



# Lazard Global Investment Funds plc

Annual Audited Report

For the year ended 31 March 2011





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# Directors and Other Information

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## Registered Office

First Floor  
Fitzwilton House  
Wilton Place  
Dublin 2  
IRELAND

## Manager

Lazard Fund Managers (Ireland) Limited  
Riverside Two  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
IRELAND

## Investment Manager

Lazard Asset Management LLC  
30 Rockefeller Plaza  
New York  
NY 10020  
USA

## Custodian

State Street Custodial Services (Ireland) Limited\*  
78 Sir John Rogerson's Quay  
Dublin 2  
IRELAND

## Administrator, Registrar and Transfer Agent

State Street Fund Services (Ireland) Limited\*\*  
78 Sir John Rogerson's Quay  
Dublin 2  
IRELAND

## Promoter and Distributor

Lazard Asset Management Limited  
50 Stratton Street  
London W1J 8LL  
ENGLAND

## Directors

Michael Chapman (British) (Resigned 28 January 2011)  
Michael Allen (British) (Appointed 27 January 2011)  
John Donohoe (Irish)\*  
Daniel Morrissey (Irish)\*  
William Smith (British)  
Andreas Huebner (German) (Appointed 30 May 2011)

### \* Independent Directors

All Directors are Non Executive

## Secretary

Wilton Secretarial Limited  
First Floor  
Fitzwilton House  
Wilton Place  
Dublin 2  
IRELAND

## Independent Auditors

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
One Spencer Dock  
North Wall Quay  
Dublin 2  
IRELAND

## Legal Advisers as to Irish Law

William Fry  
Fitzwilton House  
Wilton Place  
Dublin 2  
IRELAND

## Tax Advisers as to United Kingdom Law

MacFarlanes LLP  
20 Cursitor Street  
London EC4A 1LT  
ENGLAND

*\*Effective 22 October 2010, State Street Custodial Services (Ireland) Limited replaced BNY Mellon International Bank Limited (formerly PNC International Bank Limited).*

*\*\*Effective 22 October 2010, State Street Fund Services (Ireland) Limited, replaced BNY Mellon Investment Servicing (International) Limited (formerly PNC Global Investment Servicing (Europe) Limited).*

# Directors' Report

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The Board of Directors (the "Directors") present their annual report together with the audited financial statements for the year ended 31 March 2011. Lazard Global Investment Funds plc (the "Company") is an open-ended investment company with variable capital structured as an umbrella fund with segregated liability between its sub-funds, which as at 31 March 2011 had four Funds in existence, of which three are currently in operation.

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish Law and Generally Accepted Accounting Practice in Ireland including the Accounting Standards issued by the Accounting Standards Board. Irish Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to
- presume that the Company will continue in operation.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The measures taken by the Directors to ensure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the appointment of experienced administrators and service providers (State Street Fund Services (Ireland) Limited). The books of account are held at the registered office of the Company. Under the UCITS Regulations, the Directors are required to entrust the assets of the Company to the Custodian for safe-keeping. In carrying out this duty, the Company has delegated custody of the Company's assets to State Street Custodial Services (Ireland) Limited.

## Review of Business and Future Developments

Please refer to the Investment Manager's Reports for reviews of performance and activities during the year.

The Directors do not anticipate any changes in the structure of the Company or investment objectives of the Funds in the immediate future.

## Risk Management Objectives and Policies

Information in relation to the Company's risk management objectives and policies are included in Note 10 to the financial statements.

## Results and Dividends

The results for the year are set out in the Profit and Loss Account on page 23. There were no distributions paid in the year to 31 March 2011.

# Directors' Report (continued)

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## Directors

The names of the persons who were Directors of the Company during the year ended 31 March are set out below:

Michael Chapman (British) (Resigned 28 January 2011)

Michael Allen (British) (Appointed 27 January 2011)

William Smith (British)

John Donohoe\* (Irish)

Daniel Morrissey\* (Irish)

\* Independent Directors

Except where noted, all of the Directors served for the entire year. Andreas Huebner, (German), was appointed a Director of the Company on 30 May 2011. He is an employee of the Lazard Group, Lazard Asset Management (Deutschland) GmbH.

All of the Directors are also Directors of the Manager of the Company, Lazard Fund Managers (Ireland) Limited.

## Directors' and Secretary's Interests

The Directors are not aware of any shareholding in the Company by any Director, the Secretary or their families during the year ended and as at 31 March 2011. Michael Allen and William Smith as employees of the Lazard Group have waived their rights to Directors' fees from the Company.

Michael Chapman was an employee of the Lazard Group up to 28 January 2011 and also waived his right to Directors' fees from the Company. Andreas Huebner was appointed a Director of the Company on 30 May 2011 and as an employee of the Lazard Group has waived his right to Directors' fees from the Company.

Directors' fees payable by the Company are disclosed in note 12 to the financial statements.

## Transactions Involving Directors

Daniel Morrissey is a Director of the Company and is also a partner of William Fry (the Company's legal advisers) and accordingly, had a beneficial interest under the Companies Act, 1990 in legal fees paid to William Fry.

John Donohoe is a Director of the Company and is also a Director of Carne Global Financial Services Limited who provide consultancy services to the Manager, Lazard Fund Managers (Ireland) Limited.

The Board of Directors is not aware of any other contracts or arrangements of any significance in relation to the business of the Company in which any Director had any beneficial interest as defined in the Companies Act, 1990 at any time during the year ended 31 March 2011.

## Independent Auditors

The independent auditors, PricewaterhouseCoopers have indicated their willingness to remain in office in accordance with Section 160(2) of the Companies Act, 1963.

## On behalf on the Board of Directors

**Director:**

**Director:**

**Date: 23 June 2011**

# Investment Managers' Report

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## Lazard Emerging Markets Bond Fund

Since launch on 1 November 2010, the Emerging Markets Bond Fund returned -1.79% in US dollar terms against a return of -2.91% for the JP Morgan EMBI Global Diversified Index.<sup>1</sup>

### Market Review

Emerging Market debt performed relatively poorly compared to other major asset classes over the period in question. This small relative correction in emerging market debt comes after an extended period of outperformance by the asset class.

### Portfolio Review

The Fund outperformed the JP Morgan EMBI Global Diversified Index, by over 110 basis points (bps). The US dollar-denominated sovereign debt in the Index is priced off US Treasuries, and the 10 year US Treasury yield rose from 2.60% to 3.47% during this five month period. This was the largest reason that the asset class registered negative performance. The spread level of the Index slightly rose over the period, from 270bps to 277bps.

The Fund's outperformance was driven by three main positions: an underweight position in investment grade countries that have a high correlation to US Treasuries, such as Brazil, Mexico, Chile, and China; An overweight position in higher beta, below investment grade countries that offer value and are not correlated with US Treasuries, such as Argentina, Venezuela, Ukraine and Ivory Coast; and holding corporate and local-debt securities that are not part of the Index. The Fund's key corporate positions included Indonesian coal companies, Russian banks and telecommunication companies, and Ukrainian steel companies. The Fund also maintains its underweight position in the investment grade sector, which is funding corporate and local debt positions.

### Outlook

Overall, we expect gradually positive trending markets over the next quarter as developed-market growth materialises and emerging market inflation begins to subside. Markets are close to pricing in that benign scenario, and as such we anticipate stable returns that primarily consist of the running yield on emerging market bonds. We continue to favour local currency debt over US dollar-denominated debt, and have begun to gradually add to duration in local currency debt.

All data contained herein are sourced by Lazard Asset Management unless otherwise noted as at 31 March 2011.

<sup>1</sup> Source: Bloomberg.

**Fund Manager:** Denise Simon and Team.

**Lazard Asset Management LLC**  
**May 2011**

# Investment Managers' Report (continued)

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## Lazard Emerging Markets Local Debt Fund

Since launch on 1 November 2010, the Emerging Markets Local Debt Fund returned 0.51% in US dollar terms against 1.09% for the JP Morgan GBI-EM Global Diversified Index.<sup>1</sup>

### Market Review

Emerging Market debt performed relatively poorly compared to other major asset classes over the period in question. This small relative correction in emerging market debt comes after an extended period of outperformance by the asset class.

### Portfolio Review

The Fund underperformed the JP Morgan GBI-EM Global Diversified Index by approximately 60 basis points (bps). The last five months was a period of significant volatility in the local debt markets, as the Index registered negative performance in November (-4.65%) and January (-1.55%), while returns were strong in December (3.14%), February (1.49%) and March (2.95%).

The main driver of the Fund's underperformance was the combination of bid-offer spreads for local securities and taxes imposed for foreign investors, which detracted over 150bps from returns at the outset of the period. Since these initial purchases, the Fund has benefitted from an underweight duration position and an overweight position in emerging market foreign exchange (EM FX). When the Portfolio launched, the yield on the Index was 6.21%, and it rose to 7.01% over the period. This was primarily driven by a rise in interest rates across most countries, including Indonesia, Turkey, South Africa, Poland, Brazil, Mexico and Colombia. Hungary and Malaysia were the two major markets that did not see significant increases over the period. As interest rates rose, the overall duration of the Portfolio moved in line with the Index. The duration underweight positions the Portfolio currently maintains are primarily in Asia, where real rates of return are mostly negative. FX has been a positive contributor to asset class performance, as the US dollar has weakened versus most emerging market currencies. The Fund benefitted from various key overweight positions, including those in Malaysia and Mexico.

### Outlook

Overall, we expect gradually positive trending markets over the next quarter as developed-market growth materialises and emerging-market inflation begins to subside. Markets are close to pricing in that benign scenario, and as such we anticipate stable returns that primarily consist of the running yield on emerging market bonds. We continue to favour local currency debt over US dollar-denominated debt, and have begun to gradually add to duration in local currency debt.

All data contained herein are sourced by Lazard Asset Management unless otherwise noted as at 31 March 2011.

<sup>1</sup> **Source:** Bloomberg.

**Fund Manager:** Denise Simon and Team.

**Lazard Asset Management LLC**  
**May 2011**

# Investment Managers' Report (continued)

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## Lazard Emerging Markets Total Return Debt Fund

Since launch on 1 November 2010, the Emerging Markets Total Return Debt Fund has returned 0.97% in US dollar terms.<sup>1</sup>

### Market Review

Emerging Market debt performed relatively poorly compared to other major asset classes over the period in question. This small relative correction in emerging market debt comes after an extended period of outperformance by the asset class.

### Portfolio Review

Although not managed against a specific benchmark, the Fund outperformed a combination of two indices – JP Morgan GBI-EM Global Diversified Index for local-currency debt and JP Morgan EMBI Global Diversified Index for hard-currency debt – with lower volatility than both indices. The strong performance is attributable to the flexibility of the Fund, as it primarily invested in areas that performed well and avoided many areas that performed poorly.

The Fund principally invested in five key areas over the period. The first of these was hard currency sovereign markets with limited sensitivity to US Treasuries, including Argentina, Venezuela, Ukraine and Ivory Coast. We also invested in hard currency below investment grade corporates, including Indonesian coal companies, Russian banks and telecommunication companies, and Ukrainian steel companies. Thirdly, we invested in local foreign exchange markets that were poised to rise against the US dollar, such as Malaysia, Mexico, Philippines and South Korea. Local bond markets such as Brazil, Indonesia and Turkey which had relatively high carry and could withstand a rise in interest rates was another major area of investment for the Fund. We held cash when many of the securities listed above reached our price targets and were subsequently poised for a sell-off.

### Outlook

Overall, we expect gradually positive trending markets over the next quarter as developed-market growth materialises and emerging-market inflation begins to subside. Markets are close to pricing in that benign scenario, and as such we anticipate stable returns that primarily consist of the running yield on emerging market bonds. We continue to favour local currency debt over US dollar-denominated debt, and have begun to gradually add to duration in local currency debt. In this somewhat range-bound market, we intend to add to relative value long/short pair trades in order to derive alpha from differences in credits that the market has thus far mispriced.

All data contained herein are sourced by Lazard Asset Management unless otherwise noted as at 31 March 2011.

<sup>1</sup> Source: Bloomberg.

**Fund Manager:** Denise Simon and Team.

**Lazard Asset Management LLC**  
**May 2011**

# Custodian's Report

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## Custodian's Report to the Shareholders of Lazard Global Investment Funds plc

We have enquired into the conduct of Lazard Global Investment Funds plc (the "Company") for the period from 1 April 2010 to 22 October 2010, in our capacity as Custodian to the Company for that period.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Central Bank's UCITS Notice 4, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank's UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period, in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

### Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed:

- i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations; and
- ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### Opinion

In our opinion, the Company has been managed during the period, in all material respects:

- i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, (as amended), (the "Regulations"); and
- ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

**For and on behalf of**  
**BNY Mellon International Bank Limited**  
**Riverside Two**  
**Sir John Rogerson's Quay**  
**Grand Canal Dock**  
**Dublin 2**  
**Ireland**

**Date: 22 October 2010**

# Custodian's Report (continued)

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## Custodian's Report to the Shareholders of Lazard Global Investment Funds plc

We have enquired into the conduct of Lazard Global Investment Funds plc (the "Company") for the period from 23 October 2010 to 31 March 2011 in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for circulation to the Shareholders in the Company as a body, in accordance with the Central Bank's UCITS Notice 4 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank's UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting year and report thereon to the Shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the UCITS Regulations. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

### Basis of Custodian Opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed:

- i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations; and
- ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### Opinion

In our opinion, the Company has been managed during the period, in all material respects:

- i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003, (as amended), ('the Regulations'); and
- ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.

