

Cohen & Steers: Q4 2020 and Full Year 2020 Earnings Presentation

COHEN & STEERS

Summary of Fourth Quarter and Full Year 2020 Results

4th Quarter 2020

Full Year 2020

Assets Under Management

- December 31, 2020 AUM was \$79.9 billion versus \$70.5 billion at September 30, 2020
 - Average AUM was \$75.4 billion for Q4 2020 versus \$69.8 billion for Q3 2020
- December 31, 2020 AUM was \$79.9 billion versus \$72.2 billion at December 31, 2019
 - Average AUM was \$69.2 billion in FY 2020 versus \$67.3 billion in FY 2019

Flows

- Net inflows of \$3.9 billion in Q4 2020 versus net inflows of \$2.3 billion in Q3 2020
 - Net inflows in open-end funds, closed-end funds, Japan subadvisory, and subadvisory ex. Japan
 - Net outflows in advisory
- Net inflows of \$10.8 billion in FY 2020 versus net inflows of \$3.7 billion in FY 2019
 - Overall, 14.9% organic growth rate in FY 2020 versus 6.5% organic growth rate in FY 2019

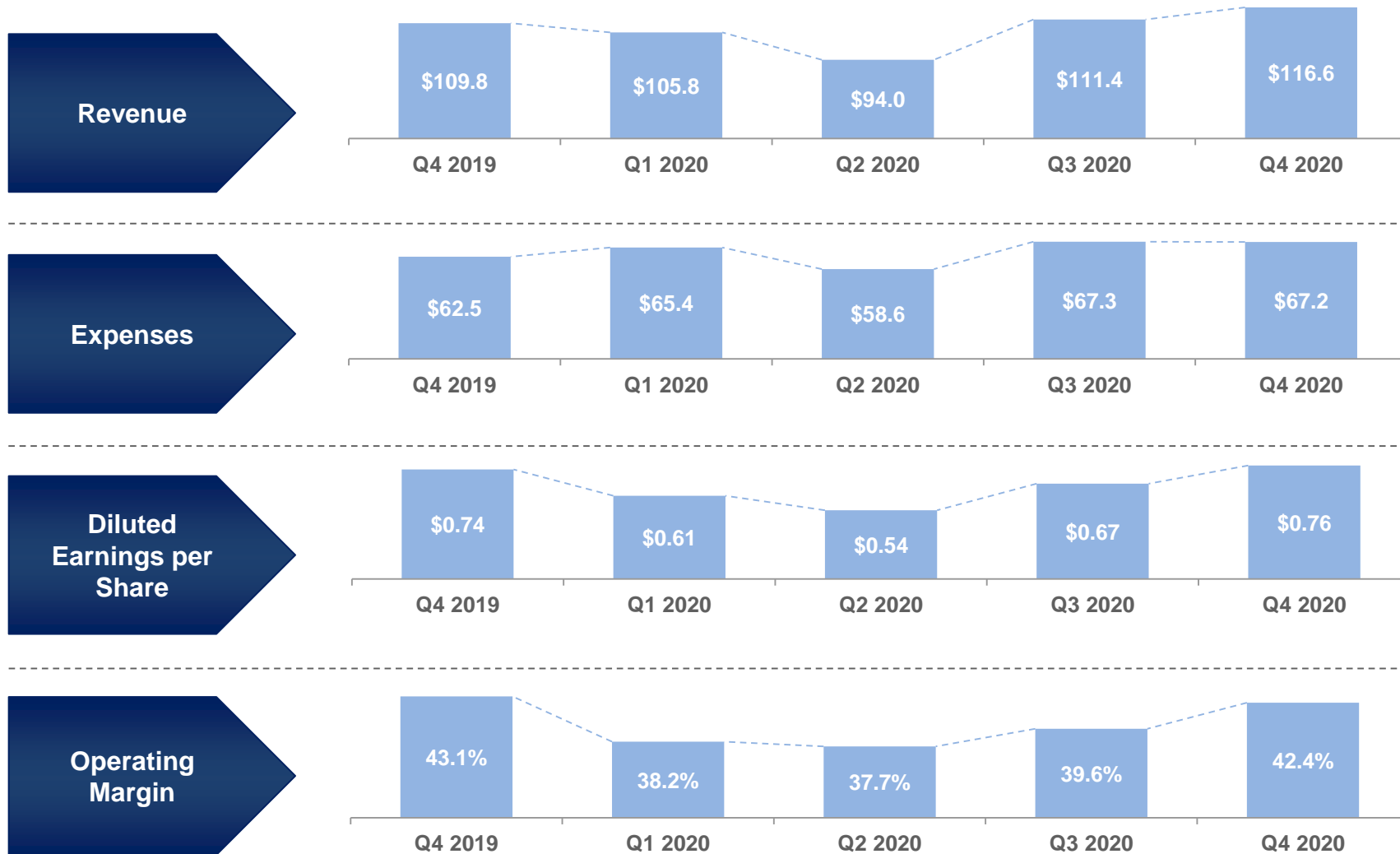
Financial Results, as adjusted

- Net income was \$37.1 million in Q4 2020 versus \$32.6 million in Q3 2020
 - Diluted EPS of \$0.76 in Q4 2020 versus \$0.67 in Q3 2020
 - Operating margin was 42.4% in Q4 2020 versus 39.6% in Q3 2020
- Net income was \$125.3 million in FY 2020 versus \$124.4 million in FY 2019
 - Diluted EPS of \$2.57 in FY 2020 versus \$2.57 FY 2019
 - Operating margin was 39.6% in FY 2020 versus 39.6% in FY 2019

Please see pages 16-18 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

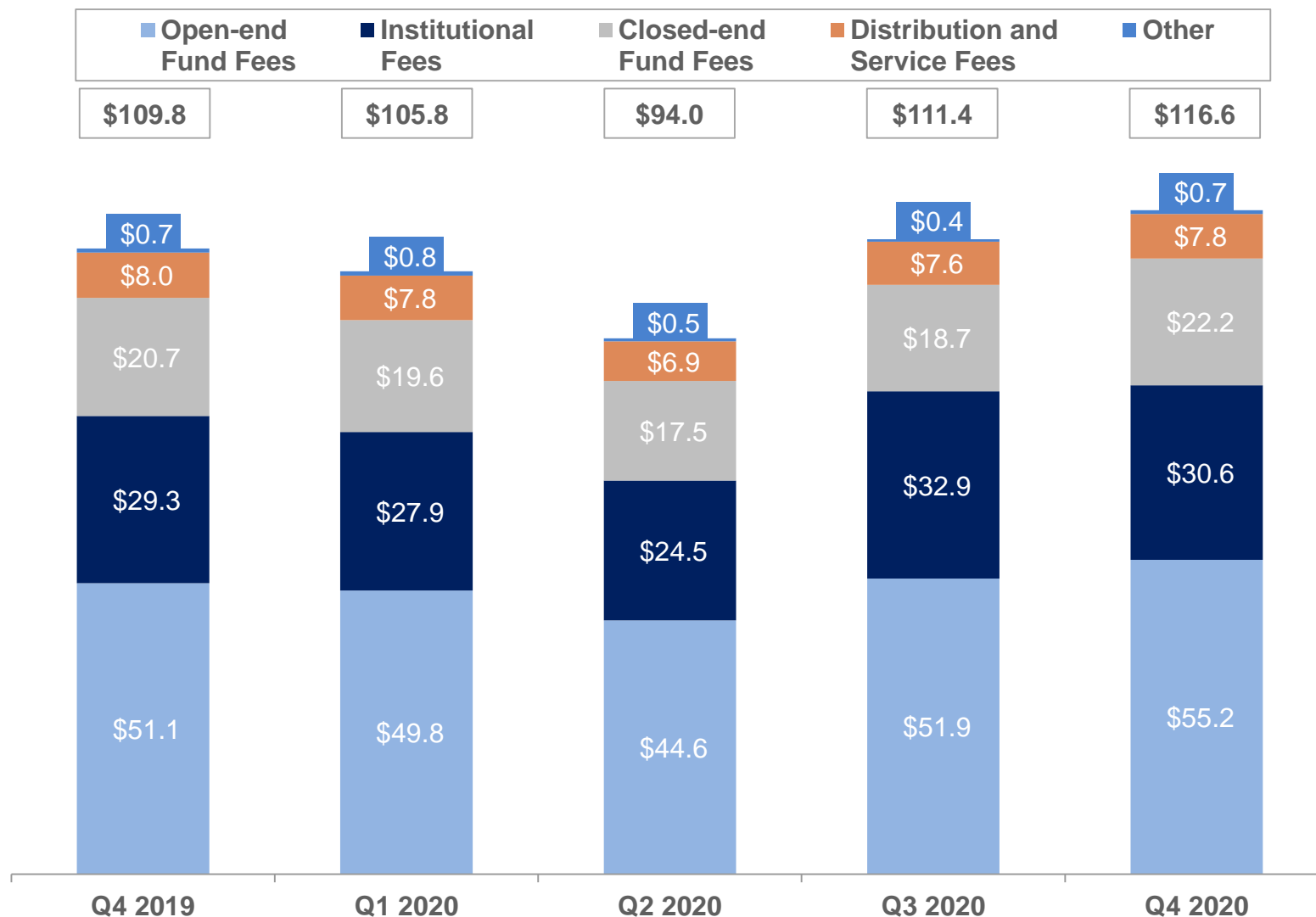
\$ in millions, except earnings per share and percentages



