

Lazard Asset Management LLC

RECOMMENDED

Emerging Markets Select ADR - SMA**Firm Information:**

Location: New York, NY
Year Founded: 1848
Total Employees: 634

	Firm	Product
Assets (\$mil):	144,657	2,150
Accounts:	1,729	19

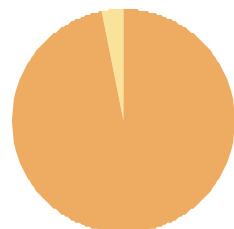
Key Personnel:

Ashish Bhutani
CEO

Andrew Lacey
Deputy Chairman US & Global Strategies

John Reinsberg
Deputy Chairman International Strategies

Charles Carroll
Deputy Chairman Global Marketing

Asset Allocation

International Equity	96.98%
Cash Alternatives	3.02%

Overview

Lazard Asset Management (Lazard), is a subsidiary of Lazard Frères & Co. LLC (LF), that originated in 1848 and became one of the first global investment banks. Today, LF provides financial advisory services to both institutional and private clients regarding asset management, investment banking, corporate finance, alternative investments and real estate finance. LF established Lazard as its investment management division and registered with the Securities and Exchange Commission as an investment advisor on May 1, 1970.

Process

The strategy is managed according to Lazard's relative value investment philosophy and 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. Lazard focuses on assessing a company's financial productivity. Lazard's analysts, organized into sector teams, seek to provide a global perspective on companies, conforming to Lazard's belief that where and how a company does business is more important than where it is domiciled.

This bottom-up research process is the key driver of value-added and country or regional allocations are an outcome of this stock selection process. Companies are evaluated 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. Measures of financial productivity that are used include Return on Equity, Return on Assets, Cash Return on Equity, and operating margin. Valuation measures include Price/Book, Price/Earnings, Price/Cash Flow, and Price/Sales.

The strategy benefits from the resources of three dedicated Emerging Markets teams;

Equity, Emerging Income and Closed-end Funds. These three teams engage in a continual dialogue to maintain an in-depth and up-to-date knowledge of emerging markets. This dialogue helps the teams develop insight into the behaviors of currency, the stability of the equity and debt structures, recent regulatory changes and governmental policy, as well as the corporate governance environment. Manager Strategy maintains that this insight is critical to the risk evaluation process that is integral to the portfolio construction of the portfolio.

Summary

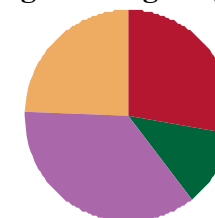
Manager Strategy maintains that this strategy falls into the relative value style category, which gives the strategy a value tilt while still maintaining an "all-weather" return pattern. Manager Strategy continues to maintain that international strategies remain one of the best diversifiers for any portfolio. Not only does the large universe of stocks outside of the U.S. border grant access to different names, there are varying economic drivers that effect international names that cause a more diverse return stream. As a result, international strategies behave differently and offer strong diversification benefits.

This strategy seeks to generate strong relative returns over a long-term time horizon by investing in companies with what it believes possess strong financial productivity at attractive valuations. As a bottom-up relative value manager, Lazard maintains it will add more value vs. the benchmark in both down markets and moderately rising markets as opposed to liquidity-driven fast rising markets. Manager Strategy maintains this mandate will tend to outperform the broad market in periods where investors are focusing on fundamentals and valuations.

Top 10 Holdings*

Security Name	Pct of Portfolio
CIELO SA	4.70%
VALE SA-SP PREF ADR	3.70%
FD	
COMPANHIA	3.60%
ENERGETICA	
COMPANHIA DE BEBIDAS	3.50%
BANCO DO BRASIL SA	3.30%
AMERICA MOVIL SAB DE	2.90%
CV	
SHINHAN FINL GRP ADR	2.90%
PHILIPPINE LONG	2.90%
PT SEMEN GRESIK	2.80%
PERSERO	
PERUSAHAAN	2.80%
PERSEROAN	

*The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified were or will be profitable.

Region Weightings

Asia	27.64%
Europe	11.69%
Latin America	36.21%
USA	0.00%
Other	24.46%
Not Available	0.00%

Portfolio Characteristics

P/E Ratio: 10.89 P/B Ratio: 2.83 Div Yield: 3.48 EPS: 13.75 Avg Mkt Cap: 21,859 Turnover: 29.70 # of Securities: 43