

Cohen & Steers: Q3 2020 Earnings Presentation

COHEN & STEERS

Summary of Third Quarter 2020 Results

Assets Under Management

- September 30, 2020 AUM was \$70.5 billion versus \$66.3 billion at June 30, 2020
- Average AUM was \$69.8 billion for Q3 2020 versus \$62.2 billion for Q2 2020

Flows

- Net inflows of \$2.3 billion in Q3 2020 versus net inflows of \$3.4 billion in Q2 2020
- Net inflows in open-end funds, closed-end funds, advisory, Japan subadvisory, and subadvisory ex. Japan

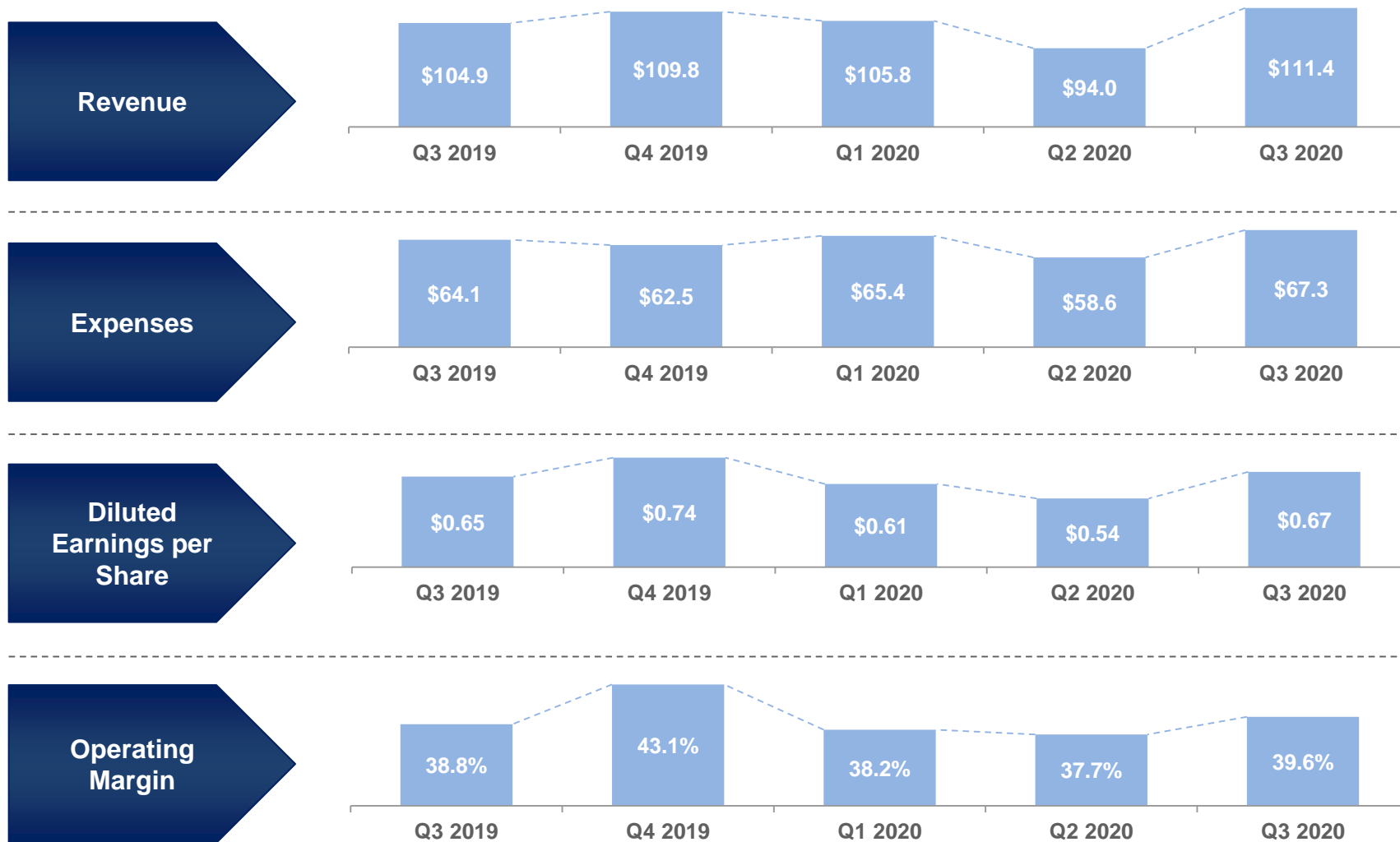
Financial Results, as adjusted

- Net income was \$32.6 million in Q3 2020 versus \$26.2 million in Q2 2020
- Diluted EPS of \$0.67 in Q3 2020 versus \$0.54 in Q2 2020
- Operating margin was 39.6% in Q3 2020 versus 37.7% in Q2 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

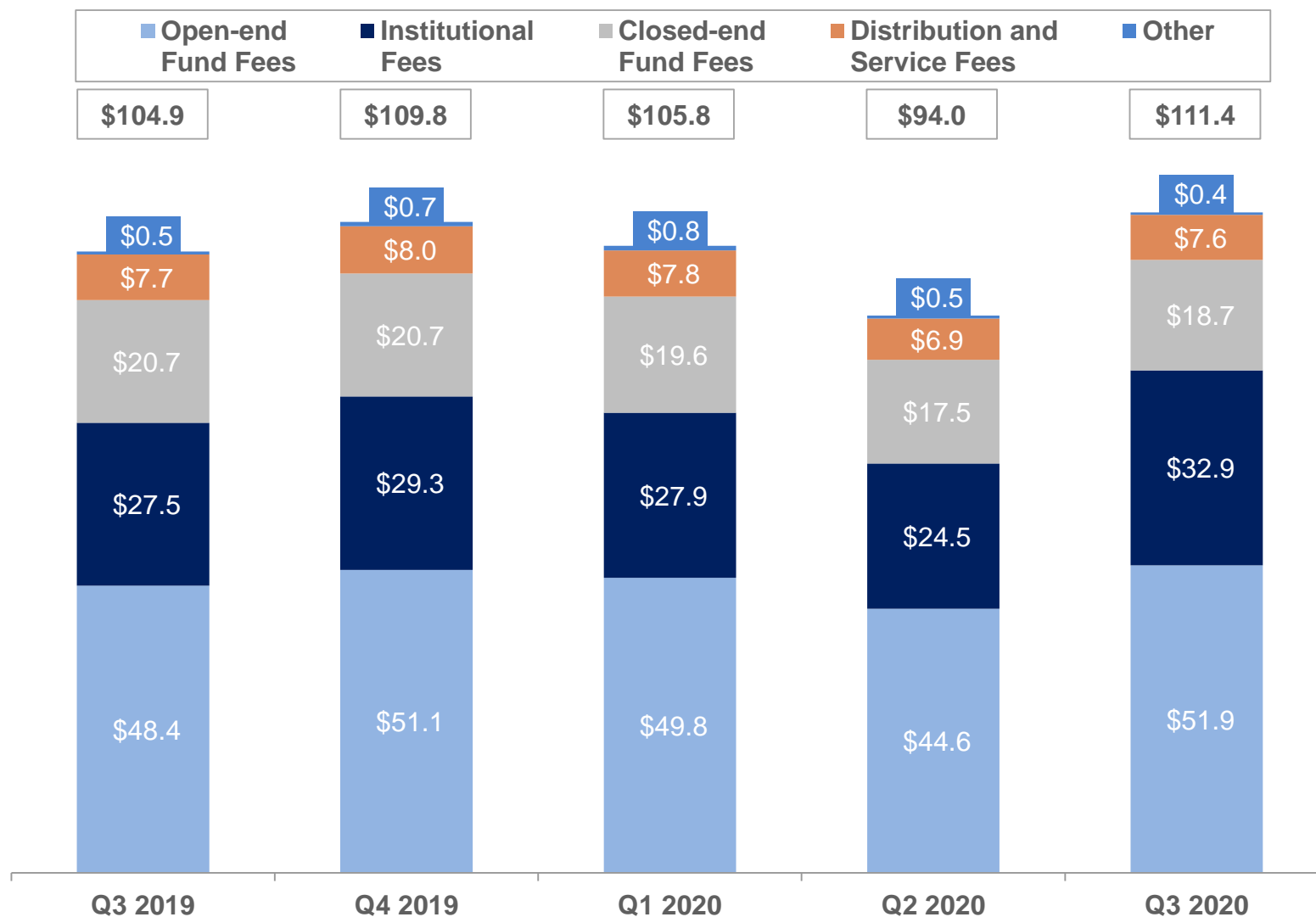
\$ in millions, except earnings per share and percentages



