Bond Fund Commentary
Fourth Quarter 2011

Political unrest in the Middle East, natural disasters in Japan and Thailand, sovereign debt downgrades in the United States and Europe, and the ongoing sovereign debt crisis in Europe were some of the more significant events contributing to the elevated levels of volatility faced by investors throughout the past year. While investors may be happy to see 2011 come to a close, some of the issues that plagued the financial markets over the past twelve months are likely to continue to create significant amounts of volatility in the coming year. Add to this the fact that 2012 is a Presidential election year in the United States, the Federal Reserve appears poised to maintain overly-accommodative monetary policy beyond 2012, and the economic recovery continues to be slow and uneven, and it stands to reason that investors are likely to maintain a cautious view towards risk as we embark on the new year.

In spite of the uncertainties in the financial environment, returns in the investment-grade fixed income markets for the fourth quarter were led by non-government sectors: commercial mortgage-backed securities (CMBS) and corporate bonds issued by industrial, finance and utility companies. While all investment-grade sectors posted positive absolute returns, these three segments of the bond market outperformed U.S. Treasury securities by a wide margin for the quarter.

Standard and Poor's downgrade of the United States' AAA credit rating in August did not sway investors from increasing exposure to U.S. Treasuries as uncertainty escalated in Europe. For the full year, industrial and utility corporate securities were the only sectors to outperform U.S. Treasuries. For 2011 as a whole, the U.S. Treasury component of the Barclays Capital Aggregate Bond Index posted a total return of 9.81%, while the corporate utility component returned 13.23% and the corporate industrial component returned 10.47%. In terms of specific maturities, the 10-year Treasury Note posted a total return of 17.18% for 2011. The 30-year Treasury Bond returned 35.6% for 2011, with its yield declining by 144 basis points (1.44 percentage points) over the course of the year.

The Bond Fund outperformed its benchmark, the Barclays Capital U.S. Aggregate Bond Index, for the quarter ended December 31, 2011, but still ended the year trailing its Barclays benchmark. Increased investor risk aversion and the resulting outperformance of Treasuries was the largest determinant of the Fund's relative performance.

Turning to the quarter, the Fund remained predominantly overweight in corporate bonds, specifically in the financial sector. The focus in that sector was on insurance, banking and real estate (REIT) companies. During the quarter the Fund did gradually reduce its corporate holdings, particularly in the banking, commodity and energy sectors, in favor of U.S. Treasuries, but the corporate overweight remained. The Fund continued to have no sovereign or banking exposure to peripheral Europe (Spain, Italy, Greece, etc).

From a quarterly attribution perspective, the Fund's overweights in industrial corporate bonds and U.S. Agency mortgage-backed securities were the largest contributors to the Fund's strong relative performance. Additionally, the Fund benefited from strong issue selection within the asset-backed sector. Within that sector, the Fund has favored subordinate (A-rated and BBB-rated) asset-backed securities for the bulk of the year due to their strong collateral position and historic ratings stability. Conversely, the Fund's underweight in corporate bonds in the utility sector was the largest detractor from relative performance.

Looking forward, we believe that a resolution to the European sovereign crisis is the largest hurdle to be faced in the coming months. Despite the additional possibility of continued slower growth, we continue to favor non-government holdings that offer attractive yields relative to government securities.

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.

RISKS: *Bond funds will tend to experience smaller fluctuations in value than stock funds. However, investors in any bond fund should anticipate fluctuations in price, especially for longer-term issues and in environments of rising interest rates. A significant portion of the Fund is invested in mortgage-backed securities, which are subject to higher prepayment risk than corporate bonds and notes, particularly in periods of declining interest rates, and are subject to the risk that an unexpected rise in interest rates will extend the life of the security beyond the expected repayment time, typically reducing the security's value. In addition, the Fund invests in to-be-announced (TBA) and dollar-roll transactions, which involve the risk that the security will decline in value between the purchase date and the delivery or issue date, the risk that the security the Fund is required to buy will be less than an identical security, and the risk that the counterparty will fail to deliver. The Fund also invests in dollar-denominated securities of foreign issuers, which involve additional risks due to foreign economic and political conditions, and differences in financial reporting standards. Derivatives, such as futures contracts, are subject to the risk that small price movements can result in substantial gains or losses.*

The Barclays Capital U.S. Aggregate Bond Index is a market-value-weighted index designed to measure the U.S. investment-grade, fixed-rate bond market, which includes publicly issued, fixed-rate, non-convertible, dollar-denominated, taxable U.S. government, corporate, mortgage pass-through and asset-backed securities rated investment grade or higher. You cannot invest directly in an index, securities in the Fund will not match those in an 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.

Credit ratings are issued by credit rating agencies and reflect the agency's assessment of the risk of a bond based on the issuer's capacity to meet its financial commitment on the bond. Ratings range from AAA (highest credit quality) to D (in default).

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