

# Lazard World Dividend & Income Fund

**FUND OVERVIEW – AS OF AUGUST 31, 2005**

<b>LOR Performance Review<sup>1</sup></b>	Share Price (%)	NAV (%)
1 Month	-5.0	1.1
3 Month	N/A	N/A
1 Year	N/A	N/A
3 Year	N/A	N/A
5 Year	N/A	N/A
Since Inception	-5.0	3.9

**CURRENT FUND DATA<sup>2</sup>**

<b>Total Net Assets</b>	<b>\$133.5 mm</b>
Shares Outstanding	6,580,237
Net Asset Value Per Share	\$19.80
Share Price	\$19.00
Premium/Discount	-4.04%
Dividend Per Share	\$0.1167 <sup>3</sup>
Dividend Yield (on share price)	7.37% <sup>3</sup>
Since inception High-Low Share Price	\$20.05/\$17.67
Since inception High-Low NAV	\$20.11/\$18.80
Total Leveraged Assets	\$192.1 mm
Leveraged Percentage	30.5%

**RECENT DIVIDEND HISTORY**

<b>Payable Date</b>	<b>Dividend</b>
October 24, 2005	\$0.1167
September 23, 2005	\$0.1167 <sup>3</sup>

**About the Fund**

**Portfolio Manager:** Lazard Asset Management LLC

**NYSE Symbol:** LOR

**First Day of Trading:** 6/28/2005

**Inception NAV:** \$19.06

**Inception Share Price:** \$20.00

**COMMENTARY**

During August, the NAV return of Lazard World Dividend & Income Fund (the “Fund”) was up 1.1%, ahead of the benchmark, the MSCI All Country World Index, which gained 0.8%. Since inception, the Fund’s NAV has earned 3.9% compared to the benchmark return of 4.6%.

Global markets ended August with little change, however a weak U.S. dollar added to returns. The price of oil rose dramatically, as hurricane Katrina caused major disruptions to oil production and refining in the southeastern coastal regions of the U.S. Economic news in the U.S. was mixed, as personal income, non-farm payrolls, and productivity growth all came in above expectations, while retail sales, durable goods, and industrial production were weaker than anticipated. The FOMC boosted the Federal Funds rate to 3.5%. In the U.K., inflation was reported higher than expected, reaching a multi-year high, and retail sales were stronger than expected. Japan witnessed an uptick in consumer confidence. From a sector perspective, energy dramatically outperformed, while utilities and materials performed well and consumer discretionary lagged. Regionally, the U.K. and Japan performed well, Europe was mixed with Austria, Denmark, and Portugal outperforming, and the U.S. lagged. Top contributors to performance for August were in telecommunications and materials, while financials lagged.

Returns for the smaller, short duration emerging market currency and debt portion of the Fund were slightly positive in August. Since inception, the performance on this portfolio has been a modest positive contributor to overall performance.

<sup>1</sup> Past performance does not guarantee future results. The NAV results are calculated using the Fund’s Net Asset Value per share, and assumes reinvestment of all distributions. The Fund’s inception date was June 28, 2005.

<sup>2</sup> Data is based on the Fund’s holdings as of August 31, 2005 which are subject to change in the future.

<sup>3</sup> The Fund’s first dividend, declared on August 12, is payable on September 23, 2005 to shareholders of record on September 12, 2005.

## INVESTMENT OBJECTIVE

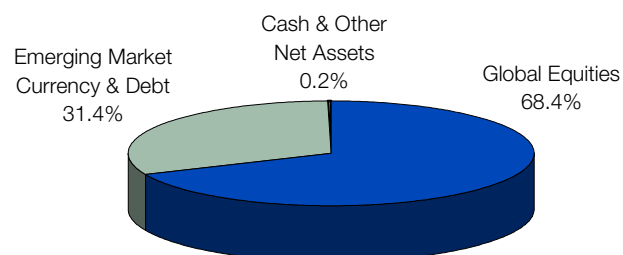
The Fund's investment objective is total return, through a combination of dividends, income, and capital appreciation. The Fund's net assets are invested in a portfolio of approximately 60-90 world equity securities, consisting primarily of the highest dividend-yielding stocks selected from the current holdings of other accounts managed by Lazard Asset Management. The equity portfolio is broadly diversified in both developed and emerging market countries and across the capitalization spectrum. The Fund seeks to enhance income by investing in short duration (typically less than one year) emerging market forward currency contracts and other emerging market debt instruments.