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

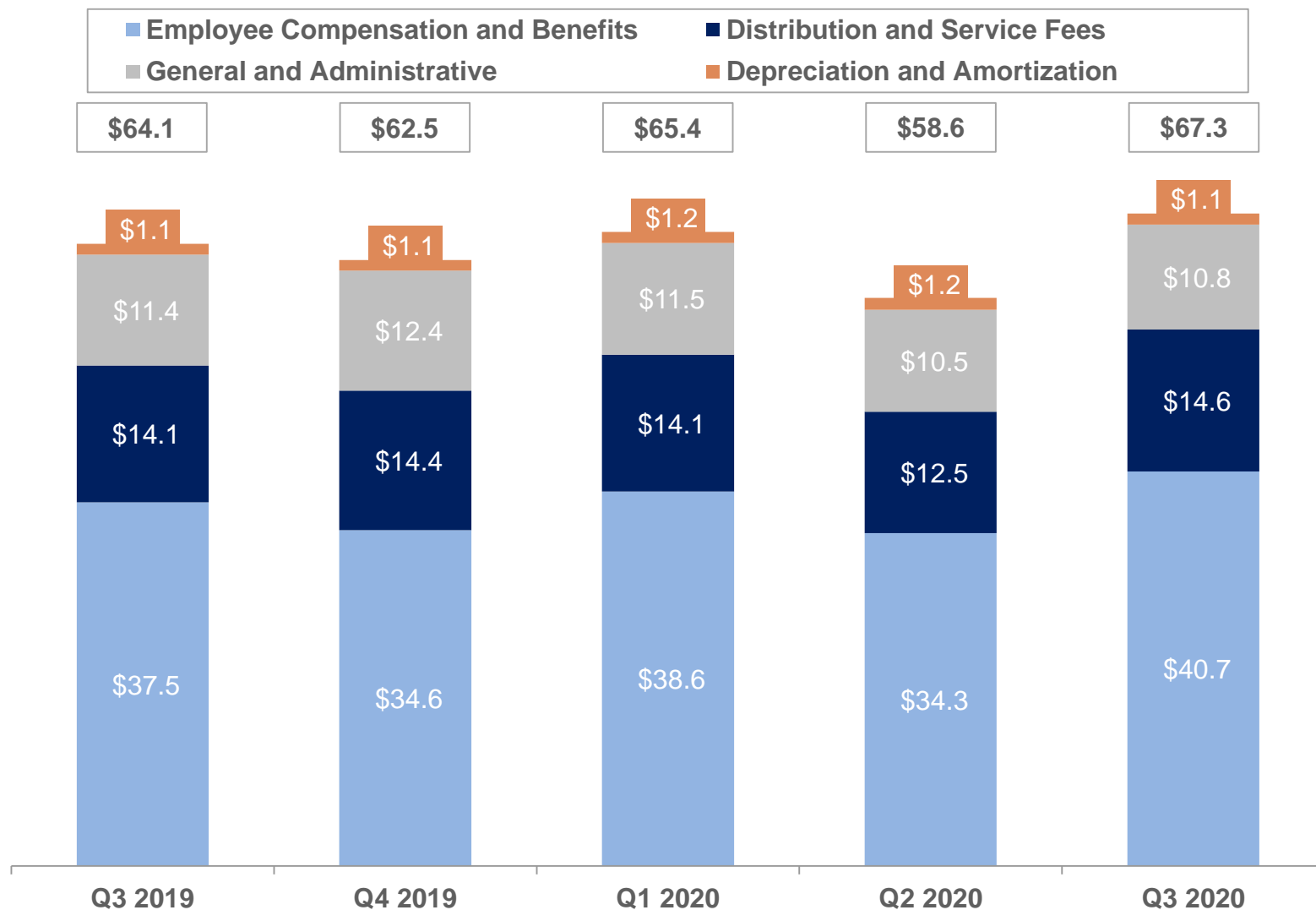


Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

4 Totals may not foot due to rounding.

Expenses, as adjusted

\$ in millions

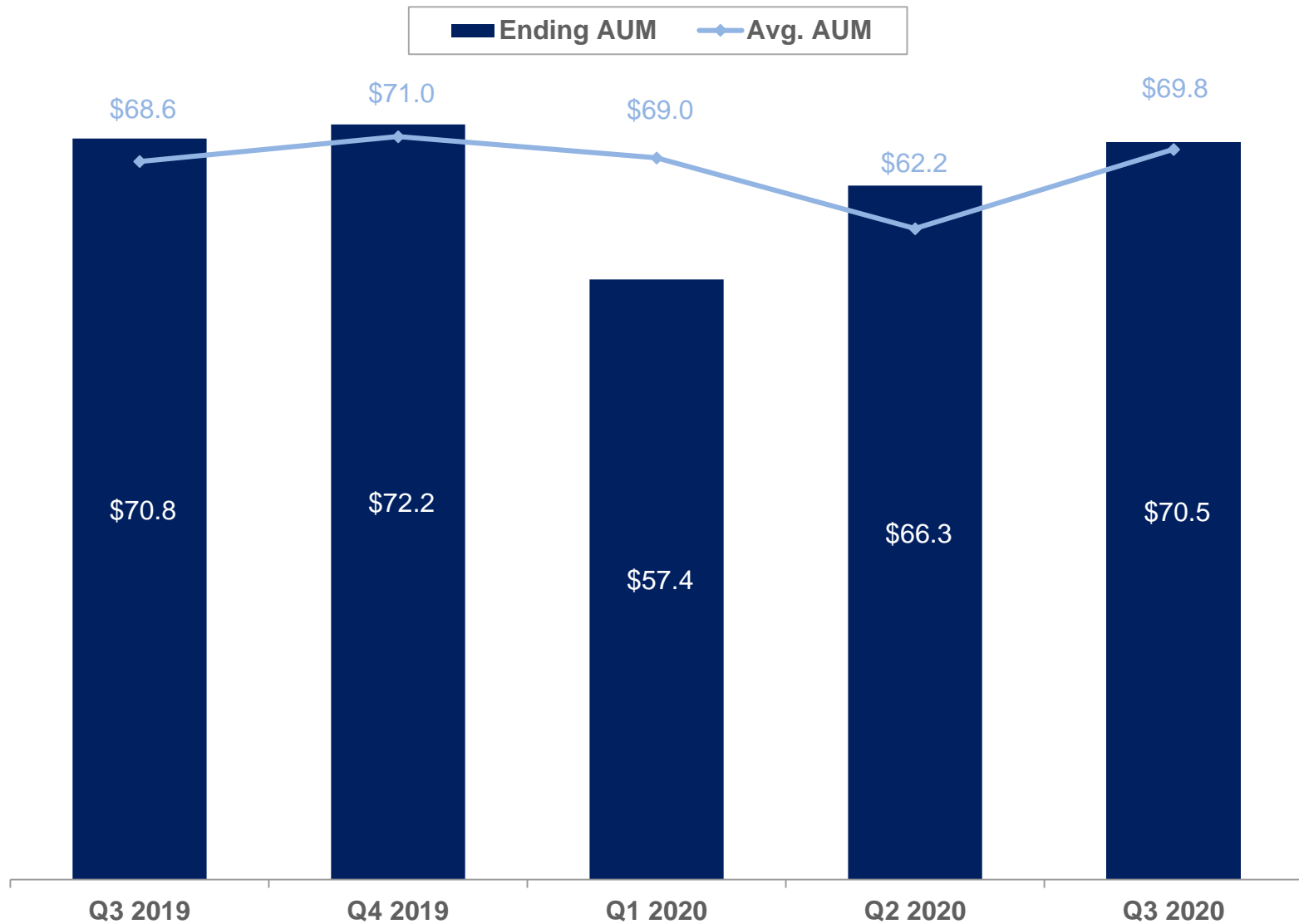


