International Fund – Core Equity Commentary
Fourth Quarter 2011

Market Environment

Despite a continued focus on the European sovereign debt crisis and concerns over slowing global growth, global stock markets finished in positive territory for the fourth quarter of 2011. The Munder International Fund-Core Equity had a strong quarter and finished ahead of the benchmark. (Note: The benchmark for the Munder International Fund – Core Equity was changed from the MSCI EAFE (Europe, Australasia and the Far East) Index to the MSCI ACWI (All Country World) Index ex U.S. in April 2011. In connection with this change, the Fund's primary investment strategy was changed to primarily invest in securities of companies in countries represented in the MSCI ACWI ex U.S. and its limitation on investments in emerging markets countries was removed.)

Not surprisingly, Greece, with a return of -27.5%, was again the worst performing country during the fourth quarter in the ACWI universe. The Greek market was punished in early November when Prime Minister Papandreou surprisingly called for a referendum on the European aid package and a parliamentary confidence vote that could have potentially thwarted Europe's bailout effort. While the referendum was eventually called off, it exposed a lack of cohesion within the region, which continues to spook markets. Also on the downside, Portugal finished -9.3%. Portugal's third quarter GDP contracted 2%, and investors seem to have priced in the likelihood that the Portuguese government will need to renegotiate its funding package in 2012. Within emerging markets, India fell 14.2% after a report showed industrial production nosedived in October. Thinly traded Ireland was the best performing country with a return of 22.4%. Peru led all emerging markets with a return of 12.5%. Other bright spots included Sweden, up 8.8%, as the Swedish central bank lowered its main borrowing rate for the first time since 2009 to protect its economy from the debt crisis. The United Kingdom returned 9.1% in the quarter. The U.K. budget deficit shrank as the conservative government's austerity plan started to take hold.

Nine of the ten economic sectors in the Fund's ACWI benchmark posted a positive return in the fourth quarter. Energy was by far the best performing sector and finished up 12.2%. The price of oil rose throughout the quarter as speculation grew that further sanctions against Iran will curb supply. Utilities (-1.8%) was the worst performing sector as industry profit margins suffered from lower power prices and higher taxes.

Strategy Review

Overall security selection was positive in both countries and sectors, and was responsible for the Fund's outperformance for the quarter. Excess return was generated in eight of the ten economic sectors, with notable outperformance coming from industrials, financials, and telecommunication services. Industrials' outperformance was boosted by the Fund's holding of SembCorp Industries Ltd., which was up 19.0% during the quarter. The Singapore-based engineering and industrial site service provider benefited from earnings reports from peer companies in the offshore and marine segment that pointed to a continued strong operating environment. Another strong-performing stock within industrials was The Weir Group PLC., which returned 31.5%. The United Kingdom-based valve and pump manufacturer reported strong third quarter sales and announced the acquisition of Seaboard Holdings which will strengthen the company's position in oil and gas equipment. Within financials, U.K.-based Aberdeen Asset Management PLC was up 25.4%. Aberdeen reported an improved operating margin for 2011 due to above-average performance fees. The relative performance of telecommunication services was boosted by Thailand mobile telephone operator, Total Access Communication Public Company Ltd., which returned 17.0%. The company enjoyed a pick-up in subscribers after the launch of 3G services in August and has also benefited from a supportive regulatory environment.

In contrast to these positive factors, security selection within the Fund's information technology sector detracted from relative performance for the quarter. Japanese social media site operator DeNA Co. Ltd., a top performer in the third quarter, fell 29.3% after the company reported disappointing first half earnings.

Market Outlook

Macro-driven volatility has abated from its third quarter high, while corporate earnings have remained stable despite market volatility. European leaders will continue to work toward a coordinated solution for the sovereign debt crisis. Strong and decisive leadership is needed for governments to be successful in implementing the spending cuts and tax increases that are necessary for any long-term remedy. Already, political leadership change in Greece, Italy and Spain has been well received by investors who are hopeful that new leadership will be a springboard toward a constructive resolution. At the same time, lower global growth expectations appear to be discounted by investors and corporate balance sheets are healthy as many companies are holding high levels of cash. A rebound in Japanese industrial production is likely after the floods in Thailand disrupted output for several months. The yen's appreciation against the dollar stagnated in the fourth quarter and this should benefit Japanese exporters going forward.

Recently, several positive economic reports from the U.S. have revealed an improving domestic environment that could support global markets if the European debt crisis were to stabilize. Emerging markets must continue to balance between slowing growth and inflation. Central banks within several emerging economies have shown an ability to adjust quickly and decisively to this predicament. China lowered its reserve requirement rate for the first time since 2008 as the European debt crisis is likely to decrease exports. Hungary, on the other hand, hiked its benchmark rate 50 bps (0.50 percentage point) to ease the impact of its weakening currency on indebted households. Global valuations appear cheap and there is potential for a global rebound in industrial production in the early part of 2012. The Munder International Fund-Core Equity will continue to invest in companies with valuation and business momentum advantages relative to their peers.

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: BHP Billiton Limited, Daito Trust Construction Co., Ltd., Gazprom, HSBC Holdings PLC, iShares S&P India Nifty 50 Index Fund, Mitsubishi Corp., Novartis AG, Rio Tinto Limited, Royal Dutch Shell PLC, Class B Shares and Sumitomo Mitsui Group. 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.

Effective April 18, 2011, the Fund's primary benchmark was changed from the MSCI EAFE Index to the MSCI ACWI (All Country World Index) Index ex U.S. In addition, the Fund's primary investment strategy was changed to primarily invest in securities of companies in countries represented in the MSCI ACWI ex U.S., which gives the Fund additional exposure to emerging markets countries.

The MSCI All Country World Index (ACWI) ex U.S. is an unmanaged index that is designed to measure equity market performance in the global developed and emerging markets, excluding the United States.

The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure developed equity market performance, excluding the U.S. and Canada. Returns provided for the MSCI EAFE Index are net dividends (i.e., net of foreign withholding taxes applicable to U.S. investors). 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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