Please see pages 16-18 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

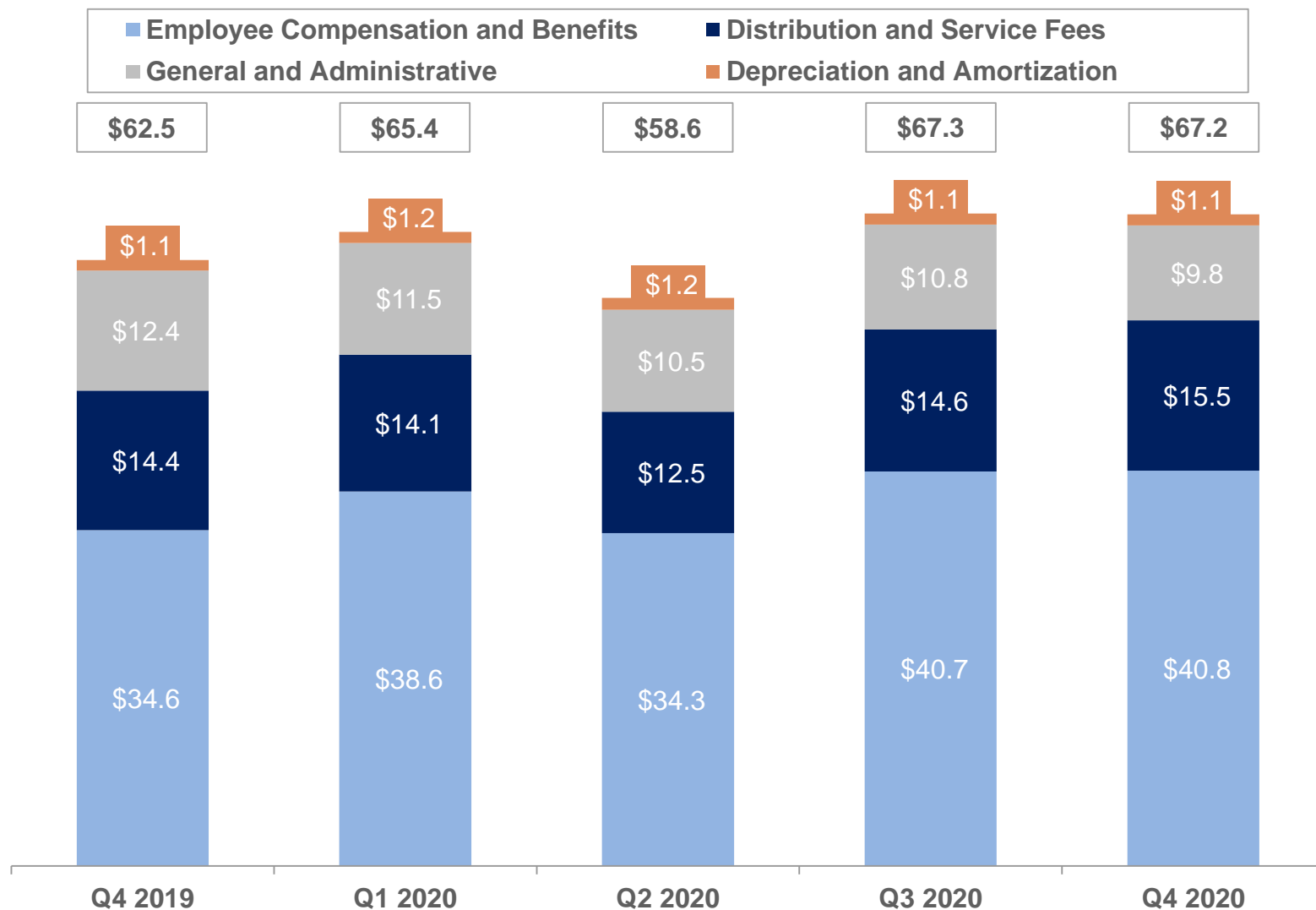


Please see pages 16-18 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

4 Totals may not foot due to rounding.

Expenses, as adjusted

\$ in millions

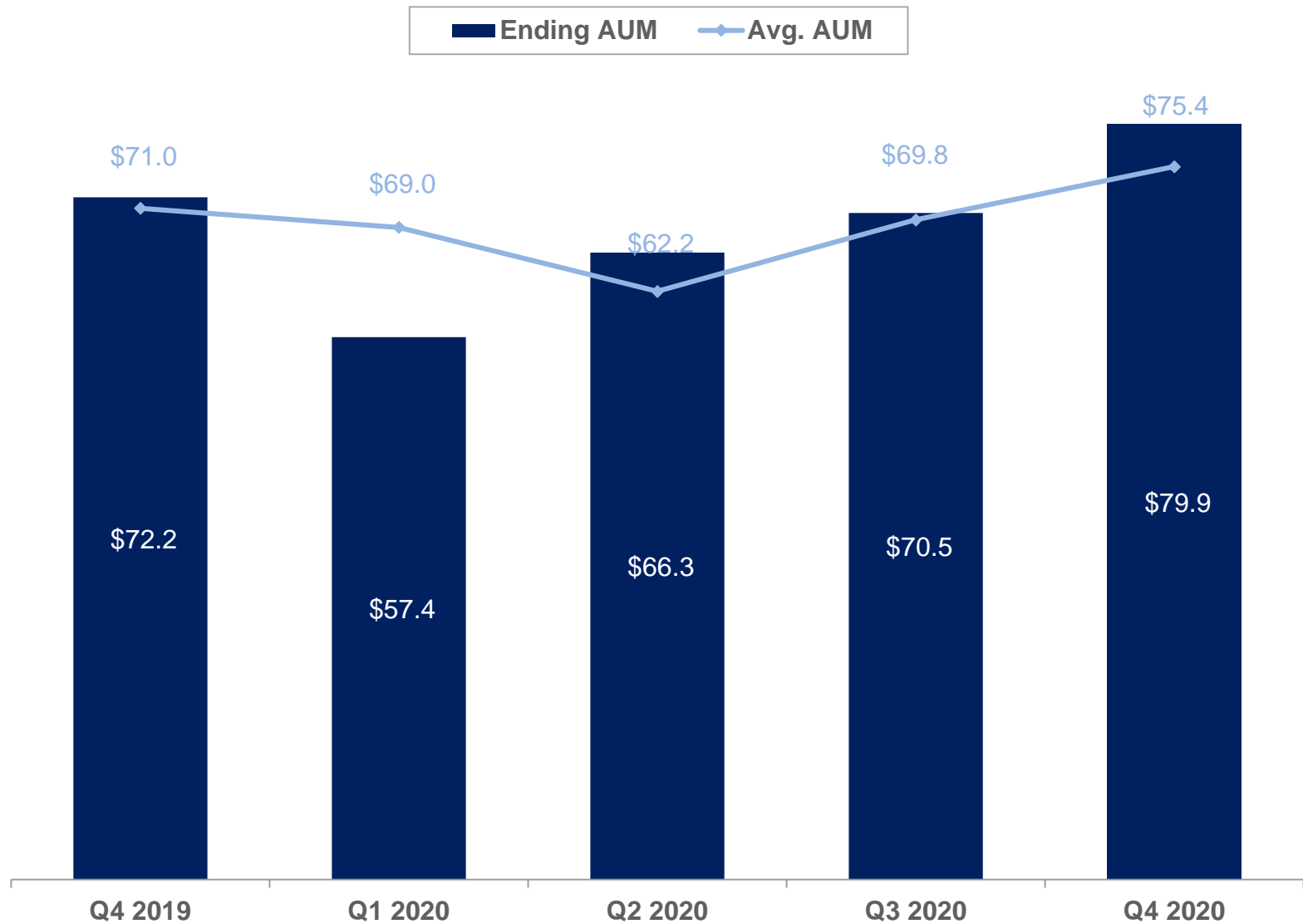


Please see pages 16-18 of this presentation for a reconciliation of the as