Please see pages 16-17 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

5 Totals may not foot due to rounding.

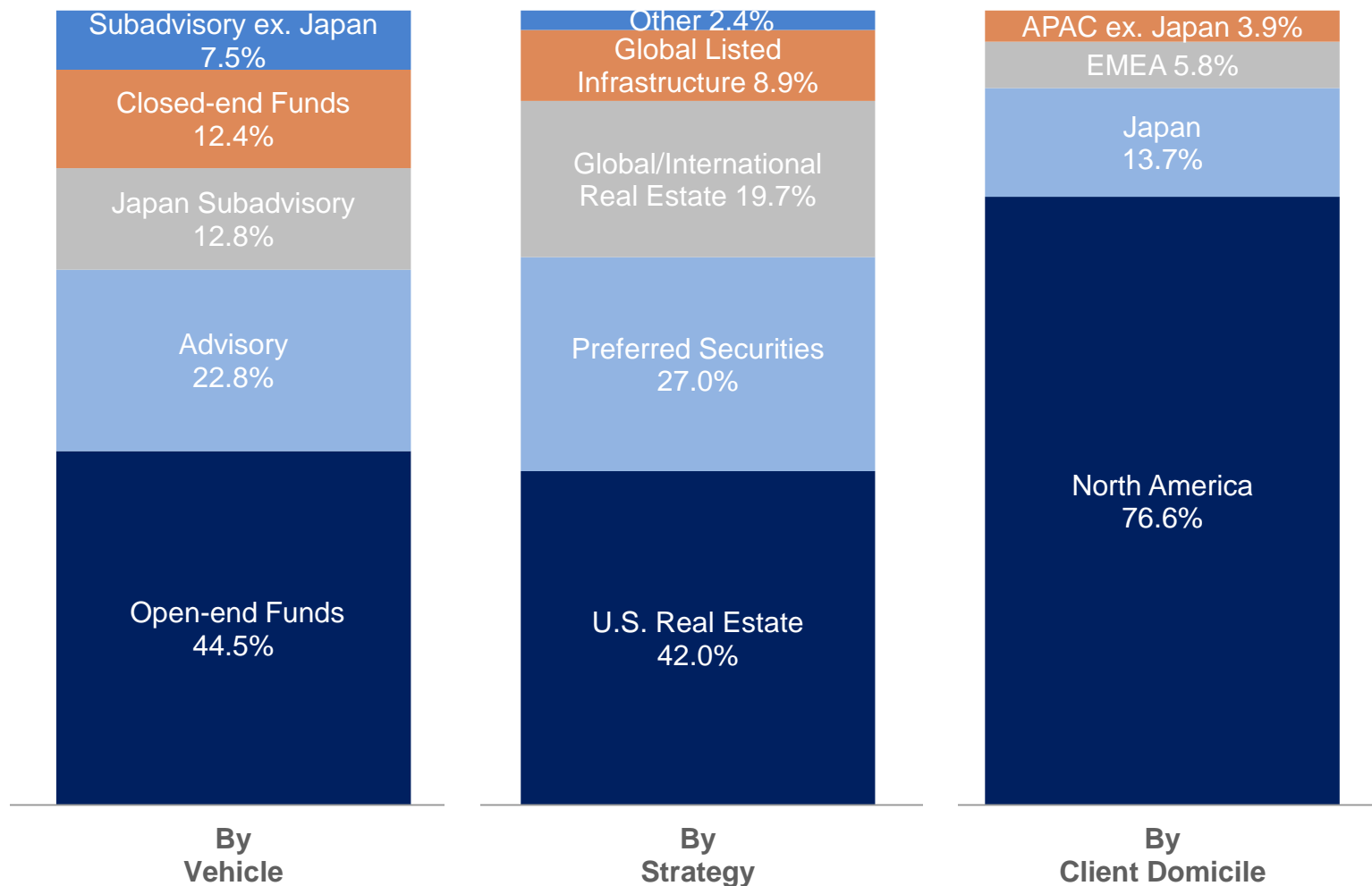
Assets Under Management

\$ in billions



Assets Under Management

Across Vehicle, Strategy, and Client Domicile



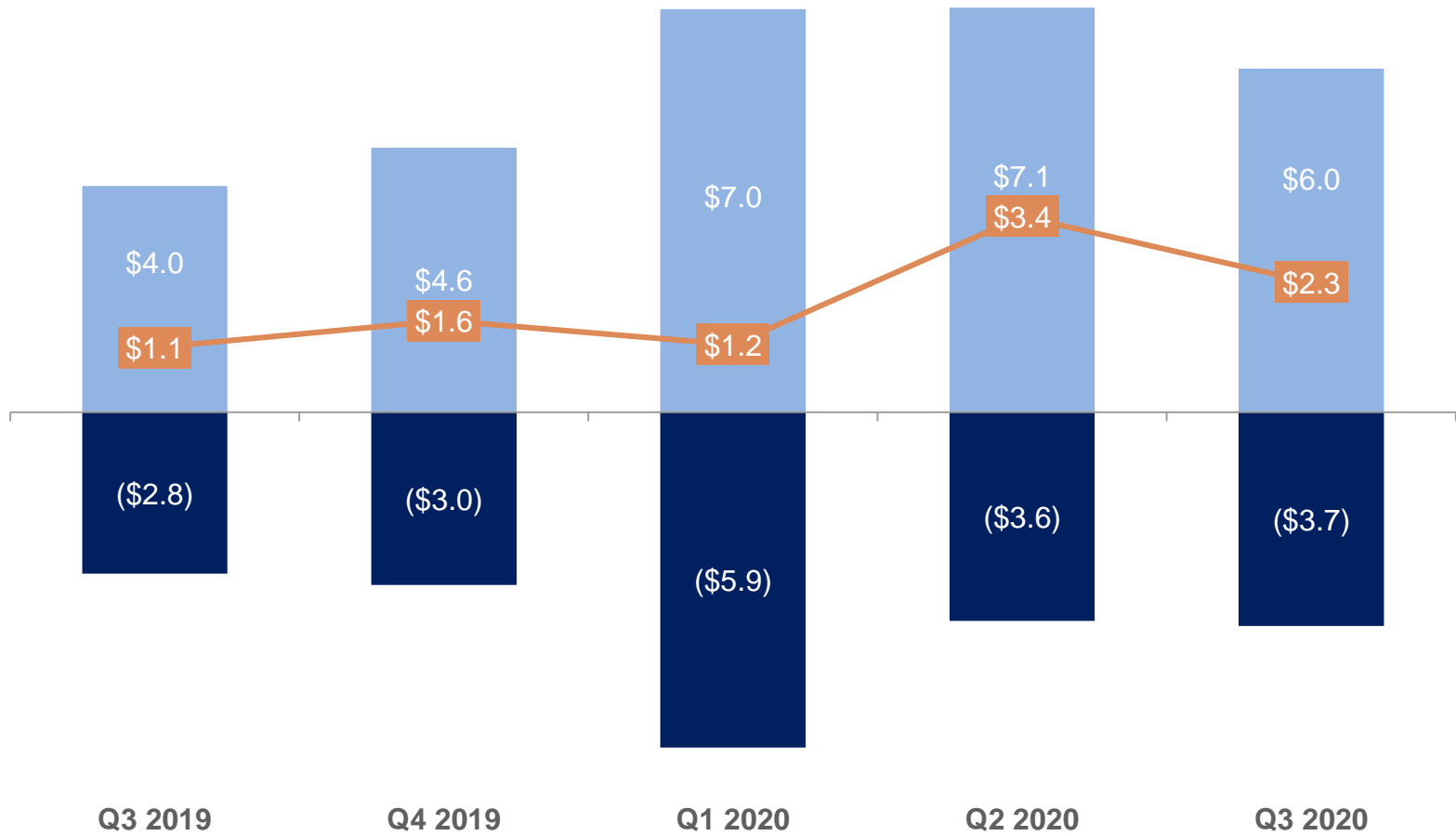
