

**IndexIQ Trust
(the “Trust”)**

**Supplement dated December 16, 2011
to the Summary Prospectus dated September 7, 2011**

**IQ ALPHA Hedge Strategy Fund
Investor Shares (IQHOX)
Institutional Shares (IQHIX)**

The following information supplements, and should be read in conjunction with, the Summary Prospectus for the IQ ALPHA Hedge Strategy Fund (the “Fund”).

The first sentence of the first paragraph in the section entitled “Principal Investment Strategies” on page 3 of the Summary Prospectus is hereby deleted in its entirety and replaced with the following:

The Fund is a “fund of funds” which means it invests, under normal circumstances, a significant portion of its assets (excluding collateral held from securities lending) in underlying funds, including ETFs, exchange-traded notes (“ETNs”), and other exchange-traded vehicles issuing equity securities organized in the U.S., such as exchange traded commodity pools (“ETVs”) (collectively, “Underlying ETFs”).

Investors Should Retain This Supplement for Future Reference

IQ ALPHA Hedge Strategy Fund



Investor Class Shares

IQHOX

Institutional Class Shares

IQHIX

This summary prospectus is designed to provide investors with key fund information in a clear and concise format. Before you invest, you may want to review the Fund's full prospectus, which contains more information about the Fund and its risks. The Fund's full prospectus dated August 29, 2011 and statement of additional information dated August 29, 2011, and most recent annual report to shareholders, dated April 30, 2011, are all incorporated by reference into this Summary Prospectus. All this information may be obtained at no cost either: online at indexiq.com/education.html; by calling IndexIQ Funds at 888-934-0777 or by sending an email request to info@indexiq.com.

Summary Information

IQ ALPHA Hedge Strategy Fund

Investment Objective

The Fund seeks investment results that correspond (before fees and expenses) generally to the price and yield performance of its underlying index, the IQ Alpha Hedge Index (the "Index"). The Index seeks to provide superior returns ("alpha") relative to the Standard & Poor's 500® Composite Stock Total Return Index (the "S&P 500 Index") with lower volatility than the S&P 500 Index and correlation to the S&P 500 Index that is similar to the correlation between hedge funds (as measured by broad-based hedge fund indexes) and the S&P 500 Index.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund ("Shares").

Shareholder Fees (fees paid directly from your investment):

	<u>Investor Class</u>	<u>Institutional Class</u>
Redemption Fee (Shares that are held less than seven days are subject to a 2% redemption fee, which may be waived by the Trust under certain circumstances)	2.00%	2.00%

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment):

	<u>Investor Class</u>	<u>Institutional Class</u>
Management Fee	0.95%	0.95%
Distribution and/or Service (12b-1) Fees	0.25%	0.00%
Other Expenses	0.70%	0.35%
Acquired Fund Fees & Expenses(a)	<u>0.28%</u>	<u>0.28%</u>
Total Annual Fund Operating Expenses(a)	<u>2.18%</u>	<u>1.58%</u>
Fee Waiver and/or Expense Reimbursement(b)	<u>0.00%(c)</u>	<u>0.00%(c)</u>
Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement	<u>2.18%</u>	<u>1.58%</u>

(a) The Total Annual Fund Operating Expenses may not correlate to the ratio of expenses to average net assets as reported in the "Financial Highlights" section of the Prospectus, which reflects the operating expenses of the Fund and does not include Acquired Fund Fees & Expenses. Acquired Fund Fees & Expenses represent the Fund's pro rata share of fees and expenses incurred indirectly as a result of investing in other funds, including exchange-traded funds ("ETFs") and money market funds.

(b) IndexIQ Advisors LLC (the "Investment Advisor") has contractually agreed to reduce its Management Fees and to reimburse other expenses to the extent "Total Annual Fund Operating Expenses" (excluding interest, taxes, brokerage fees and commissions, dividends paid on short sales, Acquired Fund Fees & Expenses, extraordinary expenses, and Distribution and or Service (12b-1) Fees, if any), as a

percentage of average daily net assets, exceed 1.65% for the Institutional Class Shares and Investor Class Shares through September 30, 2012. After such date, the expense limitation may be renewed, terminated or revised by the Investment Advisor.

- (c) Due to the repayment provision in footnote (b), the Investment Advisor was repaid a portion of expenses previously reimbursed by the Investment Advisor.

