

Morningstar category¹

World Allocation

Cusip

Institutional 52106N491
Open 52106N483

Symbol

Institutional LCAIX
Open LCAOX

Minimum initial investment

Institutional \$100,000
Open \$2,500

Inception date

Institutional 2008
Open 2008

Net assets

Institutional \$279.7 million
Open \$5.5 million
Total \$285.2 million

Total annual operating expense ratio

Institutional 1.80%
Open 2.08%

Net expense ratio*

Institutional 1.49%
Open 1.79%

* The net expenses reflect a contractual agreement by Lazard to waive its fee and, if necessary, to reimburse the Portfolio through April 30, 2012, to the extent the Total Annual Operating Expense Ratio exceeds 1.02% and 1.32% of the average daily net assets of the Portfolio's Institutional and Open Shares, respectively, exclusive of taxes, brokerage, interest on borrowings, fees, and expenses of "Acquired Funds" and extraordinary expenses, and excluding shareholder redemption fees or other transaction fees. This agreement can only be amended by agreement of The Lazard Funds, Inc. and Lazard to lower the net amount shown and will terminate automatically in the event of termination of the Investment Management Agreement between Lazard and The Lazard Funds, Inc., on behalf of the Portfolio.

Fund Overview

Description

The Lazard Capital Allocator (LCAS) Opportunistic Strategies Portfolio invests in "non-traditional" assets seeking long-term capital appreciation and returns with lower correlation to global capital markets. The Portfolio holds between 10 and 30 unique positions that are dynamically adjusted to changing market and economic conditions. Portfolio investments are unconstrained by benchmark considerations and comprise of equity, debt, currency, or market hedging tools. Investments are diversified among countries, sectors, and asset classes that are consistent with our forward-looking assessment of the global capital market opportunity set.

Strategy

- An actively managed global portfolio seeking long-term capital appreciation.
- Unconstrained investment decisions are made within the context of the overall Lazard Capital Allocator Series' forward-looking, global macroeconomic viewpoint.
- The Portfolio is primarily invested in baskets of securities such as traded indices, ETFs (exchange-traded funds), ETNs (exchange-traded notes), closed-end funds, swaps, and custom baskets.
- Integrated process of risk management, asset allocation, and portfolio construction.

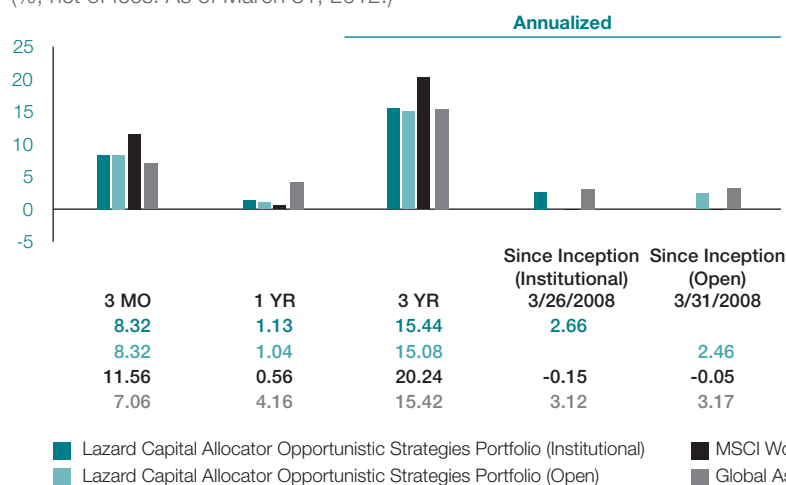
Portfolio Structure (As of March 31, 2012)

Investments generally fall within four subcategories:

Category	Description	Lazard Allocation (%) ²
Thematic	Investments that are most consistent with our overall market viewpoint and represent unique or niche opportunities that we believe will provide performance benefits, to the extent our viewpoint materializes.	36
Contrarian	Investments that reflect out-of-favor or non-consensus views to potentially capture inflection points of attractively valued areas of the market.	18
Diversifying	Investments in areas that tend to be uncorrelated to the overall equity market, or that we believe possess attractive absolute return-oriented characteristics, including fixed-income securities and other market hedging tools.	38
Discounted	Investments across global markets that are viewed favorably by the investment team and that can be purchased at a tangible discount to net asset value.	8

Performance Overview

(%; net of fees. As of March 31, 2012.)



The performance quoted represents past performance. Past performance does not guarantee future results. The current performance may be lower or higher than the performance data quoted. An investor may obtain performance data current to the most recent month-end online at www.LazardNet.com. The investment return and principal value of the Portfolio will fluctuate; an investor's shares, when redeemed, may be worth more or less than their original cost. Returns reflect reimbursement of expenses as described in the prospectus. Had expenses not been reimbursed, returns would have been lower and the expense ratio would have been higher.

