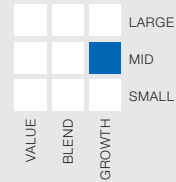


Morningstar category¹

Foreign Small/Mid Growth

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 \$44.1 million
Open \$19.1 million
Total \$63.2 million

Total annual operating expense ratio

Institutional 1.21%
Open 1.49%

Net expense ratio*

Institutional 1.13%
Open 1.43%

* The net expenses reflect a contractual agreement by Lazard to waive its fee and, if necessary, to reimburse the Portfolio through April 30, 2012, to the extent the Total Annual Operating Expense Ratio exceeds 1.13% and 1.43% of the average daily net assets of the Portfolio's Institutional 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 Lazard Funds, Inc. and Lazard to lower the net amount shown and will terminate automatically in the event of termination of the Investment Management Agreement between Lazard and The Lazard Funds, Inc., on behalf of the Portfolio.

Fund Overview

Description

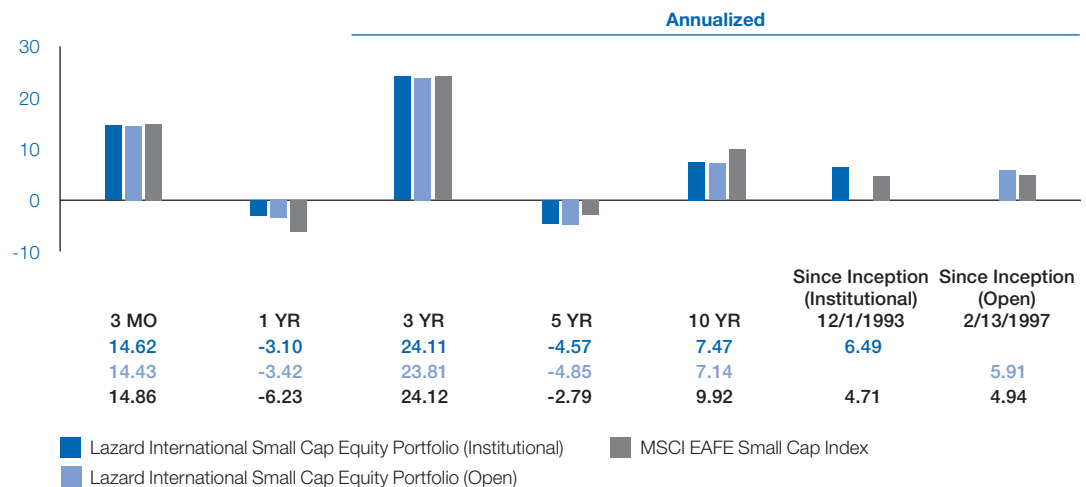
The Lazard International Small Cap Equity Portfolio seeks long-term capital appreciation by investing in performance-oriented companies with strong, sustainable financial productivity at attractive valuations.

Strategy

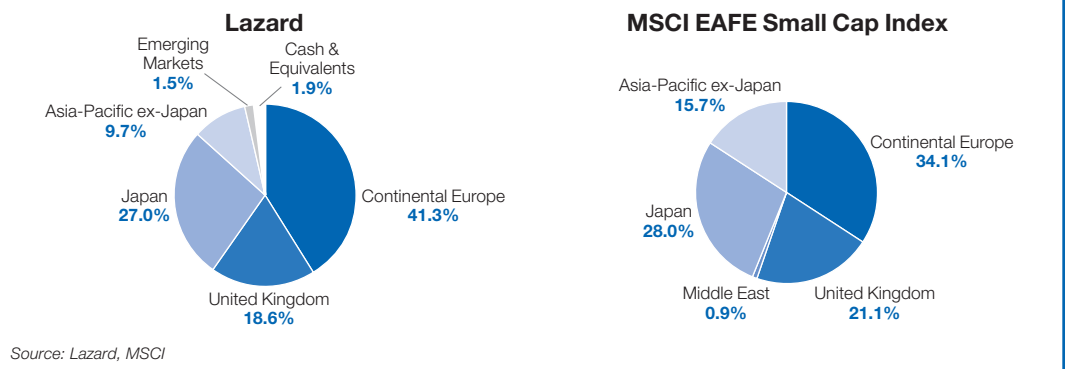
- Bottom-up approach to stock selection, the hallmark of Lazard's relative-value investment style.
- Fundamental analysis considers sustainability of returns, while accounting validation examines companies' stated financial statistics.
- Screening seeks to identify companies that are attractively priced 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 March 31, 2012.)



Geographic Allocation²



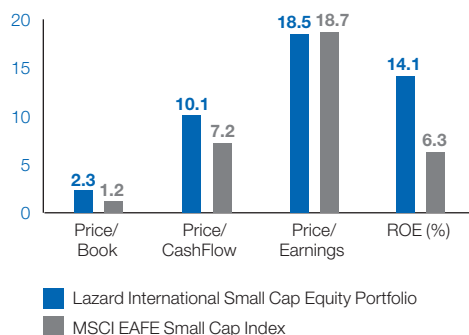
The performance quoted represents past performance. Past performance does not guarantee future results. The current performance may be lower or higher than the performance data quoted. An investor may obtain performance data current to the most recent month-end online at www.LazardNet.com. The investment 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. 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.

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 but is not responsible for its day-to-day management.

Characteristics



	Lazard	MSCI EAFE Small Cap Index
Number of holdings	79	2,343
Weighted average market cap (\$B)	2.3	1.7
Turnover rate (%; 1-year)	36.1	N/A
Beta (3-year)	Institutional	0.89
	Open	0.89
Standard deviation (%; 3-year)	Institutional	19.96
	Open	20.01
		21.94

Source: Lazard, MSCI

Top Ten Holdings²

	Lazard (%)
Ain Pharmaciez	2.1
CTS Eventim	2.1
Don Quijote	2.0
Dufry	1.9
James Hardie Industries	1.8
IG Group Holdings	1.8
USS	1.8
Arseus	1.8
Elekta CI B	1.8
Konami	1.7

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

Sector Allocation²

	Lazard (%)	MSCI EAFE Small Cap Index (%)
Industrials	21.7	23.0
Consumer Discretionary	19.7	17.9
Information Technology	17.1	9.1
Financials	10.4	19.2
Health Care	10.3	5.3
Materials	6.2	11.1
Energy	5.5	5.3
Consumer Staples	4.6	6.2
Telecom Services	1.5	1.2
Utilities	1.1	1.6
Cash & Equivalents	1.9	N/A

Source: Lazard, MSCI

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 Portfolio invests in stocks believed by Lazard to be undervalued, but that may not realize their perceived value for extended periods of time or may never realize their perceived value. The stocks in which the Portfolio invests may respond differently to market and other developments than other types of stocks.

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 22 developed market country indices. The index is unmanaged and has no fees. One cannot invest directly in an index.

Published on April 20, 2012.

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² Allocations and security selection are subject to change. The information provided in this list should not be considered a recommendation or solicitation to purchase or sell any particular security. 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.

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