

# Cohen & Steers: Q2 2020 Earnings Presentation

COHEN & STEERS

# Summary of Second Quarter 2020 Results

## Assets Under Management

- June 30, 2020 AUM was \$66.3 billion versus \$57.4 billion at March 31, 2020
- Average AUM was \$62.2 billion for Q2 2020 versus \$69.0 billion for Q1 2020

## Flows

- Net inflows of \$3.4 billion in Q2 2020 versus net inflows of \$1.2 billion in Q1 2020
- Net inflows in open-end funds, advisory, Japan subadvisory, and subadvisory ex. Japan

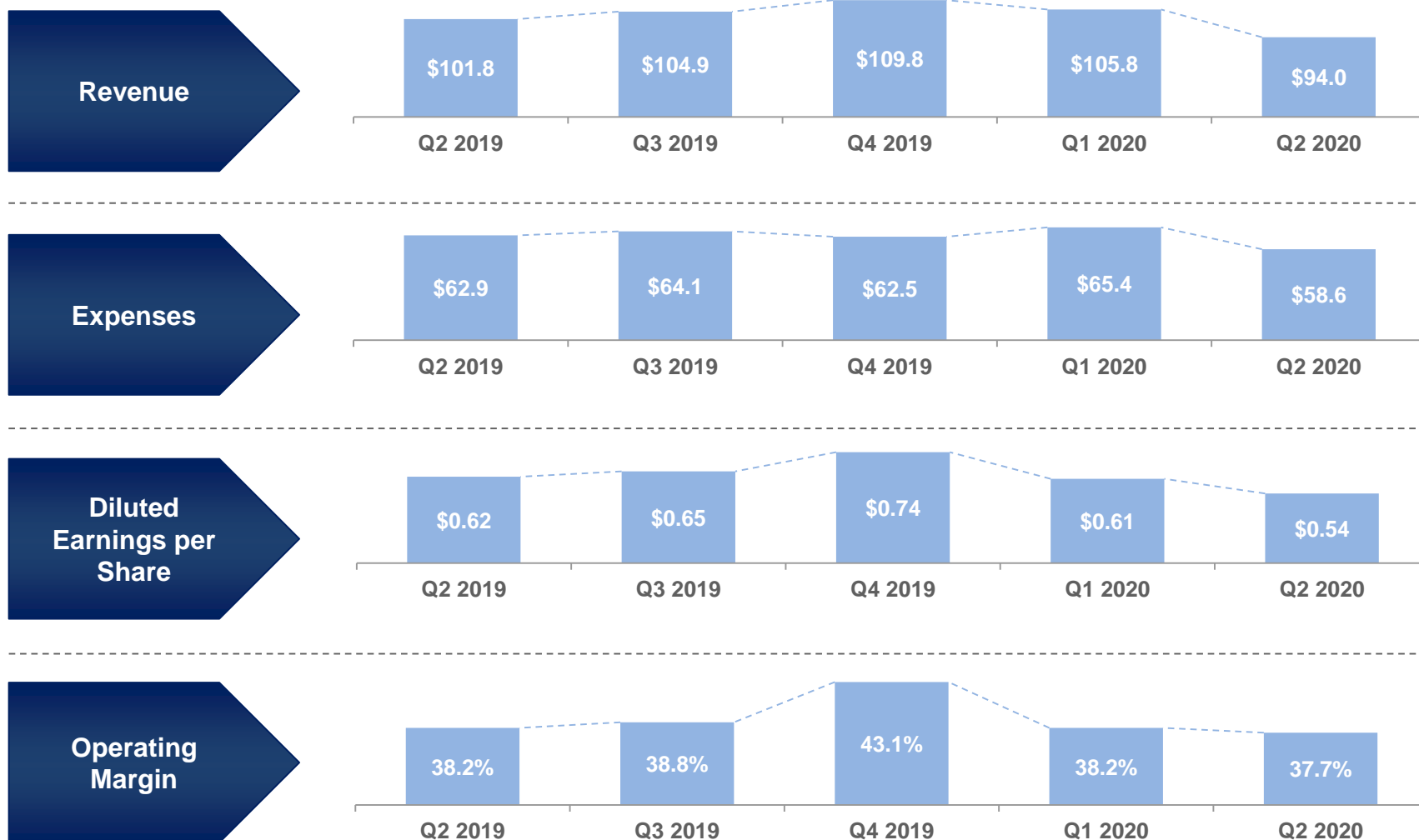
## Financial Results, as adjusted

- Net income was \$26.2 million in Q2 2020 versus \$29.4 million in Q1 2020
- Diluted EPS of \$0.54 in Q2 2020 versus \$0.61 in Q1 2020
- Operating margin was 37.7% in Q2 2020 versus 38.2% in Q1 2020

Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

# Financial Results, as adjusted

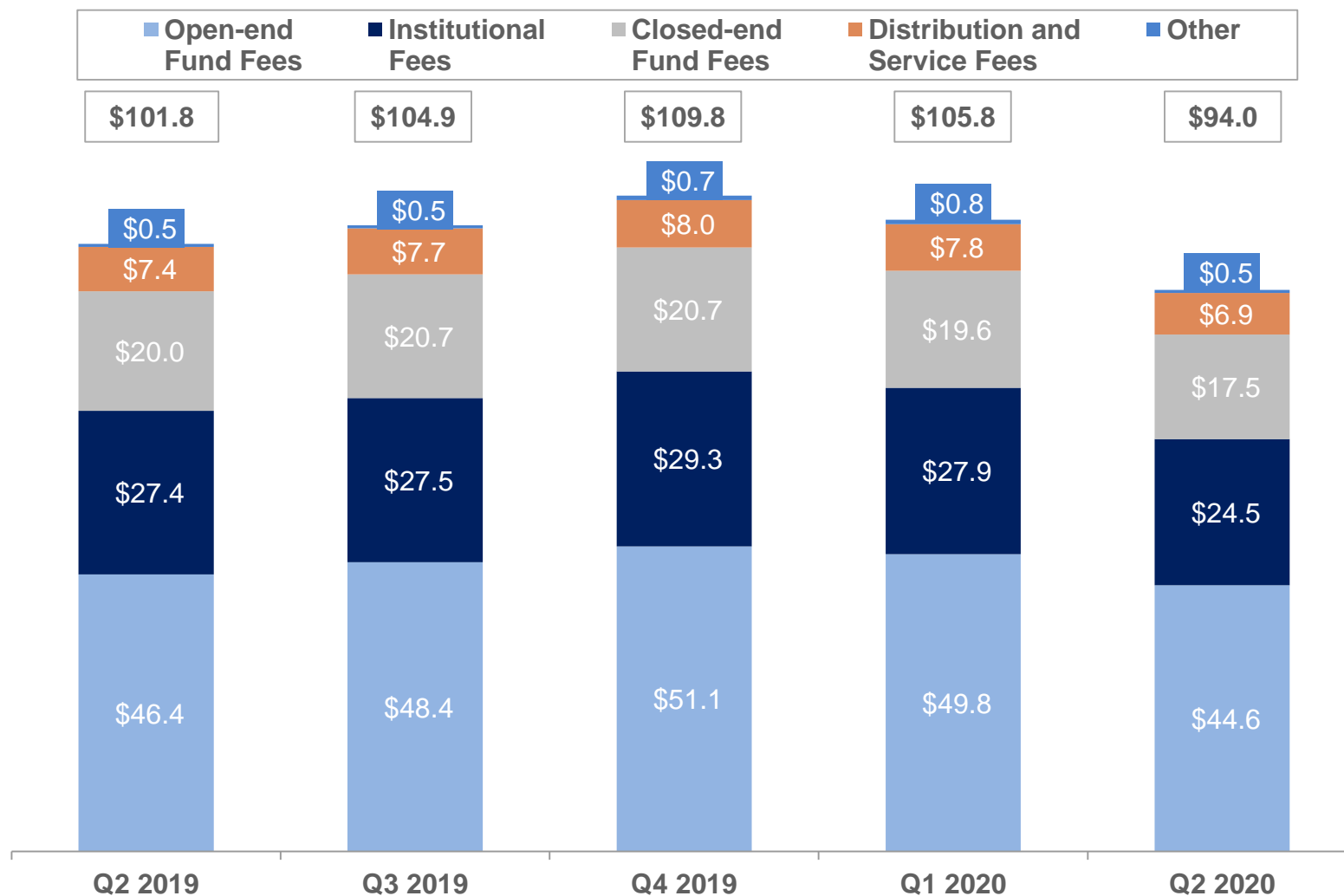
\$ in millions, except earnings per share and percentages



Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

# Revenue, as adjusted

\$ in millions



Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

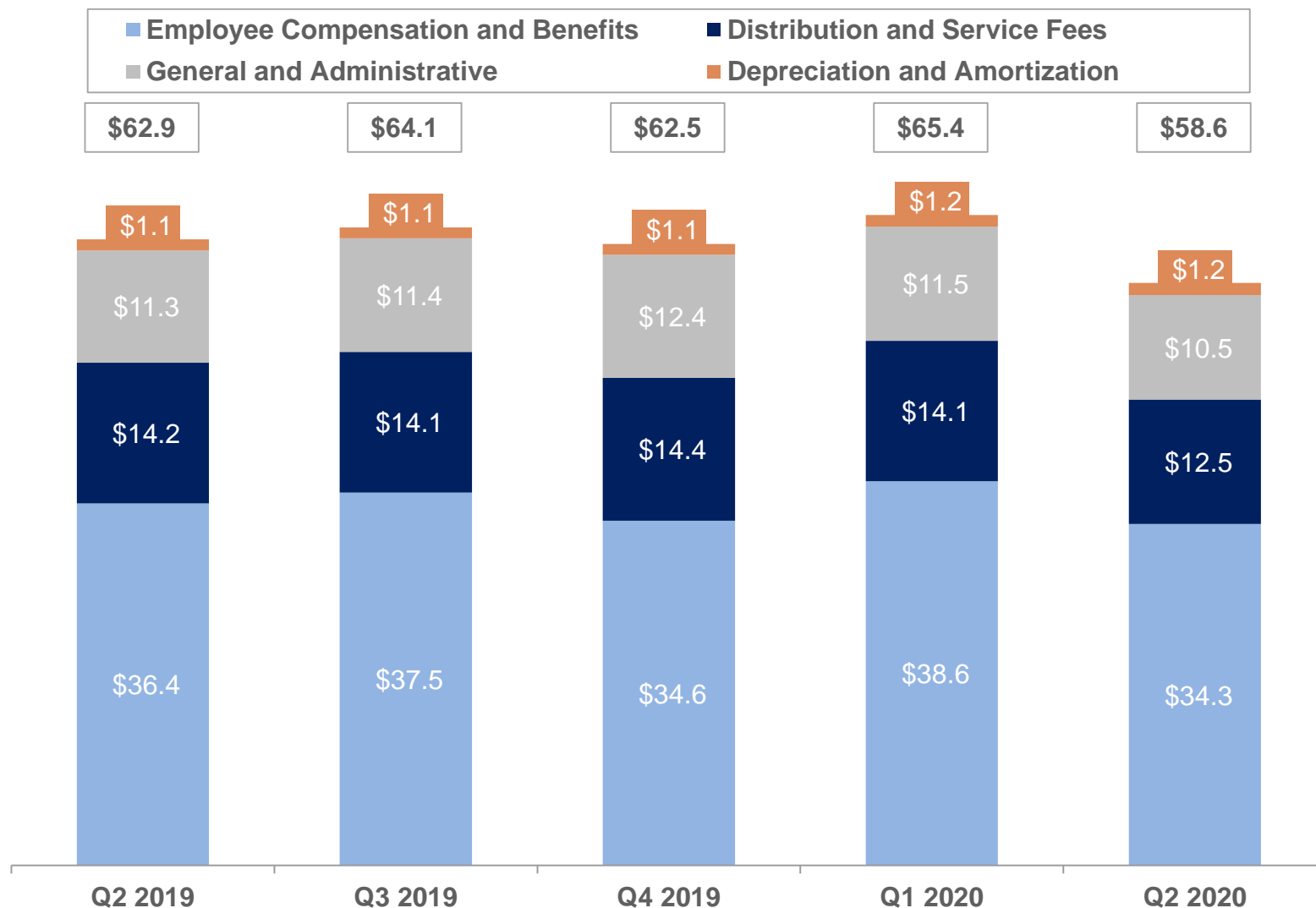
Amounts in Q2 2019 related to model-based portfolios were reclassified from other (previously reported as portfolio consulting and other) to investment advisory and administration fees.

4

Totals may not foot due to rounding.

