

Lazard International Equity Select

SNAPSHOT

Performance Target¹

The strategy seeks to outperform the MSCI EAFE Index by 3% per annum over a full market cycle

Benchmark Index

MSCI EAFE Index
MSCI All Country World ex-U.S. Index

Expected Tracking Error

Historically 6%–8% per annum

Investable Securities

U.S.-listed securities of non-U.S. developed market companies

Market Capitalization

Large capitalization, generally greater than \$5 billion

Number of Holdings

Typically 40–60 securities

Cash Weight

Typically below 5%

Strategy Inception

January 1, 1994

Why Invest in Lazard International Equity Select?

Lazard International Equity Select seeks to generate strong relative returns over a long-term time horizon by investing in companies with strong and/or improving financial productivity at attractive valuations. The strategy invests in U.S.-listed securities of non-U.S. developed market companies, with a market capitalization generally of \$5 billion or greater. The investment process is implemented by a team of experienced international portfolio managers, leveraging the global research and risk management resources available at Lazard.

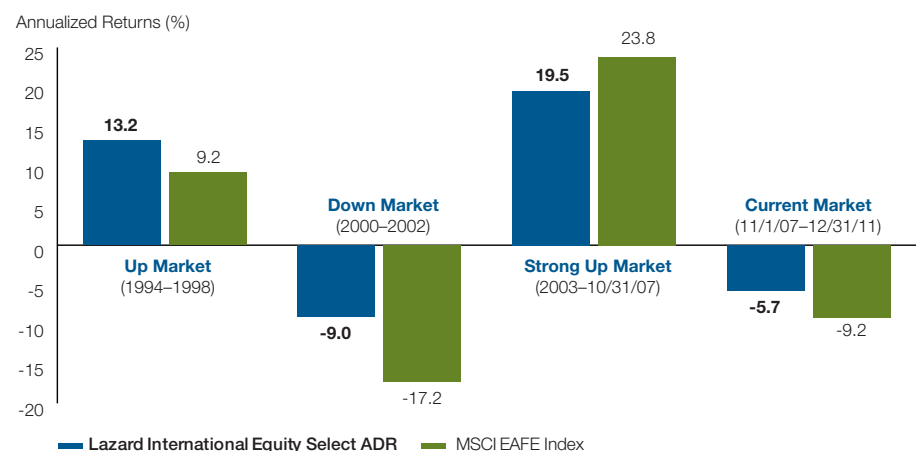
Key Features

- Differentiated Insight
 - Partnership between research analysts and portfolio managers
 - Global sector specialists
- Global Footprint
 - On the ground research
 - Local insight, global leverage
- Relative Value Process
 - Focus on the trade-off between financial productivity and valuation
- Accounting Validation
- Robust Risk Management Process

Which has resulted in:

- Historically consistent pattern of investment returns over widely varying market conditions since inception of the strategy
- Capturing upside in rising markets while preserving capital in falling markets

Pattern of Performance



As of December 31, 2011

Performance is preliminary and presented gross of fees. The performance quoted represents past performance. Past performance is not a reliable indicator of future results. The data presented is being provided for illustrative and comparative purposes only and is supplemental to the complete composite performance. Please refer to the Important Information section for a brief description of this composite.

Source: Lazard, MSCI

Investment Philosophy

Lazard's relative value investment philosophy is based on value creation through the process of bottom-up stock selection. This philosophy is implemented by assessing the trade-off between valuation and financial productivity for an individual security. We believe financial productivity determines appropriate valuations; therefore assessing a company's financial productivity is an important part of our research process. Our analysts, organized into sector teams, seek to provide a global perspective on companies, conforming to our belief that where and how a company does business is more important than where it is domiciled. Portfolio allocations, whether by sector, country, or region are an outcome of this process.

