# Cohen & Steers Global Infrastructure Fund

*The global infrastructure securities market, as represented by the FTSE Global Core Infrastructure 50/50 Net Tax Index, had a total return in U.S. dollars of 0.5% in the third quarter and –1.4% year to date.*

## Investment Review

Global infrastructure stocks advanced in the third quarter but underperformed the broad global equities market. Investors displayed an appetite for risk assets in the period as economic growth remained fairly strong in most economies, particularly in the U.S., which continued to benefit from tax cuts and regulatory reforms. However, momentum slowed across most regions for a variety of reasons including concerns about the mounting trade dispute between the U.S. and China, stalled Brexit negotiations and rising interest rates.

Although the growth was accompanied by still-low inflation, there were indications that pressures are building, with recent price data generally exceeding expectations globally. The Federal Reserve continued to normalize interest rates, raising its short-term benchmark by 0.25%, as expected, and signaling its intention to continue tightening credit into 2019. U.S. Treasury yields climbed above 3% and settled near the highest levels for the year. Bond yields rose across the EU as well, as the European Central Bank left short-term interest rates at 0% and reaffirmed plans to wrap up its asset purchases in December.

**Index Performance by Sector**

| Sector | Q3 2018 | YTD 2018 |
|---|---|---|
| Railways | 10.82 % | 17.59 % |
| Gas Distribution | -0.52 % | 10.66 % |
| Communications | 2.69 % | 4.25 % |
| Electric | 1.68 % | 0.92 % |
| Airports | 3.50 % | 0.75 % |
| Diversified | 7.92 % | -3.32 % |
| Midstream | -4.53 % | -4.65 % |
| Water | 1.43 % | -4.88 % |
| Toll Roads | -10.66 % | -15.81 % |
| Marine Ports | -5.01 % | -18.09 % |

Source: Cohen & Steers.

**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 any fees, expenses or taxes.

### Sector Highlights

Freight railways (13.3% total return in the index[1]) gained as healthy economic data in the U.S. and Canada bolstered company earnings and optimism for freight volumes. Within passenger rails (3.3%), Getlink slipped on the prospect that Atlantia is less likely to increase its stake in the company (see below), broader Brexit volatility, and on general weakness in European transportation-related companies.

Among airports (3.5%), Mexico-based companies rebounded in the wake of socialist President-elect Obrador voicing plans for implementing business-friendly policies. European airport operators were generally weak, as the region's growth appeared to slow. In toll roads (–10.7%), Atlantia declined sharply following a fatal bridge collapse in Italy, which is likely to impact its financial outlook going forward. Transurban fell on lowered return expectations from its recently acquired WestConnex project.

Satellites (12.4%) rallied on speculation that a portion of companies' spectrum bandwidth may be repurposed for next-generation 5G mobile communications. Towers (1.8%) benefited from a takeover bid for EI Towers from a joint venture between Italy's largest commercial broadcaster and an infrastructure fund.

Electric utilities (1.7%) in the U.S. were led by Pacific Gas & Electric, which advanced in anticipation of legislation designed to help California utilities pay for billions of dollars in potential liabilities from last year's wildfires. Several Japan-based utilities moved higher on progress toward restarting nuclear plants. Water utilities (1.4%) were mixed. U.K.-based companies declined on a Labour Party proposal to nationalize key industries should it win control of Parliament.

Within gas distribution (–0.5%), China utilities such as China Gas Holdings and ENN declined on concerns about the government reducing customer connection fees and imposing limits on passing input costs through to customers. NiSource fell after an overpressurized pipeline resulted in explosions and fires in customer homes in the Boston area.

Midstream energy companies (–4.5%) declined as a whole, but the underlying tone for the sector remained favorable amid stronger energy prices, improving industry fundamentals and elevated mergers and acquisition activity. Several Canadian midstream firms underperformed on widening price differentials between Western Canadian crude oil and West Texas Intermediate and on concerns about future pipeline capacity.

Marine ports (–5.0%) generally traded lower on concerns that trade barriers would hurt shipping volumes.

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Fund Performance

The Fund rose modestly during the quarter and considerably outperformed its benchmark. Security selection and an underweight allocation in toll roads contributed to relative performance, as the portfolio did not hold Atlantia and was substantially underweight Transurban.

Security selection in midstream energy aided relative performance, although this was partially offset by an overweight allocation in the sector. The portfolio held an out-of-index position in Cheniere Energy, which is progressing on the development of its liquefied natural gas export facilities. We also held out-of-benchmark Beijing Enterprises Holdings, which benefited from the relatively low connection fee risk with its gas distribution business. Investors were also optimistic about the company's plans to issue options to management. Stock selection in gas distribution additionally contributed. This included having only modest exposure to China-based companies due to their increasing potential to experience margin pressures.

