

Performance Review

Returns (%; net of fees. As of March 31, 2012.)	QTD	1 Year	Annualized	Expense Ratio	
			Since Inception	Total	Net*
Lazard Emerging Markets Equity Blend Portfolio (Institutional Shares) Inception: May 28, 2010	17.59	-6.20	8.71	6.24	1.35
Lazard Emerging Markets Equity Blend Portfolio (Open Shares) Inception: May 28, 2010	17.52	-6.47	8.35	6.06	1.65
MSCI Emerging Markets Index	14.08	-8.80	8.96	N/A	N/A

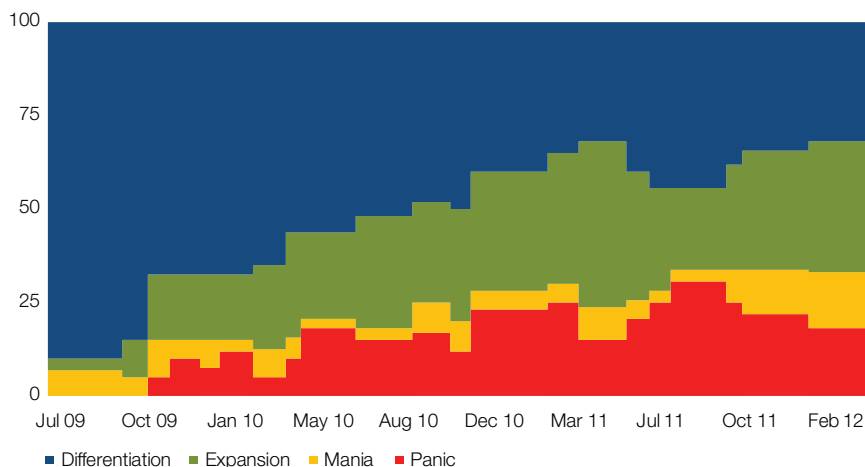
* Reflects a contractual agreement by the Investment Manager to waive its fee and, if necessary, reimburse the Portfolio through April 30, 2012, to the extent Total Annual Portfolio Operating Expenses exceed 1.35% and 1.65% of the average daily net assets of the Portfolio's Institutional Shares and Open 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 Fund and the Investment Manager to lower the net amount shown and will terminate automatically in the event of termination of the Investment Management Agreement between the Investment Manager and the Fund, on behalf of the Portfolio.

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.

Commentary¹

The Lazard Emerging Markets Equity Blend Portfolio significantly outperformed the MSCI Emerging Markets Index in the first quarter of 2012. Stock selection in Brazilian and Chinese equities, as well as in the financials and consumer discretionary sectors, helped performance. Our increased allocation to the growth strategy during the quarter also boosted returns. In contrast, an overweight exposure to Argentinean equities, and underweight exposures to both Indian equities and the consumer staples sector, detracted from relative returns.

Economic Context Assessment¹



The Lazard Emerging Markets Equity Blend Portfolio is managed using a combination of Lazard's two equity strategies in emerging markets: a relative value and a relative growth strategy. The Economic Context Assessment (ECA) is our attempt to understand the current economic conditions. We consider four broad economic contexts pertinent to allocation decisions between the relative value and growth strategies: Differentiation, Expansion, Mania, and Panic.

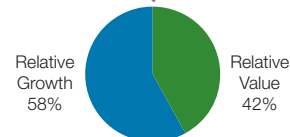
During the first quarter of 2012, we made one change to our ECA, resulting in the following allocation by the end of the period: Differentiation: 32%—Expansion: 35%—Mania: 15%—Panic: 18%.

Strategy Allocation¹

December 31, 2011



March 31, 2012



We began the period with a 3% overweight to relative growth. Following our change to the ECA on January 17, we increased our overweight to relative growth to 8%, as we believe that a reduction of Eurozone sovereign debt concerns following the European Central Bank's (ECB) Long Term Refinancing Operation (LTRO), and an increase in the probability of further policy easing in emerging markets, along with greater probability of a lengthening in the duration of accommodative U.S. monetary policy, would favor growth companies versus their value counterparts.

Market Review

Following strong performance in late 2011, emerging market equities experienced significant appreciation in the first quarter of 2012, with the MSCI Emerging Markets Index finishing the period at 14% higher. January and February were particularly strong as the ECB's LTRO mitigated the liquidity crisis threatening the European banking sector and putting pressure on risk assets. Funding costs for Italy and Spain dropped precipitously over the quarter as the market gained confidence in reforms implemented by Prime Minister Mario Monti in Italy. In addition, evidence suggests that a portion of the ECB's liquidity injection found its way into the sovereign secondary bond market, helping to significantly reduce government bond yields. Greece officially defaulted on its debt in March as some bondholders and the Greek government haggled over the extent of their losses. Slowing inflationary pressures in China generated optimism that a fresh round of monetary policy easing would help the country avoid a hard landing. This optimism, however, was tempered by an apparent moderation of China's growth trajectory, as evidenced by a reduction in the government's medium-term growth target, and the slowest pace of economic growth recorded in over two years.

With the exception of Argentina, which is in the midst of a financial crisis, the majority of Latin American markets recorded double-digit gains. Brazilian and Peruvian shares rose due to strengthening commodities prices, while Mexican, Colombian, and Chilean shares also posted strong gains. Performance across Asia was strong with India sharply rebounding following underperformance in the latter part of 2011. Shares in China, South Korea, Thailand, and the Philippines appreciated strongly. On a sector basis, utilities, industrials, information technology, and consumer discretionary were the strongest performers, followed by financials, consumer staples, energy, materials, and telecom services.

Looking Ahead

Looking forward to the second quarter of 2012, we will continue to track growth trajectory, inflationary dynamics, and policy responses across the emerging markets where growth has slowed but policy remains supportive overall. There is a risk that inflation will exceed medium-term expectations of central banks in emerging markets, moving policy tightening closer than currently expected. We've seen some conflicting data from China, (i.e., the sharp increase in new orders is likely due in part to seasonal adjustments). We expect the Chinese authorities to continue to engineer a deceleration of the property market, while remaining moderately supportive of the rest of the economy. While equity valuations in emerging markets are still supportive and earnings expectations are not exceedingly high, we feel that slowing growth should result in a greater dispersion of returns within asset classes. If oil prices continue to rise, they will represent a significant tax on growth, disproportionately hurting the larger oil-importing economies across Asia. To the extent that geopolitical risks are kept at bay (i.e., Eurozone, Iran, Egypt), asset prices should continue to more closely reflect fundamentals rather than the probabilities of extreme outcomes. In the United States, the economic outlook has improved as better employment figures and strengthening manufacturing data indicate some gain in momentum. This likely limits the probability of additional easing measures the U.S. Federal Reserve (the Fed) could undertake in the near term. Given the uncertainty in the fiscal backdrop, however, we believe the Fed is likely to maintain an accommodative stance until more significant improvement in the labor market is sustained.

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. 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 Portfolio invests in stocks believed by Lazard to be undervalued, but that may not realize their perceived value for extended periods of time or may never realize their perceived value. The stocks in which the Portfolio invests may respond differently to market and other developments than other types of stocks.

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.

The Portfolio's ability to achieve its investment objective depends in part on Lazard's skill in determining the Portfolio's allocation between the investment strategies. Lazard's evaluations and assumptions underlying its allocation decisions may differ from actual market conditions.

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.

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