

LAZARD GLOBAL TOTAL RETURN & INCOME FUND INC  
Form N-CSR  
March 12, 2007

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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 registrant 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)

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

Date of fiscal year end: 12/31

Date of reporting period: 12/31/06

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ITEM 1. REPORTS TO STOCKHOLDERS.

## LAZARD ASSET MANAGEMENT

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

DECEMBER 31, 2006

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*Lazard Global Total Return & Income Fund, Inc.*

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**Please consider the Fund's investment objective, 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 objective, risks, charges, expenses and other information about the Fund, which may not be detailed in this report.**

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*Lazard Global Total Return & Income Fund, Inc.*

## **Investment Overview**

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### **Dear Shareholder,**

We are pleased to present this Annual Report for Lazard Global Total Return & Income Fund, Inc. (the "LGI" or the "Fund"), for the year ended December 31, 2006. The Fund is a diversified, closed-end management investment company that began trading on the New York Stock Exchange (the "NYSE") on April 28, 2004. Its ticker symbol is "LGI."

The Fund has been in operation for over two and a half years, and we are very pleased with LGI's performance for the year and since the Fund's 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 (as of December 31, 2006)**

For the fourth quarter of 2006, the Fund's Net Asset Value (the "NAV") performance increased 8.6%, which compares favorably with the Morgan Stanley Capital International (MSCI®) World® Index (the "Index") return of 8.4%. The one-year NAV return of 24.5% comfortably beat the Index return of 20.1%. In addition, the Fund's since-inception annualized NAV return of 16.6% outperformed the Index return of 15.2%. Shares of LGI ended the year with a market price of \$22.58, representing a 5.0% discount to the Fund's NAV of \$23.77. The Fund's net assets were \$228.3 million as of December 31, 2006, with total leveraged assets of \$317.6 million, representing 28.1% leverage.

We believe that LGI's investment thesis remains sound, as demonstrated by the Fund's favorable NAV performance for the fourth quarter, the year, and since inception. Fourth quarter performance was positively affected by stock selection in the technology and consumer staples sectors. Detracting from fourth quarter performance was stock selection in Japanese financials. Returns for the smaller, short-duration<sup>1</sup> emerging market currency and debt portion of the Fund were strong throughout the fourth quarter, and have been a meaningful positive contributor to performance in 2006 and since inception.

As of December 31, 2006, 64.2% of the Fund's total leveraged assets consisted of global equities and 34.4% consisted of emerging markets currency and debt instruments, while the remaining 1.4% consisted of cash and other 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 Fund's outstanding stock each month since inception. In September and December of 2006, the Fund also made additional, required distributions of accumulated income and net realized capital gains. The cumulative distributions for the year totaled \$2.339 per share and were composed of \$1.116 of net investment income (48%), and \$1.223 of net realized long-term capital gains (52%). There was no return of capital in 2006 and the Fund has not returned capital to investors since its inception. The \$2.339 distribution represents a market yield of 10.4%, based on the share price of \$22.58 at the close of NYSE trading on December 31, 2006. The amounts and sources of distributions reported here are not intended for tax reporting purposes. Shareholders should refer to their 2006 Form 1099-DIV, which reports these distributions for income tax filing purposes.

### **Additional Information**

Please note that, on [www.LazardNet.com](http://www.LazardNet.com), frequent updates are available 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  
(64.2% of total leveraged assets)**

The Fund's equity portfolio is invested primarily in equity securities of large, well-known global compa-

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*Lazard Global Total Return & Income Fund, Inc*

## **Investment Overview** (continued)

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nies with strong financial productivity at attractive valuations. Examples include GlaxoSmithKline, a global research-based pharmaceutical company based in the United Kingdom; Bank of America, a holding company that provides banking and non-banking financial services and products in the United States and internationally; Nokia Corp., the Finnish manufacturer of mobile telephones; and Total SA, the French-based energy supplier that explores for, produces, refines, transports, and markets oil and natural gas.

