

PRODUCT PROFILE / 1Q 2011

European Small Cap Equity

PRODUCT DESCRIPTION

Lazard European Small Cap Equity 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 60-80 securities, with a market capitalization of between \$300 million and \$5 billion, and that are domiciled in those countries that comprise the MSCI Europe Small Cap Index.

PERFORMANCE (%) — AS OF MARCH 31, 2011

(%; Gross of fees)	3-Month	YTD	1-Year	Annualized Returns		
				3-Year	5-Year	10-Year
Lazard European Small Cap Equity	5.0	5.0	24.6	-0.2	4.1	11.8
MSCI Europe Small Cap Index	5.5	5.5	23.8	0.6	3.9	12.1

Performance is preliminary and presented gross of fees. Please refer to the disclosure sections for additional performance information, including net-of-fees results. The performance quoted represents past performance. Past performance is not a reliable indicator of future results.

PORTFOLIO DRIVERS FIRST QUARTER 2011

Helped	+ Stock selection in the media, software and services, and transportation industries
	+ An underweight position in the banks industry
	+ Stock selection in Italy, Norway, and Belgium
Hurt	- Stock selection in the industrials sector, particularly in the commercial and professional services industry
	- Stock selection in the information technology sector, particularly in the technology hardware and equipment industry
	- Stock selection in the materials sector

COMMENTARY¹

Macroeconomic indicators improved strongly and sequentially in the first two months of the first quarter, but weakened notably in March. Fund flows into equities turned positive in January, after a disappointing performance of equity markets in 2010; this continued through February before flows reversed in March. Volatility was high throughout the quarter, as investors were concerned about rising oil prices and potential interest rate movements.

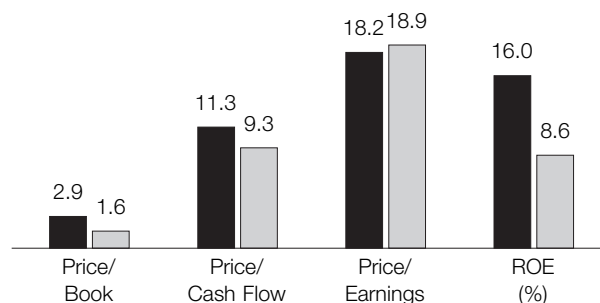
Markets were also rattled by major world events, including political developments in North Africa and the humanitarian disaster of the Japanese earthquake. In this volatile and complicated quarter, the MSCI Europe Small Cap Index decreased modestly, underperforming larger cap stocks after outperforming in 2010.

PORTFOLIO PROFILE^{1, 2}

	Lazard	MSCI Europe Small Cap Index
Number of Securities	79	1,069
Current Dividend Yield (%)	1.9	2.0
Average Weighted Market Cap (\$ billions)	2.6	2.2
Turnover - Trailing 12 Months (%)	41.7	N/A

Characteristics

- Lazard
- MSCI Europe Small Cap Index



Geographic Allocation	Lazard Weighting %	MSCI Europe Small Cap Index Weighting %
Continental Europe	68.4	66.2
United Kingdom	31.6	33.8

Sector Allocation	Lazard Weighting %	MSCI Europe Small Cap Index Weighting %
Industrials	36.5	26.3
Consumer Discretionary	14.5	15.7
Information Technology	14.3	8.9
Energy	10.2	6.7
Health Care	8.2	6.0
Financials	8.0	18.3
Consumer Staples	3.2	6.1
Telecom Services	2.8	1.1
Materials	1.3	9.1
Utilities	1.1	1.8

NOTES:

- The allocations mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations are subject to change.
- Investment characteristics are based upon a portfolio that represents the proposed investment for a fully discretionary account. Source: Lazard, MSCI.

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. Small- and mid-capitalization stocks may be subject to higher degrees of risk, their earnings may be less predictable, their prices more volatile, and their liquidity less than that of large-capitalization or more established companies' securities.

Certain information included herein is derived by Lazard in part from an MSCI index or indices (the "Index Data"). However, MSCI has not reviewed this product or report, and does not endorse or express any opinion regarding this product or report or any analysis or other information contained herein or the author or source of any such information or analysis. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any Index Data or data derived therefrom. The MSCI Index Data may not be further redistributed or used as a basis for other indices or any securities or financial products.

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 250 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.