Detractors from relative performance included stock selection in passenger rails. The portfolio held an overweight position in West Japan Railway, which underperformed due to flooding and an earthquake affecting its service territory. Security selection in airports also detracted, as the Fund was underweight Mexico-based companies. Not owning satellites further hindered relative performance. While auctioning their C-band spectrum may generate windfall profits for the companies, we are wary that they will be allowed to recognize the full benefit. We also believe they remain vulnerable to increased competition in their core business.

## Investment Outlook

Although we anticipate the global economy may moderate in the coming months, we believe conditions generally remain favorable for infrastructure securities. Cash-flow multiples for the listed infrastructure universe appear reasonable given current economic conditions and accommodative monetary policies. A substantial cache of private capital that is seeking infrastructure investments could continue to provide support for valuations. In what is a competitive environment, with relatively few assets available for sale, private transactions have generally occurred at significant premiums to the current cash flow multiples of listed infrastructure companies.

While we maintain a pro-cyclical outlook, we are marginally more cautious due to the possible impact of tariffs on capital expenditures and consumer confidence. In our view, the longer the uncertainty persists around trade, the greater the concern around the sustainability of our favorable market outlook. Also, tight labor markets and early signs of wage growth could cause the market to adjust its inflation expectations higher in the coming months, potentially leading to increased market volatility. However, this could be positive for certain infrastructure sectors with explicit inflation linkages.

U.S. water utilities offer the potential for accelerating growth. We believe critical pipeline replacement projects across the U.S. should drive growth for water utilities, with the consolidation of the largely municipally owned sector a further tailwind. In our view, U.K. water utilities have underperformed due to investors pricing in the risk inherent in the upcoming regulatory rate review process.

We see secular tailwinds for towers. Tower owners, in our view, are well-positioned to benefit from strong long-term secular demand growth for wireless data services and the adoption of 5G, small cells and other technologies to handle the increasing data usage. The sector's valuations remain attractive relative to our growth expectations.

Freight railways outlook strong, but sensitive to economic conditions. Given rising volumes and pricing, the outlook for freight railways remains attractive. Improvements in operational efficiency and declining capital investments could significantly increase company free cash flow generation over the next several years. We are monitoring valuations given the subsector's recent strong performance.

Midstream energy sector in transition. The growth in North American energy production volumes is driving a positive shift in the fundamental cycle for midstream energy companies, translating into continued cash flow growth. In addition to their generally attractive valuations, companies are taking steps to reduce risk by strengthening balance sheets, increasing distribution coverage ratios and being less reliant on capital markets to fund their growth.

Electric utilities at risk from rising rates. We generally maintain a cautious stance toward electric utilities, due to their modest growth prospects, company-specific regulatory issues and vulnerability to rising interest rates.

(1) All sector returns in this commentary are in local currencies. Sector classification of securities in the index is determined by the investment advisor.

# Cohen & Steers Global Infrastructure Fund

As of September 30, 2018, Cheniere Energy, Beijing Enterprises Holdings and West Japan Railway accounted for 2.3%, 1.2%, and 2.0% 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.

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

The S&P 1500 Utilities Index is an unmanaged market-capitalization-weighted index of companies for which the primary business involves the generation, transmission and/or distribution of electricity and/or natural gas.

The Macquarie Global Infrastructure Index, calculated and managed by FTSE, is designed to reflect the stock performance of infrastructure companies, principally those engaged in the management, ownership and/or operation of infrastructure and utility assets.

The UBS Global 50/50 Infrastructure & Utilities Index - Net tracks a 50% exposure to the global developed market utilities sector and a 50% exposure to global developed market infrastructure sector. The index is free-float market-capitalization weighted and reconstituted annually with quarterly rebalances and is net of dividend witholding taxes.

The FTSE Global Core Infrastructure 50/50 Net Tax Index is a market-capitalization-weighted index of worldwide infrastructure and infrastructure-related securities and is net of dividend withholding taxes. Constituent weights are adjusted semi-annually according to three broad industry sectors: 50% utilities, 30% transportation, and a 20% mix of other sectors, including pipelines, satellites, and telecommunication towers.

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 Global Infrastructure Fund.

# Cohen & Steers Global Infrastructure Fund

The investment objective of the Fund is to achieve total return through investments in U.S. and non-U.S. equity securities issued by infrastructure companies. Infrastructure companies typically provide the physical framework that society requires to function on a daily basis and are defined as utilities, pipelines, toll roads, airports, railroads, marine ports and telecommunications companies.