In the research process, companies are evaluated the same way the company's own management or a potential strategic buyer would—by comparing a company's ability to generate a return on capital with its valuation. Research is conducted to identify the appropriate measures for financial productivity and valuation in each industry, focusing on those measures that have successfully predicted outperformance in the past. As a result of this investment approach, many stocks in the portfolio have either high and sustainable levels of profitability, or offer indicators for reasonable expectation of a sustained improvement.

Companies are purchased below what we believe is fair valuation. While we are interested in the direction of returns, we generally seek companies with better-than-average financial returns, trading at below-average valuation. We search for companies that currently have inexpensive valuations and improving returns, that may provide upside when they are revalued by the market, and avoid companies that are expensively valued and have declining returns. Companies with sustainably high returns are attractive as they may have a competitive advantage, high barriers to entry, or strong management that compound value over time.

Investment Process

In searching for under-valued, under-appreciated, and financially productive stocks, we follow an investment process as depicted in Exhibit 1, as well as other investment selection techniques.

Idea Sourcing

The team employs various screening processes to search global databases for companies that appear to offer strong financial productivity at attractive valuations. Screening seeks to identify companies that are attractively priced (i.e., low price/earnings, price/book and price/cash flow), relative to their financial returns (i.e., return on equity, cash return on equity, return on assets, operating margins).

Fundamental Research

Once the screening process has identified securities that fit our relative valuation criteria (attractive valuation relative to its financial productivity) the next step is fundamental research.

Fundamental research is the primary driver of the stock selection process and begins with return analysis.

Return Analysis

In pursuit of understanding the potential financial productivity of each company, global sector specialists leverage their expertise and relationships around each company, considering factors such as regulators, suppliers, competitors, and customers. They also identify each company's key drivers of profitability and capital requirements, and consider how management can influence profitability. Additional factors considered include the company's sensitivity to economic/market cycles, geographical breakdowns, competitive position, and brand name strength.

Research efforts are enhanced through communication among our global equity investment professionals, who conduct both global and local research on companies worldwide. On-the-ground visits to company management together with local knowledge help to provide unbiased opinions critical to successful investment on a global basis.

Accounting Validation

Accounting validation has long been a hallmark of the Lazard investment process. Lazard's sector specialists examine a company's stated financial statistics, including income statement, cash flow statement, balance sheet, and all related footnotes, to consider how major accounting decisions and policies reflect reported financial productivity. This process is not designed to detect fraud or other misrepresentations or omissions. The focus on detailed cash flow analysis and discretionary balance sheet items encourages our investment professionals to build their forecasts on the cash that will accrue to equity holders, instead of accepting reported figures without question. In the process, we seek to identify opportunities such as pricing anomalies, and hidden value and risk.

Modeling, Valuation & Recommendation

The results from our return analysis and accounting validation are incorporated in the construction of a set of expectations for future cash flows and profitability. In each scenario, we value the company. This process requires a clear understanding of which key variables we can and cannot estimate with confidence, as well as an awareness of the sensitivity of valuation to each variable, with particular emphasis on those that are difficult to forecast.

Exhibit 1: Investment Process



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

Portfolio Construction

After the initial research process, stocks are selected by the portfolio management team from the wide range of ideas generated by Lazard’s global equity investment professionals. For a stock to be purchased in the strategy, an investment thesis is prepared which typically covers a wide range of factors, such as: business analysis, including direction and sustainability of returns; financial modeling, including accounting validation and detailed valuation work; research edge, and what factors will make the market correct its mis-valuation of the stock; and finally, key investment risks.

This thesis is formally documented but more importantly, it is tested rigorously through discussions with the portfolio management team. The team is usually involved in company meetings and often requires further information and analysis before reaching a conclusion. The portfolio management team and analysts work closely together to build conviction on investment ideas, creating a team culture that helps to optimize decision-making.