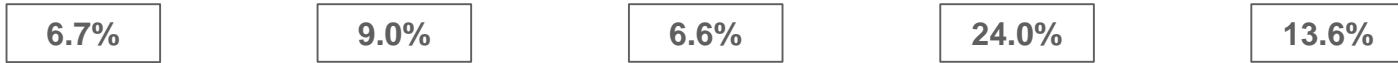
7 As of September 30, 2020.
Totals may not foot due to rounding.

Total Firm Net Flows

\$ in billions



Organic Growth/
(Decay)



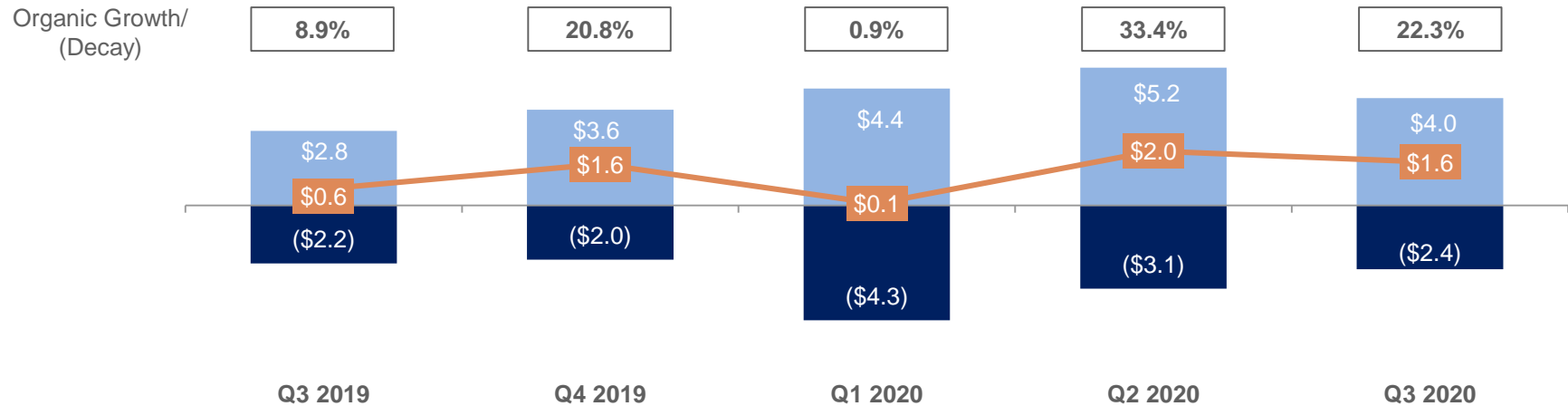
8 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