Example. This example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your Shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain at current levels.

Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years*	5 Years*	10 Years*
Investor Class	\$221	\$682	\$1,169	\$2,513
Institutional Class	\$161	\$499	\$ 860	\$1,878

* The Expense Example reflects the current expense waiver and reimbursement agreement in effect through September 30, 2012. Thus, the 3 years, 5 years and 10 years examples reflect the expense waiver and reimbursement for only the first year.

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund Shares are held in a taxable account. These costs, which are not reflected in annual Fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 195% of the average value of its portfolio.

Principal Investment Strategies

The Fund is a "fund of funds" which means it invests, under normal circumstances, a significant portion of its assets in underlying funds, including ETFs, exchange-traded notes ("ETNs"), and other exchange-traded vehicles issuing equity securities organized in the U.S., such as exchange traded commodity pools ("ETVs") (collectively, "Underlying ETFs"). The Fund will take both long and short positions in the Underlying ETFs in which it invests. The Fund may also invest in one or more financial instruments, including but not limited to swap agreements (collectively, "Financial Instruments"). The Fund uses total return swaps as a principal investment strategy to increase the overall exposure of the Fund to replicate the leveraged exposures of the Underlying Index and may also use total return swaps to effect certain short positions reflected in its Underlying Index. The exposure of the Fund will vary but in any event will be no more than 200% of net assets as of each monthly rebalance date.

The Fund employs a "passive management" — or indexing — investment approach designed to track the performance of the Underlying Index, which was developed by Financial Development Holdco LLC ("IndexIQ"), the parent company of the Fund's Investment Advisor.

The Underlying Index consists of a number of components ("Underlying Index Components") selected in accordance with IndexIQ's rules-based methodology of such Underlying Index. Such Underlying Index Components include long and short positions primarily in ETFs, but may also include ETNs and ETVs.

The Underlying Index construction process begins by seeking to track the "beta" portion of the returns (i.e., that portion of the returns of hedge funds that are non-idiosyncratic, or unrelated to manager skill) of hedge funds that employ various hedge fund investment styles (the "Strategy"). These styles may include but are not limited to long/short equity, macro, market neutral, event-driven, fixed-income arbitrage, emerging markets and other strategies commonly used by hedge fund managers.

- Long/Short hedge funds typically diversify their risks by limiting the net exposure to particular regions, industries, sectors and market capitalization bands, allowing them to focus on company-specific anomalies. At the same time, long/short managers often hedge against un-diversifiable risk, such as market risk (i.e., the returns of the overall equity market). Certain long/short managers focus on specific sectors, regions or industries, on particular investment styles, such as value or growth, or certain types of stocks, such as small or large.
- Macro hedge funds typically employ top-down macro analysis (e.g., political trends, macro economics, etc.) to identify dislocations in equity, fixed-income, currency and commodity markets that are expected to lead to large price movements.
- Market Neutral hedge funds typically invest in both long and short positions in stocks while minimizing exposure to the systematic components of risk. These market neutral strategies seek to have a zero "beta" (or "market") exposure to one or more systematic risk factors including the overall market (as represented by the S&P 500 Index), economic sectors or industries, market capitalization, region and country. Market neutral strategies that effectively neutralize the market exposure are not impacted by directional moves in the market.
- Event-Driven hedge funds typically invest in a combination of credit opportunities and event-driven equities. Within the credit-oriented portion, sub-strategies include long/short high yield credit (below investment grade corporate bonds or "junk" bonds), leveraged loans (bank debt, mezzanine, or self-oriented loans), capital structure arbitrage (debt vs. debt or debt vs. equity), and reorganization equity. Within the equity portion, sub- strategies include risk (or merger) arbitrage, holding company arbitrage, special situations and value equities where a change in management, significant product launch, or some other economic catalyst is expected to unlock shareholder wealth. Event-driven managers invest across multiple asset classes and may also seek to exploit shifts in economic cycles.
- Fixed Income Arbitrage hedge funds typically employ strategies that seek to take advantage of price differentials and inefficiencies between related fixed-income securities that are related either economically or statistically. Such funds may limit volatility by hedging out interest rate risk and market exposure.

