

Item 1. Cover Page

Form ADV Part 2A
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This Brochure provides information about the qualifications and business practices of Lazard Alternatives, LLC (“Lazard Alternatives”). If you have any questions about the contents of this Brochure, please contact us at (212) 632-6000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Lazard Alternatives also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The material changes to Lazard Alternative's Form ADV Part 2A (commonly referred to as the "Brochure") that were revised since the most recent annual amendment dated March 2014 are as follows:

- Lazard Capital Markets LLC ("LCM"), a privately-held company which was neither owned nor controlled by Lazard Alternatives immediate parent company Lazard Asset Management LLC ("LAM"), LAM's immediate parent company Lazard Frères & Co. LLC ("LF&Co.") or its ultimate parent company (publicly-traded Lazard Ltd.), ceased its business operations. LCM was a member of FINRA and a registered broker-dealer under the Exchange Act. LF&Co. acquired certain of LCM's business activities. Accordingly, all references to LCM in this Brochure were deleted and additional disclosures regarding certain of LF&Co's business activities have been added.

Please consult the full Brochure for additional information regarding the changes described above. Capitalized terms used in this section have the meanings assigned to them in the main body of the Brochure.

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Item 4 – Advisory Business

History of the Firm

Lazard Alternatives provides investment advisory services to clients in accordance with a fund of hedge funds investment strategy. Lazard Alternatives is a limited liability company incorporated in Delaware on March 24, 2001 and a wholly owned subsidiary of Lazard Asset Management LLC (“LAM”).

LAM is a Delaware limited liability company and a wholly owned subsidiary of Lazard Frères & Co. LLC (“LF&Co.”), a New York limited liability company with one member, Lazard Group LLC, a Delaware limited liability company. Interests of Lazard Group LLC are indirectly held by Lazard Ltd, which is a Bermuda corporation with shares that are publicly traded on the New York Stock Exchange (“NYSE”) under the symbol “LAZ.”

In 1848, the Lazard brothers formed a dry goods company which eventually became the firm now known as LF&Co. On May 1, 1970, Lazard Asset Management was formally established as the investment management division of LF&Co. and registered with the SEC as an investment adviser. On January 13, 2003 LAM was established as a separate subsidiary of LF&Co. and succeeded to the entire investment management business previously conducted as a division of LF&Co.

LAZARD ALTERNATIVES AUM

As of December 31, 2014, Lazard Alternatives had reported regulatory AUM on its Form ADV Part 1 of approximately \$738.9 million, approximately \$720.7 million of which was discretionary and approximately \$18.2 million of which was non-discretionary.

Description of Advisory Services

For over ten years, Lazard Alternatives has managed private funds in accordance with a fund of hedge funds investment strategy. Lazard Alternatives may also manage separate accounts in the future. Lazard Alternatives seeks to achieve its objectives for both managed accounts and funds through the allocation of capital among select private or hedge fund asset managers (the “Portfolio Managers”) and/or the funds they operate (“Portfolio Funds”). Lazard Alternatives will furnish continuous advice to its advisory clients pursuant to an agreement under which it will advise the client, according to Lazard Alternatives' best judgment, as to the investment and reinvestment of the cash and securities in the client's account(s). In exercising its judgment, pursuant to its delegated authority, Lazard Alternatives will take into account the objectives of each client, as outlined by the client or in a fund's prospectus or offering memorandum. From time to time, Lazard Alternatives may provide advice regarding the selection of other investment advisers or investment funds. As of December 31, 2014, Lazard Alternatives provided discretionary investment advice to 3 funds (the “Funds”), one of which Lazard Alternative Emerging Markets 1099 Fund (the “1099 Fund”) is registered with the SEC under the 1940 Act and the Securities Act of 1933, as amended (the “1933 Act”).

The funds managed by Lazard Alternatives may invest in underlying funds that themselves trade in commodity interests. This includes futures, certain swaps, certain options and certain other types of

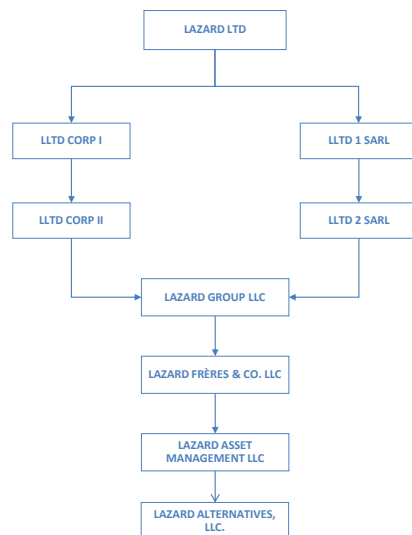
securities deemed to be commodity interests. As a result, Lazard Alternatives may be required to register with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") and become a member of the National Futures Association ("NFA"). However, Lazard Alternatives is currently relying on certain industry-wide relief from registration with the CFTC as a CPO until the CFTC issues further guidance regarding the registration of fund of funds operators.

Third Party Service Provider

Lazard Alternatives has outsourced certain operational functions to State Street Bank and Trust Company ("State Street"). State Street provides certain back and middle office administrative services to Lazard Alternatives. These services include, portfolio accounting, client reporting, settlement, data administration, billing and reconciliation.

Principal Owners

The following organizational chart depicts the principal owners of Lazard Alternatives:



Item 5 – Fees and Compensation

For Funds, advisory fees are generally based upon the fee schedules set forth in the respective offering memorandum. Typically, Lazard Alternatives receives a fixed annual advisory fee in the range of between 0.75% and 1.50% of assets under management and a performance fee based on capital appreciation equal to between 10% and 15%. For separate accounts, fees are negotiable, but would typically be within the same range. The 1099 Fund is also subject to a .05% distribution fee and .25% servicing fee in addition to a 1.50% advisory fee.

Depending on the specific Fund, Funds managed by Lazard Alternatives generally require a minimum investment of between \$500,000 and \$1 million (other than the 1099 Fund which has a minimum initial investment of \$25,000), subject to the right of the Fund to waive such minimum.

Lazard Alternatives generally requires a minimum investment of \$25 million to establish a separately managed advisory account.

In the event of a termination of the advisory agreement or redemption of proceeds from a Fund, the asset-based fee for the calendar quarter in which the termination or redemption occurs will be pro-rated and refunded. Similarly, the performance-based fee is only charged on the capital appreciation through the date of the termination or redemption.

Description of Services Covered by Advisory Fees

Fees generally cover investment advice, account servicing, access to the portfolio management team and review of client information. Each Fund bears all transaction costs and other account and service charges.

Periodic meetings are held with many clients at which Lazard Alternatives' current economic outlook, investment strategy, and views on various industries and specific companies are presented. These services are a regular part of the investment management and advisory services Lazard Alternatives provides to its clients. Lazard Alternatives does not charge a special fee for consultation services.

Lower fees for comparable services may be available from other sources.

Ability to Deduct Fees

In general, Lazard Alternatives will instruct each Fund's custodian or administrator to deduct its management or advisory fee on a quarterly basis.

Potential Conflicts of Interest Relating to Compensation Arrangements

Client service representatives and other employees and employees of affiliates may receive incentive compensation, a portion of which may be attributable to the sale of the Funds, mutual fund shares or other funds. The receipt of incentive compensation creates a potential conflict of interest in that an employee may have an incentive to recommend a product for a client based on the ability to receive the incentive compensation, rather than the client's needs. However each of Lazard Alternatives and LAM have adopted policies and procedures designed to prevent breach of its fiduciary responsibilities. Each employee of LAM and Lazard Alternatives is required to comply with such policies and procedures, and each employee is required to act in the best interest of clients. As Lazard Alternatives only serves as an investment manager to private funds or funds where eligibility is limited to certain types of investors, i.e. accredited investors in the case of the 1099 Fund, this potential conflict of interest is not generally applicable.