# Expenses, as adjusted

\$ in millions

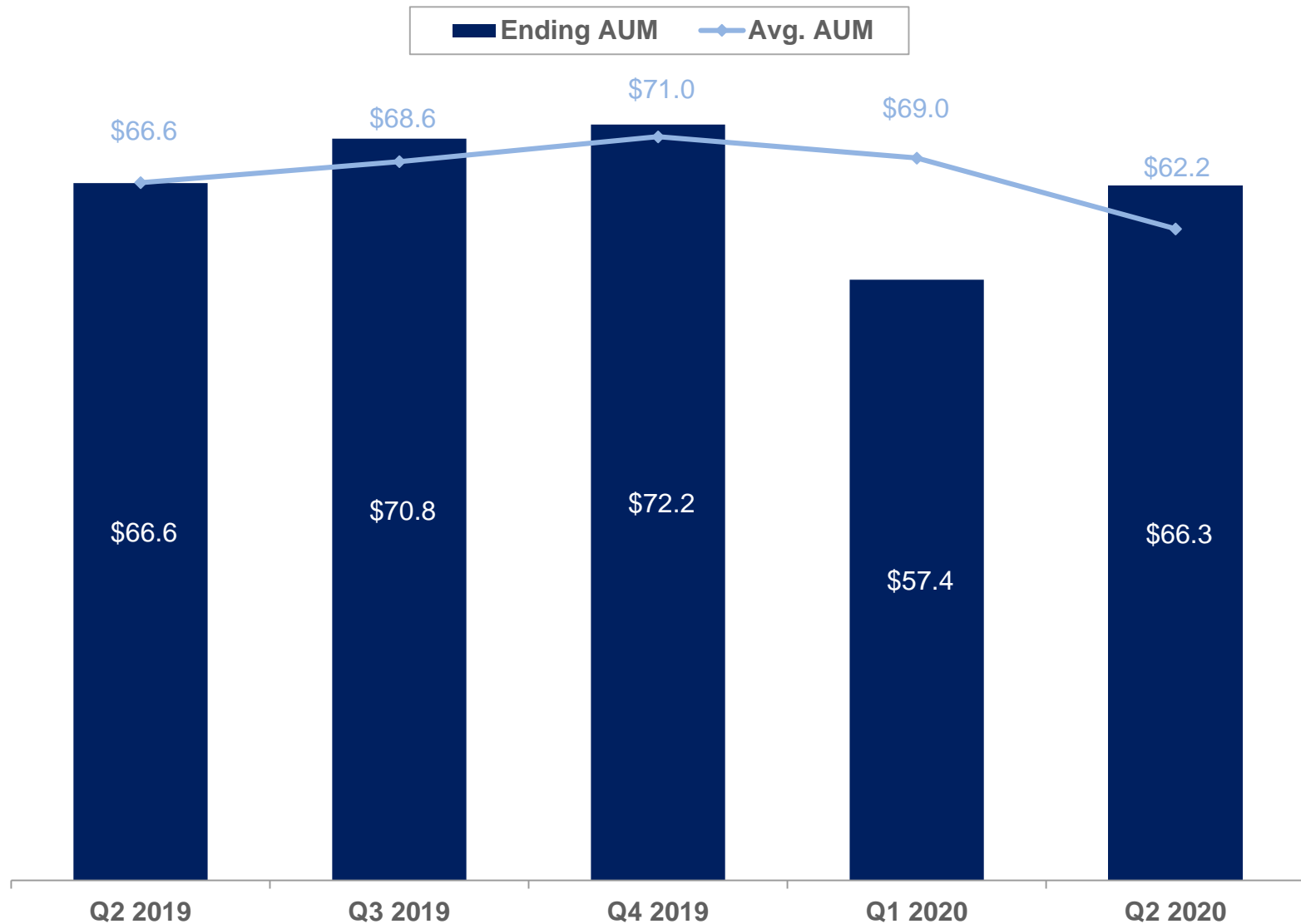


Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

5 Totals may not foot due to rounding.

# Assets Under Management

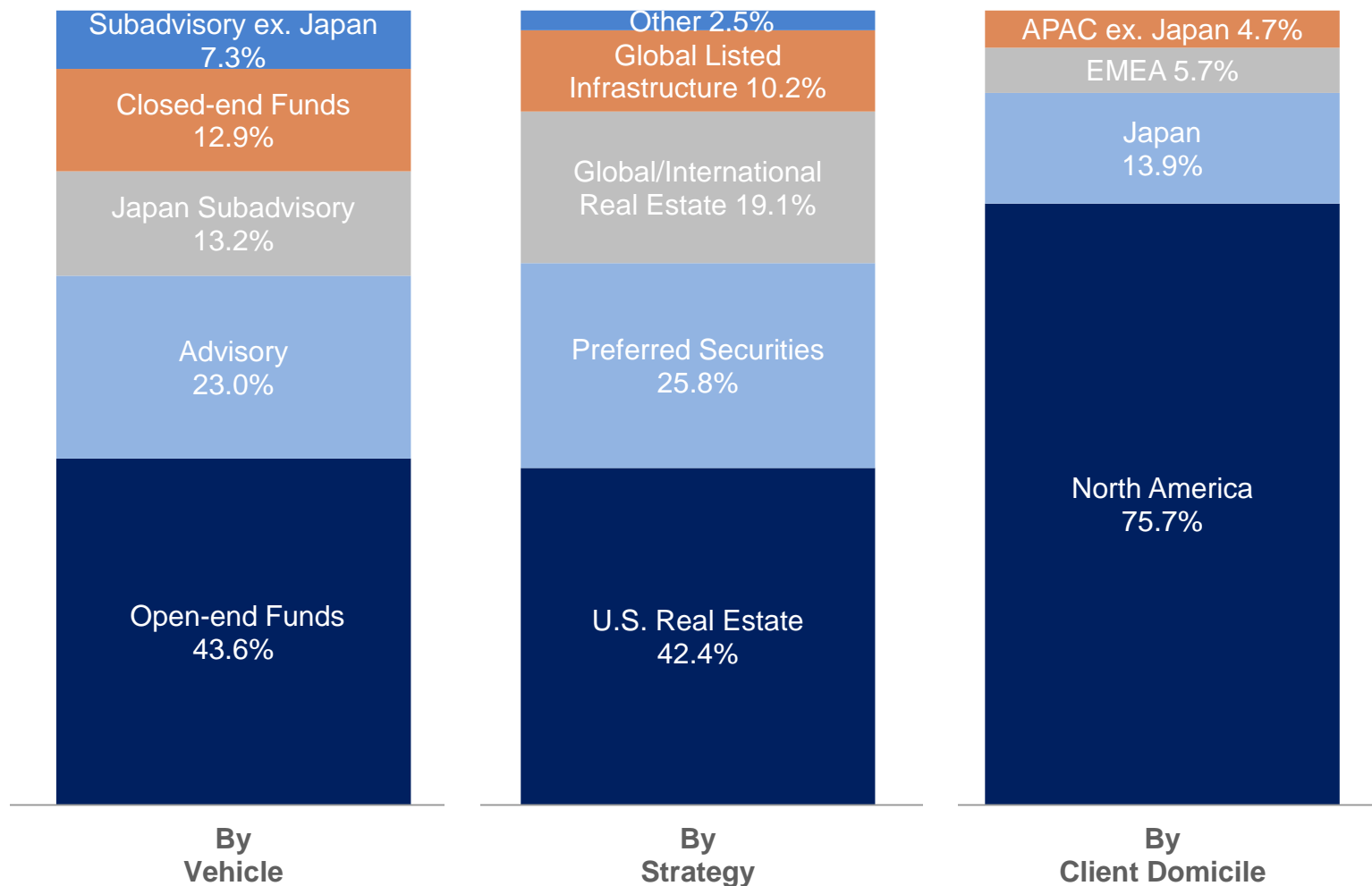
\$ in billions



6 Amounts in Q2 2019 have been recast to include model-based portfolios which were previously classified as assets under advisement.

# Assets Under Management

Across Vehicle, Strategy, and Client Domicile



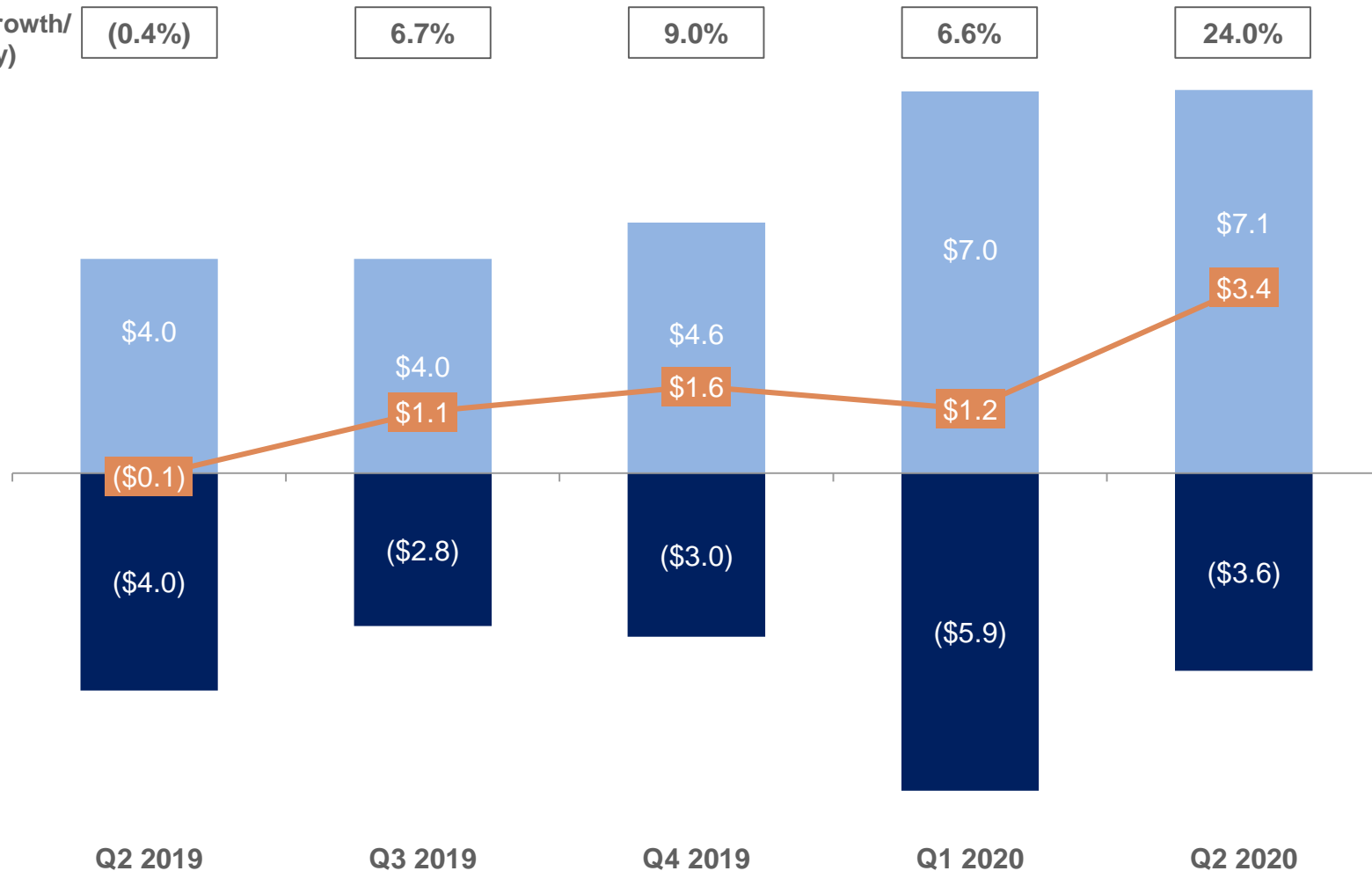
7 As of June 30, 2020.  
Totals may not foot due to rounding.