adjusted financial measures to their most directly comparable U.S. GAAP financial measures.

5 Totals may not foot due to rounding.

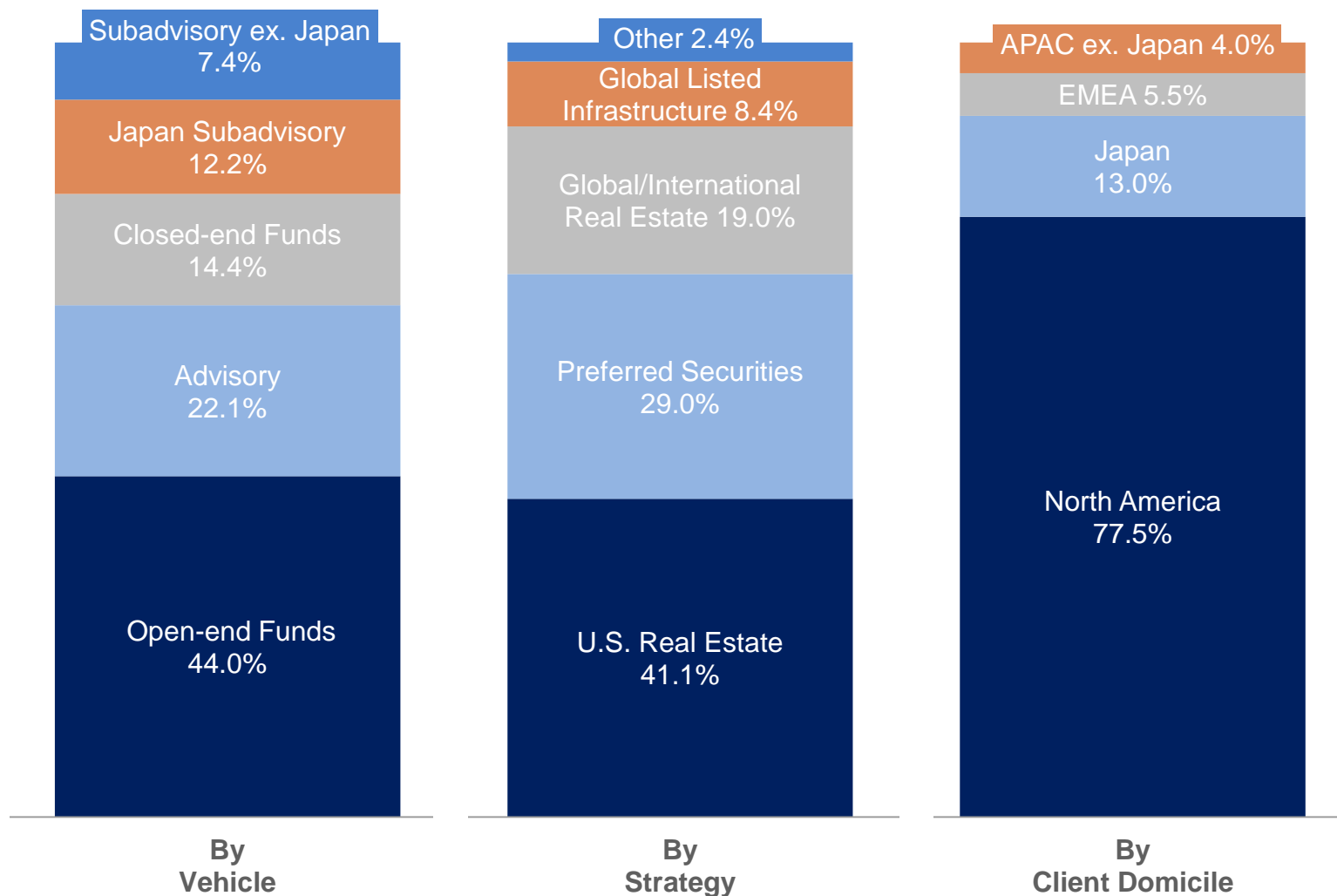
Assets Under Management

\$ in billions



Assets Under Management

Across Vehicle, Strategy, and Client Domicile



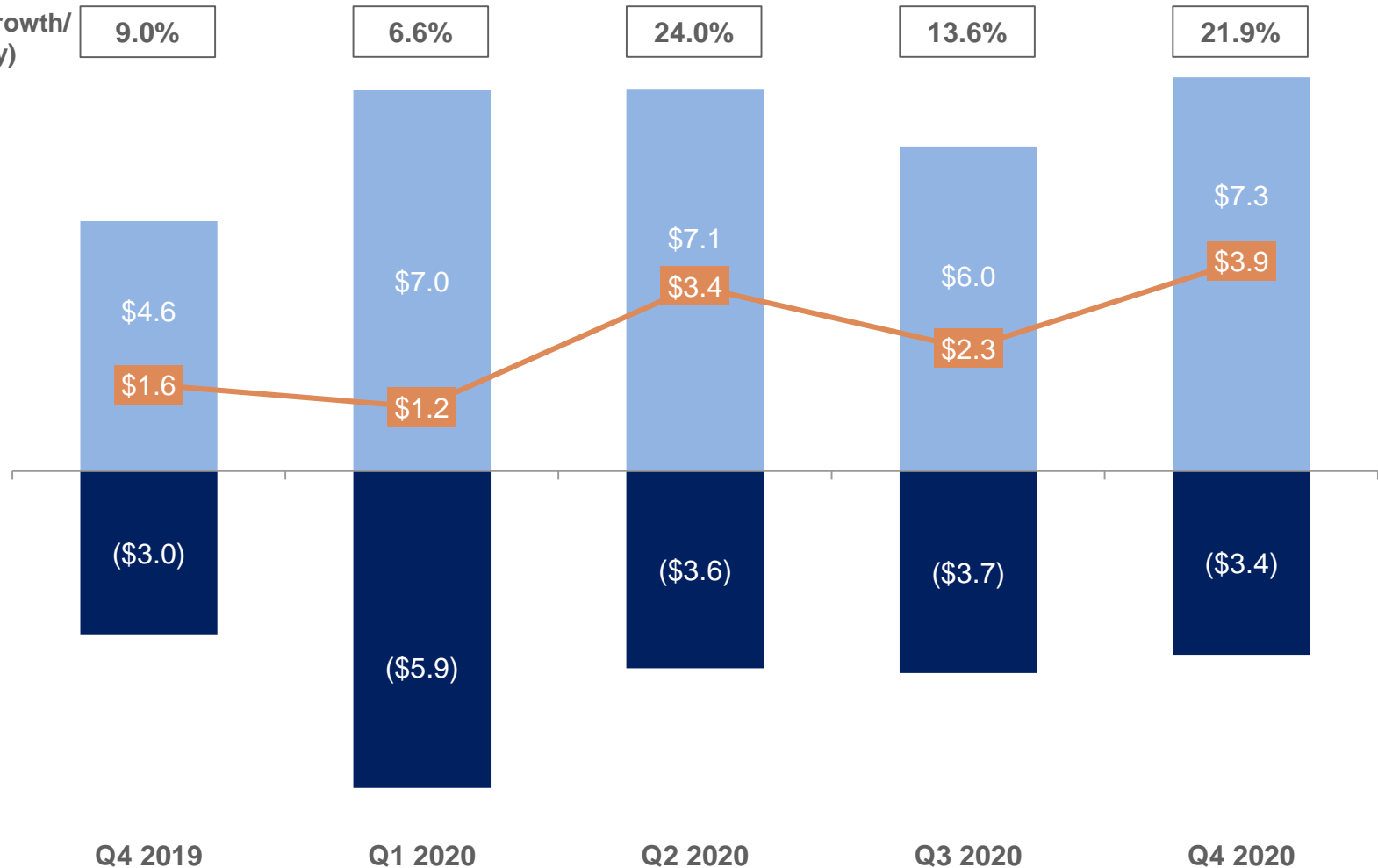
7 As of December 31, 2020.
Totals may not foot due to rounding.

