

Cohen & Steers: Q3 2023 Earnings Presentation

Summary of third quarter 2023 results

Assets under management

- September 30, 2023 AUM was \$75.2 billion versus \$80.4 billion at June 30, 2023
- Average AUM was \$80.0 billion for Q3 2023 versus \$79.4 billion for Q2 2023
- Market depreciation of \$4.6 billion for Q3 2023 versus market appreciation of \$1.8 billion for Q2 2023

Flows

- Net outflows of \$47 million in Q3 2023 versus net outflows of \$512 million in Q2 2023
- Net outflows in open-end funds and Japan subadvisory
- Net inflows in advisory and subadvisory ex. Japan

Financial results, as adjusted

- Net income was \$34.8 million in Q3 2023 versus \$34.7 million in Q2 2023
- Diluted EPS of \$0.70 in Q3 2023, flat compared to Q2 2023
- Operating margin was 35.5% in Q3 2023 versus 36.4% in Q2 2023

Refer to pages 16-20 of this presentation for reconciliations of U.S. GAAP to as adjusted results.

Financial results, as adjusted

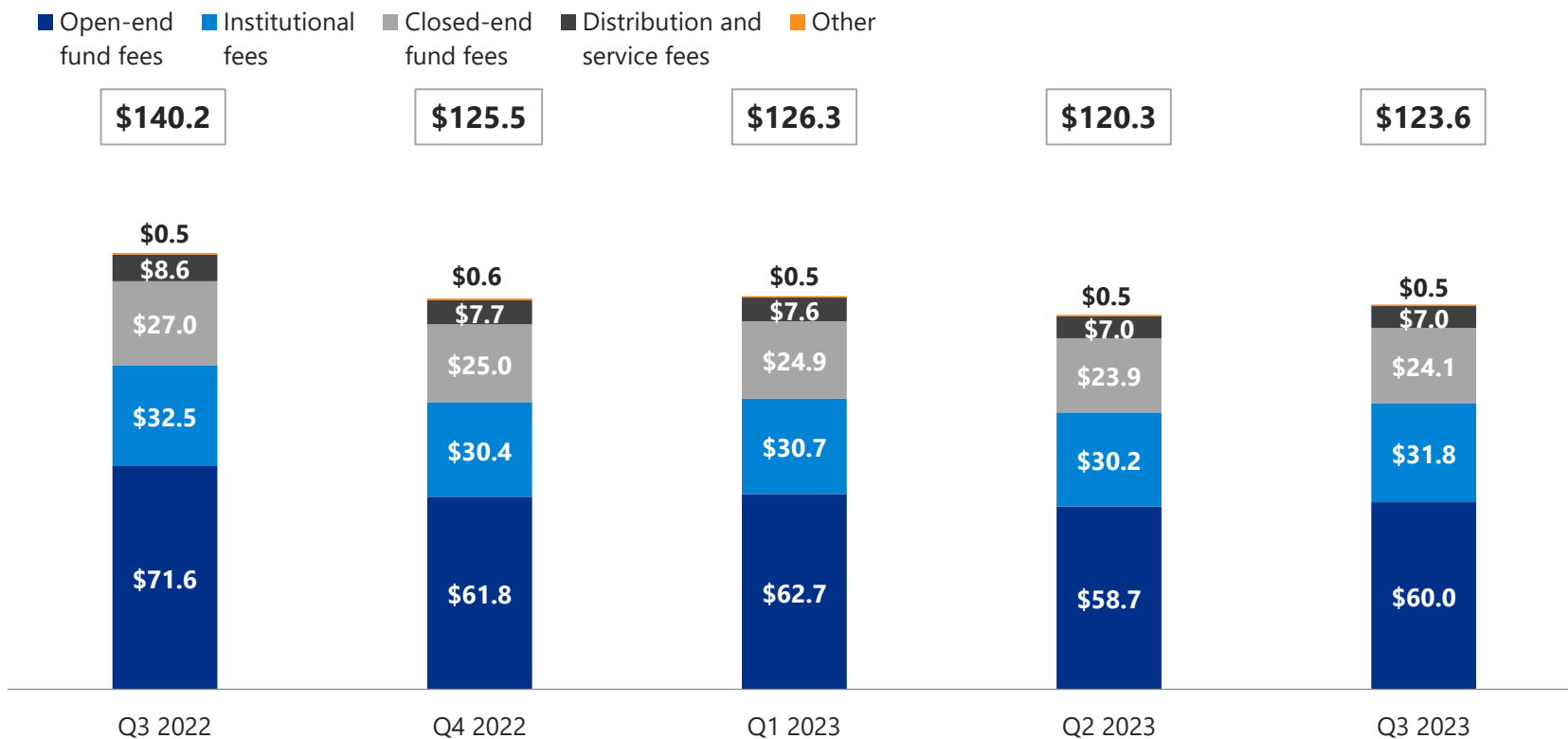
\$ in millions, except earnings per share and percentages



Refer to pages 16-20 of this presentation for reconciliations of U.S. GAAP to as adjusted results.

