

PRODUCT PROFILE / 2Q 2010

International Equity Select ADR

STRATEGY DESCRIPTION

Lazard International Equity Select ADR seeks to generate strong relative returns over a long-term time horizon by investing in companies with strong financial productivity at attractive valuations. The strategy typically invests in 40-60 U.S.-listed securities of non-U.S. developed markets companies with a market capitalization generally of \$5 billion or greater.

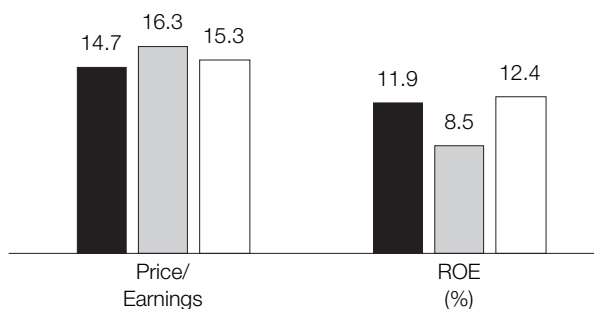
PORTFOLIO PROFILE^{1,2}

	Lazard	MSCI EAFE Index	S&P 500 Index
Number of Securities	48	964	500
Current Dividend Yield (%)	3.1	3.2	2.2
Average Weighted Market Cap (\$ billions)	51.0	36.6	74.5
Turnover – Trailing 12 Months (%)	44.5	N/A	N/A

Geographic Allocation	Lazard Weighting %	MSCI EAFE Index Weighting %
Continental Europe	40.8	42.4
United Kingdom	32.4	21.0
Middle East	0.0	0.9
Japan	16.7	23.3
Asia-Pacific ex-Japan	7.9	12.5
North America	2.2	0.0

Characteristics

- Lazard
- MSCI EAFE Index
- S&P 500 Index


Sector Allocation

	Weighting %
Financials	26.4
Consumer Staples	18.0
Health Care	15.0
Information Technology	9.8
Energy	8.3
Materials	6.5
Industrials	6.0
Telecommunication Services	5.1
Consumer Discretionary	5.0
Utilities	0.0

HOLDINGS³

Equity	96.7	Japan (cont.)	
Cash and Equivalents	3.3	Sumitomo Mitsui Financial Group (ADR)	
		Yahoo Japan (ADR)	
Australia	3.0		
BHP (ADR)		Singapore	1.7
		Singapore Telecommunications (ADR)	
Belgium	2.8		
Anheuser-Busch InBev (ADR)		Spain	2.0
		Banco Santander (ADR)	
Canada	2.1		
Rogers Communications Cl B		Sweden	2.3
		Assa Abloy (ADR)	
Denmark	2.4		
Novo Nordisk (ADR)		Switzerland	15.2
		Credit Suisse Group (ADR)	
France	9.0	Nestle (ADR)	
BNP Paribas (ADR)		Novartis (ADR)	
LVMH Moet Hennessy Louis Vuitton (ADR)		Roche Holdings (ADR)	
Sanofi-Aventis (ADR)		UBS (ADR)	
Total (ADR)		Xstrata (ADR)	
		Zurich Financial Services (ADR)	
Germany	2.7		
SAP (ADR)		United Kingdom	31.3
		BAE Systems (ADR)	
Hong Kong	3.0	Barclays (ADR)	
Esprit Holdings (ADR)		BG Group (ADR)	
Sun Hung Kai Properties (ADR)		British American Tobacco (ADR)	
		GlaxoSmithKline (ADR)	
Ireland	1.8	HSBC Holdings (ADR)	
CRH (ADR)		Imperial Tobacco Group (ADR)	
		Lloyds Banking Group (ADR)	
Italy	1.3	Prudential (ADR)	
Eni (ADR)		Royal Dutch Shell Cl A (ADR)	
		SABMiller (ADR)	
Japan	16.2	Tesco (ADR)	
Canon (ADR)		Tullow Oil (ADR)	
Daito Trust Construct (ADR)		Unilever (ADR)	
Fanuc (ADR)		Vodafone Group (ADR)	
Honda Motor (ADR)		William Morrison Supermarket (ADR)	
Hoya (ADR)			
Mitsubishi Estate (ADR)			
Nomura Holdings (ADR)			

COMMENTARY²

World equity markets were volatile in the second quarter, falling sharply from mid-April to late May as European sovereign debt fears intensified. Uncertainty over growth prospects in the United States and China also weighed on stocks. European markets—particularly those with strained governmental finances, such as Greece, Italy, and Spain—were weak during the quarter, as the large bailout package did little to calm investors' fears. Additionally, austerity measures by several European governments led to concerns that the economic recovery could be held back. A series of recent events, including ongoing financial reform legislation and the oil spill in the Gulf of Mexico, also hinted at more aggressive governmental influence on business, further hurting investor sentiment.

Asian markets finished the quarter with mixed performance, as investors were wary of an economic and real estate slowdown in China and political tensions in Korea. Japanese stocks were also hurt by concerns of a global economic slowdown, while strong yen appreciation versus the U.S. dollar and euro weighed on export-oriented Japanese companies.

