

The Lazard logo is displayed in white, bold, sans-serif font against a dark purple background. The background features a faint, abstract pattern of overlapping lines and shapes, possibly representing a globe or a network.

# Global Listed Infrastructure Portfolio

## About the Portfolio

### Symbol

GLIFX (Institutional)  
GLFOX (Open)

### CUSIP

52106N459 (Institutional)  
52106N442 (Open)

### Benchmark<sup>1</sup>

UBS Global 50/50  
Infrastructure and Utilities Index  
(USD Hedged)

## A Preferred Infrastructure Opportunity

- Unique “Preferred Infrastructure” philosophy seeks equity securities demonstrating consistent long-term, lower-risk, inflation-linked revenues
- Experienced portfolio management team takes a disciplined approach driven by extensive research process
- Provides access to an attractive asset class with low correlation to global equities and fixed income

## Portfolio Overview

The Lazard Global Listed Infrastructure Portfolio (“Portfolio”) is an actively managed portfolio that typically invests in equity securities of infrastructure companies with a minimum market capitalization of \$250 million. The Portfolio uses a “Preferred Infrastructure” philosophy that focuses primarily on equity securities of companies that own physical infrastructure assets that meet certain preferred criteria, such as revenue certainty, profitability, and longevity. The Portfolio also generally seeks to substantially hedge foreign currency exposure back to the U.S. dollar.

*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. Securities and instruments of infrastructure companies are more susceptible to adverse economic or regulatory occurrences affecting their industries. Infrastructure companies may be subject to a variety of factors that may adversely affect their business or operations, including additional costs, competition, regulatory implications and certain other factors. The Portfolio's total foreign currency exposure may not be fully hedged at all times. Irrespective of any foreign currency exposure hedging, the Portfolio may experience a decline in the value of its portfolio securities, in U.S. dollar terms, due solely to fluctuations in currency exchange rates. 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.*

Wherever there's opportunity, there's Lazard.<sup>SM</sup>

Lazard Funds



## Exhibit 1: Infrastructure Sectors

### Utilities



- Power
- Water Plant
- Sewerage
- Communications

### Transport



- Roads
- Rail
- Airports
- Ports

### Social



- Health
- Schools
- Prisons

## What are Infrastructure Assets?

Infrastructure assets are some of the essential building blocks within the structure of the modern economy. They enable the delivery of many of the fundamental services that are essential to the operation of a modern community or society. They are the assets that bring you electricity, the bridges you cross, and the airports you fly to and from. Some of the primary infrastructure sectors and sub-sectors are shown in Exhibit 1.

There are a limited number of providers of these assets because they cannot be easily replicated due to regulation, environmental impact, or prohibitive cost. Hence, they do not operate in a fully competitive marketplace and, consequently, they may have natural monopoly-like characteristics.

## What is Listed Infrastructure?

While governments are the primary owners of infrastructure assets, they have been allocating fewer resources to infrastructure as their liabilities have increased. As a result, the private sector has taken on a larger role in the ownership and management of infrastructure assets. The universe of privately owned infrastructure assets is diversified across geographies as well as sectors. For example, in the United States, much of the energy, communications, and railroad infrastructure is in private hands; in Europe, several major airports and over 8,000 miles of toll roads are privately owned; in Asia and Australia, airports, high speed rail and water assets are privately owned and operated.

This diverse infrastructure universe continues to grow as infrastructure assets are increasingly being listed on global stock exchanges. In the developed world markets alone, Lazard estimates that there are approximately 250 listed infrastructure companies with a total market capitalization greater than \$2 trillion.<sup>2</sup>

## Why Preferred Infrastructure?

We believe that infrastructure assets have investment characteristics that make them attractive for investors. However, we recognize that not all infrastructure assets are equal, and that some are more likely to deliver desired returns than others. Therefore, we have developed a set of criteria by which we screen companies for entry into our Preferred Infrastructure universe. The Portfolio focuses its investments on companies within this universe. As shown in Exhibit 2, there are three main criteria for inclusion in this universe: revenue certainty, profitability, and longevity.

### Exhibit 2: Preferred Infrastructure Criteria

#### Revenue Certainty

- Stable demand
- Monopolistic characteristics
- Price regulated and inflation-linked
- Long term

#### Profitability

- High operating margins
- Sustainable gearing
- Appropriate cost structure

#### Longevity

- Developed economy and legal system

## Why Invest in The Lazard Global Listed Infrastructure Portfolio

- **Diversification:** Focus on asset class with low correlation with global equities and bonds
- **Discipline:** Adherence to Preferred Infrastructure philosophy focusing on monopoly-like assets with inflation-linked revenues
- **Detailed Research:** Portfolio of attractively valued Preferred Infrastructure companies identified through an extensive research process

## Investment Process

The Portfolio is based on a long-only, valuation-driven investment strategy that targets companies demonstrating long-term, lower-risk, inflation-linked revenues. We are stock pickers, managing a concentrated portfolio of Preferred Infrastructure securities. We make active decisions to invest in companies that we believe to be undervalued. The investment process can be described in four stages, as shown in Exhibit 3.

**1 Initial Filtering:** The global equity universe is screened for companies that own physical infrastructure with monopolistic characteristics, and a minimum market capitalization of \$250 million.