# Total Firm Net Flows

\$ in billions



Organic Growth/  
(Decay)



8 Totals may not foot due to rounding.  
Amounts in Q2 2019 have been recast to include model-based portfolios which were previously classified as assets under advisement.

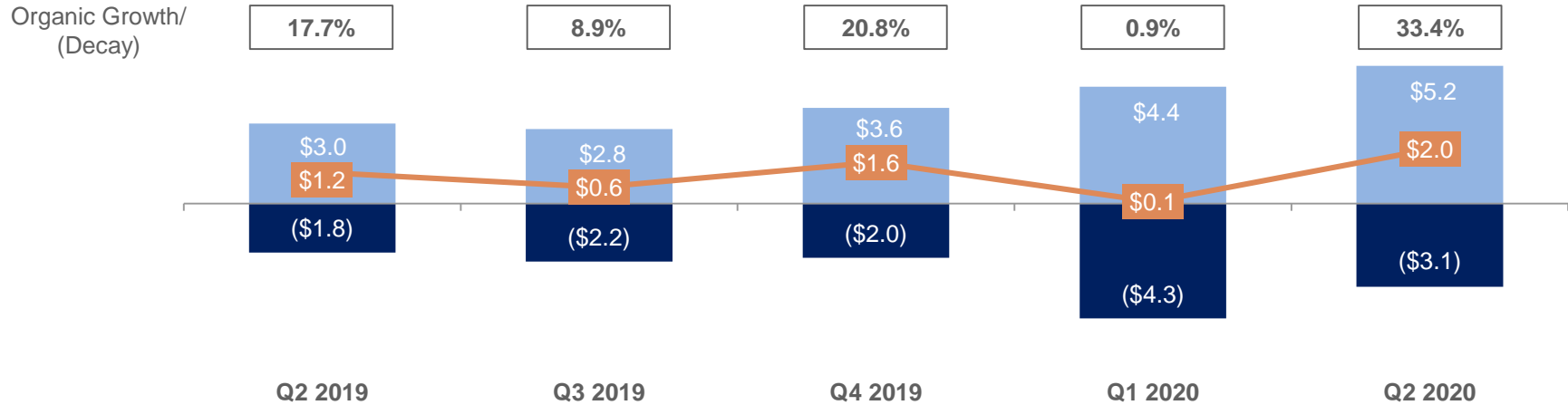


# Net Flows by Investment Vehicle

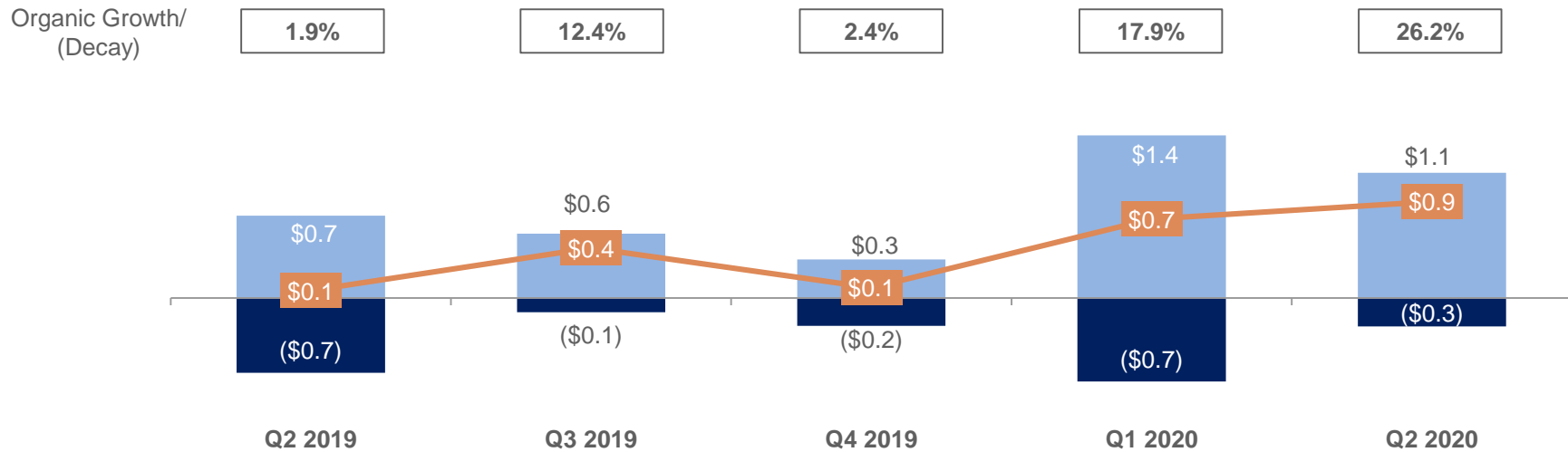
\$ in billions



## Open-end Funds



## Advisory



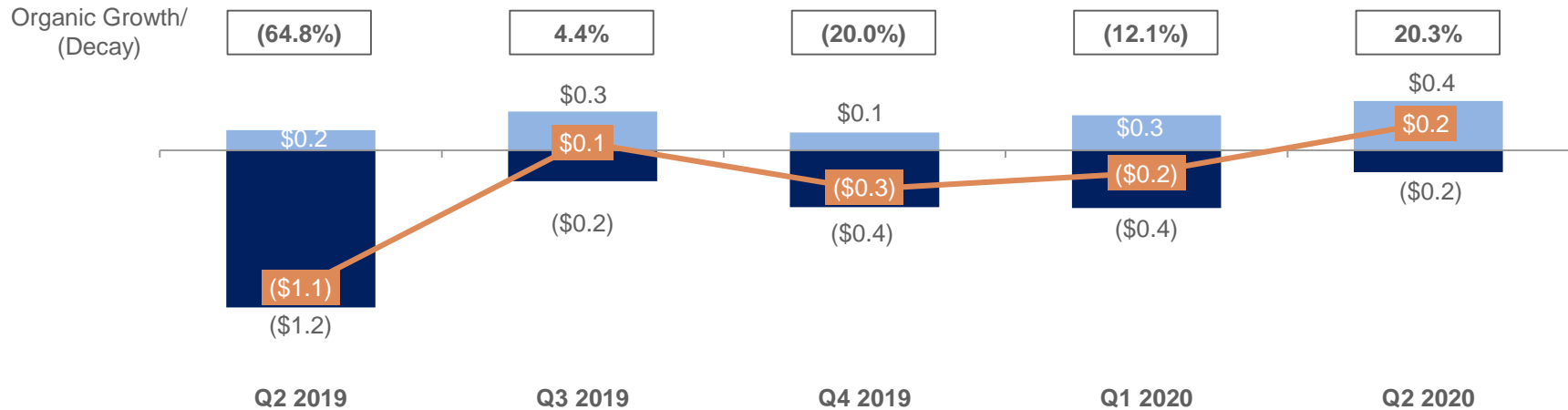
9 Totals may not foot due to rounding.  
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# Net Flows by Investment Vehicle

