

PRODUCT PROFILE / 1Q 2011

Global Discounted Assets

STRATEGY DESCRIPTION

The Lazard Global Discounted Assets strategy seeks long-term capital appreciation by investing in companies trading at a discount to their estimated net asset value. These include closed-end funds, investment trusts, holding companies, and special situations companies, which own attractively priced underlying holdings. The strategy utilizes a corporate activist approach to seek to reduce or eliminate these discounts.

PERFORMANCE (%) – AS OF MARCH 31, 2011

(USD; % Gross of fees)	3 Months	1 Year	Annualized Returns			Since Inception 12/1/98
			3 Years	5 Years	10 Years	
Lazard Global Discounted Assets	3.2	18.8	0.7	3.8	11.0	9.6
MSCI World/ACWI Linked Index*	4.4	14.1	0.3	2.9	5.0	4.0
MSCI World Index	4.8	13.5	-0.3	2.1	4.2	3.3

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.

*MSCI World/ACWI Linked Index is comprised of the MSCI World (Net) Index through December 31, 2000 and the MSCI All Country World (Net) Index (ACWI) from January 1, 2001 to the present.

INVESTMENT STRATEGY

- **Value.** We seek to invest in undervalued closed-end funds, trading at absolute and relative tangible discounts. Such discounts may limit the portfolio's risk exposure and add more value during rising markets.
- **Realizing Value.** Many investment companies have limited lives or mandatory redemption dates that would eliminate discounts. Lazard also plays a key role in corporate actions and restructurings that unlock value.
- **Specialist Expertise.** Lazard's bottom-up, fundamental company-specific analysis and accounting validation process are used to identify tangible discounted investment companies managed by specialists with on-the-ground expertise.
- **Broad Diversification.** A portfolio of about 40–70 investment companies, each with 40–60 holdings, provides broad exposure to markets and sectors that is otherwise difficult to replicate in a traditional equity portfolio.
- **Liquidity in Illiquid Markets.** Most investment companies are able to bypass restrictions still common to foreign investors. Buying closed-end funds listed on international exchanges also bypasses the burdensome issues of local custody, capital restrictions, limited access to stocks, and other difficulties common to emerging markets.

COMMENTARY¹

The first quarter of 2011 was eventful, volatile, and ultimately concluded with a meaningful increase in world equity markets. Specifically, the MSCI All Country World Index gained over 4% during a quarter in which a number of negative events occurred: the Japanese earthquake, tsunami, and nuclear crisis; unrest and civil war in the Middle East and North Africa; and the ongoing sovereign debt problems of peripheral Europe, Portugal being the most recent focus. Additionally, commodity prices, including oil, rose, as did inflation in a number of emerging markets. However, these negative factors were more than offset by better-than-expected economic and corporate earnings growth in many areas, which propelled share prices higher.

Regionally, the United States and Europe were notably strong performers as corporate earnings growth led those markets higher. Japanese equities were volatile, and the market posted negative returns following the tragic events in the country. Emerging markets underperformed versus the Index on concerns over inflation, rising interest rates, and the turmoil in the Middle East and North Africa.

During the first quarter, an overweight exposure to and stock selection in Continental Europe added the most value to the strategy. Specifically, shares of Investor AB (Sweden), Ackermans & Van Haaren (Netherlands), and the New Germany Fund performed strongly—each outperformed its local country market as well. In addition, an underweight exposure to and stock selection in the United Kingdom helped performance, particularly from small-cap focused investments: Henderson Smaller Companies Investment Trust and Invesco Perpetual UK Smaller

Companies Trust, which performed very well. The strategy maintained an underweight exposure to Japan, and it displayed good stock selection, as all but two of the Japan-focused investments underperformed the local market, further adding value.

While an underweight exposure to North America negatively impacted returns, stock selection within the region was positive. Several U.S.-focused investments performed well over the first quarter, especially: Liberty All-Star Equity Fund, SunAmerica Focused Alpha Growth Fund, and SunAmerica Focused Alpha Large Cap Fund. The strategy does not currently own any direct investments focused on Africa, as such, this underweight position helped performance.

The strategy's overweight exposure to emerging markets hurt performance, driven by investments in Advance Developing Markets Fund and JPMorgan Emerging Markets Investment Trust, which both underperformed the emerging markets as a whole. Another detractor from performance, within emerging markets in particular, was the overweight exposure and stock selection in the Emerging Markets Asia region, where China- and Vietnam-focused investments performed poorly. The strategy's commodities-focused investments, ASA Gold and Precious Metals, whose discount to NAV widened significantly over the period, and BlackRock World Mining, performed poorly driven by the effects of volatile commodity prices on underlying holdings. Also hurting performance was the widening of the strategy's average discount by approximately 90 basis points.

SELECTED PORTFOLIO STATISTICS^{1,2}

Top 10 Holdings	Lazard %	Disc/Prem %
First Pacific	5.9	-47.5
Investor AB	4.8	-33.0
Chiva Everbright	4.6	-15.3
New Germany Fund	4.3	-9.7
Templeton Emerging Markets Inv Trust	4.1	-7.3
Gabelli Dividend & Income Trust	3.9	-12.5
Eurazeo	3.7	-27.0
General American Investors	3.5	-14.2
Clough Global Opportunities Fund	3.2	-11.9
JP Morgan Emerging Markets Inv Trust	3.2	-9.3
TOTAL	41.1	

Geographic Allocation	Lazard %	MSCI ACWI %
Continental Europe	21.6	16.9
United Kingdom	8.1	8.4
Emerging Europe	2.9	1.4
Middle East	0.1	0.3
Asia ex-Japan	2.4	5.1
Emerging Asia	21.7	7.7
Japan	5.2	8.5
Africa	1.0	1.1
Latin America	4.0	3.1
North America	28.2	47.4
Other	4.7	0.0

NOTES

1 The allocations, investment characteristics, 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. The securities mentioned may not represent the entire portfolio.

