

December 2004

Lazard European Alpha Fund



Performance Data

Annualised Return¹ (in Sterling %)

	Periods ended 30 November 2004					12 Months Ended 30 September				
	3 months	YTD	1 Year	3 Years	5 Years	2004	2003	2002	2001	2000
Lazard European Alpha Fund	11.5	11.6	15.5	4.7	1.8	16.0	21.6	-17.9	-25.2	36.8
Quartile	2	1	2	1	1	2	3	1	1	2
Europe Ex UK Sector	10.5	9.5	14.1	1.1	-1.3	15.2	21.7	-22.4	-30.8	33.5
FTSE World Europe Ex UK Index	10.5	9.0	13.7	1.3	-1.6	15.6	26.6	-25.0	-28.0	20.5

Source: Lipper Hindsight, Lazard Asset Management, Bid to Bid Price, Net Income Reinvested. Past performance should not be taken as a guide to future performance.

Performance data for periods greater than 1 year is annualised. Offer Price to Bid Price 5 Year Annualised Return to 30/11/04 unless otherwise noted, 1.0%

Fund Information

Objective

To achieve capital growth at a rate greater than that of the FTSE World-Europe Ex UK Index, measured in Sterling.

Benchmark

FTSE World-Europe ex UK Index

Fund Managers

Gabrielle Boyle, Mark Little and team

Strategy

Investing in a concentrated portfolio of 45 - 60 stocks.

Launch Date

27/8/86

Fund size

£129.59m

Retail Share Class

NAV 299.6p
Current Yield 0.63%
Initial Charge 3.75%
Annual Management Charge 1.50%

Institutional Share Class (£200,000 min)

NAV 300.4p
Current Yield 1.08%
Initial Charge Nil
Annual Management Charge 1.00%

Income Distribution Date

Fund – 31 May, 30 November
ISA & PEP – 14 April, 14 October

Technical Statistics*

Alpha (% p.a.)

3.66 "Alpha" represents the return of a portfolio that is attributable to the manager's investment decisions.

Beta

0.78 "Beta" measures a fund's sensitivity to movements in the overall market.

Tracking error (% p.a.)

6.30 "Tracking error" measures the volatility of the difference between a portfolio's performance and the benchmark.

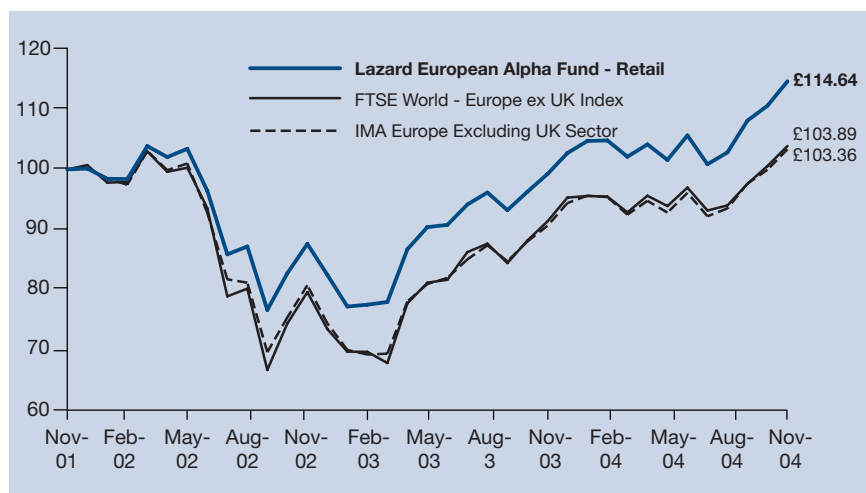
Information ratio

0.53 "Information ratio" represents the value added of the manager (excess return) divided by the tracking error.

Sharpe ratio

-0.02 "Sharpe ratio" measures return in excess of the risk free rate for every unit of risk taken.

£100 Invested Over Three Years



Source: Lipper Hindsight, Cumulative Growth, Bid to Bid Price, Net Income Reinvested to 30/11/04 in Sterling.

Contact Details

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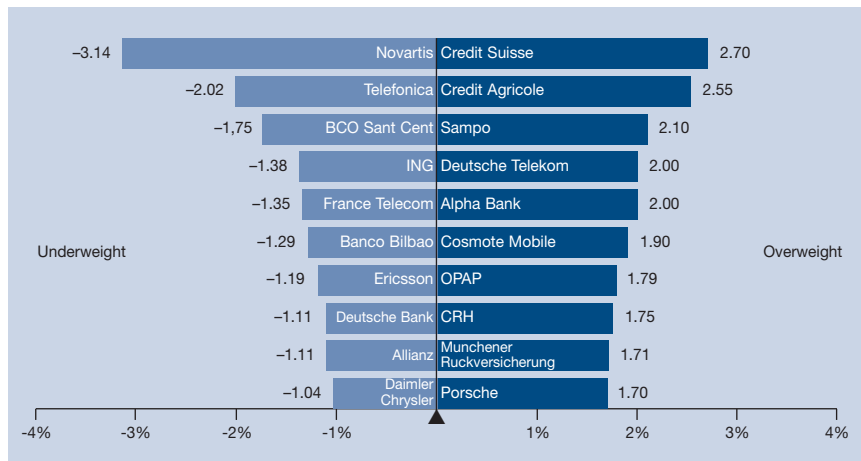
Website