Item 6 – Performance-Based Fees and Side-By-Side Management

As mentioned above, Lazard Alternatives acts as an investment manager for several private funds, including hedge funds. Such hedge funds are offered only in accordance with the eligibility requirements set forth in each fund's respective offering memorandum and in compliance with federal and state laws applicable to the offering of such private funds. Investment management and performance fees payable to Lazard Alternatives by such funds are described in the private placement memoranda or prospectus for such funds. As mentioned above, the management fee for alternative and private funds is generally

between .75% and 1.50% and its performance fee or incentive fee is generally between 10% and 15%. Lazard Alternatives may, in its discretion, waive all or a portion of the management or performance fee in respect of any investor in the Funds (other than the 1099 Fund), including employees of LAM; provided, however, that any waiver will be external to the fund and will not affect the homogeneity of the shares (through rebate or by purchasing additional shares for the account of such shareholder).

Additionally, Lazard Alternatives may receive other types of performance-based compensation, such as compensation based on a fulcrum fee. Generally speaking, a fulcrum fee is based on the performance of an account versus an appropriate index of securities, where the fee increases and decreases proportionately with such performance.

A client paying a performance fee should be aware that this type of fee arrangement potentially creates a conflict of interest and that:

1. the fee arrangement may create an incentive for Lazard Alternatives to make investments that are riskier or more speculative than would be the case in the absence of a performance fee;
2. Lazard Alternatives may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account;
3. the periods used to measure the performance will be specified in the contract and/or offering memorandum and may be less than a twelve-month period;
4. to the extent that the performance fee is calculated based on performance relative to a benchmark, the benchmark recommended to be used by Lazard Alternatives will typically be one that reflects and is similar to the investment objective and guidelines for the account and is intended to provide an effective measurement of the performance of the account; and
5. securities held in the client's account for which no market quotations are readily available will typically be valued by either the Fund's custodian or Lazard Alternatives based upon objective factors.

Lazard Alternatives has adopted policies and procedures designed to address material conflicts of interest, including those set forth above relating to performance fee arrangements.

- In advising clients of Lazard Alternatives, Lazard Alternatives portfolio managers must determine whether a security is suitable for purchase or sale, on behalf of and for a given Fund or account, based on a variety of factors, including, without limitation, the client's investment objectives or strategies, any trading restrictions, tax matters and overall liquidity needs. Although a portfolio manager of an investment strategy or vehicle that charges a performance fee has a potential incentive to take on additional risk, as an employee of Lazard Alternatives, a portfolio manager must act in the best interest of such fund or client. Additionally, Lazard Alternatives accounts and vehicles are generally managed in accordance with a model, subject to guidelines or product restrictions, and trades are allocated fairly without regard to the revenue Lazard Alternatives may receive from particular accounts.

- LAM maintains an Oversight Committee which is responsible for monitoring each product's adherence to its stated guidelines. LAM also maintains a Risk Management Group which is responsible for oversight of the risk levels of the firm's products, including those that are charged performance based-fees. The Risk Management Group performs regular reviews of products and accounts and reports regularly to the Oversight Committee. As such, the ability of a portfolio manager to take on additional risk due to the potential receipt of a performance-based fee is limited. Funds managed by Lazard Alternatives are also subject to this review process.
- Additionally, certain potential conflicts are addressed in light of the fact that Lazard Alternatives serves as an investment manager to private funds where the fees are stated in the Funds' offering documents. Additionally, in light of the nature of Lazard Alternatives business structure, employees have a limited ability to negotiate fees other than those set forth in the Funds' offering documents and material deviations from such fee arrangements must be approved by a member of senior management.
- Investors who are eligible to invest in the private funds managed by Lazard Alternatives are sophisticated and knowledgeable and meet the eligibility requirements set forth in the relevant offering documents for such vehicle. As such, there is little ability for an employee to encourage a client to choose a performance-based fee or a vehicle that charges a performance based fee over an asset-based fee or vehicle that charges an asset-based fee.

Lazard Alternatives also acts as a non-discretionary sub-adviser to an offshore private fund managed by Lazard Freres Gestion ("LFG"), an affiliate of Lazard Alternatives, domiciled in France. With respect to its sub-advisory relationship with LFG, LFG pays to Lazard Alternatives a fixed fee, payable quarterly in arrears at the end of each calendar quarter, equal to a percentage of the total management fees payable, directly or indirectly, by the fund's investors to LFG, as set forth in the current offering memorandum, after deduction of custodian, administrator and accountant fees payable by LFG with respect to the fund. Also, on an annual basis, LFG pays Lazard Alternatives a portion of the incentive fee payable, directly or indirectly, to LFG by the fund's investors.

Item 7 – Types of Clients

As noted above, Lazard Alternatives manages three Funds, one of which is registered with the SEC under the 1940 Act and the 1933 Act. Generally, Lazard Alternatives is entitled to: (i) a fixed advisory fee, payable quarterly in advance at the beginning of each calendar quarter, based on the assets under management as of the last business day of the previous calendar quarter; and (ii) a performance fee, generally paid on an annual basis following the end of each fiscal year, equal to a portion of appreciation in the assets under management, each as described in the offering memorandum or prospectus and investment management agreement for the respective Fund or in the investment management agreement for the client.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Description of Investment Strategies and Analysis

In general, the objective of Lazard Alternatives is to achieve long-term capital appreciation. Lazard Alternatives seeks to achieve its objective through the allocation of capital among the Portfolio Managers and/or the Portfolio Funds.

Lazard Alternatives views the entire universe of private funds as a source of eligible investments. Lazard Alternatives' screening and due diligence processes enable the team to identify Portfolio Managers with skill sets and business structures that Lazard Alternatives believes will deliver superior, consistent returns appropriate to the risks assumed by the investment strategy. Because of the infinite possible combinations of strategy implementations available in the capital markets, Lazard Alternatives does not exclude any particular type of private fund (such as macro funds or commodity trading advisors). Different funds will have different performance characteristics that, even if volatile, may be able to reduce the overall volatility of a portfolio of hedge funds and enhance returns.

Lazard Alternatives broadly categorizes hedge funds into four basic strategy categories:

Event Driven: These strategies rely on the anticipated occurrence of particular corporate events, such as mergers and acquisitions or bankruptcy. The profitability of these investments depends on the timely conclusion of the anticipated event and the realization of expected valuations. Because investments are situation- specific, returns are relatively unaffected by the movements of markets. Strategy styles falling within this style include distressed securities, merger arbitrage and special situations such as spin-offs, restructurings and recapitalizations.

Equity Long/Short: Long/Short strategies combine long positions in certain securities with short positions in other securities in order to reduce, but not eliminate, exposure to price levels in the market. Long/Short strategies aim at seizing opportunities in both rising and falling markets. Long/Short strategies cover a wide range of potential risk and return combinations. The returns from these strategies, while driven primarily by security selection, are often more highly correlated with benchmark indices than other hedge fund strategies due to a bias toward net exposure practiced by most Portfolio Managers. These strategies are predominantly used in equity markets and typically involve some level of leverage applied to the long portfolio. Futures and options on equity indices can be used to establish short exposure. Strategy styles included in this category are long/short equities, short-selling only and stock picking.