Total Firm Net Flows

\$ in billions



Organic Growth/
(Decay)



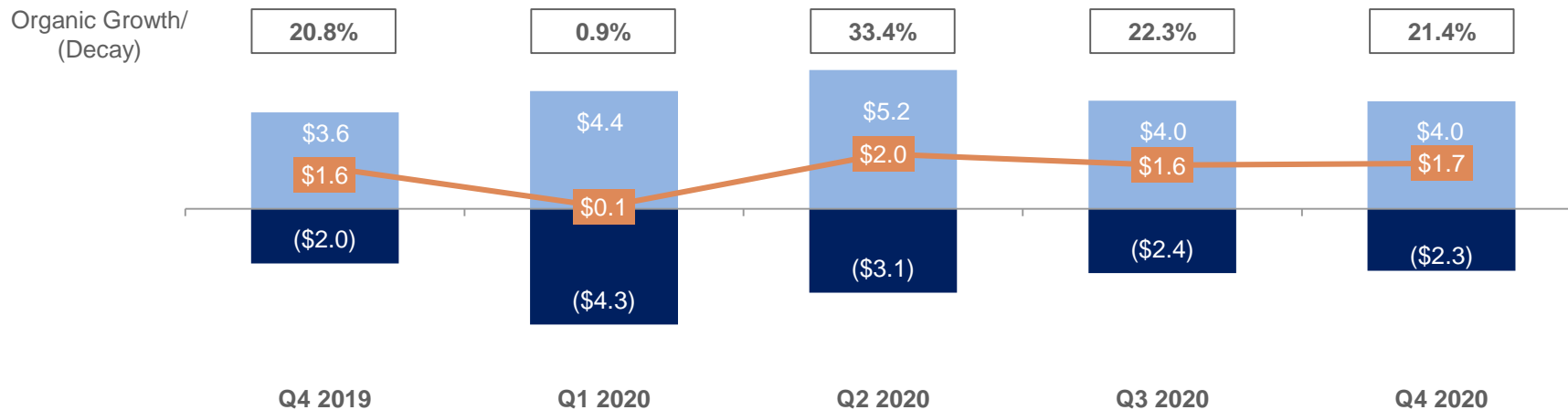
8 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

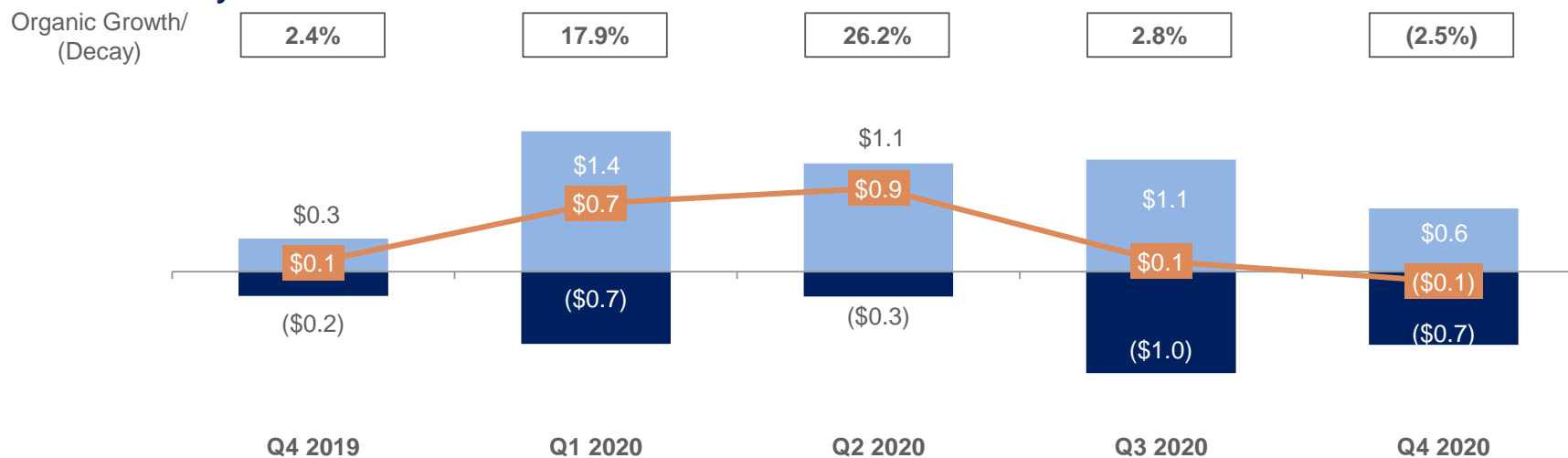
\$ in billions



Open-end Funds



Advisory



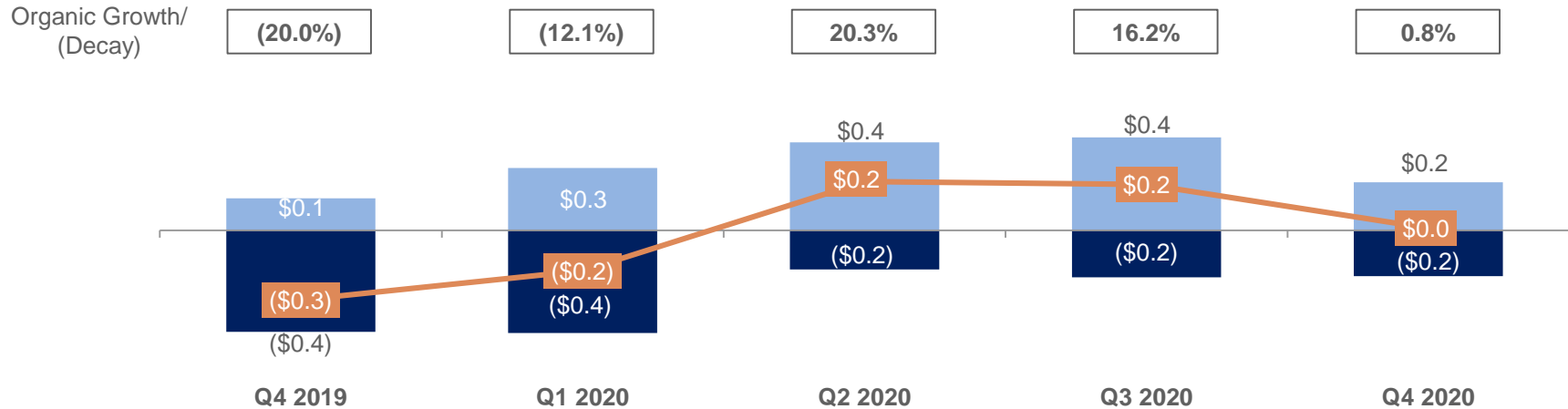
9 Totals may not foot due to rounding.

