

PRODUCT PROFILE / 2Q 2010

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 JUNE 30, 2010

(%; Gross of fees)	3-Month	YTD	1-Year	Annualized Returns		
				3-Year	5-Year	10-Year
Lazard European Small Cap Equity	-12.8	-9.8	11.8	-16.1	2.6	7.3
MSCI Europe Small Cap Index	-14.0	-11.0	14.7	-15.4	2.6	6.7

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 SECOND QUARTER 2010

Helped	+	Stock selection in the United Kingdom
	+	Stock selection the consumer discretionary sector
	+	Stock selection in the industrials sector
Hurt	-	An underweight position in the United Kingdom and Switzerland
	-	An overweight position in Spain
	-	An underweight position in the materials sector
	-	An overweight position in the energy sector
	-	Stock selection in the financials sector

COMMENTARY¹

Although the second quarter of 2010 started strong, this strength proved unsustainable, as the markets peaked in late April and fell throughout May. The markets grew increasingly concerned over sovereign debt crises and the impact of government austerity programs on the fragile economic recovery. Equities continued to sell off in June as risk premiums rose, and market volatility was extremely high. However, there were signs of selective increases in risk appetite. The performance of stocks in Ireland, Portugal, and Spain improved, as did higher-beta sectors such as information technology, industrials, and financials. Small-cap stocks continued a trend of consistent outperformance versus large-cap stocks.

Although the economic recovery continues, it is still very fragile. The strength of the Chinese economy is one area of concern, as the Chinese government attempts to manage the excesses within its economy. We will also monitor the tightening of fiscal spending, particularly within Europe, as governments struggle to deal with unsustainable deficits. We feel that the self-help measures taken by companies during the economic downturn will continue to boost profitability going forward. We remain cautiously optimistic that the recovery will continue, albeit at a slow pace.

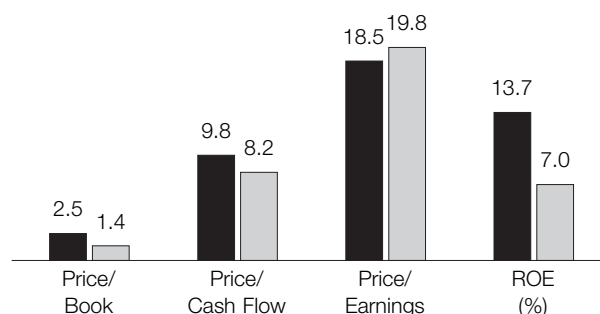
PORTFOLIO PROFILE^{1, 2}

	Lazard	MSCI Europe Small Cap Index
Number of Securities	81	1,081
Current Dividend Yield (%)	2.3	2.4
Average Weighted Market Cap (\$ billions)	2.1	1.5
Turnover - Trailing 12 Months (%)	40.0	N/A

Geographic Allocation	Lazard Weighting %	MSCI Europe Small Cap Index Weighting %
Continental Europe	63.5	62.7
United Kingdom-	36.5	37.3

Characteristics

- Lazard
- MSCI Europe Small Cap Index



Sector Allocation	Lazard Weighting %	MSCI Europe Small Cap Index Weighting %
Industrials	32.8	27.6
Consumer Discretionary	16.6	15.4
Information Technology	16.3	8.5
Financials	10.6	18.0
Energy	10.0	6.6
Health Care	6.2	6.6
Consumer Staples	4.5	6.1
Telecommunication Services	3.0	1.3
Materials	0.0	8.1
Utilities	0.0	1.9

NOTES:

- 1 The allocations mentioned are based upon a portfolio that represents the proposed investment for a fully discretionary account. Allocations are subject to change.
- 2 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 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.

ASSETS UNDER MANAGEMENT

As of March 31, 2010

Total Firm Assets:	\$121.8 billion
Total European Small Cap Equity Assets:	\$451.2 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:	June 30, 2010
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	11.8	11.3	14.7
3-Year	-16.1	-16.5	-15.4
5-Year	2.6	2.1	2.6
10-Year	7.3	6.7	6.7
Since Inception	11.6	10.8	6.7

Calendar Periods	Lazard Return (%; Gross of Fees)	Lazard Return (%; Net of Fees)	Benchmark Return (%)
QTD	-12.8	-12.8	-14.0
YTD	-9.8	-9.9	-11.0
2009	57.7	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
2000	14.2	13.5	-3.4

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 earlier of 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 value. Additional information regarding policies for calculating and reporting returns is available upon request. Effective January 1, 2003, composite returns include mutual funds.

Composite returns are shown before tax and the deduction of custody fees (except for mutual funds which includes all fees). The composite 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.) 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 15 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 has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS). Lazard Asset Management is the "Firm" to which the GIPS Standards apply (Frankfurt office included in Firm definition as of January 1, 2003). The Firm has been audited by an independent accounting firm through December 31, 2008 and the GIPS verification letter is available upon request. 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 03/31/10	<5	0.09	0.2	121.8
2009	<5	3.03	0.4	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
2000	<5	0.37	0.2	68.6