By sector, economically defensive groups such as telecom services, consumer staples, and health care outperformed, while the materials sector, particularly commodity producers, lagged over concerns about weaker Chinese growth and the prospects of greater taxation. The energy sector notably underperformed due to slowing demand and the oil spill in the Gulf of Mexico.

In currency markets, the Japanese yen and the U.S. dollar rose as investors sought “safe havens,” while commodity-linked currencies, such as the Australian dollar, were generally weak. The euro also weakened due to the aforementioned sovereign debt problems.

The strategy outperformed the MSCI EAFE Index for the quarter, due in part to a high exposure to the outperforming consumer staples sector. A low exposure to, and stock selection in, the materials sector

also added to returns, as a gold mining company outperformed during the recent period of rising fiscal deficits. The strategy benefited from stock selection in the industrials and information technology sectors as well. Within information technology, an internet services provider performed well as a result of increased online advertising spending. A multinational software company was also a strong performer. In the industrials sector, a factory automation manufacturer outperformed due to an improved outlook for orders and operating margins.

Conversely, a low exposure to, and stock selection in, the consumer discretionary sector, as well as stock selection in the financials sector negatively affected the strategy. The main detractor within consumer discretionary was a position in a clothing retailer, which underperformed on concerns about the falling euro and a possibly weaker European consumer. Within financials, several positions detracted from returns as a result of proposed regulatory changes.

As we move into the second half of 2010, we see conflicting signals regarding economic conditions. Corporate earnings and economic growth in most parts of the world are much improved compared to the recessionary times of 2008 and early 2009. Southern Europe, with its fiscal deficits, remains a region with special challenges relative to the rest of the world. Governments are beginning to take the difficult actions necessary to restore their fiscal positions; however, these actions are threatening some of the more optimistic forecasts for the pace of the economic recovery.

Following recent declines, many equities appear to offer considerable value. Companies with strong balance sheets, robust organic cash flow, and the resulting operational flexibility typically offer better reward and risk profiles than do their peers with lesser characteristics. While we expect short-term ebbs and flows in actual stock price performance, we believe strongly that these companies will deliver better results over time.

NOTES:

- 1 Investment characteristics are based upon a portfolio that represents the proposed investment for a fully discretionary account. Source: Lazard, MSCI, Standard & Poor's.
- 2 The allocations mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations are subject to change.
- 3 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.

Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy.

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ABOUT LAZARD ASSET MANAGEMENT

DIFFERENTIATING FEATURES

- Focus on security selection and portfolio construction
- Accounting validation process
- Internal global research resources
- Risk management
- Team approach to investing

FIRM OVERVIEW

Tracing its history back to 1848, Lazard has long maintained a pre-eminent position in the world's financial marketplace. Lazard Asset Management LLC, an indirect subsidiary of Lazard Ltd., is known for its global perspective on investing and years of experience with global, regional, and domestic portfolios. With more than 235 investment personnel worldwide, we offer investors of all types an array of equity, fixed income, and alternative investment solutions from our network of local offices in ten different countries. Our team-based approach to portfolio management helps us to deliver robust and consistent performance over time, and strong client relationships allow us to understand how to employ our capabilities to our clients' advantage.

INVESTMENT PHILOSOPHY

- **Pick securities, not markets.** Securities are evaluated individually, and capital is allocated to the most attractive. Each investment decision is backed by original research, strict accounting validation, and fundamental analysis.
- **Find relative value.** A careful analysis of valuation is predicated on a long-term view of financial productivity. Understanding that value is determined by the relationship between cost and reward, an emphasis is placed on strong fundamentals.
- **Manage risk.** Although it cannot be avoided, risk can be actively managed through an understanding of the cumulative risk resulting from individual investment decisions.
- **Stick to our discipline.** In the course of a complete market cycle, investment styles will fall in and out of favor. By remaining faithful to our approach, success can be measured with a long-term perspective.

INVESTMENT PROCESS

- **Analytical Framework.** Our analysts screen global databases consisting of thousands of companies, searching for those with a high return on capital and an attractive share price.
- **Accounting Validation.** Analysts use this process to examine a company's stated financial statistics (income statement, cash flow statement, balance sheet, and all related footnotes) to consider how accounting decisions and policies may affect reported financial productivity. They also try to identify and take advantage of pricing anomalies and discover opportunities, including hidden value per share and hidden risks.
- **Fundamental Analysis.** We conduct fundamental analysis to determine the sustainability of returns, to discover hidden value, and to identify a catalyst for price revaluation.
- **Analyst Recommendations and Portfolio Construction.** Analysts propose and defend stock recommendations to the portfolio management teams, thereby identifying a group of undervalued securities that meet the teams' portfolio criteria. The portfolio teams must agree on the merits of the stock in order for a purchase to occur.

SELL DISCIPLINE

Portfolios are reviewed on a daily basis, and an individual security is sold when:

1. its stock price is no longer believed to reflect fair value;
2. substantial changes have occurred in the company's fundamentals; or
3. the investment thesis is no longer valid.

Portfolio ideas are generally implemented equally for all fully discretionary portfolios with similar mandates.