## SELECTED PORTFOLIO STATISTICS<sup>3 4</sup> – AS OF AUGUST 31, 2005

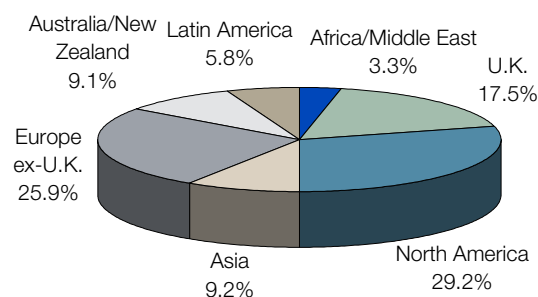
Top 10 Global Equity Holdings	Dollar Value (\$mm)	Net Assets (%)
Citizens Communications	3.8	2.8
ENI SPA	3.4	2.6
Usinas Sider Minas Gerais	3.1	2.3
Bank Hapoalim	2.9	2.2
Magyar Telekom	2.9	2.2
PanAmSat Holdings	2.9	2.2
KT Corp	2.3	1.8
Royal & Sun Alliance	2.3	1.7
Souza Cruz	2.3	1.7
Telemar Norte Lest	2.2	1.7

Global Equity Sector Weightings	(%)
Consumer Discretionary	7.5
Consumer Staples	12.8
Energy	10.5
Financials	29.6
Health Care	2.3
Industrials	1.7
Information Technology	1.0
Materials	6.5
Telecommunication Services	18.5
Utilities	9.6

### Total LOR Allocation (as a percentage of total leveraged assets)



### Global Equity Regional Weightings<sup>4</sup>



## EMERGING MARKET CURRENCY AND DEBT

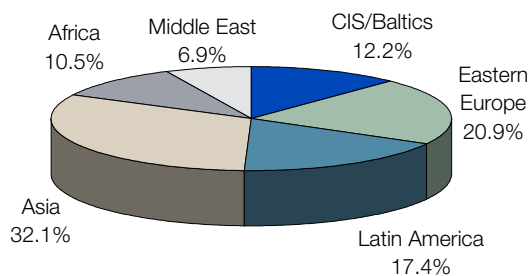
### Investment Vehicle Allocation

Forwards	85.3%
Bonds	14.8%
Structured Notes	0.0%

### Investment Characteristics

Average Duration	2.8 Months <sup>5</sup>
Average Credit Rating	A+ <sup>5</sup>

### Regional Exposure



<sup>3</sup> The securities identified should not be considered a recommendation or solicitation to purchase or sell these securities. It should not be assumed that any investment in these securities was, or will be, profitable.

<sup>4</sup> Allocations are as of August 31, 2005 and are subject to change.

<sup>5</sup> A measure of the average cash-weighted term-to-maturity of the investment holdings. Duration is a measure of the price sensitivity of a bond to interest rate movements. Duration for a forward currency contract is equal to its term-to-maturity.

<sup>6</sup> Source: S&P, Moody's and Fitch. Ratings for the forward currency contracts represent the counterparty credit rating. Ratings for the bonds represent the bond issuer rate. Ratings for the credit-linked structured notes represent the lower of the sovereign or counterparty rates.

## RISKS:

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Past performance does not guarantee future results.

Risk factors include:

**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 invested. An 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.

The Fund's Common Stock, at any point in time, may be worth less than the amount originally invested, 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.

**Small- and Medium-Capitalization Companies Risk.** Prices of securities of small- and medium-capitalization companies may be subject to more abrupt or erratic market movements than securities of larger, more established companies, because securities of small- and medium-capitalization companies typically are traded in lower volume and the issuers typically are subject to greater changes in earnings and prospects. In addition, securities of the smaller capitalization companies may be thinly traded (and therefore may have to be sold at a discount from current market prices or sold in small lots over an extended period of time) and may pose a greater risk of loss than investments in securities of larger capitalization companies.

**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 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. 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.

**Non-U.S. and Emerging Markets 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.

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 currencies adversely.

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.

**Currency Risks.** An 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. The Fund may use currency hedging transactions which might result in a poorer overall performance for the Fund than if the Fund had not engaged in any hedging transactions.

Currency Investments could be adversely affected by delays in, or a refusal to grant, repatriation of funds or conversion of emerging market currencies. Forward currency contracts are highly volatile, and a relatively small price movement in a forward currency contract may result in substantial losses to the Fund.

Please read the Prospectus carefully for more explanation of these and other risks.

## NOTES:

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The information provided in this material should not be considered a recommendation to purchase or sell any security. There is no assurance that any securities referenced herein will remain in the Fund's portfolio or that securities sold have not been repurchased. The securities discussed may not represent the Fund's entire portfolio.

It should not be assumed that any of the referenced securities were or will prove to be profitable, or that the investment decisions we make in the future will be profitable.

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