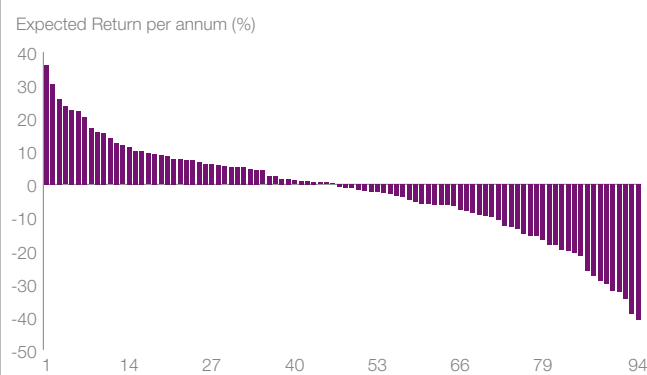
**2 Qualitative Risk Ranking:** The remaining infrastructure companies are qualitatively evaluated for risk using the Preferred Infrastructure factors, as shown in Exhibit 2. Each company is ranked based on their risk score according to these factors, and those with the highest rankings form our Preferred Infrastructure universe.

**3 Fundamental Analysis and Value Ranking:** The team establishes an assessment of the intrinsic value of each company in the Preferred Infrastructure universe, the basis of which lies in the forecasting of investment returns over an assumed holding period, typically three years. The team compares the valuations with the current market price, thus developing an expected return for each company over a three-year period. The Preferred Infrastructure universe is then ranked in descending order of return expectations, as shown in Exhibit 4.

**4 Portfolio Construction:** The Portfolio typically invests in Preferred Infrastructure companies based on the value rank of future expected returns (see Exhibit 4), taking into account portfolio construction guidelines.

The value rank chart below represents the expected return of each company in Lazard's Preferred Infrastructure universe. It is for illustrative purposes only and does not represent actual performance of any security or product managed by Lazard. Rather, the graph is designed to depict how the team ranks companies in the Preferred Infrastructure universe. Each bar represents the expected annual return for each company over the next three-year period, should the stock price reach Lazard's intrinsic value for that company in three years. Each company is ranked in order from the most attractive (highest expected return) to the least attractive (negative expected return).

**Exhibit 4: Preferred Infrastructure Companies by Rank Order\***



As of 31 March 2011

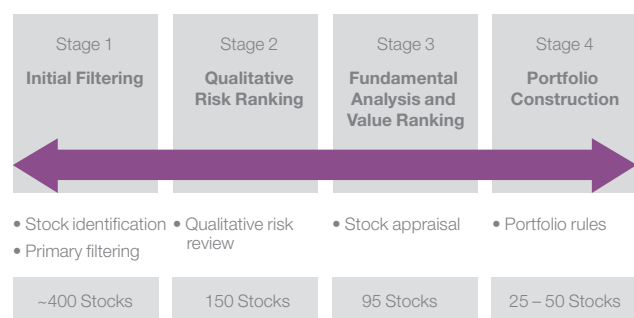
Source: Lazard

\* The rank order does not refer to any particular stock. For example, the stock ranked '1' in 2009 may not be the same as the stock ranked '1' in 2010.

Rankings are subject to change. Expected returns do not represent a promise or guarantee of future results and are subject to change.

The Portfolio is constructed using what we believe to be the most attractive companies from the value rank, with the objective of owning those stocks expected to deliver the strongest returns for investors. Through our unique Preferred Infrastructure philosophy and our research-driven investment process, we believe we can provide investors with access to an attractive asset class through a diversified portfolio of attractively priced securities with long-term return characteristics.

**Exhibit 3: Investment Process**



Note: The number of stocks in each stage may vary with time and the evolution of the infrastructure sector and the investment process. Lazard's investment process is neither sequential nor static, but ongoing.

## The Portfolio Management Team



### **John Mulquiney, CFA**

*Portfolio Manager/Analyst*

John Mulquiney is a Portfolio Manager/Analyst with Lazard Asset Management in Sydney, Australia. He began working in the investment field in 1997. Prior to joining Lazard in August 2005, John worked at Nanyang Ventures, an early expansion venture capital fund. Previously, John worked at Tyndall Australia and in the Asset and Infrastructure Group at Macquarie Bank, where he undertook transactions and developed valuation models for airports, electricity generators, rail projects and health infrastructure. John has a PhD from the Australian National University and a BA (Hons) from Sydney University. John has been with the Portfolio since inception.



### **Warryn Robertson**

*Portfolio Manager/Analyst*

Warryn is a Portfolio Manager/Analyst with Lazard Asset Management in Sydney, Australia, and has been working in the investment field since 1992. Prior to joining Lazard in April 2001, Warryn spent three years with Capital Partners, an independent advisory house, where he was an Associate Director. He developed business valuations for infrastructure assets and other alternative equity investments including airports, toll roads, timber plantations, power stations and coal mines. Previously, Warryn spent five years with PriceWaterhouseCoopers Corporate Finance. Warryn holds an MBA from the Melbourne Business School (Melbourne University) and a B.Comm, University of Canberra. Warryn is a member of the Securities Institute of Australia and the Institute of Chartered Accountants. Warryn has been with the Portfolio since inception.

1 As of March 31, 2011, the UBS Global 50/50 Infrastructure & Utilities Index benchmark was replaced with the UBS Global 50/50 Infrastructure & Utilities Index (USD Hedged). The UBS Global 50/50 Infrastructure & Utilities Index (USD Hedged) tracks a 50% exposure to the global developed-market utilities sector and a 50% exposure to the global developed-market infrastructure sector. The index is unmanaged, has no fees or costs and is not available for investment. The previous benchmark, the UBS Global 50/50 Infrastructure & Utilities Index, tracked the same sector exposure as described for the UBS Global 50/50 Infrastructure & Utilities Index (USD Hedged), but was unhedged.

2 As of May 31, 2011. Source: Lazard

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