Of the companies held in the global equity portfolio at December 31, 2006, 43.7% of these stocks were based in North America, 26.0% were based in Continental Europe (not including the U.K.), 18.7% were from the U.K., and 11.6% 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, 2006, were financials (30.3%), which includes banks, insurance companies, and financial services companies, and information technology (19.4%), a sector that encompasses industries involved in the design, development, installation, and implementation of information systems and applications, including hardware, software, IT services, and media-related companies. Other sectors in the portfolio include consumer discretionary, consumer staples, energy, health care, industrials, and telecommunications services. The average dividend yield on the global equity portfolio was approximately 2.0% as of December 31, 2006.

### Global Equity Market Review

Global stocks performed well in 2006, overcoming concerns about the slowing U.S. housing market, stubbornly high oil prices, and the sustainability of strong corporate-earnings growth. As has been the case, consistently, in recent years, much of these gains came during a strong fourth-quarter rally, which saw many equity indices, including the Dow Jones Industrials® and the MSCI World Index, finally exceed the peaks reached in early 2000 during the technology bubble. During the fourth quarter, economically sensitive groups, such as consumer discretionary and materials, outperformed, as did sectors of the market with higher dividend yields, such as telecom services and utilities. Energy shares performed roughly in line with the broad market, as crude oil prices stabilized after a sharp downturn in the third quarter. Health care was a notable laggard, as a few European pharmaceutical stocks were hurt by setbacks in getting major new drugs approved.

All regions were positive in the fourth quarter, with Europe, the United Kingdom, Australasia, and the Far East (other than Japan) outperforming the broad market. The United States and Japan underperformed the Index.

### What Helped and What Hurt LGI

During the fourth quarter of 2006, the portfolio benefited from stock selection in technology, as shares of Cisco posted solid gains. With some of the best fundamentals in the technology sector, the company reported 16% year-on-year revenue growth in the period, due to broad-based strength across all geographies, customer segments, and products. Stock selection in consumer staples also helped portfolio performance, as shares of Gallaher rose sharply. This U.K.-based tobacco company had received a takeover bid from Japan Tobacco. The Fund sold its position of Gallaher in December. Performance also benefited from continued strength in telecom services holdings, such as Voda-fone. Conversely, returns were hurt by continued weakness in Japanese financial stocks.

### **Emerging Market Currency and Debt Portfolio** **(34.4% of total leveraged assets)**

The Fund also seeks enhanced income through investing in high-yielding, short-duration (typically, under one year) emerging market forward currency contracts and local currency debt instruments. As of December 31, 2006, this portfolio consisted primarily of forward currency contracts (81.8%), with a smaller allocation to sovereign debt obligations (14.9%) and structured notes (3.3%). The average duration of the emerging market currency and debt portfolio was approximately 4.7 months, as of December 31, with an average yield of 7.9%<sup>2</sup>.

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As of December 31, the Fund's emerging market currency and debt holdings were highly diversified across 28 countries within Asia (27.7%), Latin America (23.8%), Africa (15.7%), the Commonwealth of Independent States and Baltic countries (12.8%), Eastern Europe (12.5%), and the Middle East (7.5%) .

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*Lazard Global Total Return & Income Fund, Inc.*

## **Investment Overview** (continued)

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Emerging Market Currency and Debt Market Review Emerging local markets closed the year with a strong performance in the last quarter of 2006, with all three months posting solid returns. Overall, global monetary conditions have tightened. Markets have increasingly begun to focus on fundamentals, specifically the credibility of emerging market countries' monetary policy and balance of payments, versus yield-seeking capital flows. We see an increased tolerance for emerging market currency appreciation, as the tendency for central banks to intervene has lessened.

We believe the outlook for emerging local markets is constructive, with potential for positive attribution, for the coming year, from both interest rate carry and modest currency appreciation in certain regions. With most economies characterized by solid balance of payments, strong growth, and orthodox fiscal and monetary policies, capital inflows also continue at a brisk pace. Overall, emerging markets have transitioned in the past few years from being perennial capital seekers (i.e. to finance twin deficits, excess consumption) to playing the role of capital providers of their surplus savings. This has left many countries in the investment universe well placed to weather sudden shocks to risk appetite or other factors behind any sharp contraction in global capital flows.

