

Small cap stocks rebounded strongly in the fourth quarter, posting their seventh best quarter ever after producing their second worst quarter in the prior quarter. Strong corporate profits, better than expected domestic economic data and hopes that Europe is closer to resolving its issues led to the powerful rally. Cyclical industries, such as industrials and consumer discretionary, were the leading sectors, while more stable areas, such as consumer staples and utilities, lagged.

The Munder Veracity Small Cap Value Fund was well positioned for the rally and it significantly outperformed its benchmark, the Russell 2000[®] Value Index. Stock selection in the energy, industrials and financials sectors was the biggest contributor to relative strength, while stock selection in health care was the largest detractor. A higher beta compared to the Fund's benchmark also helped relative performance.

In energy, the Fund had a number of holdings that benefited from a rise in oil prices and renewed mergers and acquisition activity. Complete Production Services, Inc. (0.7% of the Fund), an oil services company, accepted an acquisition bid for a sizeable premium. A pair of our energy exploration firms, Kodiak Oil & Gas Corp. (1.2%) and Petroleum Development Corp. (0.9%), each advanced by approximately 80%, highlighting the value of their energy assets. Within industrials, The Greenbrier Companies, Inc. (1.0%) was up over 100% as the manufacturer of rail cars continued to see strong demand and looks to capture increased market share. Wabash National Corp. (0.7%), a maker of truck trailers, rose sharply as order trends remain healthy as operators continue to replace their aging fleet.

In financials, it was the Fund's bank and real estate investment trust (REIT) holdings that posted some of the best absolute returns. Solid earnings, low expectations and very attractive valuations propelled the performance of many of the Fund's banks, led by Susquehanna Bancshares, Inc. (1.1%) and FirstMerit Corp. (1.3%). In REITs, subsiding economic fears helped the Fund's more cyclical hotel REITs, DiamondRock Hospitality Co. (1.1%) and Sunstone Hotel Investors, Inc. (0.9%).

Performance in the health care sector detracted from relative strength during the quarter as Medicis Pharmaceutical Corp. (1.0%) announced a change in sales strategy for a key drug that could increase volumes, but at the cost of reduced pricing. Invacare Corp. (0.4%), a maker of home and long-term care medical products, fell as it was forced to suspend manufacturing at a facility until it could make the plant compliant with FDA standards.

For 2011 as a whole, stock selection in the industrials, energy and financials sectors keyed the Fund's outperformance. In contrast, stock selection in consumer discretionary and information technology hurt performance. Sector weightings were a neutral, with the positive impact of an overweight in health care, the second best performing sector of the Russell 2000[®] Value Index for the year, offset by an underweight in utilities, the best performing sector.

Two of the Fund's largest contributors to relative performance for the year were domestically focused industrials, Old Dominion Freight Line, Inc. (1.1%) and Dycom Industries, Inc. (1.1%). Dycom benefited from healthy demand for its construction and maintenance services from telecom, cable and utility customers. Better than expected trucking volumes and pricing helped fundamentals at Old Dominion. Kodiak Oil & Gas Corp. and Complete Production Services, Inc. were the Fund's two best energy stocks. Investors gravitated to shares of Kodiak for its growth opportunity and attractive assets, while Complete Production Services was acquired.

In financials, RLI Corp. (1.1%) and World Acceptance Corp. (1.0%) led the way. Improved rate pricing and solid sales momentum helped RLI, an insurance company. World Acceptance is a small loan consumer finance company that has benefited from an improved regulatory outlook and strong operating results as consumers seek alternatives to meet their short-term financing needs.

OfficeMax, Inc., an office products company, and Avid Technology, Inc., a digital software company, were the largest detractors within the consumer discretionary and information technology sectors, respectively. OfficeMax struggled with tepid employment growth and secular challenges that include market share losses in technology sales (Apple's increased share), disintermediation by the Internet (Amazon) and lower sales of high margin paper and printer accessories. Avid Technology has suffered from a challenging demand environment for its products. Both stocks have been eliminated from the Fund.

The Fund's positioning toward larger market cap stocks relative to its Russell 2000® Value benchmark was beneficial, as this segment of the market outperformed the smallest market cap companies. A higher beta hurt the Fund's relative performance, as investors rotated toward the safety of more stable companies during the summer as fears regarding the economic and financial environment escalated.

Past performance does not guarantee future results. There can be no guarantee that any strategy (risk management or otherwise) will be successful. All investing involves risk, including potential loss of principal. The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus and summary prospectus contain this and other important information about the Fund. To obtain a prospectus and summary prospectus, call 800.468.6337, or visit the website www.munder.com. Read the prospectus and summary prospectuses carefully before investing.

This fund is a result of a merger of the Munder Small-Cap Value Fund and the Veracity Small Cap Value Fund.

RISKS: *The Fund invests in smaller company stocks, which are more volatile and less liquid than larger, more established company securities. Further, value-based investments are subject to the risk that the broad market may not recognize their intrinsic value. A substantial portion of the Fund's assets may be invested in one or more economic sectors, especially the financials sector. Economic downturns and changes in government regulation and interest rates could have a significant effect on the value of the Fund's investments. In addition, a substantial portion of the Fund's assets is invested in real estate related securities, which are subject to special risks related to property tax rates, property values and borrower defaults. The Fund may invest up to 25% of its assets in foreign securities, which involve additional risks due to currency fluctuations, economic and political conditions, and differences in financial reporting standards. Performance and after-tax returns can be significantly impacted by the Fund's investments in Initial Public Offerings (IPOs), which may involve short-term trading. We cannot, however, ensure that the Fund will obtain IPOs.*

Fund holdings mentioned in the Quarterly Commentary are as of 12.31.11 and the percentages shown are based on net assets as of that date. Fund holdings are subject to change and should not be considered purchase recommendations. There is no assurance that the securities mentioned remain in the Fund's portfolio or that securities sold have not been repurchased. The Fund's top ten holdings as of 12.31.11 were: Actuant Corp., Crane Co., Curtiss-Wright Corp., Diamondrock Hospitality Co., Dycor Industries Inc., FirstMerit Corp. Magellan Health Services, Inc., Old Dominion Freight Line, Inc., PNM Resources Inc. and Robbins & Myers Inc. Top holdings do not reflect cash, money market instruments or options/futures contracts holdings. The most currently available data regarding portfolio holdings can be found on our website, www.munder.com.

The Russell 2000® Value Index is a capitalization-weighted index that measures the performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth rates. The Russell 2000® Index is a capitalization-weighted index that measures the performance of the smallest 2,000 companies in the Russell 3000® Index, an index representing approximately 98% of the investable U.S. equity market. You cannot invest directly in an index, securities in the Fund will not match those in the index, and performance of the Fund will differ. Although reinvestment of dividend and interest payments is assumed, no expenses are netted against an index's returns.

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