

April 2012

Opportunities in Preferred Securities

An Evolving Asset Class in an Era of Financial Reform

COHEN & STEERS

Legal Notes

Please consider the investment objectives, risks, charges and expenses of a fund carefully before investing. A prospectus containing this and other information may be obtained from your financial advisor, or by calling 800.330.7348 or visiting cohenandsteers.com. Please read the prospectus carefully before investing.

The performance data quoted represents past performance. Past performance is no guarantee of future results.

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

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. Throughout this presentation we will make comparisons of preferred securities to corporate bonds, municipal bonds and 10-Year Treasury bonds. It is important to note that corporate bonds sit higher in the capital structure 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. 10-Year Treasury bonds are issued by the U.S. government and are generally considered the safest of all bonds since they're backed by the full faith and credit of the U.S. government as to timely payment of principal and interest.

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Assets Under Management

Preferreds

\$4.7B

REITs

\$32.3B

**Listed
Infrastructure**

\$2.6B

Large Cap Value

\$4.0B

Preferred Securities Basics

- A class of stock or hybrid debt entitling the holder to certain preferential treatment
- Priority claims to dividends and corporate assets over the issuer's common shareholders
- Subordinate to corporate bondholders and other creditors
- Issuer gets equity capital treatment from regulators and rating agencies

	Credit Class Ranking (highest to lowest)	Ratings Example JPMorgan
Tier 1 Capital	Senior Unsecured Debt	Aa3/A
	Junior Subordinated Debt (Hybrid Trust Preferred Securities)	A2/BBB
	Traditional Preferred Securities	Baa1/BBB
	Common Stock	

Opportunities in Two Markets

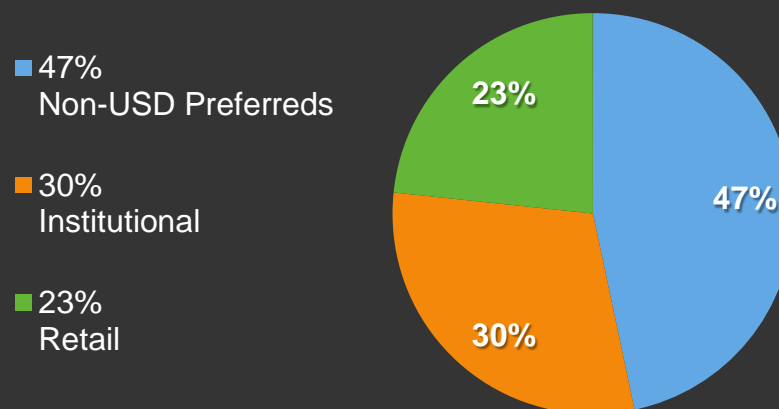
Retail (NYSE)

- \$25 par preferred securities
- Diversified industry representation
- Fixed- and floating-rate securities

Institutional (OTC)

- \$1,000 par preferred securities
- Predominately financials and utilities
- Fixed- to floating-rate and floating-rate securities (lower duration)