- Emerging Markets hedge funds typically invest in financial instruments such as equities, sovereign and corporate debt issues and currencies of countries in “emerging” markets. Emerging countries are those in a transitional state from developing to developed.

The Underlying Index generally is based on the premise that hedge fund returns, when aggregated among hedge funds with similar investment styles, display over time significant exposures to a set of common investment strategies and asset classes. By creating an index that has similar exposures to the same investment strategies and asset classes as hedge funds generally, IndexIQ seeks to replicate the beta return characteristics of hedge funds. The Underlying Index takes this notion of replication one step further by using a rules-based optimization and leverage process in an attempt to achieve its investment objective.

The Underlying Index Components of this Strategy generally provide exposures to:

- U.S. large-cap equity;
- U.S. small-cap equity;
- Emerging market equity, debt and sovereign debt;
- Foreign equity (Europe, Australasia & Far East);
- U.S. investment grade debt;
- U.S. government short- and intermediate-term maturity obligations;
- U.S. high yield (or “junk”) debt;
- U.S. Treasury Inflation Protection Securities (“TIPS”);
- U.S. mortgage-backed debt;
- U.S. convertible debt;
- Foreign sovereign debt;
- Foreign currencies and currency futures;
- U.S. and foreign real estate investment trusts;
- Commodities; and
- The implied volatility of the S&P 500 Index.

The Underlying Index is unlike traditional market-oriented indexes like the S&P 500 Index. Instead of tracking the performance of publicly-traded issuers representing a market or industry sector, the Underlying Index seeks to track the beta returns of distinct hedge fund investment styles. The Fund does not invest in hedge funds, and the Underlying Index does not include hedge funds as Underlying Index Components. The Fund is not a fund of hedge funds.

For additional information about the Fund's principal investment strategies, see “Additional Description of the Principal Strategies and Risks of the Fund.”

Principal Risks

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. As with all investments, you may lose money in the Fund. An investment in the Fund involves a substantial degree of risk and the Fund does not represent a complete investment program. Therefore, you should consider carefully the following risks before investing in the Fund. A more complete discussion of

Principal Risks is included under "Additional Description of the Principal Strategies and Risks of the Fund."

Fund of Funds Risk

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.

Tracking Error Risk

Although the Fund attempts to track the performance of its Underlying Index, the Fund may not be able to duplicate its exact composition or return for any number of reasons.

Index Risk

The Underlying Index has limited historical performance data, and may not be successful in replicating the performance of its target strategies.

Derivatives Risk

The Fund employs the use of derivatives, which are subject to a number of risks based on the structure of the underlying instrument and the counterparty to the derivatives transaction. For example, entry into a swap agreement presents risks including, primarily, counterparty credit risk. The use of futures contracts presents risks, including, primarily, interest rate risk and currency risk.

Market Risk

The market price of investments owned by the Fund may go up or down, sometimes rapidly or unpredictably.

Commodity Risk

Exposure to the commodities markets may subject the Fund to greater volatility than investments in traditional securities markets.

Exchange Traded Vehicle Risk

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

Foreign Risk

When the Fund invests in foreign markets, it will be subject to risk of loss not typically associated with domestic markets.

Short Selling Risk

The potential loss on a short sale is unlimited because the loss increases as the price of the instrument sold short increases and the price may rise indefinitely.

Credit Default Risk

An issuer or guarantor of fixed-income securities (including ETNs) held by the Fund may default on its obligation to pay interest and repay principal.

Leverage Risk

Leverage, including borrowing, may cause the Fund to be more volatile than if the Fund had not been leveraged.

Non-Diversification Risk

The Fund is non-diversified and may be susceptible to greater losses if a single portfolio investment declines than would a diversified mutual fund.