Relative Value: Relative Value Portfolio Managers seek to exploit disparities in pricing relationships between instruments with similar pricing characteristics. Quantitative security selection techniques often are used to identify and capture profits from mispriced securities and to reduce risk by balancing long and short market exposures. The residual risk created by this process is a spread position that requires an understanding of the factors determining the spread. Relative Value strategies are not dependent on the general direction of market movements, and often involve arbitrage techniques. The returns tend to have low correlations relative to benchmark indices. Several strategies are included in this style: fixed-income arbitrage, convertible bond arbitrage, statistical arbitrage, credit arbitrage and equity market neutral investing.

Global Trading Strategies: Global trading strategies speculate on the direction of prices of equities, bonds, currencies and commodities in cash, futures, options and swap markets. The returns from these types of strategies can be volatile given the liberal use of leverage, often enhanced with derivatives, and the "outright" or un-hedged nature of the positions. The correlation of returns with traditional benchmarks tends to be low. Global trading strategies can be either system-driven or discretionary. System-driven Portfolio Managers deploy trend-following and other computer-driven models based on technical analysis of price data, while discretionary Portfolio Managers rely more on fundamental analysis, though technicals are also taken into account. In either case, the Portfolio Managers' skill is in timing the entry and exit of their positions. Global macro hedge funds and commodity trading advisors generally fall into this category.

No method of research or analysis can guarantee a particular investment result or outcome and the use of investment tools and research does not guarantee investment performance. In addition, certain methods of analysis, including those relating to quantitative or other similar models, involve the use of mathematical models based on certain assumptions, which may not always be complete or accurate. There can be no assurance that an investment strategy will produce an intended result, which would result in losses to an investor, including, potentially, complete loss of principal.

Securities Comprising Lazard Alternatives' Investment Strategies

In general, Lazard Alternatives invests in Portfolio Funds. However, Lazard Alternatives may invest funds not invested with a Portfolio Manager in short term investments, including U.S. government securities, non-U.S. money market funds, commercial paper, certificates of deposit and bankers' acceptances. Additionally, certain of the private funds managed by Lazard Alternatives may make direct investments in securities and may engage in other types of transactions, including derivatives transactions. Please refer to the offering memorandum for such private fund for a more detailed description of the types of investments available to such fund.

Lazard Alternatives considers allocating assets to Portfolio Managers and Portfolio Funds operating in all global markets and employing various investment strategies. The Portfolio Managers generally invest in marketable securities, although the securities issued by the Portfolio Funds in which the Funds invest are not themselves marketable. The Portfolio Managers typically invest in U.S. and foreign equity and debt securities (both long and short positions), money market instruments, options, futures contracts and other derivatives. Commodities, mortgage backed securities, foreign currencies, and derivatives written on them may also be included in some of the Portfolio Managers' investments. Although the investment strategies described above will represent the primary strategies of the Portfolio Managers selected by Lazard Alternatives, Lazard Alternatives is not limited in the types of strategies that it may select or the types of investment activities in which the Portfolio Managers may engage. Accordingly, Lazard Alternatives considers investments in Portfolio Funds that pursue a wide range of investment or other market strategies, including activities not described herein, to the extent that Lazard Alternatives deems appropriate. Lazard Alternatives may also employ certain currency related transactions in order to seek to achieve the investment objective of its clients. Such transactions may include currency forward transactions in which Lazard Alternatives buys or sells U.S. Dollars and sells or buys other foreign currencies.

Private Funds

- Lazard Alternatives acts as an investment manager for several private funds, including hedge funds. Such hedge funds are offered only in accordance with the suitability requirements set forth in each fund's respective offering memorandum and in compliance with federal and state laws applicable to the offering of such private funds.
- Lazard Alternatives may manage different types of investment vehicles which have differing levels of transparency associated with each type of investment vehicle. For example, sub-advised clients could have daily access to portfolio holdings information while clients invested in private funds utilizing the same investment strategy would not. Additionally, different vehicles managed in accordance with the same strategy may have differing liquidity terms. For example, certain private funds will generally have quarterly liquidity while a sub-advised client may be afforded more frequent liquidity.
- The respective private placement memorandum for each of the private funds managed by Lazard Alternatives or its affiliates contains a detailed description of each fund's investment strategy and the associated investment risks, including material conflicts of interest with Lazard Alternatives and its affiliates. These funds are offered only to prospective investors who meet the qualification requirements of each respective fund pursuant to a private placement memorandum. An investment in such funds is speculative and involves a high degree of risk. The funds generally are not subject to regulatory restrictions or oversight. Opportunities for redemptions and transferability of interests in the funds are generally restricted so investors may not have access to their capital if and when it is needed. There is no secondary market for an investor's interest in the funds and none is expected to develop. Each fund's management and incentive fees/allocations (if applicable), and expenses, may offset trading profits. An investor should not invest in the funds unless the investor is prepared to lose all or a substantial portion of its investment.
- Lazard Alternatives or its affiliates may enter into certain "side letter" arrangements with respect to investments in private funds, including side letter arrangements in which Lazard Alternatives or its affiliate agrees to charge a management fee or incentive fee that differs from the fee stated in the private offering memorandum for such fund.

Regulatory Restrictions

From time to time, Lazard Alternatives' activities may be restricted because of regulatory requirements and/or its internal policies designed to comply with or limit the applicability of such requirements. For example, there may be periods when Lazard Alternatives, at its discretion, will not initiate or recommend certain transactions or types of transactions in certain securities or instruments (including buying or selling such securities or instruments). This may occur, for example, where Lazard Alternatives or any of its affiliates has a business relationship with, or is performing other services for, an issuer of the related security, or when position limits have been reached, or for other reasons. Similar situations could arise if Lazard Alternatives personnel or personnel of such affiliates serve as directors of companies the securities of which Lazard Alternatives, or an entity managed by Lazard Alternatives, wishes to purchase or sell. In addition, LAM or Lazard Alternatives may acquire confidential information or otherwise be restricted

from effecting transactions in certain investments, and, in such event, LAM or Lazard Alternatives will not be free to divulge, or act upon, any such confidential information. Moreover, due to such confidential information or restrictions, LAM or Lazard Alternatives may restrict all purchases or sales of such securities and may not initiate or liquidate investments in the manner in which it otherwise would.

LAM and Lazard Alternatives may refrain from providing advice or services concerning securities of issuers of which any officers, directors, members or employees of LAM or its affiliates are officers or directors, or of companies for which LAM or its affiliates act as financial adviser, investment manager or in any capacity that LAM or Lazard Alternatives deems confidential, unless LAM or Lazard Alternatives determines, that it may appropriately do so. LAM and Lazard Alternatives have established certain procedures to prevent material, non-public information that LAM or its affiliates may obtain as a result of such relationships from being disseminated within the firm.

Certain Risks Related to Principal Investment Strategies Managed by Lazard Alternatives

There are risks involved with any type of investment program. A summary of certain risks of investing in accordance with the principal investment strategy managed by Lazard Alternatives is set forth below. The particular investment risks to which a client is subject will differ depending on the particular strategy, strategies or product in which such client has invested, and the securities and investments comprising such product or strategy. No guarantee or representation is made that the investment program utilized by Lazard Alternatives will be successful. Additionally, the list below is not a comprehensive list of all of the risks relating to the investment strategies and products managed by Lazard Alternatives.