Total Preferred Securities Market Cap: \$750B

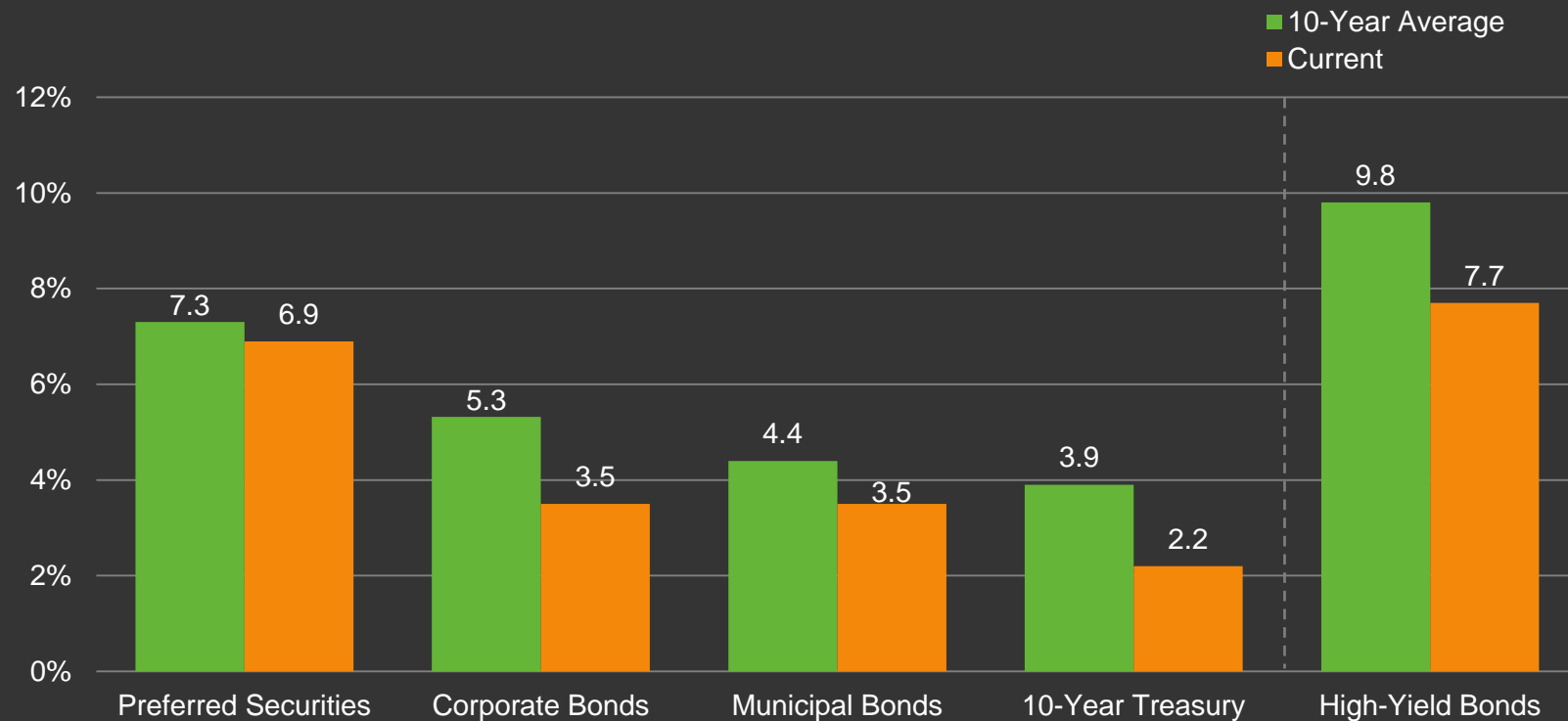


Global Regulatory Reform Is a Major Catalyst

- Majority of bank preferreds likely to lose Tier 1 regulatory capital status
 - U.S. trust preferreds
 - Majority of foreign issues
- Significant redemptions likely, driving favorable supply-and-demand dynamic
 - Recent call activity by WFC, KEY, USB, including coupons below 6%
 - More regulatory redemptions may occur before 2013
 - Foreign banks executing dozens of exchange and tender offers
- New supply coming
 - So far heavier in institutional market
 - Net supply remains negative

