

Lazard Global Small Cap Fund

FACTSHEET / MAY 2010

FUND OBJECTIVE

The Global Small Cap Fund seeks to achieve total returns (includes income and capital appreciation and before the deduction of fees and taxes) that exceed those of the MSCI World Small Cap Accumulation Index by 3% per annum over rolling three-year periods.

PERFORMANCE*

<i>Fund</i>	<i>1 Month (%)</i>	<i>3 Months (%)</i>	<i>1 Year (%)</i>	<i>3 Years (% p.a.)</i>	<i>5 Years (% p.a.)</i>	<i>10 Years (% p.a.)</i>
Global Small Cap (gross of fees)	2.6	8.7	20.4	-11.2	2.4	4.3
Global Small Cap (net of I class fees)	2.5	8.4	19.3	-12.1	1.4	3.3
Global Small Cap (net of W class fees)	2.5	8.4	19.1	-12.2	1.3	N/A
MSCI World Small Cap Index	0.3	8.0	22.5	-8.9	1.2	2.2

* Investments can go up and down. Past performance is not necessarily indicative of future performance. The net returns are calculated using the Fund's Net Asset Value unit price. Performance assumes reinvestment of all distributions. Effective 1 April 2004, the benchmark was changed from the Price to the Accumulation version of the MSCI World Small Cap Index.

THE FACTS as at 31 May 2010

<i>Largest Holdings</i>	<i>Fund (%)</i>	<i>Geographic Allocation</i>	<i>Fund (%)</i>	<i>MSCI World Small Cap (%)</i>
Unicharm PetCare	2.7	Europe ex UK	20.1	13.5
Central Garden & Pet	2.1	UK	6.4	7.8
Systemex	2.1	North America	58.7	62.4
Elekta	1.9	Japan	11.0	10.4
Mednax	1.7	Asia Pacific ex Japan	1.8	5.5
j2 Global Communications	1.6	Middle East	-	0.4
Patterson Companies	1.6	Cash	1.9	-
PacWest Bancorp	1.6			
Extra Space Storage	1.6			
Iconix Brand Group	1.6			

*Total may not add to 100% due to rounding.


SELECTED PORTFOLIO STATISTICS as at 31 May 2010

<i>Sector Allocation</i>	<i>Fund (%)</i>	<i>MSCI World Small Cap (%)</i>	<i>The Facts</i>	
Consumer Discretionary	14.0	16.0	Number of Stocks	80
Consumer Staples	6.9	4.2	Unit Price – Withdrawal (I Class)	\$0.8836
Energy	5.4	6.3	Unit Price – Withdrawal (W Class)	\$0.8875
Financials	8.8	19.7	Inception Date	22 October 1997
Health Care	10.8	9.4	Total Fund Size	\$282.3m
Industrials	24.9	17.9	ICR (Financial Year 2010, I Class)	1.00%
Information Technology	18.5	13.2	ICR (Financial Year 2010, W Class)	1.15%
Materials	7.8	9.1	Alpha (3-year)*	-2.29%
Telecommunication Services	1.0	0.9	Beta (3-year)*	1.07
Utilities	-	3.3	Information Ratio (3-year)*	-0.49
Cash	1.9	-	Sharpe Ratio (3-year)*	-0.85

*Total may not add to 100% due to rounding.

* As at 30 April 2010.

COMMENTARY

After a strong start to 2010, equity markets weakened significantly in May. For global small-cap equities, May marked the end of three straight months of strong performance, bringing its performance in line with large-cap equities.

In this environment, the Lazard Global Small Cap Fund returned 2.5% (net of I class fees), outperforming the MSCI World Small Cap Index, which returned 0.3% for the month.

A significant positive performer for May was *Unicharm PetCare*, which produces a diverse range of pet food products and pet toiletry goods. At the beginning of May, Unicharm PetCare's parent company, *Unicharm Corp*, announced a tender offer for the remaining 63% of Unicharm PetCare that it does not hold. The cash tender offer price is ¥3,825 per share, a 22% premium to the closing price on the day prior to the offer. Unicharm Corp plans to boost domestic market share through synergies in product development, cost cutting, and distribution. It also plans to utilise its strong Chinese franchise to begin operations in that country's pet food market. We believe the offer is fair and will exit the position in due course.

Another outperformer was US-based *CPI International*, which also received a takeover offer in May. CPI agreed to be acquired by *Comtech Telecommunications* for cash and stock. We believe the offer represents a fair value for CPI. We are currently evaluating the fundamentals of the newly combined entity to determine whether or not to hold Comtech as an investment once the deal is completed.

An underperformer in May was *ASM International*, a

developer, manufacturer, and marketer of semiconductor production equipment. *ASM International* produces front-end-related production equipment, and its 53% owned subsidiary, Hong Kong-listed *ASM Pacific*, currently has strong market positions in back-end assembly related equipment. At its recent annual general meeting, *ASM International* postponed discussions to address the undervaluation of its front-end business through restructuring until 2012. While the delay is disappointing, we feel that the normalization of the company's profitability should support a re-rating of the stock going forward.

Another underperformer in May was *TGS-Nopec Geophysical*, a Norway-based seismic company. The company sold-off along with many other names in the energy sector after the explosion on the Deep Horizon oilrig in the Gulf of Mexico. While *TGS-Nopec* has no direct exposure to the accident, it does generate a significant portion of its revenues from the Gulf of Mexico. On a shareholder conference call, the CEO of *TGS-Nopec* indicated they have seen no impact in customer demand since the crisis began. While the CEO's statements are reassuring, the accident has caused more uncertainty about future investments by *TGS-Nopec* customers, which has the potential to impact demand in the short term. In the medium to long term, we feel the United States will continue to explore for oil in the Gulf of Mexico, as it is the major source of domestically produced energy. In addition, more regulation may cause an increase in demand for seismic data and analysis before drilling operations commence. With a significant amount of cash on the balance sheet and valuation at the bottom of its historical range, we continue to hold the shares.

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