

COHEN & STEERS

2019 Annual Report

Sustaining Excellence

Founded in 1986
Public since 2004
NYSE: CNS
Employees: 328

In 4 cities across 3 continents
New York | London | Hong Kong | Tokyo



SENIOR INVESTMENT PROFESSIONALS

23 years
average experience

12 years
average tenure

\$72.2 billion in assets under management (AUM)

INVESTMENT STRATEGY (\$ BILLIONS)

Listed Real Assets	\$54.0
U.S. Real Estate	\$31.0
Global/International Real Estate	\$13.5
Global Listed Infrastructure	\$8.1
Real Assets Multi-Strategy	\$1.4
Alternative Income Solutions	\$17.6
Preferred Securities	\$17.6
Other Portfolios	\$0.6

INVESTMENT VEHICLE (\$ BILLIONS)

Institutional Accounts	\$31.8
Open-End Funds	\$30.7
Closed-End Funds	\$9.7

**STRATEGIES OUTPERFORMING
THEIR BENCHMARKS**
(% of AUM)

96%
1 year

97%
3 year

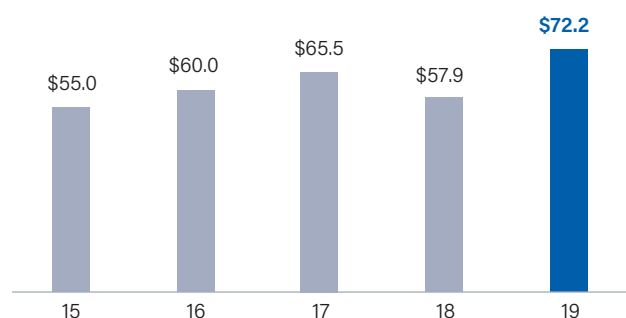
98%
5 year

100%
10 year

2019 Results

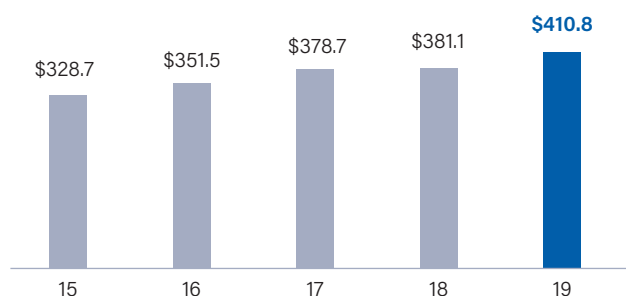
ASSETS UNDER MANAGEMENT (AUM)

\$ billions as of December 31



REVENUE

\$ millions for the years ended December 31



At Cohen & Steers, we help investors build better portfolios, providing access to specialized asset classes that offer the potential for attractive total returns, diversification and income.

We serve institutional and individual investors worldwide, providing distinctive solutions focused on listed real assets and alternative income, including real estate securities, listed infrastructure and natural resource equities, as well as preferred securities and other income solutions.

Adding value through fundamental investment research and active portfolio management is the foundation of our business.

To Our Shareholders



Martin Cohen
Chairman



Robert H. Steers
Chief Executive Officer



Joseph M. Harvey
President

Sustaining Excellence

As active asset managers face increasing pressure to deliver more for less, we are proud to have achieved one of the strongest years in our firm's history, capturing new investment and business opportunities through a commitment to the highest standards of excellence.

In 2019, our investment team once again sustained its exceptional performance track record, underscoring the quality and depth of our talent. We continued to extend our product lineup and gain market share worldwide. Asset flows accelerated as the year progressed, driving record revenues and 6.5% organic growth in assets under management (AUM). We also invigorated our organization with key hires and promotions.

As we reflect on these achievements, we want to express our appreciation to our clients and stockholders for their trust, and to our talented team for their dedication to our vision.

Our growth in the face of relentless headwinds for active managers reinforces our conviction in the core beliefs that have guided us for 34 years:

- 1 There is no greater imperative for us than sustaining investment excellence,** attained through teamwork, continuous improvement and talent development.
- 2 Our focus on listed real assets and alternative income allows us to concentrate our resources,** creating a competitive advantage and providing differentiated solutions that address key investor needs.
- 3 Consistent performance flows directly from the strength of our franchise,** built on a foundation of stable leadership, financial strength, sound governance and a culture of excellence and inclusion.

Just as these ideas served as a roadmap for success in 2019, they remain key to positioning the firm for sustained performance and growth in the future.

Delivering Superior Investment Performance

Our success as a specialist manager depends on our ability to consistently generate alpha, sustained through a collaborative culture and a commitment to continuous improvement and developing future investment leaders.

PERFORMANCE

Our underlying asset classes experienced strong performance in 2019 against a backdrop of moderate economic growth, low interest rates and favorable credit conditions. On top of this, we generated meaningful excess returns for our clients, with 8 of our 9 core strategies outperforming their benchmarks for the year, and 97% and 98% of our AUM outperforming on a 3- and 5-year basis, respectively.⁽¹⁾

In our U.S. open-end funds, 89% of our AUM was rated 4 or 5 stars by Morningstar, driving increased adoption on distributor platforms.⁽¹⁾ In addition, our U.S. REIT fund subadvised for Daiwa Asset Management was recognized in Japan as Morningstar's Fund of the Year in the REIT category.

We believe this success reflects the "investment DNA" embedded in our firm since its founding. Our focus on listed real assets and alternative income allows us to concentrate our resources and helps us attract professionals who are passionate about our asset classes and are experts in their field. We believe this creates advantages over generalist managers in terms of information gathering and processing, as well as decision making.

CULTURE OF EXCELLENCE

Specialization alone is not enough. We cultivate a culture of excellence through an emphasis on teamwork, innovation and high-conviction investing. We also seek diversity of thought, experience and background, fostering an inclusive environment that leads to broader perspectives and better investment decisions.

We also take pride in our approach to management continuity. For us, succession planning is not a discrete event, but an integral part of our culture—starting with a focus on developing our next generation of investment talent. This includes providing portfolio management and leadership opportunities to those who consistently generate alpha and inspire those around them.

We believe this commitment is one of the key strengths of our firm, resulting in continuity that extends beyond any single person and creates career opportunities for the firm's future leaders.

A prime example was our decision last year to elevate Jon Cheigh to Chief Investment Officer. Jon joined the firm as a REIT analyst 15 years ago and has produced outstanding results since assuming leadership of our global real estate investment team in 2012. His success and career path are a testament to what talented professionals can achieve on our platform. Jon will continue to lead our global real estate strategies, supported by a deep, experienced team that will have opportunities to take on additional responsibilities.

We approach succession planning not as a discrete event, but as an integral part of our culture—starting with a focus on developing our next generation of investment talent.

(1) See Performance Notes.

Growing Market Share

We are investing more in global distribution—unifying all channels under new leadership, focusing on markets that value what we offer, and optimizing our product lineup to reach a wider range of investors.

EXPANDING OUR GLOBAL FOOTPRINT

Our strategies were in high demand in 2019, benefiting from the need for quality income, total return and diversification—as well as our strong investment performance.

The wealth channel led the way, achieving record inflows and ending the year with strong momentum. Fueling the momentum, our funds were added to 19 research recommended lists. The registered investment advisor (RIA) market became our largest open-end fund channel, achieving 19% organic growth and total assets of \$8.7 billion. We expect RIAs will remain a source of growth in the coming years as advisors move to lower-cost, investment-driven platforms. Organizationally, we broadened our relationship coverage approach and enhanced interactions with advisor teams across platforms.

Last year also saw our recent investments in the retirement and bank trust markets begin to pay off, with both segments contributing meaningful inflows for the year. In the defined contribution investment-only (DCIO) segment, open-end fund net inflows increased to \$676 million from just \$9 million in 2018, while net asset growth from bank trust and insurance companies increased 27%. These markets remain a high priority for us in 2020, and we believe we are well positioned to increase our market share.

In the institutional channel, Europe and the Middle East had a breakout year, as sovereign wealth and pension funds already familiar with the benefits of private real assets are increasingly recognizing the merits of listed markets and the value of liquidity.

Our Japan subadvisory business returned to positive flows by the end of 2019 following industrywide redemptions in 2018, a challenge we believe is now largely behind us.

We also expanded our regulatory licensing in Japan, which will allow us to market more effectively to the country's corporate and public pension funds.

We made a strategic decision last year to be more selective in our subadvisory businesses, terminating non-strategic relationships and exiting our large-cap value strategy. While this move precipitated outflows in these segments, it positions us to focus on deeper relationships—encompassing multiple strategies and enabling richer interactions with our investment teams, which should lead to more sustainable client partnerships aligned with our core capabilities.

INTEGRATING OUR DISTRIBUTION TEAMS

One market segment that underperformed its potential in 2019 was U.S. institutional advisory. To regain share in this important market and to better capitalize on the global opportunities that are emerging, we initiated a strategic realignment of our relationship teams.

In September, we appointed Dan Charles as Head of Global Distribution, unifying our institutional and wealth management groups across all regions under his leadership. Dan's reorganization plan—defined by a culture of One Global Distribution Team—seeks to improve collaboration and accountability, sharing best practices from both markets to capitalize on the convergence taking place between channels.

The team's mission is to cultivate deeper relationships with the largest, most sophisticated institutional investors and financial intermediaries, building trust through education, advocacy and superior investment solutions. We believe this will position us to gain share in key institutional markets, both in the U.S. and around the globe.

OPTIMIZING OUR PRODUCT LINEUP

Alongside our plans to sustain performance and gain market share, we continue to enhance our product suite.

Last year, we successfully initiated a soft close of the 5-star Cohen & Steers Real Estate Securities Fund (CSI), underscoring our commitment to shareholders to deliver on the fund's investment objectives. Concurrently, we repositioned our 28-year-old flagship U.S. REIT fund, Cohen & Steers Realty Shares—which has a different mandate than CSI—by adding a full range of share classes and reducing its expense ratio. Our wealth advisor partners have embraced these changes, allowing us to increase our presence on a growing list of platforms.

We also transitioned the Cohen & Steers Dividend Value Fund to the Cohen & Steers Alternative Income Fund. The fund now aligns with our strategic focus, combining our cross-team expertise in listed real assets and preferred securities to deliver a multi-strategy vehicle designed to provide investors with tax-advantaged income and total return potential.

In keeping with our philosophy of investment-driven product development, we are building track records in thematic portfolios such as small-cap and digital infrastructure, as well as next-generation real estate, focused on new-economy and specialty property types. We believe these strategies will appeal to pension funds and wealth investors globally as they contend with the impact of e-commerce on retail-heavy private property funds. We also launched a limited partnership for our Global Realty Focus strategy—which employs a concentrated approach and has a 12-year track record—to suit the needs of family offices, endowments and foundations.

We expect innovative strategies such as these to provide new avenues for growth and compelling offerings for our clients, while also presenting opportunities for our next generation of portfolio managers.

RE-ENGAGING THE CLOSED-END FUND MARKET

After a long hibernation, the market for closed-end funds returned in 2019. Two key changes made this possible: sponsors are now paying the full front-end cost of closed-end fund launches, and many funds are including term features that allow investors to tender shares at net asset value (NAV) at a target date in the future.

This revitalized the public offering market in 2019 and could broaden the investor base for closed-end funds. We believe the combination of 1) investing at NAV, 2) employing prudent leverage at today's low interest rates, and 3) selective use of private or less-liquid investments is a compelling value proposition.

We will continue to look for opportunities to provide solutions for investors seeking differentiated income strategies, particularly in the area of tax-smart investing, which has been an increasing area of focus in the wealth channel.

In keeping with our philosophy of investment-driven product development, we are building track records in thematic portfolios such as small-cap and digital infrastructure, as well as next-generation real estate.

Guiding Our Business

Understanding and integrating environmental, social and governance (ESG) best practices—both in our business and in our investment decisions—is critical to delivering better results for our clients, while creating a deeper sense of engagement for our employees.

STRENGTHENING CORPORATE GOVERNANCE

Strong governance has been a cornerstone of Cohen & Steers since our founding. It's one reason why we place great importance on having an active, independent Board of Directors.

This past year, we welcomed Dasha Smith as our sixth independent director, expanding the Board of Directors to nine members. As Chief People Officer for the National Football League, Dasha brings considerable experience in human relations, as well as legal, marketing and operations excellence.

ENHANCING ESG INTEGRATION IN OUR INVESTMENT PROCESS

Just as we value strong corporate governance for our company, it is also a key building block of our investment research process. In our experience, companies that embrace strong governance are more likely to implement sound environmental and social practices, supporting better business models and enhancing shareholder value.

Each of our specialist investment teams determines the best way to integrate ESG factors into their research process. For example, the real estate team develops an ESG score for each security in their universe, incorporating appropriate environmental, social and governance issues. These include corporate board structure and alignment; shareholder rights; workforce and labor management; diversity and inclusion practices; energy, water and waste management; and opportunities in Leadership in Energy and Environmental Design (LEED)-certified "green" buildings. These variables are then factored into cash flow growth projections and valuations. In fact, during the last year, the team decided to increase the magnitude of the ESG adjustment, reflecting the importance of these factors in identifying risks and opportunities for each company.

This is just one way we are enhancing our approach to ESG integration. We have been a signatory to the Principles for Responsible Investment (PRI) since 2013, and we believe the PRI framework—combined with our proprietary approach to ESG integration—promotes transparency and drives engagement with the companies in our investable universe.

BUILDING A DIVERSE AND INCLUSIVE CULTURE

We believe a culture of excellence, mutual respect and integrity creates the best environment for people to feel included, contribute ideas, make better decisions and ultimately achieve better results for our clients.

With employees located around the world, we represent many cultures, backgrounds, experiences and talents. It is important in our role as a global investment manager to foster an inclusive culture that encourages and inspires individuals to contribute their unique perspectives.

A culture of excellence, mutual respect and integrity creates the best environment for people to feel included, contribute ideas, make better decisions and ultimately achieve better results for our clients.

We also acknowledge that building such a culture is a journey. Our commitment to diversity and inclusion focuses on four key pillars:

- 1 **Education.** We seek to build awareness and understanding to strengthen our culture of inclusion and support.
- 2 **Leadership.** We hold our leaders accountable for fostering an inclusive culture as they develop the next generation of leaders. This accountability extends to all employees in creating an environment built on respect.
- 3 **Recruitment.** We recognize there is significant underrepresentation of women and people of color in our industry, especially in leadership roles. Our recruiting partners are expected to present diverse candidate pools for our open positions, providing opportunities to hire the best talent to help us excel in all areas of our business.
- 4 **Engagement.** We support our employees who build resource groups that foster an inclusive culture and encourage everyone at the firm to help solve business and community challenges. Examples include ongoing volunteerism, green initiatives and a women's exchange for sharing ideas and experiences.

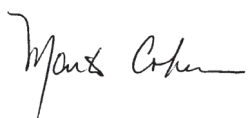
This strategy is rooted in our drive to achieve sustained excellence, promoting increased representation, retention and engagement.

Positioning for the Next 10 Years

Looking ahead, we are focused on building upon the positive momentum we have achieved.

Our investment performance remains strong as we continue to navigate the global market environment. We have a deep bench of talent taking on greater responsibilities. Our asset classes are in demand, supported by the global search for income. We are resourcing and empowering our global distribution teams to grow our market share. We have a solid pipeline of innovative strategies to deliver our alpha in different ways. And our financial foundation is as strong as ever.

Yet we are ever mindful of that maxim of finance: *past performance is no guarantee of future results*. We stand ready to embrace the challenges that lie ahead—positioning our teams, our strategies and our platform to sustain excellence over the next decade and beyond.



Martin Cohen
Chairman



Robert H. Steers
Chief Executive Officer



Joseph M. Harvey
President

Financial Highlights

10 consecutive years of revenue growth

Revenues were \$411 million in 2019, an increase of 7.8% from last year

16% growth in earnings

Net income attributable to common stockholders was \$2.79 per diluted share (\$2.57 as adjusted⁽¹⁾), compared with \$2.40 (\$2.40 as adjusted⁽¹⁾) in 2018

25% increase in AUM

Assets under management were \$72.2 billion at December 31, 2019, an increase of \$14.3 billion from last year

In 2019, Cohen & Steers achieved record assets under management and record revenues, benefiting from a favorable market environment for our asset classes, strong overall investment performance and increasing investor appetite for our strategies.

MARGINS

- Operating margin increased to 39.0% (39.6% as adjusted⁽¹⁾) from 38.6% (39.1% as adjusted⁽¹⁾) in 2018

DIVIDEND PAYMENTS

- Paid regular quarterly dividends of \$0.36 per share in 2019 compared with \$0.33 in 2018
- A special dividend of \$2 per share was paid in December 2019. Over the past 10 years, we have paid an aggregate of \$13 per share in special dividends.

ASSETS UNDER MANAGEMENT (AUM)

- AUM growth consisted of \$3.7 billion of net inflows (vs. \$1.2 billion of net outflows in 2018) and \$14.6 billion of market appreciation, offset by \$4.0 billion of distributions
- Organic AUM growth was 6.5%, compared with 1.8% organic decay in 2018
- Average AUM was \$67.3 billion, compared with \$62.2 billion in 2018

BALANCE SHEET

- No debt
- \$204 million in cash, cash equivalents, U.S. Treasuries and seed investments, compared with \$213 million at the end of 2018

KEY STRATEGY HIGHLIGHTS

\$ millions

	U.S. Real Estate	Global/International Real Estate	Preferred Securities	Global Listed Infrastructure
Net Inflows (Outflows)	\$1,935	(\$173)	\$2,685	\$14
Market Appreciation	\$7,346	\$2,887	\$2,406	\$1,520
Distributions	\$2,886	\$252	\$597	\$201
Change in AUM	+26%	+22%	+35%	+24%

(1) The term "as adjusted" is used to identify non-GAAP financial information. See pages 31–32 of the 10-K, "Non-GAAP Reconciliations."

Form 10-K

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED December 31, 2019
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO
Commission File No. 001-32236

COHEN & STEERS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

14-1904657
(I.R.S. Employer
Identification No.)

280 Park Avenue
New York, NY 10017

(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: (212) 832-3232

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	CNS	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of June 30, 2019 was approximately \$1.2 billion. There is no non-voting common stock of the Registrant outstanding.

As of February 18, 2020, there were 47,756,099 shares of the Registrant's common stock outstanding.

Documents Incorporated by Reference

Portions of the definitive Proxy Statement of Cohen & Steers, Inc. (the Proxy Statement) to be filed pursuant to Regulation 14A of the general rules and regulations of the Securities Exchange Act of 1934, as amended, for the 2020 annual meeting of stockholders scheduled to be held on May 7, 2020 are incorporated by reference into Part III of this Form 10-K.

COHEN & STEERS, INC. AND SUBSIDIARIES
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PART I

Item 1. Business

Overview

Cohen & Steers, founded in 1986, is a global investment manager specializing in real assets and alternative income. Our specialties include real estate securities, listed infrastructure and natural resource equities, as well as preferred securities and other income solutions. Headquartered in New York City, with offices in London, Dublin, Hong Kong and Tokyo we serve institutional and individual investors around the world.

Cohen & Steers, Inc. (CNS) was organized as a Delaware corporation on March 17, 2004. CNS is the holding company for its direct and indirect subsidiaries, including Cohen & Steers Capital Management, Inc. (CSCM), Cohen & Steers Securities, LLC (CSS), Cohen & Steers Asia Limited (CSAL), Cohen & Steers UK Limited (CSUK), Cohen & Steers Japan Limited (CSJL) and Cohen & Steers Ireland Ltd. (CSIL). CNS and its subsidiaries are collectively referred to as the Company, we, us or our.

Our revenue is derived from fees received from our clients, including fees for managing or subadvising client accounts as well as investment advisory, administration, distribution and service fees received from Company-sponsored open-end and closed-end funds. Our fees are based on contractually specified rates applied to the value of the assets we manage and, in certain cases, investment performance. Our revenue fluctuates with changes in the total value of our assets under management, which may occur as a result of market appreciation and depreciation, contributions or withdrawals from client accounts, foreign currency fluctuations and distributions. This revenue is recognized over the period that the assets are managed.

Investment Vehicles

We manage three types of investment vehicles: institutional accounts, open-end funds and closed-end funds.

Institutional Accounts

Institutional accounts for which we serve as investment adviser represent portfolios of securities we manage for institutional clients. We manage the assets in each institutional account in accordance with the investment requirements of that client as set forth in such client's investment management agreement and investment guidelines. The investment management agreements with our institutional account clients are generally terminable at any time.

Advisory assets, which represent accounts for which we have been appointed as the investment manager, are included in our institutional account assets under management. As investment adviser, we are responsible to oversee certain daily operations and manage the assets in the account while adhering to the specified investment objectives.

Subadvisory assets, which generally represent commingled investment vehicles for which we have been appointed as a subadvisor by the investment manager of that investment vehicle, are also included in our institutional account assets under management. As subadvisor, we are responsible for managing all or a portion of the vehicle's investments, while the investment adviser oversees our performance as subadvisor; the vehicle sponsor is responsible for decisions regarding the amount, timing and whether to pay distributions from the investment vehicle to its beneficial owners. Subadvisory assets also include assets of third parties for which we provide model portfolios. These assets generally represent commingled investment vehicles. We regularly provide the investment manager of that investment vehicle with a model portfolio of securities in accordance with the investment requirements of that client as set forth in such client's investment advisory agreement and investment guidelines. These investment advisory agreements are generally terminable at will with 30 days' notice.

Open-end Funds

The U.S. and non-U.S. open-end funds that we sponsor and for which we serve as investment adviser offer and issue new shares continuously as assets are invested and redeem shares when assets are withdrawn. The share price for purchases and redemptions of shares of each of the open-end funds is determined by each fund's net asset value, which is calculated at the end of each business day. The net asset value per share is the current value of a fund's assets less liabilities, divided by the fund's total shares outstanding.

The investment advisory fees that we receive from the U.S. and non-U.S. open-end funds that we sponsor and for which we serve as investment adviser vary based on each fund's investment strategy, fees charged by other comparable funds and the market in which the fund is offered. In addition, we receive a separate fee for providing administrative services to certain open-end funds at a rate that is designed to reimburse us for the cost of providing these services. The monthly investment advisory fee and administration fee, if applicable, paid by the open-end funds are based on contractual fee rates applied to each fund's average assets under management.

Our investment advisory and administration agreements with the U.S. registered open-end funds that we sponsor and for which we serve as investment adviser are generally terminable upon a vote of a majority of the fund's board of directors on 60 days' notice, and each investment advisory agreement, including the fees payable thereunder, is subject to annual approval by a majority of the directors of the fund's board who are not "interested persons," as defined by the Investment Company Act of 1940 (the Investment Company Act), following the initial two-year term.

Our investment advisory and administration agreements with the non-U.S. open-end funds that we sponsor and for which we serve as investment adviser are generally terminable at will with 90 days' notice.

Open-end funds also include assets of third parties for which we provide model portfolios. These assets generally represent commingled investment vehicles. We regularly provide the investment manager of that investment vehicle with a model portfolio of securities in accordance with the investment requirements of that vehicle as set forth in such vehicle's investment advisory agreement and investment guidelines. These investment advisory agreements are generally terminable at will with 30 days' notice.

Closed-end Funds

The closed-end funds for which we serve as investment adviser are registered investment companies that have issued a fixed number of shares through public offerings. These shares are listed on the New York Stock Exchange and cannot be redeemed by the fund's shareholders. The trading price of the shares is determined by supply and demand in the marketplace, and, as a result, the shares may trade at a premium or discount to the net asset value of the fund.

The investment advisory fees that we receive from the closed-end funds for which we serve as investment adviser vary based on each fund's investment strategy, fees charged by other comparable funds and prevailing market conditions at the time each closed-end fund initially offered its shares to the public. In addition, we receive a separate fee for providing administration services to seven of the eight closed-end funds at a rate that is designed to reimburse us for the cost of providing these services. The closed-end funds pay us a monthly investment advisory fee and an administration fee, if applicable, based on a contractual fee rate applied to the fund's average assets under management.

Our investment advisory agreements with each closed-end fund for which we serve as investment adviser are generally terminable upon a vote of a majority of the fund's board of directors on 60 days' notice and are subject to annual approval by a majority of the directors of the fund's board who are not "interested persons," as defined by the Investment Company Act, following the initial two-year term.

Our Investment Strategies

Each of our investment strategies is overseen by a specialist team, each of which is led by a portfolio manager, or a team of portfolio managers, supported by dedicated analysts. These personnel are located in our New York, London and Hong Kong offices. Each team executes fundamentally driven, actively managed investment strategies and has a well-defined process that includes top-down macroeconomic and bottom-up fundamental research and portfolio management elements. These teams are subject to multiple levels of oversight and support from the President, Chief Investment Officer, Chief Administrative Officer-Investments, Investment Risk Committee, Investment Operating Committee and Legal and Compliance Department. Some of our strategies may involve multiple asset classes and are overseen by investment committees led by senior portfolio managers of our specialist teams.

Below is a summary of our core investment strategies:

Real Assets Multi-Strategy invests in a diversified multi-strategy portfolio of listed companies and securities that generally own or are backed by tangible real assets, including real estate securities, global listed infrastructure, commodities and natural resource equities, with the objective of achieving attractive total returns over the long term, while providing diversification and maximizing the potential for real returns in periods of rising inflation and rising interest rates.

U.S. Real Estate Securities include a wide range of strategies distinguished by concentration, risk profile and income objective, as well as thematic portfolios designed to provide targeted allocations to specific sectors within the investable real estate universe. Each strategy invests in a portfolio of common stocks and other securities issued by U.S. real estate companies, including real estate investment trusts (REITs) and similar REIT-like entities. These strategies are managed by our dedicated U.S. real estate securities investment team and draw on the broad expertise of our global real estate analysts and portfolio managers. Investment objectives include total return, capital appreciation and income.

Global Real Estate Securities include a wide range of strategies distinguished by geography, concentration, risk profile and income objective, designed to provide allocation exposure to listed real estate globally. Each strategy invests in a portfolio of common stocks and other securities issued by real estate companies, including REITs and similar REIT-like entities. These strategies draw on the expertise of our integrated global real estate securities investment team. Investment objectives include total return, capital appreciation and income.

Global Listed Infrastructure invests in a diversified portfolio of U.S. and non-U.S. securities issued by infrastructure companies such as utilities, pipelines, toll roads, airports, railroads, marine ports and communications companies located in developed markets with opportunistic allocations to emerging markets. The investment objective is total return with a balance of capital appreciation and income.

Midstream Energy and MLPs invests in a diversified portfolio of energy-related master limited partnerships (MLPs) and securities of companies that derive at least 50% of their revenues or operating income from the exploration, production, gathering, transportation, processing, storage, refining, distribution or marketing of natural gas, natural gas liquids (including propane), crude oil, refined petroleum products, coal or and other energy resources. The investment objective is total return with a balance of capital appreciation and income.

Global Natural Resource Equities invests in companies involved in the production, extraction, or processing of commodities and natural resources. Specifically, the strategy invests in energy producers, metals and mining companies and agriculture-based businesses. The investment objective is total return.

Preferred Securities and Low Duration Preferred Securities invest in diversified portfolios of preferred and debt securities issued by U.S. and non-U.S. companies. The preferred securities are issued by banks, insurance companies, REITs and other diversified financial institutions as well as utility, energy, pipeline and telecommunications companies. A consistent investment process underlies both our total return preferred securities strategy and our low duration preferred securities strategy, which seeks income and capital preservation.

