

Cohen & Steers U.S. Large Cap Value Strategy

INVESTMENT COMMENTARY

NOVEMBER 30, 2011

We would like to share with you our review and outlook for the U.S. large cap value market as of November 30, 2011. For the month, the Russell 1000 Value Index had a total return of -0.5%, compared with a total return of -0.2% for the S&P 500 Index. Year to date, the indexes have returned -1.6% and +1.1%, respectively.

INVESTMENT REVIEW

November was a tale of two markets. Following October's big rally, U.S. equity markets retreated as Europe's spreading debt crises dampened optimism. Late in the period, modestly better economic data and news that the European Union (EU) was working to stem the crisis reassured investors and sparked a rally. On the last day of the month the EU's efforts culminated in a coordinated action by several central banks to lower the U.S. two-year swap spread to reduce perceived global credit risks. Stocks soared and raised hopes for a coveted Christmas rally.

There was little industry-specific news in a month dominated by macroeconomic developments. Consumer staples (which had a total return of +2.5% as measured by the Russell 1000 Value Index) outperformed. Investors valued its defensive characteristics and were reassured by strong Black Friday sales. Utilities (+1.1%) and health care companies (+2.2%) were similarly favored. The energy sector (+1.1%) followed oil prices, which rose 7.7% in November despite fears of a global slowdown. Results in the industrials sector (-0.6%) varied widely by country, eluding efforts to detect a trend. Within materials (+2.7%), steel stocks performed well, although agriculture companies lagged; wary fertilizer and pesticide distributors kept inventories low.

Financial institutions (-4.7%) were punished by perceptions that they may fall prey to Europe's sovereign debt issues. U.S. banks are not at undue risk, in our view, but would be susceptible to any drag on the global financial system if Europe is unable to stem the debt crisis. The central banks' intervention calmed markets, but fundamentally changed nothing. Information technology (-0.2%) also lagged. Third-quarter earnings pointed to a continued slowdown in demand for semiconductors, and software companies reflected concerns that a slowdown in Europe may affect sales. (Symantec and Oracle derive about 30% of their revenues from Europe.) Mobile devices and servers, however, were the sector's relative bright spots, as they have been for most of the year. Consumer discretionary stocks (-0.5%) retreated as investors moved to more defensive sectors.

INVESTMENT OUTLOOK

We expect the markets to do better through year-end (although most of November gave us pause), but the outlook for the first half of 2012 remains wildly uncertain. Modestly improving U.S. economic data have not fully offset the European debt quagmire that is now inhibiting growth around

INDEX PERFORMANCE (USD)

Period	Russell 1000 Value Index
November 2011	-0.5%
YTD	-1.6%
1 Year	6.2%
3 Years	11.3%
5 Years	-2.6%
10 Years	3.9%

Total returns of the Russell 1000 Value Index, which measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Periods greater than one year are annualized. Past performance does not guarantee future results. This information is not representative of any Cohen & Steers account and no such account will seek to replicate an index. You cannot invest directly in an index.

INDEX CHARACTERISTICS

	Russell 1000 Value Index
Historical Five-Year Cash Flow Growth	2.8%
Historical Five-Year Dividend Growth	1.1%
Consensus Long-Term EPS Growth	9.8%
Forward Price-to-Earnings	9.4x
Price-to-Book	1.4x
Price-to-Sales	1.1x
Dividend Yield	2.6%
Weighted-Average Market Capitalization	\$71.2B
Median Market Capitalization	\$4.6B
Number of Securities	654

Source: Mellon Analytics.

Characteristics are market capitalization-weighted averages of estimates for companies in the Russell 1000 Value Index.

Sector returns in USD as measured by the Russell 1000 Value Index, which measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Past performance does not guarantee future results. This information is not representative of any Cohen & Steers account and no such account will seek to replicate an index. You cannot invest directly in an index.

Cohen & Steers

U.S. Large Cap Value Strategy

INVESTMENT COMMENTARY

NOVEMBER 30, 2011

the world. Recent economic news from the continent has been decidedly weaker, and is beginning to show up in data from Germany, the region's economic juggernaut and stalwart defender of a unified Europe.

Broad expectations are that Europe has entered a recession (further complicating the debt crisis) with the debate gravitating now to just how deep the recession could become. Add political infighting among (and within) member states to the mix, and there is little doubt in our minds that the world is in for a protracted period of poor growth from the roughly 25% of global GDP that Europe represents.

None of the recent developments have altered our near-term outlook materially. We expect (1) continued abnormal intervention by politicians and central bankers, (2) continued historically low interest rates in the United States, (3) modestly positive U.S. economic data, (4) high but slowing growth in China and emerging markets, (5) nothing more than temporary fixes to Europe's debt crisis, (6) slightly softer revenue and earnings growth guidance by the majority of large-cap multinational companies and (7) a relatively firm U.S. dollar compared with most developed market currencies.

This is not as poor a mix as it may sound, even assuming our scenario of softer guidance and lower EPS estimates, particularly as U.S. equities appear to be moderately cheap by historical standards. In fact, we can find numerous stocks that we think reflect good long-term value across every sector: the difficulty is navigating the near term, as it's likely to be characterized by tremendous price swings. We believe this scenario favors consistent, high-quality income-producing stocks that offer a sound route through the somewhat emotional, high-volatility environment that soars and swoons on the thinnest threads of news. A disciplined approach becomes all the more important as U.S. elections, budget battles and the next debt rollover debate assure us that the landscape in 2012 will likely be even more volatile.

Past performance is no guarantee of future results. The performance information in the preceding commentary does not reflect the performance of any fund, product or account managed or serviced by Cohen & Steers. The views and opinions in the preceding commentary are as of the date of publication and are subject to change. There is no guarantee that any market forecast set forth in this presentation will be realized. This material should not be relied upon as investment advice, does not constitute a recommendation to buy or sell a security or other investment and is not intended to predict or depict performance of any investment.

INDEX SECTOR PERFORMANCE

	November 2011	YTD
Utilities	1.1%	15.3%
Health Care	2.2%	12.5%
Consumer Staples	2.5%	10.6%
Energy	1.1%	4.9%
Consumer Discretionary	-0.5%	2.7%
Telecom Services	0.1%	1.0%
Information Technology	-0.1%	-0.9%
Industrials	-0.6%	-4.2%
Materials	2.7%	-5.4%
Financials	-4.7%	-18.8%

Source: Wilshire Atlas using GICS Sectors.

Total returns of the Russell 1000 Value Index, which measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Periods greater than one year are annualized. Past performance does not guarantee future results. This information is not representative of any Cohen & Steers account and no such account will seek to replicate an index. You cannot invest directly in an index.