General Risks

- Investing involves risk of loss that clients should be prepared to bear
- Portfolio Funds in which Lazard Alternatives invests invest in actively trade securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed-income, commodity and currency markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the equities, currencies and OTC derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. Portfolio Funds may utilize leverage which can, in certain circumstances, substantially increase the adverse impact to a client's investment will be subject.

General Economic and Market Conditions.

- The success of Lazard Alternatives' and the Portfolio Funds' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and liquidity of investments. Unexpected volatility or illiquidity could impair result in losses.

Highly Volatile Markets.

- The prices of commodity contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which a Portfolio Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options.

Equity Securities.

- The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions, and general economic environments. Portfolio Funds may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of U.S. and non-U.S. issuers. Portfolio Funds may invest in equity securities regardless of market capitalization, including micro and small cap companies. The securities for smaller companies may involve more risk and their prices may be subject to more volatility.

Convertible Securities.

- The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Portfolio Fund is called for redemption, the Portfolio Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the ability of a Portfolio Fund or a Fund to achieve its investment objective.

Fixed-Income Securities.

- The value of fixed-income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Valuations of other fixed-income instruments, such as mortgage-backed securities, may fluctuate in response to changes in the economic environment that may affect future cash flows.

High-Yield Securities.

- High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a

greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. It is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

Investments in Distressed Securities.

- Portfolio Funds may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are subject to various risks, including the risk that it could be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.
- In any reorganization or liquidation proceeding relating to a company in which a Portfolio Fund invests, it may be required to accept cash or securities with a value less than its original investment, may be required to accept payment over an extended period of time or may lose its entire investment.

Investments in Mortgage-Backed Securities.

- The value of mortgage backed securities, including adjustable-rate mortgage securities, which are backed by mortgages with variable rates, and certain classes of collateralized mortgage obligation derivatives, is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with prepayment risks.

Non-U.S. Investments.

- Investing in the securities of non-U.S. companies and countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between

currencies and costs associated with currency conversion; and certain government policies that may restrict a investment opportunities.

- Accounting and financial reporting standards that prevail in countries other than the U.S. generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. Moreover, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associate risks, are expected to change independently of each other. There is also less regulation, generally, of the securities markets in countries other than the U.S. than there is in the U.S.

Currencies.

- Portfolio Funds may invest a portion of their assets in non-U.S. currencies, or in instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. To the extent unhedged, the value of the position will fluctuate with U.S. dollar exchange rates as well as the price changes of its investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which a Portfolio Fund or Portfolio Account makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of such securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on a Portfolio Fund's non-U.S. dollar securities.

Initial Public Offerings.

- Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer, limited operating history and substantial price volatility. The limited number of shares available for trading in some initial public offerings may make it more difficult for a Portfolio Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies that are the subject of initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Illiquid Securities.

- Market prices, if any, for illiquid securities tend to be volatile and it may be difficult to sell such security when desired, or to realize what is the perceived fair value. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

Special Investment Instruments and Techniques.

- The Portfolio Funds may utilize a variety of special investment instruments and techniques to hedge against various risks (such as changes in interest rates or other factors that affect security values) or for non-hedging purposes. These strategies may be executed through derivative transactions and may involve options, including puts and calls, and options on stock indices, forward contracts, futures, swaps and other types of derivatives transactions and investments. The instruments used and the manner in which such instruments are used may change over time as new instruments and techniques are developed or regulatory changes occur. Derivatives and special investment instruments and techniques are speculative and involve a high degree of risk, particularly in the context of non-hedging transactions. The general risks associated with such derivatives transactions are noted below.

Short Selling.

- Certain Portfolio Funds may engage in short selling which can, in some circumstances, substantially increase the impact of adverse price movements. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying securities to cover the short position.

Derivatives.

- Special risks may apply to derivatives and special instruments that cannot be determined at this time or until such instruments are developed or invested in by Lazard Alternatives or a Portfolio Fund. Derivatives transactions involve a number of risks, certain of which are described elsewhere, including, but not limited to, market risk, credit risk and leverage. Forward contracts, certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk in addition to risks of changes in the value of the related currency, securities or other reference asset. Additionally, derivatives are subject to the risk that changes in the value of a derivative may not correlate perfectly with the related currency, securities or other reference asset.. Many derivatives also can be illiquid and highly sensitive to changes in the related currency, securities or other reference asset. As such, a small investment in certain derivatives could have a potentially large impact on performance. Additionally, there can be no assurance that derivative transactions will be available in all circumstances or that LAM's use of such transactions will reduce exposure to other risks or that using such derivative transactions will be beneficial to a particular client, account or pooled vehicle.

Counterparty Credit Risk.

- Many of the markets in which the Portfolio Funds effect their transactions are "over-the-counter" or "interdealer" markets. To the extent a Portfolio Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Portfolio Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of

settlement default. Transactions entered into directly between two counterparties generally do not benefit from protections afforded with respect to exchange transactions. Unlike derivatives traded on a clearing exchange, where the clearinghouse is designed to obviate the need for bilateral credit evaluation and which exchanges are structured, capitalized and regulated to mitigate counterparty credit and default risk, over-the-counter, bilateral derivatives contracts expose a Portfolio Fund or Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus exposing the Portfolio Fund or Fund to a risk of loss.

- Portfolio Funds will typically establish relationships to obtain financing, derivative intermediation and prime brokerage services; however, there can be no assurance that a Portfolio Fund or Portfolio Manager will be able to maintain or establish such relationships. An inability to establish or maintain such relationships would limit a Portfolio Fund's trading activities, financing, derivative intermediation and prime brokerage services and prevent a Portfolio Fund from trading at optimal rates and terms; any or all of which could cause substantial losses that a Fund would bear. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Portfolio Fund's business.

Leverage; Interest Rates; Margin.

- Funds and Portfolio Funds may directly or indirectly borrow funds from brokerage firms and banks and may also incur "leverage" through the use of certain derivatives or special investment techniques. Any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed.
- To the extent a Portfolio Fund is subject to a "margin call" and must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value, it may not be possible to liquidate assets quickly enough to pay off the margin debt, which could cause substantial losses.
- Portfolio Funds do not generally have restrictions on the amount of leverage that can be incurred and, therefore, the risk of highly leveraged investment can magnify the risks associated with investing in such Portfolio Funds.

Risks Related to Multi-Manager Structure

- The Portfolio Funds will not be registered as investment companies under the 1940 Act and, therefore, will not have the protections of the 1940 Act with respect to its investments in the Portfolio Funds. Although Lazard Alternatives will receive detailed information from each Portfolio Manager regarding its historical performance and investment strategy, it may have little or no means of independently verifying this information.
- An investor who meets the conditions imposed by the Portfolio Managers could invest directly with the Portfolio Managers without bearing the asset-based fees and performance-based allocations at the Fund and the Portfolio Fund level.
- Opportunities for redemptions and transfers of interests in the Funds are generally restricted so investors may not have access to their capital if and when it is needed. There is no secondary market for an investor's interest in the Funds and none is expected to develop. Each Fund's management and incentive fees/allocations (if applicable), and expenses, may offset trading profits. An investor should not invest in the Funds unless the investor is prepared to lose all or a substantial portion of its investment.

Item 9 – Disciplinary Information

Lazard Alternatives has no information to report with respect to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Lazard Alternatives is not a registered broker-dealer.