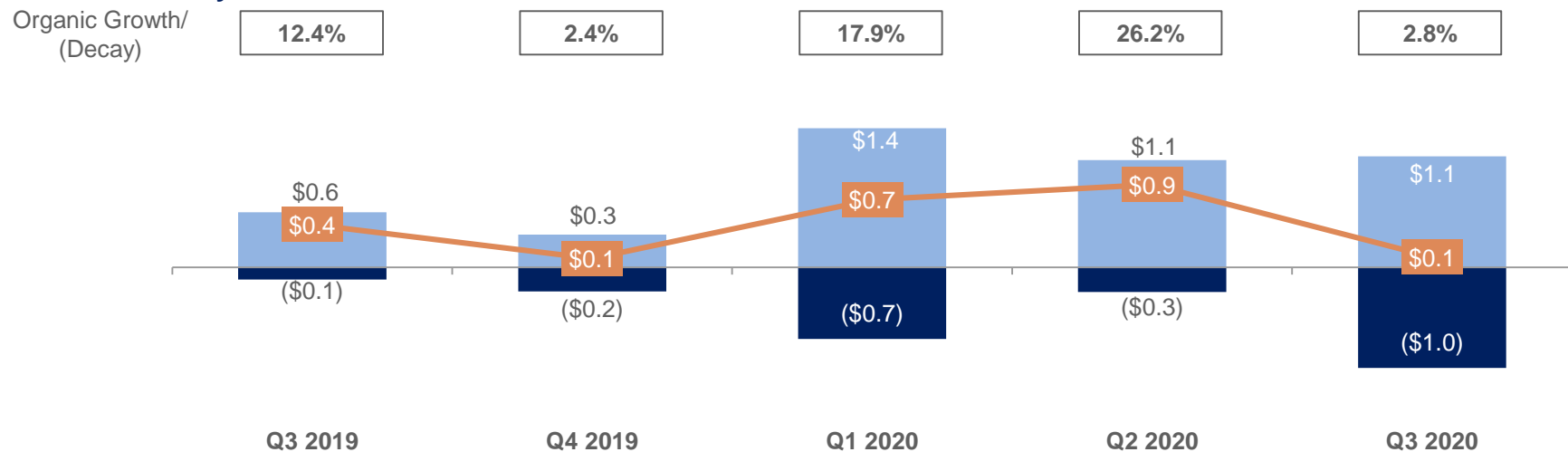
\$ in billions



Open-end Funds



Advisory



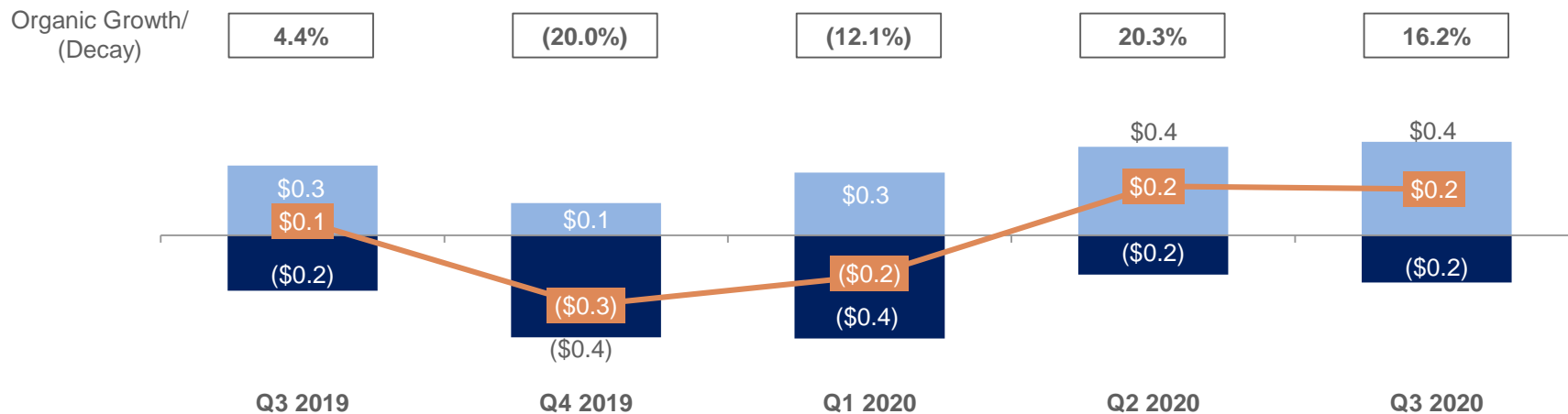
9 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

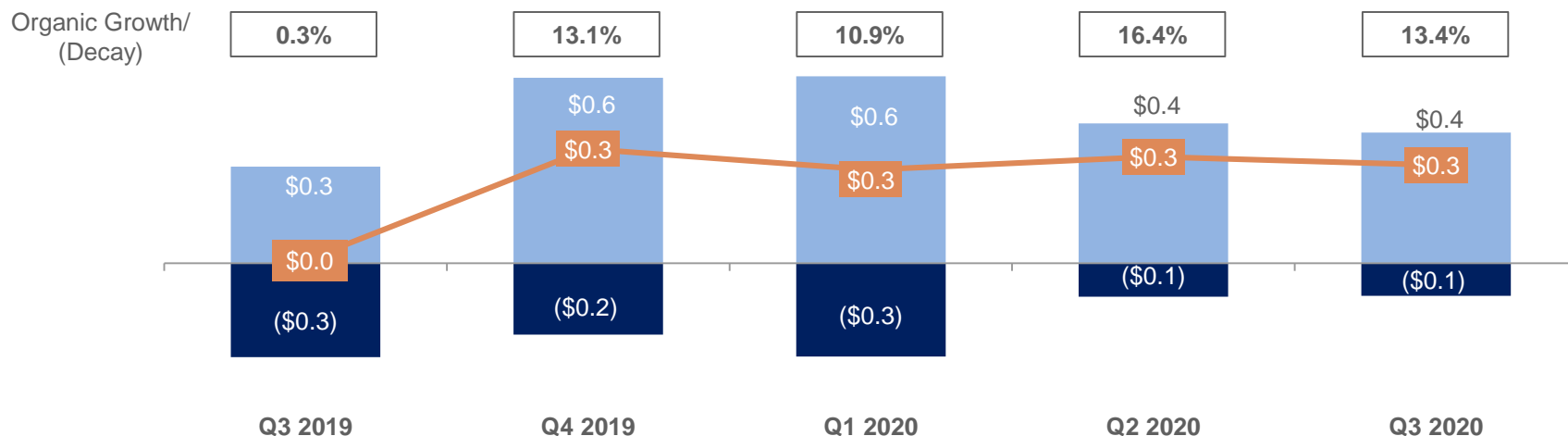
\$ in billions



Subadvisory ex. Japan



Japan Subadvisory



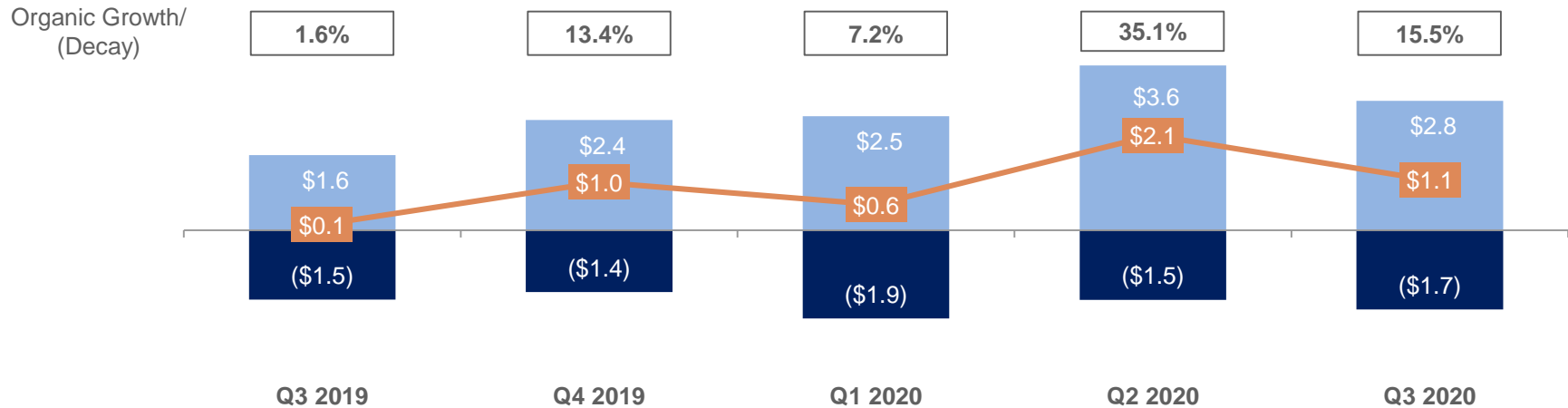
10 Totals may not foot due to rounding.