Revenue, as adjusted

\$ in millions

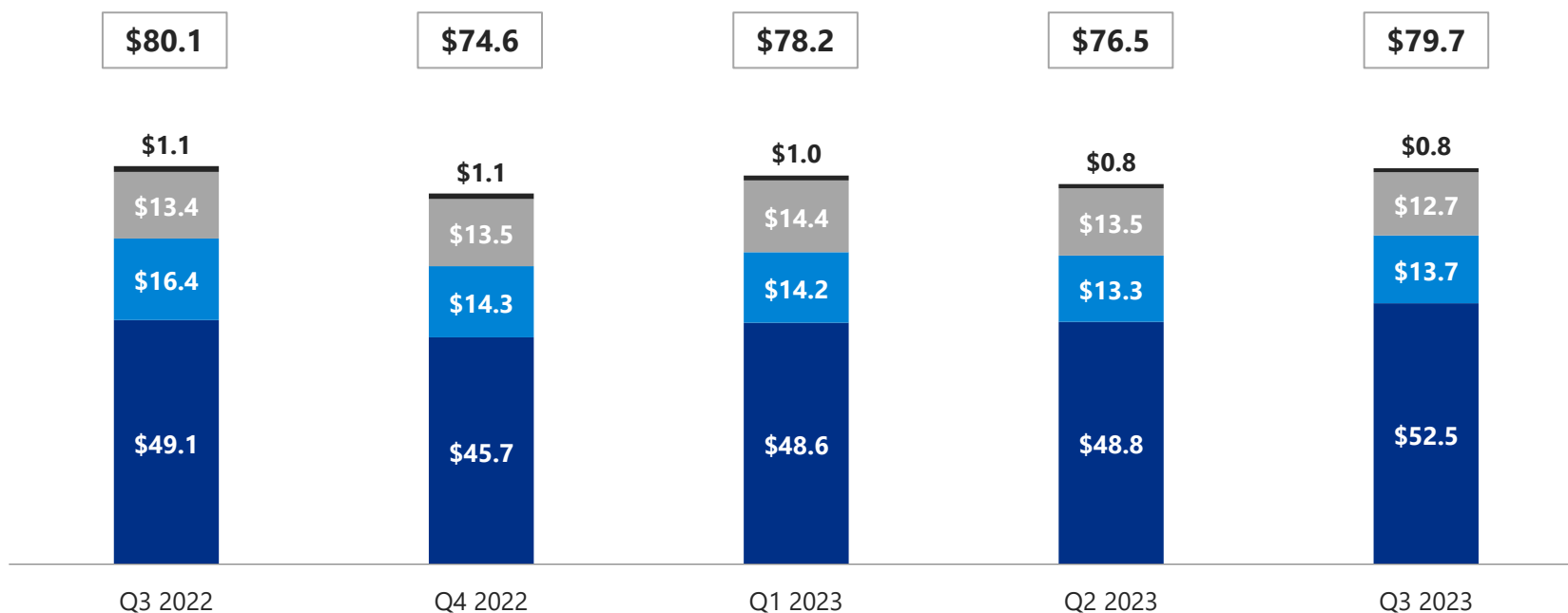


Refer to pages 16-20 of this presentation for reconciliations of U.S. GAAP to as adjusted results.
Totals may not foot due to rounding.

