de-listings.

As new Funds, there can be no assurance that they will grow to or maintain an economically viable size, in which case they may experience greater tracking error to their Underlying Indexes than they otherwise would at higher asset levels, or they could ultimately liquidate.

AGGP: Securities of issuers based in countries with developing economies (emerging markets) may present market, credit, liquidity, legal, political, and other risks different from, or greater than, the risks of investing in developed foreign countries. Emerging markets are subject to greater market volatility than more developed markets.

High yield securities have speculative characteristics and present a greater risk of loss than higher quality debt securities. These securities can also be subject to greater price volatility.

Post-tax return (pre-liquidation): Reflects the maximum federal tax rates on the distributions at the time the distributions are reinvested. Calculation based on a few assumptions:

1. The investor does not sell the holding at the end of the time period. 2. Distributions are taxed at the highest federal tax rate prevailing and then reinvested. 3. State and local taxes are excluded. 4. Only the capital gains are adjusted for tax-exempt funds because the income from these funds is nontaxable. This data point follows the guidelines established by the SEC in the spring of 2001 for reporting after-tax performance. Besides tax-adjustment, this total return is also adjusted for the effects of sales loads per the SEC's recommendation. (Morningstar Research Report, 24 October 2003)

The Barclays U.S. Aggregate Bond Index is a broad-based index that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities, and commercial mortgage-backed securities, with maturities of at least one year.



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

For more information

888-934-0777

    IQetfs.com

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Not FDIC/NCUA Insured	Not a Deposit	May Lose Value	No Bank Guarantee	Not Insured by Any Government Agency
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