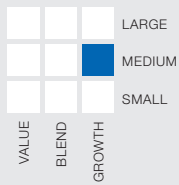


Morningstar category¹

Foreign Small/Mid Value

Morningstar style¹



Cusip

Institutional 52106N806
Open 52106N772

Symbol

Institutional LZISX
Open LZSMX

Minimum initial investment

Institutional \$100,000
Open \$2,500

Inception date

Institutional 1993
Open 1997

Net assets

Institutional \$40.4 million
Open \$28.9 million
Total \$69.3 million

Total annual operating expense ratio

Institutional 0.98%
Open 1.31%

Fund Overview

Description

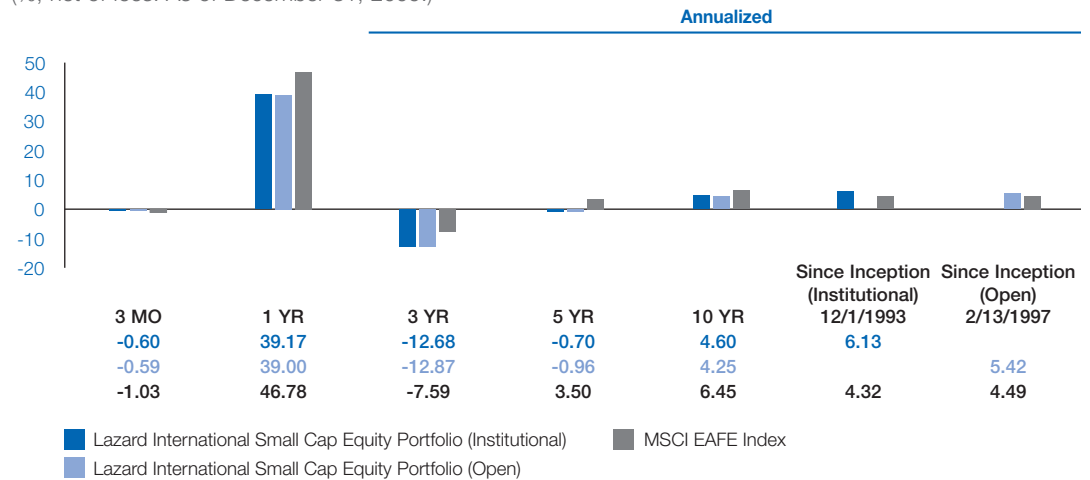
The Lazard International Small Cap Equity Portfolio seeks long-term capital appreciation by investing in performance-oriented companies with strong, sustainable financial productivity at attractive valuations.

Strategy

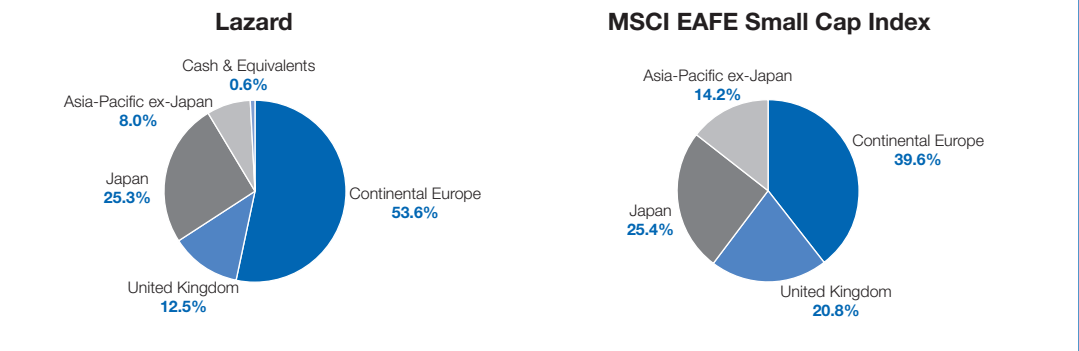
- Bottom-up approach to stock selection, the hallmark of Lazard's relative-value investment style.
- Fundamental analysis considers sustainability of returns, while accounting validation examines companies' stated financial statistics.
- Screening seeks to identify companies that are attractively priced relative to their financial returns.
- Quantitative research techniques are used to monitor risks associated with industry and country concentrations in order to ensure diversification.

