

LAZARD GLOBAL TOTAL RETURN & INCOME FUND INC
Form N-CSR
March 10, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES**

Investment Company Act file number 811-21511

Lazard Global Total Return and Income Fund, Inc.
(Exact name of Fund as specified in charter)

30 Rockefeller Plaza
New York, New York 10112
(Address of principal executive offices) (Zip code)

Nathan A. Paul, Esq.
Lazard Asset Management LLC
30 Rockefeller Plaza
New York, New York 10112
(Name and address of agent for service)

Fund's telephone number, including area code: (212) 632-6000

Date of fiscal year end: 12/31

Date of reporting period: 12/31/2005

FORM N-CSR

Item 1. Reports to Stockholders.

LAZARD ASSET MANAGEMENT

Lazard Global Total
Return & Income
Fund, Inc.
Annual Report

DECEMBER 31, 2005

Lazard Global Total Return & Income Fund, Inc.

Table of Contents	Page
<u>Investment Overview</u>	2
<u>Portfolio of Investments</u>	8
<u>Notes to Portfolio of Investments</u>	13
<u>Statement of</u>	
<u>Assets and Liabilities</u>	14
<u>Operations</u>	15
<u>Statements of Changes in Net Assets</u>	16
<u>Financial Highlights</u>	17
<u>Notes to Financial Statements</u>	18
<u>Report of Independent Registered Public Accounting Firm</u>	23
<u>Proxy Voting Results</u>	24
<u>Dividend Reinvestment Plan</u>	25
<u>Board of Directors and Officers Information</u>	26
<u>Other Information</u>	28

Please consider the Fund's investment objectives, risks, charges and expenses carefully before investing. For more complete information about the Fund, you may obtain the prospectus by calling 800-828-5548. Read the prospectus carefully before you invest. The prospectus contains investment objectives, risks, charges, expenses and other information about the Fund, which may not be detailed in this report.

Lazard Global Total Return & Income Fund, Inc.

Investment Overview

Dear Shareholders,

We are pleased to present the annual report of Lazard Global Total Return & Income Fund, Inc. (LGI or the Fund), for the year ended December 31, 2005. LGI is a diversified, closed-end management investment company that began trading on the New York Stock Exchange (NYSE) on April 28, 2004. Its ticker symbol is LGI.

The Fund has now been in operation for over a year and a half and, overall, we are pleased with LGI's performance since inception. We believe that the Fund has provided investors with an attractive yield and diversification, backed by the extensive experience, commitment, and professional management of Lazard Asset Management LLC (the Investment Manager or Lazard).

Portfolio Update (December 31, 2005)

For the fourth quarter of 2005, the Fund's performance, as measured by the Net Asset Value per share (NAV), rose 2.1%, while the benchmark, the Morgan Stanley Capital International (MSCI®) World® Index gained 3.1%. For the full year, the Fund's NAV increased 3.2%, which compared unfavorably with the Index's annual return of 9.5%. However, since inception, the annualized NAV return of 12.2% is just slightly below the Index return of 12.4%. Shares of LGI ended the fourth quarter with a market price of \$18.56, representing a 12.04% discount to the Fund's NAV of \$21.10. The Fund's net assets were \$202.7 million as of December 31, 2005, with total leveraged assets of \$290.3 million, representing 30.2% leverage.

We believe that LGI's investment thesis remains sound, yet NAV returns for 2005 underperformed the Index. This was in contrast to returns achieved in 2004, which outperformed the Index by a wide margin. Contributing factors throughout 2005 included the strength of the U.S. dollar versus most currencies, which has depressed foreign stock returns in U.S. dollar terms, and the continued outperformance of smaller, more volatile companies, internationally. Furthermore, the smaller, short duration currency and debt portion of the Fund was not a significant contributor to performance in 2005 (in contrast to its very strong performance in 2004).

As of December 31, 2005, 68.2% of the Fund's total leveraged assets consisted of global equities and 31.7% consisted of emerging market currency and debt instruments, while the remaining 0.1% consisted of cash and other net assets.