### What Helped and Hurt LGI

Good country selection in Asia helped the Fund's emerging market currency and debt portfolio, with specially strong contributions from Indonesia, the Philippines, and Singapore. Also helping the portfolio was its lack of exposure to underperforming China, Taiwan, and Hong Kong. Latin America was also a leading contributor to performance, especially the portfolio's heavy Brazilian exposure. Brazil's local market gains stemmed from currency appreciation, high carry, and a yield curve rally alongside disinflation. High U.S. dollar inflows from Brazil's record trade surplus, foreign direct investment, and portfolio capital provide ongoing fundamental support, even as the country's Central Bank engages in direct intervention to manage the pace of real gains. In Eastern Europe, sizeable exposure to Romania was also a significant contributor to the portfolio as that country's National Bank tightened monetary policy.

Detracting from performance was a small Icelandic exposure, as large capital outflows overwhelmed thin market depth, resulting in sharp krona depreciation. Both Zambia and Botswana detracted from portfolio performance. The Zambian kwacha depreciated in the second half of 2006 on election-related sentiment and a fall in copper prices from mid-year record levels (metals account for 70% of Zambia's exports). Despite high local interest rates, exposure to the Botswana pula exhibited correlated weakness to the South African rand's decline, although of a smaller magnitude.



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*Lazard Global Total Return & Income Fund, Inc.*

## **Investment Overview** (continued)

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### **Notes to Investment Overview:**

- 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.
- 2 The quoted yield does not account for the implicit cost of borrowing on the forward currency contracts, which would reduce the yield shown.

All returns 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, 2006; 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 discussed 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, 2006**

	<b>One Year</b>	<b>Since Inception**</b>
Market Price	35.64%	13.15%
Net Asset Value	24.46	16.64
MSCI World Index	20.07	15.20

\* 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 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 Index is unmanaged, has no fees or costs and is not available for investment.

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

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Lazard Global Total Return & Income Fund, Inc.

## Investment Overview (concluded)

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### Ten Largest Equity Holdings December 31, 2006

<u>Security</u>	<u>Value</u>	<u>Percentage of Net Assets</u>
Microsoft Corp.	\$9,746,304	4.27%
Exxon Mobil Corp.	8,053,813	3.53
Diageo PLC Sponsored ADR	8,018,241	3.51
International Business Machines Corp.	7,840,005	3.43
Bank of America Corp.	7,378,498	3.23
JPMorgan Chase & Co.	7,191,677	3.15
HSBC Holdings PLC Sponsored ADR	6,992,895	3.06
Johnson & Johnson	6,885,886	3.02
Oracle Corp.	6,850,858	3.00
The Home Depot, Inc.	6,646,480	2.91

### Portfolio Holdings Presented by Sector December 31, 2006

<u>Sector</u>	<u>Percentage of Total Investments</u>
Consumer Discretionary	4.6%
Consumer Staples	9.4
Emerging Markets Debt Obligations	8.0
Energy	10.0
Financials	25.0
Health Care	9.3
Industrials	3.5
Information Technology	16.0
Telecommunication Services	4.8
Short-Term Investments	9.4
Total Investments	100.0%

Lazard Global Total Return &amp; Income Fund, Inc.