2 Source: Lazard, Fundamental Data, MSCI

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.** The sector team-based analysts will propose and defend stock recommendations to the product management teams, thereby identifying a group of undervalued securities that meet the teams' portfolio criteria. The product team 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. stock prices are no longer believed to reflect value;
2. substantial changes have occurred in a 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.

ASSETS UNDER MANAGEMENT

As of December 31, 2010

Total Firm Assets:	\$140.6 billion
Total Global Discounted Assets:	\$1.4 billion

Assets consist of Lazard Asset Management LLC (New York) and its affiliates, but do not include Lazard Frères Gestion in Paris.

DISCLOSURE NOTES

Composite Name:	Global Discounted Assets
Benchmark:	MSCI World/ACWI Linked Index
Reporting Date:	December 31, 2010
Composite Inception Date:	December 1, 1998
Reporting Currency:	U.S. Dollar

The composite returns represent the total returns of all fully discretionary, fee-paying portfolios with a Global Discounted Assets investment mandate. Lazard's Global Discounted Assets strategy seeks long-term capital appreciation by investing in companies trading at a discount to their estimated net asset value. These include closed-end funds, investment trusts, holding companies, and special situations companies, which invest in global companies with strong, sustainable financial productivity at attractive valuations. The strategy utilizes a corporate activist approach to seek to reduce or eliminate these discounts. 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. As of December 2006, the composite inclusion criterion changed to a more diversified strategy. The returns of the individual portfolios within the composite are time-weighted, 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 after 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 Global Discounted Assets accounts is 1.0% on the first \$100 million of assets and 0.75% on the balance, in addition to fees already taken from the funds contained. (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. Effective September 30, 2010, the benchmark for this strategy has changed to the MSCI All Country World Index from the MSCI World Index. Specifically a linked index has been set up using the following components: inception through December 31, 2000, MSCI World, and from January 1, 2001 forward, the MSCI All Country World Index. The MSCI World / ACWI Linked Index was constructed as the history for the MSCI All Country World Index was limited and did not cover through the inception of the strategy. The reason for this benchmark change is to reflect a changing target marketplace, one that now expects an emerging markets component, coupled with a developed countries benchmark performance. This change has no effect on actual portfolio construction, as emerging markets has always been a component of this global equity strategy. The MSCI All Country World Index (ACWI) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The MSCI World Index (Net) is an arithmetic, market value-weighted average return net of dividends taxation, which is derived from equities of EAFE Index countries plus equities from Canada and the United States. 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 January 2005.

	Calendar												Annualized				
	QTD	YTD	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	1 YR	3 YR	5 YR	10 YR	Since Inception
Lazard Rate of Return (% Gross of Fees)	8.3	19.9	19.9	53.1	-51.1	16.0	25.9	25.7	25.3	46.0	-5.8	-8.1	19.9	-3.5	5.6	10.1	9.5
Lazard Rate of Return (% Net of Fees)	8.1	19.3	19.3	52.7	-51.4	15.5	25.4	25.2	24.8	45.4	-6.1	-8.6	19.3	-3.9	5.1	9.6	9.0
Benchmark (% Rate of Return)	8.7	12.7	12.7	34.6	-42.2	11.7	21.0	10.8	15.2	34.0	-19.3	-16.2	12.7	-4.3	3.4	3.2	3.7
Lazard Standard Deviation (% Gross of Fees)														29.9	24.8	20.4	19.9
Benchmark Standard Deviation (%)														24.1	19.8	17.1	16.8
# of Portfolios	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5	<5					
Composite Dispersion (Asset Wtd. Std. Dev.)	0.66	0.66	N/A	N/A	N/A	N/A	0.61	0.11	0.08	0.19	0.28						
Composite Assets (USD billions)	1.0	1.0	0.8	0.2	0.3	0.2	<0.1	<0.1	<0.1	<0.1	<0.1						
% of Firm Assets	0.7	0.7	0.7	0.3	0.2	0.2	<0.1	<0.1	<0.1	<0.1	<0.1						
Total Firm Assets (USD billions)	140.6	140.6	116.5	79.8	126.9	97.7	77.6	76.5	69.1	51.6	62.5						

NOTES

Investments in closed-end funds are non-redeemable and are subject to the same risks as other publicly-traded equity securities. Sometimes, however, there may be no public market for units of closed-end funds. The shares of closed-end funds, and exchange-traded funds ("ETFs") may trade at prices at, below, or above their most recent net asset value. There is no guarantee that a fund's discount will ever be narrowed or eliminated. Additionally, the performance of an ETF pursuing a passive index-based strategy may diverge from the performance of the index. Exchange-traded notes ("ETNs") may not trade in the secondary market, but typically are redeemable by the issuer. Unlike ETFs and closed-end funds, ETNs are not registered investment companies and thus are not regulated under the 1940 Act. In addition, as debt securities, ETNs are subject to the additional risk of the creditworthiness of the issuer. ETNs typically do not make periodic interest payments. An investment in these types of instruments is indirectly subject to all the risks associated with the investments made by the closed-end fund, ETF, or ETN.

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. Emerging market securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging market countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in emerging market countries.

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