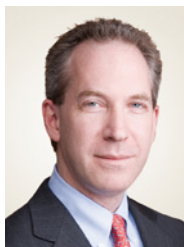
Multiple Levels of Risk Monitoring

Lazard uses a three-tiered approach to risk management, which begins during the research process. In addition to accounting validation, the portfolio management team considers corporate governance, the overall macroeconomic environment, as well as political factors that could impact each company considered for purchase. With input from the Global Risk Management team, the team pays particular attention to the risk attributes of the strategy to ensure it is adequately diversified. The Risk Management Team provides multi-factor sensitivity analysis, liquidity analysis, and attribution analysis to assist the portfolio management team in mitigating risk. Finally, Lazard’s oversight committee meets throughout the year to review and monitor the investment strategy and portfolio to ensure that they remain consistent with stated goals and objectives.

Portfolio Management Team



Michael G. Fry
Managing Director,
Portfolio Manager/
Analyst



Michael A. Bennett, CPA
Managing Director,
Portfolio Manager/
Analyst



James Donald, CFA
Managing
Director, Portfolio
Manager/Analyst
(International
Equity Select with
Emerging Markets)



Kevin J. Matthews
Director, Portfolio
Manager/Analyst



Michael Powers
Managing Director,
Portfolio Manager/
Analyst

Lazard's International Equity Platform

Lazard manages a range of investment strategies in the international equity asset class. These offerings are managed with a common approach and philosophy, but are designed to meet the various objectives of our clients.

| | International Equity | International Strategic Equity | International Equity Select |
|-------------------------------------|---|---|------------------------------|
| Primary Market Capitalization Range | > \$3.0 billion Mid- to Large-cap | > \$300 million Multi-cap | > \$5.0 billion Large-cap |
| Benchmark Sensitivity | Aware | Agnostic | Agnostic |
| Trading/Holding Period | Medium-term | Opportunistic | Long-term |
| Investment Decision-making | Team-based | Team-based | Team-based |
| Lead Portfolio Manager | Michael Fry | Mark Little | Michael Fry |
| Style | Relative Value/Value Focus | Relative Value/Core | Relative Value/ROE Focus |
| Primary Theme(s) | Mispricing, Compounders, Restructuring | Mispricing, Compounders, Restructuring | Compounders |
| Pattern of Performance | Smoother | More Aggressive | More Defensive |
| Inception Date | January 1, 1989 | October 1, 2001 | January 1, 1994 |

Lazard's International Equity Select Offerings

Lazard offers the International Equity Select strategy in a variety of configurations: with or without emerging markets exposure and investing in ordinary shares or ADRs.

| | Lazard International Equity Select | Lazard International Equity Select ADR | Lazard International Equity Select with Emerging Markets | Lazard International Equity Select with Emerging Markets ADR |
|----------------------------|------------------------------------|--|--|--|
| Typical Number of Holdings | 40–60 | 40–60 | 40–70 | 40–70 |
| Typical Client Benchmark | MSCI EAFE Index | MSCI EAFE Index | MSCI All Country World ex-U.S. Index | MSCI All Country World ex-U.S. Index |
| Market Capitalization | Large Cap | Large Cap | Large Cap | Large Cap |
| Emerging Markets Range | 0% | 0% | 0% to Index weight +15% | 0% to Index weight +15% |
| Typical Investor | Institution | Individual, Small Institution | Institution | Individual, Small Institution |

Notes

1 There is no assurance that the strategy's objective or performance target will be achieved.

Important Information

Published on February 22, 2012.

Lazard Asset Management LLC is a U.S. registered investment advisor and claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of Lazard Asset Management's composites and/or a presentation that adheres to the GIPS standards, please contact Henry F. Detering, CFA at Lazard Asset Management, 30 Rockefeller Plaza, New York, New York 10112-6300 or by email at Henry.Detering@Lazard.com. Provided below is a descriptions of the composite of which the performance appears on the preceding pages.

Lazard International Equity Select ADR seeks to generate strong relative returns over a long-term time horizon by investing in companies with strong financial productivity at attractive valuations. The strategy typically invests in 40-60 U.S.-listed securities of non-U.S. developed markets companies with a market capitalization generally of \$5 billion or greater. 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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