P R O S P E C T U S

LAZARD

9,600,000 Shares

Lazard Global Total Return and Income Fund, Inc.

Common Stock
$20.00 per share

Investment Objective. The Fund is a newly organized, diversified, closed-end management investment company. The Fund's investment objective is total return, consisting of capital appreciation and income.

No Prior Trading History. **Because the Fund is newly organized, its shares of Common Stock (as defined on page 1 of this Prospectus) have no history of public trading. Shares of closed-end investment companies frequently trade at a discount from their net asset value. This risk may be greater for investors who expect to sell their shares in a relatively short period after completion of the public offering. The Common Stock has been approved for listing on the New York Stock Exchange (the "NYSE"), subject to notice of issuance, under the trading or "ticker" symbol "LGI."** *(continued on following page)*

The Fund's investment strategy involves certain risks. See "Risks" beginning on page 22.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total[3]
Public Offering Price	$20.000	$192,000,000
Sales Load[1]	$ 0.900	$ 8,640,000
Estimated Offering Expenses[2]	$ 0.040	$ 384,000
Proceeds to the Fund	$19.060	$182,976,000

(1) For a description of all commissions and other compensation paid to the underwriters by the Fund and Lazard Asset Management LLC (the "Investment Manager"), see "Underwriting."

(2) Total expenses of issuance and distribution (other than underwriting discounts and commissions) are estimated to be $384,000. The Investment Manager has agreed to reimburse offering expenses in excess of $0.04 per share of Common Stock.

(3) The Fund has granted the underwriters an option to purchase up to 1,422,616 additional shares of Common Stock at the Public Offering Price less the Sales Load, solely to cover over-allotments, if any. If such option is exercised in full, the total Public Offering Price, Sales Load, Estimated Offering Expenses and Proceeds to the Fund will be approximately $220,452,320, $9,920,354, $440,905 and $210,091,061, respectively. See "Underwriting."

The underwriters expect to deliver the Common Stock to purchasers on or about April 30, 2004.

Citigroup
Merrill Lynch & Co.
H&R Block Financial Advisors, Inc.
Crowell, Weedon & Co.
Ferris, Baker Watts
Incorporated
J.J.B. Hilliard, W.L. Lyons, Inc.
KeyBanc Capital Markets
Oppenheimer
Raymond James
RBC Capital Markets
Stifel, Nicolaus & Company
Incorporated
Wedbush Morgan Securities

April 27, 2004

(continued from previous page)

Portfolio Contents. The Fund will pursue its investment objective through a combination of two separate investment strategies that the Investment Manager has employed on behalf of private advisory or other accounts: a global equity strategy (since 1989) and an emerging income strategy (since 1995). The Investment Manager will seek to invest substantially all of the Fund's Net Assets (as defined on page 1 of this Prospectus) using the global equity strategy. The Investment Manager also will seek to obtain exposure to emerging market currencies using the emerging income strategy, but will limit such strategy to 33⅓% or less of the Fund's Total Leveraged Assets (as defined on page 1 of this Prospectus).

- Global Equity Strategy. The Fund will invest in a portfolio of approximately 35 to 45 equity securities of companies with a market capitalization of $5 billion or greater at the time of purchase that are domiciled in those countries that comprise the MSCI World Index℠.
- Emerging Income Strategy. The Fund will invest in emerging market currencies (primarily by entering into forward currency contracts), or instruments whose value is derived from the performance of an underlying emerging market currency, but also may invest in debt obligations, including government, government agency and corporate obligations and structured notes denominated in emerging market currencies.

You should read this Prospectus, which contains important information about the Fund, before deciding whether to invest and retain it for future reference. A Statement of Additional Information, dated April 27, 2004, and as it may be supplemented, containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of the Statement of Additional Information, the table of contents of which is on the inside back cover of this Prospectus, by calling (800) 823-6300 or by writing to the Fund, or you may obtain a copy (and other information regarding the Fund) from the Securities and Exchange Commission's web site (http://www.sec.gov).

The Fund's shares of Common Stock do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

You should rely only on the information contained or incorporated by reference in this Prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus.

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Until May 22, 2004 (25 days after the date of this Prospectus), all dealers who buy, sell or trade the shares of Common Stock, whether or not participating in this offering, may be required to deliver a Prospectus. This is in addition to the dealers' obligation to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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SUMMARY

This is only a summary. You should review the more detailed information contained elsewhere in this Prospectus and in the Statement of Additional Information to understand the offering fully.

The Fund . . . . Lazard Global Total Return and Income Fund, Inc. (the "Fund") is a newly organized, diversified, closed-end management investment company.

The Offering . . . . The Fund is offering 9,600,000 shares of common stock, par value $.001 per share (the "Common Stock") at $20.00 per share through a group of underwriters (the "Underwriters") led by Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, H&R Block Financial Advisors, Inc., Crowell, Weedon & Co., Ferris, Baker Watts, Incorporated, J.J.B. Hilliard, W.L. Lyons, Inc., KeyBanc Capital Markets, A Division of McDonald Investments Inc., Oppenheimer & Co. Inc., Raymond James & Associates, Inc., RBC Capital Markets Corporation, Stifel, Nicolaus & Company, Incorporated and Wedbush Morgan Securities Inc. You must purchase at least 100 shares of Common Stock to participate in this offering. The Fund has given the Underwriters an option to purchase up to 1,422,616 additional shares of Common Stock to cover orders in excess of 9,600,000 shares of Common Stock. See "Underwriting." The Investment Manager has agreed to pay (i) all of the Fund's organizational expenses and (ii) offering costs (other than sales load) that exceed $0.04 per share of Common Stock.

Investment Objective and Strategies . . . . The Fund's investment objective is total return, consisting of capital appreciation and income. The Fund's investment objective is fundamental and cannot be changed without approval by the holders of the Common Stock ("Common Stockholders"). There can be no assurance that the Fund's investment objective will be achieved. See "The Fund's Investments—Investment Objective and Strategies."

The Fund will pursue its investment objective through a combination of two separate investment strategies that the Investment Manager has employed on behalf of private advisory or other accounts: a global equity strategy (since 1989) and an emerging income strategy (since 1995). The Investment Manager will seek to invest substantially all of the Fund's assets (without taking into account Financial Leverage (as defined below), "Net Assets") using the global equity strategy. The Investment Manager also will seek to obtain exposure to emerging market currencies using the emerging income strategy, but will limit such strategy to 33⅓% or less of the Fund's total assets (including Financial Leverage, "Total Leveraged Assets").

- *Global Equity Strategy.* The Fund will invest in a portfolio of approximately 35 to 45 equity securities of companies with a market capitalization of $5 billion or greater at the time of purchase that are domiciled in those countries that comprise the MSCI World Index℠ ("Global Equity Investments").
- *Emerging Income Strategy.* The Fund will invest in emerging market currencies (primarily by entering into forward currency contracts), or instruments whose value is derived from the performance of an underlying emerging market currency, but also may invest in debt obligations, including government, government agency and corporate obligations and structured notes denominated in emerging market currencies (collectively, "Currency Investments").

The Investment Manager will determine the amount of the Fund's investment exposure to Currency Investments using a variety of factors, including the estimated current dividend yield of Global Equity Investments and the estimated current income and anticipated short-term gains associated with Currency Investments, as well as economic and market conditions in the relevant emerging markets that may affect future income or gain potential. Although Currency Investments will primarily consist of forward currency contracts, the Investment Manager may, in its discretion, reduce Global Equity Investments (but to no less than 80% of the Fund's Net Assets) and allocate Fund assets to make Currency Investments with other instruments or debt obligations. "Currency Commitments" are the aggregate financial exposures created by forward currency contracts in excess of that represented in the Fund's Net Assets. Currency Commitments in the future may include financial exposures created through the use of derivative instruments other than forward currency contracts, but there is no current intention to do so. The Investment Manager also may use Borrowings to invest in such other instruments and debt obligations. Currency Commitments and Borrowings are referred to together in this Prospectus as "Financial Leverage." See "The Fund's Investments" and "Use of Financial Leverage."

Investment Philosophy and Process . . . . *Global Equity Strategy.* The Investment Manager seeks to purchase under-valued, under-appreciated and financially productive stocks (a "relative value strategy"). The Investment Manager's relative value strategy is based on value creation through the process of bottom-up stock selection. The Investment Manager seeks to purchase stocks of companies that it believes offer value creation opportunity given the trade off between strong financial productivity and attractive valuations. The Investment Manager follows an investment process that incorporates three types of investment research, as well as other investment selection techniques. This research process is based on analysis of historical financial data.

- *Analytical Framework.* The Investment Manager employs various screening processes to search global databases for companies that appear to offer strong financial productivity at attractive valuations. Screening seeks to identify companies that are attractively priced (*i.e.*, low price/earnings, price/book and price/cash flow ratios), relative to their financial returns (*i.e.,* return on equity, cash return on equity, return on assets and operating margins).
- *Accounting Validation.* The Investment Manager's analysts examine a company's stated financial statistics (income statement, cash flow statement, balance sheet and all related footnotes) to consider how accounting decisions and policies may affect reported financial productivity. While this process is not designed to detect fraud or other misrepresentations or omissions, by focusing on detailed cash flow analysis and discretionary balance sheet items, analysts seek to: determine whether a level of comfort can be gained in a company's stated financial productivity; identify and take advantage of pricing anomalies; and discover opportunities, including hidden value per share and hidden risks.
- *Fundamental Analysis.* A key component in the equity investment process, fundamental analysis is conducted to assess many issues, including the sustainability of returns, and to identify a catalyst for price revaluation. This involves analyzing a company's: quality and depth of management; competitive position; sensitivity to economic/market cycles; margin and sales trends; brand name strength; geographical breakdown; and macro environment in which a company operates.

See “The Fund’s Investments—Investment Philosophy and Process—Global Equity Investments.”

Currency Investments. In selecting Currency Investments, the Investment Manager applies the discipline of bottom-up investment selection and diversification to local currency emerging markets. The Investment Manager believes that the risk of currency devaluation could be largely mitigated through diversification. To construct a portfolio of Currency Investments, the Investment Manager begins with an equal-weighted portfolio of approximately 40 countries which serves as the Investment Manager’s baseline allocation. From the equal-weighted portfolio the investment team implements its active views by over- or under-weighting individual countries within a diversified framework of approximately 20 to 25 countries.

- *Country Selection.* The Investment Manager intends to modestly overweight or underweight certain countries relative to an equal-weighted portfolio of approximately 40 countries based on such factors as a country’s macroeconomic fundamentals, political stability, interest rate level and anticipated sustainability of currency policy. The maximum exposure to any one currency will be 8% of Currency Investments, and the maximum exposure to any one country will be 10% of Currency Investments (in each case, determined at the time of each investment). Of these 40 countries, the Fund currently intends to have a portfolio of approximately 20 to 25 countries.
- *Sector Selection.* The Investment Manager will seek to invest in what it perceives to be the most attractive risk-adjusted asset in each country (*i.e.,* forward currency contracts, sovereign and agency debt, structured products or high-quality corporate names denominated in emerging local currencies).
- *Maturity Selection.* The average maturity of Currency Investments is targeted to remain under one year. However, the Fund may invest in securities with longer maturities in particular countries when the Investment Manager believes domestic yield curves are favorable.
- *Security Selection.* Securities in emerging markets often have fairly complicated structures, such as unusual resets, options and other features that are often misvalued in these relatively unsophisticated local markets. The Investment Manager believes that such a situation affords an opportunity for investors willing to take the systematic valuation of complex structures.

See “The Fund’s Investments—Investment Philosophy and Process—Currency Investments.”

Use of Financial Leverage . . The Fund intends to use leverage to invest Fund assets in Currency Investments primarily using Currency Commitments and by borrowing under a credit facility with a financial institution, up to an aggregate of 33⅓% of the Fund’s Total Leveraged Assets. Borrowings under the credit facility are referred to in this Prospectus as “Borrowings.” Any Borrowings will have seniority over the Common Stock. It is possible that following the incurrence of Financial Leverage the assets of the Fund will decline due to market conditions such that this 33⅓% threshold will be exceeded. In that case, leverage risk will increase.

The amount and composition of Financial Leverage outstanding will vary depending on a number of factors, including economic and market conditions in the relevant currency markets, the availability of relatively attractive Currency Investments not requiring Borrowings, and the costs that the Fund would incur as a result of Borrowings. The Investment Manager's fee for investment management services will be calculated on the basis of the Fund's Total Leveraged Assets. The fee paid to the Investment Manager for investment management services will be higher when the Fund uses leverage because the fee paid will be calculated on the basis of the Fund's assets including the leverage.

There is no assurance that any leverage strategy the Fund employs will be successful. See "Risks—Principal Risks of Investing in the Fund—Leverage Risk." Currency Commitments will have the economic effect of leverage by creating investment exposure greater than the Fund's Net Assets (similar to Borrowings), although the Fund currently intends to manage Currency Commitments so that they would not be considered to constitute "senior securities" (leverage) under the 1940 Act. Borrowings may be at a fixed or floating rate and generally will be based on short-term rates. So long as the rate of return, net of applicable Fund expenses, on the Fund's portfolio investments exceeds the then current interest rate on any Borrowings, excess return on the proceeds of Borrowings can be used to pay distributions to Common Stockholders. See "Use of Financial Leverage."

Investment Manager . . . . . . Lazard Asset Management LLC will be responsible for managing the Fund's portfolio, which will include determining the amount of the Fund's assets allocated to Global Equity Investments and Currency Investments. **The Fund's method of calculating the Investment Manager's fee is different than the way closed-end investment companies typically calculate management fees**. The management fee borne by Common Stockholders will increase to the extent the Investment Manager uses forward currency contracts to create Financial Leverage on behalf of the Fund. See "Management of the Fund—Investment Management Agreement" for an explanation of the method of calculating the Investment Manager's fee and how this method differs from the way closed-end investment companies typically calculate management fees.

Distributions . . . . The Fund intends to implement a policy to make stable monthly cash distributions (the "Level Distribution Policy"), subject to approval and oversight by the Fund's Board of Directors. Under a Level Distribution Policy, if, for any monthly distribution, net investment income and net realized short-term capital gain were less than the amount of the distribution, the difference generally would be distributed from the Fund's assets. The Fund's final distribution for each calendar year would include any remaining net investment income and net realized short-term and long-term capital gain undistributed during the year.

The initial distribution is expected to be declared approximately 45 days, and paid approximately 90 days, from the completion of this offering, depending upon market conditions.

The Investment Manager, on behalf of itself and the Fund, intends to file an exemptive application with the Securities and Exchange Commission (the "SEC") seeking an order under the Investment Company Act of 1940, as amended (the "1940 Act"), to allow the Fund to make monthly distributions at a fixed rate per share of Common Stock, or a fixed percentage of net asset value, that may include periodic distributions of long-term capital gains (a "Managed Distribution Policy"). There is no guarantee that the Investment Manager will apply for, or that the SEC would grant, the exemptive order. The Fund's Board of Directors also would need to approve implementation of a Managed Distribution Policy and would reserve the right to change the policy from time to time. See "Distributions."