Declaration of Dividends

Pursuant to LGI's level distribution policy, the Fund's Board of Directors has declared a monthly dividend distribution of \$0.1042 per share on the company's outstanding stock each month since inception. The first dividend was paid on July 23, 2004. This distribution level represents an annualized market yield of 6.7%, based on the share price of \$18.56 at the close of NYSE trading on December 30, 2005. LGI has met all of its distribution obligations without returning any capital to the Fund's stockholders.

Additional Information

Please note that available on www.LazardNet.com, are frequent updates on the Fund's performance, press releases, and a monthly fact sheet that provides information about the Fund's major holdings, sector weightings, regional exposures, and other characteristics. You may also reach Lazard by phone at 1-800-828-5548.

On behalf of Lazard, we thank you for your investment in Lazard Global Total Return & Income Fund, Inc. and look forward to continuing to serve your investment needs in the future.

Message from the Portfolio Managers

Global Equity Portfolio (68.2% of total leveraged assets)

Edgar Filing: LAZARD GLOBAL TOTAL RETURN & INCOME FUND INC - Form N-CSR

The Fund's equity portfolio is invested primarily in 35 to 45 equity securities of large, well-known global companies with strong financial productivity and attractive valuations. Examples include GlaxoSmithKline, a global, research-based pharmaceutical company based in the United Kingdom; Home Depot, a U.S.-based company that operates warehouse-style stores selling building materials, home improvement supplies, and lawn and garden products; Nokia Corp., the Finnish manufacturer of mobile telephones, enhanced communicators, entertainment and gaming devices, and media and

2

Lazard Global Total Return & Income Fund, Inc.

Investment Overview (continued)

imaging telephones; and Total SA, the French-based energy supplier that explores for, produces, refines, transports, and markets oil and natural gas.

Companies held in the global equity portfolio are all based in developed-market regions around the world. As of December 31, 2005, 43.8% of these stocks were based in North America, 29.1% were from continental Europe (not including the U.K.), 20.8% were from the U.K., and 6.3% were from Japan. The global equity portfolio is similarly well diversified across a number of industry sectors. The top two sectors, by weight, at December 31, 2005 were financials (29.6%), which includes banks, insurance companies, and financial services companies, and information technology (16.0%), a sector that encompasses those industries that include the design, development, installation, and implementation information systems and applications, which includes hardware, software, IT services, and media-related companies. Other sectors include consumer discretionary, consumer staples, energy, health care, industrials, and telecommunications services. The average dividend yield on the global equity portfolio was 2.3% as of year-end.

Global Equity Market Review

After experiencing weakness in early October, global equity markets rebounded sharply during November and December, ending the fourth quarter with solid gains. The U.S. dollar was strong versus most major currencies in the fourth quarter, continuing the trend that started at the beginning of the year, and depressing returns in U.S. dollar terms. Equity markets rebounded, as the outlook for global economies continued to be positive, and inflation appeared to be under control, despite high energy and raw-materials costs. The world's central banks have responded to strong global growth with rate hikes in an effort to preempt inflation. The U.S. Federal Reserve raised rates twice during the fourth quarter for a total of thirteen rate increases over the last eighteen months. The European Central Bank raised interest rates in December for the first time in many years. While Japan has yet to tighten its monetary policy, continued signs of economic recovery have led to speculation that Japan will end its zero-interest-rate policy fairly soon. Mergers and acquisitions were positive during the quarter and for the year, as the value of announced transactions topped \$2.5 trillion, the biggest year in the last five. Smaller-cap stocks continued to outperform large-cap stocks for the quarter and for the year, on a global basis. However, this long-term trend has waned in the U.S., as large and small caps performed roughly in line. From a sector perspective, industrials, materials, financials, and technology all outperformed for the quarter, as the outlook for global growth looks positive. Conversely, defensive sectors, such as consumer staples, health care, and utilities, lagged the broader market. Energy witnessed negative returns, as the price of oil declined to approximately \$60 from its 2005 peak price of nearly \$72. However, the current price of oil still represents an increase of more than 25% for the year. Telecom services also witnessed negative returns, as the industry has become increasingly competitive, and telecom companies look to retain market share. Regionally, Japan was the top-performing country for the quarter, while Australia, New Zealand, and Hong Kong lagged. The U.S. and most of Europe performed in line with the broader market while the U.K. lagged.

