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The U.S. real estate market, as represented by the FTSE Nareit Equity REIT Index, had a 0.8% total return in the third quarter, bringing the year-to-date return to 1.8%.

Investment Review

U.S. REITs had a modest gain in the third quarter. The U.S. saw continued job growth, reaccelerating economic activity, rising corporate profits and an 18-year high in consumer confidence. While these factors helped to drive REITs initially higher, U.S. REIT performance slipped later in the quarter as the 10-year U.S. Treasury moved above 3%.

The period saw a continuation of real estate M&A activity, a trend that has highlighted the value opportunities in REITs. Prices for recent acquisitions have occurred at a significant premium to the target company's stock price prior to the offer. Merger news in the quarter included Pebblebrook Hotel Trust upping its $5.2 billion combined cash and stock offer to purchase LaSalle Hotel Properties, outbidding Blackstone Group's all-cash $4.8 billion offer. Brookfield also made a $9.7 billion bid for diversified landlord Forest City, representing an 11% premium.

While many property sectors finished higher, including apartments, manufactured homes and data centers, U.S. REITs were restrained by weakness in regional malls, offices and self storage facilities.

Sector Highlights

- Apartments (4.4% total return) outperformed as demand remained strong and occupancy rates improved for Avalon Bay Communities and UDR, two key constituents in the index.
- In data centers (2.3%), Digital Realty Trust reported a record quarter for leasing activity by a significant margin. According to management, data center demand has picked up appreciably in 2018 and now rapidly exceeds supply.
- Regional malls (–1.0%) were pressured by CBL & Associates, which declined significantly after the lower-quality mall operator reported weak business results, prompting management to consider cutting its dividend next year. However, higher-quality malls generally outperformed, as broad retail sales continued to fare better than expected.
- Offices (–2.5%) with a West Coast presence were pressured amid lingering concerns that increased data regulation may adversely impact large technology companies, major tenants in the region. Additionally, Proposition 13, a California ballot measure that would remove caps on property taxes for commercial real estate (other than residential), collected enough signatures to likely appear on the 2020 ballot. If passed, this would likely result in rising property taxes, and on the margin,

Index Performance (US$)

	FTSE Nareit Equity REIT Index
Q3 2018	0.79%
YTD	1.81%
1 Year	3.35%
3 Year	7.63%
5 Year	9.17%
10 Year	7.44%

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.

Index Characteristics

	FTSE Nareit Equity REIT Index
Premium to NAV	3.1%
Premium or Discount to DDM	5.3%
Dividend Yield	4.2%
Price/Cash Flow (2018E)	17.6x
Cash Flow Growth (2018E vs. 2017)	4.0%
Cash Flow Growth (2019E vs. 2018E)	5.9%
5-Year Cash Flow Growth	4.8%
Total Market Capitalization	$886.4B
Weighted Average Market Cap.	$16.1B
Number of Holdings	163

Source: Cohen & Steers.

Characteristics are market capitalization-weighted averages of estimates for companies in the FTSE Nareit Equity REIT Index and are subject to change over time.

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make it hard to push through higher rental rates, as real estate taxes are a pass-through expense to the tenant.

- Health care (2.6%) benefited from a broad improvement in tenant issues, particularly in skilled nursing, that have pressured the sector in recent years.
- Self storage REITs (–10.2%) underperformed in light of disappointing results from Extra Space Storage and Public Storage, both of which raised concerns of accelerating supply and slowing demand.

Fund Performance

The Fund had a positive total return in the quarter and outperformed its benchmark. Stock selection in regional malls contributed to relative performance, as the portfolio did not own several lower-quality malls that underperformed. Stock selection in apartments also aided performance, due in part to a beneficial overweight in UDR. Stock selection in industrial (1.6% total return in the index) additionally contributed, due to an overweight in Americold Realty Trust, which executed well in its most recent earnings. Stock selection in data centers further contributed to performance, aided by an overweight in CyrusOne amid a strong leasing environment.

Stock selection in offices detracted from performance, due to the portfolio's overweight in West Coast offices. An underweight in the free standing sector (4.8%) and stock selection in shopping centers (0.6%) also detracted from performance, as the portfolio did not own Realty Income and had an overweight in DDR, respectively.

Investment Outlook

We expect the U.S. economy to remain on firm footing over the next year, supported by a continued upturn in the business cycle, low unemployment and rising business and consumer confidence. We believe REITs continue to offer the potential to help investors diversify their portfolios, underscored by solid fundamentals, attractive relative value and low correlations with equities.