In addition, we offer variations on these strategies that may combine multiple strategies in a single portfolio. Individual portfolios may be customized to comply with client-specific guidelines, benchmarks or risk profiles. Strategies offered in closed-end funds typically use leverage.

Our Distribution Network

Our distribution network encompasses two major channels in the asset management industry. Our Wealth channel covers sophisticated financial intermediaries, including national and regional brokerage firms, registered investment advisers, and bank trusts. The U.S. registered open-end funds for which we serve as investment adviser are available for purchase with and without commissions through full service and discount broker-dealers as well as the significant networks serving financial advisers. Our institutional channel includes corporate, public defined benefit plans, public defined contribution pension plans and Taft-Hartley trusts, endowments and foundations, sovereign wealth funds, healthcare, insurance companies as well as other financial institutions that access our investment management services directly, through consultants or through other intermediaries.

Competition

We compete with a large number of global and U.S. investment managers, commercial banks, broker-dealers, insurance companies and other financial institutions. Many competing firms are parts of larger financial services companies and attract business through numerous channels, including retail banking, investment banking and underwriting contacts, insurance agencies and broker-dealers.

Our direct competitors in wealth management are other fund and exchange-traded-fund (ETF) sponsors, including large nationally recognized investment management firms that have more diverse product offerings and smaller boutique firms that specialize in particular asset classes. We also compete against managers that manage separate-account portfolios for high-net-

worth clients. In the institutional channel, we compete with several investment managers offering similar products and services, from boutique establishments to major commercial and investment banks.

Performance, price and brand are our principal sources of competition. Prospective clients will typically base their decisions to invest, or continue to invest, with us on our ability to generate returns in excess of a benchmark and the cost of doing so. We are evaluated based on our performance and our fees relative to our competitors. In addition, individual fund shareholders may also base their decision on the ability to access the funds we manage through a particular distribution channel.

As interest in real assets continues to increase, we may face increased competition from other managers that are competing for the same client base that we target and serve. Financial intermediaries that offer our products to their clients may also offer competing products. Many of our competitors have greater brand name recognition and more extensive client bases than we do, which could be to our disadvantage. In addition, our larger competitors have more resources and may have more capacity to expand their product offerings and distribution channels and capture market share through ongoing business relationships and extensive marketing efforts. However, compared to our larger competitors, we may be able to grow our business at a faster rate from a relatively smaller asset base and shift resources in response to changing market conditions more quickly.

Regulation

We are subject to regulation under U.S. federal and state laws, as well as applicable laws in the other jurisdictions in which we do business or offer our products and services. Violation of applicable laws or regulations could result in fines, temporary or permanent prohibition of engagement in certain activities, reputational harm and loss of clients, suspension of personnel or revocation of their regulatory licenses, suspension or termination of investment adviser and/or broker-dealer registrations, or other sanctions and penalties.

CSCM, a New York-based subsidiary, is a registered investment adviser with the U.S. Securities and Exchange Commission (the SEC) and is an approved investment manager with the Luxembourg Commission de Surveillance du Secteur Financier (the CSSF), the Irish Financial Services Regulatory Authority (the IFSRA) and the Korean Financial Services Commission. CSCM has also obtained exemptions from registration that allow it to provide investment management services to institutions in Australia and Canada. CSCM is a registered commodity trading adviser and a registered commodity pool operator with the Commodities Futures Trading Commission (the CFTC) and is a member of the National Futures Association (the NFA), a futures industry self-regulatory organization. The CFTC and NFA regulate futures contracts, swaps, and various other financial instruments in which certain of the Company's clients may invest.

CSUK, our UK-based subsidiary, is a registered investment adviser with the SEC and the United Kingdom Financial Conduct Authority and is an approved investment manager with the CSSF. CSUK provides investment management services in several European Union member states pursuant to the Directive on Markets in Financial Instruments repealing Directive 2004/39/EC (MiFID II) and the Regulation on Markets in Financial Instruments (MiFIR). CSUK is subject to the Financial Services and Markets Act 2000, which regulates, among other things, certain liquidity and capital resources requirements. Such requirements may limit our ability to withdraw capital from CSUK. CSUK is also subject to certain pan-European regulations, including MiFID II, the Capital Requirements Directive and the Alternative Investment Fund Managers Directive (AIFMD). MiFID II and MiFIR regulate the provision of investment services throughout the European Economic Area and the Capital Requirements Directive regulates capital requirements. AIFMD regulates the management, administration and marketing of alternative investment funds domiciled in or marketed within the European Union and establishes a regime for the cross-border marketing of those funds.

CSAL, our Hong Kong-based subsidiary, is a registered investment adviser with the SEC and the Hong Kong Securities and Futures Commission (the SFC) and is an approved investment manager with the CSSF and the IFSRA. CSAL is subject to the Securities and Futures Ordinance (the SFO), which regulates, among other things, offers of investments to the public and the licensing of intermediaries. CSAL and its employees conducting any of the regulated activities specified in the SFO are required to be licensed with the SFC and are subject to the rules, codes and guidelines issued by the SFC.

In their capacity as U.S. registered investment advisers, CSCM, CSUK and CSAL are subject to the rules and regulations of the Investment Advisers Act of 1940 (the Advisers Act). The Advisers Act imposes numerous obligations on registered investment advisers, including recordkeeping, operational and marketing requirements, disclosure obligations and prohibitions on fraudulent activities. In addition, our subsidiaries that serve as investment adviser or subadvisor to U.S. registered funds are subject to the Investment Company Act, which imposes additional governance, compliance, reporting and fiduciary obligations.

CSJL, our Japan-based subsidiary, is a financial instruments operator (discretionary investment management and investment advisory and agency) registered with the Financial Services Agency of Japan and the Kanto Local Finance Bureau and is subject to the Financial Instruments and Exchange Act. CSJL supports the marketing, client service and business development activities of the Company and may serve as an intermediary for investment products managed by other affiliates.

CSIL, our Irish subsidiary, is an Irish registered company. We have applied for a license to conduct regulated business in Ireland.

CSS, a New York-based subsidiary, is a registered broker-dealer regulated by the SEC, the Financial Industry Regulatory Authority and other federal and state agencies. CSS is subject to regulations governing, among other things, sales practices, capital structure and recordkeeping. CSS is also subject to the SEC's net capital rule, which specifies minimum net capital levels for registered broker-dealers and is designed to enforce minimum standards for the general financial condition and liquidity of broker-dealers. Under certain circumstances, this rule may limit our ability to withdraw capital and receive dividends from CSS.

Because of the global and integrated nature of our business, regulation applicable to an affiliate in one jurisdiction may affect the operation of affiliates in others or require compliance at a group level.

Employees

As of December 31, 2019, we had 328 full-time employees.

Available Information

We file annual, quarterly and current reports, proxy statements and all amendments to these reports and other information with the SEC. We make available free of charge on or through our website at www.cohenandsteers.com our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC.

Item 1A. Risk Factors

Risks Related to our Business

A significant portion of our revenue for 2019 was derived from a single institutional client.

As of December 31, 2019, our largest institutional client, Daiwa Asset Management, which held most of its assets in U.S. REIT strategies in Japan subadvisory, represented approximately 7.8% of our total revenue for 2019. Approximately 31.9% of the institutional account assets we managed, and approximately 14.0% of our total assets under management were derived from this client. Investor demand for the products we subadvise for this client can be affected by, among other things, changes in the distributions paid by those products, the strength of the Japanese yen compared to the currencies in which the assets held in those products are denominated, and the market and regulatory environment in the Japanese mutual fund market. Changes in the distribution rates could decrease investor demand for these products, resulting in outflows of assets which would negatively impact our revenue and adversely affect our financial condition.

A decline in the absolute or relative performance of real estate securities would have an adverse effect on the assets we manage and our revenue.

As of December 31, 2019, approximately 61.7% of the assets we managed were concentrated in real estate securities. Real estate securities and real property investments owned by the issuers of real estate securities are subject to varying degrees of risk that could affect investment performance. Returns on investments in real estate securities depend on the amount of income and capital appreciation or loss realized by the underlying real property. Income and real estate values may be adversely affected by, among other things, unfavorable changes to tax laws and other laws and regulations applicable to real estate securities, the cost of compliance with applicable laws and regulations, interest rates, the availability of financing, the creditworthiness of tenants, and the limited ability of issuers of real estate securities to vary their portfolios promptly in response to changes in market conditions. If the underlying properties do not generate sufficient income to pay for ongoing operating expenses, the income and the ability of an issuer of real estate securities to pay interest and principal on debt securities or any dividends on common or preferred stocks will be adversely affected. A decline in the performance of real estate securities would have an adverse effect on the assets we manage and reduce the fees we earn and our revenue.

Our growth and the execution of our real estate investment strategy may be constrained by the size and number of real estate securities issuers, as well as REIT ownership restrictions.

Investments in real estate securities continue to play an important role in our overall investment strategy. Our ability to fully utilize our investment capacity and continue to increase our ownership of real estate securities depends, in part, on growth in the size and number of issuers in the real estate securities market, particularly in the U.S. Limited growth, or any consolidation activity in the real estate sector, could limit or reduce the number of investment opportunities otherwise available to us. In addition, increased competition for investment opportunities due to large amounts of available capital dedicated to real estate strategies, or a real or perceived trend towards merger and acquisition activity in the sector, could affect real estate valuations and prices. A limited number of investment targets could adversely impact our ability to make new investments based on fundamental valuations or at all, impair the full utilization of our overall investment capacity, and otherwise negatively affect our investment strategy.

Our ability to increase our ownership, or maintain existing levels of ownership, may also be constrained by REIT ownership limits, which limit the percentage ownership of a REIT's outstanding capital stock, common stock, and/or preferred stock. REIT charters generally grant a REIT the right to unilaterally reduce any ownership amount that it deems to be in violation of its ownership limits. Such charters do not typically provide for the elimination of such right even in the event a REIT has previously provided waivers from such limits or acknowledgements that ownership levels do not violate such limits. To the extent these ownership restrictions prevent us from acquiring new or additional real estate securities, or force us to reduce existing ownership amounts, our revenue and our ability to invest available assets and increase the assets we manage could be negatively affected.

Seed investments made to support the launch of new strategies and products may expose us to potential losses on invested capital.

Our success is partially dependent on our ability to develop, launch, market and manage new investment strategies and products. New investment strategies and products require an initial cash investment, time and sufficient resources as well as ongoing marketing and other support, including potential subsidies of operating expenses.

From time to time, we support the launch of new investment strategies and products by making seed investments in those strategies and products. Numerous risks and uncertainties are associated with all stages of the seed investment product life cycle, including investment performance, market risks, shifting client or market preferences, the introduction of competing products and compliance with regulatory requirements. Seed investments in new strategies and products utilize capital that would otherwise be available for other corporate purposes and expose us to potential capital losses, against which we may not hedge. To the extent we realize losses on our seed investments, our earnings and financial condition may be adversely impacted.

Regulations restricting the use of commission credits to pay for research have increased, and may continue to increase, our operating expenses.

On behalf of our clients, we make decisions to buy and sell securities, select broker-dealers to execute trades and negotiate brokerage commission rates. In connection with these transactions and subject to best execution, we receive commission credits to pay for eligible research and services from broker-dealers and other eligible service providers. As a result of regulations in the European Union, we previously determined to eliminate the use of commission credits to pay for research and eligible services for accounts within the scope of MiFID II. Our operating expenses increased due to the decision to pay for research and eligible services for these accounts.

Depending on the evolution of market practices and regulatory developments, we may elect to pay for research and expenses globally, subject to applicable SEC regulations, to conform to market practices, which would further increase our operating expenses.

We face substantial competition in all aspects of our business.

The investment management industry is highly competitive, and investors are increasingly fee sensitive. We compete against a large number of investment products offered by other investment management companies, investment dealers, banks and insurance companies, and many institutions we compete with have greater financial resources than us. We compete with these firms on the basis of investment performance, diversity of products, distribution capability, scope and quality of services, reputation and the ability to develop new investment strategies and products to meet the changing needs of investors.

Our actively managed investment strategies compete not only against other active strategies but also against similarly positioned passive strategies. The continuing shift in market demand toward index funds and other passive strategies reduces opportunities for active managers and may accelerate fee compression. In the event that competitors charge lower fees for substantially similar products, we may be forced to compete on the basis of price in order to attract and retain clients. In order to maintain our current fee structure in a competitive environment, we must be able to provide clients with investment returns and service commensurate with the level of fees we charge. To the extent current or potential clients decide to invest in products sponsored by our competitors, the sales of our products as well as our market share, revenue and net income could decline.

The inability to access clients through third-party intermediaries could have a material adverse effect on our business.

In recent years, a significant portion of the growth in the assets we manage has been from assets attributable to the distribution of our products through third-party intermediaries. Our ability to distribute our products is highly dependent on access to the client bases and product platforms of international, national and regional securities firms, investment advisory firms, banks, insurance companies, defined contribution plan administrators and other intermediaries, which generally offer competing investment products that could limit the distribution of our products. In addition, our separate account business, subadvisory and model delivery services depend in part on recommendations by consultants, financial planners and other professional advisors, as well as our existing clients.

The structure and terms of the distribution arrangements with intermediaries, including fees or rebates paid by us or our funds to intermediaries to assist with distribution efforts, and the ability of our funds to participate in these intermediary platforms are subject to changes driven by market competition and regulatory developments. Our existing relationships with third-party intermediaries and access to new intermediaries could be adversely affected by continued consolidation within the financial services industry. Consolidation may result in increased distribution costs, a reduction in the number of third parties distributing our investment products or increased competition to access third-party distribution channels. There can be no assurance that we will be able to retain access to these channels. Loss of any of these third-party distribution channels, or changes to their structure and terms, or any reduction in our ability to access clients and investors through existing and new distribution channels, could adversely affect our business.

Our growth could be adversely affected if we are unable to manage the costs associated with the expansion of our business.

Our growth strategy continues to involve diversifying our investment management business to include products and services outside of investments in real estate securities. As part of the implementation of our strategy, we have emphasized the development of broader real assets strategies, including global listed infrastructure and midstream energy, and have expanded our geographical presence and capabilities as well as product and service offerings outside the U.S. As a result, our fixed costs and other expenses have increased to support the development of new strategies and products, to expand the availability and marketability of our existing strategies and products, to grow our potential client base, and to enhance our infrastructure, including additional office space, technology and personnel. The success of our business strategy and future growth is contingent upon our ability to continue to support the development of new strategies and products, to expand the availability of our existing strategies and products, and our ability to successfully manage multiple offices and navigate legal and regulatory systems both domestically and internationally. The cost of adequately supporting such growth and initiatives will have an effect on our operating margin and other financial results.

Our clients may withdraw or reduce the amount of assets we manage or otherwise change the terms of our relationship, which could have an adverse impact on our revenue.

Our institutional clients, and firms with which we have strategic alliances, may terminate their relationship with us, reduce the amount of assets we manage, shift their assets to other types of accounts with different fee structures, or renegotiate the fees we charge them for any number of reasons, including investment performance, redemptions by beneficial owners of funds we manage or subadvise, actual or perceived competition between the accounts we subadvise and our proprietary investment products, changes in the key members of an investment team, changes in prevailing interest rates and financial market performance. Certain investors in the funds we manage hold their shares indirectly through platforms sponsored by financial institutions that have the authority to make investment and asset allocation decisions on behalf of such investors. Decisions by investors to redeem assets may require selling investments at a disadvantageous time or price, which could negatively affect the amount of our assets under management or our ability to continue to pursue certain investment strategies. In a declining market or in conditions of poor relative or absolute performance, the pace of redemptions and withdrawals and the loss of institutional and individual separate account clients could accelerate. The occurrence of any of these events could have a material adverse effect on our revenue.

Limitations on our ability to utilize leverage in the closed-end funds we sponsor could reduce our assets under management and revenue.

Certain of the closed-end funds sponsored by us utilize leverage in the form of bank financing, which in the aggregate amounted to approximately \$2.2 billion as of December 31, 2019. To the extent any closed-end fund sponsored by us elects or is required by regulation or the terms of its bank financing to reduce leverage, such fund may need to liquidate its investments. Reducing leverage or liquidating investments during adverse market conditions would reduce the Company's assets under management and revenue.

We could incur financial losses, reputational harm and regulatory penalties if we fail to implement effective information security policies and procedures.

Our business is dependent on the effectiveness of our information and cyber security policies and procedures to protect our network and telecommunications systems and the data that reside in or are transmitted through such systems. As part of our normal operations, we maintain and transmit confidential information about our employees and clients' portfolios as well as proprietary information relating to our business operations. We maintain a system of internal controls designed to provide reasonable assurance that fraudulent activity, including misappropriation of our assets, fraudulent financial reporting, and unauthorized access to sensitive or confidential information is either prevented or timely detected and remediated. However, our technology systems may still be vulnerable to unauthorized access or may be corrupted by cyber attacks, computer viruses or other malicious software code, or authorized persons could inadvertently or intentionally release confidential or proprietary information. The nature of these threats is constantly evolving and becoming increasingly sophisticated. Although we take precautions to password protect and encrypt our employees' mobile electronic devices, if such devices are stolen, misplaced or left unattended, they may become vulnerable to hacking or other unauthorized use, creating a possible security risk. While, to date, we have not had a significant cyber security breach or attack that has had a material impact on our operations, there can be no assurance that our efforts to maintain the security and integrity of our information technology systems will be effective in the future.

Breach or other failure of our technology systems, including those of third parties with whom we do business, could result in the loss of valuable information, liability for stolen assets or information, remediation costs to repair damage caused by the incident, additional security costs to mitigate against future incidents, regulatory penalties and litigation costs resulting from the incident. In addition, our increased use of mobile and cloud technologies could increase these and other operational risks, and any failure by mobile or cloud technology service providers to adequately safeguard their systems could disrupt our operations and result in misappropriation, corruption or loss of confidential or proprietary information. Moreover, loss of confidential client information could harm our reputation, result in the termination of contracts by our existing clients and subject us to litigation or liability under laws that protect confidential personal data, resulting in increased costs or loss of revenues. We maintain a cyber insurance policy to help mitigate against any potential losses relating to information security breaches. However, such insurance may only partially reimburse us for our losses, if at all, and if a claim is successful and exceeds or is not covered by our insurance policy, we may be required to pay a substantial amount to satisfy such successful claim.

Failure to maintain adequate business continuity plans could have a material adverse effect on the Company and its products.

Significant portions of our business operations and those of our critical third-party service providers are concentrated in a few geographic areas, including New York and New Jersey. Critical operations that are geographically concentrated in New York include portfolio management, trading operations, information technology, investment administration, and portfolio accounting services for our products as well as corporate accounting systems. Should we, or any of our critical service providers, experience a significant local or regional disaster or other significant business disruption, our ability to remain operational will depend in part on the safety and availability of our personnel, our office facilities, and the proper functioning of our network, telecommunication and other related systems and operations. We have backup systems and contingency plans, but we cannot ensure that they will be adequate under all circumstances or that material interruptions and disruptions will not occur. In addition, we rely to varying degrees on outside vendors for disaster recovery support, and we cannot guarantee that these vendors will be able to perform in an adequate and timely manner. Failure by us, or any of our critical service providers, to maintain up-to-date business continuity plans, including system backup facilities, would impede our ability to operate in the event of a significant business disruption, which could result in financial losses to the Company and our clients and investors.

We could experience loss of client relationships if our reputation is harmed.

Our reputation is important to the success of our business. We believe that the Cohen & Steers brand has been, and continues to be, well received globally both in our industry and with our clients, reflecting the fact that our brand, like our business, is based in part on trust and confidence. Our reputation may be harmed by a number of factors, including, but not limited to, poor investment performance, operational failures, the dissemination by current or former clients of unfavorable opinions about our services, changes in key members of an investment team or changes in our senior management and the imposition of legal or regulatory sanctions or penalties in connection with our business activities. If our reputation is harmed, existing clients and investors may reduce amounts held in, or withdraw entirely from, funds or accounts that we manage, or funds or accounts may terminate their relationship with us. In addition, reputational harm may cause us to lose current employees and we may be unable to attract new ones with similar qualifications or skills, which could negatively affect our operations. If we fail to address, or appear to fail to address, successfully and promptly, the underlying causes of any reputational harm, we may be unsuccessful in repairing any damage to our reputation and our future business prospects would likely be affected, and the loss of client relationships could reduce our assets under management, revenue and earnings.

The failure of a key vendor to fulfill its obligations to the Company could have a material adverse effect on the Company and its products.

We depend on a number of key vendors for various fund administration, fund and corporate accounting, custody and transfer agent services, information technology services, market data, and other operational needs. The failure or inability of the Company to establish backup for key services or the failure of any key vendor to fulfill its obligations could lead to operational issues for the Company and certain of its products, which could result in financial losses for the Company and its clients.

Risks Related to our Common Stock

A significant portion of our common stock is owned or controlled by our Chairman and our Chief Executive Officer and their respective family members, which may limit the ability of other stockholders to influence the affairs of the Company.

Our Chairman and a member of his family beneficially owned or controlled approximately 20.6% of our common stock as of December 31, 2019. In addition, our Chief Executive Officer and a member of his family beneficially owned or controlled approximately 24.8% of our common stock as of December 31, 2019. Such levels of ownership or control create the ability to meaningfully influence, among other things:

- the election of members of our board of directors, thereby indirectly influencing the management and affairs of the Company;
- the outcome of matters submitted to a vote of our stockholders; and
- any unsolicited acquisition of us and, consequently, potentially adversely affect the market price of our common stock or prevent our stockholders from realizing a premium on their shares.

The interests of one or more of such persons may differ from those of other stockholders in instances where, for example, management compensation is being determined or where an unsolicited acquisition of us could result in a change in our management. The concentration of beneficial ownership in such persons may limit the ability of our other stockholders to influence the affairs of the Company.

A sale of a substantial number of shares of our common stock may adversely affect the market price of our common stock, and the issuance of additional shares will dilute your percentage ownership in the Company.

A sale of a substantial number of shares of our common stock in the public market, or the perception that such sale may occur, could adversely affect the market price of our common stock. Our Chairman and our Chief Executive Officer, together with certain of their respective family members, beneficially owned or controlled 9,749,328 shares and 11,734,949 shares, respectively, of our common stock as of December 31, 2019. Any of such persons may sell shares of our common stock in the open market, subject to any restrictions imposed by U.S. federal securities laws on sales by affiliates.

In connection with our initial public offering in 2004, we entered into a Registration Rights Agreement with our Chairman and our Chief Executive Officer and certain trust entities controlled by certain of their respective family members that requires us to register under the Securities Act of 1933, as amended, shares of our common stock (and other securities convertible into or exchangeable or exercisable for shares of common stock) held by them under certain circumstances. In May 2018, we filed a Registration Statement on Form S-3 covering (i) the resale of up to an aggregate of 22,911,757 shares owned or controlled by our Chairman and our Chief Executive Officer and certain other persons and (ii) the offer and sale of an indeterminate number of shares by us to the public. The sale of a substantial number of shares of our common stock may adversely affect the market price of our common stock, and any additional shares that we issue will dilute your percentage ownership in the Company.

Anti-takeover provisions in our charter documents and Delaware law may delay or prevent a change in control of us, which could decrease the trading price of our common stock.

Our certificate of incorporation and bylaws and Delaware law contain certain anti-takeover provisions that could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of the Company without negotiating with our board of directors. Such provisions could limit the price that certain investors might be willing to pay in the future for the Company's common stock. Certain of these provisions allow the Company to issue preferred stock with rights more senior to those of our common stock, impose various procedural and other requirements that could make it more difficult for stockholders to effect certain corporate actions, and set forth rules about how stockholders may present proposals or nominate directors for election at annual meetings.

We believe these provisions protect our stockholders from coercive or other unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess acquisition proposals. However, these provisions apply even if an acquisition proposal may be considered beneficial by some stockholders and could have the effect of delaying or preventing an acquisition. In the event that our board of directors determines that a potential business combination transaction would be beneficial to the Company and its stockholders, such stockholders may elect to sell their shares in the Company and the trading price of our common stock could decrease.

Legal and Regulatory Risks

We may be adversely impacted by legal and regulatory changes in the U.S. and internationally.

We operate in a highly regulated industry and are subject to new regulations and revisions to, and evolving interpretations of, existing regulations in the U.S. and internationally. In recent years, regulators in the U.S. and abroad have increased oversight of the financial services industry, which may result in regulation that increases the Company's cost of conducting its business and maintaining its global compliance standards or limit or change the Company's current or prospective business.

U.S. regulatory agencies have proposed and adopted multiple regulations that could impact the mutual fund industry. The SEC's final rules and amendments that modernize reporting and disclosure and the implementation of a liquidity risk management program, along with other potential new regulations such as standardized fiduciary rules, could restrict the funds we manage from engaging in certain transactions, impact flows, increase expenses as well as compliance costs.

In Europe, rules and regulations under MiFID II and MiFIR became effective on January 3, 2018. These have had, and will continue to have, direct and indirect effects on our operations in Europe, including increased costs for investment research and increased compliance, disclosure, reporting, and other obligations.

There has been an increase in data and privacy regulations globally. In May 2018, the European Union's General Data Protection Regulation (GDPR) became effective. The primary objectives of GDPR are to give individuals control of their personal data and to simplify the regulatory environment by unifying data protection regulation in the European Union. This has required us to extensively review our global data processing systems and procedures to comply with GDPR's stringent rules. Compliance under GDPR has resulted in higher costs for increased disclosure and other obligations. Failure to comply with GDPR could result in fines up to the higher of 20 million euros or 4% of annual global revenues. Additionally, U.S. state data breach and privacy legislation, including the California Consumer Privacy Act, have come into effect requiring us to comply with stringent requirements, and we expect that there will be further regulation and legislation that will come into effect in the near future that will require us to comprehensively review our systems and processes and may result in additional costs.

The U.K.'s exit from the European Union on January 31, 2020 (referred to as Brexit) may disrupt our business operations and impact our reported financial results as well as the liquidity and value of our investments. Brexit has caused significant geo-political and legal uncertainty and market volatility in the U.K. and elsewhere, which has continued during the Brexit negotiation process. CSUK's ability to market and provide its services or serve as a distributor of financial products within the European Union could be restricted temporarily or in the long term as a result of Brexit. Our contingency plans for Brexit require the cooperation of counterparties or a regulator of financial services to make timely arrangements. While we believe it is in the best interests of counterparties and regulators to cooperate, we cannot guarantee that counterparties or regulators will cooperate or the timeliness of their cooperation. Our operating expenses have increased as we implement our plan to continue to market and provide our services and distribute our products in the short and/or long term.

Although the full extent of the foregoing regulatory changes is still unclear, they may affect our business operations and increase our operating expenses.

Our involvement in legal proceedings could adversely affect our results of operations and financial condition.

Many aspects of our business involve risks of legal liability. Claims against us may arise in the ordinary course of business, including employment-related claims, and from time to time, we may receive subpoenas or other requests for information from various U.S. and non-U.S. governmental or regulatory authorities and third parties in connection with certain industry-wide, company-specific or other investigations or proceedings. In addition, certain funds we manage may become subject to lawsuits, any of which could potentially impact the investment returns of the applicable fund.

