

Lazard Discounted Assets Strategies

Global Discounted Assets

Range of Holdings

Typically 40–70

Benchmark

MSCI ACWI

Turnover*

15.2%

Tracking Error Range

6–8%

Cash Weight

Typically 3–5%

Strategy Inception

December 1, 1998

International Discounted Assets

Range of Holdings

Typically 40–70

Benchmark

MSCI ACWI ex-U.S.

Turnover*

8.0%

Tracking Error Range

6–8%

Cash Weight

Typically 3–5%

Strategy Inception

April 1, 1984

Emerging Markets Discounted Assets

Range of Holdings

Typically 30–60

Benchmark

MSCI Emerging Markets Index

Turnover*

12.6%

Tracking Error Range

3–9%

Cash Weight

Typically 3–5%

Strategy Inception

January 1, 1990

* 5-year; annualized; through 2010. Lazard calculates turnover as the lesser of buys and sells divided by average assets over a period.

Why Invest in Lazard Discounted Assets?

The Lazard Discounted Assets strategies seek 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 strategies utilize a corporate activist approach to seek to reduce or eliminate these discounts.

The Discounted Assets strategies are dedicated to the investment universes of closed end funds, investment trusts, holding companies, and special situations. This makes these strategies quite unique among Lazard's suite of products.

Key Benefits

Approach

- Differentiated approach to equity markets for 20+ years
 - Closed end funds, holding companies, and other special situation equities
- Discounted securities owning undervalued companies
 - Actively seek to create shareholder value by promoting corporate actions and sound corporate governance

Diversification

- Portfolios of attractive holdings
 - The Discounted Assets strategies have the ability to invest in closed-end funds, which may contain 50+ investments, as well as individual securities
 - Provides exposure to 60+ countries and all industry sectors
 - The potential to mitigate risk

Consistent Alpha

- Portfolios of attractive investments, offered at further discounts
 - Corporate governance can help to narrow the discount and potentially increase returns for investors

Differentiating Features

Experience

Lazard not only is a pioneer of investing in discounted securities, but is also one of the largest managers in this space. Lazard's Discounted Assets team has extensive experience managing global, global ex-U.S., and emerging markets assets and brings a wealth of knowledge and expertise to the discounted assets investment universe. Such experience is especially relevant in effecting successful corporate restructurings.

Depth and Resources

Lazard is one of the global leaders in the management of developed and emerging markets portfolios. The Discounted Assets team is located globally (New York, London, and Cairo) and leverages the collective insight of more than 250 equity, fixed income, and

alternative investment personnel from offices around the globe. Access to such an incredible depth of high quality investment talent is invaluable to the team, especially when evaluating the large number of underlying holdings in which the strategies ultimately invest. This is especially important in the emerging markets, where the team works closely with the firm's 40+ professionals dedicated to the emerging equity and debt markets.

Fundamental Double-level Analysis

The team invests in companies trading at compelling discounts to estimated NAV, and which own attractive underlying assets. Our fundamental investment approach is built on two levels of analysis. First, the team looks to uncover attractive opportunities by focusing on companies trading at attractive discounts. Second, the team gains further insight into the underlying holdings of these opportunities by leveraging the analysis conducted on a regular basis by the firm's global investment professionals including the dedicated emerging markets professionals.

Disciplined Investment Process

Our disciplined investment process has been utilized for over 20 years and has produced a consistent pattern of performance with low portfolio turnover. Our long-term investment approach has proven to be successful.

Leader in Corporate Activism

For over 20 years, Lazard's Discounted Assets team has focused on working out solutions to narrow or eliminate discounts in our investment universe. Importantly, our activism takes a cooperative approach, where we typically work in conjunction with boards of directors, management teams, and fellow investors to work to efficiently narrow discounts. We play a key role in such activism and look to work to consistently add value for our clients.

Investment Philosophy & Objectives

We are seeking to capture the inefficiency of assets trading at discounts to their net asset value.

The following fundamental beliefs about the markets guide our investment strategy:

Discounts and Value

We seek to invest in undervalued assets trading at absolute and relative tangible discounts to their net asset value. Such discounts can provide downside protection in bear markets while adding additional value during rising markets.

Realizing Value

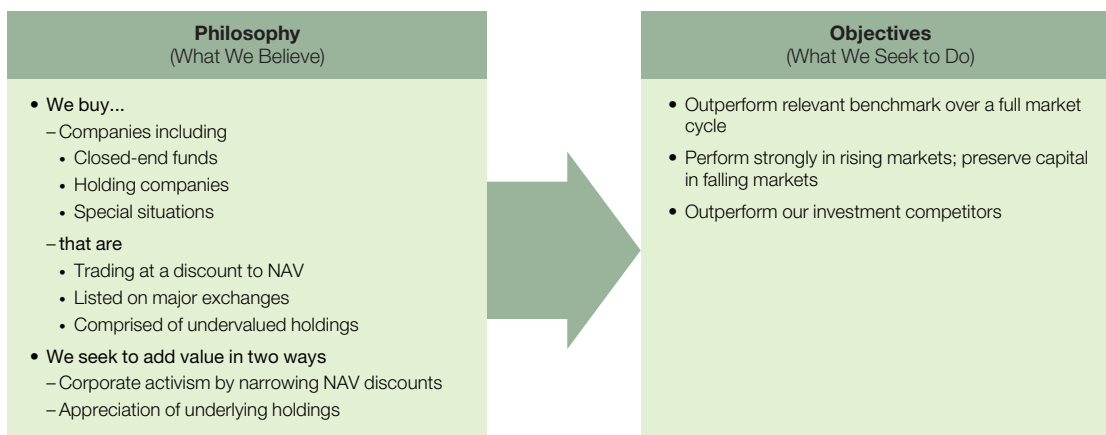
The team believes the discounts at which our investments trade represent attractive potential value for us to realize. In addition, many investment companies have limited lives or mandatory redemption dates that would eliminate discounts. Lazard also seeks to play a key role in corporate actions and restructurings that can potentially unlock value.