Dividend Reinvestment Plan	Unless you elect to receive distributions in cash, all dividends, including any capital gains dividends, on your Common Stock will be automatically reinvested by the Plan Agent in additional Common Stock under the Fund's Dividend Reinvestment Plan. See "Distributions" and "Dividend Reinvestment Plan."
Listing	The Common Stock has been approved for listing on the NYSE, subject to notice of issuance, under the trading or "ticker" symbol "LGI."
Custodian, Transfer Agent and Dividend Disbursing Agent	State Street Bank and Trust Company will serve as the Fund's custodian. EquiServe Trust Company, N.A. will serve as the Fund's transfer agent and registrar, and EquiServe, Inc. ("EquiServe") will serve as the Fund's dividend disbursing agent. See "Custodian, Transfer Agent and Dividend Disbursing Agent."
Market Discount from Net Asset Value	Shares of closed-end investment companies frequently trade at prices lower than their net asset value. This characteristic is a risk separate and distinct from the risk that the Fund's net asset value could decrease as a result of investment activities and may be a greater risk for investors expecting to sell their shares in a relatively short period of time following completion of this offering. The net asset value of the Common Stock will be reduced immediately following the offering as a result of the payment of certain offering costs. See "Use of Proceeds," "Risks," and "Repurchase of Fund Shares; Conversion to Open-End Fund." The Fund cannot predict whether the Common Stock will trade at, below or above net asset value or at, below or above the initial public offering price. The Common Stock is designed primarily for long-term investors, and you should not view the Fund as a vehicle for trading purposes.
Special Risk Considerations	***Principal Risks of Investing in the Fund***

No Operating History. The Fund is a newly organized, diversified, closed-end management investment company and has no operating history.

Investment and Market Risk. An investment in the Fund's Common Stock is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Common Stock represents an indirect investment in the Fund's portfolio investments. Their value, like other market investments, may move up or down, sometimes rapidly and unpredictably.

Your Common Stock, at any point in time, may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions. The Fund's investment strategy includes purchasing investments that have embedded financial leverage, such as forward currency contracts, which magnifies the risk that you may lose money. See "Use of Financial Leverage" and "Risks—Principal Risks of Currency Investments—Currency Risks."

Leverage Risk. Using leverage is a speculative investment technique and involves certain risks. These include higher volatility of net asset value, the likelihood of more volatility in the market value of Common Stock and, with respect to Borrowings, the possibility either that the Fund's return will fall if the interest rate on any Borrowings rises, or that income will fluctuate because the interest rate of Borrowings varies. Investments made with Currency Commitments and the risks of those investments include those described in "The Fund's Investments" and "Risks—Principal Risks of Currency Investments—Risks of Forward Currency Contracts and Other Currency Instruments."

If the market value of the Fund's portfolio declines, the leverage will result in a greater decrease in net asset value than if the Fund were not leveraged. Such greater net asset value decrease also will tend to cause a greater decline in the market price for Common Stock. See "Risks—Principal Risks of Investing in the Fund—Leverage Risk."

Investment Manager Fee Conflict Risk. The fee paid to the Investment Manager for investment management services will be higher when the Fund uses Financial Leverage, whether through forward currency contracts or Borrowing, because the fee paid will be calculated on the basis of the Fund's assets including this Financial Leverage. Consequently, the Investment Manager may have a financial interest for the Fund to utilize such Financial Leverage, which may create a conflict of interest between the Investment Manager and the Common Stockholders of the Fund. The Fund has implemented procedures to monitor this potential conflict. See "Risks—Principal Risks of Investing in the Fund—Investment Management Fee Conflict Risk."

Principal Risks of Global Equity Investments

Non-U.S. Investments Risk. Global Equity Investments will be in securities of foreign issuers operating in developed countries and will not include securities of emerging market issuers. These investments involve special risks, including the following: less publicly available information about non-U.S. issuers or markets because of less rigorous disclosure or accounting standards or regulatory practices; many non-U.S. markets are smaller, less liquid and more volatile; the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; and the impact of economic, political, social or diplomatic events. Withholding and other non-U.S. taxes may decrease the Fund's return. Many of these risks are more pronounced to the extent that the Fund invests a significant amount of its assets in companies located in one region. See "Risks—Principal Risks of Global Equity Investments—Non-U.S. Investments Risk."

Common Stock Risk. Although common stocks historically have generated higher average returns than fixed income securities, common stocks also have experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. Also, prices of common stocks are sensitive to general movements in the local stock market, and perhaps global stock markets, and a drop in these markets may depress the prices of common stocks held by the Fund. The Fund intends that the common stocks in which it will invest will primarily be relative value stocks. These stocks are common shares of companies that sell at low valuation levels relative to their earnings, revenues, assets, cash flows or other definable measures. Such companies may have experienced adverse business or industry developments or may be subject to special risks that have caused the common shares to be out of favor and, in the Investment Manager's opinion, undervalued. If the Investment Manager's assessment of a company's prospects is wrong, the price of its common stock may fall, or may not approach the value that the Investment Manager has placed on it.

Focus Risk. Global Equity Investments will be made in a smaller number of issuers than other, more diversified investment portfolios. As a result, the value of Global Equity Investments may be relatively more susceptible to adverse effects from any single corporate, economic, market, political or regulatory occurrence than if the Fund's portfolio of Global Equity Investments consisted of a larger number of securities.

Principal Risks of Currency Investments

Although Currency Investments are not the Fund's primary investment strategy, the Fund expects that they will constitute a significant portion (up to 33⅓%) of its Total Leveraged Assets. Therefore, Currency Investments could increase the risks of investing in the Fund, some of which are described below.

Emerging Markets Risk. Currency Investments may include, in addition to forward currency contracts (or instruments whose value is derived from the performance of an underlying emerging market currency), debt obligations denominated in emerging markets currencies (including sovereign and corporate debt securities).

Particular risks of investing in emerging markets include: smaller market capitalization of securities markets; significant price volatility; restrictions on foreign investment; and possible seizure of a company's assets. In addition, foreign investors may be required to register the proceeds of sales. Future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies, all of which may affect adversely currencies.

Foreign investment in certain emerging markets is restricted or controlled to varying degrees, which may at times limit or preclude foreign investment in certain emerging markets. Certain emerging market countries require government approval prior to investments in a particular issuer by foreign persons, impose additional taxes on foreign investors and/or have other limitations on investment by foreign persons.

Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and financial markets of certain emerging market countries. See "Risks—Principal Risks of Global Equity Investments—Non-U.S. Investments Risk" and "Risks—Principal Risks of Currency Investments—Emerging Markets Risk."

Currency Risks. Your investment in Common Stock, as measured in U.S. dollars, may change significantly when the values of the emerging market local currencies change relative to the U.S. dollar, thereby subjecting investors to currency risks. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and significant devaluation may occur subsequent to investments in these currencies by the Fund. Other risks include the dependence on the Investment Manager's ability to predict movements in exchange rates and imperfect correlations between movements in exchange rates.

Currency Investments could be adversely affected by delays in, or a refusal to grant, repatriation of funds or conversion of emerging market currencies.

In certain countries the central bank manages the currency rate against a basket of one or more developed market currencies such as the Euro, Japanese Yen and others. In some of these countries, the Fund may employ a strategy seeking to limit exposure to the major currencies while retaining exposure to the local emerging market currency while selling the basket constituents. In such a situation, the Fund's strategy could fail if the emerging market country changed the announced or implied components of the currency basket against which the Fund has hedged its exposure. See "Risks—Principal Risks of Currency Investments—Currency Risks."

Risks of Forward Currency Contracts and Other Currency Instruments. Forward currency contracts, and certain other instruments whose value is derived from the performance of an underlying emerging market currency, are highly volatile, and a relatively small price movement in these instruments may result in substantial losses to the Fund. See “Risks—Principal Risks of Currency Investments—Risks of Forward Currency Contracts and Other Currency Instruments.”

Fixed Income Risks. Interest rate risk is the risk that fixed income securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Market interest rates in the U.S. and in certain other countries in which the Fund may invest currently are near historically low levels.

Credit or default risk is the risk that a Fund portfolio investment will decline in price or fail to make dividend or interest payments when due because the issuer of the security experiences a decline in its financial status.

Investing in sovereign debt securities will expose the Fund to the direct or indirect consequences of political, social or economic changes in the emerging market countries that issue the securities. Many of these countries are also characterized by political uncertainty or instability. The ability and willingness of sovereign obligors in emerging market countries or the governmental authorities that control repayment of their debt to pay principal and interest on such debt when due may depend on general economic and political conditions within the relevant country. Countries in which the Fund intends to invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, trade difficulties and extreme poverty and unemployment.

The market values of corporate debt securities are sensitive to individual corporate developments and changes in economic conditions. Emerging market issuers may be highly leveraged and may not have more traditional methods of financing available to them. Therefore, their ability to service their debt obligations during an economic downturn or during sustained periods of rising interest rates may be impaired, resulting in a higher risk of default. See “Risks—Principal Risks of Currency Investments—Fixed Income Risks.”

High Yield, Lower Quality Securities. High yield, lower quality securities (sometimes referred to as “junk bonds”) are considered speculative and, compared to certain lower yielding, higher quality securities, tend to have more volatile prices and increased price sensitivity to changing interest rates and to adverse economic and business developments, greater risk of loss due to default or declining credit quality, greater likelihood that adverse economic or company specific events will make the issuer unable to make interest and/or principal payments, and greater susceptibility to negative market sentiments leading to depressed prices and decrease in liquidity. See “Risks—Principal Risks of Currency Investments—Fixed Income Risks—High Yield, Lower Quality Securities Risks.”

Other Risks of Currency Investments

Risk of Hedging Developed Market Currency Exposure. Currency Investments may include derivatives or other transactions employed for purposes of hedging exposure to certain developed market currencies embedded in emerging market currencies. There may be an imperfect correlation between the Fund’s portfolio holdings and such derivatives, which may prevent the Fund from achieving the intended consequences of the applicable transaction or expose the Fund to risk of loss. Further, the Fund’s use of derivatives or other hedging transactions involves costs and will be subject to the Investment Manager’s ability to predict correctly changes in the relationships of the relevant positions. See “Risks—Other Risks of Currency Investments—Risk of Hedging Developed Market Currency Exposure.”

Counterparty Risk. Currency Investments may be acquired in the "over-the-counter" or "interdealer" markets, where participants typically are not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. In the absence of a regulated market to facilitate settlement, the Fund is subject to the risk that a counterparty will not settle a transaction (such as a forward currency contract or other derivative transaction) in accordance with its terms and conditions because of a dispute over the terms of contract or because of a credit or liquidity problem. See "Risks—Other Risks of Currency Investments—Counterparty Risk."

Reinvestment Risk. Reinvestment risk is the risk that returns from Currency Investments will decline if and when Currency Investments are made from investment disposition proceeds at market interest rates that are below the current earning rate of Currency Investments, or otherwise when proceeds cannot be used to enter into transactions on terms as favorable as those on which the disposed assets previously were held. A decline in income could affect the price of the Common Stock or the Fund's overall returns.

Liquidity Risk. A portion of the Fund's Currency Investments may be or become illiquid. This is as a result of the small quantities in which these securities are issued and low trading volumes in the securities markets and/or currency of emerging market issuers. If Currency Investments need to be liquidated quickly, the Fund's strategy could sustain significant transactions costs.

Other Risks of Investing in the Fund

Fund Distribution Risk. Pursuant to its distribution policy, the Fund intends to make regular distributions on its shares of Common Stock. To the extent the total monthly distributions for a year exceed the Fund's net investment income and net realized capital gain, the excess will generally be treated as a return of capital up to the amount of a stockholder's tax basis in the Common Stock. Any distributions which constitute a return of capital will reduce a stockholder's tax basis in the Common Stock, thereby increasing such stockholder's potential gain or reducing potential loss on the sale of the Common Stock. In addition, such excess distributions will decrease the Fund's assets and may increase the Fund's expense ratio. To make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment may not dictate such action. Any amounts distributed to a stockholder in excess of the stockholder's basis in the Common Stock will generally be taxable to the stockholder as capital gain. See "Risks—Other Risks of Investing in the Fund—Fund Distribution Risk."

Price Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the value of the securities or currencies in which the Fund invests may decline substantially. In particular, purchasing assets or currencies at what may appear to be "undervalued" levels is no guarantee that these assets or currencies will not be trading at even more "undervalued" levels at the time of valuation or at the time of sale.

Market Disruption Risk. Certain events have a disruptive effect on the financial markets, such as terrorist attacks, war and other geopolitical events. The Fund cannot predict the effect of similar events in the future on the global economy or the markets of specific countries.

Certain Affiliations. Certain broker-dealers may be considered to be affiliated persons of the Fund and/or the Investment Manager. Absent an exemption from the SEC or other regulatory relief, the Fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to purchase securities being underwritten by an affiliated broker or a syndicate including an affiliated broker, or to utilize affiliated brokers for agency transactions, is subject to restrictions. This could limit the Fund's ability to engage in securities transactions and take advantage of market opportunities. See "Risks—Other Risks of Investing in the Fund—Certain Affiliations."

Anti-Takeover Provisions. The Fund's Articles of Incorporation (the "Articles") include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could have the effect of depriving the Common Stockholders of opportunities to sell their Common Stock at a premium over the then current market price of the Common Stock. See "Risks—Other Risks of Investing in the Fund—Anti-Takeover Provisions" and "Certain Provisions in the Articles of Incorporation and By-Laws."

Tax Risk. To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things the Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources ("qualifying income"). The U.S. Treasury has authority to issue regulations (possibly with retroactive application) that would exclude foreign currency gains from qualifying income if such gains are not directly related to a fund's business of investing in stock or securities. Accordingly, regulations may be issued in the future which could treat some or all of the Fund's foreign currency gains as non-qualifying income, thereby jeopardizing the Fund's status as a regulated investment company for all years to which the regulations are applicable. If for any taxable year the Fund does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and such distributions will be taxable as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits. See "Risks—Other Risks of Investing in the Fund—Tax Risk."

Regulatory Risk. The Fund's portfolio managers also manage separate investment advisory accounts and other pooled investment vehicles. There are currently pending in the U.S. Congress various proposals to amend the 1940 Act and adopt or amend rules thereunder that may limit the extent to which the portfolio managers could continue to manage the Fund concurrently with such accounts and vehicles. In addition, there are other proposals pending which would affect the composition, duties and responsibilities of the Fund's Board of Directors. It is possible that significant changes affecting the Board's composition, duties and responsibilities would affect the Fund's ability to retain qualified Directors. Since no final amendments or rules have yet been adopted, no decision has been made as to how the Investment Manager and the Fund would comply with any new regulatory requirements relating to these or other matters.

Certain Tax Aspects .... For taxable years beginning on or before December 31, 2008, distributions of net investment income that are designated by the Fund as derived from "qualified dividend income" are taxed to individuals at the rates applicable to long-term capital gain. Certain holding period and other requirements must be met by the stockholder and the Fund for distributions to be eligible for the preferential individual tax rates that apply to qualified dividend income. A portion of the distributions paid by the Fund may constitute qualified dividend income eligible for taxation at the favorable tax rates.

SUMMARY OF FUND EXPENSES

The Annual Expenses table below assumes Financial Leverage in an aggregate amount equal to 33⅓% of the Fund's Total Leveraged Assets,[1] and shows Fund expenses as a percentage of Net Assets. Footnote (4) shows Annual Expenses assuming no use of Financial Leverage. **The Fund's method of calculating the Investment Manager's fee is different than the way closed-end investment companies typically calculate management fees**. The management fee borne by Common Stockholders will increase to the extent the Investment Manager uses forward currency contracts to create Financial Leverage on behalf of the Fund. See "Management of the Fund—Investment Management Agreement" for an explanation of the method of calculating the Investment Manager's fee and how this method differs from the way closed-end investment companies typically calculate management fees.