However, LAM serves as managing member of Lazard Alternatives and LAM is a subsidiary of LF&Co. (CRD# 2528), a registered broker-dealer under the Exchange Act. LF&Co. is a New York limited liability company with one member, Lazard Group LLC, a Delaware limited liability company. Interests of Lazard Group LLC are indirectly held by Lazard Ltd, which is a Bermuda based corporation with shares that are publicly traded on the NYSE (NYSE: LAZ). Interests of Lazard Ltd are held by public stockholders and current and former Managing Directors and employees of Lazard Ltd and its subsidiaries. From time to time, LF&Co. may refer prospective clients to LAM or Lazard Alternatives.

In addition, LAM Securities (CRD# 129119), a subsidiary of LAM, is a member of FINRA and a broker-dealer registered under the Exchange Act.

LAM Securities acts as the distributor of the open-end mutual funds advised by LAM and as a placement agent for LAM's private funds, including hedge funds. Certain employees of LAM and LAM Securities are licensed registered representatives of LAM Securities for purposes of offering or selling securities issued by the Funds and the private funds managed by LAM. In addition, LAM Securities acts as an introducing broker with respect to certain of LAM's clients. LAM Securities acts on behalf of these accounts pursuant to a clearing agreement entered into between LAM Securities and Pershing LLC (CRD #7560).

Please see Item 12 below for a discussion of Lazard Alternative's brokerage practices and additional information regarding principal trading.

In addition, LAM, together with its affiliates, including Lazard Alternatives, serves as a general partner or investment manager to various partnerships or other hedge or private funds in which clients are solicited to invest.

Item 11 – Code of Ethics

Employees of Lazard Alternatives and its affiliates from time to time may purchase or sell, or hold positions in securities recommended to clients, including purchasing securities that are being sold for clients and vice versa and may purchase, sell or hold positions in Lazard Alternatives' proprietary investment products, including hedge funds, in which other clients of Lazard Alternatives or LAM also invest. Employees are subject to the Lazard Alternatives and LAM Code of Ethics and Personal Investment Policy ("Code of Ethics"). In general, personnel are prohibited from effecting transactions in securities for their own account, or for accounts in which they have an interest or control ("personal securities accounts"), within seven days before or after a client account trades in the same security, or where such securities are contemplated for purchase or sale for a client account or are the subject of an unexecuted order for a client account. In addition, personnel may not purchase and sell or sell and purchase any security, including shares of mutual funds for which LAM or Lazard Alternatives serves as investment adviser or sub-adviser, within any 60-day period. These restrictions are subject to certain de minimis provisions and may be waived upon consent of Lazard Alternatives and LAM's Chief Compliance Officer (the "CCO") or his designee based upon relevant circumstances. When the de minimis exemption applies, it permits an employee, irrespective of the 15-day blackout period, to engage in a buy or sell transaction or series of transactions of up to 500 shares of a security, but not to exceed an aggregate transaction amount of \$25,000 of any security of an issuer having a market capitalization (outstanding shares multiplied by current price per share) greater than \$5 billion.

All personnel must preclear all trades (other than open-end mutual funds not managed or sub-advised by LAM and certain other securities as set forth in the Code of Ethics) for personal securities accounts with compliance personnel. All personnel are prohibited from purchasing a security for a personal securities account in an initial public offering or, unless prior permission from the CCO is given, in a private placement. These restrictions do not apply to trades with respect to U.S. government securities. These restrictions also do not apply to accounts in which the applicable personnel have an interest but which are subject to a discretionary investment management agreement, whether with Lazard Alternatives, LAM or another manager.

Pursuant to the Code of Ethics, employees are required to maintain their accounts at an approved firm or obtain permission from LAM's Chief Compliance Officer to maintain an account at another firm. All personnel must report all personal securities transactions and holdings periodically and certify on an annual basis that they have read and understood the Code of Ethics and have disclosed all personal securities transactions required pursuant to the Code of Ethics. Lazard Alternatives will provide a copy of its Code of Ethics to any client or prospective client upon request.

Personnel may be investors in certain pooled vehicles for which Lazard Alternatives, LAM or a related person acts as investment adviser. In addition, Lazard Alternatives or LAM may manage, pursuant to a discretionary investment management agreement, accounts of personnel of LAM. Personnel often pay lower advisory fees, or may pay no fees, with respect to such accounts than are offered to non-personnel. Such investment vehicles and such accounts are treated as clients and are not subject to the personal trading restrictions described above. Orders for such pooled vehicles will generally be aggregated with orders for other client accounts for purposes of trade execution. (See Item 12).

Employees of LAM and its affiliates from time to time may purchase or sell, or hold positions in securities recommended to clients, including purchasing securities that are being sold for clients and vice versa and may purchase, sell or hold positions in LAM's proprietary investment products, including hedge funds, in which other LAM clients also invest. All LAM and Lazard Alternative employees are required to comply with the Code of Ethics, as mentioned above, which requires pre-clearance of all securities transactions. Employee securities transactions are reviewed by members of the legal/compliance department to determine consistency with the provisions of the Code of Ethics and avoid potential conflicts of interest. Additionally, employees may hold positions in hedge funds also held in products managed by Lazard Alternatives or an affiliate. However, employees are generally subject to the same terms and conditions regarding liquidity and transparency as other shareholders of such funds.

Lazard Alternatives or LAM may recommend to individual and institutional clients that they purchase shares of mutual funds sponsored and/or advised by Lazard Alternatives or an affiliate pending investment of assets or as part of their investment program. Lazard Alternatives' recommendation of such funds could create a potential conflict of interest in that Lazard Alternatives or an affiliate receives a management fee in connection with the management of such funds and the management fee for a registered fund is not negotiable while management fees for other pooled vehicles or separately managed accounts are negotiable. Therefore, Lazard Alternatives and LAM face a potential conflict of interest in that it may have an incentive to recommend a registered fund investment over another vehicle that generates a lower fee for Lazard Alternatives. However, as previously mentioned, the following factors and policies mitigate such potential conflicts of interest:

- Employees must act in the best interests of clients and in accordance with Lazard Alternatives' and LAM's fiduciary obligations to clients.
- In light of the nature of LAM's and Lazard Alternatives' business and client base, clients typically choose the investment vehicle utilized with respect to a particular mandate.
- Certain minimum account thresholds for separately managed accounts and other pooled vehicles are set that will typically also assist a client in determining the appropriate vehicle. Therefore, there is little incentive to recommend a registered fund over another vehicle managed by Lazard Alternatives or its affiliates.
- Employees only provide investment advice with respect to LAM or its affiliates' products.

Clients, along with other fund shareholders, bear a proportionate share of the expenses of those funds including, to the extent permitted by law, the management fee paid to Lazard Alternatives or an affiliate. With respect to funds that pay distribution fees, clients may also bear a portion of the distribution fee.

Lazard Alternatives and LAM, directly or through a wholly owned subsidiary, serve as a general partner in certain investment limited partnerships. Typically, these will be private funds organized as limited partnerships and in which LAM or Lazard Alternatives may recommend that its clients invest. Such recommendations are subject to the same potential conflicts noted above with respect to Lazard Alternatives' or LAM's recommendation of funds for which it serves as investment adviser. As with such fund recommendations, the same fiduciary obligations apply. Additionally, not all clients will be eligible to invest in private funds.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Lazard Alternatives' General Counsel at 212-632-6000.

Item 12 – Brokerage Practices

Because Lazard Alternatives manages private funds that utilize a fund of hedge funds strategy, Lazard Alternatives does not generally buy and sell securities from broker-dealers, but it may do so in the future. Additionally, if a Fund were to receive a distribution in kind from a Portfolio Fund, Lazard Alternatives, on behalf of the Funds, would need to utilize the brokerage services of a broker-dealer to sell the securities received in the distribution.