Net Flows by Investment Vehicle

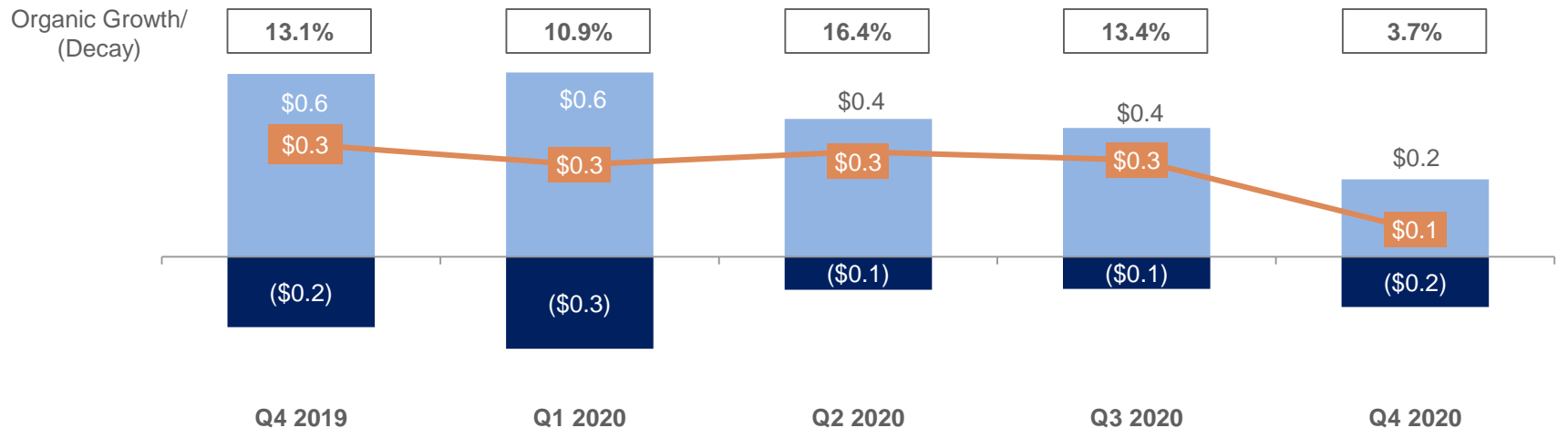
\$ in billions



Subadvisory ex. Japan



Japan Subadvisory



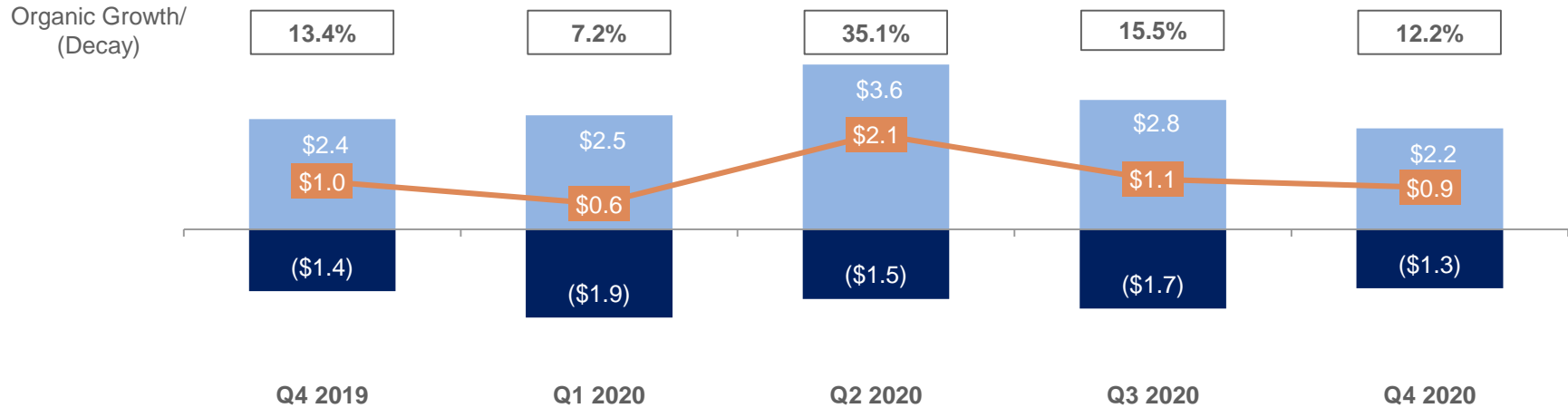
10 Totals may not foot due to rounding.