Stockholder Transaction Expenses	
Sales Load Paid by You (as a percentage of offering price)	4.50%
Offering Expenses Borne By the Fund (as a percentage of offering price)[2]	0.20%
Dividend Reinvestment Plan Fees	None[3]

	Percentage of Net Assets Attributable to Shares of Common Stock
Annual Expenses	
Management Fees[4]	1.28%
Other Expenses[4]	0.26%
Interest Payments on Borrowings[4]	0.75%
Total Annual Expenses[4]	2.29%

(1) To illustrate the effect of interest payments on Borrowings, the table assumes that all Financial Leverage consists of Borrowings.

(2) The Investment Manager has agreed to pay (i) all of the Fund's organizational expenses and (ii) offering costs (other than sales load) that exceed $0.04 per share of Common Stock.

(3) You will be charged an initial $15 service fee plus $0.12 per share being liquidated (for processing and brokerage expenses) if you direct EquiServe, as agent for the Common Stockholders (the "Plan Agent"), to sell your Common Stock held in a dividend reinvestment account.

(4) Assuming no Financial Leverage, the Fund's expenses would be estimated to be as follows:

	Percentage of Net Assets Attributable to Shares of Common Stock
Annual Expenses	
Management Fees	0.85%
Other Expenses	0.23%
Interest Payments on Borrowings	None
Total Annual Expenses	1.08%

The purpose of the table above is to help you understand all fees and expenses that you, as a Common Stockholder, would bear directly or indirectly. The annual "Other Expenses" shown in the table are based on estimated amounts for the Fund's first year of operations and assume that the Fund issues approximately 9,600,000 shares of Common Stock and has Borrowings of $91,488,000 (33⅓% of Total Leveraged Assets). See "Management of the Fund" and "Dividend Reinvestment Plan."

The following example illustrates the expenses (including the sales load of $45 and per share offering expenses of $2) that you would pay on a $1,000 investment in Common Stock, assuming (1) Total Annual Expenses of 2.29% of Net Assets and (2) a 5% annual return:[1]

1 Year	3 Years	5 Years	10 Years[2]
$69	$115	$164	$297

This example should not be considered a representation of future expenses. Actual expenses may be higher or lower.

(1) The example assumes that the estimated Other Expenses set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at Common Stock net asset value. Actual expenses may be greater or less than those assumed. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

(2) Assuming no Financial Leverage, the illustrated expenses in accordance with the example above would be $57, $80, $104 and $173 for years 1, 3, 5 and 10, respectively.

THE FUND

The Fund is a newly organized, diversified, closed-end management investment company registered under the 1940 Act. The Fund was incorporated as a Maryland corporation on January 27, 2004. As a newly organized entity, the Fund has no operating history. The Fund's principal office is located at 30 Rockefeller Plaza, New York, New York 10112, and its telephone number is (212) 632-6000.

USE OF PROCEEDS

The net proceeds of the offering of Common Stock will be approximately $182,976,000 ($210,091,061 if the Underwriters exercise the over-allotment option in full) after payment of the estimated organization and offering costs. The Fund will invest the net proceeds of the offering in accordance with the Fund's investment objective and policies as stated below. It is presently anticipated that the Fund will be able to invest substantially all of the net proceeds in Global Equity Investments and Currency Investments within approximately one to two months after the completion of the offering. Pending such investment, it is anticipated that the proceeds will be invested in short-term money market instruments.

THE FUND'S INVESTMENTS

Investment Objective and Strategies

The Fund's investment objective is total return, consisting of capital appreciation and income. The Fund's investment objective is fundamental and cannot be changed without approval by the Common Stockholders. There can be no assurance that the Fund's investment objective will be achieved.

The Fund will pursue its investment objective through a combination of two separate investment strategies that the Investment Manager has employed on behalf of private advisory or other accounts: a global equity strategy (since 1989) and an emerging income strategy (since 1995). The Investment Manager will seek to invest substantially all of the Fund's Net Assets using the global equity strategy. The Investment Manager also will seek to obtain exposure to emerging market currencies using the emerging income strategy, but will limit such strategy to 33⅓% or less of the Fund's Total Leveraged Assets.

- <u>Global Equity Strategy</u>. The Fund will invest in a portfolio of approximately 35 to 45 equity securities of companies with a market capitalization of $5 billion or greater at the time of purchase that are domiciled in those countries that comprise the MSCI World Index℠ (Global Equity Investments).

- <u>Emerging Income Strategy</u>. The Fund will invest in emerging market currencies (primarily by entering into forward currency contracts), or instruments whose value is derived from the performance of an underlying emerging market currency, but also may invest in debt obligations, including government, government agency and corporate obligations and structured notes denominated in emerging market currencies (Currency Investments).

The Investment Manager believes that Global Equity Investments offer opportunities for capital appreciation and dividend income and that Currency Investments offer opportunities for income and short-term gain and, to a lesser extent, capital appreciation. The Investment Manager believes that this combination can provide total return, including income and short-term capital gains for monthly distributions to Common Stockholders in accordance with the Fund's Level Distribution Policy. See "Distributions."

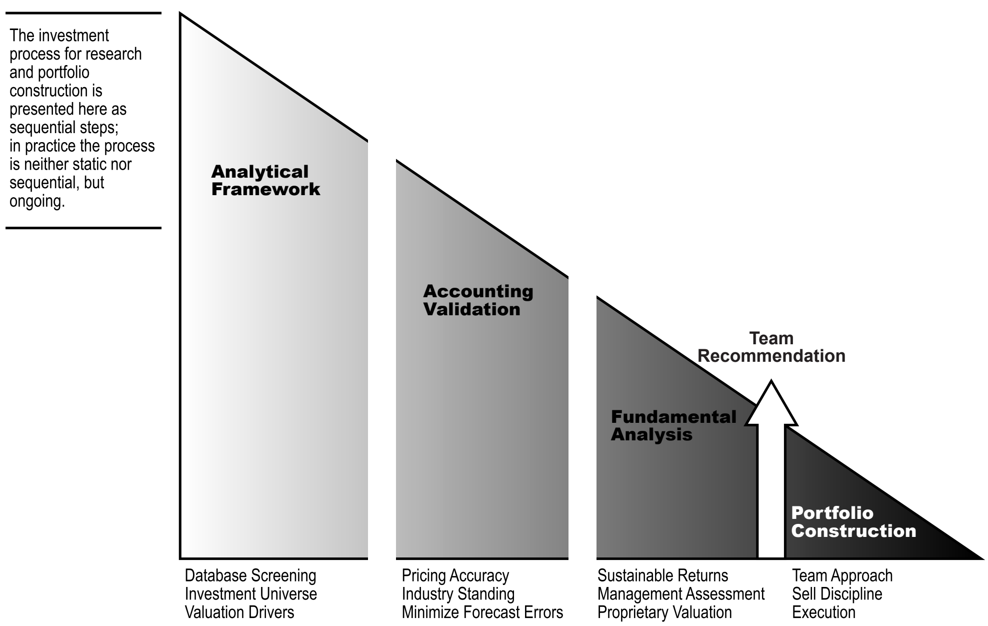
The Investment Manager will determine the amount of the Fund's investment exposure to Currency Investments using a variety of factors, including the estimated current dividend yield of Global Equity Investments and the estimated current income and anticipated short-term gains associated with Currency Investments, as well as economic and market conditions in the relevant emerging markets that may affect the future income or gain potential. Although Currency Investments will primarily consist of forward currency contracts, the Investment Manager may, in its discretion, reduce Global Equity Investments (but to no less than 80% of the Fund's Net Assets) and allocate Fund assets to make Currency Investments with other instruments or debt obligations. The Investment Manager also may use Borrowings to invest in these other instruments and debt obligations. The Investment Manager will generally evaluate the allocation of Fund assets between Global Equity Investments and Currency Investments at least monthly. It is therefore possible that the Fund's allocation to the emerging income strategy will, at times, exceed 33⅓% of the Fund's Total Leveraged Assets. The Investment Manager's decision to reduce Global Equity Investments, to use forward currency contracts or to make investments using Borrowings will be made based on the potential impact on current Global Equity Investments, the availability of attractive Currency Commitments and the costs of Borrowings. Currency Investments will increase the risks of investing in the Fund.

Investment Philosophy and Process

Global Equity Investments

Investment Research. The Investment Manager seeks to purchase under-valued, under-appreciated and financially productive stocks (a so-called "relative value strategy"). The Investment Manager's relative value strategy is based on value creation through the process of bottom-up stock selection. The Investment Manager seeks to purchase stocks of companies that it believes offer value creation opportunity given the trade off between strong financial productivity and attractive valuations. The Investment Manager follows an investment process that incorporates three types of investment research, as well as other investment selection techniques. This research process is based on analysis of historical financial data.

The Investment Manager's Investment Process



Analytical Framework. The Investment Manager employs various screening processes to search global databases for companies that appear to offer strong financial productivity at attractive valuations. Screening seeks to identify companies that are attractively priced (*i.e.*, low price/earnings, price/book and price/cash flow ratios), relative to their financial returns (*i.e.,* return on equity, cash return on equity, return on assets and operating margins).

Accounting Validation. The Investment Manager's analysts examine a company's stated financial statistics (income statement, cash flow statement, balance sheet and all related footnotes) to consider how accounting decisions and policies may affect reported financial productivity. While this process is not designed to detect fraud or other misrepresentations or omissions, by focusing on detailed cash flow analysis and discretionary balance sheet items, analysts seek to:

- determine whether a level of comfort can be gained in a company's stated financial productivity;
- identify and take advantage of pricing anomalies; and
- discover opportunities, including hidden value per share and hidden risks.

The added importance of this process lies in seeking to avoid major mistakes and minimize forecasting errors. The Investment Manager's analysts use a variety of sources of industry data to check what is learned about a company's business and financials during the accounting validation process. This data can include each analyst's network of industry contacts, company suppliers, customers, distributors, competitors and independent sources of research, as well as direct industry experience. A number of the Investment Manager's analysts have backgrounds in the industries they track. The Investment Manager believes that it is vital to obtain information from a variety of sources, with potentially different biases, to serve as a cross check on the accuracy of a company's financial and business data.

Fundamental Analysis. A key component in the equity investment process, fundamental analysis is conducted to assess many issues, including the sustainability of returns, and to identify a catalyst for price revaluation. This involves analyzing a company's:

- quality and depth of management;
- competitive position;
- sensitivity to economic/market cycles;
- margin and sales trends;
- brand name strength;
- geographical breakdown; and
- macro environment in which a company operates.

Fundamental research efforts are enhanced through communication among the Investment Manager's analysts, who conduct both global and local research on companies worldwide. On-the-ground visits to company management, together with local knowledge, help to provide opinions critical to investing on a global basis.

Team Recommendations and Portfolio Construction. As a result of the research process, the Investment Manager's sector team analysts propose and defend stock recommendations to the portfolio management teams that they believe represent a group of securities that meets the relevant portfolio criteria.

Stock selection for inclusion in a particular portfolio is not the responsibility of the Investment Manager's analysts, but rather the responsibility of the portfolio management team. The analysts give each security a target valuation upon purchase. Targets are reviewed and re-evaluated at least monthly and performance is evaluated on an on-going basis. Sector team analysts are encouraged to discuss a stock at any time with portfolio managers and are not restricted to set meeting times.

Portfolio management teams, with input from the Investment Manager's quantitative research team, pay particular attention to risk attributes of the portfolio to ensure the portfolio is adequately diversified.

<u>Sell Discipline</u>. A security may be sold for any of the following reasons:

- its price rises to a level where it is no longer believed to reflect value (target valuation);
- the underlying investment assumptions are no longer valid;
- company management changes their strategic direction; or
- external events occur (*e.g.,* geo-political risk, changes in regulation, taxes, and competitive position).

<u>Diversification; Sector and Country Selection</u>. The Fund typically will invest no more than 5% of Global Equity Investments (at the time of investment) in a given security. Sector and country selection is an outgrowth of the Investment Manager's stock selection process. In managing Global Equity Investments according to the Investment Manager's bottom-up (securities-based) approach to security selection, the portfolio management team searches for opportunities to create value at the security level and does not pre-set target exposures at the sector level. Maximum commitment parameters are in place as part of the Investment Manager's risk management process to ensure a level of portfolio diversification. The portfolio management team draws upon the risk management expertise of the Investment Manager's quantitative research team. The minimum and maximum sector and country parameters (as a percent of Global Equity Investments (at the time of investment)) are as follows:

Global Equity Investment Sector Ranges	
Sector	Range (%)
Consumer Discretionary	0-35
Consumer Staples	0-35
Energy	0-35
Financials	0-50
Health Care	0-40
Industrials	0-35
Information Technology	0-30
Materials	0-15
Telecom. Services	0-30
Utilities	0-15

Global Equity Investment Country Parameters			
Country	Range (%)	Country	Range (%)
Australia	0-10	Japan	0-35
Austria	0-5	Netherlands	0-20
Belgium	0-5	New Zealand	0-5
Canada	0-10	Norway	0-10
Denmark	0-10	Portugal	0-5
Finland	0-10	Singapore	0-5
France	0-25	Spain	0-15
Germany	0-25	Sweden	0-10
Hong Kong	0-10	Switzerland	0-20
Italy	0-15	United Kingdom	0-35
Ireland	0-10	United States	0-70

Cash Management. The Investment Manager does not intend to use cash as an investment for temporary defensive purposes, as it intends generally that substantially all of the Fund's Net Assets will be invested in Global Equity Investments and Currency Investments at all times, except for a period shortly after the closing of this offering. However, the Fund's assets may be invested in money market instruments pending investment in Global Equity Securities, for payment of distributions in accordance with the Level Distribution Policy and to pay Fund expenses.

Currency Investments

Currency Investments consist of investments in emerging market currencies (using forward currency contracts or other instruments whose value is derived from the performance of an underlying emerging market currency), and debt obligations denominated in local emerging market currency, that spans Africa, Asia, Central and Eastern Europe, Latin America and the Middle East.

In selecting Currency Investments, the Investment Manager applies the discipline of bottom-up investment selection and diversification to local currency emerging markets. The Investment Manager's research has indicated that currency devaluations tend to be caused by macroeconomic policies unique to a particular country, and thus are not likely to be correlated from country to country. The Investment Manager believes that the risk of currency devaluation could be largely mitigated through diversification. To construct a portfolio of Currency Investments, the Investment Manager begins with an equal-weighted portfolio of approximately 40 countries which serves as the Investment Manager's baseline allocation. From the equal-weighted portfolio the investment team implements its active views by over- or underweighting individual countries within a diversified framework of approximately 20 to 25 countries.

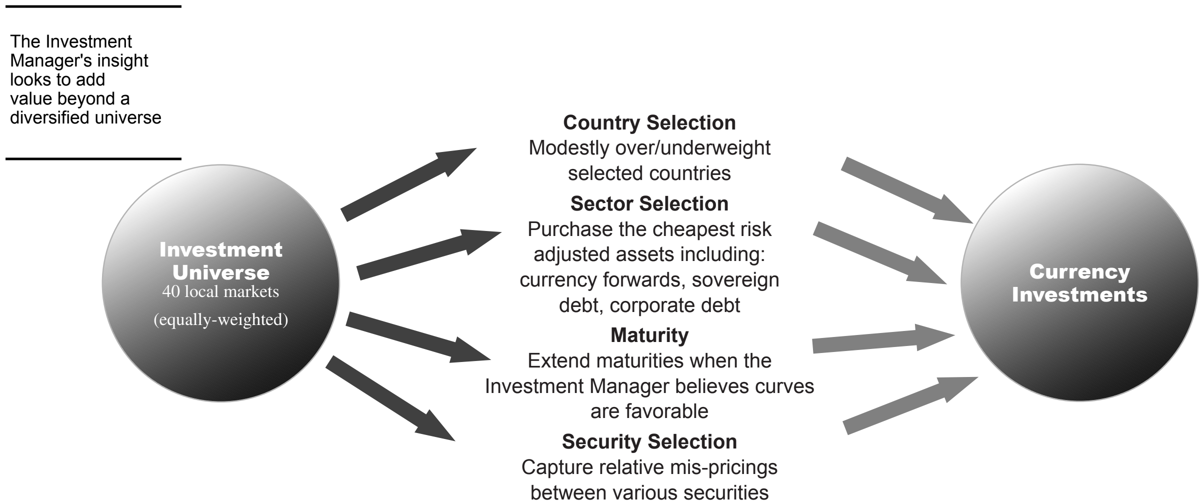
Country Selection. The Investment Manager intends to modestly overweight or underweight certain countries relative to an equal-weighted portfolio of approximately 40 countries based on such factors as a country's macroeconomic fundamentals, political stability, interest rate level and anticipated sustainability of currency policy. The maximum exposure to any one currency will be 8% of Currency Investments, and the maximum exposure to any one country will be 10% of Currency Investments (in each case, determined at the time of each investment). Of these 40 countries, the Fund currently intends to have a portfolio of approximately 20 to 25 countries.