The brokerage practices described below relate to transactions by LAM, or its affiliates, on behalf of discretionary accounts. If, in the future, Lazard Alternatives buys or sells securities using broker-dealers, these practices will be followed.

Additionally, the brokerage practices and policies of the Portfolio Managers and Portfolio Funds may differ, in some cases materially, from those of LAM and Lazard Alternatives outlined below.

LAM has authority to determine the broker-dealers to be used when effecting transactions on behalf of its clients and in establishing the commission rate paid on each transaction. LAM's Brokerage Committee, which consists of certain of LAM's senior investment professionals, and senior operating, and legal and compliance officers, oversees LAM's brokerage practices.

Brokerage Committee

The Brokerage Committee for Equities has established a process for determining the broker-dealers to be used in executing equity trades (with the specific decision on which broker-dealer to use in a particular transaction to be made by the Equity Trading Desk) and the general level of commissions to be paid to each broker-dealer. In making these determinations, the Brokerage Committee takes into account a variety of factors designed to address LAM's obligation to seek best execution on behalf of its clients. These factors include, but are not limited to, the ability of a broker-dealer to provide a prompt and efficient execution generally; the ability and willingness of a broker-dealer to facilitate transactions by acting as principal and utilizing its own capital to facilitate trades; the ability of a broker-dealer to provide accurate and timely settlement of transactions; LAM's knowledge of the negotiated commission rates

currently available and other current transaction costs; the clearance and settlement capabilities of the broker; LAM's knowledge of the financial condition of the broker or dealer selected; research services provided by the broker-dealer; as well as any other matter relevant to the selection of a broker-dealer. The Brokerage Committee considers these factors to establish generally the proportion of LAM's overall commissions to be allocated to each broker-dealer and the broker-dealers to use in effecting trades on behalf of LAM's clients. The Brokerage Committee supervises a semi-annual broker voting process that includes research analysts, portfolio manager/analysts and traders. The broker vote is designed to rank brokers based on the quality of research and trading services provided. Recommendations are made for commission allocation based on the results of the vote. These factors and the results of the broker vote are used as general guidelines by the Equity Trading Desk in deciding which broker-dealer to use for specific securities transactions.

LAM has no duty or obligation to seek in advance competitive bidding or the lowest commission rate applicable to any particular portfolio transaction or to select any broker-dealer on the basis of its purported or "posted" commission rate, but will, to the best of its ability, endeavor to be aware of the current level of the charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of accounts.

Transactions for investment advisory accounts are effected directly by brokers selected by LAM, unless specific broker direction instructions are provided by a client. In arranging for clients' securities transactions, LAM is primarily concerned with seeking best execution. In trading for all of its clients, LAM operates within the framework imposed by relevant securities laws and, where applicable, the Employee Retirement Income Security Act ("ERISA"), as well as any directions or restrictions (including any client directions to use a particular broker or dealer) imposed by clients for their accounts. Within this framework, LAM employs or deals with members of securities exchanges and registered broker-dealers which provide best execution in the judgment of LAM. In determining the ability of an exchange member or broker-dealer to obtain best execution on a transaction, LAM will consider all relevant factors, including those described in the paragraph above.

LAM evaluates the reasonableness of brokerage commissions while effecting portfolio transactions based on the foregoing factors. The general level of brokerage commissions paid is reviewed periodically by LAM. LAM periodically reviews reports compiled by a third-party vendor detailing LAM's portfolio transaction costs and other relevant materials to ensure that LAM's clients are treated equitably and that LAM is meeting its duty to seek best execution.

Research and Soft Dollar Benefits

Consistent with the requirements of best execution, brokerage commissions on an account's portfolio transactions are directed to brokers in recognition of investment research and information furnished as well as for brokerage and execution services provided by such brokers. LAM is authorized in its discretion to cause accounts to pay such broker-dealers a commission for effecting a portfolio transaction in excess of the amount of commission another broker or dealer adequately qualified to effect such transaction would have charged for effecting that transaction. This may be done where LAM has determined in good faith that such commission is reasonable in relation to the value of the brokerage and/or research to that particular transaction or to LAM's overall responsibilities with respect to the

accounts as to which it exercises investment discretion. LAM will also receive the research services described below from brokers participating in equity public offering syndicates where LAM has designated the underwriting concession to such broker. When LAM receives research services from brokers in connection with brokerage commissions generated with respect to client accounts, LAM receives a benefit in that it is not required to pay for such services from its own resources (called “hard dollars”) or produce the research on its own. Additionally, LAM has an incentive to select a broker-dealer based on such receipt of research or other services rather than the ability to provide most favorable execution. However, LAM’s brokerage policies and procedures as set forth above are designed to address such potential conflict of interest.

LAM receives a wide range of research (including proprietary research) and brokerage services from brokers. The firm has implemented oversight and control functions designed to ensure that the research and brokerage services it acquires as “soft dollar” arrangements are compliant with Section 28(e) of the Exchange Act. Among other things, LAM acquires market data services using commission credits generated by equity trading in certain markets, consistent with U.S. law and SEC guidance

Generally, LAM does not attempt to put a specific dollar value on proprietary research received from brokers, believing that the research received is, in the aggregate, of valuable assistance in fulfilling overall responsibilities to the clients. However, brokers also assist LAM with the acquisition of research from third parties with whom LAM does not effect transactions. In those cases, LAM enters into “soft dollar” arrangements designed to comply with the safe harbor requirements of Section 28(e) of the Exchange Act pursuant to which such third parties are compensated for the research by brokers with whom LAM executes transactions (“commission sharing arrangements”). In such cases, LAM establishes what it believes is a fair value for such third party research. Certain of the services received from brokers, *i.e.* services other than research services, including portfolio management computer services, are partially paid for directly by LAM and an allocation of the usage has been made to benefit from the safe harbor requirements of Section 28(e) of the Exchange Act.

Research services furnished by brokers augment LAM’s in-house research and help LAM’s portfolio managers implement their investment management responsibilities for various client accounts. LAM is not able to trace the commissions generated by a particular client’s account to the acquisition of a particular research service. Further, although some clients do not generate commissions, the investment strategies they obtain from LAM can benefit from the research provided by brokers as a result of our commission sharing arrangements. LAM believes that it has resolved any potential conflict of interest by subjecting all such arrangements to its policies and procedures designed so that the research and brokerage services received fall within the safe harbor requirements of Section 28(e) of the Exchange Act, and effecting all such transactions in accordance with LAM’s trading policies and procedures. Section 28(e) provides a safe harbor that protects a money manager from liability for a breach of fiduciary duty solely because it pays more than the lowest available commission rate. Section 28(e) requires that the research services obtained with client brokerage commissions provide lawful and appropriate assistance in the decision-making process, and that the amount of the client commission is reasonable in relation to the value of the products or services provided by the broker-dealer.

With respect to pension plan clients subject to ERISA, soft dollar benefits received by LAM constitute “indirect compensation” under the ERISA Section 408(b)(2) regulations. The amount of the soft dollar benefits, if any, that are obtained in connection with the plan’s account cannot be estimated in advance as it is dependent on the number of transactions effected and the executing brokers used. If applicable, soft dollar amounts will be disclosed to the plan each year upon request for purposes of Form 5500 Schedule C reporting.