We carry insurance in amounts and under terms that we believe are appropriate to cover potential liabilities related to litigation. However, we cannot guarantee that our insurance will cover all liabilities and losses to which we may be exposed, or that our insurance policies will continue to be available at acceptable terms and fees. As our insurance policies are due for renewal, we may need to assume higher deductibles or pay higher premiums, which would increase our expenses and reduce our net income.

The tax treatment of certain of our funds involves the interpretation of complex provisions of U.S. federal income tax law for which no precedent may be available and may be subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of certain of our funds depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. U.S. federal income tax rules are constantly under review by the IRS and the U.S. Department of the Treasury, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. Recent and ongoing changes to U.S. federal income tax laws and interpretations thereof could cause us to change our investments and commitments, affect the tax considerations of an investment in us and our funds and change the character or treatment of portions of our income. In addition, the Company may be required to make certain assumptions when electing a particular tax treatment. It is possible that the IRS could assert successfully that the assumptions made by us do not satisfy the technical requirements of the Internal Revenue Code and/or Treasury Regulations and could require items of income, gain, deduction, loss or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects us and our clients.

Item 1B. Unresolved Staff Comments

The Company has no unresolved SEC staff comments.

Item 2. Properties

Our principal executive office is located in leased office space at 280 Park Avenue, New York, New York. In addition, we have leased office space in London, Dublin, Hong Kong and Tokyo.

Item 3. Legal Proceedings

From time to time, we may become involved in legal matters relating to claims arising in the ordinary course of our business. There are currently no such matters pending that we believe could have a material effect on our consolidated results of operations, cash flows or financial condition. In addition, from time to time, we may receive subpoenas or other requests for information from various U.S. federal and state governmental authorities, domestic and international regulatory authorities and third parties in connection with certain industry-wide inquiries or other investigations or legal proceedings. It is our policy to cooperate fully with such requests.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange (NYSE) and is traded under the symbol "CNS". As of February 18, 2020, there were 33 holders of record of our common stock. Holders of record include institutional and omnibus accounts that hold common stock on behalf of numerous underlying beneficial owners.

Payment of any dividends to our common stockholders is subject to the approval of our Board of Directors. When determining whether to pay a dividend, we take into account general economic and business conditions, our strategic plans, our financial results and condition, contractual, legal and regulatory restrictions on the payment of dividends by us and our subsidiaries and such other factors deemed relevant. On February 20, 2020, we declared a quarterly cash dividend on our common stock in the amount of \$0.39 per share.

Issuer Purchases of Equity Securities

During the three months ended December 31, 2019, we did not make any purchases of our equity securities that are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934.

Recent Sales of Unregistered Securities

None.

Item 6. Selected Financial Data

The selected consolidated financial data, together with other information presented below, should be read in conjunction with our consolidated financial statements and the notes to those statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Annual Report on Form 10-K.

Selected Consolidated Financial and Other Data

(in thousands, except per share data)

	As of and For the Years Ended December 31,				
	2019	2018	2017	2016	2015
Consolidated Statements of Operations					
Total revenue	\$ 410,830	\$ 381,111	\$ 378,696 ⁽¹⁾	\$ 351,497 ⁽¹⁾	\$ 328,655
Total expenses	250,696	234,073	223,950 ⁽¹⁾	215,986 ⁽¹⁾	201,106
Operating income	160,134	147,038	154,746	135,511	127,549
Total non-operating income (loss)	27,415	(3,259)	5,654	7,892	(14,805) ⁽²⁾
Income before provision for income taxes	187,549	143,779	160,400	143,403	112,744
Provision for income taxes	40,565 ⁽³⁾	34,257 ⁽³⁾	67,914	50,593	48,407
Net income	146,984	109,522	92,486	92,810	64,337
Less: Net (income) loss attributable to redeemable noncontrolling interests	(12,363)	4,374	(547)	126	214
Net income attributable to common stockholders	\$ 134,621	\$ 113,896	\$ 91,939	\$ 92,936	\$ 64,551
Earnings per share attributable to common stockholders					
Basic	\$ 2.85	\$ 2.43	\$ 1.98	\$ 2.02	\$ 1.42
Diluted	\$ 2.79	\$ 2.40	\$ 1.96	\$ 2.00	\$ 1.41
Cash dividends declared per share					
Quarterly	\$ 1.44	\$ 1.32	\$ 1.12	\$ 1.04	\$ 1.00
Special	\$ 2.00	\$ 2.50	\$ 1.00	\$ 0.50	\$ 0.50
Consolidated Statements of Financial Condition					
Cash and cash equivalents	\$ 101,352	\$ 92,733	\$ 193,452	\$ 183,234	\$ 142,728
Investments	155,213	224,932	108,106	54,544	71,334
Total assets	402,419	481,039	410,125	333,728	305,322
Total liabilities	135,304	144,201	86,794	67,061	62,212
Redeemable noncontrolling interests	53,412	114,192	47,795	853	11,334
Total stockholders’ equity	213,703	222,646	275,536	265,814	231,776
Other Data (in millions)					
Assets under management (AUM) by investment vehicle: ⁽⁴⁾					
Institutional accounts	\$ 31,813	\$ 27,148	\$ 30,896	\$ 29,848	\$ 27,253
Open-end funds	30,725	22,295	25,188	21,177	18,696
Closed-end funds	9,644	8,410	9,406	8,963	9,029
Total AUM	\$ 72,182	\$ 57,853	\$ 65,490	\$ 59,988	\$ 54,978

(1) Amounts have been recast to reflect the Company’s adoption of the new revenue recognition accounting standard on January 1, 2018. See Notes 2 and 3 of the consolidated financial statements for further discussion of the Company’s recently adopted accounting pronouncements and revenue, respectively.

(2) Includes \$8.2 million of unrealized losses related to the reclassification of one of the Company’s seed investments from available-for-sale to equity method and a \$2.8 million other-than-temporary impairment.

(3) Amount reflects the lower U.S. federal statutory tax rate of 21.0% due to the Tax Cuts and Jobs Act.

(4) Prior period amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K and other documents filed by us 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, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "may," "should," "seeks," "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. We believe that these factors include, but are not limited to, the risks described in Item 1A. Risk Factors of this Annual Report on Form 10-K. These factors are not exhaustive and should be read in conjunction with the other cautionary statements that are included in this Annual Report on Form 10-K. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Cohen & Steers, Inc. (CNS), a Delaware corporation formed in 2004, and its subsidiaries are collectively referred to as the Company, we, us or our.

Executive Overview

We are a global investment manager specializing in real assets and alternative income. Our specialties include real estate securities, listed infrastructure and natural resource equities, as well as preferred securities and other income solutions. Founded in 1986, we are headquartered in New York City, with offices in London, Dublin, Hong Kong and Tokyo.

Our primary investment strategies include U.S. real estate securities, global/international real estate securities, global listed infrastructure, midstream energy and MLPs, real assets multi-strategy, preferred securities, low duration preferred securities and global natural resource equities. Our strategies seek to achieve a variety of investment objectives for different risk profiles and are actively managed by specialist teams of investment professionals who employ fundamental-driven research and portfolio management processes. We offer our strategies through a variety of investment vehicles, including U.S. and non-U.S. registered funds and other commingled vehicles, separate accounts, and subadvised portfolios.

Our distribution network encompasses two major channels in the asset management industry. Our Wealth channel covers sophisticated financial intermediaries, including national and regional brokerage firms, registered investment advisers, and bank trusts. The U.S. registered open-end funds for which we serve as investment adviser are available for purchase with and without commissions through full service and discount broker-dealers as well as the significant networks serving financial advisers. Our institutional channel includes corporate, public defined benefit plans, public defined contribution pension plans and Taft-Hartley trusts, endowments and foundations, sovereign wealth funds, healthcare, insurance companies as well as other financial institutions that access our investment management services directly, through consultants or through other intermediaries.

Our revenue is derived from fees received from our clients, including fees for managing or subadvising client accounts as well as investment advisory, administration, distribution and service fees received from Company-sponsored open-end and closed-end funds. Our fees are based on contractually specified rates applied to the value of the assets we manage and, in certain cases, investment performance. Our revenue fluctuates with changes in the total value of our assets under management, which may occur as a result of market appreciation and depreciation, contributions or withdrawals from client accounts, foreign currency fluctuations and distributions. This revenue is recognized over the period that the assets are managed.

A majority of our revenue, approximately 92.1%, 91.8% and 91.1% for the years ended December 31, 2019, 2018 and 2017, respectively, was derived from investment advisory and administration fees for providing asset management services to institutional accounts as well as open-end funds and closed-end funds sponsored by the Company.

Assets Under Management

By Investment Vehicle

(in millions)	Years Ended December 31,		
	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
<u>Institutional Accounts</u>			
Assets under management, beginning of period	\$ 27,148	\$ 30,896	\$ 29,848
Inflows	3,993	2,814	3,963
Outflows	(4,908)	(3,558)	(3,267)
Net inflows (outflows)	(915)	(744)	696
Market appreciation (depreciation)	6,873	(1,074)	3,178
Distributions	(1,306)	(1,962)	(3,018)
Transfers	13	32	192
Total increase (decrease)	4,665	(3,748)	1,048
Assets under management, end of period	<u>\$ 31,813</u>	<u>\$ 27,148</u>	<u>\$ 30,896</u>
Percentage of total assets under management	<u>44.1%</u>	<u>46.9%</u>	<u>47.2%</u>
Average assets under management	<u>\$ 30,301</u>	<u>\$ 28,893</u>	<u>\$ 30,682</u>
<u>Open-end Funds</u>			
Assets under management, beginning of period	\$ 22,295	\$ 25,188	\$ 21,177
Inflows	12,484	8,963	9,702
Outflows	(7,745)	(9,411)	(6,541)
Net inflows (outflows)	4,739	(448)	3,161
Market appreciation (depreciation)	5,881	(1,302)	2,230
Distributions	(2,177)	(1,111)	(1,188)
Transfers	(13)	(32)	(192)
Total increase (decrease)	8,430	(2,893)	4,011
Assets under management, end of period	<u>\$ 30,725</u>	<u>\$ 22,295</u>	<u>\$ 25,188</u>
Percentage of total assets under management	<u>42.6%</u>	<u>38.5%</u>	<u>38.5%</u>
Average assets under management	<u>\$ 27,595</u>	<u>\$ 24,276</u>	<u>\$ 23,373</u>
<u>Closed-end Funds</u>			
Assets under management, beginning of period	\$ 8,410	\$ 9,406	\$ 8,963
Inflows	5	12	—
Outflows	(80)	—	—
Net inflows (outflows)	(75)	12	—
Market appreciation (depreciation)	1,823	(496)	949
Distributions	(514)	(512)	(506)
Total increase (decrease)	1,234	(996)	443
Assets under management, end of period	<u>\$ 9,644</u>	<u>\$ 8,410</u>	<u>\$ 9,406</u>
Percentage of total assets under management	<u>13.4%</u>	<u>14.5%</u>	<u>14.4%</u>
Average assets under management	<u>\$ 9,381</u>	<u>\$ 9,012</u>	<u>\$ 9,343</u>
<u>Total</u>			
Assets under management, beginning of period	\$ 57,853	\$ 65,490	\$ 59,988
Inflows	16,482	11,789	13,665
Outflows	(12,733)	(12,969)	(9,808)
Net inflows (outflows)	3,749	(1,180)	3,857
Market appreciation (depreciation)	14,577	(2,872)	6,357
Distributions	(3,997)	(3,585)	(4,712)
Total increase (decrease)	14,329	(7,637)	5,502
Assets under management, end of period	<u>\$ 72,182</u>	<u>\$ 57,853</u>	<u>\$ 65,490</u>
Average assets under management	<u>\$ 67,277</u>	<u>\$ 62,181</u>	<u>\$ 63,398</u>

(1) Amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Assets Under Management - Institutional Accounts

By Account Type

(in millions)	Years Ended December 31,		
	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Advisory			
Assets under management, beginning of period	\$ 12,065	\$ 11,341	\$ 9,068
Inflows	1,918	2,101	1,822
Outflows	(1,351)	(925)	(868)
Net inflows (outflows)	567	1,176	954
Market appreciation (depreciation)	3,032	(484)	1,127
Transfers	5	32	192
Total increase (decrease)	3,604	724	2,273
Assets under management, end of period	\$ 15,669	\$ 12,065	\$ 11,341
Percentage of total assets under management	49.3%	44.4%	36.7%
Average assets under management	\$ 14,752	\$ 11,804	\$ 10,280
Japan Subadvisory			
Assets under management, beginning of period	\$ 9,288	\$ 12,672	\$ 14,888
Inflows	942	144	1,411
Outflows	(1,076)	(1,250)	(1,545)
Net inflows (outflows)	(134)	(1,106)	(134)
Market appreciation (depreciation)	2,475	(316)	936
Distributions	(1,306)	(1,962)	(3,018)
Total increase (decrease)	1,035	(3,384)	(2,216)
Assets under management, end of period	\$ 10,323	\$ 9,288	\$ 12,672
Percentage of total assets under management	32.4%	34.2%	41.0%
Average assets under management	\$ 9,954	\$ 10,608	\$ 13,967
Subadvisory Excluding Japan			
Assets under management, beginning of period	\$ 5,795	\$ 6,883	\$ 5,892
Inflows	1,133	569	730
Outflows	(2,481)	(1,383)	(854)
Net inflows (outflows)	(1,348)	(814)	(124)
Market appreciation (depreciation)	1,366	(274)	1,115
Transfers	8	—	—
Total increase (decrease)	26	(1,088)	991
Assets under management, end of period	\$ 5,821	\$ 5,795	\$ 6,883
Percentage of total assets under management	18.3%	21.3%	22.3%
Average assets under management	\$ 5,595	\$ 6,481	\$ 6,435
Total Institutional Accounts			
Assets under management, beginning of period	\$ 27,148	\$ 30,896	\$ 29,848
Inflows	3,993	2,814	3,963
Outflows	(4,908)	(3,558)	(3,267)
Net inflows (outflows)	(915)	(744)	696
Market appreciation (depreciation)	6,873	(1,074)	3,178
Distributions	(1,306)	(1,962)	(3,018)
Transfers	13	32	192
Total increase (decrease)	4,665	(3,748)	1,048
Assets under management, end of period	\$ 31,813	\$ 27,148	\$ 30,896
Average assets under management	\$ 30,301	\$ 28,893	\$ 30,682

(1) Amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Assets Under Management

By Investment Strategy

(in millions)	Years Ended December 31,		
	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
U.S. Real Estate			
Assets under management, beginning of period	\$ 24,627	\$ 29,241	\$ 30,587
Inflows	7,298	4,488	5,703
Outflows	(5,363)	(5,158)	(5,241)
Net inflows (outflows)	1,935	(670)	462
Market appreciation (depreciation)	7,346	(1,151)	1,896
Distributions	(2,886)	(2,561)	(3,694)
Transfers	2	(232)	(10)
Total increase (decrease)	6,397	(4,614)	(1,346)
Assets under management, end of period	\$ 31,024	\$ 24,627	\$ 29,241
Percentage of total assets under management	43.0%	42.6%	44.6%
Average assets under management	\$ 29,117	\$ 26,605	\$ 30,271
Preferred Securities			
Assets under management, beginning of period	\$ 13,068	\$ 14,435	\$ 10,797
Inflows	5,726	4,503	5,168
Outflows	(3,041)	(4,723)	(2,635)
Net inflows (outflows)	2,685	(220)	2,533
Market appreciation (depreciation)	2,406	(803)	1,645
Distributions	(597)	(560)	(540)
Transfers	19	216	—
Total increase (decrease)	4,513	(1,367)	3,638
Assets under management, end of period	\$ 17,581	\$ 13,068	\$ 14,435
Percentage of total assets under management	24.4%	22.6%	22.0%
Average assets under management	\$ 15,702	\$ 14,237	\$ 12,829
Global/International Real Estate			
Assets under management, beginning of period	\$ 11,047	\$ 11,194	\$ 9,456
Inflows	2,541	1,975	1,520
Outflows	(2,714)	(1,669)	(1,071)
Net inflows (outflows)	(173)	306	449
Market appreciation (depreciation)	2,887	(254)	1,491
Distributions	(252)	(199)	(212)
Transfers	—	—	10
Total increase (decrease)	2,462	(147)	1,738
Assets under management, end of period	\$ 13,509	\$ 11,047	\$ 11,194
Percentage of total assets under management	18.7%	19.1%	17.1%
Average assets under management	\$ 12,718	\$ 11,341	\$ 10,327

(1) Amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

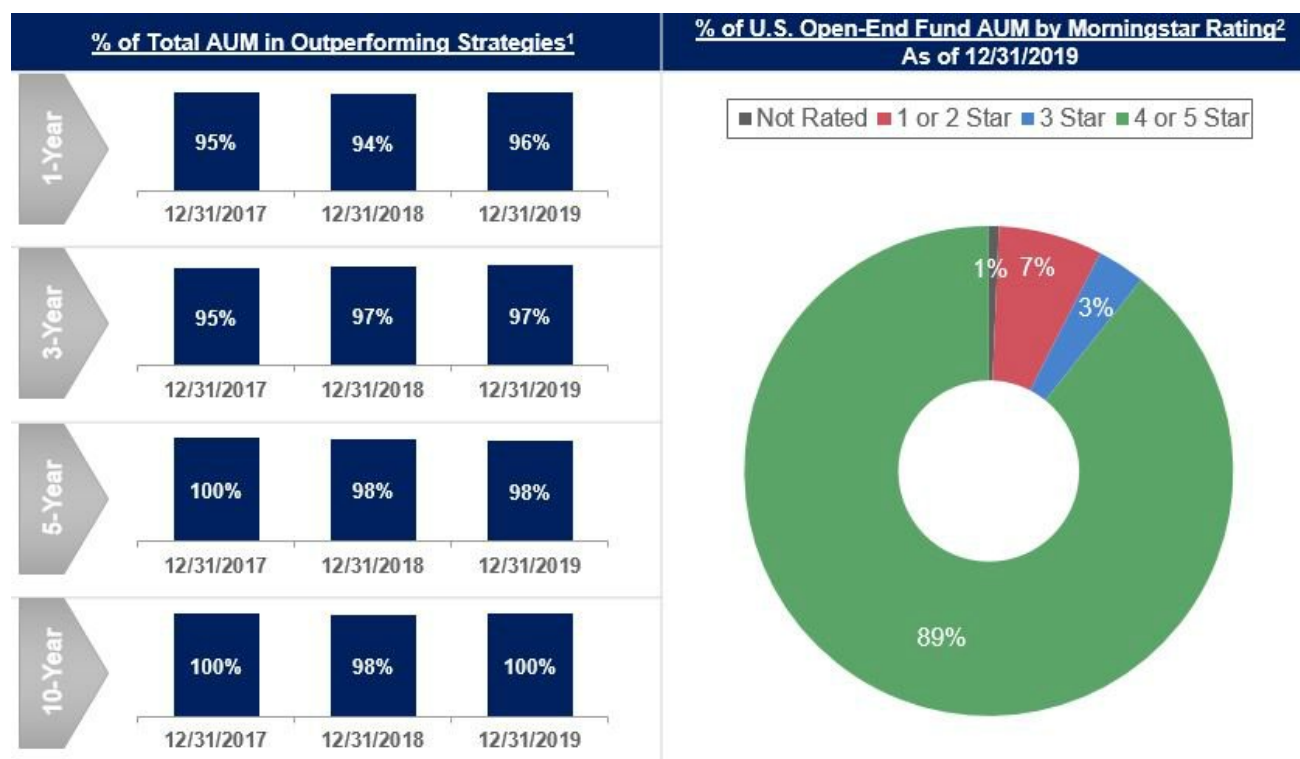
Assets Under Management

By Investment Strategy - continued

(in millions)	Years Ended December 31,		
	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Global Listed Infrastructure			
Assets under management, beginning of period	\$ 6,517	\$ 6,982	\$ 5,712
Inflows	713	601	872
Outflows	(699)	(448)	(376)
Net inflows (outflows)	14	153	496
Market appreciation (depreciation)	1,520	(419)	970
Distributions	(201)	(199)	(196)
Transfers	226	—	—
Total increase (decrease)	1,559	(465)	1,270
Assets under management, end of period	\$ 8,076	\$ 6,517	\$ 6,982
Percentage of total assets under management	11.2%	11.3%	10.7%
Average assets under management	\$ 7,455	\$ 6,924	\$ 6,506
Other			
Assets under management, beginning of period	\$ 2,594	\$ 3,638	\$ 3,436
Inflows	204	222	402
Outflows	(916)	(971)	(485)
Net inflows (outflows)	(712)	(749)	(83)
Market appreciation (depreciation)	418	(245)	355
Distributions	(61)	(66)	(70)
Transfers	(247)	16	—
Total increase (decrease)	(602)	(1,044)	202
Assets under management, end of period	\$ 1,992	\$ 2,594	\$ 3,638
Percentage of total assets under management	2.8%	4.5%	5.6%
Average assets under management	\$ 2,285	\$ 3,075	\$ 3,465
Total			
Assets under management, beginning of period	\$ 57,853	\$ 65,490	\$ 59,988
Inflows	16,482	11,789	13,665
Outflows	(12,733)	(12,969)	(9,808)
Net inflows (outflows)	3,749	(1,180)	3,857
Market appreciation (depreciation)	14,577	(2,872)	6,357
Distributions	(3,997)	(3,585)	(4,712)
Total increase (decrease)	14,329	(7,637)	5,502
Assets under management, end of period	\$ 72,182	\$ 57,853	\$ 65,490
Average assets under management	\$ 67,277	\$ 62,182	\$ 63,398

(1) Amounts have been recast to include model-based portfolios which were previously classified as assets under advisement.

Investment Performance as of December 31, 2019



- (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) © 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. 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 at December 31, 2019. 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.

Changes in Assets Under Management - 2019 Compared with 2018

Assets under management at December 31, 2019 increased 24.8% to \$72.2 billion from \$57.9 billion at December 31, 2018. The increase was due to net inflows of \$3.7 billion and market appreciation of \$14.6 billion, partially offset by distributions of \$4.0 billion. Net inflows included \$2.7 billion into preferred securities and \$1.9 billion into U.S. real estate, partially offset by net outflows of \$676 million from large cap value (which is included in "Other" in the table on pages 19-20). Market appreciation included \$7.3 billion from U.S. real estate, \$2.9 billion from global/international real estate, \$2.4 billion from preferred securities and \$1.5 billion from global listed infrastructure. Distributions included \$2.9 billion from U.S. real estate and \$597 million from preferred securities. Our overall organic growth rate was 6.5% for the year ended

December 31, 2019, compared with organic decay of 1.8% for the year ended December 31, 2018. The organic growth/decay rate represents the ratio of net flows for the year to the beginning assets under management of the respective period.

Average assets under management for the year ended December 31, 2019 increased 8.2% to \$67.3 billion from \$62.2 billion for the year ended December 31, 2018.

Institutional accounts

Assets under management in institutional accounts at December 31, 2019, which represented 44.1% of total assets under management, increased 17.2% to \$31.8 billion from \$27.1 billion at December 31, 2018. The increase was due to market appreciation of \$6.9 billion, partially offset by net outflows of \$915 million and distributions of \$1.3 billion. Net outflows included \$510 million from large cap value (which is included in “Other” in the table on pages 19-20) and \$356 million from preferred securities, partially offset by net inflows of \$231 million into U.S. real estate. Market appreciation included \$3.0 billion from U.S. real estate and \$2.4 million from global/international real estate. Distributions included \$1.2 billion from U.S. real estate. Our organic decay rate for institutional accounts was 3.4% for the year ended December 31, 2019, compared with 2.4% for the year ended December 31, 2018.

Average assets under management for institutional accounts for the year ended December 31, 2019 increased 4.9% to \$30.3 billion from \$28.9 billion for the year ended December 31, 2018.

Assets under management in institutional advisory accounts at December 31, 2019, which represented 49.3% of institutional assets under management, increased 29.9% to \$15.7 billion from \$12.1 billion at December 31, 2018. The increase was due to net inflows of \$567 million and market appreciation of \$3.0 billion. Net inflows included \$592 million into global/international real estate and \$124 million into U.S. real estate, partially offset by net outflows of \$92 million from large cap value (which is included in “Other” in the table on pages 19-20) and \$69 million from global listed infrastructure. Market appreciation included \$1.1 billion from global/international real estate, \$803 million from U.S. real estate and \$512 million from global listed infrastructure. Our organic growth rate for institutional advisory accounts was 4.7% for the year ended December 31, 2019, compared with 10.4% for the year ended December 31, 2018.

Average assets under management for institutional advisory accounts for the year ended December 31, 2019 increased 25.0% to \$14.8 billion from \$11.8 billion for the year ended December 31, 2018.

Assets under management in Japan subadvisory accounts at December 31, 2019, which represented 32.4% of institutional assets under management, increased 11.1% to \$10.3 billion from \$9.3 billion at December 31, 2018. The increase was due to market appreciation of \$2.5 billion, partially offset by net outflows of \$134 million and distributions of \$1.3 billion. Net outflows included \$180 million from preferred securities and \$104 million from global/international real estate, partially offset by net inflows of \$152 million into U.S. real estate. Market appreciation included \$1.9 billion from U.S. real estate and \$445 million from global/international real estate. Distributions included \$1.2 billion from U.S. real estate. Our organic decay rate for Japan subadvisory accounts was 1.4% for the year ended December 31, 2019, compared with 8.7% for the year ended December 31, 2018.

Average assets under management for Japan subadvisory accounts for the year ended December 31, 2019 decreased 6.2% to \$10.0 billion from \$10.6 billion.

Assets under management in institutional subadvisory accounts excluding Japan at December 31, 2019, which represented 18.3% of institutional assets under management, were \$5.8 billion at both December 31, 2019 and 2018 as net outflows were offset by market appreciation. Our organic decay rate for institutional subadvisory accounts excluding Japan was 23.3% for the year ended December 31, 2019, compared with 11.8% for the year ended December 31, 2018.

Average assets under management for institutional subadvisory accounts excluding Japan for the year ended December 31, 2019 decreased 13.7% to \$5.6 billion from \$6.5 billion for the year ended December 31, 2018.

Open-end funds

Assets under management in open-end funds at December 31, 2019, which represented 42.6% of total assets under management, increased 37.8% to \$30.7 billion from \$22.3 billion at December 31, 2018. The increase was due to net inflows of \$4.7 billion and market appreciation of \$5.9 billion, partially offset by distributions of \$2.2 billion. Net inflows included \$3.0 billion into preferred securities and \$1.7 billion into U.S. real estate. Market appreciation included \$3.7 billion from U.S. real estate and \$1.6 billion from preferred securities. Distributions included \$1.5 billion from U.S. real estate and \$478

million from preferred securities. Our organic growth rate for open-end funds was 21.3% for the year ended December 31, 2019, compared with organic decay rate of 1.8% for the year ended December 31, 2018.

Average assets under management for open-end funds for the year ended December 31, 2019 increased 13.7% to \$27.6 billion from \$24.3 billion for the year ended December 31, 2018.

Closed-end funds

Assets under management in closed-end funds at December 31, 2019, which represented 13.4% of total assets under management, increased 14.7% to \$9.6 billion from \$8.4 billion at December 31, 2018. The increase was due to market appreciation of \$1.8 billion, partially offset by net outflows of \$75 million related to decreases in certain funds' outstanding leverage and distributions of \$514 million. Our organic decay rate for closed-end funds was 0.9% for the year ended December 31, 2019, compared with organic growth of 0.1% for the year ended December 31, 2018.

