

Market Environment

Despite a continued focus on the European sovereign debt crisis and concerns over slowing global growth, international small-cap markets stabilized from the third quarter's 20% drop and the Fund's S&P[®] Developed ex-U.S. Small Cap benchmark finished in positive territory for the fourth quarter of 2011. For the full year, the Index experienced a double-digit decline, reflecting the negative international stock market environment. The Munder International Small-Cap Fund had strong relative performance, outperforming its benchmark for both the quarter and the year as a whole.

For the quarter, the countries on Europe's periphery were the worst performers within the benchmark. Portugal dropped 17.6% as third quarter GDP contracted 2%, and investors priced in the likelihood that the Portuguese government will need to renegotiate its funding package in 2012. Greece fell 9.8% after the early November call for a referendum on European aid spooked the markets. Although eventually called off, it exposed the political instability within the region. Sweden was the best performing country and returned 12.0%. The Swedish central bank lowered its main borrowing rate for the first time since 2009 to protect its economy from the debt crisis. Australia returned 7.1% as the country benefited from strong performance within the oil and gas industry. Japan (-4.9%), underperformed the market after the quarterly Tankan business survey revealed that large manufacturers are forecasting a decline in reported profits for this year. Japanese exporters' profits have also been hurt by the strength of the yen relative to the dollar and euro.

Energy was by far the best performing sector within the benchmark and finished up 13.6%. The price of oil rose throughout the quarter as speculation grew that further sanctions against Iran will curb supply. Financials (-1.7%) was the worst performing sector as the banking industry suffered as the price of default insurance on European government debt climbed to a record high.

Strategy Review

The Fund's outperformance for the quarter was due primarily to positive overall security selection within both countries and sectors. Excess return was generated in all five geographic regions and in eight of the Fund's ten economic sectors. Notable outperformance for the quarter came from the industrials, financials, and materials sectors. Within the industrials sector, relative performance was boosted by German automotive plant and machinery builder, Duerr AG (0.7% of the Fund), which was up 35.3%. The company reported better than expected third quarter earnings and raised full year sales and order guidance. As the world leader in painting facilities for auto manufacturers, Duerr AG is benefitting from large-scale production capacity growth in emerging markets. Also within industrials, Japanese battery maker, Shin-Kobe Electric Machinery Co., Ltd. (0.6%), advanced 26.7% after the company received a takeover bid from Hitachi Chemical, its majority owner. The position was sold in December. Financials outperformance was boosted by Japan's Osaka Securities Exchange Co. Ltd. (0.5%), which advanced 24.0% in November after agreeing to a merger with the Tokyo Stock Exchange at a 14% premium. Within the materials sector, Canadian contract drilling company, Major Drilling Group International, Inc. (0.7%), surged 54.9% while reporting the highest quarterly profits in the company's history at the beginning of December. Major is benefitting from increased drilling budgets for miners as gold and copper prices remain at high levels. Also within materials, Swedish copper and zinc producer, Boliden AB (0.4%), returned 40.1%. The company reported strong third-quarter earnings in October as their mines generated strong volumes.

In contrast to these positive contributors, security selection within the Fund's health care sector detracted from relative performance as some of the previous quarters' top performers gave back some of their strong year-to-date returns. Japanese medical equipment distributor, Ship Healthcare Holdings, Inc. (0.9%), dropped 12.6% as investors took profits even after the company raised its first half sales guidance in late October. German safety and medical equipment manufacturer, Draegerwerk AG & Co. (0.4%), declined 15.7% as investors became more concerned about the cyclical nature of some of its products.

Market Outlook

Macro-driven volatility, while down from extreme levels, is likely to persist in 2012, particularly as European leaders 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 necessities to 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. 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. Valuations appear cheap and the opportunity exists to seek out companies that can perform well even when the global economy is unsettled. The Munder International Small-Cap Equity strategy will continue to invest in companies with valuation and business momentum advantages relative to their peers.

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: *Investors should note that investments in foreign securities involve additional risks due to currency fluctuations, economic and political conditions, and differences in financial reporting standards. The Fund may concentrate its investments in one or more countries. A substantial portion of the Fund's assets is invested in securities of Japanese and U.K. issuers; therefore, adverse market conditions affecting those countries may have a more pronounced effect on the Fund. Smaller company stocks are more volatile and less liquid than larger, more established company securities. Smaller and medium-sized company stocks are more volatile and less liquid than larger, more established company securities.*

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: Aalberts Industries NV, Atea ASA, Bilfinger Berger AG, Calfrac Well Services, Ltd., Flughafen Zuerich AG, Kintetsu World Express, Inc., Major Drilling Group International, Inc., Neo Material Technologies, Inc., Trelleborg AB and Zodiac SA. 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 S&P® Developed ex-U.S. SmallCap Index (formerly known as the S&P®/Citigroup Extended Market Index (EMI) World ex-U.S.) consists of the bottom 15% (based on market capitalization) of companies from each country other than the U.S. represented in the S&P® Developed Broad Market Index (BMI). The S&P® Developed BMI includes all listed shares of companies from 25 developed market countries with float-adjusted market capitalizations of at least US\$100 million and annual trading volume of at least US\$50 million. 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.

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