**Portfolio of Investments****December 31, 2006**

Description	Shares	Value
<b>Common Stocks</b> 89.3%		
<b>Finland</b> 1.7%		
Nokia Oyj Sponsored ADR (c)	192,800	\$ 3,917,696
<b>France</b> 5.2%		
Sanofi-Aventis ADR	105,200	4,857,084
Societe Generale Sponsored ADR	72,000	2,443,680
Total SA Sponsored ADR (c)	64,000	4,602,880
<b>Total France</b>		11,903,644
<b>Italy</b> 2.1%		
Eni SpA Sponsored ADR (c)	72,850	4,901,348
<b>Japan</b> 10.4%		
Canon, Inc. Sponsored ADR	44,700	2,529,573
Hoya Corp. Sponsored ADR (d)	54,300	2,114,985
Mitsubishi UFJ Financial Group, Inc. ADR (c), (d)	323,100	4,022,595
Mitsui Sumitomo Insurance Co., Ltd. ADR (d)	17,600	1,923,141
Nissan Motor Co., Ltd. Sponsored ADR (d)	192,200	4,664,694
Nomura Holdings, Inc. ADR (d)	332,600	6,299,444
Sumitomo Mitsui Financial Group, Inc. ADR	209,100	2,153,730
<b>Total Japan</b>		23,708,162
<b>Netherlands</b> 2.4%		
Heineken NV ADR	225,600	5,362,512
<b>Sweden</b> 1.1%		
Telefonaktiebolaget LM Ericsson Sponsored ADR	61,900	2,490,237
<b>Switzerland</b> 10.7%		
Credit Suisse Group Sponsored ADR	73,400	5,126,990
Nestle SA Sponsored ADR	57,400	5,094,250
Novartis AG ADR	78,900	4,532,016
Swiss Reinsurance Co. Sponsored ADR	55,200	4,688,688
UBS AG (c)	42,800	2,582,124
Zurich Financial Services AG ADR	92,500	2,474,375
<b>Total Switzerland</b>		24,498,443
<b>United Kingdom</b> 16.7%		
Barclays PLC Sponsored ADR (c), (d)	67,800	3,941,892
BP PLC Sponsored ADR (c)	69,600	4,670,160
Cadbury Schweppes PLC Sponsored ADR (c), (d)	112,700	4,838,211

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Diageo PLC Sponsored ADR	101,100	8,018,241
<b>Description</b>	<b>Shares</b>	<b>Value</b>
GlaxoSmithKline PLC ADR (c)	80,200	4,231,352
HSBC Holdings PLC Sponsored ADR (d)	76,300	6,992,895
Vodafone Group PLC Sponsored ADR	191,712	5,325,759
<b>Total United Kingdom</b>		38,018,510
<b>United States</b> 39.0%		
Bank of America Corp. (c)	138,200	7,378,498
Bristol-Myers Squibb Co. (c)	92,600	2,437,232
Cisco Systems, Inc. (a)	220,400	6,023,532
ConocoPhillips	32,900	2,367,155
Dell, Inc. (a)	92,900	2,330,861
Exxon Mobil Corp. (c)	105,100	8,053,813
First Data Corp. (c)	84,300	2,151,336
General Electric Co.	116,300	4,327,523
International Business Machines Corp.	80,700	7,840,005
Johnson & Johnson (c)	104,300	6,885,886
JPMorgan Chase & Co. (c)	148,896	7,191,677
Mellon Financial Corp.	60,400	2,545,860
Microsoft Corp. (c)	326,400	9,746,304
Oracle Corp. (a), (c)	399,700	6,850,858
The Home Depot, Inc.	165,500	6,646,480
United Technologies Corp.	68,900	4,307,628
Western Union Co. (c)	84,300	1,890,006
<b>Total United States</b>		88,974,654
<b>Total Common Stocks</b>		
(Identified cost \$162,607,042)		203,775,206

<b>Description</b>	<b>Principal Amount (000)(e)</b>	<b>Value</b>
<b>Foreign Government Obligations</b> 7.1%		
<b>Costa Rica</b> 2.1%		
Costa Rican Bono de Estabilizacion Monetaria:		
0.00%, 10/10/07	639,500	1,141,457
13.35%, 09/24/08	669,100	1,320,336
Costa Rican Titulos de Propiedad:		
0.00%, 04/11/07	626,200	1,166,457
0.00%, 10/10/07	660,000	1,178,047
<b>Total Costa Rica</b>		4,806,297

The accompanying notes are an integral part of these financial statements.

Lazard Global Total Return &amp; Income Fund, Inc.