Average assets under management for closed-end funds for the year ended December 31, 2019 increased 4.1% to \$9.4 billion from \$9.0 billion for the year ended December 31, 2018.

Changes in Assets Under Management - 2018 Compared with 2017

Assets under management at December 31, 2018 decreased 11.7% to \$57.9 billion from \$65.5 billion at December 31, 2017. The decrease was due to net outflows of \$1.2 billion, market depreciation of \$2.9 billion and distributions of \$3.6 billion. Net outflows included \$670 million from U.S. real estate and \$607 million from commodities (which is included in "Other" in the table on pages 19-20). Market depreciation included \$1.2 billion from U.S. real estate, \$803 million from preferred securities and \$419 million from global listed infrastructure. Distributions included \$2.6 billion from U.S. real estate and \$560 million from preferred securities. Our overall organic decay rate was 1.8% for the year ended December 31, 2018, compared with organic growth of 6.4% for the year ended December 31, 2017. The organic growth/decay rate represents the ratio of net flows for the year to the beginning assets under management of the respective period.

Average assets under management for the year ended December 31, 2018 decreased 1.9% to \$62.2 billion from \$63.4 billion for the year ended December 31, 2017.

Institutional accounts

Assets under management in institutional accounts at December 31, 2018, which represented 46.9% of total assets under management, decreased 12.1% to \$27.1 billion from \$30.9 billion at December 31, 2017. The decrease was due to net outflows of \$744 million, market depreciation of \$1.1 billion and distributions of \$2.0 billion. Net outflows included \$944 million from U.S. real estate and \$546 million from commodities (which is included in "Other" in the table on pages 19-20), partially offset by net inflows of \$550 million into preferred securities and \$202 million into global/international real estate. Market depreciation included \$372 million from U.S. real estate, \$202 million from global listed infrastructure, \$196 million from preferred securities and \$171 million from global/international real estate. Distributions included \$1.8 billion from U.S. real estate. Our organic decay rate for institutional accounts was 2.4% for the year ended December 31, 2018, compared with organic growth of 2.3% for the year ended December 31, 2017.

Average assets under management for institutional accounts for the year ended December 31, 2018 decreased 5.8% to \$28.9 billion from \$30.7 billion for the year ended December 31, 2017.

Assets under management in institutional advisory accounts at December 31, 2018, which represented 44.4% of institutional assets under management, increased 6.4% to \$12.1 billion from \$11.3 billion at December 31, 2017. The increase was due to net inflows of \$1.2 billion, partially offset by market depreciation of \$484 million. Net inflows included \$631 million into preferred securities and \$209 million into global/international real estate. Market depreciation included \$119 million from U.S. real estate, \$104 million from global listed infrastructure and \$89 million from real assets multi-strategy (which is included in "Other" in the table on pages 19-20). Our organic growth rate for institutional advisory accounts was 10.4% for the year ended December 31, 2018, compared with 10.5% for the year ended December 31, 2017.

Average assets under management for institutional advisory accounts for the year ended December 31, 2018 increased 14.8% to \$11.8 billion from \$10.3 billion for the year ended December 31, 2017.

Assets under management in Japan subadvisory accounts at December 31, 2018, which represented 34.2% of institutional assets under management, decreased 26.7% to \$9.3 billion from \$12.7 billion at December 31, 2017. The decrease was due to net outflows of \$1.1 billion, market depreciation of \$316 million and distributions of \$2.0 billion. Net

outflows included \$966 million from U.S. real estate. Market depreciation included \$224 million from U.S. real estate and \$59 million from global/international real estate. Distributions included \$1.8 billion from U.S. real estate. Our organic decay rate for Japan subadvisory accounts was 8.7% for the year ended December 31, 2018, compared with 0.9% for the year ended December 31, 2017.

Average assets under management for Japan subadvisory accounts for the year ended December 31, 2018 decreased 24.0% to \$10.6 billion from \$14.0 billion for the year ended December 31, 2017.

Assets under management in institutional subadvisory accounts excluding Japan at December 31, 2018, which represented 21.3% of institutional assets under management, decreased 15.8% to \$5.8 billion from \$6.9 billion at December 31, 2017. The decrease was due to net outflows of \$814 million and market depreciation of \$274 million. Net outflows included \$546 million from commodities (which is included in “Other” in the table on pages 19-20) and \$145 million from U.S. real estate. Market depreciation included \$97 million from global listed infrastructure, \$95 million from preferred securities and \$29 million from U.S. real estate. Our organic decay rate for institutional subadvisory excluding Japan was 11.8% for the year ended December 31, 2018, compared with 2.1% for the year ended December 31, 2017.

Average assets under management for institutional subadvisory accounts excluding Japan for the year ended December 31, 2018 increased 0.7% to \$6.5 billion from \$6.4 billion for the year ended December 31, 2017.

Open-end funds

Assets under management in open-end funds at December 31, 2018, which represented 38.5% of total assets under management, decreased 11.5% to \$22.3 billion from \$25.2 billion at December 31, 2017. The decrease was due to net outflows of \$448 million, market depreciation of \$1.3 billion and distributions of \$1.1 billion. Net outflows included \$771 million from preferred securities, partially offset by net inflows of \$276 million into U.S. real estate and \$118 million into global listed infrastructure. Market depreciation included \$635 million from U.S. real estate and \$493 million from preferred securities. Distributions included \$566 million from U.S. real estate and \$439 million from preferred securities. Our organic decay rate for open-end funds was 1.8% for the year ended December 31, 2018, compared with organic growth of 14.9% for the year ended December 31, 2017.

Average assets under management for open-end funds for the year ended December 31, 2018 increased 3.9% to \$24.3 billion from \$23.4 billion for the year ended December 31, 2017.

Closed-end funds

Assets under management in closed-end funds at December 31, 2018, which represented 14.5% of total assets under management, decreased 10.6% to \$8.4 billion from \$9.4 billion at December 31, 2017. The decrease was due to market depreciation of \$496 million and distributions of \$512 million. Our organic growth rate for closed-end funds was 0.1% for the year ended December 31, 2018, compared with 0.0% for the year ended December 31, 2017.

Average assets under management for closed-end funds for the year ended December 31, 2018 decreased 3.5% to \$9.0 billion from \$9.3 billion for the year ended December 31, 2017.

Summary of Operating Information

	Years Ended December 31,		
	2019	2018	2017
<i>(in thousands, except percentages and per share data)</i>			
U.S. GAAP			
Revenue ⁽¹⁾	\$ 410,830	\$ 381,111	\$ 378,696
Expenses ⁽¹⁾	\$ 250,696	\$ 234,073	\$ 223,950
Operating income (loss)	\$ 160,134	\$ 147,038	\$ 154,746
Non-operating income (loss)	\$ 27,415	\$ (3,259)	\$ 5,654
Net income attributable to common stockholders	\$ 134,621	\$ 113,896	\$ 91,939
Diluted earnings per share	\$ 2.79	\$ 2.40	\$ 1.96
Operating margin ⁽¹⁾	39.0%	38.6%	40.9%
As Adjusted ⁽²⁾			
Net income attributable to common stockholders	\$ 124,360	\$ 113,849	\$ 97,037
Diluted earnings per share	\$ 2.57	\$ 2.40	\$ 2.07
Operating margin ⁽¹⁾	39.6%	39.1%	40.9%

(1) The presentation for the year ended December 31, 2017 has been recast to reflect the Company's adoption of the new revenue recognition accounting standard on January 1, 2018.

(2) The "As Adjusted" amounts represent non-GAAP financial measures. Refer to pages 31-32 for reconciliations to the most directly comparable U.S. GAAP financial measures.

U.S. GAAP

2019 Compared with 2018

Revenue ⁽¹⁾

<i>(in thousands)</i>	Years Ended December 31,			
	2019	2018	\$ Change	% Change
Institutional accounts	\$ 110,346	\$ 104,327	\$ 6,019	5.8%
Open-end funds	187,730	168,273	19,457	11.6%
Closed-end funds	80,502	77,270	3,232	4.2%
Investment advisory and administration fees	378,578	349,870	28,708	8.2%
Distribution and service fees	30,048	29,090	958	3.3%
Other	2,204	2,151	53	2.5%
Total revenue	\$ 410,830	\$ 381,111	\$ 29,719	7.8%

(1) Prior period amounts related to model-based portfolios were reclassified from other (previously reported as portfolio consulting and other) to investment advisory and administration fees.

Revenue for the year ended December 31, 2019 increased 7.8% primarily attributable to higher average assets under management in all three investment vehicles. For the year ended December 31, 2019:

- Total investment advisory revenue compared with average assets under management in institutional accounts implied an annual effective fee rate of 36.4 bps and 36.1 bps for the years ended December 31, 2019 and 2018, respectively.
- Total investment advisory and administration revenue compared with average assets under management in open-end funds implied an annual effective fee rate of 68.0 bps and 69.3 bps for the years ended December 31, 2019 and 2018, respectively. The decrease in the annual effective fee rate is primarily due to a reduction of the investment advisory fee rate and higher fund reimbursements related to the imposition of a cap effective July 1, 2019 by Cohen & Steers Realty Shares, Inc.
- Total investment advisory and administration revenue compared with average assets under management in closed-end funds implied an annual effective fee rate of 85.8 bps and 85.7 bps for the years ended December 31, 2019 and 2018, respectively.

Expenses

	Years Ended December 31,		\$ Change	% Change
	2019	2018		
(in thousands)				
Employee compensation and benefits	\$ 143,431	\$ 131,292	\$ 12,139	9.2 %
Distribution and service fees	55,237	50,043	5,194	10.4 %
General and administrative	47,632	48,265	(633)	(1.3)%
Depreciation and amortization	4,396	4,473	(77)	(1.7)%
Total expenses	<u>\$ 250,696</u>	<u>\$ 234,073</u>	<u>\$ 16,623</u>	<u>7.1 %</u>

Employee compensation and benefits for the year ended December 31, 2019 increased primarily due to higher incentive compensation of \$4.8 million, higher amortization of restricted stock units of \$3.5 million and higher salaries of \$2.0 million.

Distribution and service fees expense for the year ended December 31, 2019 increased primarily due to higher average assets under management in U.S. open-end funds of approximately \$3.8 million and an increase in sub-transfer agent fees on certain assets by one of the Company's intermediaries of approximately \$2.3 million, partially offset by the impact of redemptions from a higher cost intermediary of approximately \$1.0 million.

General and administrative expenses for the year ended December 31, 2019 decreased primarily due to expenses of approximately \$871,000 associated with the evaluation of a potential business transaction that the Company did not pursue that were included in the year ended December 31, 2018, partially offset by costs associated with the Cohen & Steers Quality Income Realty Fund, Inc. rights offering of approximately \$346,000 as well as higher professional fees of approximately \$100,000 for the year ended December 31, 2019.

Operating Margin

Operating margin for the year ended December 31, 2019 increased to 39.0% from 38.6% for the year ended December 31, 2018. Operating margin represents the ratio of operating income to operating revenue.

Non-operating Income (Loss)

	Years Ended December 31,					
	2019			2018		
	Seed Investments	Other	Total	Seed Investments	Other	Total
(in thousands)						
Interest and dividend income—net . . .	\$ 3,052	\$ 3,664	\$ 6,716	\$ 6,754	\$ 3,672	\$ 10,426
Gain (loss) from investments—net . . .	21,673	—	21,673	(14,264)	—	(14,264)
Foreign currency gains (losses)—net . .	381	(1,355)	(974)	(1,702)	2,281	579
Total non-operating income (loss) . .	<u>\$ 25,106 ⁽¹⁾</u>	<u>\$ 2,309</u>	<u>\$ 27,415</u>	<u>\$ (9,212) ⁽¹⁾</u>	<u>\$ 5,953</u>	<u>\$ (3,259)</u>

(1) Amounts included income of \$12.4 million and loss of \$4.4 million attributable to third-party interests for the years ended December 31, 2019 and 2018, respectively.

For the year ended December 31, 2019, the Company's share of non-operating income from seed investments was \$12.7 million, approximating a return of 19.0%. For the year ended December 31, 2018, the Company's share of non-operating loss from seed investments was \$4.8 million, approximating a return of (6.9)%.

Income Taxes

	Years Ended December 31,		\$ Change	% Change
	2019	2018		
(in thousands, except percentages)				
Income tax expense	\$ 40,565	\$ 34,257	\$ 6,308	18.4%
Effective tax rate	23.2%	23.1%		

The effective tax rate for the year ended December 31, 2019 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes, partially offset by the reversal of certain liabilities associated with unrecognized tax benefits, the release of a portion of the valuation allowance associated with unrealized gains on the Company's seed investments and the effects related to the delivery of restricted stock units. The effective tax rate for the year

ended December 31, 2018 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes, partially offset by the reversal of certain liabilities associated with unrecognized tax benefits, tax effects related to the delivery of restricted stock units and an adjustment to the Company's transition tax liability in connection with the Tax Cuts and Jobs Act (the Tax Act).

2018 Compared with 2017

Revenue ⁽¹⁾

(in thousands)	Years Ended December 31,		\$ Change	% Change
	2018	2017		
Institutional accounts	\$ 104,327	\$ 103,629	\$ 698	0.7 %
Open-end funds	168,273	162,601	5,672	3.5 %
Closed-end funds	77,270	78,670	(1,400)	(1.8)%
Investment advisory and administration fees	349,870	344,900	4,970	1.4 %
Distribution and service fees	29,090	30,747	(1,657)	(5.4)%
Other	2,151	3,049	(898)	(29.5)%
Total revenue	<u>\$ 381,111</u>	<u>\$ 378,696</u>	<u>\$ 2,415</u>	<u>0.6 %</u>

(1) Amounts related to model-based portfolios were reclassified from other (previously reported as portfolio consulting and other) to investment advisory and administration fees.

Revenue for the year ended December 31, 2018 increased 0.6% primarily due to a favorable change in the fee mix. For the year ended December 31, 2018:

- Total investment advisory revenue compared with average assets under management in institutional accounts implied an annual effective fee rate of 36.1 bps and 33.8 bps for the years ended December 31, 2018 and 2017, respectively. The increase in the annual effective fee rate reflected net outflows from lower fee paying accounts.
- Total investment advisory and administration revenue compared with average assets under management in open-end funds implied an annual effective fee rate of 69.3 bps and 69.6 bps for the years ended December 31, 2018 and 2017, respectively.
- Total investment advisory and administration revenue compared with average assets under management in closed-end funds implied an annual effective fee rate of 85.7 bps and 84.2 bps for the years ended December 31, 2018 and 2017, respectively. The net increase in the annual effective fee rate reflected the full-year effect of the realignment of administration fee rates across our mutual fund complex, which was approved by the mutual fund Board of Directors in June 2017 and became effective on October 1, 2017.

Expenses

(in thousands)	Years Ended December 31,		\$ Change	% Change
	2018	2017		
Employee compensation and benefits	\$ 131,292	\$ 124,076	\$ 7,216	5.8 %
Distribution and service fees	50,043	53,338	(3,295)	(6.2)%
General and administrative	48,265	42,219	6,046	14.3 %
Depreciation and amortization	4,473	4,317	156	3.6 %
Total expenses	<u>\$ 234,073</u>	<u>\$ 223,950</u>	<u>\$ 10,123</u>	<u>4.5 %</u>

Employee compensation and benefits for the year ended December 31, 2018 increased primarily due to higher salaries of \$3.3 million, higher amortization of restricted stock units of \$2.1 million and incentive compensation of \$1.9 million, partially offset by lower production compensation of \$1.1 million.

Distribution and service fees expense for the year ended December 31, 2018 decreased primarily due to a continued shift in the composition of assets under management into lower cost share classes.

General and administrative expenses for the year ended December 31, 2018 increased primarily due to higher research and market data expenses of approximately \$1.2 million, higher recruiting fees of approximately \$791,000, and expenses of

approximately \$511,000 associated with the evaluation of a potential business transaction that we did not pursue. In addition, the year ended December 31, 2017 included refunds of foreign withholding taxes related to prior years of approximately \$1.3 million.

Operating Margin

Operating margin for the year ended December 31, 2018 decreased to 38.6% from 40.9% for the year ended December 31, 2017. Operating margin represents the ratio of operating income to operating revenue.

Non-operating Income (Loss)

	Years Ended December 31,					
	2018			2017		
	Seed Investments	Other	Total	Seed Investments	Other	Total
(in thousands)						
Interest and dividend income—net. . . .	\$ 6,754	\$ 3,672	\$ 10,426	\$ 2,903	\$ 1,430	\$ 4,333
Gain (loss) from investments—net. . . .	(14,264)	—	(14,264)	2,020	—	2,020
Foreign currency gains (losses)—net. . .	(1,702)	2,281	579	(516)	(183)	(699)
Total non-operating income (loss) . .	<u>\$ (9,212) ⁽¹⁾</u>	<u>\$ 5,953</u>	<u>\$ (3,259)</u>	<u>\$ 4,407 ⁽¹⁾</u>	<u>\$ 1,247</u>	<u>\$ 5,654</u>

(1) Amounts included loss of \$4.4 million and income of \$547,000 attributable to third-party interests for the years ended December 31, 2018 and 2017, respectively.

For the year ended December 31, 2018, the Company's share of non-operating loss from seed investments was \$4.8 million, approximating a return of (6.9)%. For the year ended December 31, 2017, the Company's share of non-operating income from seed investments was \$3.9 million, approximating a return of 6.1%.

Income Taxes

	Years Ended December 31,			
	2018	2017	\$ Change	% Change
(in thousands, except percentages)				
Income tax expense	\$ 34,257	\$ 67,914	\$ (33,657)	(49.6)%
Effective tax rate	23.1%	42.5%		

The effective tax rate for the year ended December 31, 2018 differed from the U.S. federal statutory rate of 21.0% primarily due to state, local and foreign taxes, partially offset by the reversal of certain liabilities associated with unrecognized tax benefits and the tax effects related to the delivery of restricted stock units. The effective tax rate for the year ended December 31, 2017 differed from the U.S. federal statutory rate of 35.0% primarily due to tax charges of approximately \$8.4 million, associated with the enactment of the Tax Act on December 22, 2017 and remeasurement of deferred and other tax balances aggregating to \$4.3 million, partially offset by the reversal of certain liabilities associated with unrecognized tax benefits.

As Adjusted

The term “As Adjusted” is used to identify non-GAAP financial information in the discussion below. Refer to pages 31-32 for reconciliations to the most directly comparable U.S. GAAP financial measures.

2019 Compared with 2018

Revenue

Revenue, as adjusted, for the year ended December 31, 2019 was \$410.4 million, compared with \$380.4 million for the year ended December 31, 2018.

Revenue, as adjusted, excluded the impact of consolidation of certain of our seed investments for both years.

Expenses

Expenses, as adjusted, for the year ended December 31, 2019 were \$247.7 million, compared with \$231.8 million for the year ended December 31, 2018.

Expenses, as adjusted, excluded the following:

- The impact of consolidation of certain of our seed investments for both years;
- Amounts related to the accelerated vesting of certain restricted stock units for the year ended December 31, 2019;
- Costs associated with the Cohen & Steers Quality Income Reality Fund, Inc. rights offering for the year ended December 31, 2019; and
- Expenses incurred associated with the evaluation of a potential business transaction that we did not pursue for the year ended December 31, 2018.

Operating Margin

Operating margin, as adjusted, for the year ended December 31, 2019 was 39.6%, compared with 39.1% for the year ended December 31, 2018.

Non-operating Income

Non-operating income, as adjusted, for the year ended December 31, 2019 was \$4.2 million, compared with \$3.7 million for the year ended December 31, 2018.

Non-operating income, as adjusted, excluded the following for both years:

- Results from our seed investments; and
- Net foreign currency exchange gains and losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

Income Taxes

The effective tax rate, as adjusted, for the year ended December 31, 2019 was 25.5%, compared with 25.3% for the year ended December 31, 2018.

The effective tax rate, as adjusted, excluded the following:

- Tax effects associated with non-GAAP adjustments as well as discrete items for both years;
- The reversal of certain liabilities associated with unrecognized tax benefits for both years; and
- Tax effects related to the Tax Act for the year ended December 31, 2018.

2018 Compared with 2017

Revenue

Revenue, as adjusted, for the year ended December 31, 2018 was \$380.4 million, compared with \$378.3 million for the year ended December 31, 2017.

Revenue, as adjusted, excluded the impact of consolidation of certain of our seed investments for both years.

Expenses

Expenses, as adjusted, for the year ended December 31, 2018 were \$231.8 million, compared with \$223.7 million for the year ended December 31, 2017.

Expenses, as adjusted, excluded the following:

- The impact of consolidation of certain of our seed investments for both years;
- Expenses incurred associated with the evaluation of a potential business transaction that we did not pursue for the year ended December 31, 2018;
- Amounts related to the accelerated vesting of certain restricted stock units due to a retirement for the year ended December 31, 2017; and
- Refunds of foreign withholding taxes recorded for the year ended December 31, 2017.

Operating Margin

Operating margin, as adjusted, for the year ended December 31, 2018 was 39.1%, compared with 40.9% for the year ended December 31, 2017.

Non-operating Income

Non-operating income, as adjusted, for the year ended December 31, 2018 was \$3.7 million, compared with \$1.2 million for the year ended December 31, 2017. Non-operating income, as adjusted, excluded the following:

- The impact of consolidation of certain of our seed investments for both years; and
- Net foreign currency exchange gains associated with U.S. dollar-denominated assets and liabilities held by certain foreign subsidiaries for the year ended December 31, 2018.

Income Taxes

The effective tax rate, as adjusted, for the year ended December 31, 2018 was 25.3%, compared with 37.8% for the year ended December 31, 2017. The effective tax rate, as adjusted, excluded the following for both years:

- Tax effects related to the Tax Act;
- The reversal of certain liabilities associated with unrecognized tax benefits; and
- Tax effects associated with non-GAAP adjustments as well as discrete items.

Non-GAAP Reconciliations

Management believes that use of these non-GAAP financial measures enhances the evaluation of our results, as they provide greater transparency into our operating performance. In addition, these non-GAAP financial measures are used to prepare our internal management reports and are used by management in evaluating our business.

While we believe that this non-GAAP financial information is useful in evaluating our results and operating performance, this information should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with U.S. GAAP.

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

	Years Ended December 31,		
	2019	2018	2017
<i>(in thousands, except per share data)</i>			
Net income attributable to common stockholders, U.S. GAAP	\$ 134,621	\$ 113,896	\$ 91,939
Seed investments ⁽¹⁾	(11,858)	5,552	(3,474)
Accelerated vesting of restricted stock units	1,344	—	522
General and administrative ⁽²⁾	346	871	(1,018)
Foreign currency exchange (gains) losses—net ⁽³⁾	1,909	(2,270)	—
Tax adjustments ⁽⁴⁾	(2,002)	(4,200)	9,068
Net income attributable to common stockholders, as adjusted	<u>\$ 124,360</u>	<u>\$ 113,849</u>	<u>\$ 97,037</u>
Diluted weighted average shares outstanding	48,297	47,381	46,979
Diluted earnings per share, U.S. GAAP	\$ 2.79	\$ 2.40	\$ 1.96
Seed investments ⁽¹⁾	(0.25)	0.12	(0.07)
Accelerated vesting of restricted stock units	0.02	—	0.01
General and administrative ⁽²⁾	0.01	0.02	(0.02)
Foreign currency exchange (gains) losses—net ⁽³⁾	0.04	(0.05)	—
Tax adjustments	(0.04)	(0.09)	0.19
Diluted earnings per share, as adjusted	<u>\$ 2.57</u>	<u>\$ 2.40</u>	<u>\$ 2.07</u>

- (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 Cohen & Steers Quality Income Realty Fund, Inc. rights offering in 2019, expenses associated with the evaluation of a potential business transaction that the Company did not pursue in 2018 and refunds of foreign withholding taxes in 2017.
- (3) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries. U.S. GAAP amounts for the year ended December 31, 2017 have not been recast to conform with the current period presentation as the impact to results was not material.
- (4) Tax adjustments are summarized in the following table:

	Years Ended December 31,		
	2019	2018	2017
<i>(in thousands)</i>			
Transition tax liability in connection with the Tax Act	\$ —	\$ (123)	\$ 8,432
Remeasurement of deferred and other tax balances	—	—	4,300
Reversal of certain liabilities associated with unrecognized tax benefits	(1,832)	(2,758)	(3,772)
Delivery of restricted stock units	(203)	(947)	49
Tax-effect of non-GAAP adjustments	38	217	888
Other tax-related items	(5)	(589)	(829)
Total tax adjustments	<u>\$ (2,002)</u>	<u>\$ (4,200)</u>	<u>\$ 9,068</u>

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

	Years Ended December 31,		
	2019	2018	2017
<i>(in thousands, except percentages)</i>			
Revenue, U.S. GAAP ⁽¹⁾	\$ 410,830	\$ 381,111	\$ 378,696
Seed investments ⁽²⁾	(438)	(694)	(403)
Revenue, as adjusted	\$ 410,392	\$ 380,417	\$ 378,293
Expenses, U.S. GAAP ⁽¹⁾	\$ 250,696	\$ 234,073	\$ 223,950
Seed investments ⁽²⁾	(1,323)	(1,408)	(789)
Accelerated vesting of restricted stock units	(1,344)	—	(522)
General and administrative ⁽³⁾	(346)	(871)	1,018
Expenses, as adjusted	\$ 247,683	\$ 231,794	\$ 223,657
Operating income, U.S. GAAP	\$ 160,134	\$ 147,038	\$ 154,746
Seed investments ⁽²⁾	885	714	386
Accelerated vesting of restricted stock units	1,344	—	522
General and administrative ⁽³⁾	346	871	(1,018)
Operating income, as adjusted	\$ 162,709	\$ 148,623	\$ 154,636
Operating margin, U.S. GAAP ⁽¹⁾	39.0%	38.6%	40.9%
Operating margin, as adjusted	39.6%	39.1%	40.9%

(1) The presentation for the year ended December 31, 2017 has been recast to reflect the Company's adoption of the new revenue recognition accounting standard on January 1, 2018.

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

(3) Represents costs associated with the Cohen & Steers Quality Income Realty Fund, Inc. rights offering in 2019, expenses associated with the evaluation of a potential business transaction that the Company did not pursue in 2018 and refunds of foreign withholding taxes in 2017.

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

	Years Ended December 31,		
	2019	2018	2017
<i>(in thousands)</i>			
Non-operating income (loss), U.S. GAAP	\$ 27,415	\$ (3,259)	\$ 5,654
Seed investments ⁽¹⁾	(25,106)	9,212	(4,407)
Foreign currency exchange (gains) losses—net ⁽²⁾	1,909	(2,270)	—
Non-operating income (loss), as adjusted	\$ 4,218	\$ 3,683	\$ 1,247

(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. U.S. GAAP amounts for the year ended December 31, 2017 have not been recast to conform with the current period presentation as the impact to results was not material.

Changes in Financial Condition, Liquidity and Capital Resources

Our principal objectives are to maintain a capital structure that supports our business strategies and to maintain the appropriate amount of liquidity at all times. Furthermore, we believe that our cash flows generated from operations are more than adequate to fund our present and reasonably foreseeable future commitments for investing and financing activities.