**State Street Custodial Services (Ireland) Limited**

**78 Sir John Rogerson's Quay**

**Dublin 2**

**Ireland**

**Date: 23 June 2011**

# Independent Auditors' Report

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## Independent Auditors' Report to the Members of Lazard Global Investment Funds plc (the "Company")

We have audited the Company's financial statements for the year ended 31 March 2011 which comprise the Company's Balance Sheet, the Profit and Loss Account, the Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders, the Portfolios of Investments and related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account; and
- whether the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and where practicable, include such information in our report.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (U.K. and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Independent Auditors' Report (continued)

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## Opinion

In our opinion the financial statements

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs at 31 March 2011 and of its results for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended).

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company's financial statements are in agreement with the books of account.

**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Dublin**

**Date: 23 June 2011**

# Portfolios of Investments

## Lazard Emerging Markets Bond Fund

Portfolio of Investments as at 31 March 2011

Principal Amount		Fair Value USD	% of Fund	Principal Amount		Fair Value USD	% of Fund
<b>Transferable Securities (87.96%)</b>				<b>Transferable Securities (continued) (87.96%)</b>			
<b>Fixed Income Securities (87.96%)</b>				<b>Fixed Income Securities (continued) (87.96%)</b>			
<b>Argentina (3.41%)</b>				<b>Gabon (0.84%)</b>			
	<b>Corporate Bonds</b>				<b>Government Bonds</b>		
99,000	10.750% Aeropuertos Argentina 2000 01/12/2020	106,425	0.76	100,000	8.200% Gabon, Republic of 12/12/2017	117,125	0.84
	<b>Government Bonds</b>						
285,000	2.500% Argentina, Government of 31/12/2038	122,574	0.88				
246,303	8.280% Argentina, Government of 31/12/2033	221,810	1.59				
25,000	8.750% Argentina, Government of 02/06/2017	25,663	0.18				
		<b>476,472</b>	<b>3.41</b>				
<b>Bermuda (0.78%)</b>				<b>Ghana (1.61%)</b>			
	<b>Corporate Bonds</b>				<b>Government Bonds</b>		
100,000	9.875% Alliance Oil Company Ltd 11/03/2015	108,500	0.78	200,000	8.500% Ghana, Republic of 04/10/2017	224,274	1.61
<b>Brazil (3.72%)</b>				<b>Hungary (1.35%)</b>			
	<b>Corporate Bonds</b>				<b>Government Bonds</b>		
135,000	8.500% BR Malls International Finance 31/12/2049	142,002	1.02	100,000	6.250% Hungary, Government of 29/01/2020	101,875	0.73
	<b>Government Bonds</b>			86,000	7.625% Hungary, Government of 29/03/2041	86,086	0.62
75,000	4.875% Brazil, Government of 22/01/2021	76,500	0.55				
225,000	8.250% Brazil, Government of 20/01/2034	299,732	2.15				
		<b>518,234</b>	<b>3.72</b>				
<b>Colombia (3.39%)</b>				<b>Indonesia (2.80%)</b>			
	<b>Government Bonds</b>				<b>Government Bonds</b>		
200,000	7.375% Colombia, Government of 18/09/2037	237,998	1.71	250,000	6.625% Indonesia, Government of 17/02/2037	268,883	1.93
125,000	11.750% Colombia, Government of 25/02/2020	188,000	1.35	75,000	6.875% Indonesia, Government of 17/01/2018	84,937	0.61
67,000,000	12.000% Colombia, Government of 22/10/2015	45,832	0.33	300,000,000	9.500% Indonesia, Government of 15/06/2015	36,951	0.26
		<b>471,830</b>	<b>3.39</b>			<b>390,771</b>	<b>2.80</b>
<b>Croatia (2.00%)</b>				<b>Iraq (1.64%)</b>			
	<b>Government Bonds</b>				<b>Government Bonds</b>		
200,000	6.375% Croatia, Government of 24/03/2021	200,700	1.44	250,000	5.800% Iraq, Republic of 15/01/2028	229,375	1.64
75,000	6.750% Croatia, Government of 05/11/2019	78,563	0.56				
		<b>279,263</b>	<b>2.00</b>				
<b>Cyprus (0.77%)</b>				<b>Ireland (1.98%)</b>			
	<b>Corporate Bonds</b>				<b>Corporate Bonds</b>		
100,000	8.000% Alfa MTN Issuance Ltd 18/03/2015	107,875	0.77	125,000	8.625% MTS International Funding Ltd 22/06/2020	146,147	1.05
				125,000	6.800% VEB Finance Ltd 22/11/2025	129,890	0.93
						<b>276,037</b>	<b>1.98</b>
<b>Dominican Republic (1.63%)</b>				<b>Ivory Coast (1.18%)</b>			
	<b>Government Bonds</b>				<b>Government Bonds</b>		
100,000	7.500% Dominican Republic 06/05/2021	105,854	0.76	350,000	2.500% Ivory Coast, Government of 31/12/2032	164,500	1.18
109,297	9.040% Dominican Republic 23/01/2018	121,320	0.87				
		<b>227,174</b>	<b>1.63</b>				
<b>El Salvador (0.35%)</b>				<b>Jamaica (0.75%)</b>			
	<b>Government Bonds</b>				<b>Government Bonds</b>		
50,000	7.625% El Salvador, Government of 01/02/2041	49,250	0.35	100,000	8.000% Jamaica, Government of 24/06/2019	104,250	0.75
<b>Equatorial Guinea (0.69%)</b>				<b>Kazakhstan (4.91%)</b>			
	<b>Corporate Bonds</b>				<b>Corporate Bonds</b>		
100,000	4.250% Essar Energy Investment Plc 01/02/2016	96,482	0.69	150,000	10.750% BTA Bank 01/07/2018	160,841	1.15
				400,000	5.500% Development Bank of Kazakhstan 20/12/2015	420,708	3.02
				100,000	8.625% JSC Bank Centercredit 30/01/2014	103,682	0.74
						<b>685,231</b>	<b>4.91</b>
				<b>Lebanon (1.65%)</b>			
					<b>Government Bonds</b>		
				200,000	9.000% Lebanon, Government of 20/03/2017	230,500	1.65

# Portfolios of Investments (continued)

## Lazard Emerging Markets Bond Fund (continued)

Portfolio of Investments as at 31 March 2011

Principal Amount		Fair Value USD	% of Fund	Principal Amount		Fair Value USD	% of Fund
<b>Transferable Securities (continued) (87.96%)</b>				<b>Transferable Securities (continued) (87.96%)</b>			
<b>Fixed Income Securities (continued) (87.96%)</b>				<b>Fixed Income Securities (continued) (87.96%)</b>			
<b>Lithuania (0.80%)</b>				<b>Peru (3.80%)</b>			
<b>Government Bonds</b>				<b>Government Bonds</b>			
100,000	7.375% Lithuania, Government of 11/02/2020	111,500	0.80	300,000	5.625% Peru, Republic of 18/11/2050	275,531	1.98
				100,000	6.550% Peru, Republic of 14/03/2037	108,000	0.77
				125,000	7.125% Peru, Republic of 30/03/2019	147,188	1.05
						<b>530,719</b>	<b>3.80</b>
<b>Luxembourg (4.16%)</b>				<b>Philippines (3.94%)</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
100,000	6.510% Gazprom Via Gaz Capital SA 07/03/2022	106,500	0.76	300,000	6.375% Philippines, Government of 23/10/2034	318,369	2.28
150,000	7.000% Home Credit & Finance Bank Via Eurasia Capital SA 18/03/2014	152,775	1.10	100,000	6.500% Philippines, Government of 20/01/2020	112,875	0.81
3,000,000	7.500% Russian Agricultural Bank OJSC Via RSHB Capital SA 25/03/2013	107,143	0.77	100,000	7.500% Philippines, Government of 25/09/2024	118,875	0.85
100,000	9.000% Russian Agricultural Bank OJSC Via RSHB Capital SA 11/06/2014	114,750	0.82			<b>550,119</b>	<b>3.94</b>
100,000	7.730% Russian Standard Bank Via Russian Standard Finance SA 16/12/2015	99,250	0.71				
		<b>580,418</b>	<b>4.16</b>	<b>Russia (2.89%)</b>			
<b>Malaysia (1.05%)</b>				<b>Government Bonds</b>			
				100,000	5.000% Russia, Federation of 29/04/2020	101,125	0.72
				259,500	7.500% Russia, Federation of 31/03/2030	302,481	2.17
						<b>403,606</b>	<b>2.89</b>
<b>Mexico (3.79%)</b>				<b>Singapore (2.65%)</b>			
<b>Government Bonds</b>				<b>Corporate Bonds</b>			
140,000	0.000% Bank Negara Malaysia 05/04/2011	46,223	0.33	100,000	11.500% Bakrie Telecom Pte Ltd 07/05/2015	106,750	0.76
300,000	3.718% Malaysia, Government of 15/06/2012	99,883	0.72	125,000	12.500% Berau Capital Resources Pte Ltd 08/07/2015	150,276	1.08
		<b>146,106</b>	<b>1.05</b>	100,000	10.750% Bumi Investment Pte Ltd 06/10/2017	112,880	0.81
<b>Netherlands (6.11%)</b>						<b>369,906</b>	<b>2.65</b>
<b>Government Bonds</b>				<b>South Africa (1.90%)</b>			
100,000	5.125% Mexico, Government of 15/01/2020	103,900	0.74	<b>Government Bonds</b>			
190,000	5.750% Mexico, Government of 12/10/2110	171,190	1.23	200,000	6.250% South Africa, Government of 08/03/2041	206,124	1.48
2,900,000	8.000% Mexico, Government of 17/12/2015	254,058	1.82	50,000	6.875% South Africa, Government of 27/05/2019	58,063	0.42
		<b>529,148</b>	<b>3.79</b>			<b>264,187</b>	<b>1.90</b>
<b>Nigeria (1.42%)</b>				<b>South Korea (0.33%)</b>			
<b>Government Bonds</b>				<b>Corporate Bonds</b>			
200,000	6.750% Nigeria, Government of 28/01/2021	198,250	1.42	410,000,000	8.300% Export-Import Bank of Korea 15/03/2014	46,633	0.33
<b>Pakistan (1.37%)</b>				<b>Turkey (5.12%)</b>			
<b>Government Bonds</b>				<b>Government Bonds</b>			
225,000	6.875% Pakistan, Government of 01/06/2017	191,774	1.37	40,000	0.000% Turkey, Government of 25/04/2012	23,666	0.17
<b>Panama (1.96%)</b>				<b>Ukraine (2.25%)</b>			
<b>Government Bonds</b>				<b>Corporate Bonds</b>			
100,000	5.200% Panama, Government of 30/01/2020	106,000	0.76	100,000	9.500% NAK Naftogaz Ukraine 30/09/2014	109,850	0.79
150,000	6.700% Panama, Government of 26/01/2036	168,000	1.20				
		<b>274,000</b>	<b>1.96</b>	50,000	6.385% Ukraine, Government of 26/06/2012	51,675	0.37
				150,000	6.580% Ukraine, Government of 21/11/2016	152,475	1.09
						<b>314,000</b>	<b>2.25</b>

