

Performance Review

Returns (%; net of fees. As of March 31, 2012.)	QTD	1 Year	Annualized			Expense Ratio	
			3 Years	5 Years	Since Inception	Total	Net*
Lazard U.S. Strategic Equity Portfolio (Institutional Shares) Inception: December 30, 2004	10.52	6.07	21.73	0.83	3.69	1.06	0.75
Lazard U.S. Strategic Equity Portfolio (Open Shares) Inception: December 30, 2004	10.40	5.72	21.40	0.51	3.39	1.44	1.05
S&P 500 Index	12.59	8.54	23.42	2.01	4.21	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 .75% and 1.05% 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.

Morningstar Rating ¹	3 Years Out of 1,578	5 Years Out of 1,387	Overall Out of 1,578
Lazard U.S. Strategic Equity Portfolio (Institutional Shares)	★★★	★★★	★★★
Lazard U.S. 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.

Commentary²

The Lazard U.S. Strategic Equity Portfolio underperformed the S&P 500 Index in the first quarter, as stock selection in the energy sector added value. In contrast, stock selection in the information technology and consumer staples sectors detracted from relative returns.

Stock Highlights by Sector^{2,3}

Energy

(0.22% attribution effect)

Shares of Marathon Petroleum (1.0% of the Portfolio) rose as the stock rebounded from earlier lows. During the quarter, the company instituted a number of shareholder-friendly measures, including the initiation of a share buyback program.

Information Technology

(-0.67% attribution effect)

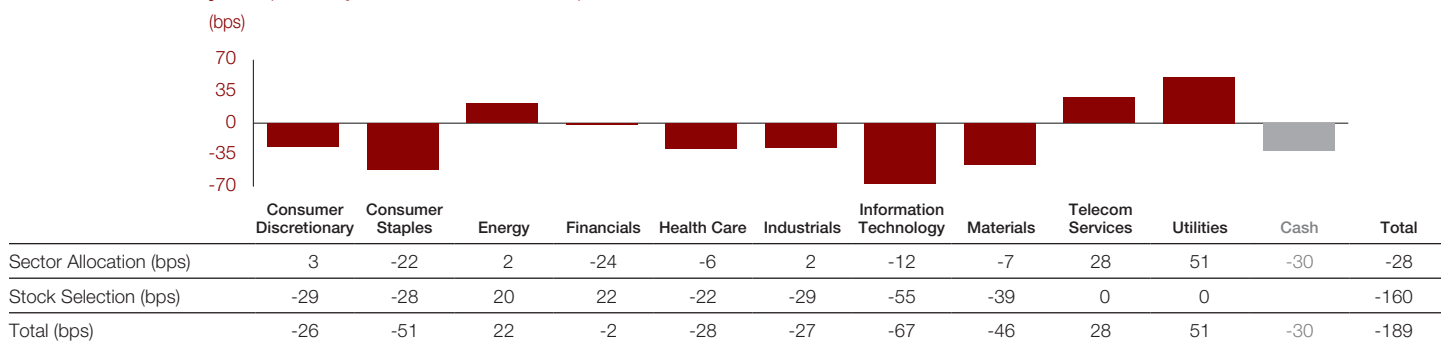
Although a strong contributor to absolute performance, the strategy's underweight position in Apple (1.9% of the Portfolio) was a detractor from performance for the quarter. During the last quarter, the iPhone 4S launch drove sales, while the iPad benefited from holiday demand. The company also announced that it expects to initiate a quarterly dividend and has authorized a \$10 billion share repurchase program starting in fiscal 2013.

Consumer Staples

(-0.51% attribution effect)

Shares of retailer Wal-Mart (4.6% of the Portfolio) underperformed the market as the company's quarterly earnings were slightly lower than expected. However, in our view, the fundamentals of the business continued to improve. In the United States, same-store-sales accelerated, and were positive in most categories. Wal-Mart's international business also had a strong quarter, taking share in almost all of its markets.

Value Added Analysis³ (January 1 to March 31, 2012)



Market Review

The S&P 500 Index returned 3.3% in March, bringing the year-to-date return to 12.6%. The index rallied during the quarter due to heightened global growth prospects, continued loose monetary policy, and positive developments in the European debt crisis. In the United States, the labor market continued to recover, with the unemployment rate declining to 8.3%. Additionally, manufacturing, vehicle sales, and housing data improved. The market also benefited from upbeat sentiment from the Eurozone, as the European Union continued to make progress toward restructuring Greece's debt and the European Central Bank implemented its second round of Long-Term Refinancing Operation, which provides low cost funds to European banks in order to bolster their liquidity.

Looking Ahead

As we look at the rest of the year, we believe the economic outlook has improved. The improvement, however, largely reflects a lower probability of an extremely negative scenario, such as the dissolution of the Eurozone, or a Chinese hard landing. We do still face risks. In fact, the key bright spot is that the Eurozone has been given a reprieve to begin the long task of structural reform. China has more work ahead to resolve housing and local government financing vehicles challenges, but has many tools at its disposal. The United States has effectively delayed its day of reckoning until after elections in November. There is no way, however, for the United States to avoid dealing with fiscal imbalances and long-term entitlement reform. On a positive note, for now, there appears to be a window of opportunity to address these global challenges calmly and thoughtfully, rather than in the heat of a crisis.

This period of calm could also lead to a market environment in which security selection is the primary driver of investment performance, rather than a more highly correlated market driven by macro news flow. We will continue to diligently assess the potential for volatility that might derail or enhance prospects for the companies we analyze. The good news is that while we are not yet out of the woods entirely, we do appear to see the clearing ahead.

Understanding Investment Risk

Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss.

The S&P 500 Index is a market capitalization-weighted index of 500 companies in leading industries of the U.S. economy. 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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- 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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