Net Liquid Assets

Our current financial condition is highly liquid, primarily comprising cash and cash equivalents, U.S. Treasury securities, seed investments and current assets. Liquid assets are reduced by current liabilities which are generally defined as obligations due within one year (together, net liquid assets). The Company does not currently have any debt outstanding.

The table below summarizes net liquid assets:

<i>(in thousands)</i>	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 101,352	\$ 92,733
U.S. Treasury securities	49,807	49,748
Seed investments	53,130	70,757
Current assets	59,927	52,628
Current liabilities	(85,274)	(78,461)
Net liquid assets	<u>\$ 178,942</u>	<u>\$ 187,405</u>

Cash and cash equivalents

Cash and cash equivalents are on deposit with three major financial institutions and consist of short-term, highly-liquid investments, which are readily convertible into cash and have original maturities of three months or less. Cash and cash equivalents reflected special cash dividends of \$2.00 per share, or \$94.5 million, and \$2.50 per share, or \$117 million, paid on December 3, 2019 and 2018, respectively.

U.S. Treasury securities

U.S. Treasury securities are directly issued by the U.S. government and classified as held to maturity, with original maturities ranging from 12 to 24 months.

Seed investments

Seed investments are primarily comprised of Company-sponsored funds that we do not consolidate, securities held within the funds that we do consolidate, and securities held for the purpose of establishing performance track records. Seed investments are comprised of listed securities which approximate fair value, are generally traded in active markets and can typically be liquidated within a normal settlement cycle. Seed investments are presented net of redeemable noncontrolling interests.

Current assets

Current assets primarily represent investment advisory and administration fees receivable. At December 31, 2019, institutional accounts comprised 50.1% of total accounts receivable, while open-end and closed-end funds, together, comprised 46.8% of total accounts receivable. We perform a review of our receivables on an ongoing basis in order to assess collectibility and, based on our analysis at December 31, 2019, there was no allowance for uncollectible accounts required.

Current liabilities

Current liabilities are generally defined as obligations due within one year, which include accrued compensation, distribution and service fees payable, certain income taxes payable, and other liabilities and accrued expenses.

Cash flows

Our cash flows generally result from the operating activities of our business, with investment advisory and administration fees being the most significant contributor.

The table below summarizes cash flows:

	Years Ended December 31,		
	2019	2018	2017
<i>(in thousands)</i>			
Cash Flow Data:			
Net cash provided by (used in) operating activities	\$ 141,445	\$ 72,598	\$ 64,253
Net cash provided by (used in) investing activities	35,949	(53,194)	5,709
Net cash provided by (used in) financing activities	(170,130)	(118,110)	(60,423)
Net increase (decrease) in cash and cash equivalents	7,264	(98,706)	9,539
Effect of foreign exchange rate changes on cash and cash equivalents	1,355	(2,013)	679
Cash and cash equivalents, beginning of the period	92,733	193,452	183,234
Cash and cash equivalents, end of the period	<u>\$ 101,352</u>	<u>\$ 92,733</u>	<u>\$ 193,452</u>

We expect that cash flows provided by operating activities will continue to serve as our principal source of working capital in the near future.

In 2019, cash and cash equivalents increased by \$7.3 million, excluding the effect of foreign exchange rate changes. Net cash provided by operating activities was \$141.4 million. Cash flows from operating activities primarily consisted of net income adjusted for certain non-cash items and changes in assets and liabilities. Net cash provided by investing activities was \$35.9 million, which included \$89.6 million of proceeds from the sales and maturities of investments, partially offset by \$50.9 million of investment purchases. Sales and maturities of investments included maturities of U.S. Treasury securities of \$33.3 million and sales of Company-sponsored funds of \$37.3 million. Purchases of investments included purchases of U.S. Treasury securities of \$32.9 million. Net cash used in financing activities was \$170.1 million, including dividends paid to stockholders of \$162.7 million, which included a special dividend of \$94.5 million paid on December 3, 2019, repurchases of common stock to satisfy employee withholding tax obligations on the vesting and delivery of restricted stock units of \$10.4 million, as well as distributions to redeemable noncontrolling interests of \$43.5 million, partially offset by contributions from redeemable noncontrolling interests of \$45.7 million.

In 2018, cash and cash equivalents decreased by \$98.7 million, excluding the effect of foreign exchange rate changes. Net cash provided by operating activities was \$72.6 million. Cash flows from operating activities primarily consisted of net income adjusted for certain non-cash items and changes in assets and liabilities. Net cash used in investing activities was \$53.2 million, which included \$63.6 million of investment purchases, including the seeding of five new track record accounts and investment of \$49.5 million into U.S. Treasury securities, partially offset by \$13.8 million of proceeds from the sale of investments. Net cash used in financing activities was \$118.1 million, including dividends paid to stockholders of \$178.9 million, which included a special dividend of \$116.9 million paid on December 3, 2018, repurchases of common stock to satisfy employee withholding tax obligations on the vesting and delivery of restricted stock units of \$10.6 million, as well as distributions to redeemable noncontrolling interests of \$10.9 million, partially offset by contributions from redeemable noncontrolling interests of \$81.6 million.

In 2017, cash and cash equivalents increased by \$9.5 million, excluding the effect of foreign exchange rate changes. Net cash provided by operating activities was \$64.3 million. Cash flows from operating activities primarily consisted of net income adjusted for certain non-cash items and changes in assets and liabilities. Net cash provided by investing activities was comprised of proceeds from sales of available-for-sale investments of \$25.8 million, partially offset by purchases of available-for-sale investments of \$16.9 million, including a seed investment of \$10.0 million in a track record account for a new real assets multi-strategy portfolio and purchases of property and equipment of \$3.2 million. Net cash used in financing activities was \$60.4 million, including dividends paid to stockholders of \$98.3 million, which included a special dividend of \$46.3 million paid on December 13, 2017 and repurchases of common stock to satisfy employee withholding tax obligations on the vesting and delivery of restricted stock units of \$9.1 million, partially offset by contributions from redeemable noncontrolling interest of \$46.7 million.

Net Capital Requirements

We continually monitor and evaluate the adequacy of our capital. We have consistently maintained net capital in excess of the regulatory requirements for CSS, our registered broker-dealer, as prescribed by the Securities and Exchange Commission (SEC). At December 31, 2019, we exceeded our minimum regulatory capital requirement by approximately \$3.3 million. The SEC's Uniform Net Capital Rule 15c3-1 imposes certain requirements that may have the effect of prohibiting a

broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital. During 2019, the Company made a capital contribution of \$3.0 million to CSS.

CSAL is subject to regulation by the Hong Kong Securities and Futures Commission. At December 31, 2019, CSAL exceeded its minimum regulatory capital requirement by approximately \$10.0 million. During 2019, CSAL paid dividends totalling \$32.5 million to its parent, Cohen & Steers Capital Management, Inc.

CSUK is subject to regulation by the United Kingdom Financial Conduct Authority. At December 31, 2019, CSUK exceeded its minimum regulatory capital requirement by approximately \$32.5 million.

CSJL is registered with the Financial Services Agency of Japan and the Kanto Local Finance Bureau and is subject to the Financial Instruments and Exchange Act. In accordance with its license, CSJL is required to maintain regulatory capital, as defined, of approximately \$460,000. At December 31, 2019, CSJL had stated capital in excess of this requirement.

CSIL is an Irish registered company. We have applied for a license to conduct regulated business in Ireland.

We believe that our cash and cash equivalents and cash flows from operations will be more than adequate to meet our anticipated capital requirements and other obligations as they become due.

Dividends

Subject to the approval of our Board of Directors, we anticipate paying dividends. When determining whether to pay a dividend, we take into account general economic and business conditions, our strategic plans, our results of operations and financial condition, contractual, legal and regulatory restrictions on the payment of dividends, if any, by us and our subsidiaries and such other factors deemed relevant.

On February 20, 2020, the Company declared a quarterly dividend on its common stock in the amount of \$0.39 per share. This dividend will be payable on March 12, 2020 to stockholders of record at the close of business on March 2, 2020.

Investment Commitments

We have committed to co-invest up to \$5.1 million alongside Cohen & Steers Global Realty Partners III-TE, L.P. (GRP-TE). At December 31, 2019, we have funded approximately \$3.8 million of this commitment. Our co-investment alongside GRP-TE is illiquid and is anticipated to be invested for the life of the fund. The timing of the funding of the unfunded portion of our commitment is currently unknown, as the drawdown of our commitment is contingent on the timing of drawdowns by the underlying funds in which GRP-TE invests. The unfunded portion of this commitment was not recorded on our consolidated statements of financial condition at December 31, 2019.

Contractual Obligations and Contingencies

The following table summarizes our contractual obligations at December 31, 2019:

<i>(in thousands)</i>	2020	2021	2022	2023	2024	2025 and after	Total
Operating leases	\$ 11,995	\$ 11,245	\$ 10,882	\$ 10,855	\$ 963	\$ —	\$ 45,940
Purchase obligations	3,142	1,845	915	668	668	1,000	8,238
Other liability	192	665	665	1,246	1,662	2,077	6,507
Total	<u>\$ 15,329</u>	<u>\$ 13,755</u>	<u>\$ 12,462</u>	<u>\$ 12,769</u>	<u>\$ 3,293</u>	<u>\$ 3,077</u>	<u>\$ 60,685</u>

Operating Leases

Operating leases generally consist of noncancelable long-term leases for office space and certain information technology equipment.

Purchase Obligations

Purchase obligations represent executory contracts, which are either noncancelable or cancelable with a penalty. The Company's obligations primarily reflected standard service contracts for market data.

Other Liability

Other liability consists of the transition tax liability based on the cumulative undistributed earnings and profits of our foreign subsidiaries in connection with the enactment of the Tax Act. This tax liability, which is payable over eight years on an interest-free basis, is included as part of income tax payable on our consolidated statement of financial condition at December 31, 2019.

Contingencies

Due to the uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at December 31, 2019, the Company is unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$12.9 million of gross unrecognized tax benefits have been excluded from the contractual obligations table above. See Note 14 to the consolidated financial statements for additional disclosures related to income taxes.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any leasing activities that expose us to any liability that is not reflected in our consolidated financial statements.

Critical Accounting Policies and Estimates

A thorough understanding of our accounting policies is essential when reviewing our reported results of operations and our financial condition. The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Our significant accounting policies are disclosed in Note 2 to the consolidated financial statements and should be read in conjunction with the summarized information below. Management considers the following accounting policies critical to an informed review of our consolidated financial statements as they require management to make certain judgments about matters that may be uncertain at the time the policies were applied or the estimates determined.

Consolidation of Company-sponsored Funds

The Company evaluates its investments in Company-sponsored funds at inception and thereafter, if there is a reconsideration event, in order to determine whether to apply the variable interest entity (VIE) model or the voting interest entity (VOE) model. This evaluation involves the use of judgment and analysis on an entity by entity basis. In performing this analysis, we consider the legal structure of the entity, management fees earned by the Company and the nature of the ownership interest and rights of interest holders in the entity, including the Company. If we determine that the entity is a VIE, we must then assess whether the Company absorbs a majority of the VIEs expected variability in which case it is deemed to be the primary beneficiary of the VIE. The Company consolidates VIEs for which it is deemed to be the primary beneficiary. The Company consolidates VOEs if we own a majority of the voting interest in the entity or when the Company is the general partner of the fund and the limited partners do not have substantive kick-out or participating rights. Amounts attributable to third parties in the funds that we consolidate are recorded in redeemable noncontrolling interests on the consolidated statements of financial condition and net (income) loss attributable to redeemable noncontrolling interests on the consolidated statements of operations.

Investments

Our investments are classified as equity investments at fair value, trading investments, held-to-maturity investments or equity method investments at the time of purchase and re-evaluated on an ongoing basis and at the date of each consolidated statement of financial condition. Investments classified as equity investments at fair value include securities held within the affiliated funds that the Company consolidates, individual securities held directly for the purpose of establishing performance track records and seed investments in Company-sponsored open-end funds where the Company has neither control nor the ability to exercise significant influence. Investments classified as trading investments represent debt securities held within the affiliated funds that the Company consolidates and individual debt securities held directly for the purpose of establishing performance track records. Held-to-maturity investments represent fixed income securities recorded at amortized cost. Equity method investments represent seed investments in affiliated funds in which the Company owns between 20-50% of the

outstanding voting interests in the affiliated fund or when it is determined that the Company is able to exercise significant influence but not control over the investments.

Fair Value

The majority of our investments are carried at fair value or amounts that approximate fair value on our consolidated statement of financial condition with the periodic mark-to-market included directly in earnings. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are classified and disclosed in a fair value hierarchy based on whether the inputs to the valuation techniques are observable or unobservable. The classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement:

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

Income Taxes

We operate globally in numerous jurisdictions through our subsidiaries and therefore must allocate our income, expenses, and earnings to these taxing jurisdictions taking into account the various laws and regulations in each jurisdiction. Our tax provision represents an estimate of the total liability that we have incurred in these jurisdictions as a result of our operations. Each year we file tax returns in each jurisdiction and settle our tax liabilities which may be subject to audit by the taxing authorities. The determination of our annual provision is subject to judgments and estimates and the actual results may vary from the amounts reported in our consolidated financial statements. Accordingly, we recognize additions to, or reductions of, income tax expense during reporting periods that may pertain to prior period provisions as our estimated liabilities are revised and actual tax returns and audits, if any, are settled. Such adjustments are recognized in the discrete quarterly period in which they are determined.

In addition, we record deferred tax consequences of all transactions that have been recognized in the consolidated financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. We record a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in several jurisdictions across our global operations. In accordance with Accounting Standards Codification Topic 740, *Income Taxes* (ASC 740), a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

We record unrecognized tax benefits as liabilities in accordance with ASC 740 and adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may differ from our current estimate of the unrecognized tax benefit liabilities. These differences are reflected as increases or decreases in income tax expense in the period in which new information becomes available.

Recently Issued Accounting Pronouncements

See discussion of Recently Issued Accounting Pronouncements in Note 2 of the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of our business, we are exposed to risk as a result of changes in interest and currency rates and securities markets and general economic fluctuations, which may have an adverse impact on the value of our investments.

At December 31, 2019, we had approximately \$15.0 million of trading investments, \$89.9 million of equity investments at fair value, \$49.8 million of held-to-maturity investments and \$554,000 of equity method investments. Trading investments included debt securities held within the affiliated funds that the Company consolidates of approximately \$3.5 million and individual debt securities held directly for the purposes of establishing performance track records of approximately \$11.4 million. Equity investments at fair value included securities held within the affiliated funds that the Company consolidates of approximately \$79.3 million as well as individual securities held directly for the purpose of establishing performance track records and seed investments in Company-sponsored open-end funds where the Company has neither control nor the ability to exercise significant influence of approximately \$10.6 million. Held-to-maturity investments included fixed income securities recorded at amortized cost of approximately \$49.8 million. At December 31, 2019, the Company consolidated the Cohen & Steers Co-Investment Partnership, L.P., the Cohen & Steers SICAV Diversified Real Assets Fund, the Cohen & Steers SICAV Global Listed Infrastructure Fund and the Cohen & Steers SICAV Global Real Estate Securities Fund.

The following table summarizes the effect of a ten percent increase or decrease in equity prices on our investments subject to equity price fluctuation as of December 31, 2019:

	Carrying Value	Carrying Value Assuming a 10% Increase	Carrying Value Assuming a 10% Decrease
Trading	\$ 14,980	\$ 16,478	\$ 13,482
Equity investments at fair value.	89,872	98,859	80,885
Held-to-maturity	49,807	54,788	44,826

As of December 31, 2019, the Company had outstanding foreign currency forward contracts to hedge its currency exposure related to certain client receivables with an aggregate notional value of \$10.8 million. The Company estimates that a ten percent adverse change in market prices would result in an increase of approximately \$3,000 in the fair value of open foreign currency forward contracts at December 31, 2019.

A majority of our revenue—92.1%, 91.8% and 91.1% for the years ended December 31, 2019, 2018 and 2017, respectively—was derived from investment advisory and administration agreements with our clients. Under these agreements, the investment advisory and administration fee we receive is based on the market value of the assets we manage. Accordingly, a decline in the prices of securities generally, and real estate securities in particular, attributable to market conditions including inflation, interest rate changes and a general economic downturn, may cause our revenue and income to decline by causing the value of the assets we manage to decrease, which would result in lower investment advisory and administration fees; or by causing our clients to withdraw funds in favor of investments that they perceive as offering greater opportunity or lower risk or cost, which would also result in lower investment advisory and administration fees.

The economic environment may also preclude us from increasing the assets we manage in closed-end funds. The market conditions for these offerings may not be as favorable in the future, which could adversely impact our ability to grow the assets we manage and realize higher fee revenue associated with such growth. Depending on market conditions, the closed-end funds we manage may increase or decrease their leverage in order to maintain the funds' target leverage ratios, thereby increasing or decreasing the assets we manage.

As of December 31, 2019, 61.7% and 24.4% of the assets we managed were concentrated in real estate and preferred securities, respectively. A change in interest rates or prolonged economic downturn could have a negative impact on the valuation of real estate and preferred securities in our clients' portfolios, reduce our revenue, and impact our ability to increase assets in our open-end funds or offer new funds.

Item 8. Financial Statements and Supplementary Data

The report of our independent registered public accounting firm and financial statements listed in the accompanying index are included in Item 15 of this Annual Report on Form 10-K. See the Index to Financial Statements on page F-1.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There have been no disagreements on accounting and financial disclosure matters.

Item 9A. Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2019. Based on that evaluation and subject to the foregoing, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures as of December 31, 2019 were effective to accomplish their objectives at a reasonable assurance level.

There has been no change in our internal control over financial reporting that occurred during the three months ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's report on internal control over financial reporting is located on page F-2 of this Annual Report on Form 10-K and Deloitte & Touche LLP's report on the effectiveness of our internal control over financial reporting is located on page F-3.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information regarding directors and executive officers set forth under the headings “Nominee Information” and “Other Executive Officers” of the Proxy Statement is incorporated by reference herein.

The information regarding compliance with Section 16(a) of the Exchange Act set forth under the heading “Delinquent Section 16(a) Reports” in the Proxy Statement is incorporated by reference herein.

The information regarding our Code of Business Conduct and Ethics and committees of our Board of Directors under the headings “Corporate Governance” and “Board Meetings and Committees” in the Proxy Statement is incorporated by reference herein.

Item 11. Executive Compensation

The information contained under the headings “Executive Compensation”, “Board Meetings and Committees” and “Report of the Compensation Committee” of the Proxy Statement is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information under the headings “Ownership of Cohen & Steers Common Stock” and “Equity Compensation Plan Information” of the Proxy Statement is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information under the headings “Certain Relationships and Related Transactions” and “Corporate Governance” of the Proxy Statement is incorporated by reference herein.

Item 14. Principal Accountant Fees and Services

The information regarding our independent registered public accounting firm fees and services set forth under the heading “Ratification of the Appointment of Independent Registered Public Accounting Firm” of the Proxy Statement is incorporated by reference herein.

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) 1 Financial Statements
Included herein at pages F-1 through F-34.
- 2 Financial Data Schedules
All schedules have been omitted because they are not applicable, not required, or the information required is included in the financial statements or notes thereto.
- 3 Exhibits

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit Number	Description
3.1	— Form of Amended and Restated Certificate of Incorporation of the Company (1)
3.2	— Form of Amended and Restated Bylaws of the Company (2)
4.1	— Specimen Common Stock Certificate (6)
4.2	— Form of Registration Rights Agreement among the Company, Martin Cohen, Robert H. Steers, The Martin Cohen 1998 Family Trust and Robert H. Steers Family Trust (1)
4.3	— Description of the Registrant's Securities (filed herewith)
10.1	— Form of Employment Agreement between Cohen & Steers Capital Management, Inc. and Robert H. Steers* (1)
10.2	— Amended and Restated Cohen & Steers, Inc. Stock Incentive Plan* (7)
10.3	— Amended and Restated Cohen & Steers, Inc. Annual Incentive Plan* (3)
10.4	— Amended and Restated Cohen & Steers, Inc. Employee Stock Purchase Plan* (3)
10.5	— Form of Restricted Stock Unit Agreement for the issuance of awards pursuant to the Amended and Restated Cohen & Steers, Inc. Stock Incentive Plan* (4)
10.6	— Amendment to Employment Agreement between Cohen & Steers Capital Management, Inc. and Robert H. Steers* (5)
10.7	— Form of Mandatory Deferral Program Restricted Stock Unit Agreement for the issuance of awards pursuant to the Amended and Restated Cohen & Steers, Inc. Stock Incentive Plan (8)
21.1	— Subsidiaries of the Company (filed herewith)
23.1	— Consent of Deloitte & Touche LLP (filed herewith)
24.1	— Powers of Attorney (included on signature page hereto)
31.1	— Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	— Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	— Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	— Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	— The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2019 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders' Equity and Redeemable Noncontrolling Interests, (v) the Consolidated Statements of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements.
104	— Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

- (1) Incorporated by reference to the Company's Registration Statement on Form S-1 (Registration No. 333-114027), as amended, originally filed with the Securities and Exchange Commission on March 30, 2004.
- (2) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-32236), for the quarter ended June 30, 2008.
- (3) Incorporated by reference to the Company's Current Report on Form 8-K (Commission File No. 001-32236), filed on May 13, 2013.
- (4) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-32236), for the quarter ended March 31, 2015.
- (5) Incorporated by reference to the Company's Annual Report on Form 10-K (Commission File No. 001-32236), for the year ended December 31, 2007.
- (6) Incorporated by reference to the Company's Quarterly Report on Form 10-Q (Commission File No. 001-32236) for the quarter ended June 30, 2015.
- (7) Incorporated by reference to the Company's Current Report on Form 8-K (Commission File No. 001-32236), for the May 10, 2017.
- (8) Incorporated by reference to the Company's Current Report on Form 10-K (Commission File No. 001-32236), for the year ended December 31, 2017.

* Denotes compensatory plan.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COHEN & STEERS, INC.

By: /s/ ROBERT H. STEERS

Robert H. Steers
Chief Executive Officer and Director

February 28, 2020

Each of the officers and directors of Cohen & Steers, Inc. whose signature appears below, in so signing, also makes, constitutes and appoints Robert H. Steers, acting alone, his or her true and lawful attorney-in-fact, with full power and substitution, for him or her in any and all capacities, to execute and cause to be filed with the Securities and Exchange Commission any and all amendments to the Annual Report on Form 10-K, with exhibits thereto and other documents connected therewith and to perform any acts necessary to be done in order to file such documents, and hereby ratifies and confirms all that said attorney-in-fact or his substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ MARTIN COHEN</u> Martin Cohen	Chairman and Director	February 28, 2020
<u>/s/ ROBERT H. STEERS</u> Robert H. Steers	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2020
<u>/s/ JOSEPH HARVEY</u> Joseph Harvey	President and Director	February 28, 2020
<u>/s/ PETER L. RHEIN</u> Peter L. Rhein	Director	February 28, 2020
<u>/s/ RICHARD P. SIMON</u> Richard P. Simon	Director	February 28, 2020
<u>/s/ EDMOND D. VILLANI</u> Edmond D. Villani	Director	February 28, 2020
<u>/s/ FRANK CONNOR</u> Frank Connor	Director	February 28, 2020
<u>/s/ REENA AGGARWAL</u> Reena Aggarwal	Director	February 28, 2020
<u>/s/ DASHA SMITH</u> Dasha Smith	Director	February 28, 2020
<u>/s/ MATTHEW S. STADLER</u> Matthew S. Stadler	Chief Financial Officer (Principal Financial Officer)	February 28, 2020
<u>/s/ ELENA DULIK</u> Elena Dulik	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2020

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COHEN & STEERS, INC.
MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Cohen & Steers, Inc. (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of published financial statements in accordance with accounting principles generally accepted in the United States of America. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's internal control over financial reporting (1) includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (2) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; (3) and provides reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)*. Based on its assessment, our management believes that, as of December 31, 2019, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm that audited the accompanying Consolidated Financial Statements has issued an attestation report on the effectiveness of the Company's internal control over financial reporting. Their report appears on the following page.

February 28, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Cohen & Steers, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial condition of Cohen & Steers, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and redeemable noncontrolling interests, and cash flows for each of the three years in the period ended December 31, 2019 and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2019, the Company adopted FASB Accounting Standards Update 2016-02, *Leases*, using the retrospective approach.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCOAB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that

receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Unrecognized Income Tax Benefits - Refer to Note 14 to the consolidated financial statements

Critical Audit Matter Description

As discussed in Note 14 to the consolidated financial statements, as of December 31, 2019, the Company had \$12.9 million of gross unrecognized tax benefits.

The Company records unrecognized tax benefits as liabilities in accordance with Accounting Standards Codification Topic 740, Income Taxes (ASC 740) and adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Because of the complexity of some of these uncertainties, the ultimate resolution may differ from the Company's current estimate of the unrecognized tax benefit liabilities. These differences are reflected as increases or decreases in income tax expense in the period in which new information becomes available.

We identified the evaluation of the Company's unrecognized tax benefits as a critical audit matter because the calculation of these tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. In accordance with ASC 740, a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. Auditing management's analysis of its uncertain tax positions and resulting unrecognized tax benefits required a high degree of auditor judgment and an increased extent of effort, including the need to involve our income tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the evaluation of unrecognized income tax benefits included the following, among others:

- We tested the effectiveness of controls that address the risks of material misstatement relating to uncertain tax positions.
- We, with the support of our income tax specialists, evaluated the recognition, measurement and accuracy of unrecognized income tax benefits. Our procedures included but were not limited to:
 - On a sample basis, inspected the Company's analysis of uncertain income tax positions and evaluated the reasonableness of the assumptions and calculations the Company used to develop the related unrecognized income tax benefit amounts by position.
 - Evaluated the rollforward of unrecognized tax benefits for reasonableness.
 - Obtained the Company's supporting documentation to assess the technical tax merit, the more-likely-than-not recognition and measurement thresholds and evaluated the application of relevant tax laws in the Company's recognition determination.
 - Evaluated the Company's income tax disclosures in relation to these matters included in Note 14 to the consolidated financial statements.
 - Evaluated whether unrecognized tax benefits were consistent with evidence obtained in other areas of the audit.

/s/ DELOITTE & TOUCHE LLP

New York, New York

February 28, 2020

We have served as the Company's auditor since 2003.