Net Flows by Investment Strategy

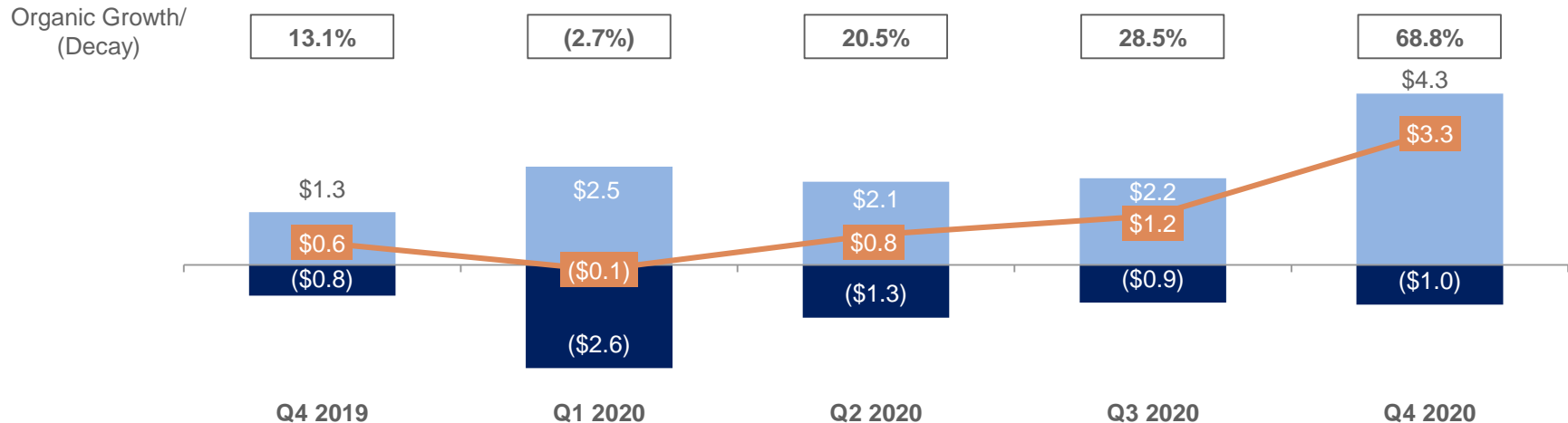
\$ in billions



U.S. Real Estate



Preferred Securities



11 Totals may not foot due to rounding.

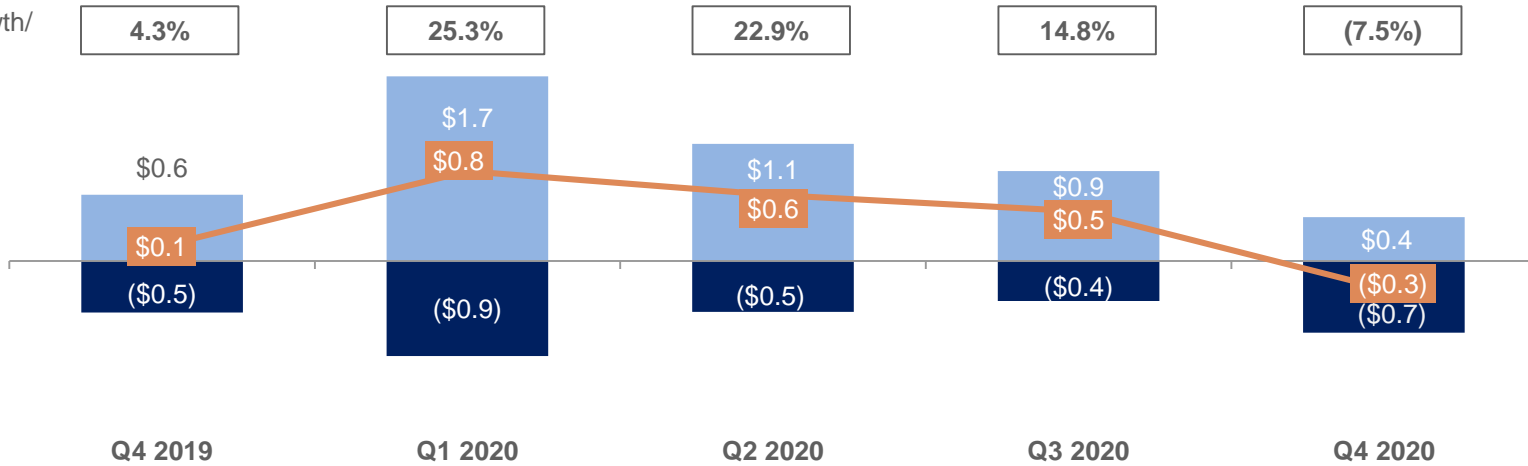
Net Flows by Investment Strategy

\$ in billions



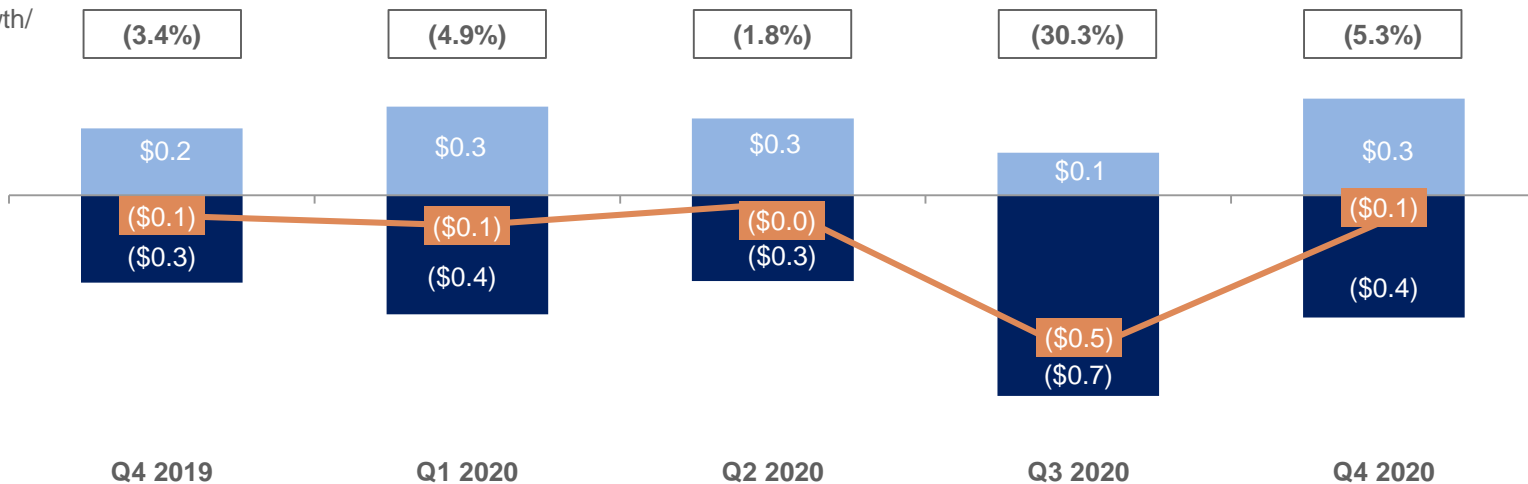
Global/International Real Estate

Organic Growth/
(Decay)



Global Listed Infrastructure

Organic Growth/
(Decay)