# Portfolios of Investments (continued)

## Lazard Emerging Markets Bond Fund (continued)

Portfolio of Investments as at 31 March 2011

Principal Amount		Fair Value USD	% of Fund	Financial Derivative Instruments (0.24%)					
<b>Transferable Securities (continued) (87.96%)</b>				<b>Open Forward Foreign Currency Exchange Contracts (0.23%)</b>					
<b>Fixed Income Securities (continued) (87.96%)</b>				<b>Maturity Date</b>	<b>Amount Bought</b>	<b>Amount Sold</b>	<b>Unrealised Gain/(Loss) USD</b>	<b>% of Fund</b>	
<b>United States (0.58%)</b>				03/05/2011	BRL 166,300	USD 100,000	1,606	0.01	
<b>Corporate Bonds</b>				04/04/2011	BRL 166,400	USD 100,000	2,290	0.02	
80,000	6.625% Pemex Project Funding Master Trust			04/04/2011	BRL 168,700	USD 101,115	2,589	0.02	
	15/06/2035	<b>80,913</b>	<b>0.58</b>	11/04/2011	EUR 3,095,264	USD 4,360,496	31,428	0.22	
<b>Uruguay (1.47%)</b>				25/04/2011	IDR 438,850,000	USD 50,000	229	0.00	
<b>Government Bonds</b>				04/04/2011	USD 199,881	BRL 335,100	(6,113)	(0.04)	
1,000,000	0.000% Uruguay, Government of 13/04/2011	51,948	0.37	Unrealised gain on open forward foreign currency exchange contracts					
50,000	7.625% Uruguay, Government of 21/03/2036	59,750	0.43	Unrealised loss on open forward foreign currency exchange contracts					
75,000	8.000% Uruguay, Government of 18/11/2022	93,375	0.67	<b>Net unrealised gain on open forward foreign currency exchange contracts</b>					
		<b>205,073</b>	<b>1.47</b>	<b>32,029 0.23</b>					
<b>Venezuela (6.92%)</b>				<b>Options Purchased (0.01%)</b>					
<b>Corporate Bonds</b>				<b>Notional Amount USD</b>		<b>Fair Value USD</b>	<b>% of Fund</b>		
75,000	4.900% Petroleos de Venezuela SA			Put at 1.6 of USD vs TRY					
195,000	5.250% Petroleos de Venezuela SA	55,125	0.40	55,000	Expiring May 2011	1,924	0.01		
200,000	5.500% Petroleos de Venezuela SA	117,780	0.84	<b>Options purchased at fair value</b>					
150,000	8.500% Petroleos de Venezuela SA	91,500	0.66	<b>1,924 0.01</b>					
150,000	8.500% Petroleos de Venezuela SA	111,350	0.80	<b>Total Financial Derivative Instruments</b>					
				<b>33,953 0.24</b>					
<b>Government Bonds</b>				<b>Total Investments (88.20%)</b>					
100,000	5.750% Venezuela, Government of 26/02/2016	74,000	0.53	<b>12,307,960 88.20</b>					
75,000	7.650% Venezuela, Government of 21/04/2025	45,750	0.33	<b>Other Net Assets (11.61%)</b>					
60,000	7.750% Venezuela, Government of 13/10/2019	41,190	0.30	<b>1,619,577 11.61</b>					
400,000	8.250% Venezuela, Government of 13/10/2024	266,094	1.90	<b>Adjustment from bid market prices to last traded market prices (0.19%)</b>					
30,000	8.500% Venezuela, Government of 08/10/2014	28,554	0.20	<b>26,718 0.19</b>					
30,000	9.000% Venezuela, Government of 07/05/2023	20,550	0.15	<b>Net Assets (100.00%)</b>					
130,000	9.250% Venezuela, Government of 07/05/2028	88,075	0.63	<b>13,954,255 100.00</b>					
25,000	10.750% Venezuela, Government of 19/09/2013	25,100	0.18	<b>Analysis of total assets (unaudited)</b>					
		<b>965,068</b>	<b>6.92</b>	<b>% of total assets</b>					
<b>Total Value of Investments excluding Financial Derivative Instruments</b>				<b>12,274,007 87.96</b>					
				Transferable securities and money market instruments admitted to an official stock exchange listing or traded on a regulated market					
				Over the counter financial derivative instruments					
				Other assets					
				<b>72.41</b>					
				<b>0.24</b>					
				<b>27.35</b>					
				<b>100.00</b>					

The counterparties for the open forward foreign currency exchange contracts are:  
Barclays Capital Inc  
State Street Bank and Trust Co

The counterparty for the option is:  
Barclays Bank Plc





# Portfolios of Investments (continued)

## Lazard Emerging Markets Total Return Debt Fund

Portfolio of Investments as at 31 March 2010

Principal Amount		Fair Value USD	% of Fund	Principal Amount		Fair Value USD	% of Fund
<b>Transferable Securities (63.88%)</b>				<b>Transferable Securities (continued) (63.88%)</b>			
<b>Fixed Income Securities (63.88%)</b>				<b>Fixed Income Securities (continued) (63.88%)</b>			
<b>Argentina (0.73%)</b>				<b>Hungary (0.36%)</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
940,500	10.750% Aeropuertos Argentina 2000 01/12/2020	1,011,037	0.73	500,000	7.625% Hungary, Government of 29/03/2041	500,500	0.36
<b>Government Bonds</b>							
1,954	1.000% Argentina, Government of 31/12/2033	1,740	0.00				
<b>1,012,777</b>				<b>0.73</b>			
<b>Bermuda (1.00%)</b>				<b>Indonesia (1.50%)</b>			
<b>Corporate Bonds</b>				<b>Corporate Bonds</b>			
875,000	9.875% Alliance Oil Company Ltd 11/03/2015	949,375	0.68	1,225,000	12.500% Berau Capital Resources Pte Ltd 08/07/2015	1,428,717	1.02
425,000	8.000% China Oriental Group 18/08/2015	446,250	0.32	<b>Government Bonds</b>			
<b>1,395,625</b>				<b>1.50</b>			
<b>Brazil (0.82%)</b>				<b>Iraq (1.06%)</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
950,000	8.500% BR Malls International Finance 31/12/2049	992,750	0.71	1,600,000	5.800% Iraq, Republic of 15/01/2028	1,468,000	1.06
<b>Government Bonds</b>							
278,000	10.000% Brazil, Federative Republic of 01/01/2017	155,731	0.11				
<b>1,148,481</b>				<b>0.82</b>			
<b>Cayman Islands (0.52%)</b>				<b>Ireland (1.10%)</b>			
<b>Corporate Bonds</b>				<b>Corporate Bonds</b>			
700,000	10.500% Virgolino de Oliveira Finance 28/01/2018	728,000	0.52	500,000	7.875% Alfa Bank OJSC Via Alfa Bond Issuance 25/09/2017	528,750	0.38
				875,000	8.625% MTS International Funding Ltd 22/06/2020	998,594	0.72
				<b>1,527,344</b>			
				<b>1.10</b>			
<b>Colombia (1.52%)</b>				<b>Ivory Coast (0.83%)</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
1,450,000,000	8.750% Emgesa SA 25/01/2021	816,540	0.59	2,450,000	2.500% Ivory Coast, Government of 31/12/2032	1,151,500	0.83
700,000,000	8.375% Empresas Publicas de Medellin 01/02/2021	386,320	0.28				
<b>Government Bonds</b>							
1,328,000,000	12.000% Colombia, Government of 22/10/2015	908,440	0.65				
<b>2,111,300</b>				<b>0.83</b>			
<b>Cyprus (0.33%)</b>				<b>Jamaica (0.60%)</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
425,000	8.000% Alfa MTN Issuance Ltd 18/03/2015	458,469	0.33	800,000	8.000% Jamaica, Government of 24/06/2019	834,000	0.60
<b>Dominican Republic (0.63%)</b>				<b>Kazakhstan (3.50%)</b>			
<b>Government Bonds</b>				<b>Corporate Bonds</b>			
792,408	9.040% Dominican Republic 23/01/2018	879,573	0.63	1,325,000	10.750% BTA Bank 01/07/2018	1,407,813	1.01
				1,050,000	5.500% Development Bank of Kazakhstan 20/12/2015	1,094,625	0.79
				800,000	7.250% Halyk Savings Bank of Kazakhstan JSC 03/05/2017	827,000	0.59
				600,000	7.250% Halyk Savings Bank of Kazakhstan JSC 28/01/2021	604,500	0.43
				925,000	8.625% JSC Bank Centercredit 30/01/2014	943,500	0.68
				<b>4,877,438</b>			
				<b>3.50</b>			
<b>Equatorial Guinea (0.28%)</b>				<b>Luxembourg (3.20%)</b>			
<b>Corporate Bonds</b>				<b>Corporate Bonds</b>			
400,000	4.250% Essar Energy Investment Plc 01/02/2016	385,930	0.28	250,000	7.375% Aperam SA 01/04/2016	254,375	0.18
				325,000	6.510% Gazprom Via Gaz Capital SA 07/03/2022	346,125	0.25
				750,000	9.250% Gazprom Via Gaz Capital SA 23/04/2019	932,775	0.67
				900,000	7.000% Home Credit & Finance Bank Via Eurasia Capital SA 18/03/2014	916,650	0.66
				44,500,000	7.500% Russian Agricultural Bank OJSC Via RSHB Capital SA 25/03/2013	1,589,286	1.14
				425,000	7.730% Russian Standard Bank Via Russian Standard Finance SA 16/12/2015	421,812	0.30
				<b>4,461,023</b>			
				<b>3.20</b>			
<b>Gabon (0.36%)</b>							
<b>Government Bonds</b>							
425,000	8.200% Gabon, Republic of 12/12/2017	497,781	0.36				
<b>Ghana (0.68%)</b>							
<b>Government Bonds</b>							
850,000	8.500% Ghana, Republic of 04/10/2017	943,500	0.68				

# Portfolios of Investments (continued)

## Lazard Emerging Markets Total Return Debt Fund (continued)

Portfolio of Investments as at 31 March 2010

Principal Amount		Fair Value USD	% of Fund	Principal Amount		Fair Value USD	% of Fund
<b>Transferable Securities (continued) (63.88%)</b>				<b>Transferable Securities (continued) (63.88%)</b>			
<b>Fixed Income Securities (continued) (63.88%)</b>				<b>Fixed Income Securities (continued) (63.88%)</b>			
<b>Malaysia (3.33%)</b>				<b>Turkey (2.00%)</b>			
<b>Government Bonds</b>				<b>Government Bonds</b>			
2,900,000	0.000% Bank Negara Malaysia 05/04/2011	957,491	0.69	1,071,000	0.000% Turkey, Government of 25/01/2012	647,283	0.47
2,500,000	0.000% Bank Negara Malaysia 18/05/2011	822,402	0.59	320,000	0.000% Turkey, Government of 25/04/2012	189,330	0.14
2,310,000	0.000% Bank Negara Malaysia 02/06/2011	759,016	0.55	400,000	0.000% Turkey, Government of 08/08/2012	230,338	0.17
1,500,000	0.000% Bank Negara Malaysia 16/06/2011	492,208	0.35	3,030,000	0.000% Turkey, Government of 07/11/2012	1,708,850	1.22
3,000,000	0.000% Bank Negara Malaysia 29/09/2011	976,566	0.70			<b>2,775,801</b>	<b>2.00</b>
1,600,000	2.711% Malaysia, Government of 14/02/2012	526,897	0.38	<b>Ukraine (0.52%)</b>			
300,000	3.718% Malaysia, Government of 15/06/2012	99,883	0.07	<b>Government Bonds</b>			
		<b>4,634,463</b>	<b>3.33</b>	700,000	7.750% Ukraine, Government of 23/09/2020	<b>721,000</b>	<b>0.52</b>
<b>Mexico (3.93%)</b>				<b>United States (25.51%)</b>			
<b>Government Bonds</b>				<b>Government Bonds</b>			
13,700,617	5.000% Mexican Udibonos 16/06/2016	1,259,427	0.91	2,500,000	0.000% United States Treasury Bill 14/04/2011	2,499,965	1.81
10,000,000	6.000% Mexico, Government of 18/06/2015	817,007	0.59	2,000,000	0.000% United States Treasury Bill 28/04/2011	1,999,922	1.44
17,358,000	8.000% Mexico, Government of 19/12/2013	1,523,367	1.09	5,000,000	0.000% United States Treasury Bill 05/05/2011	4,999,780	3.59
5,630,000	9.000% Mexico, Government of 20/12/2012	499,915	0.36	4,000,000	0.000% United States Treasury Bill 12/05/2011	3,999,796	2.87
15,400,000	9.000% Mexico, Government of 20/06/2013	1,374,292	0.98	3,000,000	0.000% United States Treasury Bill 26/05/2011	2,999,763	2.16
		<b>5,474,008</b>	<b>3.93</b>	4,000,000	0.000% United States Treasury Bill 02/06/2011	3,999,516	2.87
<b>Netherlands (2.40%)</b>				<b>Uruguay (0.74)</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
925,000	9.500% DTEK Finance BV 28/04/2015	980,500	0.70	10,000,000	0.000% Uruguay, Government of 13/04/2011	519,480	0.37
925,000	5.000% GT 2005 Bonds BV 21/07/2014	854,515	0.62	10,000,000	0.000% Uruguay, Government of 08/07/2011	509,247	0.37
700,000	8.625% Hyva Global BV 24/03/2016	720,860	0.52			<b>1,028,727</b>	<b>0.74</b>
750,000	8.750% Metinvest BV 14/02/2018	780,000	0.56	<b>Venezuela (2.32%)</b>			
		<b>3,335,875</b>	<b>2.40</b>	<b>Corporate Bonds</b>			
<b>Nigeria (0.66%)</b>				<b>Government Bonds</b>			
<b>Government Bonds</b>				<b>Government Bonds</b>			
925,000	6.750% Nigeria, Government of 28/01/2021	<b>916,906</b>	<b>0.66</b>	550,000	4.900% Petroleos de Venezuela SA 28/10/2014	404,250	0.29
<b>Philippines (0.37%)</b>				<b>Corporate Bonds</b>			
<b>Government Bonds</b>				<b>Government Bonds</b>			
13,000,000	4.950% Philippines, Government of 15/01/2021	293,639	0.21	1,250,000	5.250% Petroleos de Venezuela SA 12/04/2017	755,000	0.54
10,000,000	6.250% Philippines, Government of 14/01/2036	217,639	0.16	100,000	5.375% Petroleos de Venezuela SA 12/04/2027	47,100	0.03
		<b>511,278</b>	<b>0.37</b>	1,330,000	5.500% Petroleos de Venezuela SA 12/04/2037	608,475	0.45
<b>Russia (0.78%)</b>				<b>Government Bonds</b>			
<b>Government Bonds</b>				<b>Government Bonds</b>			
30,000,000	7.850% Russia, Federation of 10/03/2018	<b>1,078,818</b>	<b>0.78</b>	1,250,000	7.650% Venezuela, Government of 21/04/2025	762,500	0.55
<b>Singapore (1.67%)</b>				<b>Government Bonds</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
850,000	11.500% Bakrie Telecom Pte Ltd 07/05/2015	907,375	0.65	800,000	7.750% Venezuela, Government of 13/10/2019	549,200	0.39
100,000	10.750% Bumi Investment Pte Ltd (Singapore Listing) 06/10/2017	112,880	0.08	150,000	8.250% Venezuela, Government of 13/10/2024	96,375	0.07
1,150,000	10.750% Bumi Investment Pte Ltd (Germany Listing) 06/10/2017	1,298,120	0.94			<b>3,222,900</b>	<b>2.32</b>
		<b>2,318,375</b>	<b>1.67</b>	<b>Total Value of Investments excluding Financial Derivative Instruments</b>			
<b>South Korea (0.63%)</b>				<b>Government Bonds</b>			
<b>Corporate Bonds</b>				<b>Government Bonds</b>			
7,710,000,000	8.300% Export-Import Bank of Korea 15/03/2014	<b>876,934</b>	<b>0.63</b>			<b>88,861,740</b>	<b>63.88</b>