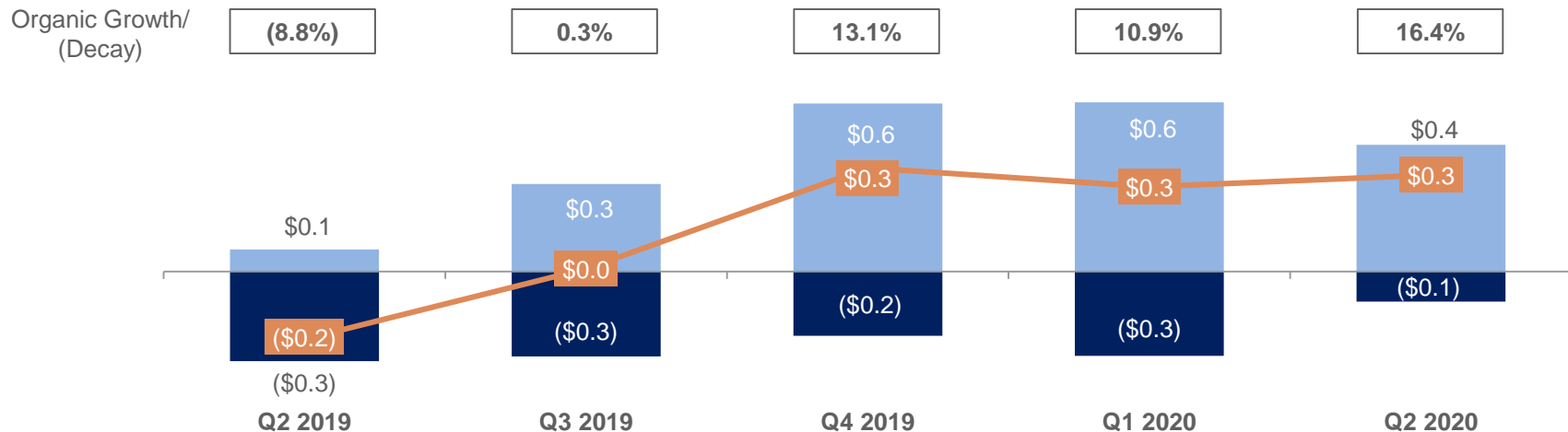
\$ in billions



## Subadvisory ex. Japan



## Japan Subadvisory



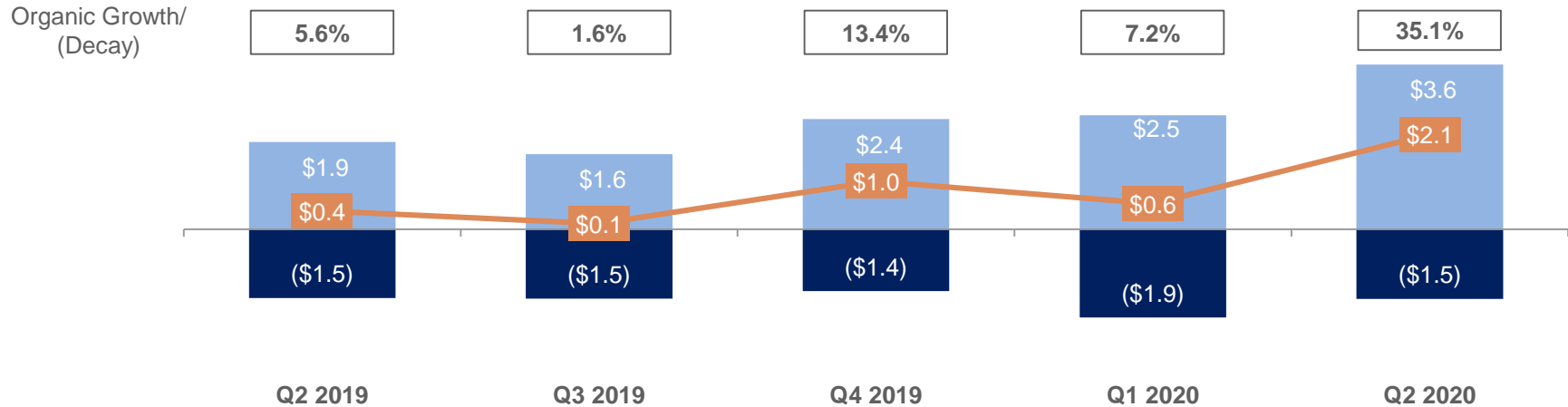
<sup>10</sup> Totals may not foot due to rounding.  
 Amounts in Q2 2019 have been recast to include model-based portfolios which were previously classified as assets under advisement.