COHEN & STEERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands, except share data)

	December 31, 2019	December 31, 2018 ⁽²⁾
ASSETS		
Cash and cash equivalents	\$ 101,352	\$ 92,733
Investments (\$82,829 and \$136,113) ⁽¹⁾	155,213	224,932
Accounts receivable	59,101	50,381
Due from brokers (\$1,743 and \$11,187) ⁽¹⁾	1,743	14,240
Property and equipment—net	12,486	14,106
Operating lease right-of-use assets	38,440	48,488
Goodwill and intangible assets—net	19,560	19,751
Deferred income tax asset—net	7,091	7,200
Other assets (\$1,041 and \$2,604) ⁽¹⁾	7,433	9,208
Total assets	<u>\$ 402,419</u>	<u>\$ 481,039</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accrued compensation	\$ 48,105	\$ 43,685
Distribution and service fees payable	7,318	8,493
Operating lease liabilities	43,349	54,304
Income tax payable	22,194	18,663
Due to brokers (\$366 and \$4,422) ⁽¹⁾	366	5,121
Other liabilities and accrued expenses (\$784 and \$440) ⁽¹⁾	13,972	13,935
Total liabilities	<u>135,304</u>	<u>144,201</u>
Commitments and contingencies (See Note 13)		
Redeemable noncontrolling interests	<u>53,412</u>	<u>114,192</u>
Stockholders' equity:		
Common stock, \$0.01 par value; 500,000,000 shares authorized; 52,580,246 and 51,818,186 shares issued at December 31, 2019 and 2018, respectively	527	518
Additional paid-in capital	636,788	602,272
Accumulated deficit	(242,461)	(208,404)
Accumulated other comprehensive income (loss), net of tax	(6,326)	(7,323)
Less: Treasury stock, at cost, 5,329,820 and 5,050,285 shares at December 31, 2019 and 2018, respectively	(174,825)	(164,417)
Total stockholders' equity	<u>213,703</u>	<u>222,646</u>
Total liabilities and stockholders' equity	<u>\$ 402,419</u>	<u>\$ 481,039</u>

- (1) Asset and liability amounts in parentheses represent the aggregated balances at December 31, 2019 and 2018 attributable to variable interest entities consolidated by the Company. Refer to Note 4 for further discussion.
- (2) Certain amounts have been recast to reflect the Company's adoption of the new leasing accounting standard on January 1, 2019. Refer to Notes 2 and 16 for further discussion of the Company's recently adopted accounting pronouncements and leases, respectively.

See notes to consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Years Ended December 31,		
	2019	2018 ⁽¹⁾	2017 ⁽¹⁾⁽²⁾
Revenue:			
Investment advisory and administration fees	\$ 378,578	\$ 349,870	\$ 344,900
Distribution and service fees	30,048	29,090	30,747
Other	2,204	2,151	3,049
Total revenue	410,830	381,111	378,696
Expenses:			
Employee compensation and benefits	143,431	131,292	124,076
Distribution and service fees	55,237	50,043	53,338
General and administrative	47,632	48,265	42,219
Depreciation and amortization	4,396	4,473	4,317
Total expenses	250,696	234,073	223,950
Operating income (loss)	160,134	147,038	154,746
Non-operating income (loss):			
Interest and dividend income—net	6,716	10,426	4,333
Gain (loss) from investments—net	21,673	(14,264)	2,020
Foreign currency gain (loss)—net	(974)	579	(699)
Total non-operating income (loss)	27,415	(3,259)	5,654
Income before provision for income taxes	187,549	143,779	160,400
Provision for income taxes	40,565	34,257	67,914
Net income	146,984	109,522	92,486
Less: Net (income) loss attributable to redeemable noncontrolling interests	(12,363)	4,374	(547)
Net income attributable to common stockholders	\$ 134,621	\$ 113,896	\$ 91,939
Earnings per share attributable to common stockholders:			
Basic	\$ 2.85	\$ 2.43	\$ 1.98
Diluted	\$ 2.79	\$ 2.40	\$ 1.96
Weighted average shares outstanding:			
Basic	47,273	46,794	46,353
Diluted	48,297	47,381	46,979

- (1) Revenue amounts related to model-based portfolios were reclassified from other (previously reported as portfolio consulting and other) to investment advisory and administration fees.
- (2) Certain amounts have been recast to reflect the Company's adoption of the new revenue recognition accounting standard on January 1, 2018.

See notes to consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Years Ended December 31,		
	2019	2018	2017
Net income	\$ 146,984	\$ 109,522	\$ 92,486
Less: Net (income) loss attributable to redeemable noncontrolling interests	(12,363)	4,374	(547)
Net income attributable to common stockholders	134,621	113,896	91,939
Other comprehensive income (loss), net of tax:			
Foreign currency translation gain (loss)	997	(2,557)	2,064
Net unrealized gain (loss) from available-for-sale investments ⁽¹⁾	—	—	497
Reclassification to statements of operations of (gain) loss from available-for-sale investments	—	—	(347)
Other comprehensive income (loss).	997	(2,557)	2,214
Total comprehensive income attributable to common stockholders	<u>\$ 135,618</u>	<u>\$ 111,339</u>	<u>\$ 94,153</u>

- (1) Due to the adoption and application of the amendments to the financial instruments accounting standard on January 1, 2018, realized and unrealized gains (losses) from equity investments at fair value are recognized through earnings rather than through other comprehensive income.

See notes to consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS
(in thousands)

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock	Total Stockholders' Equity	Redeemable Noncontrolling Interests	Shares of Common Stock, Net
January 1, 2017	<u>\$ 504</u>	<u>\$ 543,829</u>	<u>\$ (127,957)</u>	<u>\$ (5,885)</u>	<u>\$ (144,677)</u>	<u>\$ 265,814</u>	<u>\$ 853</u>	<u>45,890</u>
Dividends (\$2.12 per share)	—	—	(101,669)	—	—	(101,669)	—	—
Issuance of common stock	7	741	—	—	—	748	—	690
Repurchase of common stock	—	—	—	—	(9,141)	(9,141)	—	(265)
Issuance of restricted stock units—net	—	3,974	—	—	—	3,974	—	—
Amortization of restricted stock units	—	22,042	(285)	—	—	21,757	—	—
Forfeitures of restricted stock units	—	(100)	—	—	—	(100)	—	—
Net income (loss)	—	—	91,939	—	—	91,939	547	—
Other comprehensive income (loss), net of tax	—	—	—	2,214	—	2,214	—	—
Net contributions (distributions) attributable to redeemable noncontrolling interests	—	—	—	—	—	—	46,395	—
December 31, 2017	<u>\$ 511</u>	<u>\$ 570,486</u>	<u>\$ (137,972)</u>	<u>\$ (3,671)</u>	<u>\$ (153,818)</u>	<u>\$ 275,536</u>	<u>\$ 47,795</u>	<u>46,315</u>
Cumulative-effect adjustment, net of tax, due to the adoption of the new financial instruments accounting standard	—	—	1,095	(1,095)	—	—	—	—
Dividends (\$3.82 per share)	—	—	(185,423)	—	—	(185,423)	—	—
Issuance of common stock	7	696	—	—	—	703	—	714
Repurchase of common stock	—	—	—	—	(10,599)	(10,599)	—	(261)
Issuance of restricted stock units—net	—	7,170	—	—	—	7,170	—	—
Amortization of restricted stock units	—	23,984	—	—	—	23,984	—	—
Forfeitures of restricted stock units	—	(64)	—	—	—	(64)	—	—
Net income (loss)	—	—	113,896	—	—	113,896	(4,374)	—
Other comprehensive income (loss), net of tax	—	—	—	(2,557)	—	(2,557)	—	—
Net contributions (distributions) attributable to redeemable noncontrolling interests	—	—	—	—	—	—	70,771	—
December 31, 2018	<u>\$ 518</u>	<u>\$ 602,272</u>	<u>\$ (208,404)</u>	<u>\$ (7,323)</u>	<u>\$ (164,417)</u>	<u>\$ 222,646</u>	<u>\$ 114,192</u>	<u>46,768</u>
Dividends (\$3.44 per share)	—	—	(168,678)	—	—	(168,678)	—	—
Issuance of common stock	9	861	—	—	—	870	—	762
Repurchase of common stock	—	—	—	—	(10,408)	(10,408)	—	(280)
Issuance of restricted stock units—net	—	7,039	—	—	—	7,039	—	—
Amortization of restricted stock units	—	26,883	—	—	—	26,883	—	—
Forfeitures of restricted stock units	—	(267)	—	—	—	(267)	—	—
Net income (loss)	—	—	134,621	—	—	134,621	12,363	—
Other comprehensive income (loss), net of tax	—	—	—	997	—	997	—	—
Net contributions (distributions) attributable to redeemable noncontrolling interests	—	—	—	—	—	—	2,242	—
Net consolidation (deconsolidation) of Company-sponsored funds	—	—	—	—	—	—	(75,385)	—
December 31, 2019	<u>\$ 527</u>	<u>\$ 636,788</u>	<u>\$ (242,461)</u>	<u>\$ (6,326)</u>	<u>\$ (174,825)</u>	<u>\$ 213,703</u>	<u>\$ 53,412</u>	<u>47,250</u>

See notes to consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Cash flows from operating activities:			
Net income	\$ 146,984	\$ 109,522	\$ 92,486
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Stock-based compensation expense—net	27,811	24,626	22,360
Amortization of deferred commissions	1,079	1,559	2,800
Depreciation and amortization	4,396	4,473	4,317
Amortization of right-of-use assets	10,048	9,364	7,572
Amortization (accretion) of premium (discount) on held-to-maturity investments	(493)	(246)	—
(Gain) loss from investments—net	(21,673)	14,264	(2,020)
Deferred income taxes	96	(1,373)	(314)
Foreign currency (gain) loss	9	211	47
Changes in operating assets and liabilities:			
Accounts receivable	(8,729)	3,262	(7,613)
Due from brokers	989	(7,811)	(4,850)
Deferred commissions	(1,628)	(982)	(1,894)
Investments within consolidated funds	(13,997)	(81,182)	(60,252)
Other assets	(120)	(2,689)	(576)
Accrued compensation	4,420	2,341	6,064
Distribution and service fees payable	(1,175)	2,262	(221)
Operating lease liabilities	(10,955)	(9,542)	(7,807)
Due to brokers	45	1,839	3,282
Income tax payable	3,531	(1,229)	10,517
Other liabilities and accrued expenses	807	3,929	355
Net cash provided by (used in) operating activities	<u>141,445</u>	<u>72,598</u>	<u>64,253</u>
Cash flows from investing activities:			
Proceeds from redemptions of equity method investments	52	37	41
Purchases of investments	(50,943)	(63,557)	(16,901)
Proceeds from sales of investments	89,592	13,796	25,811
Purchases of property and equipment	(2,752)	(3,470)	(3,242)
Net cash provided by (used in) investing activities	<u>35,949</u>	<u>(53,194)</u>	<u>5,709</u>
Cash flows from financing activities:			
Issuance of common stock—net	741	597	636
Repurchase of common stock	(10,408)	(10,599)	(9,141)
Dividends to stockholders	(162,705)	(178,879)	(98,313)
Distributions to redeemable noncontrolling interests	(43,483)	(10,862)	(263)
Contributions from redeemable noncontrolling interests	45,725	81,633	46,658
Net cash provided by (used in) financing activities	<u>(170,130)</u>	<u>(118,110)</u>	<u>(60,423)</u>
Net increase (decrease) in cash and cash equivalents	<u>7,264</u>	<u>(98,706)</u>	<u>9,539</u>
Effect of foreign exchange rate changes on cash and cash equivalents	1,355	(2,013)	679
Cash and cash equivalents, beginning of the year	92,733	193,452	183,234
Cash and cash equivalents, end of the year	<u>\$ 101,352</u>	<u>\$ 92,733</u>	<u>\$ 193,452</u>

(1) Certain amounts have been recast to reflect the Company's adoption of the new leasing accounting standard on January 1, 2019. Refer to Notes 2 and 16 for further discussion of the Company's recently adopted accounting pronouncements and leases, respectively.

See notes to consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)

Supplemental disclosures of cash flow information:

For the years ended December 31, 2019, 2018 and 2017, the Company paid taxes, net of tax refunds, of approximately \$37,036,000, \$36,795,000 and \$57,726,000, respectively.

Supplemental disclosures of non-cash investing and financing activities:

In connection with its stock incentive plan, the Company recorded restricted stock unit dividend equivalents, net of forfeitures, in the amount of approximately \$5,973,000, \$6,544,000 and \$3,356,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

Effective September 1, 2019, the Company's proportionate ownership interest in the Cohen & Steers Preferred Securities and Income SMA Shares, Inc. (PISH) decreased and the Company reclassified its ownership interest to equity method investments. Accordingly, the Company deconsolidated the assets and liabilities of PISH resulting in a non-cash reduction of approximately \$7,181,000 from investments and redeemable noncontrolling interests to remove amounts attributable to third-party investors in PISH. Effective November 1, 2019, the Company's proportionate ownership interest in PISH fell below 20% and, as a result, the Company recorded a non-cash reclassification of approximately \$5,370,000, from equity method investments into equity investments at fair value until the Company sold its remaining interest in PISH in December 2019.

Effective January 1, 2019, the Company's proportionate ownership interest in the Cohen & Steers SICAV Global Preferred Securities Fund (SICAV Preferred) decreased and the Company reclassified its ownership interest to equity investments at fair value. Accordingly, the Company deconsolidated the assets and liabilities of SICAV Preferred resulting in a non-cash reduction of approximately \$114,192,000 from investments and redeemable noncontrolling interests to remove amounts attributable to third-party investors in SICAV Preferred.

For the year ended December 31, 2019, the Company's proportionate ownership interest in the Cohen & Steers SICAV Global Real Estate Fund (SICAV GRE) increased. Accordingly, the Company consolidated the assets and liabilities and the results of operations of SICAV GRE, resulting in a non-cash increase of approximately \$45,988,000 to investments and redeemable noncontrolling interests to record amounts attributable to third-party investors in SICAV GRE from equity investments at fair value.

For the year ended December 31, 2018, the Company's proportionate ownership interest in the Cohen & Steers Funds ICAV (ICAV), an Irish alternative investment fund, increased and, as a result, the Company consolidated the assets and liabilities and the results of operations of ICAV, resulting in a non-cash increase of approximately \$6,411,000 to investments and redeemable noncontrolling interests to record amounts attributable to third-party investors in ICAV. ICAV was subsequently liquidated effective April 2019.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Cohen & Steers, Inc. (CNS) was organized as a Delaware corporation on March 17, 2004. CNS is the holding company for its direct and indirect subsidiaries, including Cohen & Steers Capital Management, Inc. (CSCM), Cohen & Steers Securities, LLC (CSS), Cohen & Steers Asia Limited (CSAL), Cohen & Steers UK Limited (CSUK), Cohen & Steers Japan Limited (CSJL) and Cohen & Steers Ireland Ltd. (CSIL) (collectively, the Company).

The Company is a global investment manager specializing in real assets and alternative income. Our specialties include real estate securities, listed infrastructure and natural resource equities, as well as preferred securities and other income solutions. Founded in 1986, the Company is headquartered in New York City, with offices in London, Dublin, Hong Kong and Tokyo.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements set forth herein include the accounts of CNS and its direct and indirect subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements—In February 2018, the Financial Accounting Standards Board (FASB) issued new guidance allowing entities to reclassify certain tax effects related to the enactment of the Tax Cuts and Jobs Act (the Tax Act) from accumulated other comprehensive income (AOCI) to retained earnings. Prior to the issuance of the new guidance, a portion of the previously recognized deferred tax effects recorded in AOCI was "left stranded" in AOCI as the effect of remeasuring the deferred taxes using the reduced federal corporate income tax rate was required to be recorded through income. The new guidance allows these stranded tax effects to be reclassified from AOCI to retained earnings. The new guidance became effective on January 1, 2019 and the Company adopted the standard using the prospective application. The Company's adoption of the new standard did not have a material effect on its consolidated financial statements and related disclosures.

In August 2017, the FASB issued new guidance amending the accounting for hedging activities. The new guidance (i) expands hedge accounting for nonfinancial and financial risk components and amends measurement methodologies to more closely align hedge accounting with an entity's risk management activities, (ii) decreases the complexity of preparing and understanding hedge results through eliminating the separate measurement and reporting of hedge ineffectiveness, (iii) enhances transparency, comparability and understandability of hedge results through enhanced disclosures and changing the presentation of hedge results to align the effects of the hedging instrument and the hedged item and (iv) reduces the cost and complexity of applying hedge accounting by simplifying the manner in which assessments of hedge effectiveness may be performed. The new guidance became effective on January 1, 2019. The Company's adoption of the new standard did not have a material effect on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued guidance introducing a new lease model which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new guidance establishes a right-of-use (ROU) model that requires a lessee to recognize an ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. This new guidance became effective on January 1, 2019 and the Company adopted the standard, along with certain allowable practical expedients, using the modified retrospective transition approach, which required the recasting of prior period amounts.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The adoption of the new leasing standard resulted in the following changes to the Company's consolidated statement of financial condition as of December 31, 2018:

<i>(in thousands)</i>	Previously Reported	Adjustments Due to New Leasing Standard to record ROU assets and lease liabilities	Reclassification of Deferred Rent	Recast
Operating lease right-of-use assets	\$ —	\$ 54,304	\$ (5,816)	\$ 48,488
Operating lease liabilities.	\$ —	\$ 54,304	\$ —	\$ 54,304
Deferred rent	\$ 5,816	\$ —	\$ (5,816)	\$ —

The adoption of the new standard had no material impact on the Company's other consolidated financial statements. Refer to Note 12 for further discussion.

Accounting Estimates—The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes the estimates used in preparing the consolidated financial statements are reasonable and prudent. Actual results could differ from those estimates.

Reclassifications—The Company reclassified certain prior period amounts in the consolidated financial statements to conform with the current period presentation.

Consolidation of Company-sponsored Funds—Investments in Company-sponsored funds and management fees are evaluated at inception and thereafter, if there is a reconsideration event, in order to determine whether to apply the Variable Interest Entity (VIE) model or the Voting Interest Entity (VOE) model. In performing this analysis, all of the Company's management fees are presumed to be commensurate and at market and are therefore not considered variable interests.

A VIE is an entity in which either (i) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (ii) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has (i) the power to direct the activities of the VIE that most significantly affect its performance, and (ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. Investments and redemptions or amendments to the governing documents of the respective entities could affect an entity's status as a VIE or the determination of the primary beneficiary. The Company assesses whether it is the primary beneficiary of any VIEs identified by evaluating its economic interests in the entity held either directly by the Company and its affiliates or indirectly through employees. VIEs for which the Company is deemed to be the primary beneficiary are consolidated.

Investments in Company-sponsored funds that are determined to be VOEs are consolidated when the Company's ownership interest is greater than 50% of the outstanding voting interests of the fund or when the Company is the general partner of the fund and the limited partners do not have substantive kick-out or participating rights in the fund.

The Company records noncontrolling interests in consolidated funds for which the Company's ownership is less than 100%.

Cash and Cash Equivalents—Cash and cash equivalents are on deposit with three major financial institutions and consist of short-term, highly-liquid investments, which are readily convertible into cash and have original maturities of three months or less.

Due from/to Brokers—Company-sponsored funds that are consolidated transact with brokers for certain investment activities. The clearing and custody operations for these investment activities are performed pursuant to contractual agreements. The due from/to brokers balance represents cash and cash equivalents balances at brokers/custodians and/or receivables and payables for unsettled securities transactions.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Investments—Management of the Company determines the appropriate classification of its investments at the time of purchase and re-evaluates such determination no less than on a quarterly basis. At December 31, 2019, the Company's investments were comprised of the following:

- Equity investments at fair value, which includes equity securities held within the affiliated funds that the Company consolidates, individual equity securities held directly for the purposes of establishing performance track records and seed investments in Company-sponsored open-end funds where the Company has neither control nor the ability to exercise significant influence.
- Trading investments, which represent debt securities held within the affiliated funds that the Company consolidates and individual debt securities held directly for the purposes of establishing performance track records.
- Held-to-maturity investments, which represent fixed income securities recorded at amortized cost. The Company periodically reviews held-to-maturity investments for other-than-temporary impairments (OTTI). If the Company believes an OTTI exists, an impairment charge will be recognized in the Company's consolidated statements of operations.
- Equity method investments, which represent seed investments in affiliated funds in which the Company owns between 20-50% of the outstanding voting interests in the affiliated fund or when it is determined that the Company is able to exercise significant influence but not control over the investments. When using the equity method, the Company recognizes its respective share of the affiliated investee fund net income or loss for the period which is recorded as gain (loss) from investments—net in the Company's consolidated statements of operations.

Realized and unrealized gains and losses on equity investments at fair value, trading investments and equity method investments are recorded in gain (loss) from investments—net in the Company's consolidated statements of operations.

From time to time, the Company, including the affiliated funds consolidated by the Company, enters into derivative contracts to gain exposure to the underlying commodities markets or to hedge market and credit risks of the underlying portfolios, including options, futures and swaps contracts. Gains and losses on derivative contracts are recorded as gain (loss) from investments—net in the Company's consolidated statements of operations. The fair values of these instruments are recorded in other assets or other liabilities and accrued expenses on the Company's consolidated statements of financial condition. At December 31, 2019, none of the outstanding derivative contracts were subject to a master netting agreement or other similar arrangement.

Additionally, from time to time, the Company, including the affiliated funds consolidated by the Company, enters into foreign exchange contracts to hedge its currency exposure. These instruments are measured at fair value based on the prevailing forward exchange rate with gains and losses recorded in foreign currency gain (loss)—net in the Company's consolidated statements of operations. The fair values of these contracts are recorded in other assets or other liabilities and accrued expenses on the Company's consolidated statements of financial condition.

Leases—The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the Company's consolidated statements of financial condition.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the net present value of lease payments over the lease term. The majority of the Company's lease agreements do not provide an implicit rate. As a result, the Company used an implied incremental borrowing rate based on the information available at lease commencement dates in determining the present value of lease payments. The Company estimates the incremental borrowing rate based on its estimated credit rating and other available market information. The operating lease ROU asset reflects any upfront lease payments made as well as lease incentives received. The lease terms may include options to extend or terminate the lease and these are factored into the determination of the ROU asset and lease liability at lease inception when and if it is reasonably certain that the Company will exercise that option. Lease expense for fixed lease payments is recognized on a straight-line basis over the lease term.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company has certain lease agreements with non-lease components such as maintenance and executory costs, which are accounted for separately and not included in ROU assets.

Goodwill and Intangible Assets—Goodwill represents the excess of the cost of the Company's investment in the net assets of an acquired company over the fair value of the underlying identifiable net assets at the date of acquisition. Goodwill and indefinite-lived intangible assets are not amortized but are tested at least annually for impairment by comparing the fair value to their carrying amounts.

Redeemable Noncontrolling Interests—Redeemable noncontrolling interests represent third-party interests in the affiliated funds that the Company consolidates. These interests are redeemable at the option of the investors and therefore are not treated as permanent equity. Redeemable noncontrolling interest is remeasured at redemption value which approximates the fair value at each reporting period.

Investment Advisory and Administration Fees—The Company earns revenue by providing asset management services to institutional accounts, Company-sponsored open-end and closed-end funds as well as model-based portfolios. Investment advisory fees are earned pursuant to the terms of investment management agreements and are based on a contractual fee rate applied to the average assets in the portfolio. The Company also earns administration fees from certain Company-sponsored open-end and closed-end funds pursuant to the terms of underlying administration contracts. Administration fees are based on the average assets under management of such funds. Investment advisory and administration fee revenue is recognized when earned and is recorded net of any fund reimbursements. The investment advisory and administration contracts each include a single performance obligation as the services provided are not separately identifiable and are accounted for as a series satisfied over time using a time-based method (days elapsed). Additionally, investment advisory and administration fees represent variable consideration, as fees are based on average assets under management which fluctuate daily.

In certain instances, the Company may earn performance fees when certain specified performance hurdles are met during the performance period. Performance fees represent variable consideration and are recognized when no longer subject to significant risk of reversal.

Distribution and Service Fee Revenue—Distribution and service fee revenue is based on the average daily net assets of certain share classes of the Company's sponsored open-end funds distributed by CSS. Distribution and service fee revenue is earned daily and is generally recorded gross of any third-party distribution and service fee expense for applicable share classes.

Distribution fee agreements include a single performance obligation that is satisfied at a point in time when an investor purchases shares in a Company-sponsored open-end fund. Distribution fees represent variable consideration, as fees are based on average assets under management which fluctuate daily. For all periods presented, a portion of the distribution fee revenue recognized in the period may relate to performance obligations satisfied (or partially satisfied) in prior periods. Service fee agreements include a single performance obligation as the services provided are not separately identifiable and are accounted for as a series satisfied over time using a time-based method (days elapsed). Service fees represent variable consideration, as fees are based on average assets under management which fluctuate daily.

Distribution and Service Fee Expense—Distribution and service fee expense includes distribution fees, shareholder servicing fees and intermediary assistance payments. Distribution and service fee expense is recorded on an accrual basis.

Distribution fees represent payments made to qualified intermediaries for (i) assistance in connection with the distribution of the Company's sponsored open-end funds' shares and (ii) for other expenses such as advertising, printing and distribution of prospectuses to investors. Such amounts may also be used to pay financial intermediaries for services as specified in the terms of written agreements complying with Rule 12b-1 of the Investment Company Act of 1940 (Rule 12b-1). Distribution fees are based on the average daily net assets under management of certain share classes of certain of the funds.

Shareholder servicing fees represent payments made to qualified intermediaries for shareholder account service and maintenance. These services are provided pursuant to written agreements with such qualified institutions. Shareholder servicing fees are generally based on the average assets under management or the number of accounts being serviced.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Intermediary assistance payments represent payments to qualified intermediaries for activities related to distribution, shareholder servicing and marketing and support of the Company's sponsored open-end funds and are incremental to those described above. Intermediary assistance payments are generally based on the average assets under management or the number of accounts being serviced.

Stock-based Compensation—The Company recognizes compensation expense for the grant-date fair value of awards of equity instruments to employees. This expense is recognized over the period during which employees are required to provide service. Forfeitures are recorded as incurred.

Income Taxes—The Company records the current and deferred tax consequences of all transactions that have been recognized in the consolidated financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years at tax rates that are expected to apply in those years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years at tax rates that are expected to apply in those years. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, on the basis of the technical merits. The Company records potential interest and penalties related to uncertain tax positions in the provision for income taxes in the consolidated statements of operations.

Currency Translation and Transactions—Assets and liabilities of subsidiaries having non-U.S. dollar functional currencies are translated at exchange rates at the applicable consolidated statement of financial condition date. Revenue and expenses of such subsidiaries are translated at average exchange rates during the period. The gains or losses resulting from translating non-U.S. dollar functional currency into U.S. dollars are included in the Company's consolidated statements of comprehensive income. The cumulative translation adjustment was \$(6,326,000), \$(7,323,000) and \$(4,766,000) as of December 31, 2019, 2018 and 2017, respectively. Gains or losses resulting from transactions denominated in currencies other than the U.S. dollar held by certain foreign subsidiaries are included in non-operating income (loss) in the consolidated statements of operations. Gains and losses arising on revaluation of U.S. dollar-denominated assets and liabilities held by foreign subsidiaries are also included in non-operating income (loss) in the Company's consolidated statements of operations.

Comprehensive Income—The Company reports all changes in comprehensive income in the consolidated statements of comprehensive income. Comprehensive income generally includes net income or loss attributable to common stockholders and amounts attributable to foreign currency translation gain (loss), net of tax.

Recently Issued Accounting Pronouncements—In January 2017, the FASB issued guidance to simplify the goodwill impairment test by removing the requirement to perform a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This new guidance was effective January 1, 2020. The adoption of the new guidance is not expected to have a material effect on the consolidated financial statements and related disclosures.