# Portfolios of Investments (continued)

## Lazard Emerging Markets Total Return Debt Fund (continued)

Portfolio of Investments as at 31 March 2010

### Financial Derivative Instruments (0.92%)

#### Open Forward Foreign Currency Exchange Contracts (0.80%)

Maturity Date	Amount Bought	Amount Sold	Unrealised Gain/(Loss) USD	% of Fund
11/04/2011	EUR 322,311	USD 450,716	6,616	0.00
11/04/2011	EUR 1,258,011	USD 1,759,190	25,824	0.02
11/04/2011	EUR 10,016,523	USD 14,117,788	94,835	0.07
11/04/2011	EUR 40,373,593	USD 56,458,432	828,370	0.60
11/04/2011	EUR 11,560,591	USD 16,166,330	237,198	0.17
03/05/2011	BRL 6,435,810	USD 3,870,000	62,171	0.04
01/04/2011	HUF 592,185,250	USD 3,124,164	39,344	0.03
04/04/2011	BRL 2,329,600	USD 1,400,000	32,058	0.02
11/04/2011	EUR 947,974	USD 1,319,192	25,906	0.02
04/04/2011	BRL 1,349,600	USD 808,919	20,711	0.01
25/04/2011	IDR 8,777,000,000	USD 1,000,000	4,590	0.00
08/04/2011	MXN 13,871,125	USD 1,162,115	2,379	0.00
11/04/2011	KZT 124,015,000	USD 850,000	1,859	0.00
04/04/2011	RUB 11,685,000	USD 412,606	(1,452)	(0.00)
08/04/2011	USD 1,154,734	MXN 13,871,125	(9,760)	(0.01)
11/04/2011	USD 1,319,392	EUR 948,118	(25,910)	(0.02)
14/04/2011	USD 1,746,336	ILS 6,163,520	(27,474)	(0.02)
15/04/2011	USD 3,118,488	HUF 592,185,250	(40,277)	(0.03)
01/04/2011	USD 3,100,000	HUF 592,185,250	(63,508)	(0.05)
04/04/2011	USD 2,194,572	BRL 3,679,200	(67,115)	(0.05)
Unrealised gain on open forward foreign currency exchange contracts			1,381,861	0.98
Unrealised loss on open forward foreign currency exchange contracts			(235,496)	(0.18)
<b>Net unrealised gain on open forward foreign currency exchange contracts</b>			<b>1,146,365</b>	<b>0.80</b>

#### Options Purchased (0.14%)

Notional Amount USD	Fair Value USD	% of Fund
Put at 1.6 USD vs TRY		
730,000 Expiring May 2011	25,541	0.02
Put at 6.58 USD vs CNY		
1,000,000 Expiring June 2011	9,532	0.01
Put at 12 USD vs MXN		
2,500,000 Expiring April 2011	28,090	0.02
Put at 1.28 USD vs SGD		
4,250,000 Expiring April 2011	77,779	0.06
Put at 13 JPY vs KRW		
355,000,000 Expiring May 2011	47,772	0.03
<b>Options purchased at fair value</b>	<b>188,714</b>	<b>0.14</b>

### Financial Derivative Instruments (continued) (0.92%)

#### Options Written ((0.01)%)

Notional Amount USD	Fair Value USD	% of Fund
Call at 1119 USD vs KRW		
(1,650,000) Expiring April 2011	(848)	(0.00)
Call at 43.29 USD vs PHP		
(850,000) Expiring April 2011	(6,442)	(0.00)
Call at 43.25 USD vs PHP		
(1,850,000) Expiring April 2011	(9,696)	(0.01)
Call at 1122 USD vs KRW		
(850,000) Expiring April 2011	(3,404)	(0.00)
Call at 1126.5 USD vs KRW		
(850,000) Expiring April 2011	(1,758)	(0.00)
<b>Options written at fair value</b>	<b>(22,148)</b>	<b>(0.01)</b>

#### Interest Rate Swaps (0.05%)

CCY	Notional Amount	Fund Pays	Fund Receives	Termination Date	Fair Value USD	% of Fund
MXN	(100,000,000)	6.38%	1 Month TIE	07/03/2014	(4,675)	(0.00)
USD	8,000,000	1.29%	4 Month LIBOR	16/03/2014	42,889	0.03
MXN	(54,000,000)	6.97%	1 Month TIE	10/03/2016	(30,747)	(0.02)
USD	4,500,000	2.16%	6 Month LIBOR	18/03/2016	49,956	0.04
Interest rate swaps at positive fair value					92,845	0.07
Interest rate swaps at negative fair value					(35,422)	(0.02)
<b>Interest rate swaps at fair value</b>					<b>57,423</b>	<b>0.05</b>

#### Credit Default Swaps ((0.06)%)

CCY	Notional Amount	Security Name	Fund Pays	Fund Receives	Termination Date	Fair Value USD	% of Fund
USD	5,000,000	Poland, Republic of	1.00%	*	20/06/2016	112,639	0.08
USD	5,000,000	Peru, Republic of	1.00%	*	20/03/2016	79,886	0.06
USD	(10,000,000)	Korea, Republic of	1.00%	*	20/06/2016	(7,854)	(0.01)
USD	(5,000,000)	Bulgaria, Republic of	*	1.00%	20/06/2016	(244,997)	(0.18)
USD	(5,000,000)	Brazil, Federative Republic of	*	1.00%	20/03/2016	(16,444)	(0.01)

# Portfolios of Investments (continued)

## Lazard Emerging Markets Total Return Debt Fund (continued) Portfolio of Investments as at 31 March 2010

### Financial Derivative Instruments (continued) (0.92%)

#### Credit Default Swaps (continued) ((0.06)%)

	Fair Value USD	% of Fund
Credit default swaps at positive fair value	192,525	0.14
Credit default swaps at negative fair value	(269,295)	(0.20)
<b>Credit default swaps at fair value</b>	<b>(76,770)</b>	<b>(0.06)</b>
<b>Total Financial Derivative Instruments</b>	<b>1,293,584</b>	<b>0.92</b>
<b>Total Investments (64.80%)</b>	<b>90,155,324</b>	<b>64.80</b>
<b>Other Net Assets (35.10%)</b>	<b>48,840,578</b>	<b>35.10</b>
<b>Adjustment from bid market prices to last traded market prices (0.10%)</b>	<b>140,430</b>	<b>0.10</b>
<b>Net Assets (100.00%)</b>	<b>139,136,332</b>	<b>100.00</b>

Analysis of total assets (unaudited)	% of total assets
Transferable securities and money market instruments admitted to an official stock exchange listing or traded on a regulated market	63.36
Over the counter financial derivative instruments	1.32
Other assets	35.32
	<b>100.00</b>

The counterparties for the open forward foreign currency exchange contracts are:  
Barclays Capital Inc  
Bank of America Securities LLC  
Citigroup Global Markets  
State Street Bank and Trust Co

The counterparties for the options are:  
Bank of America  
Barclays Bank Plc

The counterparties for the interest rate swaps are:  
Bank of America  
Barclays Bank Plc

The counterparties for the credit default swaps are:  
Bank of America  
Citigroup

\* In the event of bankruptcy or modified restructuring, the Fund will pay/receive the notional amount to the counterparty.

# Financial Statements

## Profit and Loss Account for the year ended 31 March 2011

	Note	Lazard Global Investment Funds plc Total USD	Lazard Emerging Markets Bond Fund USD	Lazard Emerging Markets Local Debt Fund USD	Lazard Emerging Markets Total Return Debt Fund USD
<b>Investment Income</b>					
Bond interest	2	1,002,160	254,240	205,224	542,696
Bank interest	2	638	–	247	391
		<b>1,002,798</b>	<b>254,240</b>	<b>205,471</b>	<b>543,087</b>
<b>Net gain/(losses) on financial assets and financial liabilities at fair value through profit or loss and foreign currencies</b>					
Net realised gains/(losses) on investments and foreign currency	2	3,647,627	(179,473)	477,363	3,349,737
Net movement in unrealised gains/(losses) on investments and foreign currency	2	2,180,316	(188,324)	90,343	2,278,297
<b>Total Investment Income/Expense</b>		<b>6,830,741</b>	<b>(113,557)</b>	<b>773,177</b>	<b>6,171,121</b>
<b>Expenses (Note 4)</b>					
Management fees		(259,451)	(26,061)	(40,067)	(193,323)
Voluntary cap reimbursement		345,391	187,252	95,261	62,878
Administration, Transfer Agency and Custodian fees		(143,085)	(41,098)	(49,550)	(52,437)
Professional fees		(28,911)	(9,637)	(9,637)	(9,637)
Directors fees		(17,235)	(5,745)	(5,745)	(5,745)
Legal fees		(51,054)	(17,018)	(17,018)	(17,018)
Organisational fees		(116,548)	(100,000)	(8,274)	(8,274)
Other expenses		(116,253)	(31,647)	(35,764)	(48,842)
<b>Total Expenses</b>		<b>(387,146)</b>	<b>(43,954)</b>	<b>(70,794)</b>	<b>(272,398)</b>
<b>Net Investment Income/Expense</b>		<b>6,443,595</b>	<b>(157,511)</b>	<b>702,383</b>	<b>5,898,723</b>
<b>Profit/(Loss) for the financial year before tax</b>		<b>6,443,595</b>	<b>(157,511)</b>	<b>702,383</b>	<b>5,898,723</b>
Withholding tax	5	(42,904)	(5,305)	(10,528)	(27,071)
<b>Profit/(Loss) for the financial year after tax</b>		<b>6,400,691</b>	<b>(162,816)</b>	<b>691,855</b>	<b>5,871,652</b>
Adjustment from bid market prices to last traded market prices	2	167,040	26,718	(108)	140,430
<b>Net movement in net assets attributable to holders of redeemable participating shares from operations</b>		<b>6,567,731</b>	<b>(136,098)</b>	<b>691,747</b>	<b>6,012,082</b>

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with in the Profit and Loss Account.

The accompanying notes are an integral part of the financial statements.

See Note 13 for details on comparative figures.

### On behalf on the Board of Directors

Director:

Director:

Date: 23 June 2011

# Financial Statements (continued)

## Balance sheet as at March 2011

	Note	Lazard Global Investment Funds plc Total USD	Lazard Emerging Markets Bond Fund USD	Lazard Emerging Markets Local Debt Fund USD	Lazard Emerging Markets Total Return Debt Fund USD
<b>Assets</b>					
Financial assets at fair value through profit or loss:	2				
Investments at fair value		115,994,483	12,274,007	14,858,736	88,861,740
Unrealised gain on forward foreign currency exchange contracts		1,566,846	38,142	146,843	1,381,861
Options purchased at fair value		235,110	1,924	44,472	188,714
Interest rate swaps at fair value		92,845	-	-	92,845
Credit default swaps at fair value		192,525	-	-	192,525
Cash at bank	9	11,476,124	178,581	730,707	10,566,836
Broker cash held as collateral for financial derivative instrument transactions		270,000	-	-	270,000
Bond income receivable		1,198,289	153,784	187,404	857,101
Receivable for fund shares sold		45,620,075	4,087,553	3,970,000	37,562,522
Voluntary cap reimbursement receivable		345,391	187,252	95,261	62,878
Receivable from Investment Manager		86,457	28,819	28,819	28,819
Other assets		183,452	-	91,726	91,726
<b>Total Assets</b>		<b>177,261,597</b>	<b>16,950,062</b>	<b>20,153,968</b>	<b>140,157,567</b>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss:	2				
Unrealised loss on forward foreign currency exchange contracts		(298,746)	(6,113)	(57,137)	(235,496)
Options written at fair value		(25,162)	-	(3,014)	(22,148)
Interest rate swaps at fair value		(35,422)	-	-	(35,422)
Credit default swaps at fair value		(269,295)	-	-	(269,295)
Creditors – amounts falling due within one year:					
Broker cash due to counterparties for financial derivative instrument transactions		(270,000)	-	-	(270,000)
Payable for investments purchased		(2,903,804)	(2,903,804)	-	-
Accrued expenses		(586,967)	(112,608)	(145,055)	(329,304)
<b>Total Liabilities (excluding net assets attributable to redeemable participating shareholders)</b>		<b>(4,389,396)</b>	<b>(3,022,525)</b>	<b>(205,206)</b>	<b>(1,161,665)</b>
<b>Net Assets attributable to redeemable participating shareholders (at bid prices)</b>		<b>172,872,201</b>	<b>13,927,537</b>	<b>19,948,762</b>	<b>138,995,902</b>
Adjustment from bid market prices to last traded market prices	2	167,040	26,718	(108)	140,430
<b>Net Assets attributable to redeemable participating shareholders (at last traded prices)</b>		<b>173,039,241</b>	<b>13,954,255</b>	<b>19,948,654</b>	<b>139,136,332</b>

The accompanying notes are an integral part of the financial statements.  
See Note 13 for details on comparative figures.