Sector Selection. The Investment Manager will seek to invest in what it perceives to be the most attractive risk-adjusted asset in each country (*i.e.*, forward currency contracts, sovereign and agency debt, structured products or high-quality corporate names denominated in emerging local currencies).

Maturity Selection. The average maturity of Currency Investments is targeted to remain under one year. However, the Fund may invest in securities with longer maturities in particular countries when the Investment Manager believes domestic yield curves are favorable.

Security Selection. Securities in emerging markets often have fairly complicated structures, such as unusual resets, options and other features that are often misvalued in these relatively unsophisticated local markets. The Investment Manager believes that such a situation affords an opportunity for investors willing to take the systematic valuation of complex structures.

Constructing Currency Investments



The investable universe for Currency Investments currently consists of, but is not limited to, the following emerging market countries:

Argentina	India	Philippines
Brazil	Indonesia	Poland
Bulgaria	Israel	Russia
Chile	Jamaica	Singapore
China	Jordan	Slovak Republic
Colombia	Kazakhstan	Slovenia
Costa Rica	Kenya	South Africa
Croatia	Latvia	South Korea
Czech Republic	Lebanon	Taiwan
Dominican Republic	Lithuania	Thailand
Egypt	Mauritius	Turkey
Estonia	Mexico	Uganda
Guatemala	Morocco	Uruguay
Hong Kong	Namibia	Zambia
Hungary	Peru	

The Investment Manager expects that the investable universe will continue to change as investment opportunities develop. Currently, of these countries, the Fund intends to have a portfolio of approximately 20 to 25 countries.

Approach to Country Selection. Consistent with the Investment Manager's bottom-up investment approach, country decisions are derived from the investment team's consideration of the local yield, the explicit or implicit currency policy and whether the country has the reserves, fiscal policy, trade balance, solvency indicators and political stability to maintain its currency policy. The Investment Manager's assessments of country opportunities are driven primarily by fundamental trends within each country rather than global forecasts or broad geopolitical trends. The most critical variables for the Investment Manager's process include:

Political Stability. This judgment is based on whether the current government is able to implement its current program. In general, the longer the time period until the next elections and the stronger the control the ruling party has over the political process, a country is judged to be more stable. The Investment Manager believes that, to the extent that the ruling party is believed to be in an unstable coalition, or unable to implement its legislative program for any reason, the political stability of the country would be reduced.

Economic Stabilization. A country is considered to have stabilized its economy if both its external and internal accounts exhibit long-term sustainable balances. The current account balance, net of foreign direct investment flows, is a proxy for the external balance. The general government-budget balance is a proxy for the internal balance.

Structural Reforms. The most important structural reform is the percentage of gross domestic product ("GDP") generated by non-government entities. Other important issues include the regulatory reform of prices, restriction on the capital account, and the stability and efficiency of the taxation system. The Investment Manager would consider a country to have implemented structural reforms if more than 66% of GDP is derived from non-government entities, and more than 75% of prices are determined by the free market.

External Debt Burden. The most important characteristic of the external debt burden is the debt service ratio, which compares current principal and interest on external debts with export earnings. The overall size of external debt to GDP and exports is also important. Although this area is the easiest to quantify, it frequently gives incorrect signals on the sovereign credit quality because there are so many mitigating factors, such as the willingness of international financial institutions to grant new credits in order to help finance current debt service.

Banking Sector/Monetary Policy. The Investment Manager attempts to determine whether the banking system has sufficient stability to withstand internal and external shocks. Also critical is the analysis of the central bank, including its level of independence and monetary policy stance, since loose monetary policy will cause currencies to weaken.

No single factor or combination of factors is determinative of whether a country will be included in the investable universe. Instead, the portfolio managers of Currency Investments evaluate each of the countries in the investable universe based on this framework.

For currency valuation, the investment team looks at real effective exchange rate models, while considering productivity and structural economic changes. To evaluate short-term currency fluctuations the Investment Manager analyzes short and long-term flows, with an understanding of the composition of the investor base in each local market. This is used in conjunction with short-term early warning crisis indicators based on exchange rates, real interest rates and fiscal balances and capital flows. Expected country returns are then measured versus the individual and correlated portfolio risk to determine country allocations.

<u>Approach to Sector Selection</u>. Since local currency emerging markets are not as uniform as external debt markets, the techniques for evaluating investment opportunities differ from those of a typical manager of external debt. A key facet of the Investment Manager's emerging market debt investment process is the decomposition of each investment into its sub-component risks. Analysis of each underlying risk allows the investment team to attempt to determine whether sufficient compensation is received for each risk taken. In general, the team assesses the following risks inherent in local market investments:

- foreign exchange risk;
- convertibility risk;
- interest rate risk;
- credit risk/spread duration;
- counterparty risk;
- settlement, banking sector, and sub-custodian risk; and
- liquidity risk.

The investment team seeks to moderate these risks through the use of alternatives to local corporate debt or Treasury bills. The Investment Manager seeks to quantify the sub-component risks and access the market through structured products, and to avoid those risks it believes to be poorly compensated.

<u>Approach to Security Selection</u>. Issue size is particularly important for local corporate issues. The Investment Manager limits Currency Investments positions to a maximum of 10% in such issues, up to 2% in emerging markets corporate debt (in each case, determined at the time of each investment).

Issue size, quality and liquidity are all factors that are taken into consideration in judging the value of a security, but the Investment Manager does not apply arbitrary cut-off levels to exclude securities from consideration. The Investment Manager follows a systematic process to search for undervalued opportunities within each sector. Bonds are evaluated based on their fundamental and structural characteristics. Valuation analysis includes credit research, prepayment/call options, maturity, duration, coupon, currency and country risks. Security selection also focuses on the segmentation of risk factors to facilitate the evaluation of risk compensation.

Sell Discipline. A position may be reduced or entirely liquidated for any of the following reasons:

- The yield spread compresses to a level where the investment is no longer believed to reflect relative value.
- The original underlying investment conditions are no longer valid, including a change in the fundamental rationale for the purchase.
- The investment's respective sector, or asset category has, in the Investment Manager's view, become overvalued relative to investment risks.

The investment team maintains trigger levels for foreign exchange rates that indicate the need to reevaluate an active currency position. Interest rate volatility also factors into the Investment Manager's sell discipline. While high yields are attractive, yields that become unsustainably high can signal the potential for a devaluation or default and would preclude investment.

Hedging Developed Market Currency Exposure. Currency Investments will maintain significant exposure to the local currencies of the emerging market countries in which investments are made. However, the portfolio management team may hedge developed market currency exposure embedded in emerging currencies. In certain emerging market countries which manage their currency exchange rate versus a basket of developed market currencies, the Fund may hedge its portfolio position against this basket (*i.e.,* the Fund will position itself long the local currency and short the announced basket constituents). Similarly, in certain emerging market countries which do not announce the major currency components of the basket against which their currency is managed, the Fund may hedge its portfolio position against the "unannounced" (*i.e.,* implied by the market) constituents of the basket. Hence, under both scenarios, the Fund will retain its exposure to the local currency while retaining the option to hedge its exposure to the other major currencies versus the U.S. dollar. If the Fund's exposure to developed market currencies is not hedged, Currency Investments may consist of a less diversified portfolio of emerging market currency exposure than if it were hedged, and the Fund may not achieve its investment objective. The Fund is not obligated to engage in any of these hedging strategies, and there is no assurance that appropriate hedging instruments will be available or that the Investment Manager's hedging strategy will be successful. The value of Fund investments denominated in foreign currencies will depend in part on the relative strength of the emerging market country's currency against the U.S. dollar, and the Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Hedging certain developed market currency exposure is different from typical "hedging" strategies in that it seeks to isolate emerging market currency exposure from embedded developed market currencies.

Portfolio Composition

The Fund's portfolio will be composed principally of the following investments. A more detailed description of the Fund's investment policies and restrictions and more detailed information about the Fund's portfolio investments are contained in the Statement of Additional Information.

Allocation of Assets to Global Equity Investments and Currency Investments

The Investment Manager will seek to invest substantially all of the Fund's Net Assets in Global Equity Investments. The Investment Manager also will seek to obtain exposure to emerging market currencies by investing up to 33⅓% of the Fund's Total Leveraged Assets in Currency Investments primarily by entering into forward currency contracts. The Investment Manager will generally evaluate the allocation of Fund assets between Global Equity Investments and Currency Investments at least monthly. It is therefore possible that the Fund's allocation to an emerging market strategy will, at times, exceed 33⅓% of Total Leveraged Assets.

The Fund currently intends to cause its custodian to segregate or otherwise designate cash or liquid securities in an amount sufficient to meet the Fund's obligations under forward currency contracts so that such positions will not be deemed to constitute senior securities ("leverage") under the 1940 Act, although from an economic perspective the Fund's portfolio will be leveraged because the Fund's investment exposure (Total Leveraged Assets) will be greater than its Net Assets. If the Investment Manager decides to make Currency Investments by purchasing instruments or debt obligations that require payment at the time of acquisition, the Investment Manager could reduce the amount of the Fund's Net Assets allocated to Global Equity Investments (but to no less than 80% of the Fund's Net Assets) and make Currency Investments using these instruments and debt obligations. If the Investment Manager used this strategy the Fund would still segregate or otherwise designate assets to the extent necessary that these positions would not be deemed to constitute leverage under the 1940 Act, although from an economic perspective the Fund's portfolio may be leveraged, depending on the instrument used. The Investment Manager also may use Borrowings to purchase these instruments and debt obligations. The Investment Manager may not be able to use forward currency contracts as the primary instrument to make Currency Investments if such contracts are not available on favorable terms or if forward currency contracts may incur negative tax consequences for the Fund. See "Risks—Other Risks of Investing in the Fund—Tax Risk."

Global Equity Investments

Equity Securities. Global Equity Investments may include American Depository Receipts ("ADRs") (which may include common stocks of non-U.S. issuers converted into ADRs immediately after purchase) and non-ADRs. The Fund will invest in issuers with market capitalizations of $5 billion or more at the time of purchase domiciled in those countries that comprise the MSCI World Index[SM]. Global Equity Investments will not include securities of emerging market issuers.

Common Stocks. Common stocks generally represent an ownership interest in an issuer, without preference over any other class of securities, including such issuer's debt securities and preferred stock and other senior equity securities. Although common stocks historically have generated higher average returns than fixed income securities, common stocks also have experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. Also, prices of common stocks are sensitive to general movements in the relevant stock market. A drop in the stock market may depress the prices of common stocks held by the Fund or to which it has exposure.

ADRs. ADRs are receipts typically issued by a United States bank or trust company which evidence ownership of underlying securities issued by a foreign issuer. ADRs are denominated in U.S. dollars rather than in the local currency of the issuer of the underlying security.

Currency Investments

Currency Investments will consist primarily of forward currency contracts, but may also include bonds, notes, bills, debentures, convertible securities, debt with attached warrants, bank obligations, short-term paper, loan participations and assignments, swaps, structured notes, preferred stock, trust and partnership interests solely evidencing interests in debt instruments, money market instruments and other similar instruments whose value is derived from the performance of an underlying emerging market currency. Such instruments may be issued or guaranteed by the governments of emerging market countries, their agencies, instrumentalities or political subdivisions, and international organizations or business entities located within and without such countries, including financial institutions or companies located within and without emerging market countries that are subsidiaries of multinational business entities. These instruments generally will be payable in, and, thus, the Fund will maintain significant exposure to, the local currencies of the emerging market countries represented by Currency Investments in which the Fund will invest.

Forward Currency Contracts and Other Derivative Transactions. The Fund anticipates that a significant portion of Currency Investments will be in forward currency contracts with high quality international banks as a means to take exposure to the local currency and interest rates of emerging markets. Forward currency contracts are the purchase or sale from a counterparty of a specified currency at a specified future date. Such contracts may involve the purchase or sale of the local currency against the U.S. dollar or may involve the local currency and another developed market base currency.

In the future, the Fund also may, but does not currently intend to, enter into other derivative transactions such as swap agreements and hybrid instruments as a substitute for direct investment in a physical local currency security. In these derivative transactions, the Fund intends to retain exposure to the local currency against a developed market base currency. There can be no assurance that the Fund's derivative investment practices will succeed. Derivative instruments also may include hybrid instruments in a variety of forms, having the characteristics of futures, options, currencies and securities. For example, the principal amount, redemption or conversion terms of a security could be related to the market price of some currency or a security including a securities index. Swap agreements are contracts between parties in which one party agrees to make payments to the other party based on the change in the market value of a specified index or asset. In return, the other party agrees to make payments to the first party based on the return of a different specified index or asset. While hybrid instruments can have volatile prices and limited liquidity and swap agreements may pose the risk that a party will default on its payment obligations thereunder, such swaps or other hybrid instruments may be the only practical or available means of participating in the performance of a securities index in certain emerging markets. The Investment Manager may not be able to use swaps if such swaps are not available on favorable terms or if the use of swaps may entail negative tax consequences for the Fund. The Fund may invest in debt securities with embedded options. In addition, the Fund may, in the future, write and purchase put and call options on securities and/or currencies held or to be held by the Fund.

Debt Obligations. Currency Investments may include sovereign debt securities, which will generally be denominated in the local currency of the obligor. Currency Investments also may include fixed income securities issued by corporate obligors in emerging market countries. The debt obligations in which the Fund will invest may or may not be listed or traded on a securities exchange and interest rates on such securities may be fixed or floating. The Fund's exposure to any one emerging market corporate issuer is not expected to exceed 2% of Currency Investments and the Fund's exposure to any one developed market corporate issuer is not expected to exceed 5% of Currency Investments (each measured at market value).

Structured Notes and Related Instruments. Currency Investments may include "structured" notes, which are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an "embedded index"), such as the differential performance of two assets or markets. The interest and/or principal payments on structured instruments vary widely depending on a variety of factors such as the volatility of the embedded index.

Portfolio Turnover. Although short-term trading will not be used as a primary strategy in making Currency Investments, there are no limits on the rate of portfolio turnover, and investments may be sold without regard to length of time held when, in the opinion of the Investment Manager, investment considerations warrant such action. A higher portfolio turnover rate results in correspondingly greater transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to stockholders, will be taxable as ordinary income. See "Tax Matters."