What Helped and What Hurt LGI

During the fourth quarter, performance for the Fund's global equity portfolio benefited from stock selection in financials, as the portfolio's holdings, with exposure to capital markets, rebounded from earlier weakness. These stocks had been weak earlier in the year, but the Fund's global equity portfolio was rewarded for continuing to hold them. An overweight position in energy detracted from performance, as the sector witnessed negative returns due to a pullback in the price of oil from its August 2005 peak. However, this energy overweight had helped performance previously, and energy stocks still discount oil prices well below current levels. Stock selection in telecom services detracted from performance, as this group has been weak due to an increasingly competitive landscape. However, we believe that the global equity portfolio's holdings in this group have a solid competitive position in various markets and lack exposure to the weakest part of the market, which is fixed-line telephony.

Emerging Market Currency and Debt Portfolio (31.7% of total leveraged assets)

The Fund also seeks enhanced income through investments in high-yielding, short duration¹ (typically, under

Lazard Global Total Return & Income Fund, Inc.

Investment Overview (continued)

one year) emerging market forward currency contracts and local currency debt instruments. As of December 31, this portfolio consisted primarily of forward currency contracts (90.0%), with a smaller allocation to sovereign debt obligations (10.0%). The average duration of the emerging market currency and debt portfolio was approximately 2.8 months as of December 31, with an average yield of 7.6%.

At year end, the Fund's emerging market currency and debt holdings were highly diversified across 25 countries within Eastern Europe (18.5%), Asia (27.7%), Latin America (19.2%), the Middle East (8.9%), Africa (14.1%), and the Commonwealth of Independent States and the Baltic countries (11.6%).

Emerging Market Currency and Debt Market Review

Performance of the emerging market currency and debt portion of the Fund was positive, but somewhat muted in the fourth quarter and during 2005 as a whole. Emerging market central bank policies contained the pace of foreign exchange appreciation via active intervention or the maintenance of easy monetary policies, and this was accompanied by a U.S. dollar rebound and aggressive Fed rate hikes relative to the rest of the world. The global backdrop has been, and continues to be, particularly favorable for emerging markets. The sustained strength of world economic growth has supported commodity prices and export volumes within emerging market countries. This environment has buoyed record cross-border foreign direct investment, privatization activity, and portfolio inflows. However, as of yet, we have not witnessed the expected resulting strengthening of emerging market currencies. What actually occurred was a concerted move by emerging market central banks to absorb these surplus inflows into foreign exchange reserves, thereby limiting and/or preventing the currencies gains that real economic flows would otherwise dictate. Regional monetary policy decisions were biased in favor of supporting growth via the maintenance of undervalued currencies, rather than addressing the inflationary pressures that are brewing. However, looking ahead, we expect that these upward inflationary trends will lead these monetary authorities to transition their bias from maintaining cheap currencies toward willingness to use appreciating currencies to tame or control inflation.

What Helped and What Hurt LGI

A sizeable position in 2005's best-performing Brazilian local market generated the strongest gains for the currency and debt portfolio. Brazil's record monthly trade surpluses and current account improvement generated marked appreciation pressure, and the tight monetary policy stance (highest real interest rate in the world) makes a long trade of the real even more compelling. Second best was Turkey, where the local money market, in U.S. dollar terms, rose 18.5%, while active exposure management and curve positioning in local debt afforded additional gains for the Fund. Other contributing factors, albeit on a much smaller scale, were positions in Egypt, the Philippines, Iceland, Colombia, Mexico, and the Euro hedge. These positions helped control volatility too, with lowly correlated markets and/or heavily managed currency regimes tending to weather the generalized U.S. dollar strength relatively well. The Fund had little to no exposure to some of the worst performing local markets, including the Czech Republic, Hungary, Botswana, and South Africa.

Emerging European exposures hurt performance on low domestic yields and currencies that declined with the euro. Positions in Slovakia and Slovenia fared particularly poorly in this regard. Asian currencies were the next largest detractor. Most countries in the region (ex-Malaysia) are sizeable net oil importers and the rising energy prices have caused some deterioration of external balances and have affected investor sentiment (markedly, in the case of Indonesia). Across Asia, loose monetary policies and central banks' demonstrated preference for weaker currencies due to competitiveness and growth concerns has put local currencies on the defensive. A widening interest rate differential in favor of the U.S. dollar also contributed to Asia's underperformance.