Expenses, as adjusted

\$ in millions

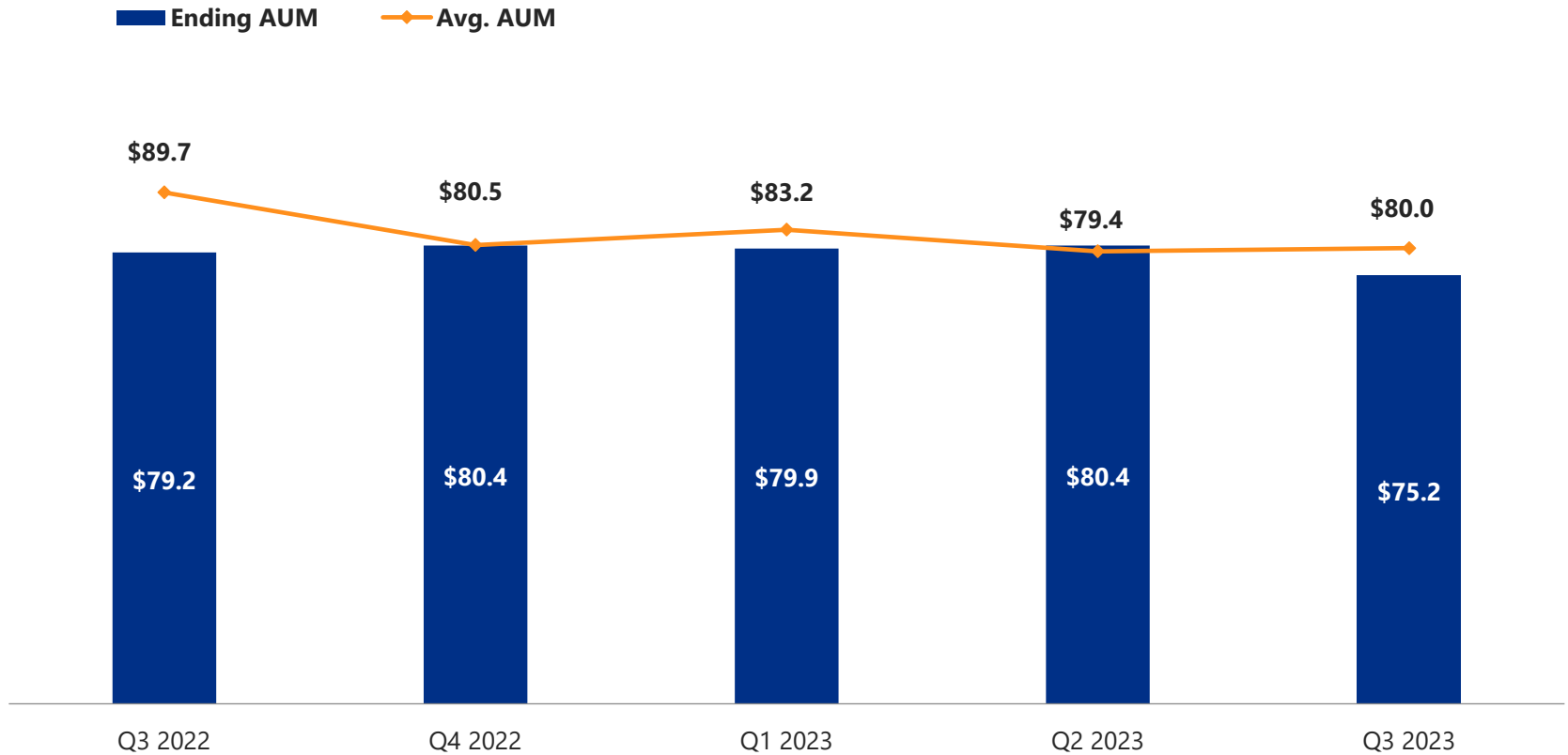
- Employee compensation and benefits
- Distribution and service fees
- General and administrative
- Depreciation and amortization



Refer to pages 16-20 of this presentation for reconciliations of U.S. GAAP to as adjusted results.
Totals may not foot due to rounding.