USE OF FINANCIAL LEVERAGE

Financial Leverage

The Fund intends to use leverage to invest Fund assets in Currency Investments primarily using Currency Commitments and by borrowing under a credit facility with a financial institution, up to an aggregate of 33⅓% of the Fund's Total Leveraged Assets. Any Borrowings will have seniority over the Common Stock. It is possible that following the incurrence of Financial Leverage the assets of the Fund will decline due to market conditions such that this 33⅓% threshold will be exceeded. In that case, leverage risk will increase.

The amount and composition of Financial Leverage outstanding will vary depending on a number of factors, including economic and market conditions in the relevant currency markets, the availability of relatively attractive Currency Investments not requiring Borrowings, and the costs that the Fund would incur as a result of Borrowings. The Investment Manager's fee for investment management services will be calculated on the basis of the Fund's Total Leveraged Assets. The fee paid to the Investment Manager for investment management services will be higher when the Fund uses leverage because the fee paid will be calculated on the basis of the Fund's assets including the leverage.

There is no assurance that any leverage strategy the Fund employs will be successful. See "Risks—Principal Risks of Investing in the Fund—Leverage Risk." If there is a net decrease (or increase) in the value of the Fund's investment portfolio, the leverage will decrease (or increase) the net asset value per share of Common Stock to a greater extent than if the Fund were not leveraged. Currency Commitments will have the economic effect of leverage by creating investment exposure greater than the Fund's Net Assets (similar to Borrowings), although the Fund currently intends to manage Currency Commitments so that they would not be considered to constitute "senior securities" (leverage) under the 1940 Act. Borrowings may be at a fixed or floating rate and generally will be based on short-term rates. So long as the rate of return, net of applicable Fund expenses, on the Fund's portfolio investments exceeds the then current interest rate on any Borrowings, excess return on the proceeds of Borrowings can be used to pay distributions to Common Stockholders.

Borrowings

Under the 1940 Act, the Fund generally is not permitted to borrow unless immediately after the borrowing the value of the Fund's Net Assets plus Borrowings, less liabilities other than the principal amount represented by Borrowings, is at least 300% of such principal amount. In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Common Stock unless, at the time of such declaration, the value of the Fund's Net Assets plus Borrowings, less liabilities other than the principal amount represented by Borrowings, is at least 300% of such principal amount.

The Fund may be subject to certain restrictions on Borrowings imposed by a lender that may impose asset coverage or portfolio composition requirements that are more stringent than those imposed on the Fund by the 1940 Act. It is not anticipated that these restrictions will impede the Investment Manager from managing the Fund's portfolio in accordance with the Fund's investment objective and policies.

Although the Fund does not intend that Borrowings will represent 33⅓% of its Total Leveraged Assets (or that Borrowings will represent all of the Fund's Financial Leverage), the SEC requires the following illustrations to be provided using the Fund's maximum permitted level of Borrowings:

1. Assuming that Borrowings will represent in the aggregate approximately 33⅓% of the Fund's Total Leveraged Assets and pay a payment rate set by an interest rate transaction at an annual average rate of 1.50%, the income generated by the Fund's portfolio (net of estimated expenses) must exceed 0.50% in order to cover such payment rates and other expenses specifically related to Borrowings. Of course, these numbers are merely estimates, used for illustration. Actual interest or payment rates may vary frequently and may be significantly higher or lower than the rate estimated above.

2. The following table is designed to illustrate the effect of such Borrowings on the Fund's total return, assuming investment portfolio total returns (comprised of income and changes in the value of investments held in the Fund's portfolio net of expenses) of -10%, -5%, 0%, 5% and 10%. These assumed investment portfolio returns are hypothetical figures and are not necessarily indicative of the investment portfolio returns expected to be experienced by the Fund. The table further reflects Borrowings representing approximately 33⅓% of the Fund's Total Leveraged Assets, and the Fund's currently projected annual borrowing interest rate or payment rate set by an interest rate transaction of 1.50%. See "Risks—Principal Risks of Investing in the Fund—Leverage Risk."

Assumed Portfolio Total Return (Net of Expenses)	(10.00)%	(5.00)%	0.00 %	5.00%	10.00%
Fund Total Return.	(15.75)%	(8.25)%	(0.75)%	6.75%	14.25%

The Fund's total return is comprised of two elements—dividends and income on portfolio investments and gains or losses on portfolio investments. As required by SEC rules, the table assumes that the Fund is more likely to suffer capital losses than to enjoy capital appreciation.

RISKS

The Fund is a diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, because of the uncertainty inherent in all investments, no assurance can be given that the Fund will achieve its investment objective. Your Common Stock at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Principal Risks of Investing in the Fund

No Operating History

The Fund is a newly organized, diversified, closed-end management investment company and has no operating history.

Investment and Market Risk

An investment in the Fund's Common Stock is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Common Stock represents an indirect investment in the Fund's portfolio investments. Their value, like other market investments, may move up or down, sometimes rapidly and unpredictably.

Your Common Stock, at any point in time, may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions. The Fund's investment strategy includes purchasing investments that have embedded financial leverage, such as forward currency contracts, which magnifies the risk that you may lose money.

Leverage Risk

Using leverage is a speculative investment technique and involves certain risks. These include higher volatility of net asset value, the likelihood of more volatility in the market value of Common Stock and, with respect to Borrowings, the possibility either that the Fund's return will fall if the interest rate on any Borrowings rises, or that income will fluctuate because the interest rate of Borrowings varies. Investments made with Currency Commitments and the risks of those investments include those described in "—Principal Risks of Currency Investments—Risks of Forward Currency Contracts and Other Currency Instruments," below.

So long as the Fund is able to realize a higher net return on its investment portfolio than the then current cost of any leverage together with other related expenses, the effect of the leverage will be to cause the Fund to realize higher net return than if the Fund were not so leveraged. On the other hand, to the extent that the then current cost of any leverage, together with other related expenses, approaches the net return on the Fund's investment portfolio, the benefit of leverage to Common Stockholders will be reduced, and if the then current cost of any leverage were to exceed the net return on the Fund's portfolio, the Fund's leveraged capital structure would result in a lower rate of return than if the Fund were not so leveraged. There can be no assurance that any leverage strategy the Fund employs will be successful. The Fund will pay any costs and expenses relating to any Borrowings.

If the market value of the Fund's portfolio declines, the leverage will result in a greater decrease in net asset value than if the Fund were not leveraged. A greater net asset value decrease also will tend to cause a greater decline in the market price for Common Stock. To the extent that the Fund is required or elects to prepay any Borrowings, the Fund may need to liquidate investments to fund such prepayments. Liquidation at times of adverse economic conditions may result in capital loss and reduce returns.

Investment Manager Fee Conflict Risk

The fee paid to the Investment Manager for investment management services will be higher when the Fund uses Financial Leverage, whether through forward currency contracts or Borrowing, because the fee paid will be calculated on the basis of the Fund's assets including this Financial Leverage. Consequently, the Investment Manager may have a financial interest for the Fund to utilize such Financial Leverage, which may create a conflict of interest between the Investment Manager and the Common Stockholders of the Fund. The Fund has implemented procedures to monitor this potential conflict.

Principal Risks of Global Equity Investments

Non-U.S. Investments Risk

Global Equity Investments will be in securities of foreign issuers operating in developed countries and will not include securities of emerging market issuers. These investments in securities of non-U.S. issuers involve special risks, including the following: (i) less publicly available information about non-U.S. issuers or markets because of less rigorous disclosure or accounting standards or regulatory practices; (ii) many non-U.S. markets are smaller, less liquid and more volatile, meaning that, in a changing market, the Investment Manager may not be able to sell the Fund's portfolio holdings at times, in amounts and at prices it considers reasonable; (iii) the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession; and (iv) the impact of economic, political, social or diplomatic events. Withholding and other non-U.S. taxes may decrease the Fund's return. Many of these risks are more pronounced to the extent that the Fund invests a significant amount of its assets in companies located in one region.

Economies and social and political climates in individual countries may differ unfavorably from the United States. Non-U.S. economies may have less favorable rates of growth of GDP, rates of inflation, currency valuation, capital reinvestment, resource self-sufficiency and balance of payments positions. Unanticipated economic, political and social developments also may affect the values of the Fund's investments and the availability to the Fund of additional investments in such countries. Furthermore, such developments may disrupt significantly the financial markets or interfere with the Fund's ability to enforce its rights against non-U.S. issuers.

Common Stock Risk

Although common stocks historically have generated higher average returns than fixed income securities, common stocks also have experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock held by the Fund. Also, prices of common stocks are sensitive to general movements in the local stock market, and perhaps global stock markets, and a drop in these markets may depress the price of common stocks held by the Fund. The Fund intends that the common stocks in which it will invest will primarily be relative value stocks. These stocks are common shares of companies that sell at low valuation levels relative to their earnings, revenues, assets, cash flows or other definable measures. Such companies may have experienced adverse business or industry developments or may be subject to special risks that have caused the common shares to be out of favor and, in the Investment Manager's opinion, undervalued. If the Investment Manager's assessment of a company's prospects is wrong, the price of its common stock may fall, or may not approach the value that the Investment Manager has placed on it.

Focus Risk

Global Equity Investments will be made in a smaller number of issuers than other, more diversified investment portfolios. As a result, the value of Global Equity Investments may be relatively more susceptible to adverse effects from any single corporate, economic, market, political or regulatory occurrence than if the Fund's portfolio of Global Equity Investments consisted of a larger number of securities.

Principal Risks of Currency Investments

Although Currency Investments are not the Fund's primary investment strategy, the Fund expects that they will constitute a significant portion (up to 33⅓%) of its Total Leveraged Assets. Therefore, Currency Investments could increase the risks of investing in the Fund.

Emerging Markets Risk

Currency Investments will be in countries considered to be emerging markets, and investments in emerging markets are particularly speculative. Currency Investments may include, in addition to forward currency contracts (or instruments whose value is derived from the performance of an underlying emerging market currency), debt obligations denominated in emerging markets currencies (including sovereign and corporate debt securities). **Currency Investments entail the general risks of investing in non-U.S. issuers to a heightened degree.**

Particular risks of investing in emerging markets, in addition to those listed above under "—Principal Risk of Global Equity Investments—Non-U.S. Investments Risk," include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible seizure of a company's assets. In addition, foreign investors may be required to register the proceeds of sales. Future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies, all of which may adversely affect currencies. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and financial markets of certain emerging market countries. Many countries have experienced substantial, and in some cases extremely high, rates of inflation for many years.

Foreign investment in certain emerging markets is restricted or controlled to varying degrees, which may at times limit or preclude foreign investment in certain emerging markets. Certain emerging market countries require government approval prior to investments in a particular issuer by foreign persons, limit the amount of investment by foreign persons in a particular issuers, limit the investment by foreign persons only to a specific class of securities of issuers that may have less advantageous rights than the classes available for purchase by domiciliaries of the countries and/or impose additional taxes on foreign investors. In addition, if a deterioration occurs in an emerging market country's balance of payments, the country could impose temporary restrictions on investments. Certain emerging market countries may also restrict investment opportunities in industries deemed important to national interests. Investing in local markets may require the Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund.

Currency Risks

Fluctuation and Devaluation Risk. Currency Investments generally will be denominated in the currency of an emerging market country. Accordingly, your investment in Common Stock, as measured in U.S. dollars, may change significantly when the values of the emerging market local currencies change relative to the U.S. dollar, thereby subjecting investors to currency risks. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by the Fund. Other risks include the dependence on the Investment Manager's ability to predict movements in exchange rates and imperfect correlations between movements in exchange rates. The Fund also may conduct foreign currency exchange transactions on a spot (*i.e.,* cash) basis at the spot rate prevailing in the foreign currency exchange market. The Fund will incur costs in connection with conversions between various currencies.

Repatriation and Currency Conversion Risks. Emerging market countries may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. The monetary authorities of an emerging market country may block the repatriation for any reason, including the unavailability of foreign currency and war. Currency Investments could be adversely affected by delays in, or a refusal to grant, repatriation of funds or conversion of emerging market currencies. If the Fund were not able to convert a currency into U.S. dollars, the Fund would continue to hold the currency in some form until the inconvertibility situation changed or a purchaser for the currency is found.

Devaluation Versus Basket Risk. In certain countries the central bank manages the currency rate against a basket of one or more developed market currencies such as the Euro, Japanese Yen and others. In some of these countries, the Fund may employ a strategy seeking to limit exposure to the major currencies while retaining exposure to the local currency (*i.e.*, investing (a "long" position) in the emerging market currency while selling (a "short" position) the basket constituents). In such a situation, the Fund's strategy could fail if the emerging market country changed the announced or implied components of the currency basket against which the Fund has hedged its exposure or if the Investment Manager's strategy to limit exposure to the major currencies is not successful.

Risks of Forward Currency Contracts and Other Currency Instruments

Forward currency contracts, and certain other instruments whose value is derived from the performance of an underlying emerging market currency, are highly volatile, and a relatively small price movement in these instruments may result in substantial losses to the Fund. These instruments may entail investment exposures that are greater than their costs would suggest, meaning that a small investment in such an instrument could have a large potential impact on the Fund's performance, lowering the Fund's return or resulting in a loss. See "—Principal Risks of Investing in the Fund—Leverage Risk." The market for these instruments is, or suddenly can become, illiquid, which may cause the price of an instrument to rapidly and unpredictably change. See "—Other Risks of Investing in Currency Investments—Liquidity Risk."

Fixed Income Risks

Currency Investments may include debt investments denominated in emerging market currencies. As such, an investment in the Fund is subject to the general risks associated with fixed income investing, such as interest rate risk.

Interest Rate Risk. Interest rate risk is the risk that fixed income securities will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Market interest rates in the U.S. and certain other countries in which the Fund may invest currently are near historically low levels.

Credit Risk. Credit or default risk is the risk that a Fund portfolio investment will decline in price or fail to make dividend or interest payments when due because the issuer of the security experiences a decline in its financial status. Such credit risk is generally greater for issuers of below investment grade securities.

Sovereign Debt Securities Risk. Investing in sovereign debt securities will expose the Fund to the direct or indirect consequences of political, social or economic changes in the emerging market countries that issue the securities. Many of these countries are also characterized by political uncertainty or instability. The ability and willingness of sovereign obligors in emerging market countries or the governmental authorities that control repayment of their debt to pay principal and interest on such debt when due may depend on general economic and political conditions within the relevant country. Countries in which the Fund intends to invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, trade difficulties and extreme poverty and unemployment.

Sovereign obligors in emerging market countries are among the world's largest debtors to commercial banks, other governments, international financial organizations and other financial institutions. These obligors have in the past experienced substantial difficulties in servicing their external debt obligations, which have led to defaults on certain obligations and the restructuring of certain indebtedness. Holders of certain foreign sovereign debt securities may be requested to participate in the restructuring of such obligations and to extend further loans to their issuers.

Corporate Debt Securities Risk. The market values of these securities are sensitive to individual corporate developments and changes in economic conditions. Emerging market issuers may be highly leveraged and may not have more traditional methods of financing available to them. Therefore, their ability to service their debt obligations during an economic downturn or during sustained periods of rising interest rates may be impaired, resulting in a higher risk of default.

High Yield, Lower Quality Securities Risk. Currency Investments may include high yield, lower quality securities (sometimes referred to as "junk bonds"). The prices of lower quality securities are volatile and may go down due to market perceptions of deteriorating issuer creditworthiness or economic conditions. Lower quality securities may become illiquid and hard to value in down markets. High yield, lower quality securities are considered speculative and, compared to certain lower yielding, higher quality securities, tend to have more volatile prices and increased price sensitivity to changing interest rates and to adverse economic and business developments, greater risk of loss due to default or declining credit quality, greater likelihood that adverse economic or company specific events will make the issuer unable to make interest and/or principal payments, and greater susceptibility to negative market sentiments leading to depressed prices and decrease in liquidity.