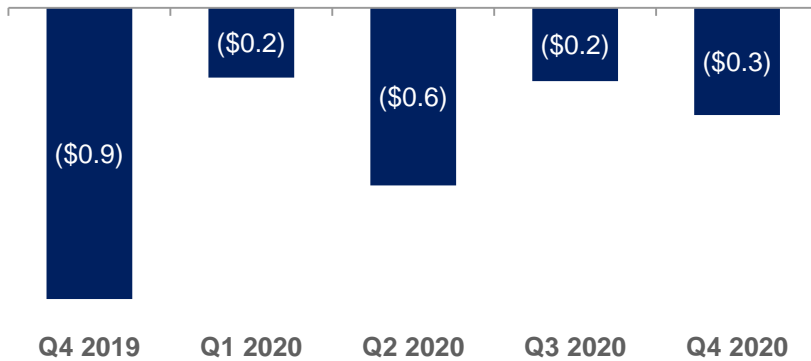


12 Totals may not foot due to rounding.

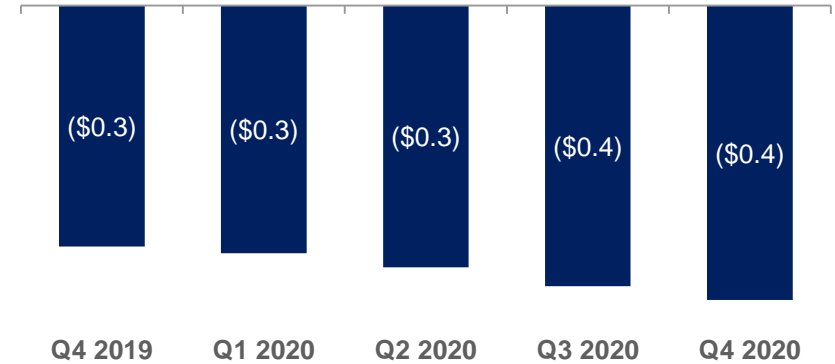
Distributions by Investment Vehicle

\$ in billions

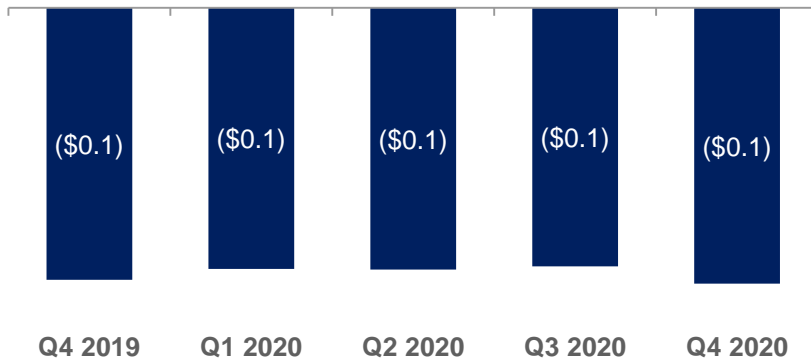
Open-end Funds



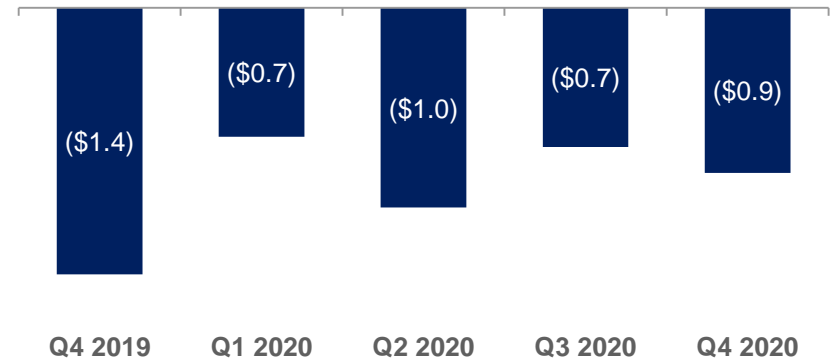
Japan Subadvisory



Closed-end Funds

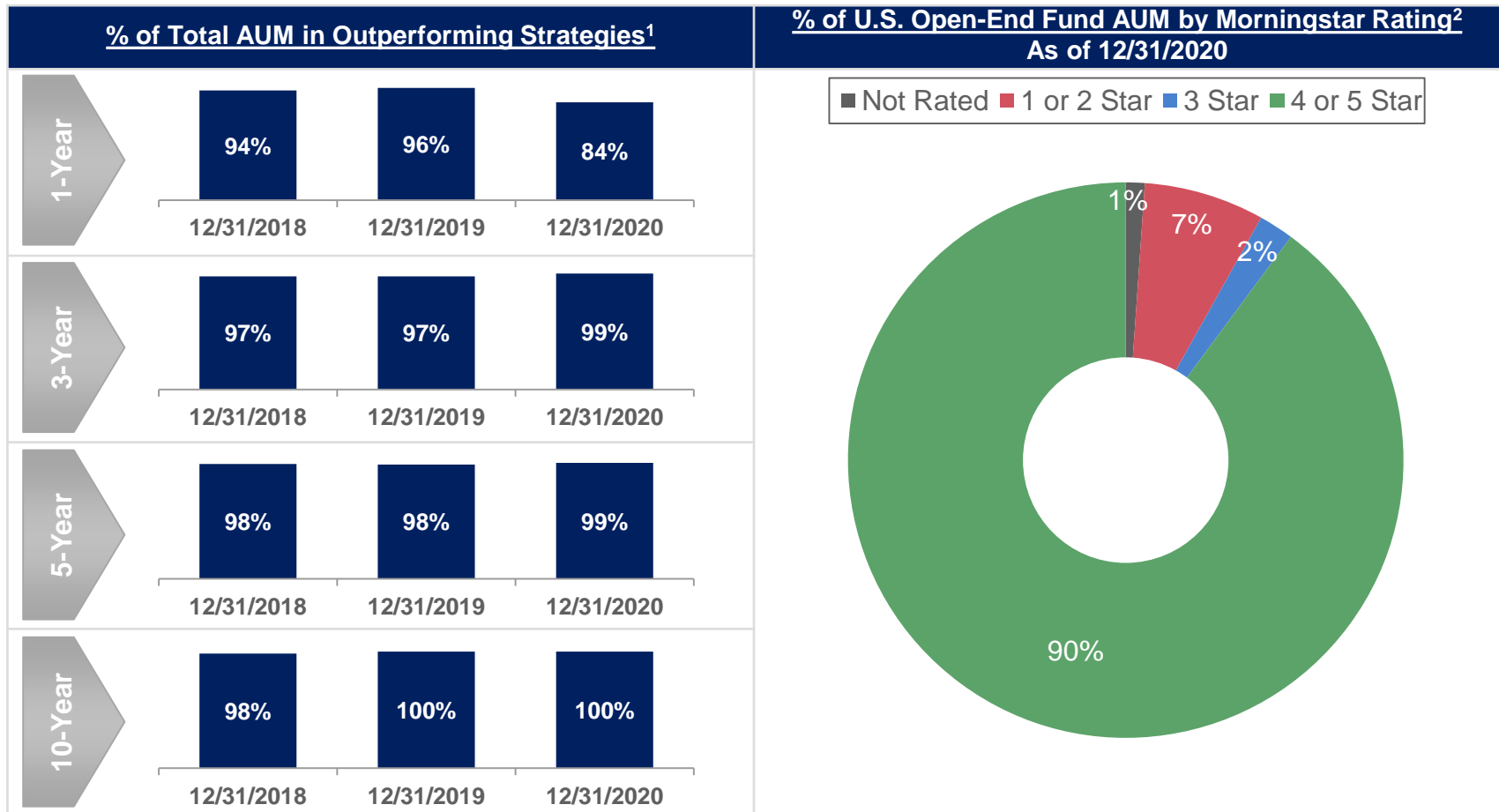


Total



13 Totals may not foot due to rounding.

Investment Performance

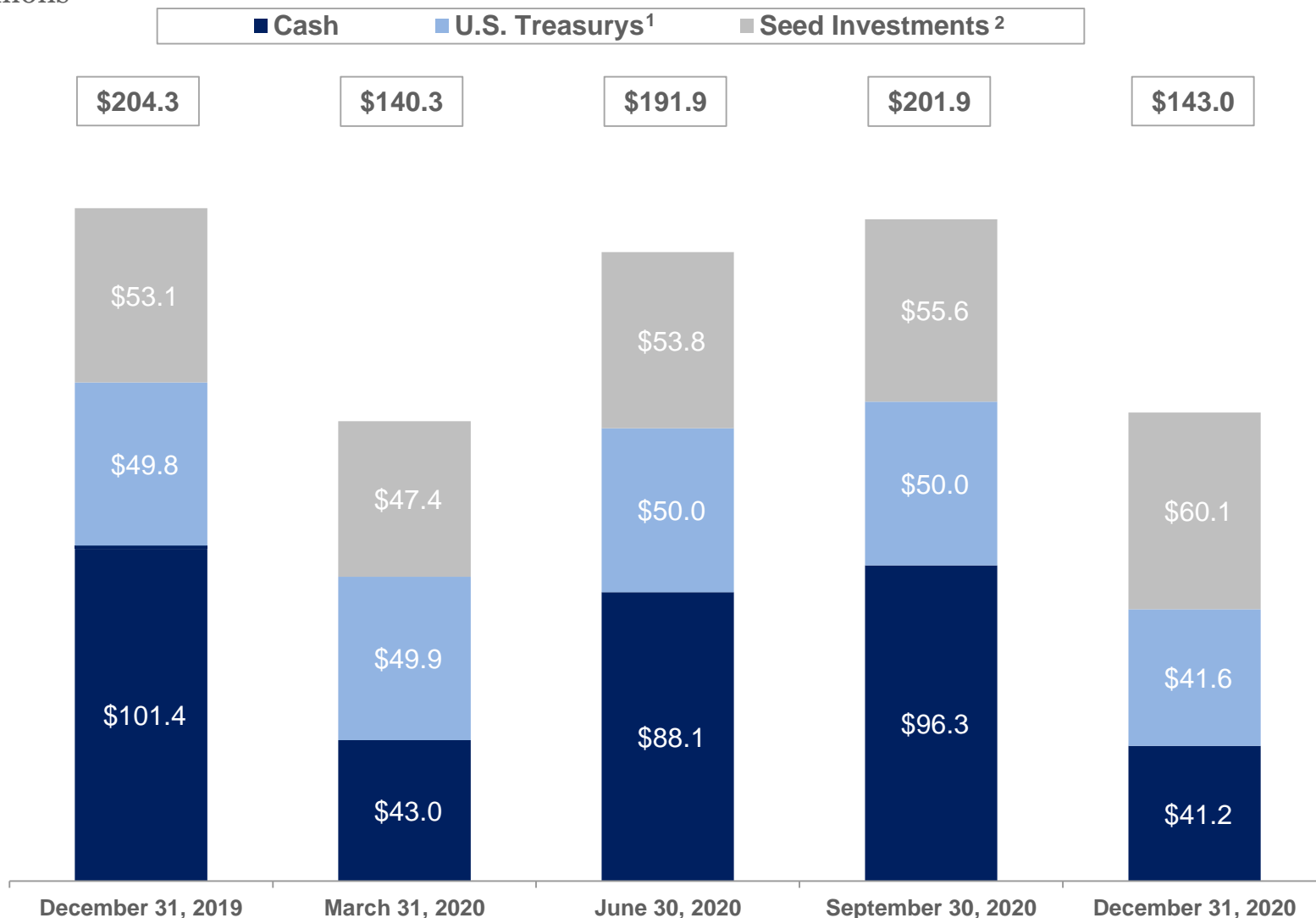


¹ Past performance is no guarantee of future results. Outperformance is determined by comparing the annualized investment performance of each investment strategy to the performance of specified reference benchmarks. Investment performance in excess of the performance of the benchmark is considered outperformance. 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 December 31, 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 19 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 12/31/20 with remaining maturity dates not exceeding 7 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