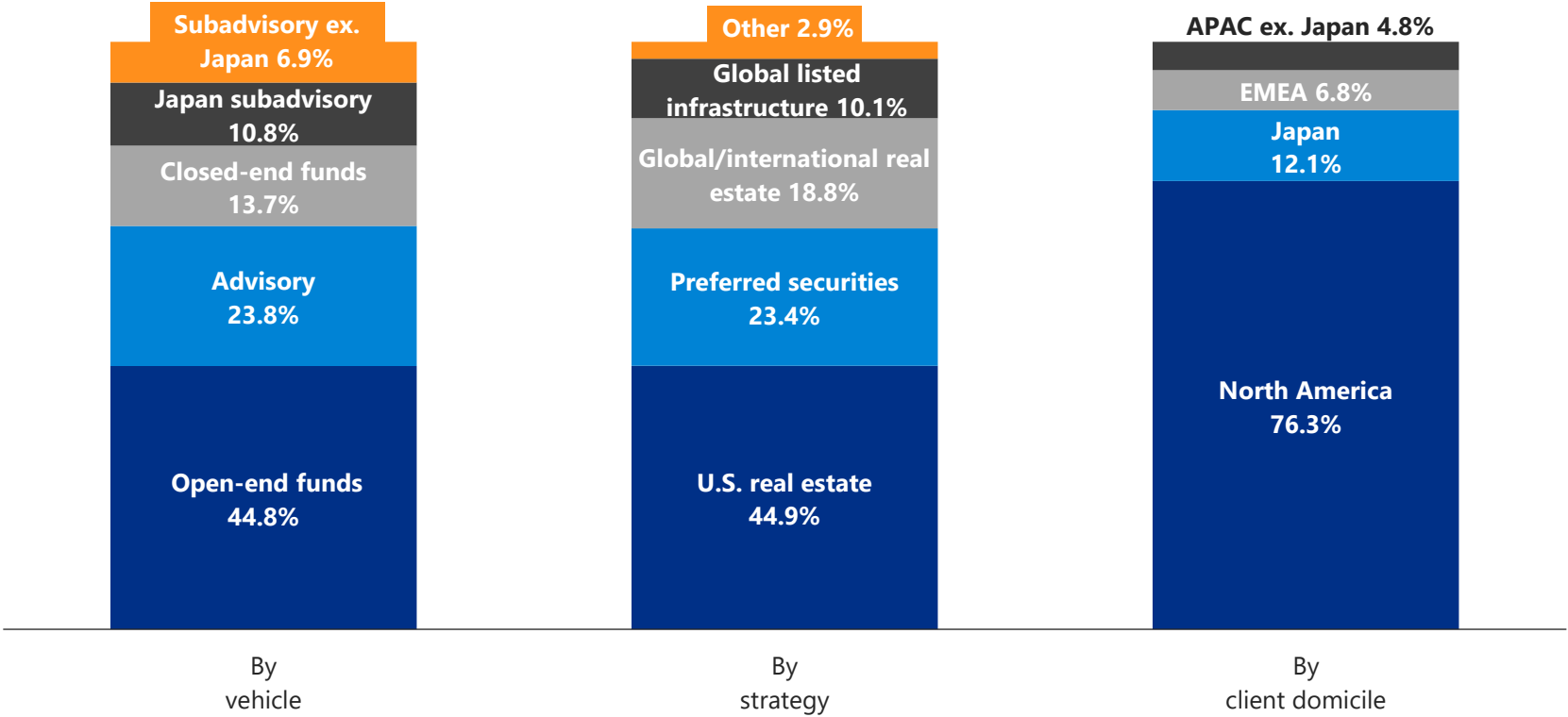
Assets under management

\$ in billions



Assets under management

Across vehicle, strategy, and client domicile

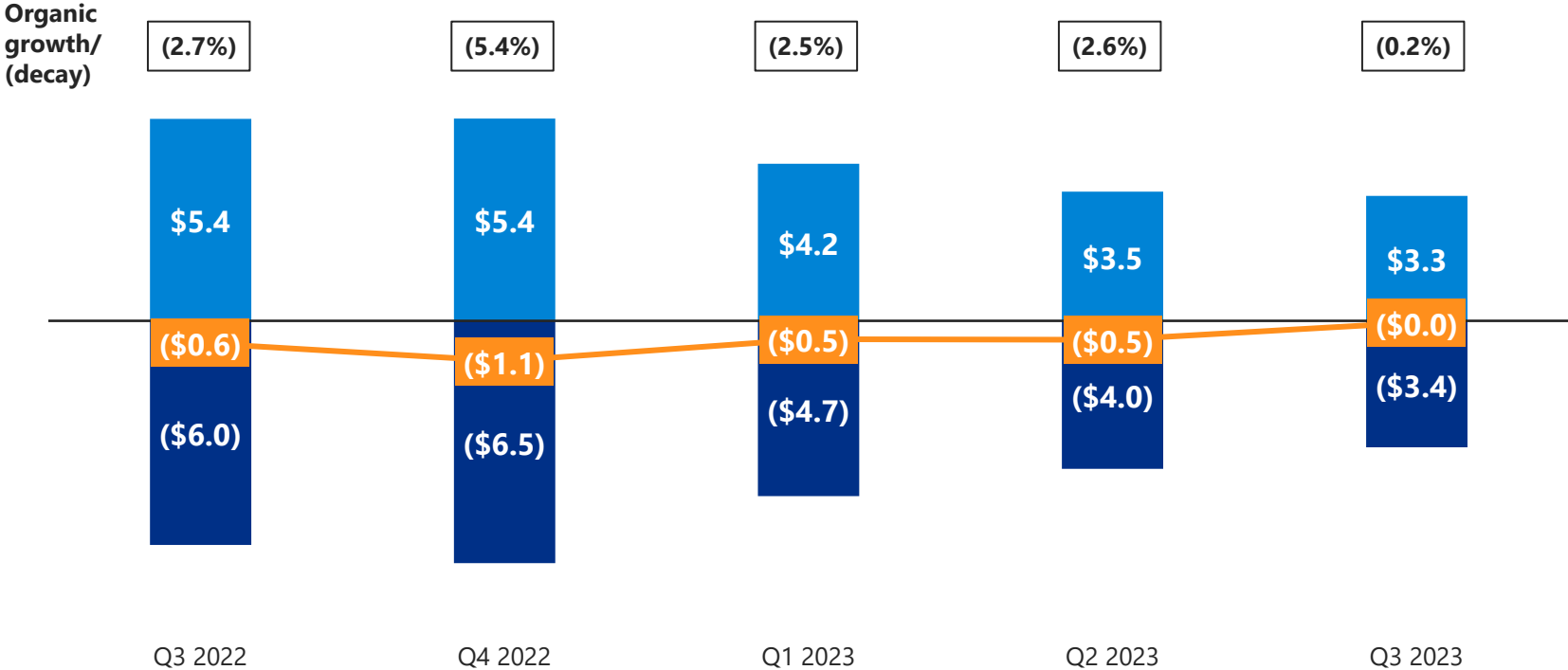


As of September 30, 2023.
Totals may not foot due to rounding.