# Net Flows by Investment Strategy

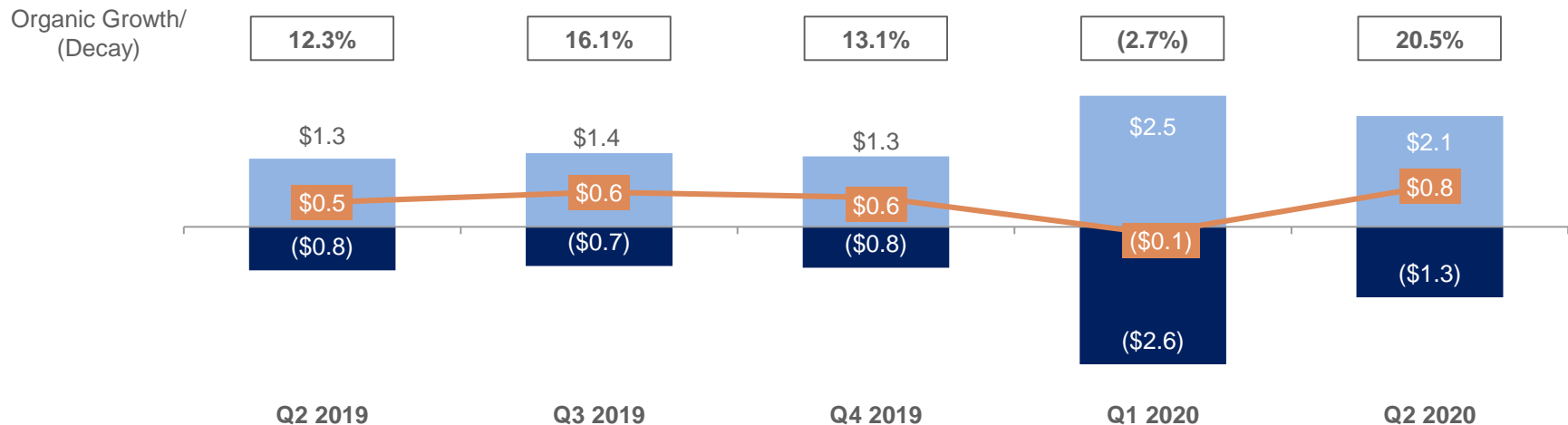
\$ in billions



## U.S. Real Estate



## Preferred Securities



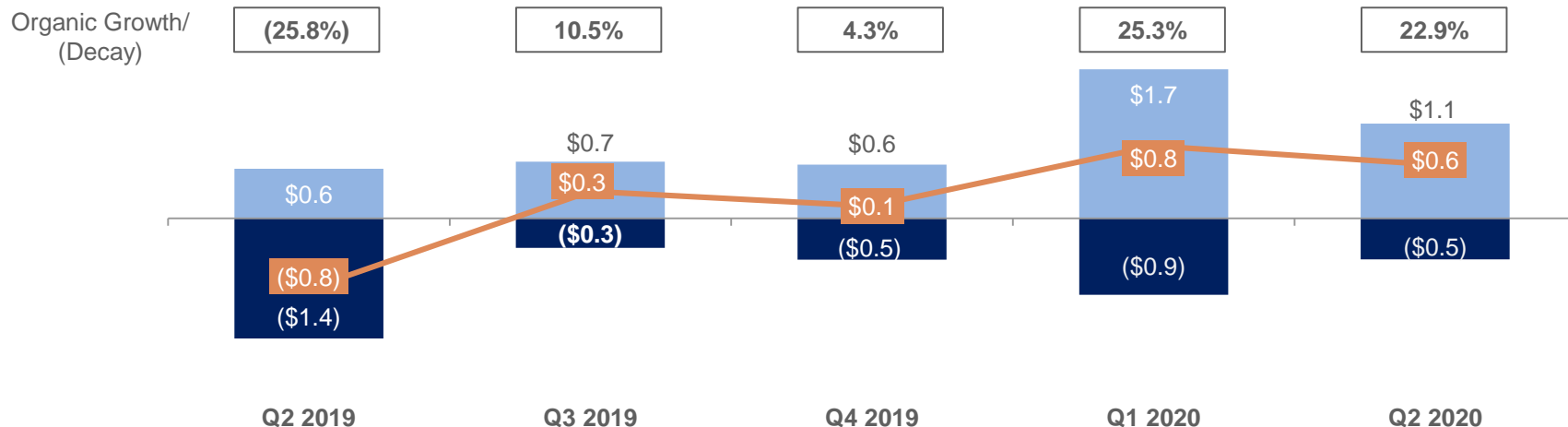
11 Totals may not foot due to rounding.  
Amounts in Q2 2019 have been recast to include model-based portfolios which were previously classified as assets under advisement.

# Net Flows by Investment Strategy

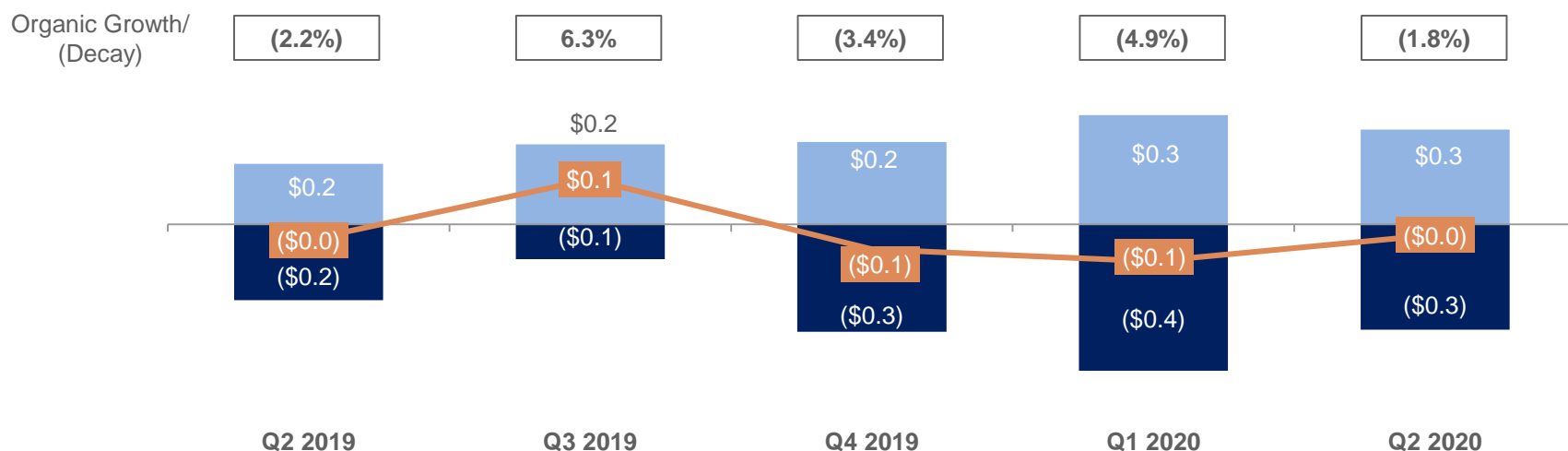
\$ in billions



## Global/International Real Estate



## Global Listed Infrastructure

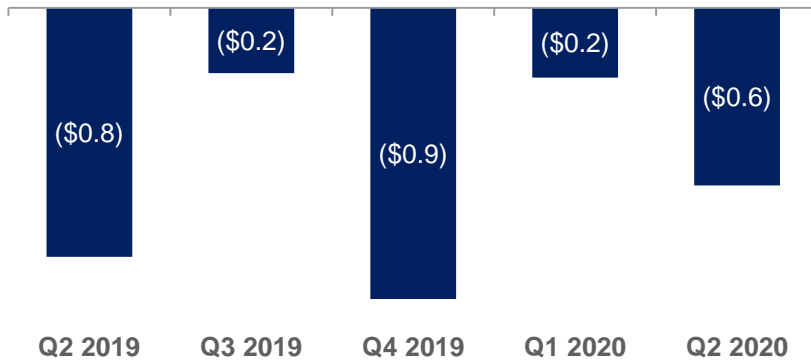


<sup>12</sup> Totals may not foot due to rounding.  
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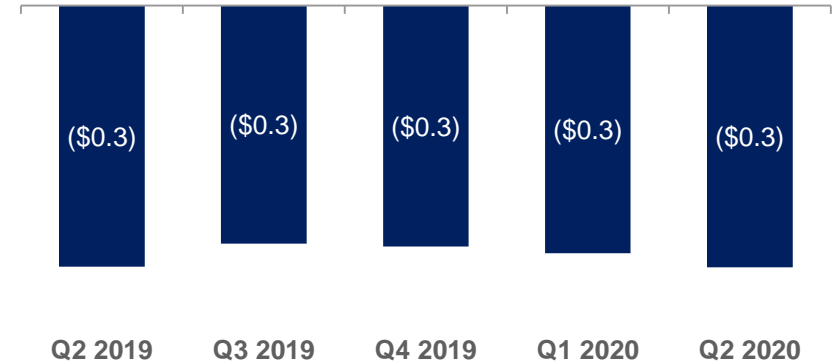
# Distributions by Investment Vehicle

