Lazard Managed Equity Fund
(a Sub-Fund of Lazard Investment Funds)
Director's Interim Short Report

Period
For the period ended

31 March 2008

Fund Facts
Fund size
£53.88 million

XD Dates
1 April, 1 October

Distribution Payment Dates
31 May, 30 November

Total Expense Ratio*
as at 31 March 2008:
1.07% Institutional
as at 30 September 2007:
1.06% Institutional

Net Yield
1.59% Institutional

Sector
Global Growth

Launch date
16 September 2002

Fund Manager
Tony Willis, John Reinsberg and teams

All data contained herein is sourced by Lazard Asset Management unless otherwise noted as at 31 March 2008.

* The Total Expense Ratio (TER) is based on the financial statements for this reporting period. The Total Expense Ratio is the ratio of the Sub-Fund's operating costs (excluding overdraft interest and transaction charges) to the average net assets of the Sub-Fund.

Investment Review
Over the six-months under review, the Lazard Managed Equity Fund returned -7.9% against the LCI FTSE All-Share TR/FTSE World ex UK TR return of -9.1%.[1]

Market Review
Global equity markets, including the UK stock market, fell sharply over the period. In a climate of uncertainty and high volatility, equities were hit by a combination of adverse forces. Chief among these headwinds were the continued pernicious effects of the credit crisis, coupled with worries that the seemingly faltering US economy may lead the UK and broader global economy into a downturn. Concern over the state of the UK residential property market also added to UK investors' worries towards the end of the period.

Portfolio Review
The UK equities element of the Sub-Fund benefited from very strong stock selection in Oil & Gas, where our holdings in Cairn Energy and BG Group both made substantial contributions. Cairn Energy's share price responded extremely well to continued good news on its Indian pipeline development, a resumption of exploration progress and the company's direct exposure to an oil price that rose beyond US$100/barrel. BG Group was also buoyed by strong oil prices and a continuation of highly positive exploration news, in particular from its share of the offshore Brazilian fields being developed by Petrobras.

Stock picking in Consumer Services detracted markedly from performance, with both Yell Group and Johnston Press prominent. A nervous stock market punished companies perceived to be carrying too much debt and chose to mark down share prices irrespective of trading news. Although this observation particularly applies to Yell Group and Johnston Press, Premier Foods, Ashtead Group and Northgate also fell foul of this theme in other sectors.

Having been concerned for some time about valuations in the Basic Materials sector, specifically within Mining, our decision to focus on Rio Tinto was rewarded. The company's commitment to providing organic growth alongside an attractive cost profile contributed to the logic of BHP Billiton's bid approach.

In the global ex UK equity element of the Sub-Fund, utility stock Suez added value as the merger with Gaz de France made progress.

Food producers Nestlé and Groupe Danone added value to the Sub-Fund. Groupe Danone issued reassuring results for 2007, while Nestlé raised guidance for organic sales growth through acceleration of volume.

In Technology, owning Ericsson detracted from returns after the company reported poor results and the stock fell 25% on one day in October. Management then warned that markets were tightening and that sales would be at the lower end of the forecast range. This was badly received by the market, as it was the second time in one month that management had lowered guidance.

Outlook
The extended period of cheap credit experienced over the last few years appears to be behind us. Meanwhile, the resolution to the current financial crisis is unclear. In the UK, corporate conditions have undoubtedly weakened, particularly for consumer-facing companies. However, we do not currently see evidence of a major downturn in the corporate sector.

While market volatility is at levels not seen since the technology bubble, as investors assess the effects of the credit crisis on economic growth, we believe that the recent volatility has created opportunities among high quality franchises both in the UK and in global equity markets.

1 Source: Lipper Hindsight. Bid to Bid Price. Net Income Reinvested to 31 March 2008.

Investment Objective and Policy

Objective

The objective of the Sub-Fund is to achieve capital growth.

Policy

The Sub-Fund will achieve this by investing in a diversified portfolio of global equities with a minimum of 50% exposure to the UK market.

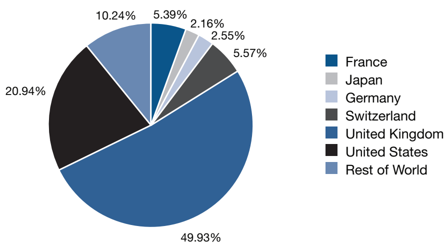
Risk Profile

The investments of the Sub-Fund are subject to normal fluctuations and other risks inherent in investing in securities. The value of investments and the income derived from them may fall as well as rise and investors may not get back the original amount invested. Fluctuations in the rate of exchange between the currency in which securities are denominated and the currency of investment may have the effect of causing the value of investments to diminish or increase.

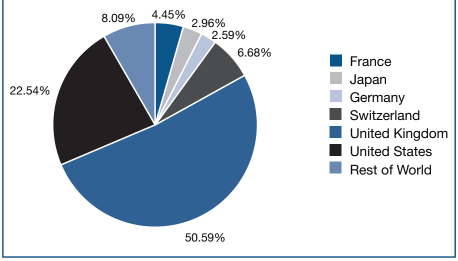
Portfolio Information

Portfolio Breakdown

31 March 2008



30 September 2007



Top Ten Holdings

Holding as at 31 March 2008	% of Sub-Fund Value
Vodafone Group	3.64
HSBC Holdings	3.45
Royal Dutch Shell 'B'	3.16
BG Group	2.62
Microsoft	2.60
GlaxoSmithKline	2.40
BP	2.07
IBM	2.02
Rio Tinto	1.94
Suez	1.84
Total	**25.74**
Total Number of Holdings	**103**

Holding as at 30 September 2007	% of Sub-Fund Value
Vodafone Group	4.20
GlaxoSmithKline	3.22
BP	3.19
Microsoft	2.66
HSBC Holdings	2.62
Rio Tinto	2.36
Exxon Mobil	2.22
IBM	1.96
Nestlé	1.85
Lloyds TSB Group	1.82
Total	**26.10**
Total Number of Holdings	**99**

Fund Summary

Fund Performance

Share Class	Share Type	Net Asset Value as at 31 Mar 08 (pence per share)	Net Asset Value as at 30 Sep 07 (pence per share)	Net Asset Value % change
Institutional	Accumulation	149.60	162.41	-7.89%

Distribution for the period

Share Class	Share Type	Interim Distribution payable 31 May 08 (pence per share)
Institutional	Accumulation	1.1976

Performance Record

Calendar Year	Share Class	Highest Price (pence per share)	Lowest Price (pence per share)	Net Distributions (pence per share)
2003	Institutional Accumulation	108.60	85.02	1.0923
2004	Institutional Accumulation	116.90	103.70	1.3452
2005	Institutional Accumulation	141.60	114.50	1.6222
2006	Institutional Accumulation	157.60	136.90	2.0489
2007	Institutional Accumulation	169.50	151.20	2.3813
2008*	Institutional Accumulation	166.50	145.10	1.1976

*to 31 March 2008

Risk Warning

Investors should remember that past performance is not a guide to the future. The value of shares and the income from them can go down as well as up. An investor may get back less than their original investment.

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Prospectus and Key Features
Copies of the latest Prospectus and Key Features are available free of charge from the ACD at the above address.

Report and Accounts
Copies of the ACD’s Annual Long Form Report and Accounts for Lazard Investment Funds (which incorporates the audited financial statements for the Lazard Managed Equity Sub-Fund) are available free of charge from the ACD at the above address.

Other Information
The information in this report is designed to enable Shareholders to make an informed judgement on the activities of the Sub-Fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the Sub-Fund during this and previous periods, please contact the ACD.

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