### On behalf on the Board of Directors

Director:

Director:

Date: 23 June 2011

# Financial Statements (continued)

## Statement of Changes in Net Assets attributable to Redeemable Participating Shareholders for the year ended 31 March 2011

	Note	Lazard Global Investment Funds plc Total USD	Lazard Emerging Markets Bond Fund USD	Lazard Emerging Markets Local Debt Fund USD	Lazard Emerging Markets Total Return Debt Fund USD
Opening net assets attributable to redeemable participating shareholders		-	-	-	-
<b>Net movement in net assets attributable to holders of redeemable participating shares from operations</b>		<b>6,567,731</b>	<b>(136,098)</b>	<b>691,747</b>	<b>6,012,082</b>
Redeemable Participating Shares issued	6	172,791,385	14,090,353	19,256,907	139,444,125
Redeemable Participating Shares redeemed	6	(6,319,875)	-	-	(6,319,875)
Movement in net assets resulting from Share Transactions		166,471,510	14,090,353	19,256,907	133,124,250
<b>Net assets attributable to redeemable participating shareholders at end of year</b>		<b>173,039,241</b>	<b>13,954,255</b>	<b>19,948,654</b>	<b>139,136,332</b>

The accompanying notes are an integral part of the financial statements.  
See Note 13 for details on comparative figures.

**On behalf on the Board of Directors**

**Director:**

**Director:**

**Date: 23 June 2011**

# Notes to the Financial Statements

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## 1. General

Lazard Global Investment Funds plc (the “Company”) was incorporated on 3 February 2009 as an open-ended investment company with variable capital and with segregated liability between its sub-funds organised under the laws of Ireland. The Company qualifies and is authorised in Ireland by the Central Bank of Ireland (the “Central Bank”) as an Undertaking for Collective Investment in Transferable Securities (“UCITS”) for the purposes of the UCITS Regulations. The Company is structured as an umbrella fund in that the share capital of the Company may be divided into different classes of Shares with one or more classes representing a separate sub-fund (each a “Fund”) of the Company.

The Company currently has four Funds in existence, as at 31 March 2011 Lazard Emerging Markets Bond Fund, Lazard Emerging Markets Local Debt Fund and Lazard Emerging Markets Total Return Debt Fund were funded. The Lazard Capital Allocator Opportunistic Strategies Portfolio Fund has remained unfunded as at 31 March 2011. The investment objectives of each Fund within the Company are set out in the Prospectus and relevant supplements for the Funds.

## 2. Significant Accounting Policies

The significant accounting policies and estimation techniques adopted by the Company in the preparation of the financial statements are set out below. All references to net assets throughout the financial statements refer to net assets attributable to holders of Redeemable Participating Shares unless otherwise stated.

### Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss. The financial statements are presented in U.S. Dollar (“USD”). The measurement currency of the Company is the USD reflecting the fact that all of the Company’s assets and liabilities are denominated in USD.

### Statement of compliance

The financial statements are prepared in accordance with accounting standards generally accepted in Ireland and the provisions of the Companies Acts, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board (ASB).

The Company has availed of certain exemptions contained in Financial Reporting Standard (FRS) 1 (Revised) ‘Cash Flow Statements’ and has presented a Statement of Changes in Net Assets in place of a cash flow statement. In the opinion of the Directors, this information also satisfies the requirement of FRS 3 ‘Reporting Financial Performance’ in relation to a reconciliation of movements in Shareholders’ funds.

### Accounting estimates and judgements

The preparation of the financial statements, in accordance with accounting standards generally accepted in Ireland, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

### Financial instruments

#### (i) Classification

The Company classifies its financial instruments as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Directors at fair value through profit or loss at inception. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company’s documented investment strategy. The Company’s policy is for the investment manager and the Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

# Notes to the Financial Statements (continued)

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## 2. Significant Accounting Policies (continued)

### Financial instruments (continued)

#### (ii) Recognition and Derecognition

Regular-way purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

#### (iii) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the Profit and Loss Account in the year in which they arise.

#### (iv) Fair Value Estimation

Securities listed on a recognised stock exchange or traded on any other organised market are valued at the current mid price on the stock exchange or market which constitutes the principal market for such securities. If for specific assets the current mid price does not, in the opinion of the Directors, reflect their fair value or are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Unlisted securities and thinly traded securities are valued in good faith by the Directors based on quotations received from third parties including relevant brokers, however no securities were valued in this manner as at 31 March 2011.

All Redeemable Participating Shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investors share in the Fund's net assets at the redemption date. In accordance with FRS 25: Financial Instruments Disclosure and Presentation ("FRS 25") such instruments give rise to a financial liability for the present value of the redemption amount that would be payable at the Balance Sheet date if the shareholders exercised their rights to put the shares back to the Company. Consequently, the differences described above adjust the carrying amount of the net assets attributable to redeemable participating shareholders and the movement in the adjustment from year to year is recognised in the Profit and Loss Account. The cumulative differences are included as "adjustments from bid market prices to last traded market prices" on the Balance Sheet.

### Realised and unrealised gains and losses on investments

Realised gains and losses are calculated based on a FIFO basis. Realised and unrealised gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss category are included in the Profit and Loss Account in the year in which they arise.

### Interest income and expense

Interest income and expense are recognised in the Profit and Loss Account for all debt instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant year. Bond interest income is reported gross of irrecoverable withholding tax, which is disclosed separately in the Profit and Loss Account, and net of any tax credits.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

### Expenses

Expenses are accounted for on an accruals basis.

# Notes to the Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

### Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### Distributions

Distributions with an ex date during the financial year are included as a finance cost in the Profit and Loss Account. Dividends will not be paid in respect of any class of Share which is an accumulating class. Income and profits, if any, attributable to an accumulating Share class will be accumulated, reinvested in the relevant Fund on behalf of the Shareholders of that class and will be reflected in the Net Asset Value of the relevant accumulating Share class.

### Equalisation

Income equalisation arrangements apply to each Fund. The arrangements are intended to ensure that the income per Share which is distributed in respect of the distribution period is not affected by changes in the number of Shares in issue during the period. The arrangements have no effect on the Net Asset Value of any Share Class. The calculation of equalisation is based on total accumulated undistributed net income.

## 3. Efficient Portfolio Management

Each of the Funds may employ investment techniques and financial derivative instruments for efficient portfolio management and/or investment purposes subject to the conditions and within the limits from time to time set forth in the Prospectus as follows:

### Forward foreign currency exchange contracts

A forward foreign currency exchange contract ("forward contract") is a commitment to purchase or sell a foreign currency at a future date, at a negotiated rate. Forward contracts are used to seek to manage foreign currency risks and to tactically shift portfolio currency risk. Forward contracts are generally entered into as a hedge upon the purchase or sale of a security denominated in a foreign currency. The Fund will realise a gain or loss upon the closing or settlement of the forward transaction. Unrealised appreciation or depreciation on forward contracts is reported in the Balance Sheet and Profit and Loss Account. Realised gains and losses are reported with all other foreign currency gains and losses in the Profit and Loss Account.

Risks relating to forward contracts include the potential inability of the counterparty to meet the terms of the contract and unanticipated movements in the value of a foreign currency relative to the base currency of the Fund.

### Options

An option is a contract which gives the contract buyer the right, but not the obligation, to exercise a term of the option, such as buying a specified quantity of a particular product, asset or financial instrument, on, or up to and including, a future date (the exercise date). The 'writer' (seller) has the obligation to honour the specified term of the contract. Since the option gives the buyer a right and the seller an obligation, the buyer pays the seller a premium. Put options are contracts that give the option buyer the right to sell to the seller of the option the underlying product or financial instrument at a specified price on, or before, the exercise date. Call options are contracts that give the option buyer the right to buy from the seller of the option the underlying product or financial instrument at a specified price on, or before, the exercise date. Options may also be cash settled. The Fund may buy or sell (write) exchange-traded or over-the-counter put and call options. The Fund may invest in options in order to gain exposure to certain asset classes, baskets of assets or markets in keeping with the investment policy of the Fund without investing directly in the reference assets, or in order to protect against risks arising in the Fund's portfolio.

### Credit default swaps

The Funds may invest in credit default swaps in order to transfer the credit risk arising from the Fund's holding of fixed income securities, acquire a specific credit exposure or to speculate on changes in credit default swap spreads.

The Funds may enter into credit default swap contracts where one party, the protection buyer, makes an upfront or periodic payment to a counterparty, the protection seller, in exchange for the right to receive a contingent payment. The maximum amount of the payment may equal the notional amount, at par, of the underlying index or security as a result of a related credit event. Payments are made upon a credit default event of the disclosed primary referenced obligation or all other equally ranked obligations of the reference entity. An upfront payment received by the Funds, as the protection seller, is recorded as a liability on the relevant Funds' books.

# Notes to the Financial Statements (continued)

## 3. Efficient Portfolio Management (continued)

### Credit default swaps (continued)

An upfront payment made by the Funds, as the protection buyer, is recorded as an asset on the Funds' books. Yearly payments received or paid by the Fund are recorded as realised gains or losses. The credit default contracts are marked-to-market daily based upon quotations from an independent pricing service or market makers and the change, if any, is recorded as unrealised gain or loss. Payments received or made as a result of a credit event or termination of the contract are recognised, net of a proportional amount of the upfront payment, as realised gains or losses.

Credit default swaps are valued using standard net present value methodologies whereby all future cashflows of the fixed side of the swap are discounted to their present value using the appropriate interest rate and whereby all futures cashflows of the default side of the swap are discounted to their present value based on the cost of default to the default payer. This cost is determined by the recovery rate, notional amount of the contract, and default probability, among other factors.

### Interest rate swaps

The Funds may enter into interest rate swap contracts, which are arrangements between two parties to exchange cash flows based on a notional principal amount, to manage the Funds' exposure to interest rates. An interest rate swap can be purchased or sold with an upfront premium. An upfront payment received by the Funds is recorded as a liability on the Funds' books. An upfront payment made by the Funds is recorded as an asset on the Funds' books. Interest rate swap contracts are marked to market daily based upon quotations from an independent pricing service or market makers and the change, if any, is recorded as an unrealised gain or loss. Payments received or made are recorded as realised gains or losses. Certain interest rate swap contracts may include extended effective dates. Payments related to these swap contracts are accrued based on the terms of the contract.

## 4. Fees

### Management Fees

The Company has appointed as Manager, Lazard Fund Managers (Ireland) Limited, (the "Manager"). The Manager has responsibility for the management and administration of the Company's affairs and the distribution of the Shares, subject to the overall supervision and control of the Directors.

The Manager is entitled to a charge of 0.75% per annum of the Net Asset Value attributable respectively to each of the Institutional Classes, excluding the B Classes and 0.65% per annum of the Net Asset Value attributable respectively to each of the Institutional Classes in the case of The Emerging Markets Bond Fund. The Manager is entitled to a charge of 1.75% per annum of the Net Asset Value attributable respectively to each of the B Classes. The Manager is additionally entitled to a charge of 1.25% per annum of the Net Asset Value attributable respectively to each of the Retail Classes. These fees will be accrued daily based on the daily Net Asset Value attributable to each class and will be paid monthly in arrears. The Manager has delegated the performance of the investment management function in respect of the Funds to the Investment Manager. The Manager will be responsible for discharging the fees and expenses of the Investment Manager, the Promoter and the Distributor out of its fee. For the year ended 31 March 2011, management fees of USD 259,451 were charged of which USD 259,451 remained payable at the year end.

There will be no management fees charged to the assets attributable to the X Class. Shareholders in the class will be subject to a fee with regard to their investment in the Fund based on the Investor Agreement between themselves and the Investment Manager or a Lazard Affiliate.

### Performance Fees

The Manager is entitled to receive a monthly performance fee in respect of each of the Share classes in the Lazard Emerging Markets Total Return Debt Fund (the "Performance Fee") equal to 20% of the "Net Gain", if any, during the corresponding Performance Period; provided, however, that the Performance Fee shall only be paid on that portion of the Net Gain which exceeded the daily average of the non-reserve adjusted LIBOR for U.S. Dollar deposits having a three (3) month term reported by the British Bankers Association.

The performance fee will be calculated for each "Performance Period", which will begin as of the date of the Fund's commencement and end on the first following month end, and on each successive month end thereafter (or the date of the dissolution of the Fund). For the year ended 31 March 2011, performance fees of USD Nil were charged and therefore none were payable at the year end.

The "Net Gain" is the difference between the Net Asset Value of the Fund for the relevant month end and the Net Asset Value of the Fund recorded at the end of the previous month end (or the Initial Offer Price, or the initial net asset value adjusted for subscriptions and redemptions, in the case of the first Performance Period).

