

# Lazard

## U.S. Mid Cap Equity 4Q11

### Summary

The Lazard U.S. Mid Cap Equity strategy offers a diversified, mid cap portfolio that invests in financially productive companies, employing intensive fundamental analysis and accounting validation to identify investment opportunities. It seeks to outperform the Russell Midcap Index with less volatility (standard deviation) over a full market cycle by investing in companies that compound earnings and capital and by taking advantage of valuation anomalies. The strategy typically invests in 60–80 companies with market capitalizations between \$1 billion and \$10 billion, or that are included in the Russell Midcap Index.

### Investment Characteristics<sup>1</sup>

	Lazard	Russell Midcap Index
Number of Securities	64	783
Current Dividend Yield (%)	1.5	1.8
Average Weighted Market Cap (\$ billions)	6.5	7.8
Turnover – Trailing 12 Months (%)	82.9	N/A
Price/Earnings	14.5	16.3
Price/Earnings (Forward)	13.3	15.4
Free Cash Flow/Price (%)	7.9	6.6

### Quarterly Attribution<sup>1</sup>

#### Helped

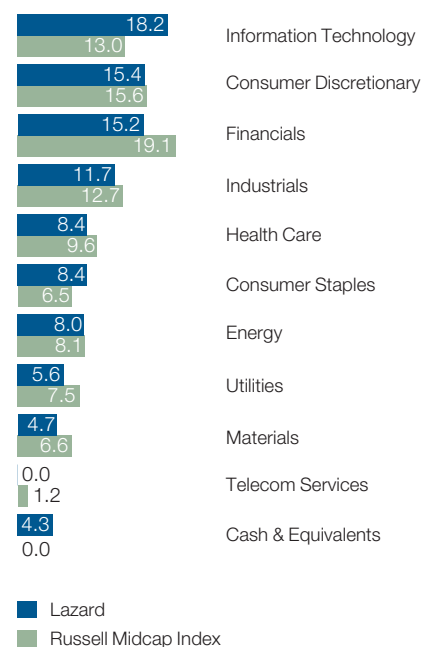
- Stock selection in the financials sector
- Stock selection in the consumer staples sector

#### Hurt

- Stock selection and an overweight position in the information technology sector
- Stock selection in the materials sector

### Allocations (%)<sup>2</sup>

#### By Sector



## Holdings<sup>3</sup>

Equity	95.7	Financials	15.2	Information Technology	18.2
Cash and Equivalents	4.3	Ameriprise Financial		Amdocs	
Consumer Discretionary	15.4	Duke Realty		Analog Devices	
ANN		Fifth Third Bancorp		Autodesk	
Autozone		Invesco		BMC Software	
Big Lots		Kilroy Realty		Compuware	
Darden Restaurants		LaSalle Hotel Properties		Ingram Micro CI A	
Devry		Macerich		Intuit	
International Game Technology		PartnerRe		Lexmark International CI A	
Interpublic Group of Companies		Signature Bank		Quest Software	
Lear		Tanger Factory Outlet Centers		Sandisk	
Macy's		Health Care	8.4	Symantec	
Newell Rubbermaid		Amerigroup		Teradata	
Ross Stores		Dentsply International		Xilinx	
Consumer Staples	8.4	Laboratory Corporation of America Holdings		Materials	4.7
Campbell Soup		Medicis Pharmaceutical CI A		Ball	
Energizer Holdings		Warner Chilcott CI A		Cliffs Natural Resources	
Molson Coors Brewing		Waters		Compass Minerals	
Ralcorp Holdings		Zimmer Holdings		Eastman Chemical	
Energy	8.0	Industrials	11.7	Utilities	5.6
Cameron International		Corrections Corporation of America		CMS Energy	
Consol Energy		Dover		Wisconsin Energy	
Energen		Equifax		Telecom Services	0.0
Marathon Petroleum		Foster Wheeler			
Noble Energy		Rockwell Collins			
Rowan		Thomas & Betts			
Tidewater					

### Notes

- Investment characteristics and quarterly attribution are based upon a portfolio that represents the proposed investment for a fully discretionary account. Source: Lazard, Russell Investments.
- The allocations mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations are subject to change.
- The allocations and specific securities mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations and security selection are subject to change. The securities mentioned are not necessarily held by Lazard for all client portfolios, and their mention should not be considered a recommendation or solicitation to purchase or sell these securities. It should not be assumed that any investment in these securities was, or will prove to be, profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein. There is no assurance that any securities referenced herein are currently held in the portfolio or that securities sold have not been repurchased. Please note that cash is not viewed as a strategic asset class.

### Important Information

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Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Mid-cap securities carry additional risks, their earnings may be less predictable, their share prices more volatile, and their securities less liquid than largecap securities.

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