Data centers, towers and residential appear attractive. We expect data centers and cell towers will continue to enjoy robust demand growth, potentially aided by a tax reform provision that allows for the immediate expensing of certain equipment purchases. We also maintain a favorable view of urban apartments, which we expect will benefit from a positive turn in cash-flow trends. A healthy job market may continue to boost demand in the manufactured homes and single-family-for-rent sectors as well.

Retail landlords and health care face continued headwinds. We continue to limit the portfolio's exposure to properties that we believe will remain fundamentally challenged. This includes regional malls, which are likely to struggle for years to come, as landlords will need to invest significant capital to transform properties into spaces that are better suited to today's consumer, adding destinations such as restaurants, gyms and movie theaters. Department stores are also becoming increasingly obsolete, potentially driving higher capital expenditures to attract new tenants to the large void left by the retailers. However, we are now modestly overweight shopping centers, due to improving valuations and stabilizing fundamentals; shopping center tenants tend to serve consumers with more needs-based goods and services, such as grocery stores, than regional malls. We remain modestly underweight health care REITs, as we expect only a small improvement in their growth prospects for the coming year.

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Index Sector Total Returns

Sector	Q3 2018	YTD 2018
Manufactured Home	4.96 %	11.04 %
Hotel	1.06 %	9.61 %
Industrial	1.61 %	7.36 %
Free Standing	4.82 %	6.66 %
Apartment	4.40 %	5.37 %
Health Care	2.57 %	4.36 %
Specialty	3.70 %	3.20 %
Self Storage	-10.22 %	0.84 %
Single Family Homes	-0.35 %	-0.54 %
Data Centers	2.29 %	-0.89 %
Office	-2.46 %	-2.70 %
Regional Mall	-1.00 %	-3.19 %
Shopping Center	0.63 %	-3.97 %
Diversified	0.63 %	-5.46 %

Source: Cohen & Steers.

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As of September 30, 2018, UDR, Americold, CyrusOne, Realty Income and DDR accounted for 5.5%, 1.0%, 2.6%, 0% and 1.3% of the Fund, respectively. The mention of specific securities is not a recommendation or solicitation to buy, sell or hold any particular security and should not be relied upon as investment advice. Weights may vary over time and holdings are subject to change without notice.

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The FTSE Nareit Equity REIT Index contains all tax-qualified REITs except timber and infrastructure REITs with more than 50% of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

The S&P 500 Index is an unmanaged index of 500 large-capitalization stocks that is frequently used as a general measure of U.S. stock market performance.

The views and opinions in the preceding commentary are as of the date of publication and are subject to change. There is no guarantee that any market forecast in this report will be realized.

This material should not be relied upon as investment advice, does not constitute a recommendation to buy or sell a security or other investment and is not intended to predict the performance of any investment.

Please consider the investment objectives, risks, charges of any Cohen & Steers fund carefully before investing. A summary prospectus and prospectus containing this and other information can be obtained by calling 800.330.7348. Please read the summary prospectus and prospectus carefully before investing. Cohen & Steers U.S. registered open-end funds are distributed by Cohen & Steers Securities, LLC, and are only available to U.S. residents.

This commentary is authorized for distribution only when preceded or accompanied by the current factsheet for Cohen & Steers Realty Shares.

Cohen & Steers Realty Shares

The investment objective of the Fund is to achieve total return through investment in real estate securities. Real estate securities include common stocks, preferred stocks and other equity securities of any market capitalization issued by real estate companies, including real estate investment trusts (REITs) and similar REIT-like entities.

General Information

CUSIP	Symbol
192476109	CSRSX
NAV per Share	$63.75
Total Net Assets	$4.2 Billion
Number of Holdings	44
Dividend Frequency	Quarterly
Expense Ratio Gross[(1)]	0.97%
Load or 12b-1 Fee	None

(1) As disclosed in the May 1, 2018 prospectus.

Portfolio Managers

	Managing Fund Since	Years of Experience
Tom Bohjalian, CFA	2012	28
Jon Cheigh	2007	23
Jason Yablon	2013	19

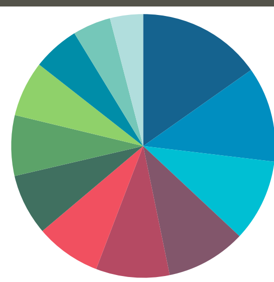
Total Returns

	Fund	FTSE Nareit Equity REIT Index	S&P 500 Index
QTD	1.28%	0.79%	7.71%
YTD	2.68%	1.81%	10.56%
1 Year	5.73%	3.35%	17.91%
3 Year	7.79%	7.63%	17.30%
5 Year	9.66%	9.17%	13.95%
10 Year	8.15%	7.44%	11.97%
Since Inception (7/2/91)	11.53%	10.83%	10.02%

Since inception for FTSE Nareit Equity REIT is calculated from nearest month-end.

