Real Assets

We would like to share with you our review and outlook for investments in real assets as of March 31, 2021, including global real estate securities, commodities, natural resource equities and global infrastructure stocks.

Investment Review

Diversified real assets rose in the first quarter, driven mainly by strong gains in global natural resources, with slight contributions from gold and global infrastructure. Optimism about COVID vaccines and expectations for a sustainable economic recovery outweighed growing inflation concerns that were touched off by expansion in manufacturing activity and hiring. The yield on the 10-year U.S. Treasury rose notably as investors considered rising input prices and expectations for large fiscal policy stimulus. The increasing pace of reopenings and easing of travel restrictions lifted expectations for strong economic activity in the second quarter.

Global Real Estate

Global real estate securities rose amid economic growth optimism. Although government bond yields rose sharply in the quarter amid increased inflation concerns, real estate generally benefited from investor optimism around economic recovery prospects, with the U.S. bolstered by vaccine rollout progress and the passage of a $1.9 trillion stimulus package. In the U.S., REIT performance was mostly positive across sectors, with a generally positive fourth-quarter earnings season. Shopping centers and regional malls were the biggest winners, while hotels outperformed amid accelerating economic sentiment. Laggards included sectors that performed well in 2020, such as secular-growth-oriented data centers and industrial. Japan and Hong Kong outperformed more rate-sensitive Asia-Pacific markets. Singapore trailed the region overall as the rise in bond yields had a negative effect on share prices. Australia underperformed, weighed down in part by rate-sensitive residential developers. In Europe, renewed COVID concern dampened sentiment but the U.K. rose as economic recovery expectations lifted some of the market's more beaten-down property types. Germany underperformed in part due to declines in select apartment owners.

Index Performance (US$)

	Linked Index[1]
Q1 2021	5.57%
1 Year	33.45%
3 Year	4.42%
5 Year	5.34%

(1) Linked Index: The linked blended benchmark consists of 30% Bloomberg Commodity Total Return Index, 30% FTSE EPRA Nareit Developed Real Estate Index-net, 20% S&P Global Natural Resources Index-net, 12.5% ICE BofA 1-3 Year Global Corporate Index, and 7.5% Gold Spot price from 1/31/2012 through 9/30/2013; and by 27.5% FTSE EPRA Nareit Developed Real Estate Index-net, 27.5% Bloomberg Commodity Total Return Index, 15% S&P Global Natural Resources Index-net, 10% ICE BofA 1-3 Year U.S. Corporate Index, 5% Gold Spot price and 15% Dow Jones-Brookfield Global Infrastructure Index from 10/1/2013 and thereafter.

Data quoted represents past performance, which is no guarantee of future results.

This information is not representative of any Cohen & Steers account and no such account will seek to replicate an index. You cannot invest directly in an index and index performance does not reflect the deduction of fees, expenses or taxes.

Periods greater than 12 months are annualized.

Global Listed Infrastructure

Listed infrastructure rallied but modestly trailed the broad global equity market. Investors' risk appetite was mixed, with vaccine rollout challenges, new virus strains and rising U.S. bond yields and inflation concerns somewhat offset by expectations for a sustainable economic recovery. The mixed sentiment led to a wide dispersion in performance within the listed infrastructure space. Travel-related sectors underperformed as optimism around effective vaccines was overshadowed by rollout challenges, new virus strains and new or extended travel restrictions. More economically sensitive infrastructure sectors rallied amid improving conditions.

Natural Resource Equities

Natural resource equities advanced in the first quarter, powered by gains in more cyclical, value-oriented companies. The period saw positive absolute and relative performance of cyclical stocks, with optimism about vaccines and economic reopenings lifting beaten-down names that have the most to benefit from virus containment. The prospect of accelerating economic growth outweighed growing inflation concerns; the 10-year U.S. Treasury yield notably spiked, as investors considered rising input prices and expectations for large fiscal policy stimulus. The energy sector was a top performer, rallying on an improving supply and demand profile. For supply, the OPEC+ accord has remained mostly intact, with Saudi Arabia offering incremental supply cuts compared with the original agreement. Agribusiness benefited from higher crop prices amid a tight supply/demand outlook. Industrial metals (copper, steel, diversified mining) rallied by double-digits, while gold/precious metals declined. Fundamentals for industrial metals remained favorable, with demand across construction, autos, appliances and machinery coming in better than expected and supply being restrained by

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continued impacts from COVID and delayed capacity expansion plans.