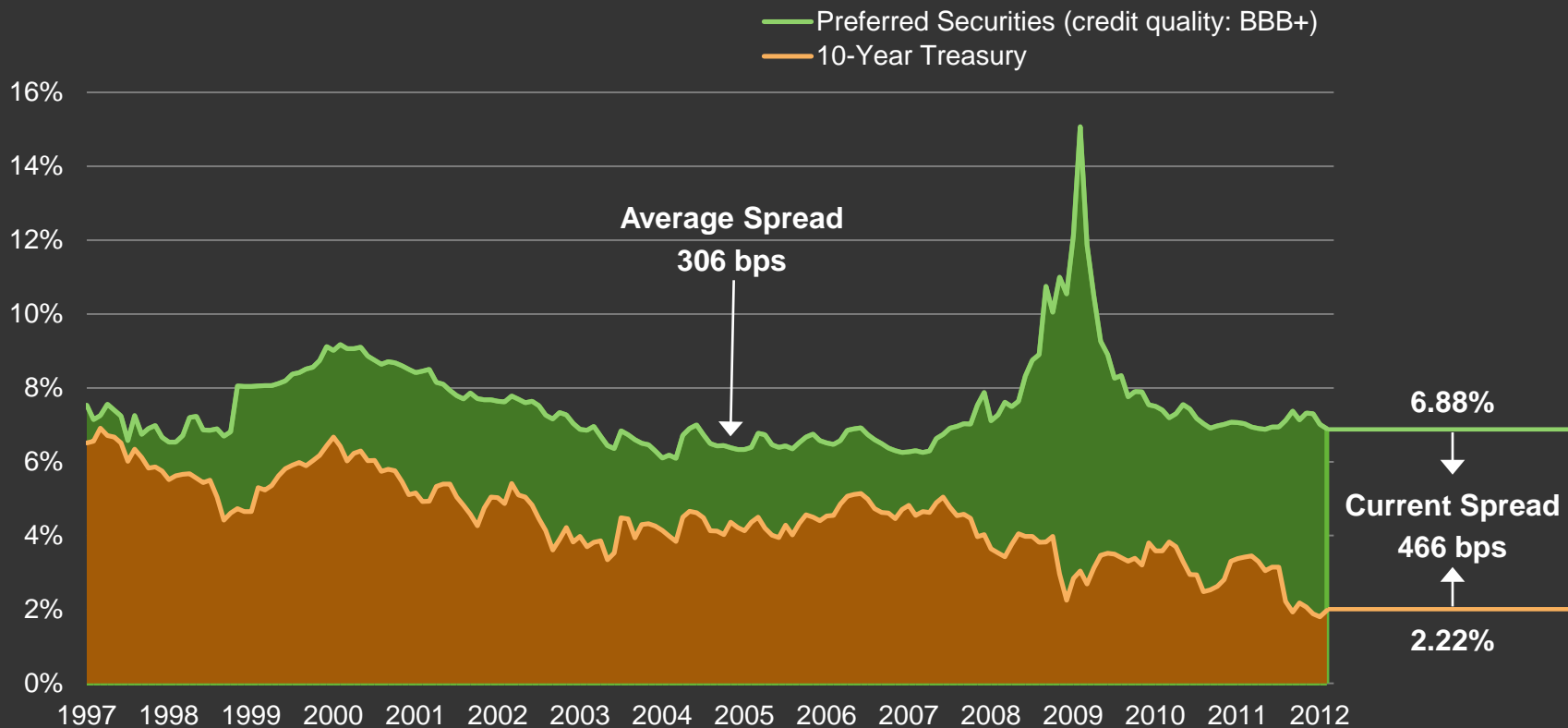
Preferred Securities Yields Remain Compelling

