

Performance Review

Returns (%; net of fees. As of March 31, 2012.)	QTD	1 Year	Annualized		Expense Ratio	
			3 Years	Since Inception	Total	Net*
Lazard Capital Allocator Opportunistic Strategies Portfolio (Institutional Shares) Inception: March 26, 2008	8.32	1.31	15.44	2.66	1.80	1.49
Lazard Capital Allocator Opportunistic Strategies Portfolio (Open Shares) Inception: March 31, 2008	8.32	1.04	15.08	2.46	2.08	1.79
MSCI World Index	11.56	0.56	20.24	Inst -0.15 Open -0.05	N/A	N/A
Global Asset Allocation Blended Index	7.06	4.16	15.42	Inst 3.12 Open 3.17	N/A	N/A

* Reflects a contractual agreement by the Investment Manager to waive its fee and, if necessary, reimburse the Portfolio through April 30, 2012, to the extent Total Annual Portfolio Operating Expenses exceed 1.02% and 1.32% of the average daily net assets of the Portfolio's Institutional Shares and Open Shares, respectively, exclusive of taxes, brokerage, interest on borrowings, fees, and expenses of "Acquired Funds" and extraordinary expenses, and excluding shareholder redemption fees or other transaction fees. This agreement can only be amended by agreement of the Fund and the Investment Manager to lower the net amount shown and will terminate automatically in the event of termination of the Investment Management Agreement between the Investment Manager and the Fund, on behalf of the Portfolio.

Morningstar Rating¹

	3 Years Out of 230	Overall Out of 230
Lazard Capital Allocator Opportunistic Strategies Portfolio (Institutional Shares)	★★★	★★★
Lazard Capital Allocator Opportunistic Strategies Portfolio (Open Shares)	★★★	★★★

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. Returns reflect reimbursement of expenses as described in the prospectus. Had expenses not been reimbursed, returns would have been lower, and the expense ratio would have been higher.

Commentary²

The Lazard Capital Allocator (LCAS) Opportunistic Strategies Portfolio underperformed the MSCI World Index, but outperformed the Global Asset Allocation Blended Index for the first quarter.

Investment Categories ³ March 31, 2012	Thematic	Contrarian	Diversifying	Discounted
	Consumer Discretionary Korea Energy U.S. Divided Growth Basket U.S. Savings Rate Basket Industrials U.S. High Free Cash Flow Basket Agribusiness China Materials Taiwan	Technology Japan Health Care Steel U.S. Dollar Overweight	High Yield U.S. Corporate Bonds Gold Utilities	U.S. Large-cap Closed-end Equity Funds China Closed-end Equity Funds
Quarterly Highlights	Investments in this category are consistent with our overall market viewpoint and, in our opinion, represent unique or niche opportunities that will provide performance benefits, to the extent our viewpoint materializes. This represented 36% of the allocation. Thematic investments helped returns for the quarter. Investments that focused on the strength of U.S. corporate balance sheets, as well as direct country and indirect sector investments focused on emerging markets growth, added to returns, but were somewhat offset by underperformance in an energy investment.	Investments in this category reflect out-of-favor or non-consensus views to help capture potential inflection points in attractively-valued areas of the market. This represented 18% of the allocation. Contrarian investments helped returns for the quarter. Positions in steel and Japanese small-cap stocks were the main contributors within the category, while positions in U.S. and European financials detracted from returns.	Investments in this category focus on areas of the market that tend to be uncorrelated to the overall equity market, or possess attractive, absolute-return-oriented characteristics, particularly fixed-income opportunities. This represented 38% of the allocation. Diversifying investments underperformed for the quarter, due primarily to a position in short-term corporate bonds.	Investments in this category focus on assets across global markets that are viewed favorably by the investment team and can be purchased at a tangible discount to net asset value. This represented 8% of the allocation. Discounted investments added to performance for the quarter due to discount tightening within closed-end equity funds, particularly in Chinese equity.