Net Flows by Investment Strategy

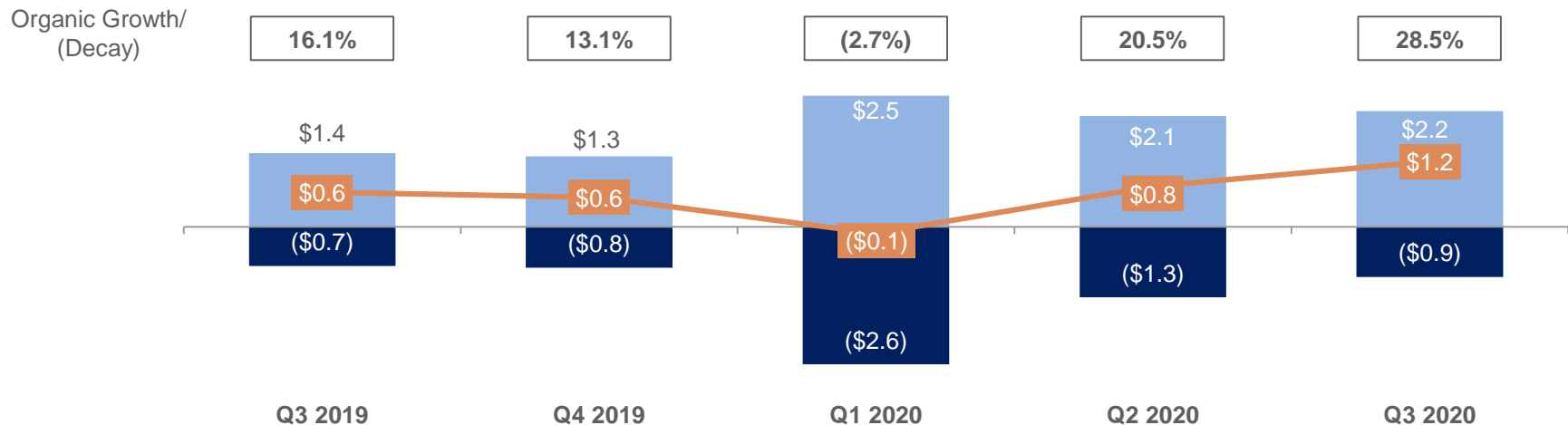
\$ in billions



U.S. Real Estate



Preferred Securities



11 Totals may not foot due to rounding.

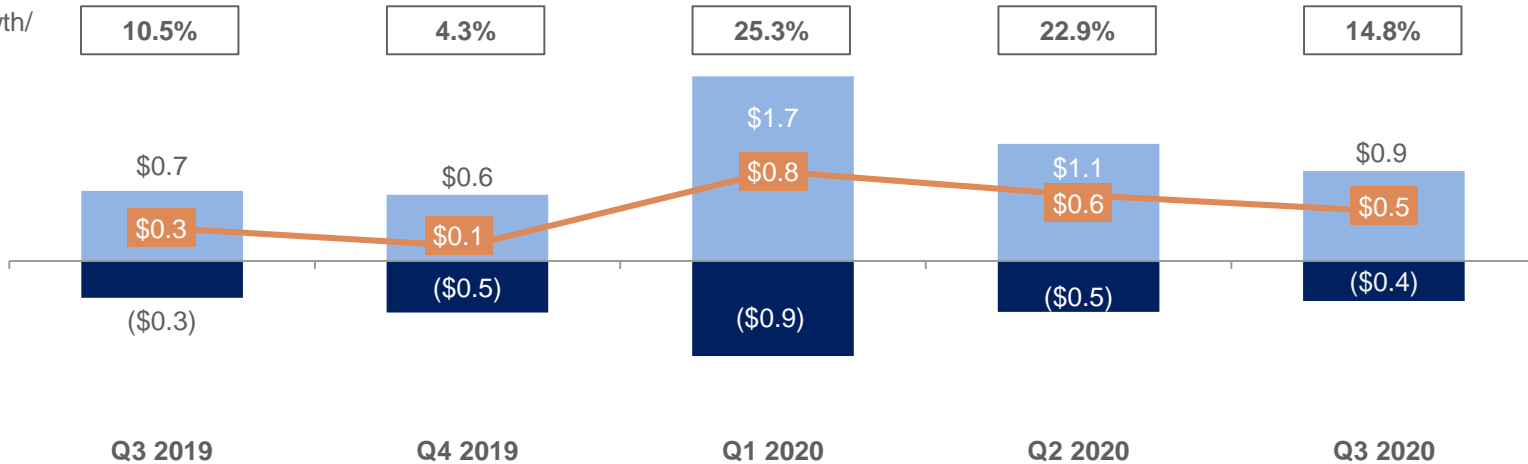
Net Flows by Investment Strategy

\$ in billions



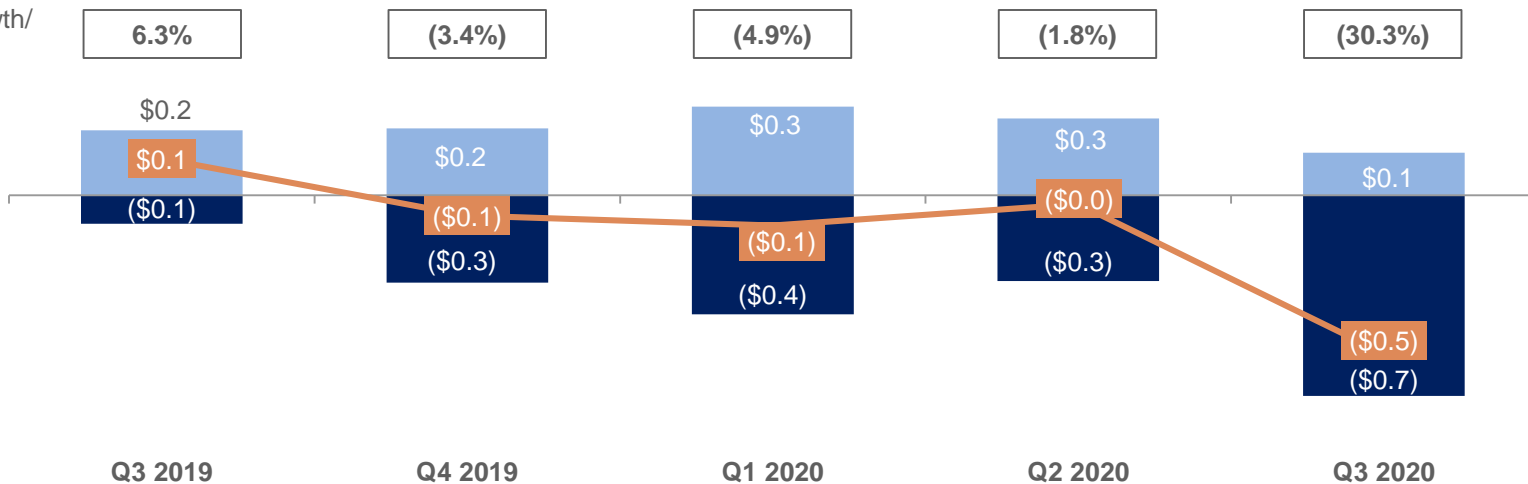
Global/International Real Estate

Organic Growth/
(Decay)



Global Listed Infrastructure

Organic Growth/
(Decay)

