

Performance Review

Returns (%; net of fees. As of June 30, 2011.)	QTD	1 Year	Annualized			Since Inception	Total Expense Ratio
			3 Years	5 Years	10 Years		
Lazard Emerging Markets Equity Portfolio (Institutional Shares) Inception: July 15, 1994	0.51	26.84	5.59	12.50	17.83	9.28	1.14
Lazard Emerging Markets Equity Portfolio (Open Shares) Inception: January 8, 1997	0.41	26.44	5.19	12.11	17.50	9.46	1.49
MSCI Emerging Markets Index	-1.15	27.80	4.22	11.42	16.20	Inst 7.43 Open 8.62	N/A

Morningstar Rating¹

	3 Years Out of 291	5 Years Out of 225	10 Years Out of 138	Overall Out of 291
Lazard Emerging Markets Equity Portfolio (Institutional Shares)	★★★★	★★★★	★★★★	★★★★
Lazard Emerging Markets 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.

Commentary^{2,3}

The Lazard Emerging Markets Equity Portfolio outperformed the MSCI Emerging Markets Index in the second quarter. Stock selection in Brazil, South Korea, and the information technology sector added value. However, stock selection within China detracted from returns over the period.

Stock Highlights by Sector^{2,3}

Information Technology

(0.74% attribution effect)

Shares of Cielo (3.5% of the Portfolio), a Brazilian credit card processor, recovered on expectations of rational pricing and strong volumes.

Consumer Staples

(0.46% attribution effect)

Shares in AmBev (1.4% of the Portfolio), a Brazilian beverage company, experienced strong price strength on rising volumes and pricing for its products.

Materials

(-0.46% attribution effect)

First Quantum Minerals (1.9% of the Portfolio), a mining company with assets predominantly located in Zambia, performed well due to strong copper prices and upgraded reserve estimates.

Shares of Huabao International Holdings (0.7% of the Portfolio), a Chinese manufacturer of flavors and fragrances for the tobacco, food, and household products industries, declined due to expectations of slowing growth.

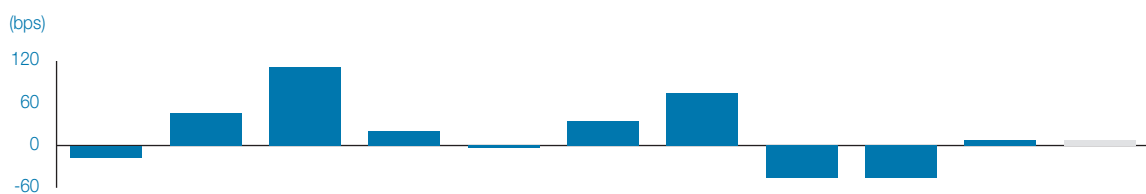
Usinas Siderurgicas de Minas Gerais (Usiminas) (1.0% of the Portfolio) and Siderurgica Nacional (1.5% of the Portfolio), Brazilian steel companies, experienced stock price weakness due to lower domestic steel prices caused by intensified competition.

Consumer Discretionary

(-0.17% attribution effect)

Hyundai Mobis (1.1% of the Portfolio), a South Korean manufacturer of automotive parts and equipment, performed strongly on positive volumes and market share gains.

Value Added Analysis³ (April 1 to June 30, 2011)



	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	Cash	Total
Sector Allocation (bps)	-14	44	60	1	-3	1	-10	-1	8	-5	8	85
Stock Selection (bps)	-3	1	52	19	0	34	84	-45	-53	13	0	101
Total (bps)	-17	46	112	20	-3	35	74	-46	-46	8	8	186

Market Review

Shares in emerging markets experienced modest declines in the second quarter and again underperformed industrialized markets, as they have year-to-date. Worries about Chinese economic activity resulted in underperformance in Chinese equities. Thai shares declined due to the recent elections, and the information technology sector's weakness held back both Taiwanese and South Korean shares. However, Indonesian equities continued to record decent returns as the economy continued to grow impressively. In Latin America, Chilean, Argentinean, and Colombian shares were the best performers, while Peruvian shares were the weakest market by some distance due to the recent presidential elections. Mixed performance was registered across most of Eastern Europe, the Middle East, and Africa. Share prices rose in both Poland and the Czech Republic as Portugal and Greece successfully refinanced their debts and investor concerns over the euro appeared to diminish. Elsewhere, markets were weaker in Turkey, Egypt, and South Africa, undermined by general risk aversion and weaker precious metals prices.

The energy, materials, and information technology sectors underperformed the MSCI Emerging Markets Index. The consumer discretionary, consumer staples, health care, utilities, and telecom services sectors substantially outperformed the Index.

Looking Ahead

We continue to be optimistic about emerging markets, especially over the long term. While inflationary pressures, record recent investor inflows and the possibility of substantial equity capital raising are important risks to note, we believe that fundamentals and valuations still look attractive. Therefore, we would advise long-term investors to maintain an exposure to the asset class and to consider adding on weakness.

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. 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 Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Emerging Markets Index consists of 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. 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 identified should not be considered a recommendation or solicitation to purchase or sell these securities. It should not be assumed that any of the referenced securities were 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 discussed do not represent the Portfolio's entire holdings.
- 3 As of June 30, 2011. 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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