Lazard Global Total Return & Income Fund, Inc.

Investment Overview (continued)

1 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.

All returns are for the year ended December 31, 2005 and reflect reinvestment of all dividends and distributions. Past performance is not indicative, nor a guarantee, of future results.

The performance data of the index and other market data have been prepared from sources and data that the Investment Manager believes to be reliable, but no representation is made as to their accuracy. The index is unmanaged, has no fees or costs and is not available for investment.

The views of the Fund's management and the portfolio holdings described in this report are as of December 31, 2005; these views and portfolio holdings may have changed subsequent to this date. Nothing herein should be construed as a recommendation to buy, sell, or hold a particular investment. There is no assurance that the portfolio holdings discussed herein will remain in the Fund at the time you receive this report, or that portfolio holdings sold will have not been repurchased. The specific portfolio holdings may in aggregate represent only a small percentage of the Fund's holdings. It should not be assumed that investments identified and discussed were, or will be, profitable, or that the investment decisions we make in the future will be profitable, or equal the performance of the investments discussed herein.

The views and opinions expressed are provided for general information only, and do not constitute specific tax, legal, or investment advice to, or recommendations for, any person. There can be no guarantee as to the accuracy of the outlooks for markets, sectors and securities as discussed herein. You should read the Fund's prospectus for a more detailed discussion of the Fund's investment objective, strategies, risks and fees.

Lazard Global Total Return & Income Fund, Inc.

Investment Overview (continued)

**Comparison of Changes in Value of \$10,000 Investment in
LGI and MSCI World Index***

Average Annual Total Returns*
Periods Ended December 31, 2005

	One Year	Since Inception**
Market Price	2.38%	1.57%
Net Asset Value	3.18	12.21
MSCI World Index	9.49	12.40

* All returns reflect reinvestment of all dividends and distributions. The performance quoted represents past performance. Current performance may be lower or higher than the performance quoted. Past performance is not indicative, nor a guarantee, of future results; the investment return, market price and net asset value of the Fund will fluctuate, so that an investor's shares in the Fund, when sold, may be worth more or less than their original cost. The returns do not reflect the deduction of taxes that a stockholder would pay on the Fund's distributions or on the sale of Fund shares.

The performance data of the index has been prepared from sources and data that the Investment Manager believes to be reliable, but no representation is made as to its accuracy. The index is unmanaged, has no fees or costs and is not available for investment. The MSCI World Index represents market value-weighted average returns of selected securities listed on the stock exchanges of Europe, Australasia and Far East, New Zealand, Canada, and the United States.

** The Fund's inception date was April 28, 2004.

Lazard Global Total Return & Income Fund, Inc.

Investment Overview (concluded)

**Ten Largest Equity Holdings
December 31, 2005**

Security	Value	Percentage of Net Assets
Credit Suisse Group Sponsored ADR	\$ 7,652,690	3.78%
Total SA Sponsored ADR	7,343,840	3.62
Microsoft Corp.	7,337,690	3.62
Exxon Mobil Corp.	7,200,994	3.55
Nokia Oyj Sponsored ADR	7,173,600	3.54
Nomura Holdings, Inc. ADR	6,392,572	3.15
Bank of America Corp.	6,377,930	3.15
Johnson & Johnson	6,268,430	3.09
HSBC Holdings PLC Sponsored ADR	6,139,861	3.03
JPMorgan Chase & Co.	5,909,682	2.92

**Portfolio Holdings Presented by Sector
December 31, 2005**

Sector	Percentage of Total Investments
Commercial Services	1.5%
Consumer Discretionary	4.2
Consumer Staples	11.6
Emerging Markets Debt Obligations	3.7
Energy	11.4
Financials	23.8
Health Care	6.9
Producer Manufacturing	6.2
Technology	12.9
Telecommunications	1.9
Short-Term Investment	15.9
Total Investments	100.0%

Lazard Global Total Return & Income Fund, Inc.