Total firm net flows

\$ in billions

Inflows Outflows Net flows



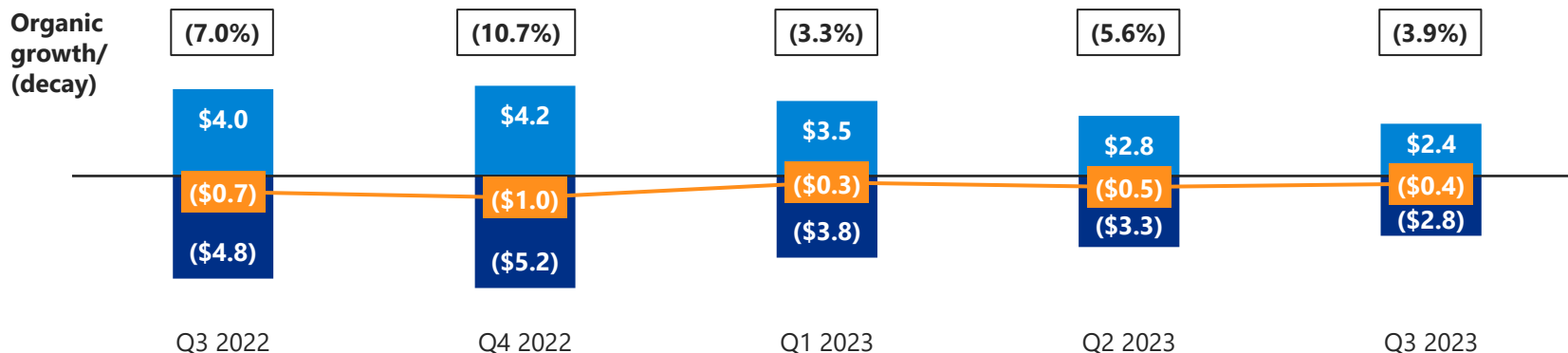
Totals may not foot due to rounding.

Net flows by investment vehicle

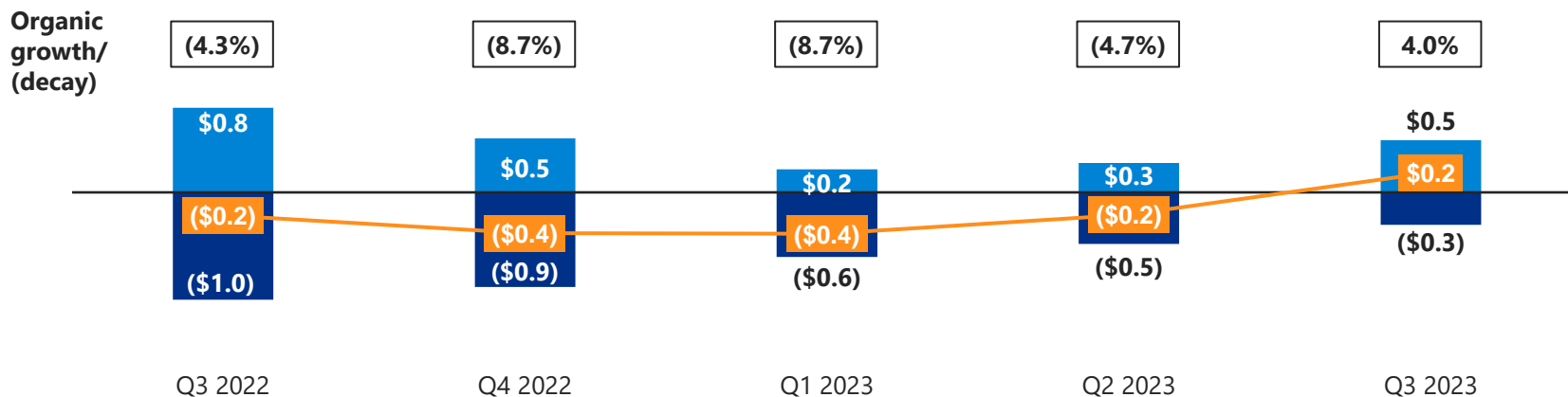
\$ in billions

Inflows Outflows Net flows

Open-end funds



Advisory



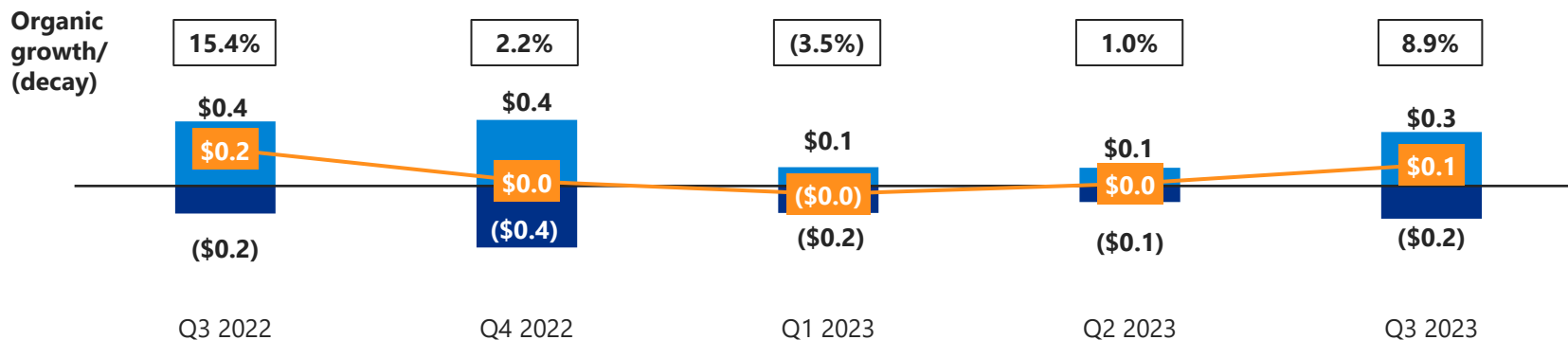
Totals may not foot due to rounding.