Long-term and Current Yield



Wide Yield Spreads for Preferred Securities Indicate Value

Yield History January 1997–March 31, 2012



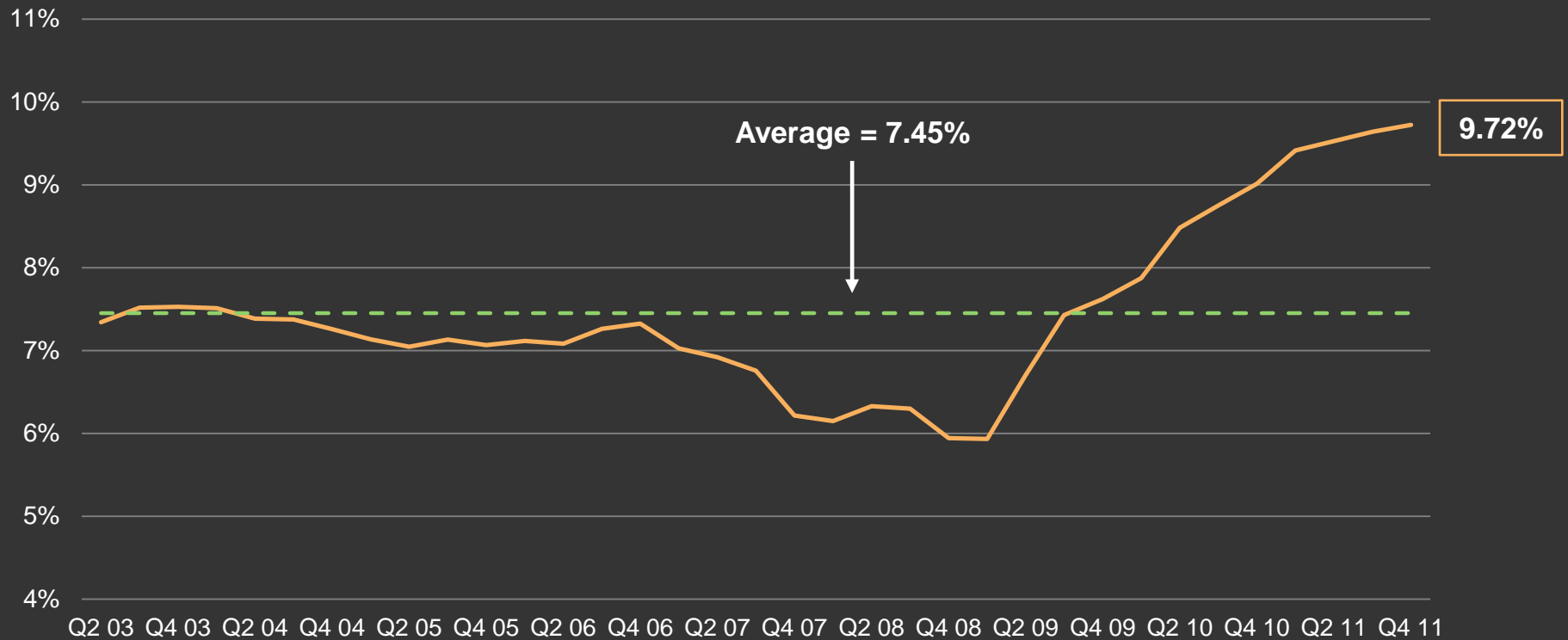
Portfolio Diversification—The Potential to Reduce Risk