Portfolio of Investments
December 31, 2005

Description	Shares	Value
Common Stocks 97.7%		
Finland 3.5%		
Nokia Oyj Sponsored ADR (c)	392,000	\$ 7,173,600
France 6.8%		
Societe Generale Sponsored ADR	101,300	2,492,993
Total SA Sponsored ADR (c)	58,100	7,343,840
Vivendi Universal SA Sponsored ADR	124,800	3,922,464
Total France		13,759,297
Germany 3.2%		
Schering AG ADR (d)	31,800	2,127,738
Siemens AG Sponsored ADR (d)	50,600	4,330,854
Total Germany		6,458,592
Italy 2.4%		
Eni SpA Sponsored ADR (c), (d)	35,700	4,978,722
Japan 6.2%		
Canon, Inc. Sponsored ADR (d)	69,000	4,059,270
Kao Corp. Sponsored ADR	7,700	2,063,138
Nomura Holdings, Inc. ADR (d)	332,600	6,392,572
Total Japan		12,514,980
Netherlands 2.6%		
Heineken NV ADR (d)	163,750	5,192,513
Switzerland 9.9%		
Credit Suisse Group Sponsored ADR (d)	150,200	7,652,690
Nestle SA Sponsored ADR (d)	57,400	4,284,910
Novartis AG ADR (d)	39,600	2,078,208
Swiss Re Sponsored ADR (c), (d)	55,200	4,034,568
UBS AG (d)	21,400	2,036,210
Total Switzerland		20,086,586
United Kingdom 20.3%		
Barclays PLC Sponsored ADR (c), (d)	135,300	5,693,424
BP PLC Sponsored ADR (c), (d)	69,600	4,469,712
Cadbury Schweppes PLC Sponsored ADR (c), (d)	112,700	4,315,283
Diageo PLC Sponsored ADR (d)	101,100	5,894,130
GlaxoSmithKline PLC ADR (c)	80,200	4,048,496
HSBC Holdings PLC Sponsored ADR (d)	76,300	6,139,861

Edgar Filing: LAZARD GLOBAL TOTAL RETURN & INCOME FUND INC - Form N-CSR

Tesco PLC Sponsored ADR	119,000	2,031,687
Unilever PLC Sponsored ADR	95,500	3,831,460
Vodafone Group PLC Sponsored ADR	219,100	4,704,077
Total United Kingdom		41,128,130

Description	Shares	Value
United States 42.8%		
Bank of America Corp. (c)	138,200	\$ 6,377,930
Chevron Corp. (c)	73,400	4,166,918
Cisco Systems, Inc. (a)	220,400	3,773,248
Citigroup, Inc. (c)	116,000	5,629,480
Exxon Mobil Corp. (c)	128,200	7,200,994
First Data Corp.	84,300	3,625,743
General Electric Co.	116,300	4,076,315
Golden West Financial Corp. (d)	31,200	2,059,200
Honeywell International, Inc.	55,000	2,048,750
International Business Machines Corp.	42,600	3,501,720
Johnson & Johnson	104,300	6,268,430
JPMorgan Chase & Co. (c)	148,896	5,909,682
Microsoft Corp. (c)	280,600	7,337,690
Oracle Corp. (a), (c)	477,000	5,824,170
Pfizer, Inc.	103,500	2,413,620
The Coca-Cola Co. (c)	74,200	2,991,002
The Home Depot, Inc.	107,600	4,355,648
United Technologies Corp.	88,000	4,920,080
Wells Fargo & Co.	67,000	4,209,610
Total United States		86,690,230
Total Common Stocks (Identified cost \$179,944,558)		197,982,650

Description	Principal Amount (000) (e)	Value
Foreign Government Obligations 4.5%		
Egypt 3.2%		
Egypt Treasury Bills:		
0.00%, 01/03/06	3,350	583,226
0.00%, 01/17/06	4,150	720,117
0.00%, 01/31/06	3,775	652,875
0.00%, 02/07/06	8,425	1,454,730
0.00%, 02/21/06	4,575	787,406
0.00%, 03/28/06	2,175	371,233
0.00%, 04/25/06	2,150	364,568
0.00%, 09/26/06	3,100	507,506
0.00%, 10/17/06	6,800	