

Performance Review

Returns (%; net of fees. As of March 31, 2012.)	QTD	1 Year	Annualized		Expense Ratio	
			3 Year	Since Inception	Total	Net*
Lazard Developing Markets Equity Portfolio (Institutional Shares) Inception: September 30, 2008	18.54	-12.52	34.94	13.07	1.67	1.30
Lazard Developing Markets Equity Portfolio (Open Shares) Inception: September 30, 2008	18.54	-12.75	34.57	12.77	1.85	1.60
MSCI Emerging Markets Index	14.08	-8.80	25.07	10.76	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 1.30% and 1.60% 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.

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.

Morningstar Rating¹

	3 Years Out of 354	Overall Out of 354
Lazard Developing Markets Equity Portfolio (Institutional Shares)	★★★★★	★★★★★
Lazard Developing Markets Equity Portfolio (Open Shares)	★★★★★	★★★★★

Commentary^{2,3}

The Lazard Developing Markets Equity Portfolio outperformed the MSCI Emerging Markets Index in the first quarter. Stock selection in the consumer discretionary, financials, and industrials sectors, as well as within China and Brazil, helped performance. Stock selection in the information technology and telecom services sectors, as well as within Colombia, detracted from relative returns.

Stock Highlights by Sector^{2,3}

Consumer Discretionary (1.84% attribution effect)

Companhia Hering (1.7% of the Portfolio), a Brazilian apparel retailer, performed well due to expectations of a rebound in Brazilian consumption.

Financials (1.38% attribution effect)

Shares of Sberbank (3.1% of the Portfolio), a Russian bank, performed well after reporting strong earnings growth for the fourth quarter of

2011. Shriram Transport Finance (1.9% of the Portfolio), an Indian commercial vehicle financing company, outperformed amid the prospect of lower interest rates in India and that strong private and foreign bank demand for securitization will continue.

Telecom Services (0.06% attribution effect)

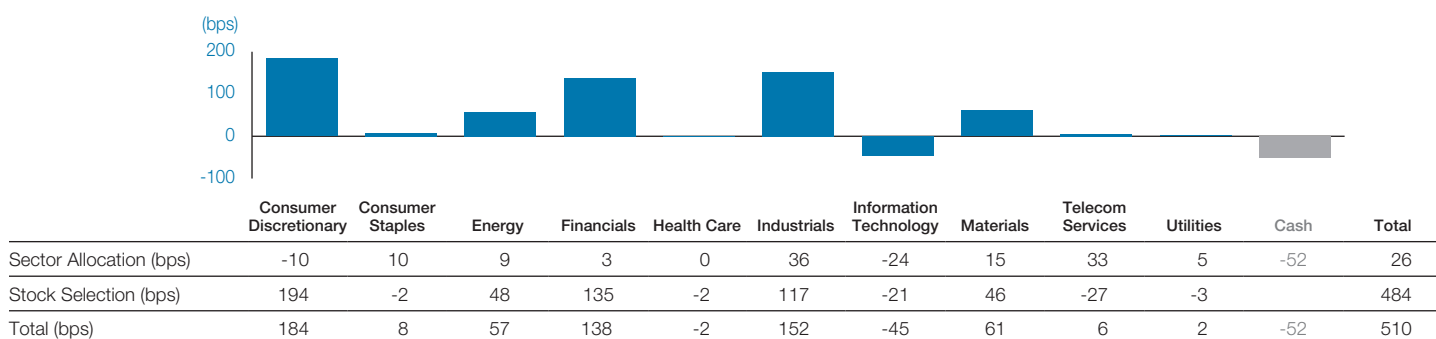
NII Holdings (1.0% of the Portfolio), a mobile communications provider in Latin America, declined during the quarter after guiding for

slower growth in 2012 due to the delayed launch of its 3G networks in Latin America.

Information Technology (-0.45% attribution effect)

Shares of Synnex (2.4% of the Portfolio), a Taiwanese electronics distributor, declined due to a seasonal slowdown in growth at the beginning of the year.

Value Added Analysis^{2,3} (January 1 to March 31, 2012)



Market Review

After delivering strong performance in late 2011, equities in the developing world extended their strength into the first quarter of 2012, primarily due to improving growth in the world economy, as well as the European Central Bank's introduction of its Long-Term Refinancing Operation (LTRO) to address European sovereign debt issues. The MSCI Emerging Markets Index increased just over 14%, with Eastern European markets faring better than Asian and Latin American shares.

In terms of sector performance, materials and telecom services performed relatively poorly. The health care, information technology, and industrials sectors outperformed the index.

Looking Ahead

We remain bullish on the outlook for emerging market equities over the medium and long term. However, in view of the recent sharp appreciation of share prices, we downgraded our short-term opinion to constructive from bullish in February, and maintain this stance.

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. 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.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Emerging Markets Index consists of 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. The index is unmanaged and has no fees. One cannot invest directly in an index.

The Portfolio invests in stocks believed by Lazard to have the potential for growth, but that may not realize such perceived potential for extended periods of time or may never realize such perceived growth potential. Such stocks may be more volatile than other stocks because they can be more sensitive to investor perceptions of the issuing company's growth potential. The stocks in which the Portfolio invests may respond differently to market and other developments than other types of stocks.

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- 2 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.
- 3 As of March 31, 2012. The value added analysis is provided for illustrative purposes only, as values are calculated based on returns gross of fees. Performance would have been lower if fees and expenses were included. Sector breakdowns may not sum to total due to rounding. "Stock Selection" represents the value added by the ability of the manager to select better performing stocks. "Sector Allocation" represents the value added by the manager's underweight and overweight positions to the various sectors. "Total" is the sum of the "Stock Selection" and "Sector Allocation" effects. The performance shown represents past performance. Past performance does not guarantee future results. Allocations are subject to change.

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