Net flows by investment vehicle

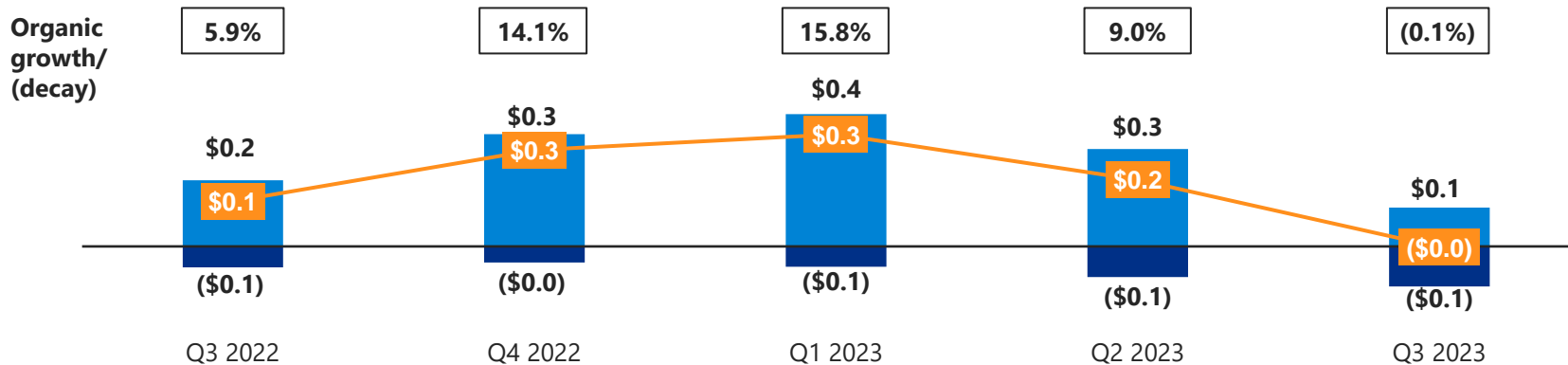
\$ in billions

Inflows Outflows Net flows

Subadvisory ex. Japan



Japan subadvisory



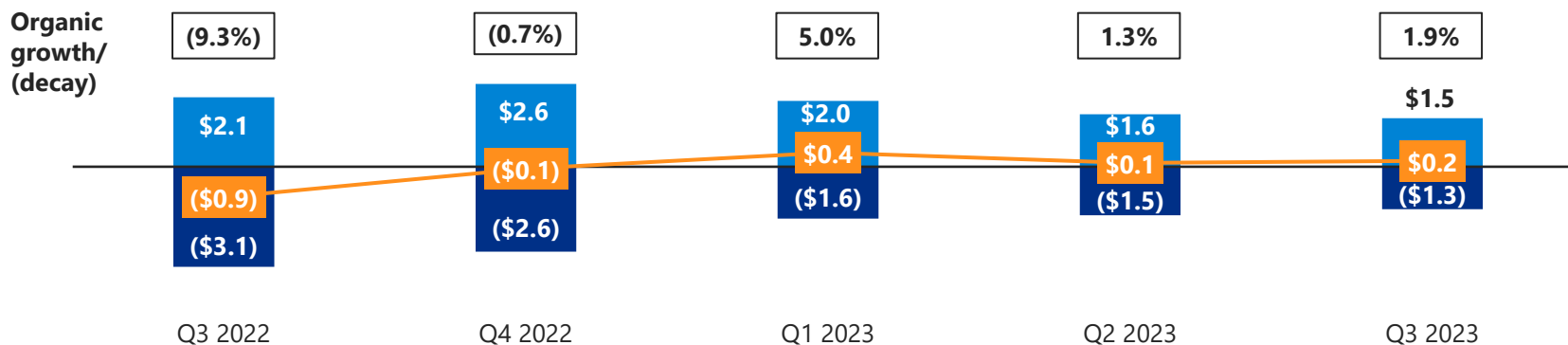
Totals may not foot due to rounding.