Portfolio management team

David R. Cleary, CFA

Christopher Komosa, CFA

Asset Class/Sector Allocation²

	Lazard (%)	Lazard (% Equity)	MSCI World Index (%)
Equity	61.5		100.0
Consumer Discretionary		10.1	10.8
Consumer Staples		5.3	10.5
Energy		15.8	11.0
Financials		17.8	18.8
Health Care		4.3	10.1
Industrials		13.9	11.1
Information Technology		16.6	13.0
Materials		3.9	7.2
Telecom Services		0.5	3.9
Utilities		1.8	3.6
Other		10.1	N/A
Fixed Income	24.5		N/A
Cash	14.0		N/A

Source: Lazard, MSCI

Geographic Allocation²

	Lazard (% Equity)	MSCI World Index (%)
Continental Europe	12.6	17.7
United Kingdom	-0.3	9.4
Middle East	0.2	0.3
Japan	9.7	9.1
Asia-Pacific ex-Japan	0.9	5.5
North America	60.5	58.0
Emerging Markets	6.3	0.0
Other	10.1	N/A

Source: Lazard, MSCI

Understanding Investment Risk

Equity securities will fluctuate in price; the value of your investment will thus fluctuate, and this may result in a loss. Securities in certain non-domestic countries may be less liquid, more volatile, and less subject to governmental supervision than in one's home market. The values of these securities may be affected by changes in currency rates, application of a country's specific tax laws, changes in government administration, and economic and monetary policy. Small- and mid-capitalization stocks may be subject to higher degrees of risk, their earnings may be less predictable, their prices more volatile, and their liquidity less than that of large-capitalization or more established companies' securities. Emerging market securities carry special risks, such as less developed or less efficient trading markets, a lack of company information, and differing auditing and legal standards. The securities markets of emerging market countries can be extremely volatile; performance can also be influenced by political, social, and economic factors affecting companies in emerging market countries.

An investment in bonds carries risk. If interest rates rise, bond prices usually decline. The longer a bond's maturity, the greater the impact a change in interest rates can have on its price. If you do not hold a bond until maturity, you may experience a gain or loss when you sell. Bonds also carry the risk of default, which is the risk that the issuer is unable to make further income and principal payments. Other risks, including inflation risk, call risk, and pre-payment risk, also apply. High-yield securities (also referred to as "junk bonds") inherently have a higher degree of market risk, default risk, and credit risk.

Investments in closed-end funds are non-redeemable and are subject to the same risks as other publicly-traded equity securities. Sometimes, however, there may be no public market for units of closed-end funds. The shares of closed-end funds, and exchange-traded funds ("ETFs") may trade at prices at, below, or above their most recent net asset value. There is no guarantee that a fund's discount will ever be narrowed or eliminated. Additionally, the performance of an ETF pursuing a passive index-based strategy may diverge from the performance of the index. Exchange-traded notes ("ETNs") may not trade in the secondary market, but typically are redeemable by the issuer. Unlike ETFs and closed-end funds, ETNs are not registered investment companies and thus are not regulated under the 1940 Act. In addition, as debt securities, ETNs are subject to the additional risk of the creditworthiness of the issuer. ETNs typically do not make periodic interest payments. An investment in these types of instruments is indirectly subject to all the risks associated with the investments made by the closed-end fund, ETF, or ETN.

Derivative transactions may reduce returns or increase volatility and a small investment in certain derivatives could have a potentially large impact on the Portfolio's performance. Because the Portfolio invests in a relatively smaller number of issuers than other investment portfolios, its net asset value could be more susceptible to adverse effects of any single corporate, economic, political, regulatory, or other occurrence.

The Portfolio's investment strategy may involve high portfolio turnover. A portfolio turnover rate of 100%, for example, is equivalent to the Portfolio buying and selling all of its securities once during the course of the year. A high portfolio turnover rate (such as 100% or more) could result in high brokerage costs and an increase in taxable capital gains distributions to the Portfolio's shareholders.

The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. The MSCI World Index consists of 24 developed market country indices. The index is unmanaged and has no fees. One cannot invest directly in an index.

The Global Asset Allocation Blended Index consists of a quarterly rebalanced, 60/40 split of the MSCI World (Net) Index and the Barclays Capital U.S. Aggregate Bond Index. The index is unmanaged and has no fees. One cannot invest directly in an index.

The Barclays Capital U.S. Aggregate Bond Index covers the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS, and CMBS, with maturities of no less than one year. The index is unmanaged and has no fees. One cannot invest directly in an index.

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