

Lazard

U.S. Equity Select 1Q12

Summary

Lazard U.S. Equity Select offers a diversified, mega/large cap portfolio that invests in financially productive companies, employing intensive fundamental analysis and accounting validation to identify investment opportunities. It seeks to outperform the S&P 500 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 35–55 companies with market capitalizations generally over \$5 billion.

Investment Characteristics¹

	Lazard	S&P 500 Index
Number of Securities	51	500
Weighted Average Market Cap (\$B)	130.8	111.6
Forward Price/Earnings	12.4	13.5
Forward Return on Equity (%)	15.8	15.2
Free Cash Flow Yield (%)	9.5	7.6
Dividend Yield (%)	1.6	2.0
Turnover – Trailing 12 Months (%)	93.6	N/A
Assets Under Management (\$B)*	3.4	N/A

* As of December 31, 2011; includes allocations from balanced accounts and other multi asset strategies.

Quarterly Attribution¹

Helped

- Stock selection and an overweight position in the information technology sector
- A lack of exposure to the utilities sector

Hurt

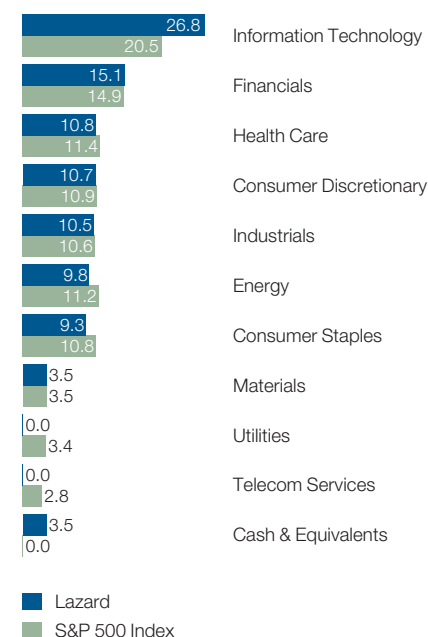
- Stock selection in the industrials sector
- Stock selection in the energy sector

Top Ten Holdings²

	Lazard (%)
Apple	7.3
Wal-Mart Stores	4.6
Citigroup	3.9
Cisco Systems	3.7
Pfizer	3.1
Comcast Special Cl A	3.0
Chevron	2.7
American Express	2.7
Google Cl A	2.6
Wells Fargo	2.4

Allocations (%)²

By Sector



Holdings (%)²

Equity	96.5	Financials	15.1	Information Technology	26.8
Cash and Equivalents	3.5	American Express		Apple	
Consumer Discretionary	10.7	Ameriprise Financial		Cisco Systems	
Autozone		Capital One Financial		EMC	
Comcast Special Cl A		Citigroup		Google Cl A	
Lear		JPMorgan Chase		Intel	
Lowes Companies		PNC Financial Services Group		International Business Machines	
Macy's		Wells Fargo		MasterCard	
Ross Stores		Health Care	10.8	Oracle	
Viacom Cl B		Amgen		Qualcomm	
Consumer Staples	9.3	Baxter International		Texas Instruments	
CVS Caremark		Gilead Sciences		Materials	3.5
Energizer Holdings		Merck		E I Du Pont De Nemours & Co	
Ralcorp Holdings		Pfizer		Freeport McMoran Copper & Gold Cl B	
Sysco		UnitedHealth Group		Monsanto	
Wal-Mart Stores		Industrials	10.5	Mosaic	
Energy	9.8	Boeing		Telecom Services	0.0
Chevron		Caterpillar		Utilities	0.0
ConocoPhillips		General Electric			
Devon Energy		Honeywell International			
Occidental Petroleum		Parker Hannifin			
Schlumberger		Union Pacific			
		United Technologies			

Notes

- Investment characteristics and quarterly attribution are based upon a portfolio that represents the proposed investment for a fully discretionary account. Forward Price/Earnings is defined as Price/Earnings FY1 and Forward Return on Equity as Return on Equity NTM. These figures represent expected returns and expected returns do not represent a promise or guarantee of future results and are subject to change. Source: Lazard, Standard & Poor's
- 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. Source: Lazard, Standard & Poor's

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.

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