In June 2016, the FASB issued new guidance on the measurement of credit losses on financial instruments. The guidance replaces the incurred loss impairment model with a current expected credit loss (CECL) model. CECL requires a company to estimate lifetime expected credit losses based on relevant information about historical events, current conditions and reasonable and supportable forecasts. The guidance must be applied using the modified retrospective adoption method and was effective January 1, 2020. The adoption of the new guidance is not expected to have a material effect on the consolidated financial statements and related disclosures.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

3. Revenue

The following tables summarize revenue recognized from contracts with customers by client domicile and by investment vehicle:

<i>(in thousands)</i>	Years ended December 31,		
	2019	2018	2017
Client domicile:			
North America	\$ 352,629	\$ 322,964	\$ 314,021
Japan	33,967	35,283	42,303
Asia Pacific excluding Japan	13,147	12,493	11,496
Europe, Middle East and Africa	11,087	10,371	10,876
Total	<u>\$ 410,830</u>	<u>\$ 381,111</u>	<u>\$ 378,696</u>

<i>(in thousands)</i>	Years ended December 31,		
	2019	2018	2017
Investment vehicle:			
Open-end funds ⁽¹⁾	\$ 217,778	\$ 197,363	\$ 193,348
Closed-end funds	80,502	77,270	78,670
Institutional accounts	110,346	104,327	103,629
Other ⁽²⁾	2,204	2,151	3,049
Total	<u>\$ 410,830</u>	<u>\$ 381,111</u>	<u>\$ 378,696</u>

(1) Included distribution and service fees of \$30.0 million, \$29.1 million and \$30.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

(2) Prior period amounts related to model-based portfolios were reclassified from other (previously reported as portfolio consulting and other) to open-end funds and institutional accounts.

4. Investments

The following table summarizes the Company's investments:

<i>(in thousands)</i>	December 31, 2019	December 31, 2018
Equity investments at fair value	\$ 89,872	\$ 66,795
Trading	14,980	108,363
Held-to-maturity carried at amortized cost ⁽¹⁾	49,807	49,748
Equity method	554	26
Total investments	<u>\$ 155,213</u>	<u>\$ 224,932</u>

(1) Held-to-maturity investments had a fair value of \$50.0 million and \$49.8 million at December 31, 2019 and 2018, respectively. Original maturities ranged from 12 to 24 months at December 31, 2019 and 6 to 24 months at December 31, 2018.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The Company seeded two new funds for the year ended December 31, 2019 and one new fund for the year ended December 31, 2018.

The following tables summarize gain (loss)—net from investments:

	Years Ended December 31,	
	2019	2018
<i>(in thousands)</i>		
Net realized gains (losses) during the period	\$ 12,227	\$ (1,486)
Net unrealized gains (losses) during the period on investments still held at the end of the period	9,446	(12,778)
Gain (loss) from investments—net ⁽¹⁾	<u>\$ 21,673</u>	<u>\$ (14,264)</u>

(1) Included net income (loss) attributable to redeemable noncontrolling interests.

	Year Ended December 31, 2017
<i>(in thousands)</i>	
Gain (loss) from trading investments—net ⁽¹⁾	\$ 1,915
Equity in earnings (losses) of affiliates—net	(242)
Gain (loss) from available-for-sale investments—net	347
Gain (loss) from investments—net	<u>\$ 2,020</u>

(1) Included net income (loss) attributable to redeemable noncontrolling interests.

At December 31, 2019, the Company's consolidated VIEs included the Cohen & Steers SICAV Global Listed Infrastructure Fund (GLI SICAV), the Cohen & Steers Co-Investment Partnership, L.P. (GRP-CIP), SICAV GRE and the Cohen & Steers SICAV Diversified Real Assets Fund (SICAV RAP). At December 31, 2018, the Company's consolidated VIEs included GLI SICAV, GRP-CIP, SICAV Preferred and SICAV RAP.

The following tables summarize the consolidated statements of financial condition attributable to the Company's consolidated VIEs:

	December 31, 2019				
	GLI SICAV	GRP-CIP	SICAV GRE	SICAV RAP	Total
<i>(in thousands)</i>					
Assets ⁽¹⁾					
Investments	\$ 7,048	\$ 337	\$ 45,468	\$ 29,976	\$ 82,829
Due from brokers	264	203	663	613	1,743
Other assets	92	—	681	268	1,041
Total assets	<u>\$ 7,404</u>	<u>\$ 540</u>	<u>\$ 46,812</u>	<u>\$ 30,857</u>	<u>\$ 85,613</u>
Liabilities ⁽¹⁾					
Due to brokers	\$ 45	\$ —	\$ 92	\$ 229	\$ 366
Other liabilities and accrued expenses	100	5	466	213	784
Total liabilities	<u>\$ 145</u>	<u>\$ 5</u>	<u>\$ 558</u>	<u>\$ 442</u>	<u>\$ 1,150</u>

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	December 31, 2018				
(in thousands)	GLI SICAV	GRP-CIP	SICAV Preferred	SICAV RAP	Total
Assets ⁽¹⁾					
Investments	\$ 5,704	\$ 550	\$ 120,930	\$ 8,929	\$ 136,113
Due from brokers	49	103	10,868	167	11,187
Other assets	171	—	2,136	297	2,604
Total assets	\$ 5,924	\$ 653	\$ 133,934	\$ 9,393	\$ 149,904
Liabilities ⁽¹⁾					
Due to brokers	\$ —	\$ —	\$ 4,398	\$ 24	\$ 4,422
Other liabilities and accrued expenses	74	5	212	149	440
Total liabilities	\$ 74	\$ 5	\$ 4,610	\$ 173	\$ 4,862

(1) The assets may only be used to settle obligations of each VIE and the liabilities are the sole obligation of each VIE, for which creditors do not have recourse to the general credit of the Company.

5. Fair Value

Accounting Standards Codification Topic 820, *Fair Value Measurement* (ASC 820) specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

- Level 1—Unadjusted quoted prices for identical instruments in active markets.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3—Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Company defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following tables present fair value measurements:

	December 31, 2019					
<i>(in thousands)</i>	Level 1	Level 2	Level 3	Investments Measured at NAV as FV	Investments Carried at Amortized Cost	Total
Cash equivalents	\$ 85,889	\$ —	\$ —	\$ —	\$ —	\$ 85,889
Equity investments at fair value						
Common stocks	\$ 87,408	\$ —	\$ —	\$ —	\$ —	\$ 87,408
Company-sponsored funds . . .	132	—	—	—	—	132
Limited partnership interests . .	1,048	—	—	337	—	1,385
Preferred securities	704	108	—	—	—	812
Other	—	—	—	135	—	135
Total	\$ 89,292	\$ 108	\$ —	\$ 472	\$ —	\$ 89,872
Trading investments						
Fixed income	\$ —	\$ 14,980	\$ —	\$ —	\$ —	\$ 14,980
Total	\$ —	\$ 14,980	\$ —	\$ —	\$ —	\$ 14,980
Held-to-maturity investments						
Fixed income	\$ —	\$ —	\$ —	\$ —	\$ 49,807	\$ 49,807
Total	\$ —	\$ —	\$ —	\$ —	\$ 49,807	\$ 49,807
Equity method investments	\$ —	\$ —	\$ —	\$ 554	\$ —	\$ 554
Total investments	\$ 89,292	\$ 15,088	\$ —	\$ 1,026	\$ 49,807	\$ 155,213
Derivatives - assets						
Commodity futures contracts . .	\$ 570	\$ —	\$ —	\$ —	\$ —	\$ 570
Foreign exchange contracts . . .	—	74	—	—	—	74
Total	\$ 570	\$ 74	\$ —	\$ —	\$ —	\$ 644
Derivatives - liabilities						
Commodity futures contracts . .	\$ 339	\$ —	\$ —	\$ —	\$ —	\$ 339
Commodity swap contracts . . .	—	173	—	—	—	173
Foreign exchange contracts . . .	—	44	—	—	—	44
Total	\$ 339	\$ 217	\$ —	\$ —	\$ —	\$ 556

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

December 31, 2018						
<i>(in thousands)</i>	Level 1	Level 2	Level 3	Investments Measured at NAV as FV	Investments Carried at Amortized Cost	Total
Cash equivalents	\$ 78,147	\$ —	\$ —	\$ —	\$ —	\$ 78,147
Equity investments at fair value						
Common stocks	21,982	\$ —	\$ —	\$ —	\$ —	\$ 21,982
Company-sponsored funds . . .	9,456	—	—	—	—	9,456
Limited partnership interests . .	1,056	—	—	550	—	1,606
Preferred securities	30,448	3,193	—	—	—	33,641
Other	—	—	—	110	—	110
Total	\$ 62,942	\$ 3,193	\$ —	\$ 660	\$ —	\$ 66,795
Trading investments						
Fixed income	\$ —	\$ 108,363	\$ —	\$ —	\$ —	\$ 108,363
Total	\$ —	\$ 108,363	\$ —	\$ —	\$ —	\$ 108,363
Held-to-maturity investments						
Fixed income	\$ —	\$ —	\$ —	\$ —	\$ 49,748	\$ 49,748
Total	\$ —	\$ —	\$ —	\$ —	\$ 49,748	\$ 49,748
Equity method investments	\$ —	\$ —	\$ —	\$ 26	\$ —	\$ 26
Total investments	\$ 62,942	\$ 111,556	\$ —	\$ 686	\$ 49,748	\$ 224,932
Derivatives - assets						
Commodity futures contracts . .	\$ 486	\$ —	\$ —	\$ —	\$ —	\$ 486
Commodity swap contracts . . .	—	739	—	—	—	739
Total	\$ 486	\$ 739	\$ —	\$ —	\$ —	\$ 1,225
Derivatives - liabilities						
Commodity futures contracts . .	\$ 2,181	\$ —	\$ —	\$ —	\$ —	\$ 2,181
Foreign exchange contracts . . .	—	205	—	—	—	205
Total	\$ 2,181	\$ 205	\$ —	\$ —	\$ —	\$ 2,386

Cash equivalents were comprised of investments in actively traded U.S. Treasury money market funds measured at NAV.

Equity investments at fair value classified as level 2 were comprised of certain preferred securities with predominately equity-like characteristics whose fair values are generally determined using third-party pricing services. The pricing services may utilize pricing models, and inputs into those models may include reported trades, executable bid and ask prices, broker-dealer quotations, prices or yields of similar securities, benchmark curves and other market information. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security.

Trading investments classified as level 2 were comprised of U.S. Treasury securities held within consolidated funds carried at amortized cost, which approximates fair value, corporate debt securities, as well as certain preferred securities with predominately debt-like characteristics. The fair value amounts were generally determined using third-party pricing services. The pricing services may utilize evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Since these securities do not trade on a daily basis, the pricing services evaluate pricing applications and apply available information through processes such as yield curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Investments measured at NAV were comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments were comprised of:

- Equity investments at fair value - limited partner interests in limited partnership vehicles that invest in non-registered real estate funds and the Company's co-investment in a Cayman trust invested in global listed infrastructure securities, both of which are valued based on the NAVs of the underlying investments. At December 31, 2019 and 2018, the Company did not have the ability to redeem the interests in the limited partnership vehicles; there were no contractual restrictions on the Company's ability to redeem its interest in the Cayman trust.
- Equity method investments - includes the Company's partnership interests in the Cohen & Steers Global Realty Partners III-TE, L.P. (GRP-TE) and the Cohen & Steers Global Realty Focus Fund, a series of Cohen & Steers Series LP (GRF). GRP-TE invests in non-registered real estate funds. The Company's ownership interest was approximately 0.2% and the Company did not have the ability to redeem the investment at either December 31, 2019 or 2018. GRF was seeded in 2019 and invests in global real estate investment trusts and other publicly traded real estate companies. The Company's ownership interest was approximately 2.2% and the Company had the ability to redeem the investment in GRF with 15 days' notice at December 31, 2019. The Company's risk with respect to both investments is limited to its equity ownership interest and any uncollected management fees.

Held-to-maturity investments were comprised of U.S. Treasury securities, which were directly issued by the U.S. government, with original maturities of 12 to 24 months at December 31, 2019 and 6 to 24 months at December 31, 2018. These securities were purchased with the intent to hold to maturity and are recorded at amortized cost.

Investments measured at NAV and held-to-maturity investments have not been classified in the fair value hierarchy. The amounts presented in the above tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the consolidated statement of financial position.

Commodity swap contracts classified as level 2 were valued based on the underlying futures contracts.

Foreign currency exchange contracts classified as level 2 were valued based on the prevailing forward exchange rate.

The following table summarizes the changes in level 3 limited partnership interests in trading investments measured at fair value on a recurring basis:

	Trading Investments Limited Partnership Interests	
	2019	2018
Balance at beginning of year	\$ —	\$ 605
Purchases / contributions	—	—
Sales / distributions	—	(598)
Realized gains (losses)	—	(68)
Unrealized gains (losses)	—	61
Transfers into (out of) level 3	—	—
Balance at end of year	<u>\$ —</u>	<u>\$ —</u>

Realized and unrealized gains (losses) in the above table were recorded as gain (loss) from investments—net in the Company's consolidated statements of operations.

Valuation Techniques

In certain instances, debt, equity and preferred securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable broker-dealers or independent pricing services. In determining the value of a particular investment, independent pricing services may use information with respect to transactions in such investments,

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

broker quotes, pricing matrices, market transactions in comparable investments and various relationships between investments. As part of its independent price verification process, the Company generally performs reviews of valuations provided by broker-dealers or independent pricing services. Investments in Company-sponsored funds are valued at their closing price or NAV (or its equivalent) as a practical expedient.

Foreign exchange contracts are valued based on the prevailing forward exchange rate, which is an input that is observable in active markets.

In the absence of observable market prices, the Company values its investments using valuation methodologies applied on a consistent basis. For some investments, little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors. Such investments are valued on a quarterly basis, taking into consideration any changes in key inputs and changes in economic and other relevant conditions, and valuation models are updated accordingly. The valuation process also includes a review by the Company's valuation committee which is comprised of senior members from various departments within the Company, including investment management. The valuation committee provides independent oversight of the valuation policies and procedures.

6. Derivatives

The following tables summarize the notional amount and fair value of the derivative financial instruments that are not designated in a formal hedging relationship.

	As of December 31, 2019			
	Notional Amount		Fair Value ⁽¹⁾	
	Long	Short	Assets	Liabilities
(in thousands)				
Commodity futures	\$ 14,394	\$ 4,623	\$ 570	\$ 339
Commodity swap	—	8,909	—	173
Foreign exchange	—	10,787	74	44
	<u>\$ 14,394</u>	<u>\$ 24,319</u>	<u>\$ 644</u>	<u>\$ 556</u>

	As of December 31, 2018			
	Notional Amount		Fair Value ⁽¹⁾	
	Long	Short	Assets	Liabilities
(in thousands)				
Commodity futures	\$ 19,361	\$ 3,434	\$ 486	\$ 2,181
Commodity swap	—	8,761	739	—
Foreign exchange	—	10,996	—	205
	<u>\$ 19,361</u>	<u>\$ 23,191</u>	<u>\$ 1,225</u>	<u>\$ 2,386</u>

(1) The fair value of the derivative financial instruments is recorded in other assets and other liabilities and accrued expenses on the Company's consolidated statements of financial condition.

The Company's exposure to commodity futures is based on seed capital investments. Commodity swap contracts are utilized to economically hedge and reduce the overall risk of the Company's market exposure to these investments. The Company enters into foreign exchange contracts to economically hedge currency exposure arising from certain non-U.S. dollar investment advisory fees.

Cash included in due from brokers of approximately \$2,002,000 on the consolidated statement of financial condition at December 31, 2018 was held as collateral for futures contracts. Investments of approximately \$1,713,000 and \$1,807,000 on the consolidated statement of financial condition at December 31, 2019 and 2018, respectively, were held as collateral for futures contracts.

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The following table summarizes net gains (losses) from derivative financial instruments:

<i>(in thousands)</i>	Years Ended December 31,		
	2019	2018	2017
Commodity futures	\$ 881	\$ (2,093)	\$ (438)
Commodity swap	(485)	739	—
Foreign exchange	235	(141)	(1,481)
Total ⁽¹⁾	<u>\$ 631</u>	<u>\$ (1,495)</u>	<u>\$ (1,919)</u>

- (1) Gains and losses on the derivative financial instruments are recorded as gain (loss) from investments—net in the Company's consolidated statements of operations.

7. Property and Equipment

The following table summarizes the Company's property and equipment:

<i>(in thousands)</i>	December 31,	
	2019	2018
Equipment	\$ 5,951	\$ 5,590
Furniture and fixtures	3,651	3,644
Software	19,988	17,591
Leasehold improvements	16,048	16,028
Subtotal	<u>45,638</u>	<u>42,853</u>
Less: Accumulated depreciation and amortization	<u>(33,152)</u>	<u>(28,747)</u>
Property and equipment, net	<u>\$ 12,486</u>	<u>\$ 14,106</u>

Depreciation and amortization expense related to property and equipment was \$4,396,000, \$4,378,000 and \$4,229,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

Depreciation and amortization expense related to property and equipment is recorded using the straight-line method over the estimated useful lives of the related assets which range from 3-7 years. Leasehold improvements are amortized using the straight-line method over the lease term.

8. Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to common stockholders by the weighted average shares outstanding. Diluted earnings per share is calculated using the treasury stock method by dividing net income attributable to common stockholders by the total weighted average shares of common stock outstanding and common stock equivalents. Common stock equivalents are comprised of dilutive potential shares from restricted stock unit awards and are excluded from the computation if their effect is anti-dilutive.

There were no anti-dilutive common stock equivalents for either the years ended December 31, 2019, 2018 or 2017.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table reconciles income and share data used in the basic and diluted earnings per share computations:

	Years Ended December 31,		
	2019	2018	2017
<i>(in thousands, except per share data)</i>			
Net income	\$ 146,984	\$ 109,522	\$ 92,486
Less: Net (income) loss attributable to redeemable noncontrolling interests	(12,363)	4,374	(547)
Net income attributable to common stockholders	\$ 134,621	\$ 113,896	\$ 91,939
Basic weighted average shares outstanding	47,273	46,794	46,353
Dilutive potential shares from restricted stock units	1,024	587	626
Diluted weighted average shares outstanding	48,297	47,381	46,979
Basic earnings per share attributable to common stockholders	\$ 2.85	\$ 2.43	\$ 1.98
Diluted earnings per share attributable to common stockholders	\$ 2.79	\$ 2.40	\$ 1.96

9. Stock-Based Compensation

Amended and Restated Stock Incentive Plan

The Amended and Restated Cohen & Steers, Inc. Stock Incentive Plan (the SIP) provides for the issuance of Restricted Stock Units (RSUs), stock options and other stock-based awards to eligible employees and directors. A total of 20.0 million shares of common stock may be granted under the SIP. The board of directors is authorized to increase the number of shares available for issuance under the SIP, subject to shareholder approval. At December 31, 2019, RSUs with respect to approximately 16.7 million shares of common stock had been issued under the SIP. Total compensation cost related to unvested RSUs not yet recognized was approximately \$42,721,000 at December 31, 2019 and is expected to be recognized over approximately the next three years. In January 2020, the Company granted approximately 0.5 million RSUs under the SIP with a grant date fair value of approximately \$33,909,000 which generally vest over a four-year period.

Restricted Stock Units

Vested Restricted Stock Unit Grants

The Company grants awards of vested RSUs to the non-management directors of the Company pursuant to the SIP. The directors are entitled to receive delivery of the underlying common stock on the third anniversary of the date of grant. Dividends declared during the period are paid to the directors in cash. In connection with the grant of these vested RSUs, the Company recorded non-cash stock-based compensation expense of approximately \$614,000, \$626,000 and \$618,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

Unvested Restricted Stock Unit Grants

From time to time, the Company grants awards of unvested RSUs to certain employees pursuant to the SIP. The fair value at the date of grant is expensed on a straight-line basis over the applicable service periods, which is generally four years. Dividends declared by the Company are paid in additional RSUs and are forfeitable until they are delivered. The dividend equivalent RSUs will generally vest and be delivered on the fourth anniversary of the original grant date. The Company recorded stock-based compensation expense, net of forfeitures, of approximately \$4,443,000, \$4,216,000 and \$3,957,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

Incentive Bonus Plans for Employees of the Company

The Company has implemented a program for employees which, based upon compensation levels, automatically allocates a portion of their year-end bonuses in the form of unvested RSUs (Mandatory Program). Dividends declared by the Company are paid in additional RSUs and are forfeitable until they are delivered. The RSUs under the Mandatory Program will generally vest and be delivered ratably over four years and the dividend equivalent RSUs will generally vest and be delivered on the fourth anniversary of the original grant date. The fair value at the date of grant of the RSUs under the Mandatory Program is expensed on a straight-line basis over the vesting period. The Company recorded stock-based

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compensation under the Mandatory Program, net of forfeitures, of approximately \$22,637,000, \$19,710,000 and \$17,670,000 for the years ended December 31, 2019, 2018 and 2017, respectively.

The following table sets forth activity relating to the Company's RSUs under the SIP (share data in thousands):

	Vested Restricted Stock Unit Grants		Unvested Restricted Stock Unit Grants		Incentive Bonus Plans Restricted Stock Unit Grants	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
<i>(in thousands, except per share data)</i>						
Balance at January 1, 2017	34	\$ 37.15	307	\$ 33.62	1,399	\$ 34.22
Granted	16	38.14	151	35.45	714	35.36
Delivered	(8)	40.03	(140)	34.41	(523)	34.80
Forfeited.	—	—	—	—	(40)	33.87
Balance at December 31, 2017	42	36.98	318	34.14	1,550	34.60
Granted	15	38.29	134	39.02	757	39.42
Delivered	(12)	34.95	(146)	35.13	(539)	34.94
Forfeited.	—	—	—	—	(23)	37.16
Balance at December 31, 2018	45	37.93	306	35.80	1,745	36.55
Granted	22	50.29	132	40.97	763	39.92
Delivered	(13)	37.61	(131)	35.46	(601)	36.30
Forfeited.	—	—	(5)	38.15	(33)	38.31
Balance at December 31, 2019	54	44.06	302	38.78	1,874	38.38

Employee Stock Purchase Plan

Pursuant to the Amended and Restated Employee Stock Purchase Plan (ESPP), the Company allows eligible employees, as defined in the ESPP, to purchase common stock at a 15% discount from fair market value up to a maximum of \$25,000 in annual aggregate purchases by any one individual. The number of shares of common stock authorized for purchase by eligible employees is 600,000. As of December 31, 2019, the Company had issued approximately 431,000 shares of common stock under the ESPP. For all three years ended December 31, 2019, 2018 and 2017, approximately 18,000 were purchased by eligible employees through the ESPP. For the years ended December 31, 2019, 2018 and 2017, the Company recorded a non-cash stock-based compensation expense of approximately \$131,000, \$105,000 and \$112,000, respectively, which represents the discount on the shares issued pursuant to this plan. The ESPP will terminate upon the earliest to occur of (1) termination of the ESPP by the board of directors or (2) issuance of all of the shares reserved for issuance under the ESPP. The board of directors is authorized to increase the number of shares available for issuance under the ESPP, subject to shareholder approval.

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10. 401(k) and Profit-Sharing Plan

The Company sponsors a profit-sharing plan (the Plan) covering all employees who meet certain age and service requirements. Subject to limitations, the Plan permits participants to defer up to 100% of their eligible compensation pursuant to Section 401(k) of the Internal Revenue Code. Employee contributions are matched by the Company at \$0.50 per \$1.00 deferred. The Plan also allows the Company to make discretionary contributions, which are integrated with the taxable wage base under the Social Security Act. No discretionary contributions were made for the years ended December 31, 2019, 2018 and 2017.

Forfeitures occur when participants terminate employment before becoming entitled to their full benefits under the Plan. In accordance with the Plan document, forfeited amounts are used to reduce the Company's contributions to the Plan or to pay Plan expenses. Forfeitures for the years ended December 31, 2019, 2018 and 2017 totaled approximately \$131,000, \$101,000 and \$128,000, respectively.

Matching contributions, net of forfeitures, to the Plan for the years ended December 31, 2019, 2018 and 2017 totaled approximately \$2,057,000, \$1,770,000 and \$1,715,000, respectively.

11. Related Party Transactions

The Company is an investment adviser to, and has administration agreements with, affiliated funds for which certain employees are officers and/or directors.

The following table summarizes the amount of revenue the Company earned from these affiliated funds:

	Years Ended December 31,		
	2019	2018	2017
(in thousands)			
Investment advisory and administration fees ⁽¹⁾	\$ 264,116	\$ 241,255	\$ 236,832
Distribution and service fees	30,048	29,090	30,747
Total	<u>\$ 294,164</u>	<u>\$ 270,345</u>	<u>\$ 267,579</u>

- (1) Investment advisory and administration fees are reflected net of fund reimbursements of \$11.1 million, \$8.6 million and \$8.7 million for and the years ended December 31, 2019, 2018 and 2017, respectively. Amounts for the years ended December 31, 2017 have been recast to reflect the Company's adoption of the new revenue recognition accounting standard on January 1, 2018.

The following table summarizes sales proceeds, gross realized gains, gross realized losses and dividend income from investments in Company-sponsored funds that are not consolidated:

	Years Ended December 31,		
	2019	2018	2017
(in thousands)			
Proceeds from sales	\$ 37,326	\$ 10,872	\$ 15,105
Gross realized gains	241	28	80
Gross realized losses	(907)	(4,448)	—
Dividend income	52	481	675

Included in accounts receivable at December 31, 2019 and 2018 are receivables due from Company-sponsored funds of approximately \$27,725,000 and \$22,560,000, respectively. Included in accounts payable at December 31, 2019 and December 31, 2018 are payables due to Company-sponsored funds of approximately \$1,498,000 and \$845,000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

12. Regulatory Requirements

CSS, a registered broker-dealer in the U.S., is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the Rule), which requires that broker-dealers maintain a minimum level of net capital, as prescribed by the Rule. At December 31, 2019, CSS had net capital of approximately \$3.5 million, which exceeded its requirements by approximately \$3.3 million. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital of a broker-dealer is less than the amount required under the Rule and requires prior notice to the SEC for certain withdrawals of capital. CSS does not carry customer accounts and is exempt from SEC Rule 15c3-3 pursuant to provisions (k)(1) and (k)(2)(i) of such rule. During 2019, the Company made a capital contribution of \$3.0 million to CSS.

CSAL is subject to regulation by the Hong Kong Securities and Futures Commission. At December 31, 2019, CSAL had regulatory capital of approximately \$10.4 million, which exceeded its minimum regulatory capital requirement by approximately \$10.0 million. During 2019, CSAL paid dividends totalling \$32.5 million to its parent, CSCM.

CSUK is subject to regulation by the United Kingdom Financial Conduct Authority. At December 31, 2019, CSUK had regulatory capital of approximately \$38.2 million, which exceeded its minimum regulatory capital requirement by approximately \$32.5 million.

CSJL is registered with the Financial Services Agency of Japan and the Kanto Local Finance Bureau and is subject to the Financial Instruments and Exchange Act. In accordance with its license, CSJL is required to maintain regulatory capital, as defined, of approximately \$460,000. At December 31, 2019, CSJL had stated capital in excess of this requirement.

CSIL is an Irish registered company. The Company has applied for a license to conduct regulated business in Ireland.

13. Commitments and Contingencies

From time to time, the Company is involved in legal matters relating to claims arising in the ordinary course of business. There are currently no such matters pending that the Company believes could have a material adverse effect on its consolidated results of operations, cash flows or financial position.