The market values of lower quality securities tend to be more sensitive to company-specific developments and changes in economic conditions than higher quality securities. The companies that issue these securities often are highly leveraged, and their ability to service their debt obligations during an economic downturn or periods of rising interest rates may be impaired. In addition, these companies may not have access to more traditional methods of financing and may be unable to repay debt at maturity by refinancing. The risk of loss due to default in payment of interest or principal by these issuers is significantly greater than with higher quality securities because medium and lower quality securities generally are unsecured and subordinated to senior debt.

Default, or the market's perception that an issuer is likely to default, could reduce the value and liquidity of securities held by the Fund, thereby reducing the value of your investment in Fund shares. In addition, default may cause the Fund to incur expenses in seeking recovery of principal or interest on its portfolio holdings.

Other Risks of Currency Investments

Risk of Hedging Developed Market Currency Exposure

Currency Investments may include derivatives or other transactions employed for purposes of hedging exposure to certain developed market currencies embedded in emerging market currencies. There may be an imperfect correlation between the Fund's portfolio holdings and such derivatives, which may prevent the Fund from achieving the intended consequences of the applicable transaction or expose the Fund to risk of loss. Further, the Fund's use of derivatives or other transactions involves costs and will be subject to the Investment Manager's ability to predict correctly changes in the relationships of the relevant positions. No assurance can be given that the Investment Manager's judgment in this respect will be correct. Consequently, the use of hedging transactions might result in a poorer overall performance for the Fund than if the Fund had not engaged in any hedging transactions. In addition, no assurance can be given that appropriate hedging instruments will be available or that the Fund will enter into hedging transactions at times or under circumstances in which it would be advisable to do so. See "Other Investment Policies and Techniques" in the Fund's Statement of Additional Information. Hedging certain developed market currency exposure is different from typical "hedging" strategies in that it seeks to isolate emerging market currency exposure from embedded developed market currencies.

Counterparty Risk

Currency Investments may be acquired in the "over-the-counter" or "interdealer" markets, where participants typically are not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. In the absence of a regulated market to facilitate settlement, the Fund is subject to the risk that a counterparty will not settle a transaction (such as a forward currency contract or other derivative transaction) in accordance with its terms and conditions because of a dispute over the terms of contract or because of a credit or liquidity problem. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Reinvestment Risk

Reinvestment risk is the risk that returns from Currency Investments will decline if and when Currency Investments are made from investment disposition proceeds at market interest rates that are below the current earning rate of Currency Investments, or otherwise when proceeds cannot be used to enter into transactions on terms as favorable as those on which the disposed assets previously were held. A decline in income could affect the price of the Common Stock or the Fund's overall returns.

Liquidity Risk

A portion of the Fund's Currency Investments may be or become illiquid. This is as a result of the small quantities in which these securities are issued and low trading volumes in the securities markets and/or currency of emerging market issuers. If Currency Investments need to be liquidated quickly, the Fund's strategy could sustain significant transactions costs.

Other Risks of Investing in the Fund

Fund Distribution Risk

Pursuant to its distribution policy, the Fund intends to make regular distributions on its shares of Common Stock. To the extent the total monthly distributions for a year exceed the Fund's net investment income and net realized capital gain, the excess will generally be treated as a return of capital up to the amount of a stockholder's tax basis in the Common Stock. Any distributions which constitute a return of capital will reduce a stockholder's tax basis in the Common Stock, thereby increasing such stockholder's potential gain or reducing potential loss on the sale of the Common Stock. In addition, such excess distributions will decrease the Fund's assets and may increase the Fund's expense ratio. To make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment may not dictate such action. Any amounts distributed to a stockholder in excess of the stockholder's basis in the Common Stock will generally be taxable to the stockholder as capital gain. See "Distributions."

Market Discount From Net Asset Value

Shares of closed-end investment companies frequently trade at a discount from their net asset value. This characteristic is a risk separate and distinct from the risk that the Fund's net asset value could decrease as a result of its investment activities and may be greater for investors expecting to sell their shares in a relatively short period of time following completion of this offering. The net asset value of the Common Stock will be reduced immediately following the offering as a result of the payment of certain offering costs. Whether investors will realize gains or losses upon the sale of the Common Stock will depend not upon the Fund's net asset value but entirely upon whether the market price of the Common Stock at the time of sale is above or below the investor's purchase price for the Common Stock. Because the market price of the Common Stock will be determined by factors such as relative supply of and demand for the Common Stock in the market, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot predict whether the Common Stock will trade at, below or above net asset value or at, below or above the initial public offering price. The Common Stock is designed primarily for long-term investors, and you should not view the Fund as a vehicle for trading purposes.

Price Risk

For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the value of the securities or currencies in which the Fund invests may decline substantially. In particular, purchasing assets or currencies at what may appear to be "undervalued" levels is no guarantee that these assets or currencies will not be trading at even more "undervalued" levels at the time of valuation or at the time of sale.

Market Disruption Risk

Certain events have a disruptive effect on the financial markets, such as terrorist attacks, war and other geopolitical events. The Fund cannot predict the effect of similar events in the future on the global economy or the markets of specific countries.

Certain Affiliations

Certain broker-dealers may be considered to be affiliated persons of the Fund and/or the Investment Manager. Absent an exemption from the SEC or other regulatory relief, the Fund is generally precluded from effecting certain principal transactions with affiliated brokers, and its ability to purchase securities being underwritten by an affiliated broker or a syndicate including an affiliated broker, or to utilize affiliated brokers for agency transactions, is subject to restrictions. This could limit the Fund's ability to engage in securities transactions and take advantage of market opportunities. In addition, unless and until the underwriting syndicate is broken in connection with the initial public offering of Common Stock, the Fund will be precluded from effecting principal transactions with brokers who are members of the syndicate.

Anti-Takeover Provisions

The Fund's Articles include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status. These provisions could have the effect of depriving the Common Stockholders of opportunities to sell their Common Stock at a premium over the then current market price of Common Stock. See "Certain Provisions in the Articles of Incorporation and By-Laws."

Tax Risk

To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things the Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources, including dividends, interest, gains from the sale or other disposition of stock, securities or foreign currencies, and other income (generally including, but not limited to, gains from options, futures and forward currency contracts) derived with respect to its business of investing in such stock, securities or currencies (hereinafter, "qualifying income"). The Fund believes that its investment strategies, including its investments in emerging market currencies through forward currency contracts, will generate qualifying income under current federal income tax law. However, the Internal Revenue Code of 1986, as amended (the "Code") expressly provides the U.S. Treasury with authority to issue regulations that would exclude foreign currency gains from qualifying income if such gains are not directly related to a fund's business of investing in stock or securities. While to date the U.S. Treasury has not exercised this regulatory authority, there can be no assurance that it will not issue regulations in the future (possibly with retroactive application) that would treat some or all of the Fund's foreign currency gains as non-qualifying income, thereby jeopardizing the Fund's status as a regulated investment company for all years to which such regulations are applicable.

If for any taxable year the Fund does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and such distributions will be taxable as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits. In such case, such distributions generally will be eligible for the dividends received deduction in the case of corporate stockholders and for taxation at the preferential maximum rate of 15% in the case of individuals.

Regulatory Risk

The Fund's portfolio managers also manage separate investment advisory accounts and other pooled investment vehicles. There are currently pending in the U.S. Congress various proposals to amend the 1940 Act and adopt or amend rules thereunder that may limit the extent to which the portfolio managers could continue to manage the Fund concurrently with such accounts and vehicles. In addition, there are other proposals pending which would affect the composition, duties and responsibilities of the Fund's Board of Directors. It is possible that significant changes affecting the Board's composition, duties and responsibilities would affect the Fund's ability to retain qualified Directors. Since no final amendments or rules have yet been adopted, no decision has been made as to how the Investment Manager and the Fund would comply with any new regulatory requirements relating to these or other matters.

MANAGEMENT OF THE FUND

Directors and Officers

The business and affairs of the Fund are managed under the direction of its Board of Directors, including supervision of the duties performed by the Investment Manager. The names and business addresses of the Directors and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under "Management of the Fund" in the Statement of Additional Information.

Investment Manager

Lazard Asset Management LLC, subject to the oversight of the Board of Directors, will be responsible for managing the Fund's portfolio, which will include determining the amount of the Fund's assets allocated to Global Equity Investments and Currency Investments.

The Investment Manager, located at 30 Rockefeller Plaza, New York, New York 10112-6300, a registered investment adviser, is a subsidiary of Lazard Frères & Co. LLC ("Lazard"), which was founded in 1848. Lazard established the Investment Manager as its investment management division in 1970. The Investment Manager and its global affiliates had approximately $70 billion of assets under management, including $53 billion in non-U.S. assets, as of January 31, 2004. The Investment Manager has extensive investment expertise, with 60 portfolio managers firm-wide and a global research team of more than 50 research analysts.

Portfolio Management. James Donald is responsible for overall management of the Fund's portfolio. Global Equity Investments and Currency Investments are each managed on a team basis.

Mr. Donald, a Director of the Investment Manager, is a portfolio manager/analyst and serves as head of the emerging markets group. Before joining the firm in 1996, Mr. Donald worked at Mercury Asset Management ("Mercury"), which he joined in 1985. At Mercury, he was on the emerging markets team between 1992 and 1996 and worked on the international equity team between 1985 and 1992. At Mercury, between 1990 and 1996, Mr. Donald served as Vice President and Treasurer for The United Kingdom Fund and The Europe Fund. Mr. Donald is a Certified Financial Analyst and received an HBA from the University of Western Ontario.

Global Equity Investments. Gabrielle Boyle, Andrew Lacey and Michael Powers are the portfolio managers responsible for investing the Fund's assets allocated to Global Equity Investments.

Ms. Boyle, a Senior Managing Director of the Investment Manager, is a portfolio manager on the international equity team and a member of the London-based European equity team. She joined the Investment Manager in 1993 and has been working in the investment field since 1991. Previously, Ms. Boyle worked with Royal Insurance Asset Management. She earned a BA (Hons) degree in Economics & History in 1989 and a MA in Economics in 1990, both from University College, Dublin. She is a member of the Institute of Investment Management and Research.

Mr. Lacey, a Deputy Chairman of the Investment Manager, is a portfolio manager focusing on U.S. equity products, and also is a member of the global equity select, global ex-Australia, and global trend funds teams. He has been working in the investment field since 1995. Prior to becoming a full-time member of the Investment Manager's equity team in 1996, Mr. Lacey worked part-time at Lazard during 1995 and 1996 while attaining his MBA from Columbia University. He also has a BA from Wesleyan University.

Mr. Powers, a Managing Director of the Investment Manager, is a member of the international equity, international equity select, and European Equity select teams. He began working in the investment field in 1990. Before joining the Investment Manager in 1990, he was a vice president for Chemco Technologies. He received an MBA from Long Island University and a BA from Brown University.

Currency Investments. Ardra Belitz and Ganesh Ramachandran are the portfolio managers responsible for investing the Fund's assets allocated to Currency Investments.

Ms. Belitz is a Vice President of the Investment Manager and a portfolio manager/analyst specializing in emerging market currency and debt. Before joining the Investment Manager in 1996, she was a senior portfolio administrator with Bankers Trust Company. Ms. Belitz graduated Phi Beta Kappa from Brandeis University with a BA in Economics.

Mr. Ramachandran is a Vice President of the Investment Manager and a portfolio manager/analyst specializing in emerging market currency and debt. He has an MBA from the University of Rochester, Simon School of Business and a BS in Chemical Engineering from the Indian Institute of Technology at Madras. He joined the Investment Manager in 1997.

Investment Management Agreement

Pursuant to an investment management agreement between the Investment Manager and the Fund, the Fund has agreed to pay the Investment Manager an annual investment management fee of 0.85% of the Fund's average daily Total Leveraged Assets for the services and facilities provided by the Investment Manager, payable on a monthly basis. The fee paid to the Investment Manager will be higher when the Investment Manager uses Financial Leverage to make Currency Investments, rather than by reducing the percentage of Net Assets invested in Global Equity Investments for the purposes of making Currency Investments. Assuming Financial Leverage in the amount of 33⅓% of the Fund's Total Leveraged Assets, the annual fee payable to the Investment Manager would be 1.28% of Net Assets (*i.e.*, not including amounts attributable to Financial Leverage).

The following is an example of this calculation of the Investment Manager's fee, using very simple illustrations. If the Fund had assets of $1,000, it could invest $1,000 in Global Equity Investments and enter into $500 in forward currency contracts (because the Fund would not have to pay money at the time it enters into the currency contracts). Similarly, the Fund could invest $1,000 in Global Equity Investments, borrow $500 and invest the $500 in foreign currency denominated bonds. In either case, the Investment Manager's fee would be calculated based on $1,500 of assets, because the fee is calculated based on Total Leveraged Assets (Net Assets plus Financial Leverage). In our example, the Financial Leverage is in the form of either the forward currency contracts (Currency

Commitments) or investments from Borrowings. The amount of the Financial Leverage outstanding, and therefore the amount of Total Leveraged Assets on which the Investment Manager's fee is based, fluctuates daily based on changes in value of the Fund's portfolio holdings, including changes in value of the currency involved in the forward currency contracts or foreign currency denominated bonds acquired with the proceeds of Borrowings. However, the Investment Manager's fee will be the same regardless of whether Currency Investments are made with Currency Commitments or with Borrowings (without taking into account the cost of Borrowings).

This method of calculating the Investment Manager's fee is different than the way closed-end investment companies typically calculate management fees. Traditionally, closed-end investment companies calculate management fees based on Net Assets plus Borrowings (excluding Financial Leverage obtained through Currency Commitments). The Investment Manager's fee is different because the Fund's leverage strategy is different than the leverage strategy employed by many other closed-end investment companies. Although the Fund may employ Borrowings in making Currency Investments, the Fund's leverage strategy relies primarily on Currency Commitments rather than relying exclusively on borrowing money or/and issuing preferred stock, as for most closed-end investment companies. The Investment Manager's fee would be lower if its fee were calculated only on Net Assets plus Borrowings, because the Investment Manager would not earn fees on Currency Investments made with Currency Commitments (forward currency contracts). Using the example above where the Fund has assets of $1,000 and invests $1,000 in Global Equity Investments and $500 in forward currency contracts, the following illustrates how the Investment Manager's fee would be different if it did not earn management fees on these types of Currency Investments. A discussion of the review and approval by the Fund's Board of Directors of the Fund's investment management agreement (including the method of calculating the Investment Manager's fee) is included in the Fund's Statement of Additional Information under "Management of the Fund—Investment Management and Investment Management Agreement."

Beginning assets of $1,000	Fund's management fee based on Total Leveraged Assets (includes Currency Commitments)	Typical management fee formula, calculated excluding Currency Commitments
Global Equity Investments (Net Assets)	$1,000	$1,000
Currency Commitments	$ 500	$ 500
Assets used to calculate management fee	$1,500	$1,000
Management fee (0.85%)	$12.75	$ 8.50

In addition to the fee to the Investment Manager, the Fund pays all other costs and expenses of its operations, including, but not limited to, compensation of its Directors (other than those affiliated with the Investment Manager), custodian, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of preparing, printing and distributing stockholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any.

NET ASSET VALUE

The Fund will determine the net asset value of its shares daily, as of the close of regular session trading on the NYSE (normally 4:00 p.m. Eastern time). Net asset value is computed by dividing the value of all assets of the Fund (including accrued interest and dividends), less all liabilities (including any Borrowings and accrued expenses and distributions declared but unpaid), by the total number of shares outstanding.