www.lazardnet.com

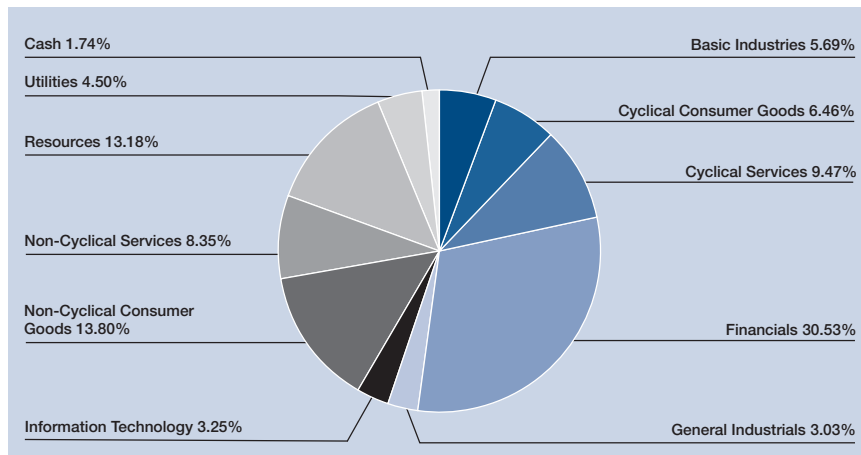
FUND FACT SHEET – DECEMBER 2004

Top Ten Positive/Negative Positions

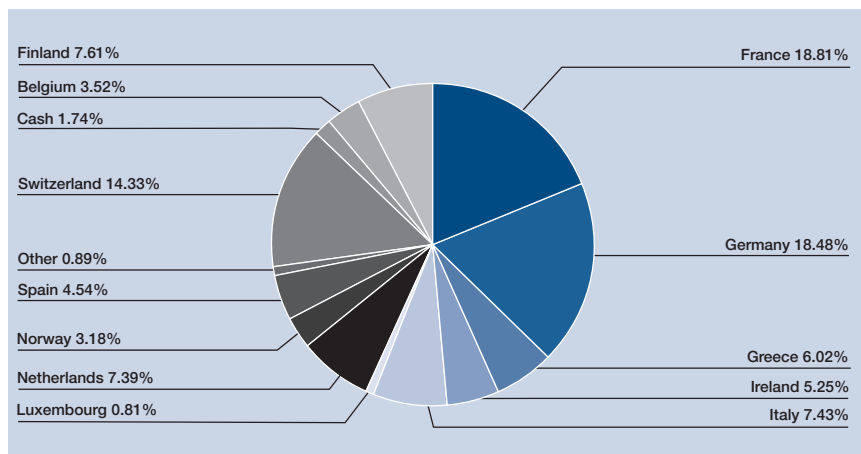
relative to FTSE World Europe ex UK Index



Sector Breakdown



Geographic Breakdown



*Technical Statistics calculated for 3 years as at 30/11/04. Tracking error shown is calculated using NAV data priced at midday and Index data priced at the close of day.

Source: Lazard Asset Management Ltd and Lipper Hindsight.

Performance and portfolio data as at 30/11/04.

The Lazard European Alpha Fund is a sub-fund of Lazard Investment Funds – a UK based open-ended investment company (OEIC).

This publication is for information only and is not intended to constitute investment advice. Investors are reminded that the value of shares and the income from them can go down as well as up and they may not get back the full amount invested. Fluctuations in the rate of exchange between the currency in which shares are denominated and currency of investment may have the effect of causing the value of investment to diminish or increase. In view of the concentrated nature of the portfolio, the level of risk is expected to be higher than a broader based fund.

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Top Ten Fund Holdings

Stock	Fund (%)
Total	4.28
Credit Suisse	3.78
Deutsche Telekom	3.55
Sanofi-Aventis	3.05
UBS	3.04
Credit Agricole	2.96
Royal Dutch Petroleum	2.91
ENI	2.86
E.On	2.61
AXA	2.46
Total	31.50
Total Number of Holdings	61

Product Commentary

Monthly Market Review by Sector

The best performing industries in November were Steel & Other Metals, Forestry & Paper and Transport. The worst performing industries were Pharmaceuticals & Biotechnology, Utilities – Other and Automobiles and Parts.

What Helped the Fund:

- Leisure & Hotels (*OPAP*).
- Pharmaceuticals & Biotechnology (not owning *Novartis*).
- Banks (*Credit Suisse* although *Credit Agricole* hurt).
- Insurance (*Munich Re.*).

What Hurt the Fund:

- Telecommunication Services (*Cosmote* and not owning *Telecom Italia*).
- Automobiles & Parts (*Porsche*).
- Information Technology Hardware (not owning *Ericsson*).

Outlook

We remain confident the portfolio will continue to outperform in 2005 as markets are relatively benign and investors are more focused on the fundamentals of good companies than the earnings expectation of poor quality companies. These trends favour our investment approach and we look forward to the opportunity to produce above average returns for some time.