Market Review²

We entered the first quarter of 2012 cautiously optimistic that the European sovereign crisis would be contained and that the global spillover effect would be minimal. We also felt that the fundamentals in the United States had turned positive enough to warrant a brighter take on the domestic economy. Each view proved correct. During the quarter, the European Central Bank (ECB) again confirmed that it will intervene to whatever extent necessary to avoid a continent-wide banking collapse by expanding on the Long Term Refinancing Operation (LTRO). The U.S. economy continued to expand following the deep recession, with key indicators showing more stability or remaining at expansionary levels in the recent months. Taken together, the lack of a Lehman-level event in Europe and the apparent solidification of the expansion in the United States returned some consistent enthusiasm to the markets.

As long as the ECB remains accommodative, and as long as the U.S. economic data—in particular the employment data—confirms an expansion that is on firm footing, there is no compelling reason to fundamentally change our opinions heading into the second quarter. There is, however, good reason to be extra watchful for sudden shifts in the data and market sentiment in the months ahead. Several factors could derail the fragile recovery, including the impact of seasonality on U.S. employment data, spending, and output; the potential for further quantitative easing by the U.S. Federal Reserve; and the U.S. elections, which may have a large impact on tax policy.

Looking Ahead

Heading into the second quarter, we will continue to hold a bias toward equities versus fixed-income securities, although we will take our foot off the risk accelerator and slightly reduce our equity exposure, particularly in the U.S. large-cap space and in emerging markets. While we are bullish toward China in the long term, we feel the country's moderate slowdown has yet to run its course. In Europe, the recent upside in equity markets can be explained in part by an interventionist ECB, and the sense among investors that worst-case scenarios may be avoided. Valuations in Europe are currently at historically low multiples, suggesting it is still an inexpensive market on a relative basis. Nevertheless, we believe the growth prospects for the region are not exciting, and it will still face deleveraging headwinds. In general, we believe there is positive economic momentum, but we are cognizant of the potential for a slight statistical slump and for skittish investing behavior in a noisy environment.

We have recently rotated exposures and have been reducing the overall risk tenor by reducing Thematic investments and increasing exposure to Diversification assets. We continue to monitor the opportunities in the market and look to remain flexible, as we believe that we are at or near an inflection point.

Understanding Investment 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. 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.

An investment in bonds carries risk. If interest rates rise, bond prices usually decline. The longer a bond's maturity, the greater the impact a change in interest rates can have on its price. If you do not hold a bond until maturity, you may experience a gain or loss when you sell. Bonds also carry the risk of default, which is the risk that the issuer is unable to make further income and principal payments. Other risks, including inflation risk, call risk, and pre-payment risk, also apply. High-yield securities (also referred to as "junk bonds") inherently have a higher degree of market risk, default risk, and credit risk.

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 credit-worthiness 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.

The Portfolio's investment strategy may involve high portfolio turnover. A portfolio turnover rate of 100%, for example, is equivalent to the Portfolio buying and selling all of its securities once during the course of the year. A high portfolio turnover rate (such as 100% or more) could result in high brokerage costs and an increase in taxable capital gains distributions to the Portfolio's shareholders.

Derivative transactions may reduce returns or increase volatility, and a small investment in certain derivatives could have a potentially large impact on the Portfolio's performance. Because the Portfolio invests in a relatively smaller number of issuers than other investment portfolios, its net asset value could be more susceptible to adverse effects of any single corporate, economic, political, regulatory, or other occurrence.

The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The MSCI World Index consists of 24 developed market country indices. The Global Asset Allocation Blended Index consists of a quarterly rebalanced, 60/40 split of the MSCI World (Net) Index and the Barclays Capital U.S. Aggregate Bond Index. The Barclays Capital U.S. Aggregate Bond Index (Barclays U.S. Agg) covers the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS, and CMBS, with maturities of no less than one year.

The indices are unmanaged and have no fees. One cannot invest directly in an index.

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- 3 As of March 31, 2012. Investment categories and allocations are subject to change.

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