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

\$ in thousands, except per share data

	Three Months Ended					Year Ended	
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2019	December 31, 2020
Net income (loss) attributable to common stockholders, U.S. GAAP	\$36,728	\$20,572	\$28,520	\$31,904	(\$4,412)	\$134,621	\$76,584
Seed investments ⁽¹⁾	(1,393)	9,588	(3,885)	(1,686)	(2,574)	(11,858)	1,443
Accelerated vesting of restricted stock units	358	—	—	387	387	1,344	774
Initial public offering costs ⁽²⁾	—	—	—	310	60,249	—	60,559
Rights offering costs ⁽³⁾	346	11,859	—	—	—	346	11,859
Other non-recurring expenses ⁽⁴⁾	—	—	—	—	500	—	500
Foreign currency exchange (gains) losses – net ⁽⁵⁾	2,822	(1,927)	(117)	1,232	1,683	1,909	871
Tax adjustments ⁽⁶⁾	(2,864)	(10,653)	1,636	469	(18,751)	(2,002)	(27,299)
Net income attributable to common stockholders, as adjusted	\$35,997	\$29,439	\$26,154	\$32,616	\$37,082	\$124,360	\$125,291
Diluted weighted average shares outstanding	48,703	48,591	48,572	48,681	48,857	48,297	48,676
Diluted earnings (loss) per share, U.S. GAAP	\$0.75	\$0.42	\$0.59	\$0.66	(\$0.09)	\$2.79	\$1.57
Seed investments	(0.03)	0.20	(0.08)	(0.04)	(0.05)	(0.25)	0.03
Accelerated vesting of restricted stock units	0.01	—	—	0.01	0.01	0.02	0.02
Initial public offering costs	—	—	—	0.01	1.23	—	1.24
Rights offering costs	0.01	0.25	—	—	—	0.01	0.24
Other non-recurring expenses	—	—	—	—	0.01	—	0.01
Foreign currency exchange (gains) losses – net	0.06	(0.04)	—*	0.02	0.03	0.04	0.02
Tax adjustments	(0.06)	(0.22)	0.03	0.01	(0.38)	(0.04)	(0.56)
Diluted earnings per share, as adjusted	\$0.74	\$0.61	\$0.54	\$0.67	\$0.76	\$2.57	\$2.57

* 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 initial public offering of the Cohen & Steers Tax Advantaged Preferred Securities and Income Fund (PTA). Costs are summarized in the following table:

Employee compensation and benefits	\$—	\$—	\$—	\$—	\$1,317	\$—	\$1,317
Distribution and service fees	—	—	—	—	57,818	—	57,818
General and administrative	—	—	—	310	1,114	—	1,424
Initial public offering costs	\$—	\$—	\$—	\$310	\$60,249	\$—	\$60,559

(3) Represents costs associated with the Cohen & Steers Quality Income Realty Fund, Inc. (RQI) rights offering which were recorded in general and administrative expense in the first quarter of 2020 and fourth quarter of 2019.

(4) Represents other non-recurring expenses which were recorded in distribution and service fees.

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

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

Discrete tax items	(\$1,837)	(\$5,820)	\$13	\$62	(\$4,435)	(\$2,040)	(\$10,180)
Tax-effect of non-GAAP adjustments	(1,027)	(4,833)	1,623	407	(14,316)	38	(17,119)
Total tax adjustments	(\$2,864)	(\$10,653)	\$1,636	\$469	(\$18,751)	(\$2,002)	(\$27,299)

16 Totals may not foot due to rounding.

Non-GAAP Reconciliation

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

Adjusted <i>\$ in thousands, except percentages</i>	Three Months Ended					Year Ended	
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2019	December 31, 2020
Revenue, U.S. GAAP	\$109,847	\$105,830	\$94,087	\$111,159	\$116,460	\$410,830	\$427,536
Seed investments ⁽¹⁾	(19)	(29)	(60)	275	95	(438)	281
Revenue, as adjusted	\$109,828	\$105,801	\$94,027	\$111,434	\$116,555	\$410,392	427,817
Expenses, U.S. GAAP	\$63,385	\$77,461	\$58,792	\$67,852	\$128,374	\$250,696	\$332,479
Seed investments ⁽¹⁾	(224)	(228)	(229)	102	(69)	(1,323)	(424)
Accelerated vesting of restricted stock units	(358)	—	—	(387)	(387)	(1,344)	(774)
Initial public offering costs ⁽²⁾	—	—	—	(310)	(60,249)	—	(60,559)
Rights offering costs ⁽³⁾	(346)	(11,859)	—	—	—	(346)	(11,859)
Other non-recurring expenses ⁽⁴⁾	—	—	—	—	(500)	—	(500)
Expenses, as adjusted	\$62,457	\$65,374	\$58,563	\$67,257	\$67,169	\$247,683	\$258,363
Operating income, U.S. GAAP	\$46,462	\$28,369	\$35,295	\$43,307	(\$11,914)	\$160,134	\$95,057
Seed investments ⁽¹⁾	205	199	169	173	164	885	705
Accelerated vesting of restricted stock units	358	—	—	387	387	1,344	774
Initial public offering costs ⁽²⁾	—	—	—	310	60,249	—	60,559
Rights offering costs ⁽³⁾	346	11,859	—	—	—	346	11,859
Other non-recurring expenses ⁽⁴⁾	—	—	—	—	500	—	500
Operating income, as adjusted	\$47,371	\$40,427	\$35,464	\$44,177	\$49,386	\$162,709	\$169,454
Operating margin, U.S. GAAP	42.3%	26.8%	37.5%	39.0%	(10.2%)	39.0%	22.2%
Operating margin, as adjusted	43.1%	38.2%	37.7%	39.6%	42.4%	39.6%	39.6%

(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 initial public offering of PTA. Costs are summarized in the following table:

Employee compensation and benefits	\$—	\$—	\$—	\$—	\$1,317	\$—	\$1,317
Distribution and service fees	—	—	—	—	57,818	—	57,818
General and administrative	—	—	—	310	1,114	—	1,424
Initial public offering costs	\$—	\$—	\$—	\$310	\$60,249	\$—	\$60,559

(3) Represents costs associated with RQI rights offering which were recorded in general and administrative expense in the first quarter of 2020 and fourth quarter of 2019.

(4) Represents other non-recurring expenses which were recorded in distribution and service fees.

Non-GAAP Reconciliation

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

\$ in thousands

	Three Months Ended					Year Ended	
	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2019	December 31, 2020
Non-operating income (loss), U.S. GAAP	\$1,352	(\$19,843)	\$7,953	\$3,231	6,989	\$27,415	(\$1,670)
Seed investments ⁽¹⁾	(2,830)	21,893	(7,696)	(3,961)	(8,079)	(25,106)	2,157
Foreign currency exchange (gain) loss-net ⁽²⁾	2,822	(1,927)	(117)	1,232	1,683	1,909	871
Non-operating income (loss), as adjusted	\$1,344	\$123	\$140	\$502	\$593	\$4,218	\$1,358

(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, June 30, 2020 and September 30, 2020 (the First, Second and Third 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, Second and Third 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 16-18 of this presentation.

Investment Performance:

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