Commodities

Commodities rallied as economies worked to open and U.S. employers hired more workers. Positive indicators included signs of continued economic growth, particularly in employment statistics, and the potential for additional fiscal stimulus from President Biden's $2.4 trillion infrastructure proposal. A strong expansion in U.S. manufacturing in March reinforced the sentiment that inflationary pressures are building. Oil prices held firm while the petroleum complex benefited from rebounding global demand. Precious metals fell amid a continued increase in real yields and the U.S. dollar. Gold and silver reacted to an increase in inflation-adjusted bond yields. Industrial metals remained solid despite tapering from a stronger dollar and rising real yields in March.

Investment Outlook

Asset Allocation

We remain overweight natural resource equities based on a supportive macroeconomic backdrop, and have modest overweights in real estate stocks and short-duration credit. We maintain a modest overweight to commodities as signs of continued economic growth—namely continued reopenings, eased travel restrictions and an expansion in manufacturing—continue to point to strong economic activity in the second quarter. We are underweight infrastructure stocks and gold due to less attractive relative valuations.

Commodities

We believe strong global demand growth and OPEC compliance to its remaining production cuts agreement are supportive of crude oil. Given our fundamental supply/demand outlook, which discounts the gradual return of OPEC and Iran barrels, we expect Brent crude prices to move into the mid- to high-$60s per barrel by year end. We remain cautious on industrial metals as they have repriced to above pre-COVID levels on a recovery in demand from China and the rest of the world but are more constructive on a medium-term basis, expecting demand to recover globally, helped by fiscal stimulus and lower production resulting from underinvestment during the pandemic.

We continue to favor corn and the soybean complex, the two areas with the tightest U.S. and global balance sheets and the greatest exposure to continued weather risks in South America.

Because of a potential crop disappointment in Brazil and the likely acceleration of vaccine-related demand from importing countries, we continue to favor coffee. We are bullish on the forward-looking prospects for cotton, with prices not yet evidently curtailing above-target demand for U.S. exports and deferred prices not high enough to adequately defend U.S. cotton acreage against surging soybean and corn values.

Cattle prices could remain under pressure through the first half of the year. An impressive rally in lean hog and pork prices and revisions to the USDA Hogs and Pigs report suggests the market has been overestimating the size of the U.S. hog herd and estimated backlog of animals resulting from the meat packing plant closures in 2020. We think the fundamentals for the hog market in the U.S. are on a solid footing but valuations appear stretched.

Natural Resource Equities

We believe natural resource equities represent an attractive and growing opportunity for the next 18 months. Wider availability of a vaccine and a return to a "normal" business environment would likely accelerate demand for natural resources. In the meantime, we recognize that delays in distributing a vaccine and renewed lockdowns might temper demand in the short run.

Food producers remain a compelling opportunity in agribusiness. China's hog rebuilding efforts in the wake of African swine fever may continue to buttress strong grain export demand. We expect demand for soybeans and soybean meal to increase as the foodservice industry recovers, further aided by Argentina's continued absence from the global meal export market.

Crude oil balances are expected to improve further. We see crude oil demand steadily recovering, a trend that may accelerate as economies reopen. Longer term, we think fundamentals are likely to continue to slowly strengthen.

Metals & mining continue to display attractive fundamentals. Policy-driven demand (the green agenda and infrastructure stimulus), supply restrictions (from COVID disruptions and underinvestment) and a favorable macro backdrop (with a longer-term weakening in the U.S. dollar and reflationary pressures) may provide a structural tailwind for miners. We see a favorable supply/demand picture for copper and steel producers.

Global Real Estate

Global real estate appears well positioned for the year ahead as the sector could be a prime beneficiary of a widely available vaccine and continued economic expansion. Low interest rates and increasing fiscal spending globally could help to accelerate this process. Our expectation is for the U.S. Federal Reserve to remain accommodative in the near term. REITs have historically delivered their strongest returns—both in absolute terms and relative to broader equities—in the early

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stages of economic recoveries, as GDP accelerates but interest rates remain relatively low.