\$ in billions

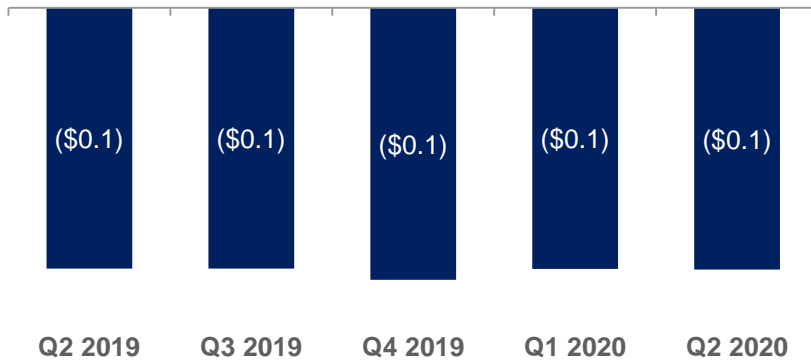
## Open-end Funds



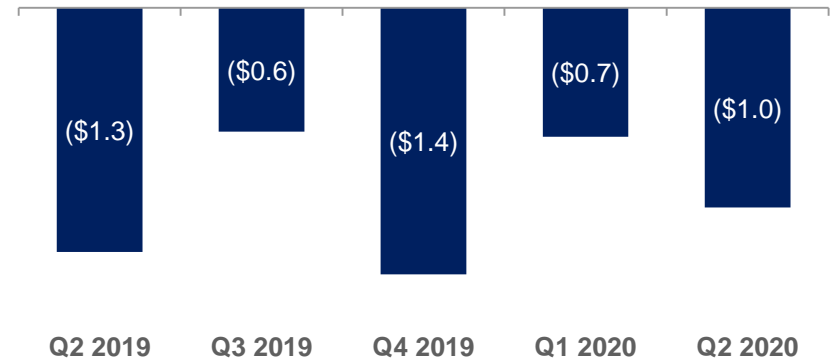
## Japan Subadvisory



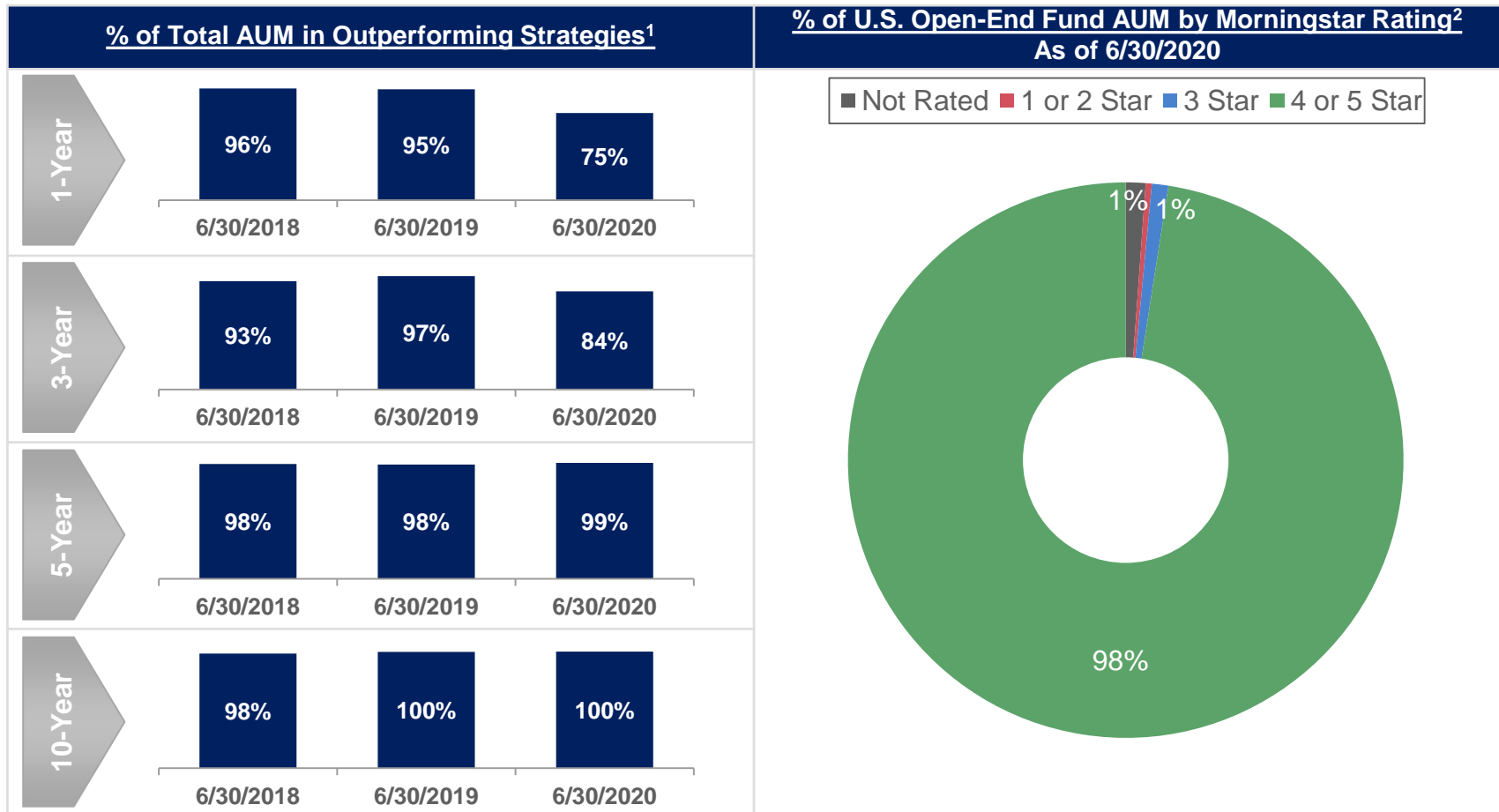
## Closed-end Funds



## Total



# Investment Performance

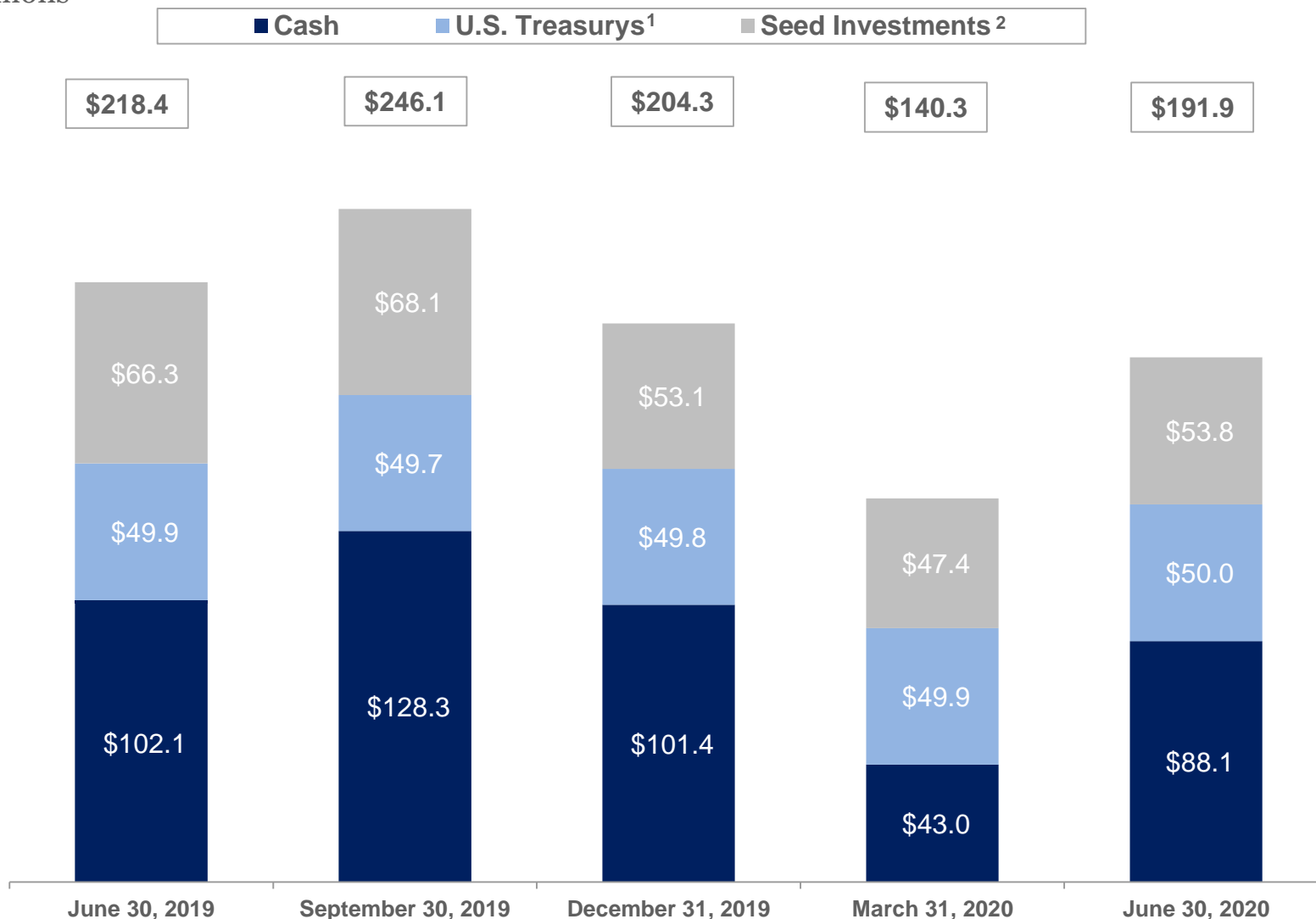


<sup>1</sup> Past performance is no guarantee of future results. Outperformance is determined by comparing the annualized investment performance of each investment strategy to the performance of specified reference benchmarks. Investment performance in excess of the performance of the benchmark is considered outperformance. The investment performance calculation of each investment strategy is based on all active accounts and investment models pursuing similar investment objectives. For accounts, actual investment performance is measured gross of fees and net of withholding taxes. For investment models, for which actual investment performance does not exist, the investment performance of a composite of accounts pursuing comparable investment objectives is used as a proxy for actual investment performance. The performance of the specified reference benchmark for each account and investment model is measured net of withholding taxes, where applicable. This is not investment advice and may not be construed as sales or marketing material for any financial product or service sponsored or provided by Cohen & Steers.