Dual Approach

Lazard's combined approach of company fundamental analysis and accounting validation and research is used to identify discounted investment companies by specialists with regional, country, and sector expertise.

Liquidity in Illiquid Markets

Many investment companies are able to bypass restrictions imposed on foreign investors by certain emerging markets countries. 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 some of the less developed global markets.



Investment Process

The strategies' investment process begins with seeking and validating value, and ends with identifying catalysts for capturing that value, while closely monitoring and controlling risk. We seek to take advantage of two levels of discounts: (1) entity trading at a discount to its estimated net asset value, as well as (2) undervalued underlying companies, held by the discounted entity, that provide exposure to attractive sectors and countries. The team actively seeks to eliminate or reduce these discounts by promoting corporate restructuring and improved corporate governance. The goal is to gain absolute positive returns from the investments.

Our investment process incorporates four levels of investment research:

Universe Screening

We employ a dynamic but disciplined search process that begins with a review of the universe to identify assets selling at absolute and relative deep discounts to their net asset value that have potential for high returns going forward. Our extensive database includes detailed up-to-date information, including market price, NAV, dividend history, performance and risk statistics, comprehensive analytics and news releases.

Macro Analysis

Our analysts screen the universe of emerging markets and analyze them in a framework that monitors equity valuations, economic growth, monetary climate, external accounts/currency, and the political environment. Fundamentals closely analyzed include economic indicators, monetary conditions, fiscal policies, equity culture, international money flows, expected currency moves, inflation, consumer inclination, demographic changes, and corporate profits with the goal of creating an attractive and broad investment pool of assets from which to choose.

Fundamental Analysis

Portfolio Analysis

Once the undervalued assets have passed our valuation framework and macro analysis, attention is focused on further analysis

of the entities' underlying assets. Typically, we buy discounted entities that, in our view, also hold undervalued companies as we seek to obtain a double level of discounts. We then can leverage the bottom-up analysis of these underlying companies often conducted by Lazard's global analysts. The hallmark of Lazard's global research is to seek relative value. As such, we seek to invest in entities whose underlying assets are attractively priced relative to their financial returns, that also have sustainable returns. Additional accounting scrutiny validation serves to examine companies' stated financial statistics.

Manager Process

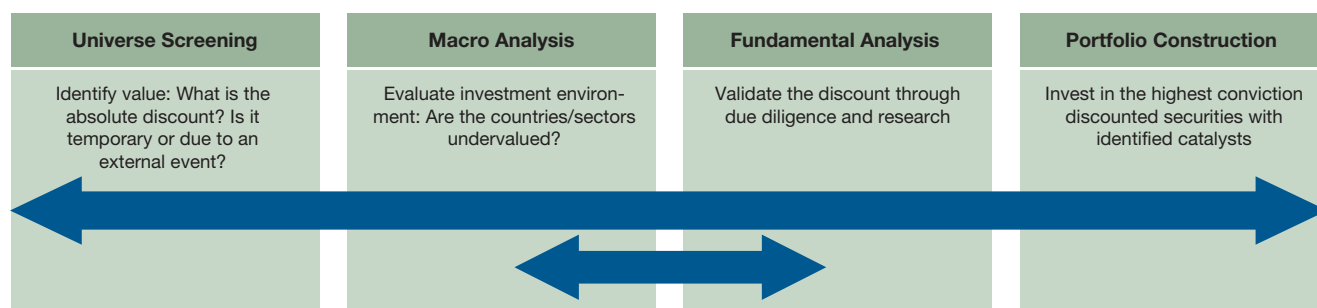
At the next level, the team screens for superior managements and consistent absolute returns. A great deal of consideration is given to the research process and discipline as well as the depth and magnitude of local expertise in the respective market or region. Lazard maintains its own research database where analysts document their research. This will include detailed analysis with multiple factors including but not limited to:

1. Discount to NAV analysis;
2. Underlying holdings analysis (including geographic and sector allocations);
3. Catalysts (at both the holding/fund level and underlying assets level);
4. Management (fund/holding company level);
5. Make-up of the Directors;
6. Corporate governance; and
7. Issuance concerns (IPO, redemption features, warrants, debt liquidity, etc.).

Portfolio Construction

Catalyst for Creating Value

The final factor determining whether a holding gets into the portfolio is identifying the catalyst that the team believes will unlock unrealized value. The Discounted Assets team reviews a security's structure, performance record, management strategy, current shareholder list, and corporate governance record and other relevant factors in order to identify the potential catalysts and seek to close the current discount to net asset value.



Lazard's investment process is presented herein in sequential steps. In practice, the process is neither static nor sequential, but ongoing.

Discounted Assets Team

Lazard manages portfolios on a team basis. The team is involved in all levels of the investment process. This approach allows for every portfolio manager/analyst to benefit from his/her peers, and for clients to receive the firm's best thinking, not that of a single portfolio manager/analyst. The strategy is managed by the Discounted Assets team consisting of Kun Deng (lead Portfolio Manager/Analyst since 1997), Lee Ann Alexandrakis, Ming Zhong, and Edward Keating, all located in New York, as well as David Bliss in the United Kingdom, and Mostafa Hassan in Egypt. The team thus ensures round-the-clock coverage and research. In addition, J. Stuart Marshall serves as a dedicated trader to the team.



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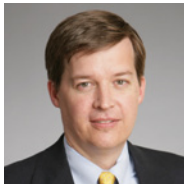
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Important Information

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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.

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.

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