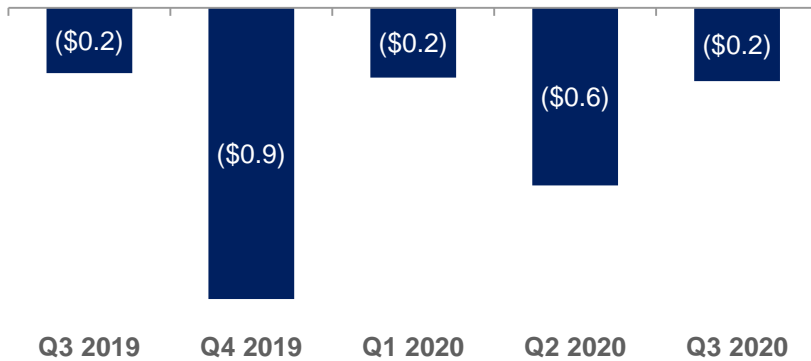


12 Totals may not foot due to rounding.

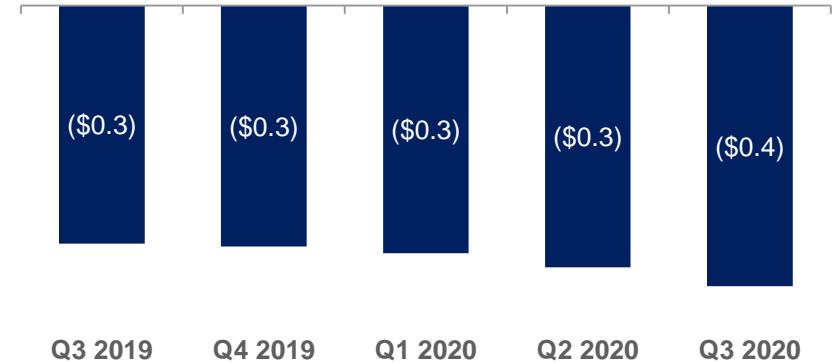
Distributions by Investment Vehicle

\$ in billions

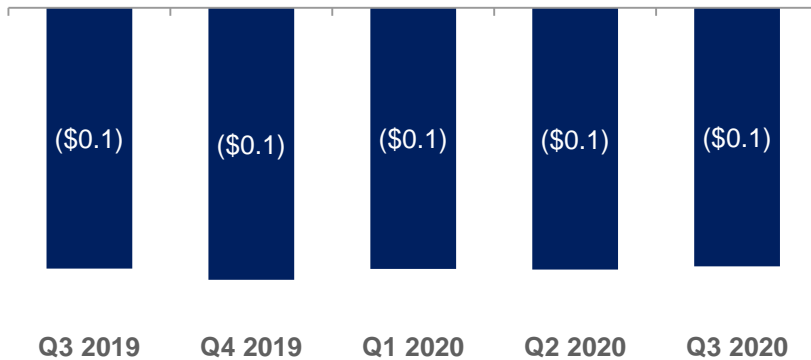
Open-end Funds



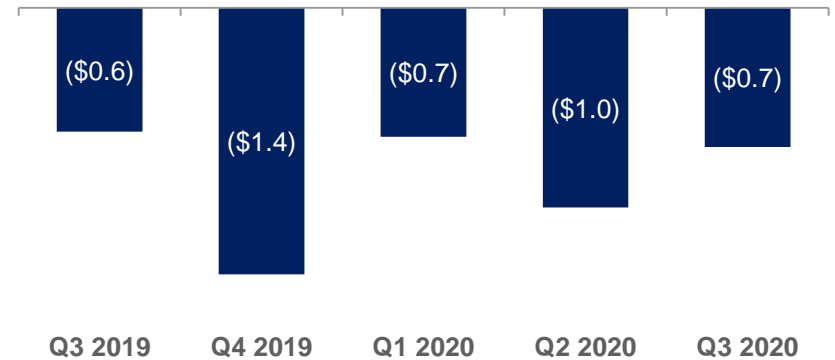
Japan Subadvisory



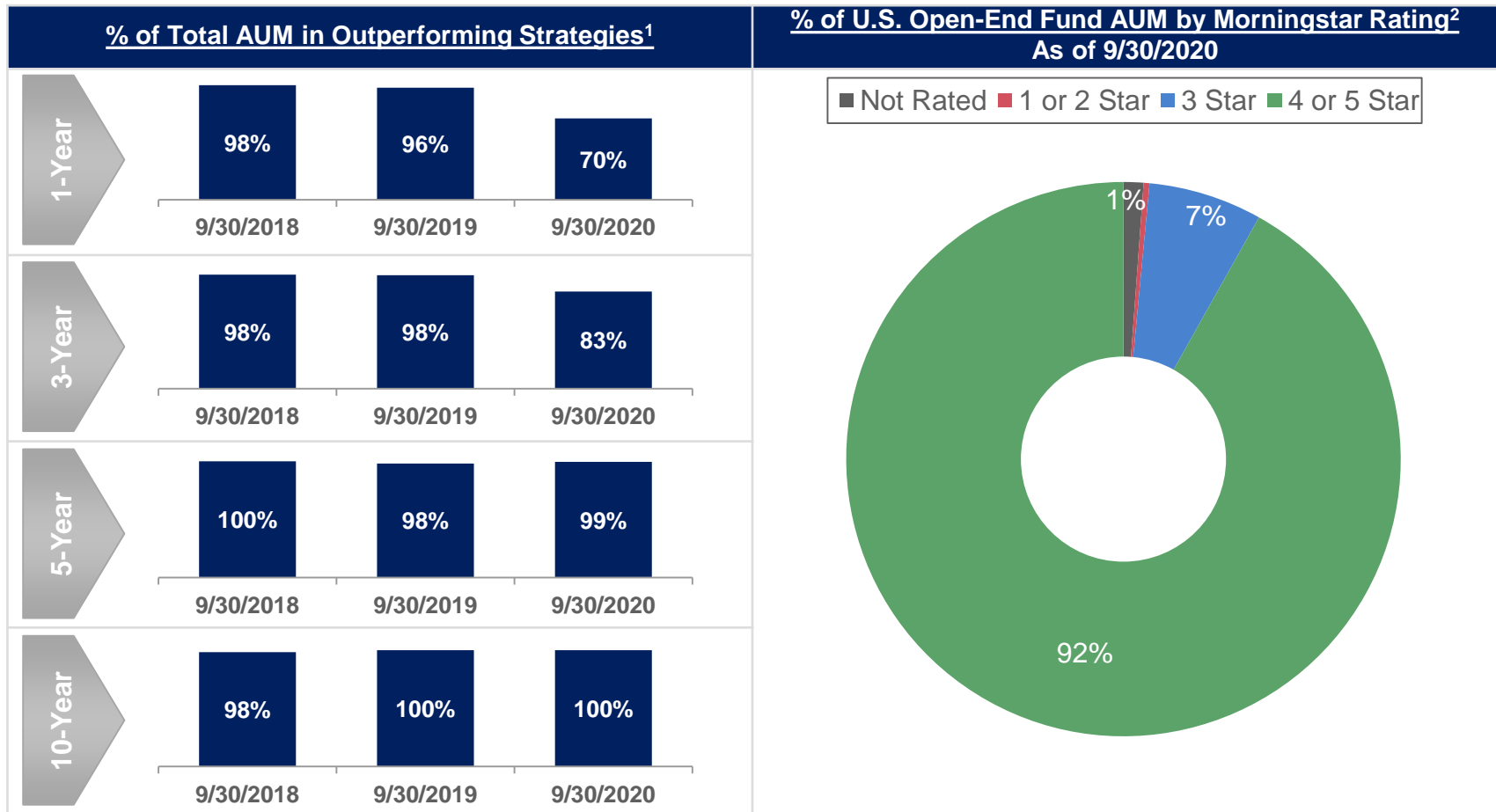
Closed-end Funds



Total



Investment Performance

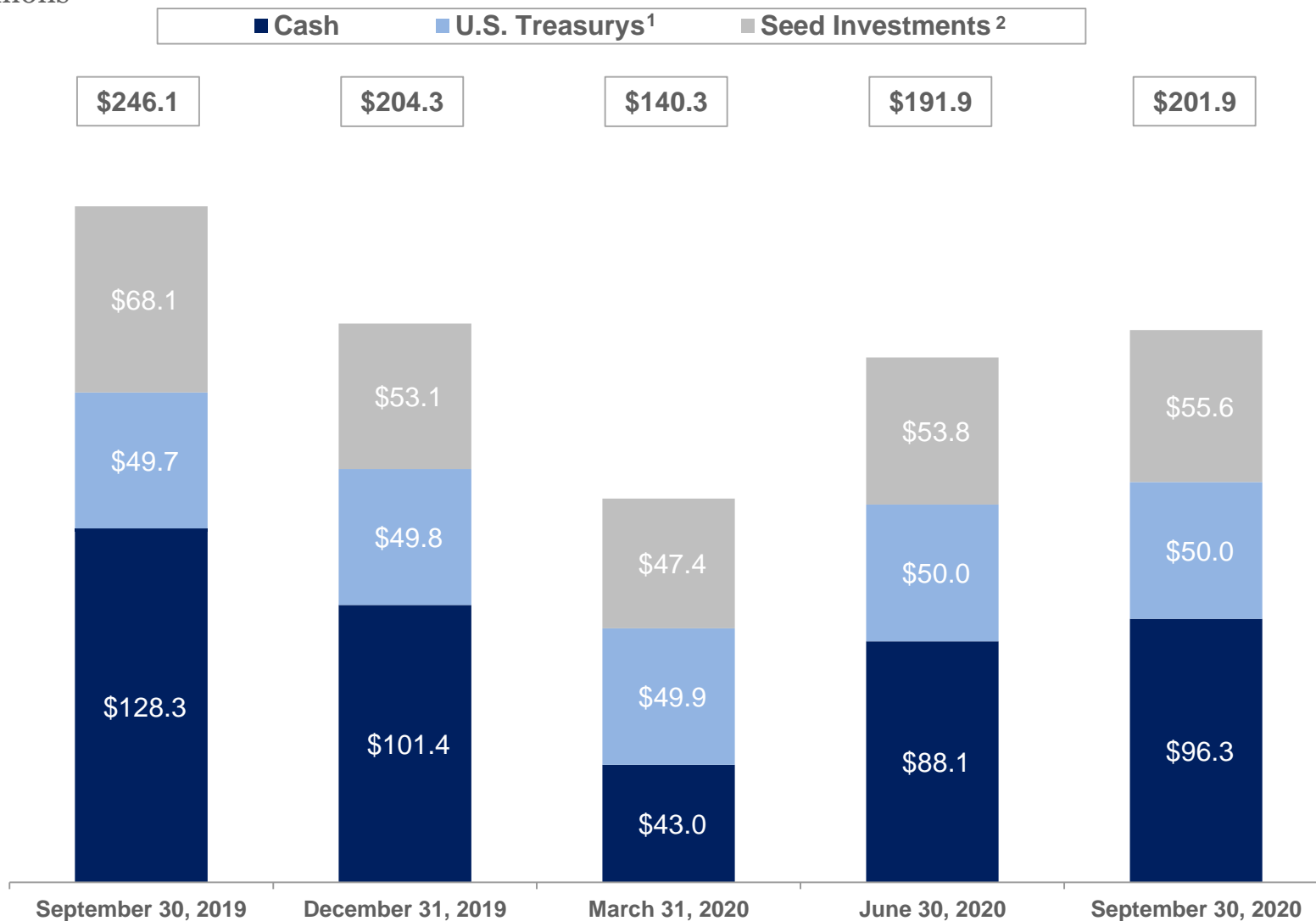


¹ Past performance is no guarantee of future results. Outperformance is determined by comparing the annualized investment performance of each investment strategy to the performance of specified reference benchmarks. Investment performance in excess of the performance of the benchmark is considered outperformance. 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.

² 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 September 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



¹ Classified as held to maturity as of 9/30/20 with remaining maturity dates not exceeding 10 months.

² 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				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Net income attributable to common stockholders, U.S. GAAP	\$34,017	\$36,728	\$20,572	\$28,520	\$31,904
Seed investments ⁽¹⁾	(1,630)	(1,393)	9,588	(3,885)	(1,686)
Accelerated vesting of restricted stock units	387	358	—	—	387
General and administrative ⁽²⁾	—	346	11,859	—	310
Foreign currency exchange (gains) losses – net ⁽³⁾	(1,310)	2,822	(1,927)	(117)	1,232
Tax adjustments ⁽⁴⁾	(207)	(2,864)	(10,653)	1,636	469
Net income attributable to common stockholders, as adjusted	\$31,257	\$35,997	\$29,439	\$26,154	\$32,616
Diluted weighted average shares outstanding	48,412	48,703	48,591	48,572	48,681
Diluted earnings per share, U.S. GAAP	\$0.70	\$0.75	\$0.42	\$0.59	\$0.66
Seed investments ⁽¹⁾	(0.03)	(0.03)	0.20	(0.08)	(0.04)
Accelerated vesting of restricted stock units	0.01	0.01	—	—	0.01
General and administrative ⁽²⁾	—	0.01	0.25	—	0.01
Foreign currency exchange (gains) losses – net ⁽³⁾	(0.03)	0.06	(0.04)	—*	0.02
Tax adjustments	—*	(0.06)	(0.22)	0.03	0.01
Diluted earnings per share, as adjusted	\$0.65	\$0.74	\$0.61	\$0.54	\$0.67

* 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 ongoing initial offering of a closed-end fund in the third quarter of 2020 and 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				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Discrete tax items	(\$7)	(\$1,837)	(\$5,820)	\$13	\$62