The Fund values portfolio securities for which market quotations are readily available at market value. Any securities not listed, for which current over-the-counter market quotations or bids are readily available, are valued at the last quoted bid price or, if available, the mean of two such prices. Forward currency contracts will be valued at the current cost of offsetting the contract. Assets and liabilities initially expressed in terms of foreign currency will be translated into U.S. dollars at the midpoint of the New York interbank market spot exchange rate as quoted on the day of such translation by the Federal Reserve Bank of New York or, if no such rate is quoted on such date, at the exchange rate previously quoted by the Federal Reserve Bank of New York, or at such other quoted market exchange rate as may be determined to be appropriate by the Investment Manager. Securities and other assets for which current market quotations are not readily available are valued at fair value as determined in good faith in accordance with procedures approved by the Board of Directors.

Trading on Europe, Latin and South America and Far East exchanges and in currency and over-the-counter markets ordinarily is completed well before the close of business on each business day in New York (*i.e.*, a day on which the NYSE is open). Calculation of the Fund's net asset value may not take place contemporaneously with the determination of the prices of portfolio assets used in such calculation. If events materially affecting the value of securities occur between the close of the exchange or market on which the security is principally traded and the time when the Fund's net asset value is calculated, the Fund may value such securities at their fair value as determined in good faith by or under the supervision of the Board of Directors. The effect of using fair value pricing in that the net asset value of the Common Stock will be subject to the judgment of the Board of Directors or its designee instead of being determined by the market. Using a fair value pricing methodology to price securities may result in a value that is different from a security's most recent closing price and from the prices used by other investment companies to calculate their net asset values.

DISTRIBUTIONS

Level Distribution Policy

Subject to implementation of a Managed Dividend Policy, as discussed below, the Fund intends to implement a Level Distribution Policy to seek to maintain a stable monthly distribution, subject to approval and oversight of the Fund's Board of Directors. Implementation of the Fund's Level Distribution Policy will commence with the Fund's first distribution. The initial distribution is expected to be declared approximately 45 days, and paid approximately 90 days, from the completion of this offering, depending upon market conditions.

Under the Fund's Level Distribution Policy, the Fund intends to make regular monthly distributions to Common Stockholders at a fixed rate per share of Common Stock based on the projected performance of the Fund, which rate may be adjusted from time to time. The Fund's ability to maintain a Level Distribution Policy will depend on a number of factors, including the stability of income received from its investments, interest and required principal payments on Borrowings, if any, and dividends paid on any outstanding preferred stock. The net income of the Fund will consist primarily of all dividend and interest income accrued on portfolio assets less all expenses of the Fund. Expenses of the Fund are accrued each day.

Under the Fund's Level Distribution Policy, if, for any monthly distribution, net investment income and net realized short-term capital gain were less than the amount of the distribution, the difference would generally be distributed from the Fund's assets.

To permit the Fund to maintain a more stable monthly distribution, the Fund may distribute less than the entire amount of net investment income and net short-term capital gain earned in a particular period. The undistributed net investment income and short-term capital gain may be available to supplement future distributions.

Managed Dividend Policy

The Investment Manager, on behalf of itself and the Fund, intends to file an exemptive application with the SEC seeking an order under the 1940 Act facilitating the implementation of a Managed Dividend Policy for the Fund. If, and when, the Fund receives any requested relief, the Fund, subject to the determination of its Board of Directors, may implement a Managed Dividend Policy.

Under a Managed Dividend Policy, the Fund would seek to make monthly distributions to Common Stockholders at a fixed rate per share of Common Stock or a fixed percentage of net asset value, that may include periodic distributions of long-term capital gains. Under a Managed Dividend Policy, if, for any monthly distribution, ordinary income (that is, net investment income and any net short-term capital gain) and net realized capital gains were less than the amount of the distribution, the difference would be distributed from the Fund's assets.

There is no guarantee that the Investment Manager will apply for, or that the SEC would grant, an exemptive order facilitating the implementation of a Managed Dividend Policy or, if received, that the Board of Directors would implement a Managed Dividend Policy.

Under either the Level Distribution Policy or the Managed Dividend Policy, if, for any calendar year, the total monthly distributions exceed the Fund's net investment income and net realized capital gain, the excess will generally be treated as a tax-free return of capital up to the amount of a stockholder's tax basis in the Common Stock. Any distributions which (based upon the Fund's full year performance) constitute a tax-free return of capital will reduce a stockholder's tax basis in the Common Stock, thereby increasing such stockholder's potential gain or reducing potential loss on the sale of the Common Stock. Any amounts distributed to a stockholder in excess of the basis in the Common Stock will generally be taxable to the stockholder as capital gain. See "Tax Matters." In certain events, amounts distributed to stockholders may have to be subsequently recharacterized as a return of capital for investment purposes. The Fund's net investment income and net realized capital gain for a calendar year may be greater than the total monthly distributions for the year. In such event, the Fund's final distribution for each calendar year may include any remaining net investment income and net realized short-term and long-term capital gain undistributed during the year.

The Fund will provide notices describing the portion of distributions which, in the Fund's current good faith judgment, constitute ordinary income, short-term capital gain, long-term capital gain or a return of capital. The Fund will designate the portion of the ordinary dividend income that is potentially eligible for taxation to individuals at preferential capital gain rates, or for the dividends received deduction in the case of corporations. The final determination of the source of such distributions for federal income tax purposes will be made shortly after year end based on the Fund's actual investment company taxable income and net capital gain for the year and will be communicated to stockholders promptly.

In the event the Fund distributes amounts in excess of its investment company taxable income and net capital gain, such distributions would decrease the Fund's total assets and, therefore, have the likely effect of increasing the Fund's expense ratio as the Fund's fixed expenses will become a larger percentage of the Fund's average net assets. In addition, in order to make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment may not dictate such action.

Although it does not intend to do so, the Board of Directors may change the Fund's distribution policy and the amount or timing of the distributions, based on a number of factors, including the amount of the Fund's undistributed net investment income and historical and projected net investment income.

DIVIDEND REINVESTMENT PLAN

Unless you elect to receive distributions in cash (*i.e.*, opt-out), all dividends, including any capital gain dividends, on your Common Stock will be automatically reinvested by the Plan Agent in additional Common Stock under the Fund's Dividend Reinvestment Plan (the "Plan"). You may elect not to participate in the Plan by contacting the Plan Agent. If you do not participate, you will receive all distributions in cash paid by check mailed directly to you by EquiServe, as dividend disbursing agent.

Under the Plan, the number of shares of Common Stock you will receive will be determined as follows:

(1) If the Common Stock is trading at or above net asset value at the time of valuation, the Fund will issue new shares at a price equal to the greater of (i) net asset value per Common Stock on that date or (ii) 95% of the market price on that date.

(2) If the Common Stock is trading below net asset value at the time of valuation, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Stock in the open market, on the NYSE or elsewhere, for the participants' accounts. It is possible that the market price for the Common Stock may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price at the time of valuation, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Stock issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Stock in the open market within 30 days of the valuation date. Interest will not be paid on any uninvested cash payments.

You may withdraw from the Plan at any time by giving written notice to the Plan Agent. If you withdraw or the Plan is terminated, you will receive whole shares in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus an initial $15 service fee plus $0.12 per share being liquidated (for processing and brokerage expenses).

The Plan Agent maintains all stockholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. Shares of Common Stock in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all Common Stock you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in Common Stock. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions.

If you hold your Common Stock with a brokerage firm that does not participate in the Plan, you will not be able to participate in the Plan and any dividend reinvestment may be effected on different terms than those described above. Consult your financial advisor for more information.

The Fund reserves the right to amend or terminate the Plan if in the judgment of the Board of Directors the change is warranted. There is no direct service charge to participants in the Plan (other than the service charge when you direct the Plan Agent to sell your Common Stock held in a dividend reinvestment account); however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from EquiServe, Inc., P.O. Box 43010, Providence, Rhode Island 02940-3010.

DESCRIPTION OF SHARES

Common Stock

The Fund's Articles authorize the issuance of 500,000,000 shares of Common Stock, par value $.001 per share. All shares of Common Stock have equal rights to the payment of dividends and the distribution of assets upon liquidation. The shares of Common Stock will, when issued, be fully paid and non-assessable, and will have no preemptive or conversion rights or rights to cumulative voting. The Board of Directors, without stockholder vote, can increase or decrease the aggregate number of authorized shares of Common Stock and can reclassify any authorized but unissued shares.

The Common Stock has been approved for listing on the NYSE, subject to notice of issuance, under the trading or "ticker" symbol "LGI." The Fund intends to hold annual meetings of stockholders so long as the Common Stock is listed on a national securities exchange and such meetings are required as a condition to such listing.

The Fund's net asset value will be reduced immediately following the offering by the amount of the sales load and offering expenses paid by the Fund.

Unlike open-end funds, closed-end funds like the Fund do not continuously offer shares and do not provide daily redemptions. Rather, if a stockholder determines to buy additional Common Stock or sell shares already held, the stockholder may conveniently do so by trading on the NYSE through a broker or otherwise. Shares of closed-end investment companies may frequently trade on an exchange at prices lower than net asset value. Shares of closed-end investment companies like the Fund have during some periods traded at prices higher than net asset value and during other periods have traded at prices lower than net asset value. Because the market value of the Common Stock may be influenced by such factors as dividend levels (which are in turn affected by expenses), dividend stability, portfolio holdings, net asset value, relative demand for and supply of such shares in the market, general market and economic conditions, and other factors beyond the control of the Fund, the Fund cannot assure you that Common Stock will trade at a price equal to or higher than net asset value in the future. The Common Stock is designed primarily for long-term investors, and investors in the Common Stock should not view the Fund as a vehicle for trading purposes. See the Statement of Additional Information under "Repurchase of Fund Shares; Conversion to Open-End Fund."

Preferred Stock

Although the Fund has no current intention to issue any preferred stock, the Articles authorize the issuance of shares of preferred stock in one or more classes or series, with rights as determined by the Board of Directors. Such shares may be issued by action of the Board of Directors without the approval of the holders of the Common Stock. The Board, without action by the Common Stockholders, may fix or alter the voting rights, redemption provisions, sinking fund provisions, dividend rights, dividend rates, liquidation preferences, conversion rights and any other rights, preferences, privileges and restrictions of preferred stock subject to certain limitations under the 1940 Act. The Fund's obligations to holders of any preferred stock would be senior to the Fund's ability to pay dividends on, or repurchase, the Common Stock, or to pay holders of shares of Common Stock in the event of liquidation. Additionally, the 1940 Act contains certain specific voting provisions.

CERTAIN PROVISIONS IN THE ARTICLES OF INCORPORATION AND BY-LAWS

The Articles and By-Laws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to convert the Fund to open-end status. Commencing with the first annual meeting of stockholders, if there are three or more Directors the Board of Directors will be divided into three classes, having initial terms of one, two and three years, respectively. At the annual meeting of stockholders in each year thereafter, the term of one class will expire and Directors will be elected to serve in that class for terms of three years. This provision could delay for up to two years the replacement of a majority of the Board of Directors. A Director may be removed from office only for cause and only by vote of the holders of at least 75% of the outstanding shares of the Fund entitled to be cast for the election of Directors.

The Articles provide that the Fund has elected to be subject to certain provisions of Maryland law with respect to vacancies on the Board of Directors. These provisions are to the effect that any vacancy on the Board of Directors, whether caused by its expansion or by the death, resignation, or removal of a Director, may be filled only by the remaining Directors. They also provide that a Director elected by the Board of Directors to fill a vacancy will serve for the remainder of the full term of the class of directors in which the vacancy occurred, rather than only to the next annual meeting as would otherwise be provided under Maryland law.

The Articles provide for a "supermajority" voting requirement to effect any of the following actions: (1) any amendment to the Articles to make the Fund's shares "redeemable securities" or to convert the Fund from a "closed-end company" to an "open-end company" (as such terms are defined in the 1940 Act), (2) any stockholder proposal regarding the Fund's investment objective or specific investment restrictions, policies or decisions made or to be made with respect to the Fund's assets, (3) the voluntary liquidation or dissolution of the Fund or any amendment to the Articles to terminate the existence of the Fund, (4) business combinations such as a merger, consolidation or share exchange, (5) issuances or transfers (in one or a series of transactions in any 12 month period) by the Fund of Fund securities for cash or property having an aggregate fair market value of $1,000,000 or more except for issuances of debt securities, sales of securities in connection with a public offering, issuances of securities pursuant to a dividend reinvestment or cash purchase plan, issuances upon the exercise of stock subscription rights or portfolio transactions effected in the ordinary course of business and (6) sale, lease, exchange, mortgage, pledge, transfer or other disposition by the Fund (in one or a series of transactions in any 12 month period) of $1,000,000 or more of Fund assets except for portfolio transactions in the ordinary course of business.

The Articles require the affirmative vote of the holders of at least 80% of the votes then entitled to be cast by the holders of the Common Stock and at least 80% of the entire Board of Directors to authorize any of the foregoing items, unless such action (other than those set forth in (2) of the foregoing paragraph) has been approved, adopted or authorized by the affirmative vote of at least 80% of the total number of Continuing Directors (as defined below), in which case, if Maryland law requires stockholder approval, the affirmative vote of a majority of the votes entitled to vote on the matter would be required. If Maryland law would then not require stockholder approval, no stockholder approval would be required. "Continuing Director" means any member of the Board of Directors who has been a member of the Board of Directors since April 1, 2004, or who has subsequently become a member of the Board of Directors and whose election is approved by a majority of the Continuing Directors then on the Board of Directors.

The Fund's Articles and By-Laws contain provisions the effect of which is to prevent matters, including nominations of Directors, from being raised at and considered at a stockholders' meeting where the Fund has not received notice of the matters generally at least 60, but no more than 90, days prior to the first anniversary of the preceding year's annual meeting. The Fund's Articles and By-Laws also provide that stockholders cannot require the Fund to call a special meeting of the stockholders unless requested by a majority of the stockholders eligible to vote at such meeting and payment is made of the reasonably estimated cost of preparing and mailing notice of the meeting.

The provisions of the Articles described above could have the effect of depriving the stockholders of opportunities to sell their Common Stock at a premium over the then current market price of the Common Stock by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control by a third party. They provide, however, the advantage of potentially requiring persons seeking control of the Fund to negotiate with its management regarding the price to be paid and facilitating the continuity of the Fund's investment objective and policies. The Board of Directors of the Fund has considered the foregoing anti-takeover provisions, including the voting requirements which are greater than the minimum requirements under Maryland law and the 1940 Act, and concluded that they are in the best interests of the Fund and its stockholders.

Reference should be made to the Articles and By-Laws on file with the SEC for the full text of these provisions.

REPURCHASE OF FUND SHARES; CONVERSION TO OPEN-END FUND

The Fund is a closed-end investment company and as such its stockholders will not have the right to cause the Fund to redeem their shares. Instead, the Common Stock will trade in the open market at a price that will be a function of several factors, including dividend levels (which are in turn affected by expenses), net asset value, dividend stability, portfolio holdings, relative demand for and supply of such shares in the market, general market and economic conditions and other factors. Because shares of closed-end investment companies may frequently trade at prices lower than net asset value, the Fund's Board of Directors may consider action that might be taken to reduce or eliminate any material discount from net asset value in respect of Common Stock, which may include the repurchase of such shares in the open market or in private transactions, the making of a tender offer for such shares at net asset value, or the conversion of the Fund to an open-end investment company.