Net flows by investment strategy

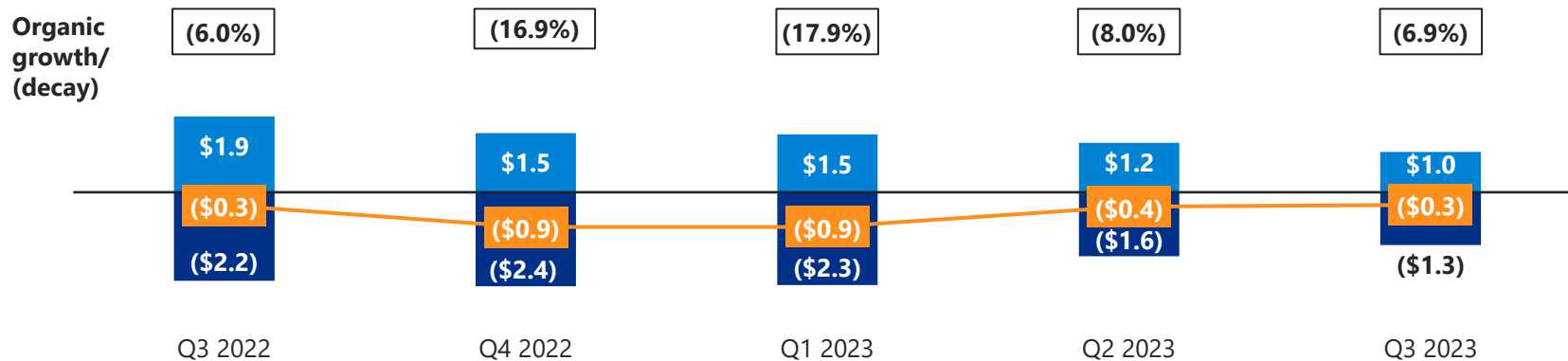
\$ in billions

Inflows Outflows Net flows

U.S. real estate



Preferred securities



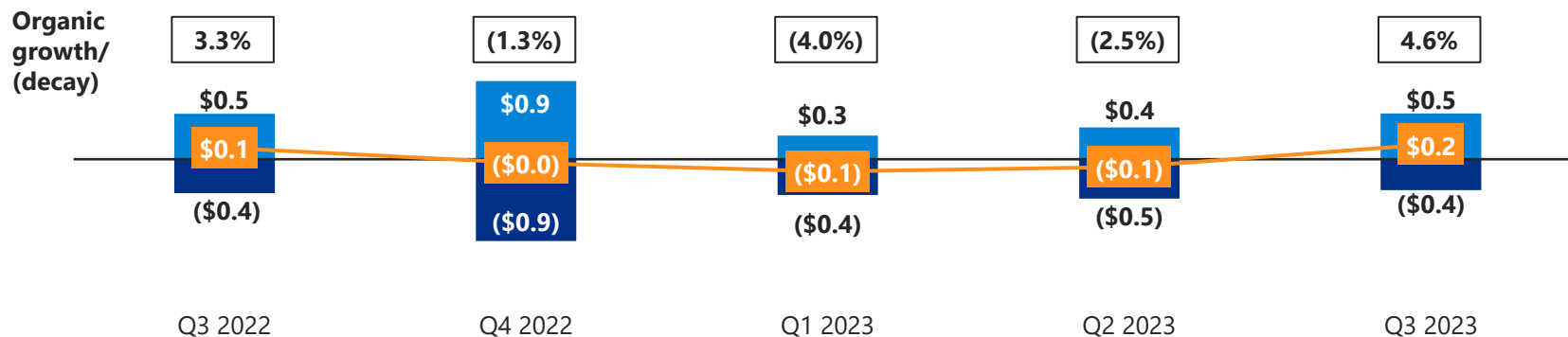
Totals may not foot due to rounding.

Net flows by investment strategy

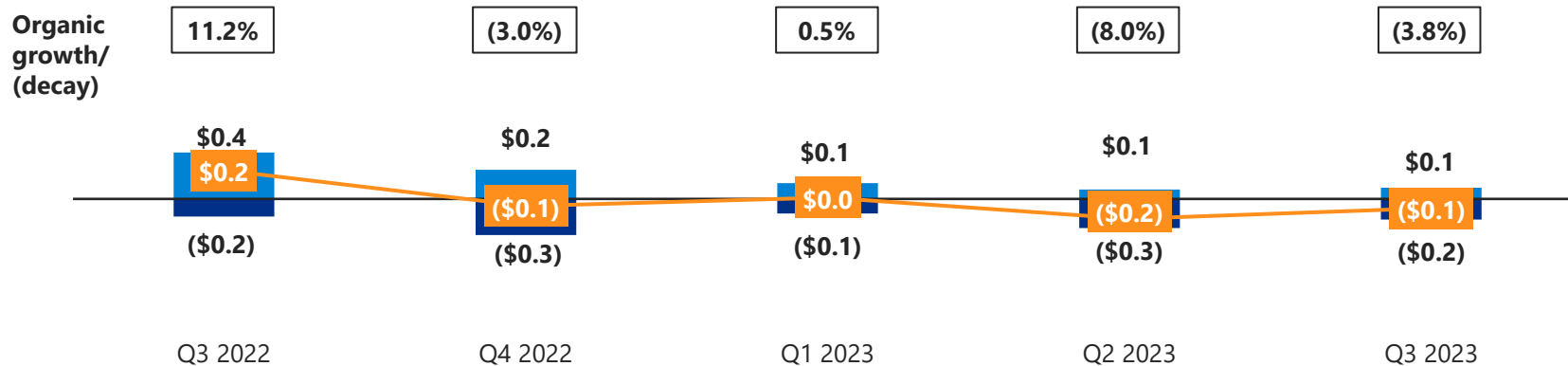
\$ in billions

Inflows Outflows Net flows

Global/international real estate



Global listed infrastructure

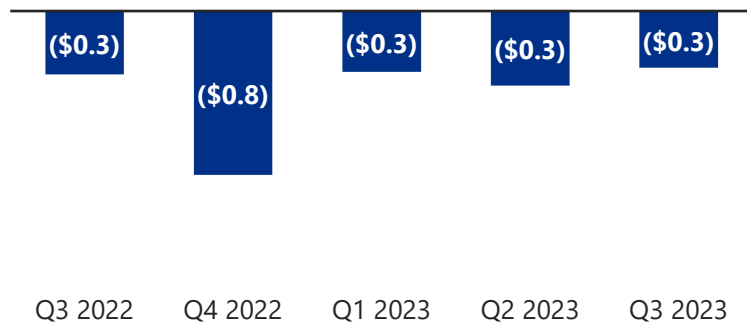


Totals may not foot due to rounding.