Within the U.S. REIT market, we have a favorable view on health care and see value in assisted living landlords. Our European focus is primarily on secular investment themes and defensive businesses and have been narrowing our overweight in continental Europe on concerns around the region's vaccine rollout and the potential impact on economic recovery. We remain overweight Asia Pacific as a group. Valuations for Hong Kong appear attractive and economic activity is beginning to rebound, although political uncertainty is still a risk. In Australia, property sectors that are relatively insulated from global demand drivers and the encroachment of e-commerce activity are the most attractive. In Singapore, we have a favorable view of data centers and health care. We remain overweight Japanese developers although we slightly reduced our positioning recently due to less attractive relative valuations.

Global Listed Infrastructure

We maintain a balanced portfolio, reflecting optimism around the economic and activity implications of vaccine distribution globally. Valuations for listed infrastructure remain near a decade-low discount relative to the broad global equity market, in sharp contrast to historically commanding a premium valuation. Rising rates and inflation may impact certain sectors in the near term, but infrastructure returns have historically shown attractive levels of sensitivity to unexpected inflation. The Biden Administration's proposed $2.4 trillion infrastructure package and tax changes are a clear positive for listed infrastructure. We remain overweight telecom infrastructure in our defensive bucket, matched with an underweight in utilities. We remain cautious on mass transportation-oriented infrastructure, such as airports and toll roads, ahead of what could be a lag in travel resumption. We see relatively attractive valuations in the midstream space and anticipate a modest increase in energy production volumes.

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Sector Diversification

	Q1 2021
Commodities	**28.7%**
Energy	10.8%
Agriculture	9.6%
Precious Metals	4.5%
Industrial Metals	3.1%
Livestock	0.7%
Global Real Estate Securities	**26.7%**
Diversified	5.5%
Residential	4.8%
Industrial	3.8%
Health Care	3.0%
Retail	2.5%
Self Storage	2.0%
Hotel	1.5%
Office	1.4%
Data Centers	0.9%
Specialty	0.8%
Industrial Office	0.3%
Timber	0.2%
Global Natural Resource Equities	**16.8%**
Energy	6.1%
Agribusiness	5.7%
Metals & Mining	4.8%
Others	0.3%
Global Natural Resource Equities	0.0%
Global Listed Infrastructure	**11.8%**
Midstream- C Corp	2.9%
Tower	2.4%
Electric	2.3%
Toll Roads	1.2%
Gas Distribution	0.8%
Water	0.8%
Airports	0.5%
Freight Rails	0.5%
Marine Ports	0.2%
Data Centers	0.1%
Telecommunications	0.1%
Passenger Rails	0.1%
Global Listed Infrastructure	0.0%
Short Duration Credit	**10.1%**
USD	10.1%
Gold	**4.0%**
Gold	4.0%
Cash	**1.8%**
Cash	1.8%

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The Bloomberg Commodity Total Return Index is a broadly diversified index that tracks the commodity markets through commodity futures contracts. The index is made up of exchange-traded futures on physical commodities, which are weighted to account for economic significance and market liquidity.

The Dow Jones Brookfield Global Infrastructure Index is a float-adjusted market-capitalization-weighted index that measures performance of globally domiciled companies that derive more than 70% of their cash flows from infrastructure lines of business.

The FTSE EPRA Nareit Developed Real Estate Index- net is an unmanaged market-capitalization-weighted total-return index, which consists of publicly traded equity REITs and listed property companies from developed markets and is net of dividend withholding taxes.

The ICE BofA 1-3 Year U.S. Corporate Index tracks the performance of US dollar-denominated investment-grade corporate debt publicly issued in the US domestic market, with a remaining term to final maturity of less than 3 years.

The S&P Global Natural Resources Index-net includes the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements and is net of dividend withholding taxes.

Gold is represented by the Gold Spot price in U.S. dollars per Troy ounce.

An investor cannot invest directly in an index and index performance does not reflect the deduction of any fees, expenses or taxes. Index comparisons have limitations as volatility and other characteristics may differ from a particular investment.

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