ASSETS UNDER MANAGEMENT

As of December 31, 2010

Total Firm Assets:	\$140.6 billion
Total European Small Cap Equity Assets:	\$427.7 million

Assets include those of Lazard Asset Management LLC (New York) and its affiliates, but do not include those of Lazard Frères Gestion (Paris) or other asset management businesses of Lazard Ltd.

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.

PERFORMANCE DISCLOSURE

Reporting Currency:	U.S. Dollars
Reporting Date:	March 31, 2011
Benchmark:	MSCI Europe Small Cap Index
Composite Inception Date	January 1, 1994

	Lazard Return (%; Gross of Fees)	Lazard Return (%; Net of Fees)	Benchmark Return (%)
Annualized			
1-Year	24.6	23.5	23.8
3-Year	-0.2	-0.8	0.6
5-Year	4.1	3.5	3.9
10-Year	11.8	11.2	12.1
Since Inception	13.4	12.6	8.6

Calendar Periods	Lazard Return (%; Gross of Fees)	Lazard Return (%; Net of Fees)	Benchmark Return (%)
QTD	5.0	4.5	5.5
YTD	5.0	4.5	5.5
2010	22.7	22.1	21.5
2009	57.6	56.6	64.6
2008	-54.1	-54.3	-54.2
2007	2.6	2.1	2.5
2006	54.9	54.1	45.2
2005	11.6	11.0	18.9
2004	38.1	37.3	32.7
2003	46.6	46.0	61.4
2002	-7.2	-7.8	-12.4
2001	-7.7	-8.3	-10.4

DISCLOSURE NOTES

The composite returns represent the total returns of all fully discretionary, fee-paying portfolios with a European Small Cap Equity investment mandate and a minimum of \$5 million in assets under management.

Lazard's account inclusion policy was a minimum of three months from inception through June 30, 2001, and then the first full month or the end of the month in which the account is fully invested from July 1, 2001, to the present. Performance prior to July 1, 1997, represents the European Equity portion of an international small capitalization mutual fund (excluding cash) managed by Lazard Asset Management and is considered supplementary. Mutual funds are subject to certain regulations to which separately managed portfolios are not, thereby potentially affecting their performance during such period. The returns of the individual portfolios within the composite are time-weighted, use trade date accounting, are based upon monthly portfolio valuations, and include the reinvestment of all earnings as of the payment date. The composite returns are asset-weighted based upon beginning period market values. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Composite returns are shown before taxes and the deduction of custody fees (except for mutual funds which includes all fees). The composite and benchmark returns are reported net of foreign withholding taxes on dividends, interest and capital gains. The composite returns presented represent past performance and is not a reliable indicator of future results, which may vary.

Lazard's standard fee schedule for European Small Cap Equity accounts is 0.85% of the first \$100 million of assets and 0.65% of the balance. (This fee schedule may be presented in non-U.S. local currency equivalents based on prevailing exchange

rates.) Actual account fees, inclusive of performance-based fees (if applicable) are used in the construction of composite net of fee performance unless otherwise noted. A complete list and description of all Lazard composites is available upon request.

The MSCI Europe Small Cap Index is a market capitalization weighted index calculated on a price change basis through December 31, 2000, and total return net of foreign withholding taxes thereafter. It currently consists of 16 developed markets including stocks having market capitalization ranging from US \$200-800 million. The objective of the MSCI Europe Small Cap Index is to represent 40% of the small-cap universe within each country.

Lazard Asset Management claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Lazard Asset Management has been independently verified for the period of January 1, 1993 through December 31, 2009. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Lazard Asset Management is the "Firm" to which the GIPS Standards apply (Frankfurt office included in Firm definition as of January 1, 2003). GIPS is a registered trademark of CFA Institute. CFA Institute has not been involved in the preparation or review of this presentation. The composite creation date is July 1997.

The table below describes historical composite information:

Calendar Periods	# of Portfolios	Composite Dispersion (Asset Wtd Std. Dev.)	% of Firm Assets	Total Firm Assets (USD billions)
YTD 12/31/10	<5	0.90	0.3	140.6
2010	<5	0.90	0.3	140.6
2009	5	2.82	0.5	116.5
2008	9	0.50	0.7	79.8
2007	10	0.91	1.0	126.9
2006	10	0.78	1.4	97.7
2005	10	0.37	1.2	77.6
2004	8	1.16	0.9	76.5
2003	6	0.41	0.5	69.1
2002	6	1.50	0.3	51.6
2001	5	0.40	0.2	62.5