Preferred Securities Correlation to Other Asset Classes



Higher Capital Ratios Provide a Cushion

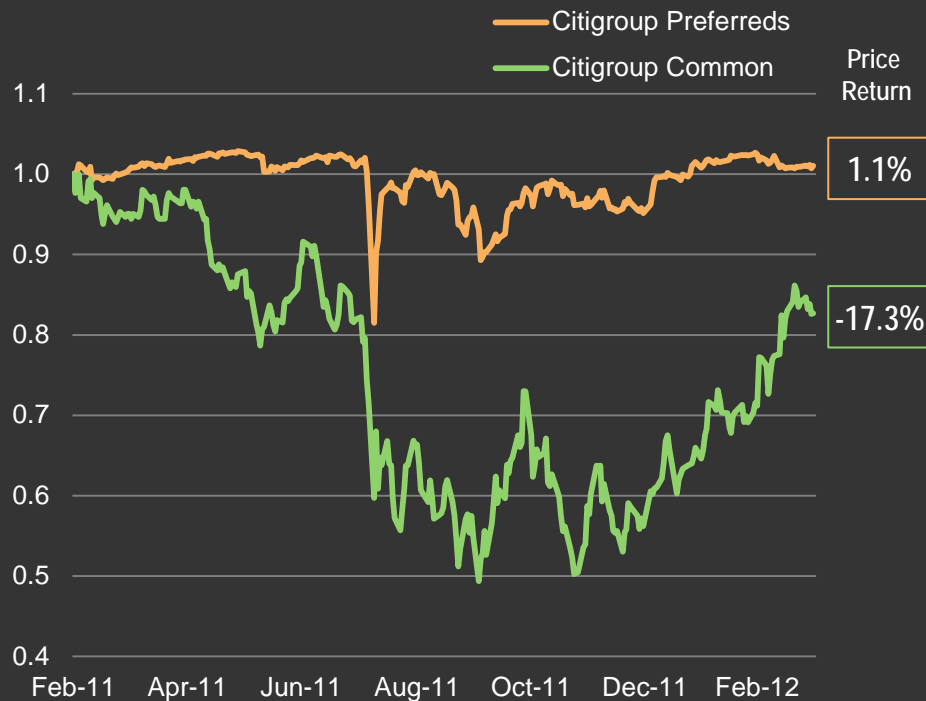
Core Capital Ratios of Major U.S. Banks



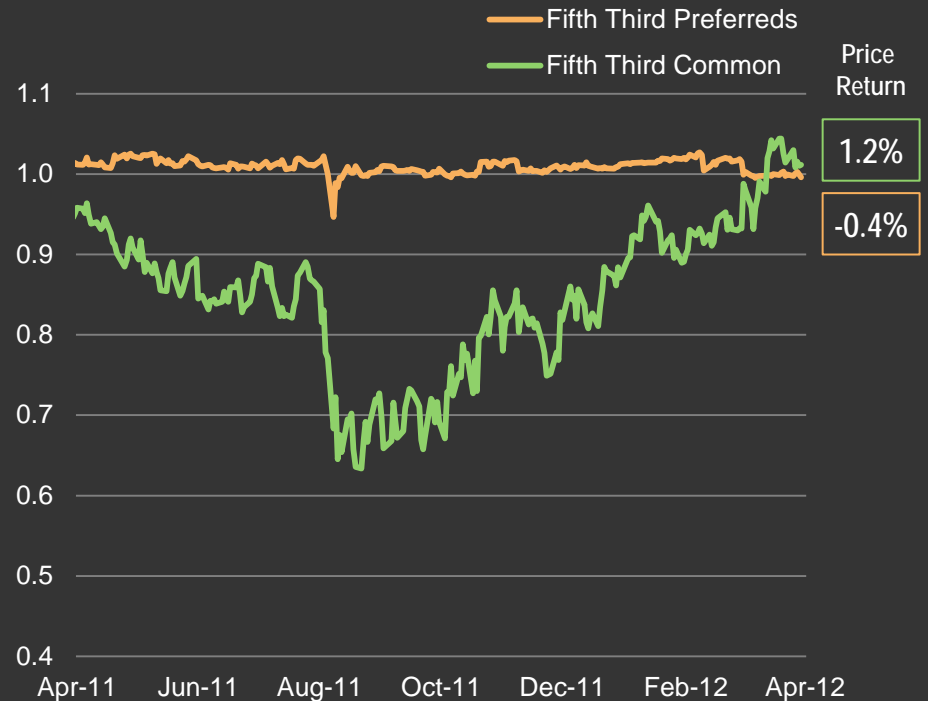
Case Study: Citigroup Inc. and Fifth Third

Bank Preferred Securities Outperformed Related Common Stock

Citigroup (C)



Fifth Third (FTB)