Before deciding whether to take any action if the Common Stock trades below net asset value, the Board would consider all relevant factors, including the extent and duration of the discount, the liquidity of the Fund's portfolio, the impact of any action that might be taken on the Fund or its stockholders, and market considerations. Based on these considerations, even if the Fund's shares should trade at a discount, the Board of Directors may determine that, in the interest of the Fund and its stockholders, no action should be taken. The Fund cannot assure you that its Board of Directors will decide to take any of these actions, or that share repurchases or tender offers will actually reduce market discount.

If the Fund converted to an open-end investment company, the Common Stock would no longer be listed on the NYSE. In contrast to a closed-end investment company, stockholders of an open-end investment company may require the company to redeem their shares at any time (except in certain circumstances as authorized by the 1940 Act or the rules thereunder) at their net asset value, less any redemption charge that is in effect at the time of redemption. The Fund may not be able to operate as described in this Prospectus were it converted to an open-end investment company. See "Certain Provisions in the Articles of Incorporation and By-Laws" for a discussion of the voting requirements applicable to the conversion of the Fund to an open-end investment company.

TAX MATTERS

The following brief tax discussion assumes you are a U.S. stockholder and that you hold your shares as a capital asset. In the Statement of Additional Information we have provided more detailed information regarding the tax consequences of investing in the Fund. The Fund intends to qualify as a regulated investment company under federal income tax law. If the Fund so qualifies and distributes each year to its stockholders at least 90% of its "investment company taxable income" (as defined in the Code, but without regard to the dividends paid deduction), the Fund will not be required to pay federal income taxes on any income it distributes to stockholders but such distributions will generally be taxable to you as a stockholder of the Fund when received. See "Risks—Other Risks of Investing in the Fund—Tax Risk."

Dividends paid to you out of the Fund's "investment company taxable income" will be taxable to you as ordinary income to the extent of the Fund's earnings and profits. Distributions of net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, are taxable to you as long-term capital gains, regardless of how long you have held your Fund shares. The Fund intends to distribute to its stockholders, at least annually, substantially all of its investment company taxable income and net capital gain. A distribution of an amount in excess of the Fund's current and accumulated earnings and profits is treated as a non-taxable return of capital that reduces your tax basis in your Common Stock; any such distributions in excess of your basis are treated as gain from a sale of your shares. The tax treatment of your dividends and distributions will be the same regardless of whether they are paid to you in cash or reinvested in additional shares of Common Stock. Stockholders not subject to tax on their income will not be required to pay tax on amounts distributed to them.

If the Fund receives dividends from U.S. corporations, a portion of the dividends paid by the Fund to corporate stockholders may be eligible for the corporate dividends received deduction. In addition, for taxable years beginning on or before December 31, 2008, distributions of net investment income that are designated by the Fund as derived from "qualified dividend income" are taxed to individuals at the rates applicable to long-term capital gain. Certain holding period and other requirements must be met by you and the Fund for distributions to be eligible for the corporate dividends received deduction or the preferential individual tax rates that apply to qualified dividend income, as the case may be.

A distribution will be treated as paid to you on December 31 of the current calendar year if it is declared by the Fund in October, November or December with a record date in such a month and paid during January of the following year. Each year, we will notify you of the tax status of dividends and other distributions.

If you sell your Common Stock, or have shares repurchased by the Fund, you may realize a capital gain or loss in an amount equal to the difference between the amount realized and your adjusted tax basis in the stock sold, which gain or loss will be long-term or short-term depending generally on your holding period for the stock.

We may be required to withhold U.S. federal income tax from all taxable distributions payable if you:

- fail to provide us with your correct taxpayer identification number;
- fail to make required certifications; or
- have been notified by the Internal Revenue Service that you are subject to backup withholding.

It is not expected that you will be subject to the alternative minimum tax as a result of your investment in the Fund. Fund distributions may be subject to state and local taxes. You should consult with your own tax advisor regarding the particular consequences of investing in the Fund.

UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement dated the date hereof, each Underwriter named below has severally agreed to purchase, and the Fund has agreed to sell to such Underwriter, the number of shares of Common Stock as set forth opposite the name of such Underwriter.

Underwriters	Number of Shares
Citigroup Global Markets Inc.	865,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	740,000
H&R Block Financial Advisors, Inc.	600,000
Crowell, Weedon & Co.	600,000
Ferris, Baker Watts, Incorporated	600,000
J.J.B. Hilliard, W.L. Lyons, Inc.	600,000
KeyBanc Capital Markets, A Division of McDonald Investments Inc.	600,000
Oppenheimer & Co. Inc.	600,000
Raymond James & Associates, Inc.	600,000
RBC Capital Markets Corporation	600,000
Stifel, Nicolaus & Company, Incorporated	600,000
Wedbush Morgan Securities Inc.	600,000
Advest, Inc.	200,000
D.A. Davidson & Co.	200,000
Legg Mason Wood Walker, Incorporated	200,000
Morgan Keegan & Company, Inc.	200,000
Piper Jaffray & Co.	200,000
Quick & Reilly, Inc. A FleetBoston Financial Company	200,000
TD Waterhouse Investor Services, Inc.	200,000
Robert W. Baird & Co. Incorporated	70,000
BrookStreet Securities Corporation	70,000
Doft & Co., Inc.	70,000
National Securities Corporation	70,000
SunTrust Capital Markets, Inc.	70,000
William Blair & Company L.L.C.	70,000
David A. Noyes & Company	35,000
Ladenburg, Thalmann & Co. Inc.	35,000
Mesirow Financial, Inc.	35,000
M.L. Stern & Co., LLC	35,000
Southwest Securites, Inc.	35,000
Total	9,600,000

The underwriting agreement provides that the obligations of the several Underwriters to purchase the Common Stock included in this offering are subject to approval of certain legal matters by counsel and to certain other conditions. The Underwriters are obligated to purchase all the shares of Common Stock (other than those covered by the over-allotment option described below) if they purchase any of the Common Stock. The representatives have advised the Fund that the Underwriters do not intend to confirm any sales to any accounts over which they exercise discretionary authority.

The Underwriters, for whom Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, H&R Block Financial Advisors, Inc., Crowell, Weedon & Co., Ferris, Baker Watts, Incorporated, J.J.B. Hilliard, W.L. Lyons, Inc., KeyBanc Capital Markets, A Division of McDonald Investments Inc., Oppenheimer & Co. Inc., Raymond James & Associates, Inc., RBC Capital Markets Corporation, Stifel, Nicolaus & Company, Incorporated and Wedbush Morgan Securities Inc. are acting as representatives, propose to offer some of the

Common Stock directly to the public at the public offering price set forth on the cover page of this Prospectus and some of the Common Stock to certain dealers at the public offering price less a concession not in excess of $0.60 per share of Common Stock. The sales load the Fund will pay of $0.90 per share is equal to 4.50% of the initial offering price. The Underwriters may allow, and such dealers may reallow, a concession not in excess of $0.10 per share of Common Stock on sales to certain other dealers. If all of the shares of Common Stock are not sold at the initial offering price, the representatives may change the public offering price and other selling terms. Investors must pay for any shares of Common Stock purchased on or before April 30, 2004.

The Investment Manager (and not the Fund) also has agreed to pay to Citigroup Global Markets Inc. and certain other Underwriters additional compensation at an aggregate annual rate equal to 0.15% of the Fund's average daily Total Leveraged Assets. The fee will be divided among certain Underwriters in proportion to the number of shares of Common Stock sold by them in this offering. The fee will be payable in arrears at the end of each calendar quarter during the continuance of the investment management agreement or other advisory agreement between the Investment Manager and the Fund. The total amount of the fee payments to Citigroup Global Markets Inc. and to other Underwriters, plus the amounts paid by the Fund to reimburse certain underwriter legal expenses, will not exceed 4.50% of the total price to the public of the Common Stock offered hereby. The Underwriters that will receive these fees have agreed to provide services related to the sale and distribution of Common Stock. They have also agreed to provide certain after-market services to the Investment Manager designed to maintain the visibility of the Fund on an ongoing basis and to provide relevant information, studies or reports regarding the Fund and the closed-end investment company industry. The sum total of all compensation to the Underwriters in connection with this offering and any expense reimbursement, will be limited to 9.0% of the total price to the public of Common Stock in this offering.

The Fund has granted to the Underwriters an option, exercisable for 45 days from the date of this Prospectus, to purchase up to 1,422,616 additional shares of Common Stock at the public offering price less the sales load. The Underwriters may exercise such option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent such option is exercised, each Underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of Common Stock approximately proportionate to such Underwriter's initial purchase commitment.

The Fund and the Investment Manager have agreed that, for a period of 180 days from the date of this Prospectus, they will not, without the prior written consent of Citigroup Global Markets Inc., on behalf of the Underwriters, dispose of or hedge any shares of Common Stock or any securities convertible into or exchangeable for shares of Common Stock. Citigroup Global Markets Inc., in its sole discretion, may release any of the securities subject to these agreements at any time without notice.

Prior to the offering, there has been no public market for the Common Stock. Consequently, the initial public offering price for the Common Stock was determined by negotiation among the Fund, the Investment Manager and the representatives. There can be no assurance, however, that the price at which the shares of Common Stock will sell in the public market after this offering will not be lower than the price at which they are sold by the Underwriters or that an active trading market in the Common Stock will develop and continue after this offering. The Common Stock has been approved for listing on the NYSE, subject to notice of issuance.

The following table shows the sales load that the Common Stockholders are to pay to the Underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the Underwriters' option to purchase additional shares of Common Stock:

	Paid by Fund	
	No Exercise	Full Exercise
Per share	$ 0.90	$ 0.90
Total	$8,640,000	$9,920,354

The Fund and the Investment Manager have each agreed to indemnify the several Underwriters or contribute to losses arising out of certain liabilities, including liabilities under the Securities Act.

The Investment Manager has agreed to pay (i) all of the Fund's organizational expenses and (ii) the Fund's offering costs (other than sales load) that exceed $0.04 per share of Common Stock. In addition, the Fund has agreed to reimburse the Underwriters for certain expenses incurred by the Underwriters in the offering.

Certain Underwriters may make a market in the Common Stock after trading in the Common Stock has commenced on the NYSE. No Underwriter is, however, obligated to conduct market-making activities and any such activities may be discontinued at any time without notice, at the sole discretion of the Underwriter. No assurance can be given as to the liquidity of, or the trading market for, the Common Stock as a result of any market-making activities undertaken by any Underwriter. This Prospectus is to be used by any Underwriter in connection with the offering and, during the period in which a prospectus must be delivered, with offers and sales of the Common Stock in market-making transactions in the over-the-counter market at negotiated prices related to prevailing market prices at the time of the sale.

In connection with the requirements for listing the Fund's Common Stock on the NYSE, the Underwriters have undertaken to sell lots of 100 or more shares of Common Stock to a minimum of 2,000 beneficial owners in the United States. The minimum investment requirement is 100 shares of Common Stock.

The Underwriters have advised the Fund that, pursuant to Regulation M under the Securities Exchange Act of 1934, as amended, certain persons participating in the offering may engage in transactions, including stabilizing bids, covering transactions or the imposition of penalty bids, which may have the effect of stabilizing or maintaining the market price of the shares of Common Stock on the NYSE at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or purchase of the shares of Common Stock on behalf of an Underwriter for the purpose of fixing or maintaining the price of the shares of Common Stock. A "covering transaction" is a bid for or purchase of the shares of Common Stock on behalf of an Underwriter to reduce a short position incurred by the Underwriters in connection with the offering. A "penalty bid" is a contractual arrangement whereby if, during a specified period after the issuance of the Common Stock, the Underwriters purchase shares of Common Stock in the open market for the account of the underwriting syndicate and the shares of Common Stock purchased can be traced to a particular Underwriter or member of the selling group, the underwriting syndicate may require the Underwriter or selling group member in question to purchase the shares of Common Stock in question at the cost price to the syndicate or may recover from (or decline to pay to) the Underwriter or selling group member in question any or all compensation (including, with respect to a representative, the applicable syndicate management fee) applicable to the shares of Common Stock in question. As a result, an Underwriter or selling group member and, in turn, brokers may lose the fees that they otherwise would have earned from a sale of the shares of Common Stock if their customer resells the shares of Common Stock while the penalty bid is in effect. The Underwriters are not required to engage in any of these activities, and any such activities, if commenced, may be discontinued at any time.

The underwriting agreement provides that it may be terminated in the absolute discretion of the representatives without liability on the part of the Underwriters to the Fund or the Investment Manager if, prior to the delivery of and payment for the shares of Common Stock, (i) trading in the Fund's Common Stock shall have been suspended by the SEC or the NYSE or trading in securities generally on the NYSE shall have been suspended or limited or minimum prices for trading in securities generally shall have been established on the NYSE, (ii) a commercial banking moratorium shall have been declared by either federal or New York state authorities or (iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other calamity or crisis the effect of which on financial markets in the United States is such as to make it, in the sole judgment of the representatives, impracticable or inadvisable to proceed with the offering or delivery of the shares of Common Stock as contemplated by the Prospectus (exclusive of any supplement thereto).

A Prospectus in electronic format may be available on the websites maintained by one or more of the Underwriters. The representatives may agree to allocate a number of shares of Common Stock to the Underwriters for sale to their online brokerage account holders. The representatives will allocate shares of Common Stock to Underwriters that may make Internet distributions on the same basis as other allocations. In addition, shares of Common Stock may be sold by the Underwriters to securities dealers who resell shares of Common Stock to online brokerage account holders.

The Fund anticipates that from time to time certain of the Underwriters may act as brokers or dealers in connection with the execution of the Fund's portfolio transactions after they have ceased to be Underwriters and, subject to certain restrictions, may act as brokers while they are Underwriters.

Prior to the public offering of the Common Stock, the Investment Manager purchased shares of Common Stock from the Fund in an amount satisfying the net worth requirements of Section 14(a) of the 1940 Act. As of the date of this Prospectus, the Investment Manager owned 100% of the outstanding shares of Common Stock. The

Investment Manager may be deemed to control the Fund until such time as it owns less than 25% of the outstanding shares of Common Stock, which is expected to occur as of the completion of the offering of the Common Stock.

The principal business address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, New York 10013.

CUSTODIAN, TRANSFER AGENT AND DIVIDEND DISBURSING AGENT

The custodian of the assets of the Fund is State Street Bank and Trust Company, One Federal Street, Boston, Massachusetts 02110. The custodian performs custodial, fund accounting and administrative services. The Fund's transfer agent and registrar is EquiServe Trust Company, N.A., and the Fund's dividend disbursing agent is EquiServe, Inc., each at P.O. Box 43010, Providence, Rhode Island 02940-3010.

LEGAL OPINIONS

Certain legal matters in connection with the issuance of the Common Stock will be passed upon for the Fund by Stroock & Stroock & Lavan LLP, New York, New York, counsel to the Fund, and for the Underwriters by Simpson Thacher & Bartlett LLP, New York, New York. Stroock & Stroock & Lavan LLP and Simpson Thacher & Bartlett LLP may rely as to certain matters of Maryland law on the opinion of Venable LLP, Baltimore, Maryland.

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TABLE OF CONTENTS FOR THE STATEMENT OF ADDITIONAL INFORMATION

9,600,000 Shares

Lazard Global Total Return and Income Fund, Inc.

Common Stock

PROSPECTUS

April 27, 2004

Citigroup
Merrill Lynch & Co.
H&R Block Financial Advisors, Inc.
Crowell, Weedon & Co.
Ferris, Baker Watts
Incorporated
J.J.B. Hilliard, W.L. Lyons, Inc.
KeyBanc Capital Markets
Oppenheimer
Raymond James
RBC Capital Markets
Stifel, Nicolaus & Company
Incorporated
Wedbush Morgan Securities