## General Information

| | CUSIP | Symbol |
|---|---|---|
| A Shares | 19248B107 | CSUAX |
| C Shares | 19248B305 | CSUCX |
| I Shares | 19248B404 | CSUIX |
| R Shares | 19248B503 | CSURX |
| Z Shares | 19248B602 | CSUZX |
| NAV per Share (Class A) | | $18.65 |
| Total Net Assets | | $291.4 Million |
| Number of Holdings | | 47 |
| Dividend Frequency | | Semi-Annual |
| Expense Ratio Gross (Class A)(1) | | 1.33% |

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

## Portfolio Managers

| | Managing Fund Since | Years of Experience |
|---|---|---|
| Robert Becker | Inception | 23 |
| Benjamin Morton | 2008 | 20 |

## Total Returns

| | Excluding Sales Charge | Including Sales Charge(1) | Linked Index(2) | S&P 500 Index |
|---|---|---|---|---|
| QTD | 1.97% | -2.62% | 0.51% | 7.71% |
| YTD | -0.18% | -4.68% | -1.43% | 10.56% |
| 1 Year | 3.30% | -1.35% | 0.27% | 17.91% |
| 3 Year | 8.10% | 6.45% | 8.89% | 17.30% |
| 5 Year | 6.54% | 5.56% | 7.03% | 13.95% |
| 10 Year | 7.29% | 6.80% | 6.36% | 11.97% |
| Since Inception (5/3/04) | 7.78% | 7.44% | 7.08% | 9.12% |

(1) Maximum 4.5% sales charge; returns for other share classes will differ due to differing expense structures and sales charges.

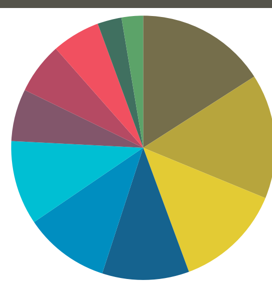
(2) Linked Index: S&P 1500 Utilities Index for periods from the Fund's inception to March 31, 2008, the Macquarie Global Infrastructure 50/50 Index for periods from April 1, 2008 to May 31, 2008, the UBS Global 50/50 Infrastructure & Utilities Index (net) through March 31, 2015 and the FTSE Global Core Infrastructure 50/50 Net Tax Index for periods thereafter.

**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.

During certain periods presented above, the Advisor waived fees and/or reimbursed expenses. The fee waiver agreement was terminated effective August 1, 2015. Without this arrangement, performance would be lower.

Effective April 1, 2008, the fund changed its investment objective and strategy to invest according to a global infrastructure mandate. Prior to this date, the fund achieved its investment objective under a domestic utility mandate. Therefore, past performance results are no guarantee of future results under the new global infrastructure strategy.

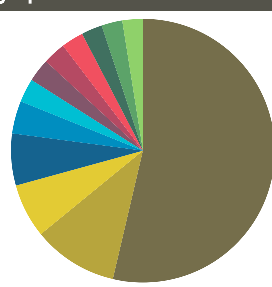
## Sector Diversification



- **16%** Regulated Electric
- **15%** Midstream- C Corp
- **13%** Integrated Electric
- **11%** Tower
- **10%** Freight Rails
- **10%** Airports
- **6%** Toll Roads
- **6%** Water
- **6%** Gas Distribution
- **3%** Passenger Rails
- **3%** Other

Portfolio weights are subject to change without notice. Due to rounding, values might not add up to 100%. Other includes Midstream- MLP, Marine Ports and Cash.

## Geographic Diversification



- **54%** United States
- **10%** Canada
- **7%** Other
- **6%** Japan
- **4%** France
- **3%** Thailand
- **3%** Spain
- **3%** China
- **3%** New Zealand
- **3%** Mexico
- **3%** Brazil
- **3%** Australia

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COHEN & STEERS

# Cohen & Steers Global Infrastructure Fund

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.

Since the Fund concentrates its assets in global infrastructure securities the fund will be more susceptible to adverse economic or regulatory occurrences affecting global infrastructure companies than an investment company that is not primarily invested in global infrastructure companies. Infrastructure issuers may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, operational or other mishaps, tariffs and changes in tax laws, regulatory policies and accounting standards.

Special risks of investing in foreign securities include (i) currency fluctuations, (ii) lower liquidity, (iii) political and economic uncertainties, and (iv) differences in accounting standards. Certain foreign securities may represent small- and medium-sized companies, which may be more susceptible to price volatility and less liquid than larger companies.

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

## Top Ten Holdings

| Name | Sector | % of Market Value |
|---|---|---|
| NextEra Energy Inc. | Integrated Electric | 5.6% |
| American Tower Corporation | Tower | 4.2% |
| Enbridge Inc. | Midstream- C Corp | 3.6% |
| Crown Castle International Corp. | Tower | 3.4% |
| Union Pacific Corporation | Freight Rails | 3.2% |
| American Water Works Company Inc. | Water | 3.1% |
| Alliant Energy Corporation | Regulated Electric | 3.0% |
| Firstenergy Corp. | Integrated Electric | 2.9% |
| Airports of Thailand PCL - For | Airports | 2.9% |
| Norfolk Southern Corporation | Freight Rails | 2.9% |

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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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