# Notes to the Financial Statements (continued)

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## 4. Fees (continued)

### Performance Fees (continued)

The Performance Fee will be payable only to the extent that gains in the Fund's Net Asset Value exceed the highest previously achieved month end Net Asset Value (commonly referred to as a "high water mark" which is defined below). The Performance Fee will be accrued daily and payable as of the end of the relevant Performance Period. The Performance Fee shall be calculated independently by the Administrator and verified by the Custodian.

The Performance Fee will be divided between the Manager and the Investment Manager in such proportions as shall be agreed between the Manager and the Investment Manager from time to time.

The High Water Mark is the greater of: (i) the highest Net Asset Value (after calculation of the Performance Fee) per Share on the Valuation Point for any Performance Period; and (ii) the relevant initial issue price of Shares. The Performance fee is based on net realised and net unrealised gains and losses as at the end of each Performance Period and as a result, incentive fees may be paid on unrealised gains which may subsequently never be realised.

There is no performance fee charged in relation to either Emerging Markets Bond Fund or Emerging Markets Local Debt Fund.

### Administration, Transfer Agency and Custody Fees

The Company has appointed as Administrator, State Street Fund Services (Ireland) Limited (the "Administrator"). The Administrator has also been delegated responsibility for the registrar and transfer agency functions. The Administrator will have the responsibility for administering the day to day operations and business of the Company including processing subscriptions, redemptions, computing net asset values, maintaining books and records, disbursing payments, establishing and maintaining accounts on behalf of the Company and any other matters usually performed for the administration of a fund subject to the overall supervision of the Directors. The Administrator will keep the accounts of the Company in accordance with international accounting standards. The Administrator will also maintain the shareholders register.

The Administrator is entitled to an annual fee payable by the Fund of up to 0.10% of the Fund's Net Asset Value, subject to a minimum monthly fee of USD12,500 (exclusive of expenses). Such fees shall accrue daily and be payable monthly in arrears. For the year ended 31 March 2011, administration fees of USD 55,515 were charged of which USD 55,515 remained payable at the year end.

Shareholder and transfer agency services fees which shall be charged at normal commercial rates subject to a minimum monthly fee of USD750 for each Share class that has issued in the Fund (exclusive of transaction charges, which shall be at normal commercial rates). The Administrator shall also be entitled to recover from the Fund its reasonable out-of-pocket expenses.

The Company has appointed as Custodian, State Street Custodial Services (Ireland) Limited (the "Custodian"). The Custodian is entitled to be paid by the Fund an annual fee for the performance of its trustee functions of up to 0.02% of the Fund's Net Asset Value, subject to the Custodian being entitled to receive a minimum monthly fee of USD2,000 (exclusive of expenses). Such fees shall accrue daily and be paid by the Fund monthly in arrears.

The Custodian is also entitled to charge the Fund transaction fees, which shall be at normal commercial rates, and to be reimbursed by the Fund for the fees and transactions charges of any sub-custodian (which shall also be at normal commercial rates), together with its reasonable, out-of-pocket expenses and those of any sub custodians. For the year ended 31 March 2011, custodian fees of USD 55,901 were charged of which USD 55,901 remained payable at the year end.

For six months from the date of launch of each Fund, fees payable to State Street for provision of Administration and Trustee services shall be subject to a cap of 18.5 basis points. Custodial fees related to safekeeping and related transaction costs are excluded from this cap, as are all relevant out of pocket expenses, whether payable to the Custodian, Administrator or other third party.

### Director Fees

The Director fees charged for the year ended 31 March 2011 were USD17,235.

# Notes to the Financial Statements (continued)

## 4. Fees (continued)

### Auditor Fees

For the year ended 31 March 2011, the remuneration for all work carried out for the Company by the statutory audit firm is as follows:

	2011
Auditor's Remuneration	USD
Statutory Audit	38,314
Other Assurance Services	-
Other Non-Audit Services	-
Tax Advisory Services	-

### Voluntary Cap Reimbursement

Each class of Shares of each Fund shall bear its attributable portion of the other expenses of the Company subject to a cap of 0.23% per annum of the Net Asset Value of the Fund. The Manager will be responsible for any such expenses in excess of this limit with the exception of the expenses of acquiring and disposing of Investments (including brokerage expenses, custodial and sub-custodial transaction charges, stamp duties and other relevant taxes). For the avoidance of doubt, the Manager will not be responsible for the costs of hedging the currency exposure for the benefit of any particular Share class of the Fund, which costs shall be attributable exclusively to the relevant Share class.

## 5. Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or capital gains. However, Irish tax can arise on the happening of a chargeable event in the Company. A chargeable event includes any distribution payments to shareholders or any encashment, redemption, transfer or cancellation of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares. No Irish tax will arise in respect of chargeable events in respect of a shareholder who is an Exempt Irish Investor (as defined in Section 739D of the Taxes Consolidation Act, 1997, (as amended)) or who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the Taxes Consolidation Act, 1997 (as amended) is held by the Company.

Capital gains, dividends, and interest received by the Company may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

## 6. Number Of Shares In Issue and Net Assets Attributable to Redeemable Participating Shareholders

### Authorised

The authorised share capital of the Company was two Subscriber Shares of par value of £1.00 each. The two Subscriber Shares are held by the Manager and the Promoter.

The Company also has an authorised share capital of 5,000,000,000,000 shares of no par value which are available for issue as fully paid Participating Shares in each of the Company's Funds ("Redeemable Participating Shares"). They may be redeemed by the Company at the request of the shareholder. The value of shares issued and redeemed during the year is set out in the Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares.

### Redeemable participating shares

Each Fund issues redeemable participating shares, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable participating shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The redeemable participating share is carried at the redemption amount that is payable at the Balance Sheet date if the holder exercises the right to put the share back to the Fund.

# Notes to the Financial Statements (continued)

## 6. Number Of Shares In Issue and Net Assets Attributable to Redeemable Participating Shareholders (continued)

### Redeemable participating shares (continued)

#### Shares in issue

	USD Institutional Accumulating Class	EURO Hedged Institutional Accumulating Class		Total
<b>Lazard Emerging Markets Bond Fund</b>				
Redeemable participating shares in issue at beginning of year	-	-		-
Redeemable participating shares issued during the year	97,250	31,623		128,873
Redeemable participating shares redeemed during the year	-	-		-
Redeemable participating shares in issue at end of year	<b>97,250</b>	<b>31,623</b>		<b>128,873</b>
<b>Lazard Emerging Markets Local Debt Fund</b>				
Redeemable participating shares in issue at beginning of year	-	-		-
Redeemable participating shares issued during the year	143,904	38,576		182,480
Redeemable participating shares redeemed during the year	-	-		-
Redeemable participating shares in issue at end of year	<b>143,904</b>	<b>38,576</b>		<b>182,480</b>
<b>Lazard Emerging Markets Total Return Debt Fund</b>				
	USD Institutional Accumulating Class	EURO Hedged Institutional Accumulating Class	EURO Hedged Institutional Accumulating B Class	Total
Redeemable participating shares in issue at beginning of year	-	-	-	-
Redeemable participating shares issued during the year	290,112	420,545	391,094	1,101,751
Redeemable participating shares redeemed during the year	(50,068)	(9,500)	-	(59,568)
Redeemable participating shares in issue at end of year	<b>240,044</b>	<b>411,045</b>	<b>391,094</b>	<b>1,042,183</b>

## 7. Net Asset Value

The net asset value per share of any class of shares in a portfolio is determined by dividing the value of net assets of the Fund by the total number of Redeemable Participating Shares in issue at 31 March 2011.

	USD Institutional Accumulating Class	EURO Hedged Institutional Accumulating Class	EURO Hedged Institutional Accumulating B Class
<b>Lazard Emerging Markets Bond Fund</b>			
Net asset value	USD 9,551,277	EUR 3,102,655	-
Number of shares outstanding	97,250	31,623	-
Net asset value per share	USD 98.21	EUR 98.11	-
<b>Lazard Emerging Markets Local Debt Fund</b>			
Net asset value	USD 14,463,760	EUR 3,865,051	-
Number of shares outstanding	143,904	38,576	-
Net asset value per share	USD 100.51	EUR 100.19	-
<b>Lazard Emerging Markets Total Return Debt Fund</b>			
Net asset value	USD 24,238,266	EUR 41,439,003	EUR 39,533,080
Number of shares outstanding	240,044	411,045	391,094
Net asset value per share	USD 100.97	EUR 100.81	EUR 101.08

# Notes to the Financial Statements (continued)

## 8. Exchange Rates

The financial statements are prepared in U.S. Dollars. The following year end exchange rates have been used to translate assets and liabilities in other currencies to U.S. Dollars:

Exchange Rates against US Dollar	31 March 2011
Brazilian Real	1.6268
British Pound	0.6239
Chilean Peso	479.1500
Colombian Peso	1871.5000
Egyptian Pound	5.9595
Euro	0.7047
Hungarian Forint	187.1926
Indonesian Rupiah	8707.5000
Israeli Shekel	3.4733
Japanese Yen	82.8800
Kazakhstani Tenge	145.6050
Malaysian Ringgit	3.0288
Mexican Peso	11.9073
New Russian Ruble	28.4200
Peruvian Nouveau Sol	2.8025
Philippine Peso	43.4000
Polish Zloty	2.8396
South African Rand	6.7595
Thailand Baht	30.2450
Turkish Lira	1.5439
Uruguayan Peso	19.2500

## 9. Cash and Cash Equivalents

Cash and cash equivalents as at 31 March 2011 comprises current deposits with banks. The counterparty for cash and deposits, including overnight deposits is State Street Bank and Trust Company.

## 10. Risk Management Policies and Procedures

The Company's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and investors should refer to the Prospectus and Supplements for a more detailed discussion of the risks inherent in investing in the Company.

The Board of Directors (the "Directors") review reports from Lazard Asset Management LLC (the "Investment Manager") in relation to the Company's performance and risk profile on a quarterly basis and more frequently as required in relation to the Funds' performance and risk profile. The Investment Manager is also responsible for ensuring that the Funds are managed within the terms of the Funds' investment guidelines and limits set out in the Prospectus' and Supplements as well as the Investment Manager's own internal investment guidelines and limits. The Directors delegate to Lazard Fund Managers (Ireland) Limited (the "Manager") who in turn delegates to the Investment Manager responsibility for the monitoring and oversight of risk for the Funds.

There is a Risk Management Team responsible for overseeing the risk management process of the Investment Manager. The Team has delegated the monitoring to the respective Head of Risk in the country of operation of the relevant Investment Manager. The Head of Risk, reports into the Oversight Committee. The Oversight Committee is the central management body for the Investment Manager's investment platform. It reviews and monitors all Funds to ensure they remain consistent with their stated goals and objectives in terms of product characteristics, performance and risk meaning that Funds are managed in line with client expectations and their legal and constitutional regulations.

The following paragraphs outline procedures undertaken to manage the market, credit and liquidity risks of the Company.

## 10. Risk Management Policies and Procedures (continued)

### Market Risk

Market risk arises mainly from uncertainty about future values of financial instruments held specifically from price, currency and interest rate movements. It represents the potential loss the Company might suffer through holding market positions in the face of market movements.

Each Fund is classified as a sophisticated user of FDI and therefore the global exposure will be calculated using an advanced risk measurement approach. The investment management team will use value-at-risk as an integral part of their ongoing monitoring and management of the Fund's market risk.

Each Fund's global exposure will be calculated daily by way of an absolute value-at-risk ("VaR") model using the Bloomberg Alpha Portfolio Analytics and Risk application. Bloomberg Alpha is used for all the required calculations and reporting for value at risk ("VaR"). VaR is a category of risk measures which, unlike market risk metrics such as the Greeks, duration and convexity, can be applied to all asset types and can cover all sources of market risk. VaR summarizes the maximum expected loss over a target horizon with a given level of confidence. VaR is a useful measure in that it can summarize the maximum loss in a single monetary value or a percentage of the overall portfolio. The Investment Manager will also be using Algorithmics system for VaR calculations and risk analyses. Analytics from Algorithmics are also used in Bloomberg Alpha, The VaR model will use the following quantitative standards:

- The confidence level should be 99%
- The holding period should be 1 trading day; and
- The historical observation period should not be less than 1 year; however, a shorter observation period may be used if justified, for example, as a result of significant recent changes in price volatility

There are three popular approaches for calculating VaR, namely Historical Simulation, analytical Variance-Covariance method and Monte Carlo Simulation. We use the simple yet powerful approach of the historical simulation method which assumes that historical return distribution is a good representation of future returns. This method is one of the most reliable methods as it requires making the minimum number of assumptions. It also incorporates the volatilities and correlations explicitly by using the real market returns. As the VaR reports generated by Bloomberg Alpha are based on 99% confidence interval and 1 day holding period, the 20% 20-day limit is scaled down according to appropriate factors. The absolute 1-day 99% VaR limit is  $20\% / \sqrt{20} = 4.47\%$ .

In case the VaR for certain holdings does not get calculated by the system due to data errors or modelling limitation, the Risk Management Team will assess the VaR impact of those holdings and incorporate that figure as an add-on to the VaR. This approach may ignore possible diversification benefits, and will provide a conservative VaR level for the portfolio.

Stress testing will be performed on a monthly and as required basis. Back testing results will be recorded daily and results analysed quarterly or semi-annually. The data in the VaR model is updated on a daily basis and contains one year's market data.

