Lazard International Strategic Equity Portfolio

Review Q1 2012

Performance Review

Returns (%; net of fees. As of March 31, 2012.)	QTD	1 Year	Annualized 3 Years	Annualized 5 Years	Annualized Since Inception	Total Expense Ratio
Lazard International Strategic Equity Portfolio (Institutional Shares) Inception: October 31, 2005	13.00	-0.03	20.40	-0.38	5.11	0.90
Lazard International Strategic Equity Portfolio (Open Shares) Inception: February 3, 2006	13.01	-0.35	20.08	-0.69	2.61	1.20
MSCI EAFE Index	10.86	-5.77	17.13	-3.51	Inst 2.60 Open 0.58	N/A

Morningstar Rating[1]	3 Years Out of 726	5 Years Out of 552	Overall Out of 726
Lazard International Strategic Equity Portfolio (Institutional Shares)	★★★★	★★★★★	★★★★★
Lazard International Strategic Equity 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.

Commentary[2]

The Lazard International Strategic Equity Portfolio outperformed the MSCI EAFE Index for the quarter.

Stock Highlights by Sector[2,3]

Energy
(1.31% attribution effect)

Oil service companies Amec (1.7% of the Portfolio), CGG Veritas (which was sold during the quarter), and Technip (1.5% of the Portfolio) led the outperformance due to strong results and outlooks.

Industrials
(0.48% attribution effect)

Toll Holdings (1.1% of the Portfolio) of Australia benefited as its business stabilized, while Ryanair (1.7% of the Portfolio) benefited from strong European aviation yields as capacity continued to leave the market.

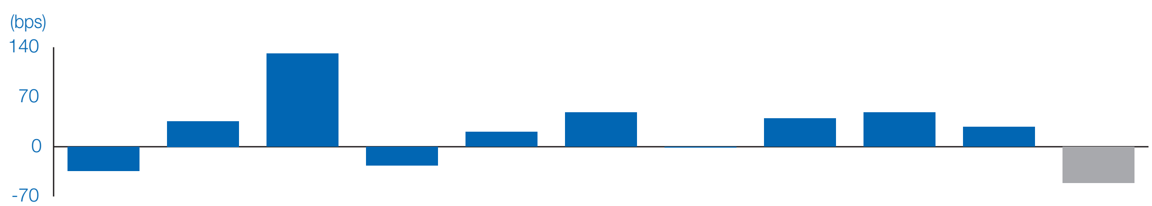
Consumer Discretionary
(-0.34% attribution effect)

Cruise operator Carnival (which was sold during the quarter) was hurt by the January accident involving one of its Costa Concordia vessels in Italy. Strong profits also boosted Indonesian television company Media Nusantara Citra (2.0% of the Portfolio).

Financials
(-0.26% attribution effect)

IG Group (1.3% of the Portfolio) reported lower trading activity as volatility fell. However, strong profits for Russian bank Sberbank (1.8% of the Portfolio) boosted performance for the stock.

Value Added Analysis[3] (January 1 to March 31, 2012)



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	Cash	Total
Sector Allocation (bps)	78	-9	-7	-18	-7	-8	-8	-9	60	28	-51	50
Stock Selection (bps)	-111	45	138	-8	28	57	7	48	-13	0	0	192
Total (bps)	-34	36	131	-26	21	48	-1	40	48	28	-51	242

Market Review

International equity markets rose significantly in the first quarter of 2012. While U.S. macroeconomic data remained relatively encouraging, the key driver of improved market sentiment was investor perception that the risk of a disorderly Eurozone collapse was significantly reduced. The Long Term Refinancing Operation (LTRO) from the European Central Bank (ECB) in December 2011 and February 2012 has provided over a trillion dollars of three-year financing at 1% interest rates. This substantially eased financing issues for banks and, to some extent, Spanish and Italian sovereigns, as a material portion of the funds were ultimately reinvested in European sovereign bonds, which had rapid spread tightening. Not surprisingly, in this environment the best-performing sectors were the traditionally cyclical areas of the market. Financials, information technology, and consumer discretionary sectors performed particularly well, while the more defensive sectors of the market, particularly consumer staples, health care, and telecom services, lagged.

Looking Ahead

Corporate profitability and balance sheets appear to be strong. We believe that if this profitability can be sustained, despite an environment of low developed-market growth, then equity valuations overall do not appear unduly stretched. The ECB's LTRO facility has meaningfully reduced the tail risk of a disorderly deleveraging and recession in Europe, in our opinion. However, macroeconomic and political risks remain high. In our view, the United States has yet to meaningfully address its fiscal issue, while in China the response to slowing growth is unlikely to be another sizeable construction stimulus. The Eurozone is making some progress toward a lasting solution to its debt crisis, and we believe the structural reforms proposed in Italy and Spain are encouraging in the long term. Nevertheless, a year of austerity and transferring some national powers to Brussels could bear considerable political and economic risk.

The portfolio management team continues to focus on stock selection, seeking stocks with sustainably high or improving returns trading at attractive valuations.

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.

The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States and Canada. The MSCI EAFE Index consists of 22 developed market country indices. The index is unmanaged and has no fees. One cannot invest directly in an index.

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.

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1 Source: Morningstar Direct as of March 31, 2012. © 2012 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. The Morningstar Rating is calculated for funds with at least a three-year history. The Morningstar Rating is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. Morningstar Category: Foreign Large Blend. Past performance does not guarantee future results.

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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