<sup>2</sup> Past performance is no guarantee of future results. Based on independent rating by Morningstar, Inc. of investment performance of each Cohen & Steers-sponsored open-end U.S.-registered mutual fund for all share classes for the overall period as of June 30, 2020. Overall Morningstar rating is a weighted average based on the 3-year, 5-year and 10-year Morningstar rating. Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages. This is not investment advice and may not be construed as sales or marketing material for any financial product or service sponsored or provided by Cohen & Steers. See Legal Disclosures on page 18 of this presentation for more information about our investment performance.

# Cash, Cash Equivalents, U.S. Treasurys and Seed Investments

\$ in millions



<sup>1</sup> Classified as held to maturity as of 6/30/20 with remaining maturity dates not exceeding 13 months.

<sup>2</sup> Excludes certain illiquid seed investments, amounts pledged as collateral, and amounts attributable to third-party interests in consolidated seed investments.

# Non-GAAP Reconciliation

\$ in thousands, except per share data

Reconciliation of U.S. GAAP Net Income Attributable to Common Stockholders and U.S. GAAP Earnings per Share to Net Income Attributable to Common Stockholders, As Adjusted, and Earnings per Share, As Adjusted

	Three Months Ended				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
<b>Net income attributable to common stockholders, U.S. GAAP</b>	<b>\$31,333</b>	<b>\$34,017</b>	<b>\$36,728</b>	<b>\$20,572</b>	<b>\$28,520</b>
Seed investments <sup>(1)</sup>	(1,819)	(1,630)	(1,393)	9,588	(3,885)
Accelerated vesting of restricted stock units	470	387	358	—	—
General and administrative <sup>(2)</sup>	—	—	346	11,859	—
Foreign currency exchange (gains) losses – net <sup>(3)</sup>	(267)	(1,310)	2,822	(1,927)	(117)
Tax adjustments <sup>(4)</sup>	(35)	(207)	(2,864)	(10,653)	1,636
Net income attributable to common stockholders, as adjusted	\$29,682	\$31,257	\$35,997	\$29,439	\$26,154
<b>Diluted weighted average shares outstanding</b>	<b>48,175</b>	<b>48,412</b>	<b>48,703</b>	<b>48,591</b>	<b>48,572</b>
<b>Diluted earnings per share, U.S. GAAP</b>	<b>\$0.65</b>	<b>\$0.70</b>	<b>\$0.75</b>	<b>\$0.42</b>	<b>\$0.59</b>
Seed investments <sup>(1)</sup>	(0.03)	(0.03)	(0.03)	0.20	(0.08)
Accelerated vesting of restricted stock units	0.01	0.01	0.01	—	—
General and administrative <sup>(2)</sup>	—	—	0.01	0.25	—
Foreign currency exchange (gains) losses – net <sup>(3)</sup>	(0.01)	(0.03)	0.06	(0.04)	—*
Tax adjustments	—*	—*	(0.06)	(0.22)	0.03
Diluted earnings per share, as adjusted	\$0.62	\$0.65	\$0.74	\$0.61	\$0.54

\* Amounts round to less than \$0.01 per share.

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as non-operating (income) loss from seed investments that were not consolidated.

(2) Represents costs associated with the Cohen & Steers Quality Income Realty Fund, Inc. rights offering in the first quarter of 2020 and fourth quarter of 2019.

(3) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

(4) Tax adjustments are summarized in the following table:

	Three Months Ended				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Discrete tax items	(\$2)	(\$7)	(\$1,837)	(\$5,820)	\$13
Tax-effect of non-GAAP adjustments	(33)	(200)	(1,027)	(4,833)	1,623
Total tax adjustments	(\$35)	(\$207)	(\$2,864)	(\$10,653)	\$1,636



# Non-GAAP Reconciliation

\$ in thousands, except percentages

## Reconciliation of U.S. GAAP Operating Income and U.S. GAAP Operating Margin to Operating Income, As Adjusted and Operating Margin, As Adjusted

	Three Months Ended				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
<b>Revenue, U.S. GAAP</b>	<b>\$101,792</b>	<b>\$104,965</b>	<b>\$109,847</b>	<b>\$105,830</b>	<b>\$94,087</b>
Seed investments <sup>(1)</sup>	(40)	(99)	(19)	(29)	(60)
Revenue, as adjusted	\$101,752	\$104,866	\$109,828	\$105,801	\$94,027
<b>Expenses, U.S. GAAP</b>	<b>\$63,688</b>	<b>\$64,832</b>	<b>\$63,385</b>	<b>\$77,461</b>	<b>\$58,792</b>
Seed investments <sup>(1)</sup>	(297)	(306)	(224)	(228)	(229)
Accelerated vesting of restricted stock units	(470)	(387)	(358)	—	—
General and administrative <sup>(2)</sup>	—	—	(346)	(11,859)	—
Expenses, as adjusted	\$62,921	\$64,139	\$62,457	\$65,374	\$58,563
<b>Operating income, U.S. GAAP</b>	<b>\$38,104</b>	<b>\$40,133</b>	<b>\$46,462</b>	<b>\$28,369</b>	<b>\$35,295</b>
Seed investments <sup>(1)</sup>	257	207	205	199	169
Accelerated vesting of restricted stock units	470	387	358	—	—
General and administrative <sup>(2)</sup>	—	—	346	11,859	—
Operating income, as adjusted	\$38,831	\$40,727	\$47,371	\$40,427	\$35,464
<b>Operating margin, U.S. GAAP</b>	<b>37.4%</b>	<b>38.2%</b>	<b>42.3%</b>	<b>26.8%</b>	<b>37.5%</b>
Operating margin, as adjusted	38.2%	38.8%	43.1%	38.2%	37.7%

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds.

(2) Represents costs associated with the Cohen & Steers Quality Income Realty Fund, Inc. rights offering in the first quarter of 2020 and fourth quarter of 2019.

## Reconciliation of U.S. GAAP Non-operating Income (Loss) to Non-operating Income (Loss), As Adjusted

	Three Months Ended				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
<b>Non-operating income (loss), U.S. GAAP</b>	<b>\$4,536</b>	<b>\$6,617</b>	<b>\$1,352</b>	<b>(\$19,843)</b>	<b>\$7,953</b>
Seed investments <sup>(1)</sup>	(3,392)	(4,218)	(2,830)	21,893	(7,696)
Foreign currency exchange (gains) losses-net <sup>(2)</sup>	(267)	(1,310)	2,822	(1,927)	(117)
Non-operating income (loss), as adjusted	\$877	\$1,089	\$1,344	\$123	\$140

(1) Represents amounts related to the deconsolidation of seed investments in Company-sponsored funds as well as non-operating (income) loss from seed investments that were not consolidated.

(2) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

# Legal Disclosures

This presentation and other statements that Cohen & Steers may make may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect management's current views with respect to, among other things, the Company's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these forward-looking statements. The Company believes that these factors include, but are not limited to, the risks described in the Risk Factors section of the Company's Annual Report on Form 10-K for the year ended December 31, 2019 (Form 10-K), and Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the First Quarter 10-Q), each of which is accessible on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and on the Company's website at [www.cohenandsteers.com](http://www.cohenandsteers.com). These factors are not exhaustive and should be read in conjunction with the other cautionary statements that are included in the Company's Form 10-K, First Quarter 10-Q, and other filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

This presentation contains non-GAAP financial measures that we believe are meaningful in evaluating the Company's performance. For disclosures on these non-GAAP financial measures and their U.S. GAAP reconciliations, you should refer to the Non-GAAP Reconciliation contained on pages 16-17 of this presentation.

## Investment Performance:

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