Bloomberg Alpha is used for stress testing to evaluate the market risk inherent in the portfolio under abnormal market conditions. The risk methodology used in stress tests is similar to the one used in calculating VaR. The portfolio Profit and Loss (P&L) or % return is generated by calculating a projected portfolio market value, based on a change in Risk Factors. To generate the market value, a "Full Valuation Methodology" is used to theoretically value every security within the fund or the sensitivities to rates and spreads are used to assess the impact of larger market moves.

Since VaR cannot incorporate all possible scenarios, stress testing helps capture sudden and dramatic changes in the portfolio's value given atypical market circumstances. Stress testing is utilised monthly and on an ad hoc basis. Daily monitoring of the sensitivities to interest rates, FX and credit spreads gives us a better picture of how the portfolio might react to sudden market moves.

Some limitations of VaR are:

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive (in the case of probability-based methods, such as VaR, profits and losses are almost certain to exceed the reported amount with a frequency depending on the confidence interval chosen); and
- future market conditions could vary significantly from those experienced in the past.

# Notes to the Financial Statements (continued)

## 10. Risk Management Policies And Procedures (continued)

### Market Risk (continued)

The table below for 31 March 2011 indicates the VaR of the Fund's financial instruments, measured as the potential one business day loss in value from adverse changes in market rates, with a 99 percent confidence level.

For the period ended 31/03/2011

Portfolio	1-Day 99% VaR	Min VaR	Max VaR	Average VaR	VaR Limit
Lazard Emerging Markets Bond Fund	1.14%	0.84%	1.47%	1.32%	4.47%
Lazard Emerging Markets Local Debt Fund	1.90%	1.46%	2.21%	1.93%	4.47%
Lazard Emerging Markets Total Return Debt Fund	0.41%	0.29%	0.55%	0.42%	4.47%

As the Funds are classified as a sophisticated user of FDI and therefore the global exposure will be calculated using an advanced risk measurement approach, that is, value-at-risk. Investment Manager also applies definition consistent with CESR's Guideline of Risk Measurement and the Calculation (CESR/10-788) for internal monitoring.

### (i) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Company is exposed to market price risk arising from its investments in securities. By diversifying the portfolio, the risk that a price change of a particular investment will have a material impact on the Company is controlled. The Investment Manager manages the Company's market risk on a daily basis in accordance with the Company's investment objective, policies and core philosophy. The core philosophy of total performance measurement entails the active management of return, risk and cost. Relative-to-benchmark risk is controlled through the construction of diversified portfolios where exposures to certain market features (such as capitalisation or industry) are limited. All of the securities (excluding derivatives) were designated at fair value through profit or loss at the year end.

### (ii) Foreign Currency Risk

The Company may invest in securities denominated in currencies other than its functional currency (or, indeed, the currency of the investor). Furthermore, the Funds may invest in forward exchange contracts in currencies for the purpose of implementing investment views as well as hedging. Consequently, the Company is exposed to risks that the exchange rate of its reporting currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Company's assets that are denominated in currencies other than its own currency. Currencies may also move in such a way as to cause losses on currency forward exchange contracts.

The tables immediately below provide the exposure to different currencies as at 31 March 2011:

Lazard Emerging Markets Bond Fund	Monetary Assets USD
Brazilian Real	101,606
Colombian Peso	47,716
Euro	4,391,926
Indonesian Rupiah	134,938
Malaysian Ringgit	147,179
Mexican Peso	259,362
New Russian Ruble	111,230
South African Rand	(53)
Turkish Lira	138,361
Uruguayan Peso	51,948
	<b>5,384,213</b>

# Notes to the Financial Statements (continued)

## 10. Risk Management Policies And Procedures (continued)

### Market Risk (continued)

#### (ii) Foreign Currency Risk (continued)

<b>Lazard Emerging Markets Local Debt Fund</b>	<b>Monetary Assets USD</b>
Brazilian Real	1,935,902
Chilean Peso	104,448
Colombian Peso	925,531
Egyptian Pound	96
Euro	5,420,771
Hungarian Forint	392,428
Indonesian Rupiah	1,571,869
Israeli Shekel	(313,025)
Japanese Yen	8,074
Kazakhstani Tenge	150,328
Malaysian Ringgit	2,114,563
Mexican Peso	2,002,301
New Russian Ruble	1,302,061
Peruvian Nouveau Sol	367,550
Philippine Peso	220,718
Polish Zloty	1,362,714
South African Rand	1,588,025
Thailand Baht	873,787
Turkish Lira	1,894,527
Uruguayan Peso	207,792
	<b>22,130,460</b>

<b>Lazard Emerging Markets Total Return Debt Fund</b>	<b>Monetary Assets USD</b>
Brazilian Real	4,096,640
Colombian Peso	2,165,763
Euro	90,145,106
Hungarian Forint	(3,158,765)
Indonesian Rupiah	2,567,987
Israeli Shekel	(1,773,811)
Japanese Yen	47,772
Kazakhstani Tenge	851,859
Malaysian Ringgit	4,648,920
Mexican Peso	5,542,982
New Russian Ruble	3,144,723
Philippine Peso	517,487
Turkish Lira	2,775,801
Uruguayan Peso	1,028,727
	<b>112,601,191</b>

#### (iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing interest rates. The Company is exposed to interest rate risk through its investments in securities with fixed and floating rates of interest, held within the bond Funds and its cash balances. The Investment Manager manages the Company's interest rate risk on a daily basis in accordance with the Company's investment objective, policies and core philosophy.

# Notes to the Financial Statements (continued)

## 10. Risk Management Policies And Procedures (continued)

### Market Risk (continued)

#### (iii) Interest Rate Risk (continued)

The interest rate profile of the financial assets and liabilities of the Company at 31 March 2011 was as follows:

	Up to 1 year USD	1 - 5 years USD	Over 5 years USD	Non-Interest Bearing USD	Total USD
<b>Lazard Emerging Markets Bond Fund</b>					
Financial assets at fair value through profit or loss	276,751	2,843,217	9,332,620	40,066	12,492,654
Financial liabilities at fair value through profit or loss	-	-	-	(6,113)	(6,113)
Other net receivables	-	-	-	1,440,996	1,440,996
<b>Total Net Assets</b>	<b>276,751</b>	<b>2,843,217</b>	<b>9,332,620</b>	<b>1,474,949</b>	<b>13,927,537</b>
<b>Lazard Emerging Markets Local Debt Fund</b>					
	Less than 1 year USD	1 - 5 years USD	Over 5 years USD	Non-Interest Bearing USD	Total USD
Financial assets at fair value through profit or loss	2,115,499	7,893,156	5,580,788	191,315	15,780,758
Financial liabilities at fair value through profit or loss	-	-	-	(60,151)	(60,151)
Other net receivables	-	-	-	4,228,155	4,228,155
<b>Total Net Assets</b>	<b>2,115,499</b>	<b>7,893,156</b>	<b>5,580,788</b>	<b>4,359,319</b>	<b>19,948,762</b>
<b>Lazard Emerging Markets Total Return Debt Fund</b>					
	Less than 1 year USD	1 - 5 years USD	Over 5 years USD	Non-Interest Bearing USD	Total USD
Financial assets at fair value through profit or loss	52,543,025	20,903,203	26,537,718	1,570,575	101,554,521
Financial liabilities at fair value through profit or loss	-	(51,866)	(252,851)	(257,644)	(562,361)
Other net receivables	(270,000)	-	-	38,273,742	38,003,742
<b>Total Net Assets</b>	<b>52,273,025</b>	<b>20,851,337</b>	<b>26,284,867</b>	<b>39,586,673</b>	<b>138,995,902</b>

### Counterparty/Issuer Risk and Credit Risk

Credit risk is the risk that the counterparty or issuer to a financial instrument will fail to discharge an obligation or commitment that it has entered into with each Fund. The Company is exposed to credit risk via the Funds that invest in fixed-income securities. Furthermore, the Funds are exposed to a credit risk to parties with whom they trade and will bear the risk of settlement default.

Counterparty/issuer risk is monitored and managed by a formal counterparty or issuer exposure management program within the Investment Manager. The Investment Manager's approved list of counterparties is generally limited to the most highly rated and recognised dealers in their sectors. The Investment Manager perform ongoing monitoring of this list. Counterparty/issuer risk is monitored on an ongoing basis in the following manner:

- Approved broker selection - the trading system only permits trading with approved brokers. New brokers are added, subject to a formal review process that includes a review of the broker's creditworthiness, financial strength, ability to enter into legally enforceable arrangements and standing in the financial community.
- Broker monitoring - performed through a variety of ongoing activities, including the assessment of certain regulatory filings and financial statements.
- Measurement and monitoring of counterparty or issuer trade exposure - a daily review of outstanding positions is performed.

# Notes to the Financial Statements (continued)

## 10. Risk Management Policies And Procedures (continued)

### Counterparty/Issuer Risk and Credit Risk (continued)

All transactions involving transferable securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligations.

The tables below detail the Portfolio of Investments by rating category for the Funds which invest in fixed-income securities.

Portfolio by rating category	Lazard Emerging Markets Bond Fund	Lazard Emerging Markets Local Debt Fund	Lazard Emerging Markets Total Return Debt Fund
	% of Investments As at 31 March 2011	% of Investments As at 31 March 2011	% of Investments As at 31 March 2011
A rating	3.35	30.93	41.64
B rating	91.89	63.52	47.73
C rating	1.31	-	1.58
No rating	3.45	5.55	9.05
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The Company is exposed to a credit risk on the over the counter ("OTC") counterparties with whom it trades, that these counterparties may not perform their obligations and that settlement of transactions may not occur. All OTC counterparties must meet the following criteria as set out in the UCITS regulations namely:

- (i) A credit institution in accordance with UCITS Notices, or
- (ii) Have a minimum credit rating of A2 or equivalent, or in the opinion of the Investment Manager, an implied credit minimum rating of A2 or equivalent.

Exposures to individual counterparties are limited to 10% of Net Asset Value in the case of (i) above and 5% of Net Asset Value in the case of (ii) above.

State Street Custodial Services (Ireland) Limited has appointed State Street Bank and Trust Company as its global sub-custodian. Substantially all of the cash of the Company is held with the sub-custodian. In respect of the cash held by the sub-custodian, the Company will be exposed to the credit risk of the sub-custodian. The long term credit rating of the parent company of the Custodian and sub-custodian, State Street Corporation, is A1.

The extent of the Company's exposure to credit risk in respect of the financial statements approximates the carrying value as recorded in the Company's Balance Sheet on page 24. There were no past due or impaired assets as of 31 March 2011.

### Liquidity Risk

The Company's assets comprise mainly realisable securities which can be readily sold. The main liability of the Company is the redemption of any shares that investors wish to sell. Shareholders have the right to require the Company to redeem their shares in the Company on any business day subject to restrictions set out in the prospectus. The Company has the ability to borrow in the short term to ensure settlement. No such borrowings have arisen during the year.

The Funds financial liabilities due for payment within one month relate in the most part, to security purchases awaiting settlements, redemptions of redeemable participating shares and payment of expenses and bank overdraft interest. Details of these amounts where relevant, can be found in the Balance Sheet on page 24. There are no financial liabilities that fall due over 1 month at March 31, 2011.

### Fair values of financial assets and financial liabilities

All of the financial assets and financial liabilities of the Funds are held at market value, which equates to fair value as determined in accordance with the accounting policies in note 2. There were no valuations undertaken by the Directors during the year ended 31 March 2011.

# Notes to the Financial Statements (continued)

## 10. Risk Management Policies And Procedures (continued)

### Fair Value Measurement

FRS 29 Improving Disclosures about Financial Instruments, requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The standard requires an entity to provide a quantitative and qualitative analysis of those instruments recognised at fair value based on a three-level measurement hierarchy. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Furthermore, for those instruments which have significant unobservable inputs (Level 3), the amendment requires disclosures on the transfers into and out of Level 3, a reconciliation of the opening and closing balances, total gains and losses for the period split between those recognised in the profit and loss account and recognised through the statement of total recognised gains and losses, purchases, sales issues and settlements, and a sensitivity analysis of assumptions used in determining the fair value of level 3 positions.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables provide a breakdown of the financial instruments of each Fund by valuation category at 31 March 2011:

<b>Lazard Emerging Markets Bond Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Financial assets at fair value through profit or loss:				
Investments at fair value:				
Transferable Securities	-	12,274,007	-	12,274,007
Options purchased at fair value	-	1,924	-	1,924
Unrealised gain on forward foreign currency exchange contracts	-	38,142	-	38,142
<b>Total assets</b>	-	<b>12,314,073</b>	-	<b>12,314,073</b>

<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Unrealised loss on forward foreign currency exchange contracts	-	(6,113)	-	(6,113)
<b>Total liabilities</b>	-	<b>(6,113)</b>	-	<b>(6,113)</b>

<b>Lazard Emerging Markets Local Debt Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Financial assets at fair value through profit or loss:				
Investments at fair value:				
Transferable Securities	-	14,858,736	-	14,858,736
Options purchased at fair value	-	44,472	-	44,472
Unrealised gain on forward foreign currency exchange contracts	-	146,843	-	146,843
<b>Total assets</b>	-	<b>15,050,051</b>	-	<b>15,050,051</b>

<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Options written at fair value	-	(3,014)	-	(3,014)
Unrealised loss on forward foreign currency exchange contracts	-	(57,137)	-	(57,137)
<b>Total liabilities</b>	-	<b>(60,151)</b>	-	<b>(60,151)</b>

# Notes to the Financial Statements (continued)

## 10. Risk Management Policies And Procedures (continued)

### Fair Value Measurement (continued)

Lazard Emerging Markets Total Return Debt Fund	Level 1	Level 2	Level 3	Total
Assets	USD	USD	USD	USD
Financial assets at fair value through profit or loss:				
Investments at fair value:				
Transferable Securities	35,495,600	53,366,140	-	88,861,740
Options purchased at fair value	-	188,714	-	188,714
Unrealised gain on forward foreign currency exchange contracts	-	1,381,861	-	1,381,861
Interest rate swaps at fair value	-	92,845	-	92,845
Credit default swaps at fair value	-	192,525	-	192,525
<b>Total assets</b>	<b>35,495,600</b>	<b>55,222,085</b>	-	<b>90,717,685</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Options written at fair value	-	(22,148)	-	(22,148)
Unrealised loss on forward foreign currency exchange contracts	-	(235,496)	-	(235,496)
Interest rate swaps at fair value	-	(35,422)	-	(35,422)
Credit default swaps at fair value	-	(269,295)	-	(269,295)
<b>Total liabilities</b>	-	<b>(562,361)</b>	-	<b>(562,361)</b>

Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2, these include bonds and over-the-counter derivatives.