The Company periodically commits to fund a portion of the equity in certain of its sponsored investment products. The Company has committed to co-invest up to \$5.1 million alongside GRP-TE, a portion of which is made through GRP-TE and the remainder of which is made through Cohen & Steers Co-Investment Partnership, L.P. (GRP-CIP) for up to 12 years through the life of GRP-TE. At December 31, 2019, the Company has funded approximately \$3.8 million with respect to this commitment. The actual timing for funding the unfunded portion of this commitment is currently unknown, as the drawdown of the Company's unfunded commitment is contingent on the timing of drawdowns by the underlying funds in which GRP-TE and GRP-CIP invest. At December 31, 2019, the unfunded commitment was not recorded on the Company's consolidated statements of financial condition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. Income Taxes

The income before provision for income taxes and provision for income taxes are as follows:

	Years Ended December 31,		
	2019	2018	2017
(in thousands)			
Income before provision for income taxes - U.S. ⁽¹⁾	\$ 171,497	\$ 132,838	\$ 149,338
Income before provision for income taxes - Non-U.S.	16,052	10,941	11,062
Total income before provision for income taxes	<u>\$ 187,549</u>	<u>\$ 143,779</u>	<u>\$ 160,400</u>

(1) Included income of \$12.4 million, loss of \$4.4 million and income of \$547,000 attributable to third-party interests for the years ended December 31, 2019, 2018 and 2017, respectively.

Current tax expense:

U.S. federal	\$ 30,818	\$ 26,223	\$ 58,082
State and local	7,627	7,378	8,155
Non-U.S.	2,024	2,029	1,991
	<u>40,469</u>	<u>35,630</u>	<u>68,228</u>

Deferred tax (benefit) expense:

U.S. federal	(133)	(748)	(428)
State and local	(74)	(281)	(412)
Non-U.S.	303	(344)	526
	<u>96</u>	<u>(1,373)</u>	<u>(314)</u>
Provision for income taxes	<u>\$ 40,565</u>	<u>\$ 34,257</u>	<u>\$ 67,914</u>

In connection with the enactment of the Tax Cuts and Jobs Act (the Tax Act), the Company recorded a provisional transition tax of \$8.4 million at December 31, 2017, which reflected a one-time tax on deemed repatriated accumulated earnings and profits of the Company's foreign subsidiaries. Based on refinement of the calculation, the Company adjusted its transition tax liability from \$8.4 million at December 31, 2017 to \$8.3 million during the second quarter of 2018. The transition tax, which is payable over eight years on an interest-free basis, was included as part of income tax payable on the Company's consolidated statements of financial condition at December 31, 2019 and December 31, 2018.

The transition tax liability is as follows:

Year Ending December 31,	Transition Tax Liability
2020	\$ 192
2021	665
2022	665
2023	1,246
2024	1,662
2025	2,077
	<u>\$ 6,507</u>

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In addition to the transition tax, the Tax Act requires certain income earned by foreign subsidiaries, referred to as global intangible low-taxed income (GILTI), be included in the U.S. taxable income of the parent company. GILTI requires an accounting policy election to either (1) treat taxes due on future U.S. inclusions in taxable income related to GILTI as a current period expense when incurred or (2) factor such amounts into the measurement of deferred taxes. The Company has made an accounting policy election to account for any additional tax resulting from the GILTI provisions in the year in which it is incurred. Based upon its calculation, the Company was not required to record any additional income tax expense attributable to the GILTI provisions for the year ended December 31, 2019.

Deferred income taxes represent the tax effects of the temporary differences between book and tax bases and are measured using enacted tax rates that will be in effect when such items are expected to reverse. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized.

Significant components of the Company's net deferred income tax asset consist of the following:

	At December 31,	
	2019	2018
<i>(in thousands)</i>		
Deferred income tax assets (liabilities):		
Stock-based compensation	\$ 5,310	\$ 4,915
Realized losses on investments	4,218	1,539
Dividend equivalents on unvested restricted stock units	1,725	1,734
Net unrealized (gains) losses on investments	(1,632)	2,512
Deferred compensation	290	78
Deferred rent	1,205	1,452
Other	(824)	(760)
Subtotal	10,292	11,470
Less: valuation allowance	(3,201)	(4,270)
Deferred income tax asset—net	<u>\$ 7,091</u>	<u>\$ 7,200</u>

The Company had capital loss carryforwards of approximately \$17,027,000 and \$6,181,000 for the years ended December 31, 2019 and 2018 which, if unused, will expire in years 2020 to 2024. The valuation allowance on the net deferred income tax asset decreased by approximately \$1,069,000 during the year ended December 31, 2019.

At December 31, 2019, the Company had approximately \$12,880,000 of total gross unrecognized tax benefits. Of this total, approximately \$9,830,000 (net of the federal benefit on state issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the Company's effective tax rate in future periods. The Company believes it is reasonably possible that it will reduce its net unrecognized tax benefits by \$5,974,000 within the next twelve months due to the expected conclusion of jurisdictional reviews and the lapse of the statute of limitations on certain positions.

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A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

<i>(in thousands)</i>	Liability for Unrecognized Tax Benefits
Gross unrecognized tax benefits balance at January 1, 2017	\$ 7,852
Addition for tax positions of current year	1,724
Addition for tax positions of prior years	6,624
Reduction of tax positions from prior years	(3,794)
Gross unrecognized tax benefits balance at December 31, 2017	\$ 12,406
Addition for tax positions of current year	2,233
Reduction of tax positions from prior years	(2,602)
Gross unrecognized tax benefits balance at December 31, 2018	\$ 12,037
Addition for tax positions of current year	2,430
Addition for tax positions of prior years	133
Reduction of tax positions from prior years	(1,720)
Gross unrecognized tax benefits balance at December 31, 2019	\$ 12,880

The Company records potential interest and penalties related to uncertain tax positions in the provision for income taxes. At December 31, 2019 and 2017, the Company had approximately \$3,179,000 and \$2,519,000, respectively, in potential interest and penalties associated with uncertain tax positions.

The tax years 2013 through 2019 remain open to examination by various taxing jurisdictions.

A reconciliation of the Company's statutory federal income tax rate and the effective tax rate is as follows:

	Years Ended December 31,		
	2019	2018	2017
U.S. statutory tax rate.	21.0 %	21.0 %	35.0 %
State and local income taxes, net of federal income taxes.	3.4 %	3.8 %	3.1 %
Unrecognized tax benefit adjustments.	(1.0)%	(1.0)%	(1.9)%
Foreign operations tax differential.	(0.5)%	0.3 %	(1.4)%
Non-deductible (gains) losses on investments.	(1.6)%	0.2 %	0.2 %
Non-taxable (gains) losses on investments	0.9 %	0.1 %	(0.2)%
Tax Act.	— %	(0.1)%	8.0 %
Other	1.0 %	(1.2)%	(0.3)%
Effective income tax rate	<u>23.2 %</u>	<u>23.1 %</u>	<u>42.5 %</u>

15. Goodwill and Intangible Assets

The following table summarizes the changes in the Company's goodwill and intangible assets:

<i>(in thousands)</i>	Goodwill	Finite-Lived Intangible Assets	Indefinite-Lived Intangible Assets
Balance at January 1, 2018	\$ 19,034	\$ 95	\$ 1,250
Currency revaluation	(533)	—	—
Amortization.	N/A	(95)	N/A
Balance at December 31, 2018	\$ 18,501	\$ —	\$ 1,250
Currency revaluation	(191)	—	—
Amortization.	N/A	—	N/A
Balance at December 31, 2019	<u>\$ 18,310</u>	<u>\$ —</u>	<u>\$ 1,250</u>

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The following table summarizes the Company's intangible assets:

<i>(in thousands)</i>	<u>Remaining Amortization Period (in months)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Intangible Assets, Net</u>
2019				
Non-amortized intangible assets:				
Mutual fund management contracts	—	\$ 1,250	\$ —	\$ 1,250
2018				
Amortized intangible assets:				
Client relationships	—	\$ 1,543	\$ (1,543)	\$ —
Non-amortized intangible assets:				
Mutual fund management contracts	—	1,250	—	1,250
Total		<u>\$ 2,793</u>	<u>\$ (1,543)</u>	<u>\$ 1,250</u>

Amortization expense related to the intangible assets was approximately \$95,000 and \$89,000 for the years ended December 31, 2018 and 2017, respectively.

16. Leases

The Company has operating leases for corporate offices and certain information technology equipment.

The following table summarizes the Company's lease cost included in general and administrative expense in the consolidated statements of operations:

<i>(in thousands)</i>	<u>Years Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating lease cost	\$ 11,495	\$ 11,552	\$ 11,334

Supplemental cash flow information related to operating leases is summarized below:

<i>(in thousands)</i>	<u>Years Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ 12,365	\$ 11,709	\$ 11,579
Right-of-use assets obtained in exchange for new lease liabilities	—	614	—

Other information related to operating leases is summarized below:

	<u>Years Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Weighted-average remaining lease term (years)	4	5	6
Weighted-average discount rate	2.8%	2.8%	2.8%

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table summarizes the maturities of lease liabilities at December 31, 2019 (in thousands):

Year Ending December 31,	Operating Leases
2020.....	\$ 11,933
2021.....	11,184
2022.....	10,882
2023.....	10,855
2024.....	963
Total remaining undiscounted lease payments.....	45,817
Less: imputed interest.....	2,468
Total remaining discounted lease payments.....	<u>\$ 43,349</u>

17. Concentration of Credit Risk

The Company's cash and cash equivalents are principally on deposit with major financial institutions. The Company is subject to credit risk should these financial institutions be unable to fulfill their obligations.

The following affiliated funds and third-party institutional separate account subadvisory relationship, which is comprised of multiple accounts, provided 10% or more of the total revenue of the Company:

<i>(in thousands, except percentages)</i>	Years Ended December 31,		
	2019	2018	2017
Cohen & Steers Preferred Securities and Income Fund, Inc. (CPX):			
Investment advisory and administration fees.....	\$ 56,638	\$ 53,059	\$ 53,594
Distribution and service fees.....	12,753	13,525	14,744
Total.....	<u>\$ 69,391</u>	<u>\$ 66,584</u>	<u>\$ 68,338</u>
Percent of total revenue.....	16.9%	17.5%	18.0%
Cohen & Steers Real Estate Securities Fund, Inc. (CSI):			
Investment advisory and administration fees.....	\$ 41,971	\$ 31,759	\$ 27,033
Distribution and service fees.....	8,128	6,841	7,662
Total.....	<u>\$ 50,099</u>	<u>\$ 38,600</u>	<u>\$ 34,695</u>
Percent of total revenue.....	12.2%	10.1%	9.2%
Cohen & Steers Realty Shares, Inc. (CSR):			
Investment advisory and administration fees.....	\$ 32,884	\$ 33,827	\$ 38,392
Distribution and service fees.....	4,079	4,032	4,602
Total.....	<u>\$ 36,963</u>	<u>\$ 37,859</u>	<u>\$ 42,994</u>
Percent of total revenue.....	9.0%	9.9%	11.4%
Daiwa Asset Management:			
Investment advisory fees.....	<u>\$ 31,957</u>	<u>\$ 33,454</u>	<u>\$ 40,791</u>
Percent of total revenue.....	7.8%	8.8%	10.8%

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

18. Selected Quarterly Financial Data (unaudited)

The following table presents selected quarterly financial data:

	Quarter				
	1st	2nd	3rd	4th	Total
<i>(in thousands, except per share data)</i>					
2019					
Revenue	\$ 94,226	\$ 101,792	\$ 104,965	\$ 109,847	\$ 410,830
Operating income	35,435	38,104	40,133	46,462	160,134
Net income attributable to common stockholders. . .	32,543	31,333	34,017	36,728	134,621
Earnings per share attributable to common stockholders:					
Basic	0.69	0.66	0.72	0.78	2.85
Diluted	0.68	0.65	0.70	0.75	2.79
Weighted-average shares outstanding:					
Basic	47,146	47,304	47,316	47,324	47,273
Diluted	47,642	48,175	48,412	48,703	48,297
2018					
Revenue	\$ 94,464	\$ 94,410	\$ 98,331	\$ 93,906	\$ 381,111
Operating income	37,219	36,287	39,223	34,309	147,038
Net income attributable to common stockholders. . .	27,586	29,959	30,790	25,561	113,896
Earnings per share attributable to common stockholders:					
Basic	0.59	0.64	0.66	0.55	2.43
Diluted	0.59	0.63	0.65	0.54	2.40
Weighted-average shares outstanding:					
Basic	46,683	46,819	46,830	46,842	46,794
Diluted	47,152	47,311	47,524	47,562	47,381

19. Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the consolidated financial statements were issued. Other than the items described below, the Company determined that there were no additional subsequent events that require disclosure and/or adjustment.

On February 20, 2020, CNS declared a quarterly dividend on its common stock in the amount of \$0.39 per share. This dividend will be payable on March 12, 2020 to stockholders of record at the close of business on March 2, 2020.

Performance Notes

Performance Notes

Data quoted represents past performance, which is no guarantee of future results. The information presented above does not reflect the performance of any fund or other account managed or serviced by Cohen & Steers, and there is no guarantee that investors will experience the type of performance reflected above. There is no guarantee that any historical trend illustrated herein will be repeated in the future, and there is no way to predict precisely when such a trend will begin. There is no guarantee that any market forecast made in this document will be realized. The views and opinions in the preceding document are as of the date of publication and are subject to change without notice. This material represents an assessment of the market environment at a specific point in time and 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 or depict performance of any investment. This material is not being provided in a fiduciary capacity and is not intended to recommend any investment policy or investment strategy or take into account the specific objectives or circumstances of any investor. We consider the information in this document to be accurate, but we do not represent that it is complete or should be relied upon as the sole source of suitability for investment. Cohen & Steers does not provide investment, tax or legal advice. Please consult with your investment, tax or legal adviser regarding your individual circumstances prior to investing.

Strategy performance. Outperformance is determined by annualized investment performance of all accounts in each investment strategy measured gross of fees and net of withholding taxes in comparison to the performance of each account's reference benchmark measured net of withholding taxes, where applicable.

Morningstar. © 2019 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. 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 at December 31, 2019. 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.

Please consider the investment objectives, risks, charges and expenses of any Cohen & Steers U.S.-registered open-end mutual fund carefully before investing. A summary prospectus and prospectus containing this and other information may be obtained by visiting cohenandsteers.com or by calling 800 330 7348. Please read the summary prospectus and prospectus carefully before investing.

Risks of Investing in Real Estate Securities. The risks of investing in real estate securities are similar to those associated with direct investments in real estate, including falling property values due to increasing vacancies or declining rents resulting from economic, legal, political or technological developments, lack of liquidity, limited diversification and sensitivity to certain economic factors such as interest rate changes and market recessions.

Risks of Investing in Global Infrastructure Securities. Investments in global infrastructure securities will likely be more susceptible to adverse economic or regulatory occurrences affecting global infrastructure companies than an investment 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.

Risks of Investing in Foreign Securities. Foreign securities involve special risks, including currency fluctuations, lower liquidity, political and economic uncertainties and differences in accounting standards. Some international securities may represent small- and medium-sized companies, which may be more susceptible to price volatility and less liquidity than larger companies.

Risks of Investing in MLP Securities. An investment in MLPs involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of equity securities issued by MLPs have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of such equity securities have more limited control and limited rights to vote on matters affecting the partnership. There are certain tax risks associated with an investment in MLPs, including the risk that an MLP could lose its tax status as a partnership. Additionally, conflicts of interest may exist among common unit holders, subordinated unit holders and the general partner or managing member of an MLP; for example, a conflict may arise as a result of incentive distribution payments.

Risks of Investing in the Energy Sector. A downturn in the energy sector of the economy could have a larger impact on a strategy concentrated in the energy sector than on a strategy that does not concentrate in the sector. In addition, there are several specific risks associated with investments in the energy sector, including commodity price risk, depletion risk, supply and demand risk, interest-rate transaction risk, affiliated party risk, limited partner risk and risks of subordinated MLP

units. MLPs which invest in the energy industry are highly volatile due to significant fluctuation in the prices of energy commodities as well as political and regulatory developments.

Risks of Investing in Commodities. An investment in commodity-linked derivative instruments may be subject to greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. Among the risks presented are market risk, credit risk, counterparty risk, leverage risk and liquidity risk. The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. No representation or warranty is made as to the efficacy of any particular strategy or fund or the actual returns that may be achieved.

Futures Trading Is Volatile, Highly Leveraged and May Be Illiquid. Investments in commodity futures contracts and options on commodity futures contracts have a high degree of price variability and are subject to rapid and substantial price changes. Such investments could incur significant losses. There can be no assurance that the options strategy will be successful. The use of options on commodity futures contracts is to enhance risk-adjusted total returns. The use of options, however, may not provide any, or only partial, protection for market declines. The return performance of the commodity futures contracts may not parallel the performance of the commodities or indexes that serve as the basis for the options it buys or sells; this basis risk may reduce overall returns.

Risks of Investing in Natural Resource Equities. The market value of securities of natural resource companies may be affected by numerous factors, including events occurring in nature, inflationary pressures and international politics. If a strategy invests significantly in natural resource companies, there is the risk that the strategy will perform poorly during a downturn in the natural resource sector.

Risks of Investing in Preferred Securities. Investing in any market exposes investors to risks. In general, the risks of investing in preferred securities are similar to those of investing in bonds, including credit risk and interest-rate risk. As nearly all preferred securities have issuer call options, call risk and reinvestment risk are also important considerations. In addition, investors face equity-like risks, such as deferral or omission of distributions, subordination to bonds and other more senior debt, and higher corporate governance risks with limited voting rights. Risks associated with preferred securities differ from risks inherent with other investments. In particular, in the event of bankruptcy, a company's preferred securities are senior to common stock but subordinated to all other types of corporate debt. It is important to note that corporate bonds sit higher in the capital structure than preferred securities and therefore, in the event of bankruptcy, will be senior to the preferred securities. Municipal bonds are issued and backed by state and local governments and their agencies, and the interest from municipal securities is often free from both state and local income taxes. Treasury securities are issued by the U.S. government and are generally considered the safest of all bonds since they are backed by the full faith and credit of the U.S. government as to timely payment of principal and interest. Preferred securities may be rated below-investment-grade or may be unrated. Below-investment-grade securities or equivalent unrated securities generally involve greater volatility of price and risk of loss of income and principal, and may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-grade securities.

Corporate Information

Corporate Headquarters

Cohen & Steers, Inc.
280 Park Avenue, 10th Floor
New York, NY 10017
212 832 3232

Stock Listing

Cohen & Steers, Inc.'s common stock is traded on the New York Stock Exchange under the symbol CNS. At the close of business on March 12, 2020, there were 32 common shareholders of record. Common shareholders of record include institutional and omnibus accounts that hold shares of common stock for numerous underlying investors. Beneficial owners of our common stock whose shares are held in the "street name" of a bank, broker or other holder of record are not included in the number of common shareholders of record.

Website Information

Information on Cohen & Steers' financial reports and products and services is available on our website at cohenandsteers.com.

Financial Information

Cohen & Steers makes available, free of charge, through its website cohenandsteers.com under "Company—Investor Relations—SEC Filings," its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"). Further, Cohen & Steers will provide, free of charge, to each shareholder, upon written request, a copy of its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports. Requests for copies should be sent to Cohen & Steers, Inc., 280 Park Avenue, 10th Floor, New York, NY 10017, Attention: Legal Department. Requests may also be directed to 212 832 3232 or via e-mail to investor_relations@cohenandsteers.com. Copies may also be accessed electronically through the SEC's website at www.sec.gov.

Corporate Governance at Cohen & Steers

Cohen & Steers' Corporate Governance Guidelines and additional information about Cohen & Steers' board and its committees and corporate governance at Cohen & Steers is available on our website at cohenandsteers.com under "Company—Investor Relations—Corporate Governance." Shareholders who would like to request printed copies of the Cohen & Steers Code of Business Conduct and Ethics or the charters of the board's Audit, Nominating and Corporate Governance, or Compensation Committees (all of which are posted on our website) may do so by sending their requests to Cohen & Steers, Inc., 280 Park Avenue, 10th Floor, New York, NY 10017, Attention: Legal Department.

Inquiries

Analysts, institutional investors, individual shareholders, news media representatives and others seeking general information should contact Matthew S. Stadler, Chief Financial Officer, at 212 832 3232 or via e-mail at investor_relations@cohenandsteers.com.

2020 Annual Shareholders Meeting

The Cohen & Steers Annual Shareholders Meeting will be held on Thursday, May 7, 2020, beginning at 9:00 a.m. Eastern Time. The meeting will be held virtually and will be accessible to shareholders at www.virtualshareholdermeeting.com/CNS2020.

Dividend Policy

Cohen & Steers has historically paid a quarterly cash dividend. The declaration and payment of dividends to holders of common stock by Cohen & Steers are subject to the discretion of our board of directors. The board of directors will take into account such matters as general economic and business conditions, our strategic plans, our financial results and condition, contractual, legal and regulatory restrictions on the payment of dividends by Cohen & Steers and its subsidiaries, and such other factors as the board of directors may consider to be relevant.

Registrar and Transfer Agent

Computershare Trust Company N.A. is the transfer agent and registrar for Cohen & Steers and maintains shareholder accounting records. The transfer agent should be contacted for change in address, name or ownership, lost certificates and consolidation of accounts.

Please contact:

Computershare
P.O. Box 505000
Louisville, KY 40233-5000
Toll-free (United States): 866 282 3779
Foreign shareholders: +1 201 680 6578
Hearing-impaired: 312 588 4110
Web Address: www.computershare.com/investor

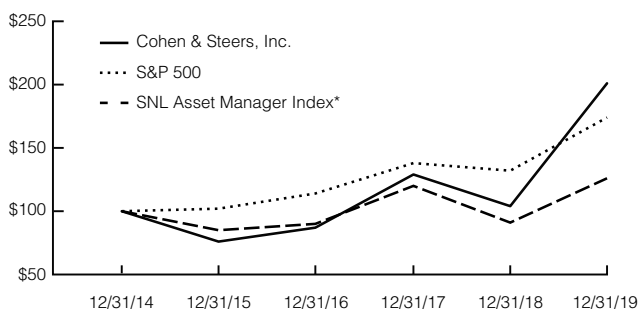
Independent Registered Public Accounting Firm

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112

Common Stock Performance Graph

The following graph compares the cumulative total shareholder return on our common stock from December 31, 2014, through December 31, 2019, with the cumulative total return of the Standard & Poor's 500 Stock Index ("S&P 500") and the SNL Asset Manager Index.* The graph assumes the investment of \$100 in our common stock and in each of the two indices on December 31, 2014, and the reinvestment of all dividends, if any. The following information has been obtained from sources believed to be reliable, but neither its accuracy nor its completeness is guaranteed. The performance graph is not necessarily indicative of future investment performance.

Total Return Performance



Source: S&P Global Market Intelligence.

	Period Ended					
	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19
Cohen & Steers, Inc.	100.00	75.81	87.14	128.97	103.46	200.46
S&P 500 Index	100.00	101.38	113.51	138.29	132.23	173.86
SNL Asset Manager	100.00	85.28	90.22	119.80	90.38	125.98

* The SNL Asset Manager Index currently comprises the following companies:

Affiliated Managers Group Inc., AllianceBernstein Holding L.P., Apollo Global Management LLC, Ares Management Corporation, Artisan Partners Asset Management Inc., Ashford Inc., Associated Capital Group Inc., BlackRock Inc., Blackstone Group L.P., BrightSphere Investment Group, Carlyle Group L.P., Cohen & Steers Inc., Diamond Hill Investment Group, Eaton Vance Corp., Federated Investors Inc., Fifth Street Asset Management Inc., Franklin Resources Inc., Gabelli Equity Trust Inc., GAMCO Investors Inc., Great Elm Capital Group Inc., Hamilton Lane Inc., Hennessy Advisors Inc., Invesco Ltd., Janus Henderson Group Plc, KKR & Co, Legg Mason Inc., Manning & Napier Inc., Medley Management Inc., Oaktree Capital Group LLC, Och-Ziff Capital Management Group LLC, Pzena Investment Management Inc., Safeguard Scientifics Inc., SEI Investments Co., Silvercrest Asset Management Group, T. Rowe Price Group Inc., U.S. Global Investors Inc., Victory Capital Holdings Inc., Virtus Investment Partners Inc., Waddell & Reed Financial Inc., Westwood Holdings Group Inc., WisdomTree Investments Inc.

In accordance with the rules of the SEC, this common stock performance graph shall not be incorporated by reference into any future filings by us under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or under the Securities Act of 1933, as amended (the "Securities Act"), and shall not be deemed to be soliciting material or to be filed under the Securities Act or the Exchange Act.

Non-GAAP Financial Measures

The 2019 Financial Highlights include certain non-GAAP financial measures for the years ended December 31, 2019 and 2018. A reconciliation of these non-GAAP financial measures to the most directly comparable financial measures, calculated and presented in accordance with accounting principles generally accepted in the United States, is included in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 31-32 of the Form 10-K.

BOARD OF DIRECTORS

Martin Cohen

Chairman
Cohen & Steers, Inc.
Director since 2004

Robert H. Steers

Chief Executive Officer
Cohen & Steers, Inc.
Director since 2004

Joseph M. Harvey

President
Cohen & Steers, Inc.
Director since 2019

Reena Aggarwal ^{1,2,3}

Vice Provost for Faculty
Georgetown University
Director since 2016

Frank T. Connor ^{1,2,3}

Executive Vice President and
Chief Financial Officer
Textron, Inc.
Director since 2014

Peter L. Rhein ^{1,2,3}

General Partner
Sarlot & Rhein
Director since 2004
Chair, Audit Committee

Richard P. Simon ^{1,2,3}

Former Managing Director
Goldman Sachs & Co.
Director since 2004
Chair, Nominating and Corporate
Governance Committee

Dasha Smith ^{1,2,3}

Chief People Officer
National Football League
Director since 2019

Edmond D. Villani ^{1,2,3}

Former Vice Chairman
Deutsche Asset Management,
North America
Director since 2004
Chair, Compensation Committee

EXECUTIVE MANAGEMENT

Robert H. Steers

Chief Executive Officer

Joseph M. Harvey

President

Matthew S. Stadler

Executive Vice President
Chief Financial Officer

Adam M. Derechin, CFA

Executive Vice President
Chief Operating Officer

Francis C. Poli

Executive Vice President
General Counsel and Secretary

Todd Glickson

Executive Vice President
Head of Global Marketing and
Product Solutions

Michele Nolty

Executive Vice President
Head of Global Human Resources

Jon Cheigh

Executive Vice President
Chief Investment Officer and
Head of Global Real Estate

Daniel P. Charles

Executive Vice President
Head of Global Distribution

Committee Memberships

1. Audit Committee
2. Compensation Committee
3. Nominating and Corporate
Governance Committee

COHEN & STEERS

We believe accessing investment opportunities around the world requires local knowledge and insight into specialized and regional markets. Cohen & Steers maintains a global presence through the following offices:

Americas

NEW YORK

Corporate Headquarters
280 Park Avenue, 10th Floor
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Phone 212 832 3232
Fax 212 832 3622

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Phone +44 207 460 6350

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Phone +852 3667 0080

TOKYO

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Pacific Century Place, 16F
1-11-1 Marunouchi Chiyoda-ku
Tokyo 100-6216 Japan
Phone +81 3 4530 4710