Performance Review

(%; net of fees. As of December 31, 2009.)



Geographic Allocation²



The performance quoted represents past performance. Past performance does not guarantee future results. The current performance may be lower or higher than the performance data quoted. An investor may obtain performance data current to the most recent month-end online at www.LazardNet.com. The investment return and principal value of the Portfolio will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost.

Portfolio management team

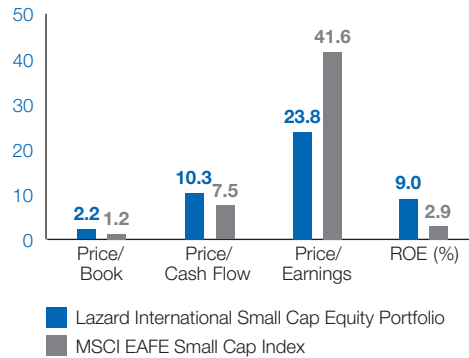
Brian Pessin, CFA

Edward Rosenfeld

John R. Reinsberg*

*As a Deputy Chairman of Lazard, Mr. Reinsberg is ultimately responsible for overseeing this portfolio.

Characteristics



| | Lazard | MSCI EAFE Small Cap Index |
|-----------------------------------|---------------|---------------------------|
| Number of holdings | 79 | 2,256 |
| Weighted average market cap (\$M) | 2.1 | 1.4 |
| Turnover rate (%; 1-year) | 49.4 | N/A |
| Beta (3-year) | Institutional | 0.96 |
| | Open | 0.96 |
| Standard deviation (%; 3-year) | Institutional | -25.70 |
| | Open | 25.74 |
| | | 26.26 |

Source: Lazard Asset Management, MSCI

Top Ten Holdings²

| | Lazard (%) |
|--------------------------|------------|
| Chemring Group | 2.0 |
| CTS Eventim | 2.0 |
| Elekta CI B | 2.0 |
| Fugro | 2.0 |
| IG Group Holdings | 1.9 |
| James Hardie Industries | 1.9 |
| Swissquote Group Holding | 1.9 |
| Intertek Group | 1.9 |
| Compugroup Holding | 1.9 |
| Healthcare Locums | 1.9 |

For a complete list of holdings, please visit www.LazardNet.com

Sector Allocation²

| | Lazard (%) | MSCI EAFE Small Cap Index (%) |
|------------------------|------------|-------------------------------|
| Industrials | 26.0 | 25.3 |
| Information Technology | 14.4 | 8.7 |
| Health Care | 13.6 | 6.1 |
| Consumer Discretionary | 12.7 | 17.6 |
| Financials | 11.7 | 19.3 |
| Energy | 8.7 | 5.1 |
| Materials | 5.8 | 9.3 |
| Consumer Staples | 4.1 | 6.0 |
| Telecom Services | 1.3 | 0.7 |
| Utilities | 1.1 | 1.9 |
| Cash | 0.6 | N/A |

Understanding Investment Risk

Beta is a relative measure of the sensitivity of a fund's return to changes in the benchmark's return. The beta of the fund versus its benchmark is the amount (and direction) the fund has historically moved when the benchmark moved by one unit.

Standard deviation measures the dispersion or "spread" of individual observations around their mean. Standard deviation of returns measures a fund's historical volatility, where a higher number is evidence of greater volatility (i.e., higher risk).

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.

The MSCI EAFE Small Cap Index targets all companies with market capitalization below that of the companies in the MSCI EAFE Index and up to 99% coverage of the free-float adjusted market capitalization in each market (subject to minimum investability criteria and a universal minimum size range). The MSCI EAFE Small Cap Index consists of 21 developed market country indices in Europe, Australasia, and the Far East. The index is unmanaged and has no fees. One cannot invest directly in an index.

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