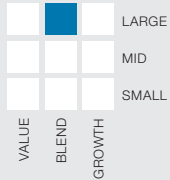


## Morningstar category<sup>1</sup>

Diversified Emerging Markets

## Morningstar style<sup>1</sup>



## Cusip

Institutional 52106N475  
Open 52106N467

## Symbol

Institutional LDMIX  
Open LDMOX

## Minimum initial investment

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

## Inception date

Institutional 2008  
Open 2008

## Net assets

Institutional \$262.3 million  
Open \$76.4 million  
Total \$338.7 million

## Total annual operating expense ratio

Institutional 1.67%  
Open 1.85%

## Net expense ratio\*

Institutional 1.30%  
Open 1.60%

\* 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 1.30% and 1.60% 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

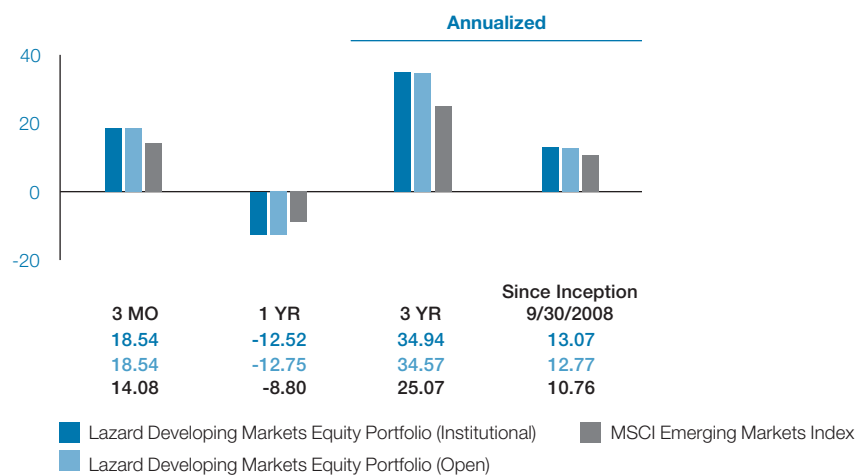
The Lazard Developing Markets Equity Portfolio seeks long-term capital appreciation by investing in companies with strong, sustainable growth at a reasonable price. The Portfolio's returns are compared to the MSCI Emerging Markets Index.

### Strategy

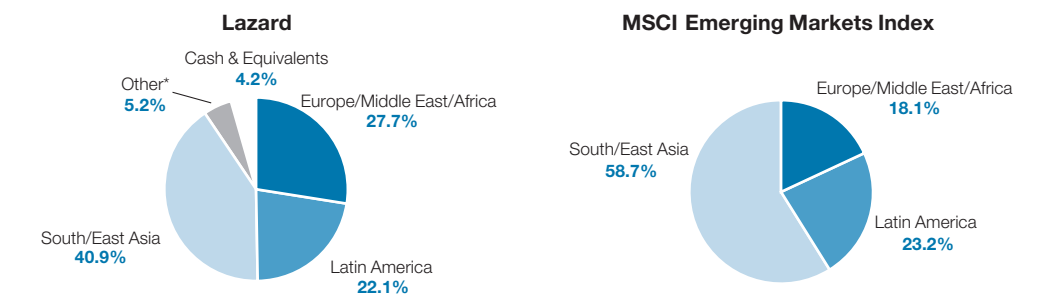
- Invests in companies with sustainable earnings growth and compelling valuations.
- Utilizes a fundamentally driven stock selection process emphasizing accounting validation.
- Leverages the strengths of Lazard's emerging markets platform.

## Performance Review

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



## Geographic Allocation<sup>2</sup>



\* Other - Consists of companies that have 50% or more of their net assets and/or sales from emerging markets, but are domiciled in non-emerging market countries.

Source: Lazard, MSCI

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](http://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

Kevin O'Hare, CFA  
 Peter Gillespie, CFA  
 James M. Donald, CFA\*  
 John R. Reinsberg\*

\*As head of the Emerging Markets Group and as a Deputy Chairman of Lazard, Mr. Donald and Mr. Reinsberg, respectively, are ultimately responsible for overseeing the Portfolio but are not responsible for its day-to-day management.

## Characteristics

	Lazard	MSCI Emerging Markets Index	Lazard	MSCI Emerging Markets Index
Forward P/E	9.2	10.4	63	819
Forward EPS Growth	23.9	15.2	21.9	35.8
PE/G Ratio*	0.4	0.7	66.82	N/A
Beta (3-year)	Institutional	1.22	30.92	24.8
	Open	1.21		
Standard deviation (%; 3-year)	Institutional	30.92	30.87	
	Open	30.87		

\* PE/G ratio is calculated by dividing the Price/Earnings ratio by the Earnings Per Share growth rate.

Source: Lazard, MSCI

## Top Ten Holdings<sup>2</sup>

	Lazard (%)	MSCI Emerging Markets Index (%)
Sberbank	3.1	
Exxaro Resources (ADR)	2.9	
Barloworld	2.7	
Samsung Electronics	2.6	
Globaltrans Investment (GDR, Reg S)	2.6	
China State Construction International	2.5	
Synnex Technology International	2.4	
GEO Ser B	2.4	
MRV Engenharia e Participacoes	2.3	
Pacific Rubiales Energy	2.1	

For a complete list of holdings, please visit [www.LazardNet.com](http://www.LazardNet.com)

## Sector Allocation<sup>2</sup>

	Lazard (%)	MSCI Emerging Markets Index (%)
Financials	27.7	23.8
Industrials	18.9	6.7
Energy	15.3	13.9
Consumer Discretionary	13.4	7.9
Information Technology	9.9	13.9
Materials	7.5	12.9
Consumer Staples	1.3	8.0
Utilities	1.0	3.7
Telecommunication Services	1.0	8.0
Health Care	0.0	1.0
Cash & Equivalents	4.2	N/A

Source: Lazard, MSCI

## Understanding Investment Risk

Beta is a relative measure of the sensitivity of a fund's return to changes in the benchmark's return. The beta of the fund versus its benchmark is the amount (and direction) the fund has historically moved when the benchmark moved by one unit.

Standard deviation measures the dispersion or "spread" of individual observations around their mean. Standard deviation of returns measures a fund's historical volatility, where a higher number is evidence of greater volatility (i.e., higher risk).

The Portfolio invests in stocks believed by Lazard to have the potential for growth, but that may not realize such perceived potential for extended periods of time or may never realize such perceived growth potential. Such stocks may be more volatile than other stocks because they can be more sensitive to investor perceptions of the issuing company's growth potential. The stocks in which the Portfolio invests may respond differently to market and other developments than other types of stocks.

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. 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.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The MSCI Emerging Markets Index consists of 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. The index is unmanaged and has no fees. One cannot invest directly in an index.

Published on April 23, 2012.

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<sup>2</sup> Allocations and security selection are subject to change. The information provided in this list should not be considered a recommendation or solicitation to purchase or sell any particular security. It should not be assumed that any investment in these securities was, or will prove to be, profitable, or that the investment decisions we make in the future will be profitable or equal to the investment performance of securities referenced herein. There is no assurance that any securities referenced herein are currently held in the Portfolio or that securities sold have not been repurchased.

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