**Portfolio of Investments** (continued)

December 31, 2006

Description	Principal Amount (000) (e)	Value
<b>Egypt</b> 3.6%		
Egypt Treasury Bills:		
0.00%, 01/02/07	10,225	\$ 1,788,393
0.00%, 01/16/07	3,875	675,209
0.00%, 01/30/07	7,400	1,284,597
0.00%, 02/27/07	11,700	2,015,954
0.00%, 03/13/07	3,950	678,076
0.00%, 03/20/07	3,250	556,880
0.00%, 04/17/07	7,125	1,210,835
<b>Total Egypt</b>		8,209,944
<b>Mexico</b> 0.3%		
Mexican Bonos,		
9.00%, 12/20/12	6,050	602,882
<b>Turkey</b> 1.1%		
Turkish Government Bonds:		
0.00%, 08/13/08	2,400	1,239,732
15.00%, 02/10/10	2,033	1,377,818
<b>Total Turkey</b>		2,617,550
<b>Total Foreign Government Obligations</b>		
(Identified cost \$16,046,903)		16,236,673
<b>Structured Notes</b> 1.6%		
<b>Brazil</b> 1.4%		
Citibank Brazil Inflation-Linked Bond NTN-B:		
7.994%, 05/18/09 (f)	927	986,998
7.978%, 08/17/10 (f)	1,029	1,109,571
7.85%, 05/18/15 (f)	989	1,013,691
<b>Total Brazil</b>		3,110,260
<b>Colombia</b> 0.2%		
Citibank Colombia TES Credit Linked Unsecured Note,		
8.96%, 04/27/12 (f)	397	492,788
<b>Total Structured Notes</b>		3,603,048
(Identified cost \$3,317,228)		
Description	Shares	Value
<b>Short-Term Investments</b> 10.2%		
<b>Collateral for Securities on Loan</b> 9.1%		

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State Street Navigator Securities Lending Prime Portfolio, 5.32% (g), (h)	20,750,690	\$ 20,750,690
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Description	Principal Amount (000)	Value
<b>Repurchase Agreement</b> 1.1%		
State Street Bank and Trust Co., 4.30%, 01/02/07 (Dated 12/29/06, collateralized by \$1,965,000 United States Treasury Bond, 7.625%, 02/15/25, with a value of \$2,652,750) Proceeds of \$2,600,242 (c)	\$2,599	2,599,000
<b>Total Short-Term Investments</b> (Identified cost \$23,349,690)		23,349,690
<b>Total Investments</b> 108.2% (Identified cost \$205,320,863) (b)		<b>\$ 246,964,617</b>
<b>Liabilities in Excess of Cash and Other Assets</b> (8.2)%		<b>(18,690,372)</b>
<b>Net Assets</b> 100.0%		<b>\$ 228,274,245</b>

*The accompanying notes are an integral part of these financial statements.*

*Lazard Global Total Return & Income Fund, Inc.*

**Portfolio of Investments** (continued)

**December 31, 2006**

Forward Currency Purchase Contracts open at December 31, 2006:

Forward Currency Purchase Contracts	Expiration Date	Foreign Currency	U.S. \$ Cost on Origination Date	U.S. \$ Current Value	Unrealized Appreciation	Unrealized Depreciation
ARS	01/03/07	2,926,323	\$ 945,500	954,170	\$ 8,670	\$ □
ARS	01/04/07	2,926,323	945,500	954,104	8,604	□
ARS	01/26/07	1,945,524	636,000	633,370	□	2,630
ARS	02/02/07	2,589,992	842,000	842,773	773	□
ARS	02/05/07	2,928,162	952,000	952,613	613	□
ARS	03/12/07	2,154,377	698,000	699,010	1,010	□
BRL	01/05/07	1,797,146	818,000	840,960	22,960	□
BRL	01/31/07	1,874,000	773,422	872,643	99,221	□
BRL	09/20/07	2,352,609	1,047,000	1,054,468	7,468	□
BRL	09/20/07	5,583,770	2,483,000	2,502,713	19,713	□
BRL	10/05/07	993,450	444,000	444,140	140	□
BWP	01/11/07	5,602,728	915,000	928,034	13,034	□
BWP	01/22/07	2,016,335	331,000	333,367	2,367	□