Brokerage for Client Referrals

LAM does not consider referrals of potential Fund investors as a factor in the selection of brokers and LAM has adopted procedures that prohibit directing brokerage to brokers in recognition of client referrals and sales of the Funds' shares. Certain prime brokerage firms utilized by certain pooled vehicles advised by LAM (or for which LAM or an affiliate serves as a general partner) may provide capital introduction services as part of their overall services as prime broker. LAM does not consider provision of capital introduction services as a factor in choosing a prime broker for a pooled vehicle. In such cases, the prime broker often has an incentive to refer clients to the pooled vehicle over another fund because the prime broker’s compensation may be based on the number of trades executed by the pooled vehicle or the amount of assets under management by the pooled vehicle.

Directed Brokerage

Generally, LAM will accept brokerage direction from clients with respect to domestic equity trades. In such cases, LAM will work with the client to develop a mutually agreed upon broker and direction target. LAM generally will not follow a client's suggested designated brokerage target in the case of transactions in which, in LAM's judgment, the designated broker will not afford best execution, unless the client has specifically directed that a specific broker be utilized and acknowledges that following the client's directions may result in higher execution costs and less competitive prices than may otherwise be available. LAM is generally not able to accept brokerage direction for non-U.S. mandates due to the reduction in participation in commission recapture programs by global brokerage firms. Additionally, brokerage direction will not generally be permitted for fixed-income transactions, as direction is generally incompatible with the way in which fixed-income securities are traded by LAM.

Aggregation and Allocation

When orders to purchase or sell the same securities on identical terms are placed by more than one account managed by LAM or its affiliates, the transactions are normally averaged as to price (to the extent they are with the same broker/dealer) and allocated as to amount in accordance with the daily purchases or sales orders actually placed for each account. Transactions effected on behalf of LF&Co's pension account and other accounts in which LAM's personnel have invested but which LAM treats as managed accounts may be aggregated with transactions of other investment advisory accounts and will receive the same average price. Such orders are combined when possible to facilitate best execution by reducing overall transaction costs. In cases where only part of an order is filled, securities are allocated to accounts in a manner which LAM deems equitable. Client orders will generally not be aggregated for execution where there are specific limitations, such as a brokerage direction, that would prevent such aggregation. In the event LAM purchases or sells the same security for clients whose orders are aggregated and those

where orders are not aggregated due to client brokerage direction, LAM seeks to treat all clients fairly in connection with prices obtained on such transactions. However, in such cases, in LAM's sole discretion, it may be necessary for example, due to the market for that security for one group of accounts (*e.g.*, the client brokerage directed accounts) to have its trades executed before or after the remaining accounts. Thus, the price paid or received by one group of accounts may differ from that paid or received by the remaining accounts due to market activity. Aggregated orders that are executed through LAM will generally not result in reduced aggregate commissions, as each client will be charged LAM's commission rate established with the respective broker or dealer. Trades are generally allocated to participating accounts pro rata or via certain other methods such as a random allocation determined by LAM's trading system or an allocation which brings all clients to a certain percentage holding of the security. In certain limited circumstances, LAM may also select certain clients to participate in a partially filled order based upon certain criteria deemed significant by LAM, including, without limitation: (a) the need for, or availability of, cash to complete the transaction; (b) whether the transaction would result in a meaningful position for the client's account; (c) whether the order specifies a priority allocation to one or more accounts; (d) whether a client's account is under or over-weighted with respect to a particular security, industry or sector in comparison to other accounts in the order; (e) the availability of an alternative investment in the same security or industry; and (f) the extent to which an allocation would be too small to justify processing or custodial charges associated with the transaction.

While LAM will generally aggregate orders that are open on the same day with respect to the same security, new orders which are placed less than one hour before the scheduled close of the market on which the security is to be traded (or if the market has closed) will not be averaged as to price and aggregated with any prior order with respect to the same security on the same day. De minimis orders (under 5000 shares) and "program trades" may also be treated as separate stand alone orders and may not be averaged as to price and allocated with prior orders with respect to the same security on the same day.

In addition, due to the nature of certain strategies managed by LAM (such as the Convert Strategy, Emerging Markets Debt and Emerging Income) some trades may be executed separately from, and not aggregated with, trades effected on behalf of LAM's other clients in the same security or securities. In these cases, LAM has established appropriate policies and procedures reasonably designed to ensure that such clients are treated fairly and equitably. However, it is possible that in such circumstances, because of the size or timing of the respective trades, such clients could receive prices that are more or less favorable than the prices received by the strategies whose trades are not aggregated with the trades for such clients.

Cross Transactions

Cross transactions involve the purchase or sale of a security between two accounts managed by LAM. For example, in some instances a security to be sold by one client account may independently be considered appropriate for purchase by another client account. In such cases, LAM may, but is not required, to cause the security to be "crossed" or transferred directly between the relevant accounts at an independently determined market price and without incurring brokerage commissions, although customary custodian fees and transfer fees may be incurred, no part of which will be received by LAM). LAM will generally not engage in cross transactions between an ERISA plan account and any other

account managed by LAM, unless an exception is satisfied. LAM will only engage in cross transactions between an investment company registered under the 1940 Act and another account managed by LAM pursuant to procedures adopted under Rule 17a-7. Generally, LAM will only engage in cross transactions if it is permitted to do so under its investment management agreement with the client, or with written permission from the client. Prices for cross trades will generally be at the mean between the best bid and offer or some other fair and equitable methodology.

LAM will generally not engage in agency cross transactions in which LF&Co. acts as broker for the parties on both sides of the transaction.

Item 13 – Review of Accounts

All portfolios of Lazard Alternatives are reviewed on a regular basis by our internal portfolio management personnel. Lazard Alternatives monitors the Portfolio Managers for the Portfolio Funds through a combination of weekly and/or monthly net asset value updates, position reports and periodic phone calls and visits. Lazard Alternatives utilizes various software and analytical tools to analyze risk and perform stress and scenario analysis. Lazard Alternatives evaluates any changes in a Portfolio Manager’s investment strategy or organizational structure to determine if these changes may lead to diminishing returns for investors. Lazard Alternatives relies on its experience to make qualitative assessments about the current risk conditions that each Portfolio Manager and Lazard Alternatives client may face. Because Lazard Alternatives manages portfolios on a team basis, one or more of its portfolio managers/analysts will review each of the portfolios for which that team has responsibility.

Reporting

Investors in the Funds managed by Lazard Alternatives will receive quarterly unaudited reports regarding performance. Investors in the Funds will also receive an annual audited financial report prepared by independent auditors and an unaudited semi-annual report as well as certain other reports and documents regularly sent to investors. Lazard Alternatives may disclose (generally on a delayed basis) some or all of the portfolio holdings of the private funds it manages to clients or prospective clients. Additionally, upon request, Lazard Alternatives may provide to certain clients or investors, on a delayed basis, portfolio holdings information with respect to private funds managed by Lazard Alternatives or its affiliates that is not provided with the same frequency to other investors in such private fund.

Item 14 – Client Referrals and Other Compensation

Except with respect to soft dollar benefits, as described in Item 12 above, Lazard Alternatives and LAM do not receive fees or other incentives from parties other than clients.

Lazard Alternatives is a party to several written agreements pursuant to which it pays a fee to consulting firms, individuals and others based, directly or indirectly, upon the amount of funds received for management from clients in addition to reimbursement of certain expenses. The aforementioned agreements specifically require compliance by the consultant with Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and other regulations thereunder. Additionally, from time to time, personnel of LF&Co. may refer clients to Lazard Alternatives.

Lazard Alternatives pays for, and utilizes, various services and attends various forums and events that are supplied or sponsored by consultants and third party intermediaries. The receipt of payment for these services could be perceived to provide a benefit to such consultant or third party and, therefore, result in a conflict of interest. However, Lazard Alternatives believes that its receipt of such services offers genuine educational or other benefits to it and its clients.