There were no level 3 securities held on the Fund's at 31 March, 2011.

There were no movements of financial instruments between levels during the year ended 31 March 2011.

## 11. Soft Commission Arrangements

The Investment Manager for the Company, in accordance with common market practice for Investment Manager may enter into dealing arrangements with brokers whereby part of the dealing commissions paid to them are used to discharge the cost of investment related services supplied to them by the broker or by third parties. These services may be either market research or be related to the execution of trades on behalf of clients.

The Investment Manager places business with these counterparties including transactions relating to the Funds investments. The Investment Manager endeavours at all times to obtain best execution on all transactions for all clients, including the Funds, and is satisfied that these arrangements are of benefit to the Funds.

## 12. Related Party Transactions

In the opinion of the Directors, the Investment Manager and the Directors are related parties under FRS 8 'Related Party Transactions'. Fees payable to Directors for the year ended 31 March 2011 amounted to USD 17,235.

Michael Chapman resigned as a Director of the Company on 28 January 2011 and Michael Allen was appointed as a Director of the Company on 27 January 2011. William Smith and Michael Allen are employees of the Investment Manager as well as Directors of the Company. Michael Chapman was an employee of the Investment Manager as well as a Director of the Company. Andreas Huebner was appointed as a Director of the Company on 30 May 2011 and is an employee of Lazard Asset Management (Deutschland) GmbH.

All Directors of the Company as at 31 March 2011 are also Directors of the Manager.

# Notes to the Financial Statements (continued)

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## 12. Related Party Transactions (continued)

Daniel Morrissey is a Director of the Company and is also a partner of William Fry (the Company's legal advisers) and accordingly, had a beneficial interest under the Companies Act, 1990 in legal fees paid to William Fry. Daniel Morrissey as a partner of William Fry shall be deemed to be interested in any contract entered into by the Company with William Fry. During the year the Company incurred legal expenses of USD 51,054 with William Fry.

John Donohoe is a Director of the Company and is also a Director of Carne Global Financial Services Limited who provide consultancy services to the Manager, Lazard Fund Managers (Ireland) Limited.

Lazard Asset Management Limited, as Investment Manager of the Company, earned management fees of USD 259,451 of which USD 259,451 were outstanding at year end.

## 13. Comparative Figures

There are no comparative figures included in these financial statements as the Company was dormant at 31 March 2010 and contained nil balances.

## 14. Significant Events During The Year

Effective 22 October 2010, State Street Fund Services (Ireland) Limited replaced BNY Mellon Investment Servicing (International) Limited as Administrator and State Street Custodial Services (Ireland) Limited replaced BNY Mellon International Bank Limited as Custodian to the Company.

On 1 November 2010, the following Funds were launched:

- Lazard Emerging Markets Bond Fund
- Lazard Emerging Markets Local Debt Fund
- Lazard Emerging Markets Total Return Debt Fund

## 15. Significant Events Since The Year End

A new Fund, Lazard Emerging Markets Allocation Fund, is due to launch on 1 July 2011. Two new share classes were launched on 26 May 2011 on Lazard Emerging Markets Total Return Debt Fund. Andreas Huebner, (German), was appointed a Director of the Company on 30 May 2011. He is an employee of the Lazard Group, Lazard Asset Management (Deutschland) GmbH.

## 16. Approval Of The Financial Statements

The financial statements were approved by the Directors on 23 June 2011.

# Statements of Major Changes in Investments (unaudited)

## Lazard Emerging Markets Bond Fund

In accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 (as amended), a statement of largest changes in the composition of the Portfolios of Investments during the reporting year is provided to ensure that shareholders can identify changes in the investments held by the Funds. These are defined as the aggregate purchases and sales of an investment (including maturities but excluding repurchase agreements, overnight discount notes and time deposits, which are employed chiefly as a means of seeking to ensure efficient portfolio management) exceeding 1.00% of the total value of purchases and sales for the year. At a minimum the largest 20 purchases and sales are listed.

ACQUISITIONS	COST	DISPOSALS	PROCEEDS
	USD		USD
6.375% KazMunaiGaz Finance Sub BV 09/04/2021	564,345	6.375% KazMunaiGaz Finance Sub BV 09/04/2021	396,500
5.800% Iraq, Republic of 15/01/2028	467,500	5.800% Iraq, Republic of 15/01/2028	237,500
8.280% Argentina, Government of 31/12/2033	415,733	5.625% Penerbahgan Malaysia Berhad 15/03/2016	196,340
9.000% Lebanon, Government of 20/03/2017	347,250	3.875% Jordan, Kingdom of 12/11/2015	192,600
1.000% Russia, Federation of 31/03/2030	328,510	5.250% Qatar, State of 20/01/2020	186,025
6.700% Panama, Government of 26/01/2036	304,375	7.375% El Salvador, Government of 01/12/2019	163,575
6.625% Indonesia, Government of 17/02/2037	292,500	8.000% Petroleos Mexicanos 03/05/2019	151,750
1.000% Argentina, Government of 31/12/2038	262,475	1.000% Argentina, Government of 31/12/2038	151,328
8.000% Mexico, Government of 17/12/2015	262,261	8.280% Argentina, Government of 31/12/2033	149,120
7.375% Lithuania, Government of 11/02/2020	235,750	7.625% El Salvador, Government of 01/02/2041	147,750
6.375% Philippines, Government of 23/10/2034	233,400	11.000% Russia, Federation of 24/07/2018	140,750
10.250% Metinvest BV 20/05/2015	215,980	0.000% Poland, Government of 25/10/2012	139,428
6.875% Indonesia, Government of 17/01/2018	213,063	8.280% Argentina, Government of 31/12/2033	128,435
10.750% Aeropuertos Argentina 2000 01/12/2020	206,450	12.050% Berau Capital Resources 08/07/2015	116,750
5.625% Penerbahgan Malaysia Berhad 15/03/2016	203,438	6.875% South Africa, Government of 27/05/2019	116,400
11.750% Colombia, Government of 25/02/2020	201,250	6.875% Indonesia, Government of 17/01/2018	115,875
6.750% Croatia, Government of 05/11/2019	200,594	9.000% Lebanon, Government of 20/03/2017	115,500
7.625% El Salvador, Government of 01/02/2041	200,000	7.500% Turkey, Government of 14/07/2017	114,850
6.750% Nigeria, Government of 28/01/2021	199,500	7.500% South Africa, Government of 15/01/2014	113,939
6.250% South Africa, Government of 08/03/2041	198,874	6.700% Panama, Government of 26/01/2036	112,500

# Statements of Major Changes in Investments (unaudited) (continued)

## Lazard Emerging Markets Local Debt Fund

ACQUISITIONS	COST	DISPOSALS	PROCEEDS
	USD		USD
0.000% United States Treasury Bills 10/02/2011	999,889	0.000% United States Treasury Bills 10/02/2011	999,940
8.250% South Africa, Government of 15/09/2017	884,552	0.000% United States Treasury Bills 03/03/2011	749,954
0.000% Poland, Government of 25/10/2012	831,571	6.000% Brazil, Federative Republic of 15/05/2017	442,725
0.000% United States Treasury Bills 03/03/2011	749,849	3.125% Thailand, Government of 11/12/2015	425,342
2.711% Malaysia, Government of 14/02/2012	696,617	12.000% Indonesia, Government of 15/09/2011	354,334
1.000% Turkey, Government of 08/08/2012	681,876	8.250% Indonesia, Government of 15/07/2021	342,525
0.000% Turkey, Government of 25/04/2012	627,672	5.500% Hungary, Government of 12/02/2014	341,172
12.000% Colombia, Government of 22/10/2015	545,848	11.000% Indonesia, Government of 15/09/2025	317,911
4.250% Thailand, Government of 13/03/2013	536,206	7.500% South Africa, Government of 15/01/2014	285,102
8.000% Mexico, Government of 17/12/2015	518,471	0.000% Poland, Government of 25/10/2012	271,500
3.210% Malaysia, Government of 31/05/2013	486,231	10.250% Indonesia, Government of 15/07/2022	260,839
13.500% South Africa, Government of 15/09/2015	466,281	5.092% Gaz Capital SA 29/11/2015	256,250
4.000% Mexico, Government of 13/06/2019	463,195	6.510% Gaz Capital SA 07/03/2022	253,063
10.000% Brazil, Federative Republic of 01/01/2017	443,599	0.000% United States Treasury Bills 24/02/2011	249,979
6.000% Brazil, Federative Republic of 15/05/2017	426,431	0.000% United States Treasury Bills 17/02/2011	249,966
3.125% Thailand, Government of 11/12/2015	425,240	0.000% Egypt, Government of 08/03/2011	241,442
11.000% Indonesia, Government of 15/09/2025	415,756	7.850% Russia, Federation of 10/03/2018	241,379
0.000% Bank Negara Malaysia 02/06/2011	389,464	5.500% Development Bank of Kaza 20/12/2015	206,800
9.500% Indonesia, Government of 15/06/2015	385,655	13.500% South Africa, Government of 15/09/2015	173,434
0.000% Bank Negara Malaysia 10/03/2011	373,918	8.000% Mexico, Government of 11/06/2020	171,462

# Statements of Major Changes in Investments (unaudited) (continued)

## Lazard Emerging Markets Total Return Debt Fund

ACQUISITIONS	COST	DISPOSALS	PROCEEDS
	USD		USD
0.000% United States Treasury Bills 17/03/2011	9,997,889	0.000% United States Treasury Bills 17/03/2011	3,999,399
0.000% United States Treasury Bills 16/06/2011	7,996,318	8.280% Argentina, Government of 31/12/2033	3,154,757
0.000% United States Treasury Bills 10/03/2011	4,998,704	0.000% United States Treasury Bills 17/02/2011	2,999,560
0.000% United States Treasury Bills 05/05/2011	4,998,041	0.000% United States Treasury Bills 16/06/2011	2,997,535
0.000% United States Treasury Bills 03/03/2011	4,499,068	0.000% United States Treasury Bills 03/03/2011	2,499,971
0.000% United States Treasury Bills 02/06/2011	3,999,422	5.800% Iraq, Government of 15/01/2028	1,282,500
0.000% United States Treasury Bills 23/06/2011	3,999,127	0.000% Poland, Government of 25/07/2012	1,042,873
0.000% United States Treasury Bills 30/06/2011	3,999,020	0.000% Poland, Government of 25/10/2012	1,041,098
0.000% United States Treasury Bills 24/03/2011	3,998,912	9.500% Indonesia, Government of 15/06/2015	1,024,620
0.000% United States Treasury Bills 12/05/2011	3,998,502	7.500% West China Cement Ltd 25/01/2016	877,188
8.280% Argentina, Government of 31/12/2033	3,229,621	9.910% Peru, Government of 05/05/2015	854,886
0.000% United States Treasury Bills 20/01/2011	2,999,837	8.000% Mexico, Government of 17/12/2015	821,434
0.000% United States Treasury Bills 17/02/2011	2,999,405	1.000% Argentina, Government of 31/12/2038	811,388
0.000% United States Treasury Bills 26/05/2011	2,998,236	10.875% Buenos Aires, Province of 26/01/2021	634,500
5.800% Iraq, Government of 15/01/2028	2,707,500	12.000% Indonesia, Government of 15/09/2011	565,787
0.000% United States Treasury Bills 14/04/2011	2,498,927	6.580% Ukraine, Government of 21/11/2016	559,075
0.000% United States Treasury Bills 21/07/2011	1,999,316	7.625% El Salvador, Government of 01/02/2041	541,750
0.000% United States Treasury Bills 28/04/2011	1,999,191	7.500% South Africa, Government of 15/01/2014	527,021
12.500% Berau Capital Resources 08/07/2015	1,830,875	7.250% Lukoil International Finance BV 05/11/2019	490,500
0.000% United States Treasury Bills 24/02/2011	1,749,716	10.250% Metinvest BV 20/05/2015	483,750