Data quoted represents past performance, which is no guarantee of future results. Performance returns stated net of fees. There is no guarantee that any historical trend illustrated in this report will be repeated in the future, and there is no way to predict when such a trend will begin. There is no guarantee that any market forecast in this report will be realized. Current performance may be lower or higher than the performance quoted. *The investment return and the principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Periods greater than 12 months are annualized. Returns are historical and include change in share price and reinvestment of all distributions. Month-end performance information can be obtained by visiting our website at cohenandsteers.com.* There is no guarantee that any investment objective will be achieved. An investor cannot invest directly in an index, and index performance does not reflect the deduction of fees, expenses or taxes.

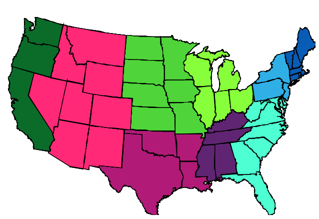
Sector Diversification



- **15%** Apartment
- **12%** Data Centers
- **10%** Health Care
- **10%** Office
- **9%** Other
- **8%** Shopping Center
- **7%** Industrial
- **7%** Hotel
- **7%** Specialty
- **6%** Self Storage
- **5%** Regional Mall
- **4%** Manufactured Home

Portfolio weights are subject to change without notice. Due to rounding, values might not add up to 100%. Other includes Single Family Homes, Infrastructure, Cash, Diversified and Free Standing.

Geographic Diversification



- **6%** New England
- **7%** Mid Atlantic
- **18%** South Atlantic
- **12%** Southwest Central
- **2%** Southeast Central
- **4%** Mountain
- **34%** Pacific
- **3%** Northwest Central
- **14%** Northeast Central

Portfolio weights are subject to change without notice. Due to rounding, values might not add up to 100%.

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Cohen & Steers is a global investment manager specializing in liquid real assets, including real estate securities, listed infrastructure, commodities and natural resource equities, as well as preferred securities and other income solutions. Founded in 1986, the firm is headquartered in New York City, with offices in London, Hong Kong, Tokyo and Seattle.

Risks. There are special risks associated with investing in the Fund.

The Fund is subject to special risk considerations similar to those associated with the direct ownership of real estate due to its policy of concentration in the securities of real estate companies. Real estate valuations may be subject to factors such as changing general and local economic, financial, competitive and environmental conditions.

The Fund is classified as a "non-diversified" fund under the federal securities laws because it can invest in fewer individual companies than a diversified fund. However, the Fund must meet certain diversification requirements under the U.S. tax laws.

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE • NOT INSURED BY ANY GOVERNMENT AGENCY

Top Ten Holdings

Name	Sector	% of Market Value
Prologis Inc.	Industrial	5.7%
Essex Property Trust Inc.	Apartment	5.6%
UDR Inc.	Apartment	5.6%
Welltower Inc.	Health Care	5.2%
Digital Realty Trust Inc.	Data Centers	4.6%
Equinix Inc.	Data Centers	4.5%
Apartment Investment & Management Co.	Apartment	4.0%
Simon Property Group Inc.	Regional Mall	3.4%
Extra Space Storage Inc.	Self Storage	3.4%
Sun Communities Inc.	Manufactured Home	3.2%

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Dividend income that the Fund receives from REITs will generally not be treated as qualified dividend income and therefore not be eligible for reduced rates of taxation. Distributions are subject to recharacterization for tax purposes. **The final tax treatment of these distributions is reported on the 1099-DIV forms, which are mailed to shareholders after the close of each fiscal year.**

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Percentages may differ from data in the Fund's financial statements due to the effect of fair value pricing of foreign securities. The fund implements fair value pricing when the daily change in a specific U.S. market index exceeds a predetermined percentage. In the event fair value pricing is implemented on the first day of the period, the fund's return may diverge from the performance of its benchmark, which is not fair valued. This divergence is usually reduced on the day following the implementation of fair value pricing by the fund, as the value of the securities in the index that are held by the fund typically move closer to the fund's fair valued price when the market reopens.

This factsheet is provided for informational purposes and is not an offer to purchase or sell Fund shares.

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