In the conduct of its regular business operations, Lazard Alternatives and/or its employees, may make political contributions, entertain clients or make charitable contributions. Lazard Alternatives has adopted policies and procedures reasonably designed to address any potential conflicts of interest associated with such activities.

Item 15 – Custody

In certain cases, pursuant to Rule 206(4)-2 under the Advisers Act, Lazard Alternatives may be deemed to have custody of client assets. Lazard Alternatives does not currently manage separate accounts and as such, does not prepare separate client account statements.

LAM undergoes an annual surprise examination by an independent public accountant in connection with accounts for which it is deemed to have custody as required by Rule 206(4)-2. The Funds issue financial statements on an annual basis that are audited by such fund's independent registered public accounting firm.

Item 16 – Investment Discretion

Lazard Alternatives furnishes continuous investment advice in accordance with its fund of hedge funds investment strategies to the Funds and advisory clients pursuant to an investment management agreement under which each client or the Fund delegates investment management discretion to Lazard Alternatives. Lazard Alternatives furnishes investment advisory services to registered closed-end investment companies and private funds, based on the investment objectives and restrictions as set forth in each fund's similar offering document.

Item 17 – Voting Client Securities

Proxy Voting

In the event that Lazard Alternatives is asked to vote proxies relating to Portfolio Funds, it will exercise its voting authority through LAM, in accordance with its proxy voting policies. However, it is the responsibility of the custodian appointed by the client to ensure that LAM receives notice of the relevant proxies sufficiently in advance of the meeting's cut-off date to vote, in order to allow LAM to vote. LAM is not responsible for voting proxies for which it does not receive timely notice from a custodian appointed by a client, or in the case of wrap programs, the program sponsor.

LAM's Proxy Voting Policy and Procedures

LAM's proxy-voting process is administered by its Proxy Operations Department ("ProxyOps"), which reports to LAM's Chief Operating Officer. Oversight of the process is provided by LAM's Legal/Compliance Department and by a Proxy Committee consisting of senior LAM officers. To assist it

in its proxy-voting responsibilities, LAM currently subscribes to several research and other proxy-related services offered by Glass Lewis & Co LLC ("Glass Lewis") and Institutional Shareholder Services, Inc. ("ISS"), one of the world's largest providers of proxy-voting services. Glass Lewis and ISS provide LAM with its independent analysis and recommendation regarding virtually every proxy proposal that LAM votes on behalf of its clients, with respect to both U.S. and non-U.S. securities.

LAM's Proxy Committee has approved specific proxy voting guidelines regarding the most common proxy proposals (the "Approved Guidelines"). These Approved Guidelines provide that LAM should vote for or against the proposal, or that the proposal should be considered on a case-by-case basis. LAM believes that its portfolio managers and global research analysts with knowledge of the company ("Portfolio Management") are in the best position to evaluate the impact that the outcome of a given proposal will have on long-term shareholder value. Therefore, ProxyOps seeks Portfolio Management's recommendation on all proposals to be considered on a case-by-case basis. Portfolio Management is also given the opportunity to review all proposals, and, in compelling circumstances, may recommend to overrule the Approved Guideline, subject to the Proxy Committee's final determination. The Manager of ProxyOps may also consult with LAM's Chief Compliance Officer or the Proxy Committee concerning any proxy agenda or proposal.

There may be times when meeting agendas or proposals create the appearance of a material conflict of interest for LAM. Should the appearance of such a conflict exist, LAM will seek to alleviate the conflict by voting consistent with an Approved Guideline (to vote for or against), or, in situations where the Approved Guideline is to vote case-by-case, LAM will vote in accord with the recommendations of Glass Lewis and ISS. If these recommendations are contrary to each other, then ProxyOps will obtain a recommendation from a third independent source that provides proxy voting advisory services, the ISS Taft-Hartley Proxy Voting Service, and will defer to the majority recommendation.

Generally, if LAM is granted proxy voting authority in a discretionary investment management agreement, LAM will vote the client's proxies in accordance with its proxy voting policy. Clients may obtain a copy of LAM's proxy voting policy upon request.

Separately managed account clients who delegate proxy voting authority to LAM will receive a report detailing the proxies voted by LAM on their behalf during a particular reporting period. LAM also files Form N-PX with the SEC with respect to the proxies voted on behalf of the Funds.

Item 18 – Financial Information

Lazard Alternatives has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

PRIVACY NOTICE

FACTS	What does Lazard do with your personal information?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number and credit history • Assets and income • Account transactions <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Lazard chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Lazard share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	No	We do not share
For joint marketing with other financial companies	No	We do not share
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We do not share

For nonaffiliates to market to you	No	We do not share
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Questions?	Call 800-823-6300 or go to http://www.LazardNet.com
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Who we are

Who is providing this notice?	Lazard Asset Management LLC, Lazard Alternatives, LLC, Lazard Asset Management (Canada), Inc., Lazard Asset Management Securities LLC on their own behalf and on behalf of the funds they manage
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What we do

How does Lazard protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal and applicable state laws. These measures include computer safeguards and secured files and buildings.
How does Lazard collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> • Open an account • Seek advice about your investments • Direct us to buy securities • Direct us to sell your securities • Enter into an investment advisory contract <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> • Sharing for affiliates' everyday business purposes—information about your creditworthiness • Affiliates from using your information to market to you • Sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • Our affiliates may include financial companies whose names include "Lazard".
Nonaffiliates	Companies not related by common ownership or control. They can be financial and

	<p>nonfinancial companies.</p> <ul style="list-style-type: none"> • Lazard does not share information with nonaffiliates so they can market to you
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • Lazard does not jointly market

Other important information

Lazard Asset Management (Canada), Inc. does not disclose any non-public personal information about its customers or former customers to any third party, except as permitted by or required by any applicable law, including the laws of the United States and Canada.

DISCLOSURE FOR ERISA CLIENTS

DISCLOSURE STATEMENT IN CONNECTION WITH ERISA SECTION 408(B)(2)

LAM provides investment advisory services to certain clients subject to the provisions of ERISA as a registered investment adviser and ERISA fiduciary. Each such client and/or plan's (each, a "Plan") relevant investment management agreement between the Plan and LAM (each, an "Agreement") sets forth the provisions and terms relating to such arrangement, including terms and obligations relating to ERISA. In connection with providing investment advisory services, LAM receives the fee set forth in the Agreement.

Soft dollars. Please refer to See Item 12 of this Brochure for a description of LAM's soft dollar arrangements.

Gifts and Entertainment. LAM does not expect to receive any gifts or entertainment in connection with providing services to any Plan that would cause LAM to report any such amounts under Schedule C of Form 5500. LAM personnel may not receive gifts in excess of \$100 per year from any client or potential client, and all gifts must be disclosed to LAM's legal/ compliance department.

No LAM affiliate or subcontractor provides services that are charged to a Plan account or are charged on a per-transaction basis. If a Plan terminates the Agreement, LAM receives its management fee up to the termination date.

LAM does not provide recordkeeping services to any Plan. In general, in cases where a Plan invests through a separately managed account, LAM provides fiduciary services directly to the Plan, not through a fund or product. To the extent that LAM provides investment services to a Fund or other pooled vehicle in which a Plan invests, the fees and expenses of such Fund or pooled vehicle are set forth in the prospectus or offering memorandum and its financial statements and other materials sent to investors.