Access Global New Issue Market

Recent U.S. Dollar-Denominated New Offerings by Coupon

6.5%–7.0%		7.0%–7.5%		7.5%–8.0%		8.0% +	
U.S. Bancorp \$1.1 billion	\$25	UBS \$2 billion	OTC/ Reg-S	Dupont Fabros \$50 million reopening	\$25	Banco do Brasil \$1.75 billion	OTC
Realty Income \$409 million	\$25	Mitsui Sumitomo Insurance \$1.3 billion	OTC			Swiss Re \$750 million	OTC/ Reg-S
Axis Capital \$400 million	\$25	Schwab \$400 million	OTC			Aegon NV \$525 million	\$25
Raymond James \$350 million	\$25	Hospitality Properties \$290 million	\$25			Zurich Financial \$500 million	OTC/ Reg-S
Health Care REIT \$288 million	\$25	Ares Capital \$144 million	\$25			Aviva PLC \$400 million	\$25
National Retail Properties \$288 million	\$25					Excel Trust \$92 million	\$25
Regency Centers \$250 million	\$25					Campus Crest Comm. \$50 million	\$25
First Republic Bank \$200 million	\$25					Hudson Pacific Prop \$50 million reopening	\$25
						Inland Real Estate \$50 million reopening	\$25

OTC Market Offers Different Issuers and Structures

Recent Transaction Examples

Issuer Name	Market	Structure	Coupon	Call/Float	Ratings (Moody's/ S&P/Fitch)	Currency	Deal Size	Modified Duration at Par
HCN	Retail	Fixed Perpetual	6.50%	3/7/2017 (5 years)	Baa3/BB/BB+	USD	\$288MM	15.2
First Republic	Retail	Fixed Perpetual	6.70%	1/30/2017 (5 years)	Baa3/BBB/BB-	USD	\$200MM	14.8
Qwest Corp	Retail	Fixed rate Senior debt	7.00%	9/15/2016 (5 years)	Baa3/BBB- /BBB-	USD	\$525MM	13.3
Mitsui Sumitomo	Institutional	Fixed/Float Hybrid Debt	7.00% L+590bp	3/15/2022 (10 years)	A3/A-/A-	USD	\$1.3B	7.2
PNC Financial	Institutional	Fixed-to-float Perpetual	6.75% Floats L+368	8/1/2021 (10 years)	Baa3/BBB/A-	USD	\$1B	7.1
Rabobank	Institutional	Fixed-to-float Perpetual	8.40% Floats L+749	6/29/2017 (5 years)	NA/NA/A-	USD	\$2B	4.0

Opportunity Ahead

- The yield spread between preferreds and treasuries is well above the long-term average
- High income rate may cushion impact of short-term price swings on total return
- Fed on hold into 2014—securities offering yields of 7% are rare
- Issuer redemption activity results in favorable market technical
- Active new issue market globally offering attractive opportunities

Cohen & Steers Has Delivered

- Cohen & Steers Select Preferred and Income Fund—PSF
 - Closed-end fund launched in November, 2010
 - History of strong income distributions
 - Trading at a premium to NAV
 - Outperformed the index YTD, one year and since inception
- Cohen & Steers Preferred Securities and Income Fund—CPXAX, CPXIX
 - \$1 billion open-end mutual fund
 - Strong income distributions
 - Outperformed the index YTD, one year and since inception

Cohen & Steers Select Preferred & Income Fund

Average Annual Returns

	YTD %	1 Year %	Since 11/24/2010 Inception %
PSF Market Price	16.85	8.97	7.77
PSF NAV	10.92	8.66	10.62
BofA Merrill Lynch Fixed Rate Preferred Index	6.75	7.30	7.92
Blended Index	7.49	6.38	7.22

Cohen & Steers Preferred Securities and Income Fund

Total Returns (A Share Class)

Period	Excluding Sales Charge %	Including Sales Charge %	BofA Merrill Lynch Fixed Rate Preferred Index %	Blended Benchmark %	S&P 500 Index %
YTD	7.92	3.06	6.75	7.49	12.59
1 Year	7.29	2.46	7.30	6.38	8.54
Since 5/3/2010 Inception	10.87	8.23	9.87	8.94	10.95