Tax-effect of non-GAAP adjustments	(200)	(1,027)	(4,833)	1,623	407
Total tax adjustments	(\$207)	(\$2,864)	(\$10,653)	\$1,636	\$469

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				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Revenue, U.S. GAAP	\$104,965	\$109,847	\$105,830	\$94,087	\$111,159
Seed investments ⁽¹⁾	(99)	(19)	(29)	(60)	275
Revenue, as adjusted	\$104,866	\$109,828	\$105,801	\$94,027	\$111,434
Expenses, U.S. GAAP	\$64,832	\$63,385	\$77,461	\$58,792	\$67,852
Seed investments ⁽¹⁾	(306)	(224)	(228)	(229)	102
Accelerated vesting of restricted stock units	(387)	(358)	—	—	(387)
General and administrative ⁽²⁾	—	(346)	(11,859)	—	(310)
Expenses, as adjusted	\$64,139	\$62,457	\$65,374	\$58,563	\$67,257
Operating income, U.S. GAAP	\$40,133	\$46,462	\$28,369	\$35,295	\$43,307
Seed investments ⁽¹⁾	207	205	199	169	173
Accelerated vesting of restricted stock units	387	358	—	—	387
General and administrative ⁽²⁾	—	346	11,859	—	310
Operating income, as adjusted	\$40,727	\$47,371	\$40,427	\$35,464	\$44,177
Operating margin, U.S. GAAP	38.2%	42.3%	26.8%	37.5%	39.0%
Operating margin, as adjusted	38.8%	43.1%	38.2%	37.7%	39.6%

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

(2) Represents costs associated with the ongoing initial offering of a closed-end fund in the third quarter of 2020 and 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				
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020
Non-operating income (loss), U.S. GAAP	\$6,617	\$1,352	(\$19,843)	\$7,953	\$3,231
Seed investments ⁽¹⁾	(4,218)	(2,830)	21,893	(7,696)	(3,961)
Foreign currency exchange (gains) losses-net ⁽²⁾	(1,310)	2,822	(1,927)	(117)	1,232
Non-operating income (loss), as adjusted	\$1,089	\$1,344	\$123	\$140	\$502

(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 (the Form 10-K), and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020 (the First and Second Quarter 10-Qs), each of which is accessible on the Securities and Exchange Commission's website at www.sec.gov and on the Company's website at 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 and Second Quarter 10-Qs, 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:

© 2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Morningstar calculates its ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star.

Copyright © 2020 Cohen & Steers, Inc. All rights reserved.