Risk of Investing in Real Estate Instruments

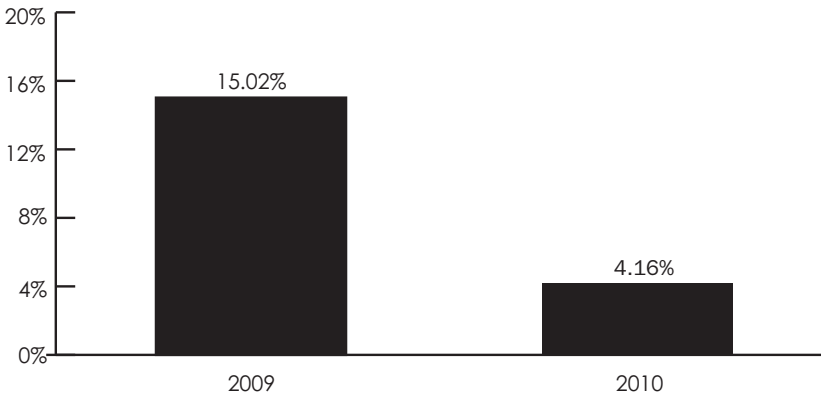
The Fund may invest in real estate instruments ("REITs") or ETFs tracking REIT performance, which expose the Fund to real estate investment risks and to risks created by poor REIT management, adverse tax consequences and limited diversification among type and geographic location of properties.

Tax Risk

The tax treatment of derivatives is unclear for purposes of determining the Fund's tax status.

Performance Information

The bar chart that follows shows the annual total returns of the Fund's Institutional Class shares for a full calendar year. The table that follows the bar chart shows the Fund's average annual total returns, both before and after taxes. The bar chart and table provide an indication of the risks of investing in the Fund by comparing the Fund's performance from year to year and by showing how the Fund's average annual returns for one calendar year compared with its underlying index and another broad measure of market performance. All returns assume reinvestment of dividends and distributions. The Fund's past performance (before and after taxes) is not an indication of how the Fund will perform in the future. Fund performance is compared to the broad-based S&P 500 Index, the Underlying Index and the HFRX Global Hedge Fund Index, which tracks hedge funds pursuing multiple investment strategies. 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's year-to-date total return as of June 30, 2011 was -0.58%.

Best and Worst Quarter Returns (for the period reflected in the bar chart above)

	Return	Quarter/Year
Highest Return	8.35%	Q3/2010
Lowest Return	-2.17%	Q2/2010

Average Annual Total Returns as of December 31, 2010

IQ ALPHA Hedge Strategy Fund – Institutional Class	1 Year	Since Inception⁽¹⁾
Returns before taxes	4.16%	4.00%
Returns after taxes on distributions ⁽²⁾	3.51%	3.20%
Returns after taxes on distributions and sale of Fund shares	2.72%	2.94%
IQ ALPHA Hedge Strategy Fund – Investor Class		
Returns before taxes	3.75%	3.81%
Returns after taxes on distributions ⁽²⁾	3.28%	3.09%
Returns after taxes on distributions and sale of Fund shares	2.45%	2.83%
IQ Alpha Hedge Index (reflects no deduction for fees, expenses or taxes)		
	6.98%	6.85%
Standard & Poor's 500® Composite Stock Total Return Index (reflects no deduction for fees, expenses or taxes)		
	15.08%	1.62%
HFRX Global Hedge Fund Index (reflects no deduction for fees, expenses or taxes)		
	5.19%	-3.06%

(1) The Fund commenced operations on June 30, 2008.

(2) After-tax returns are calculated using the highest historical individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on your tax situation and may differ from those shown and are not relevant if you hold your shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. In some cases the return after taxes may exceed the return before taxes due to an assumed tax benefit from any losses on a sale of Fund shares at the end of the measurement period.

Investment Advisor

IndexIQ Advisors LLC, the Investment Advisor, serves as the investment advisor to the Fund.

Portfolio Manager

Julie Abbett is Senior Vice President and Head of Portfolio Management for the Advisor. Ms. Abbett has been with the Advisor since September 2009 and has served as portfolio manager of the Fund since February 2011.

Purchase and Sale of Fund Shares

The minimum initial investment for shares of the Investor Class is generally \$2,500 with a minimum subsequent investment of \$100. The minimum initial investment for shares of the Institutional Class is generally \$250,000 with no minimum subsequent investment requirement.

You may sell (redeem) your shares each day the New York Stock Exchange is open. You may sell your shares through your financial intermediary or by mail at: IndexIQ Funds, P.O. Box 9843, Providence, RI 02904-8403 or telephone at: 1-877-474-6339.

Tax Information

The Fund's distributions are taxable and will generally be taxed as ordinary income or capital gains.

Financial Intermediary Compensation

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Investment Advisor may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

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View the Fund's statutory prospectus or statement of additional information online at: indexiq.com/education.html