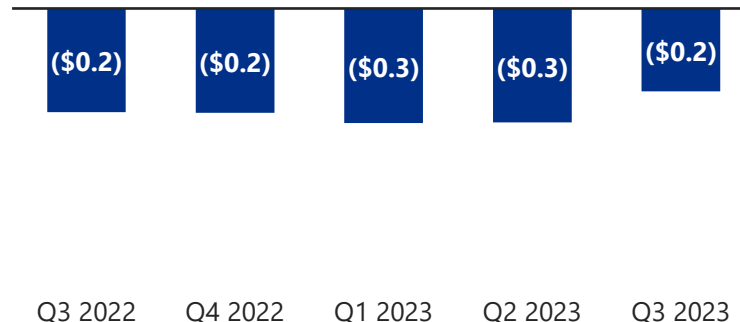
Distributions by investment vehicle

\$ in billions

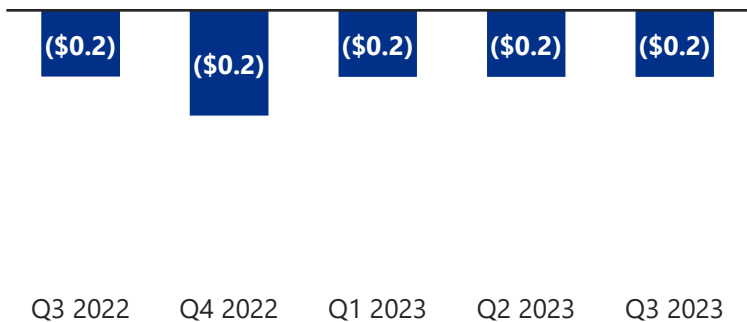
Open-end funds



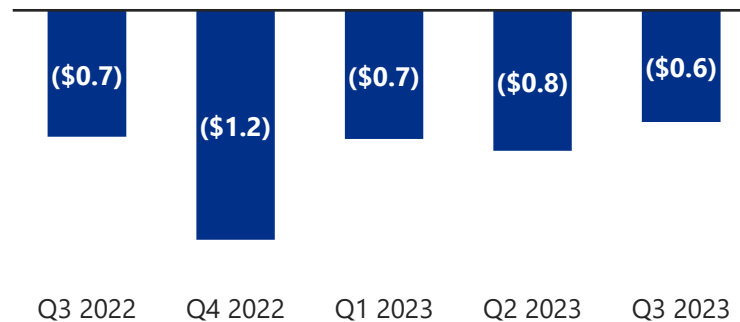
Japan subadvisory



Closed-end funds



Total



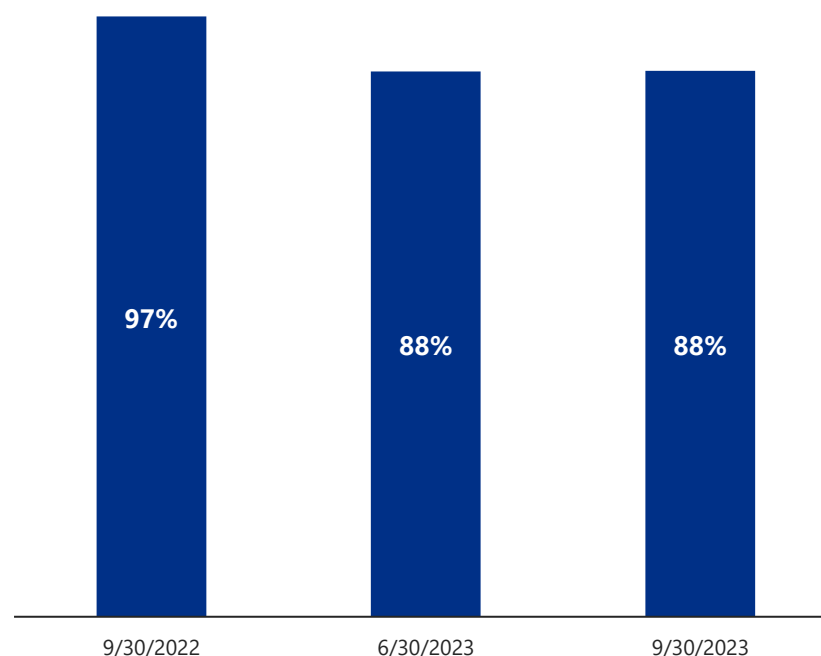
Totals may not foot due to rounding.

Investment performance

% of total AUM in outperforming strategies⁽¹⁾



% of U.S. open-end fund AUM rated 4 or 5 stars by Morningstar⁽²⁾

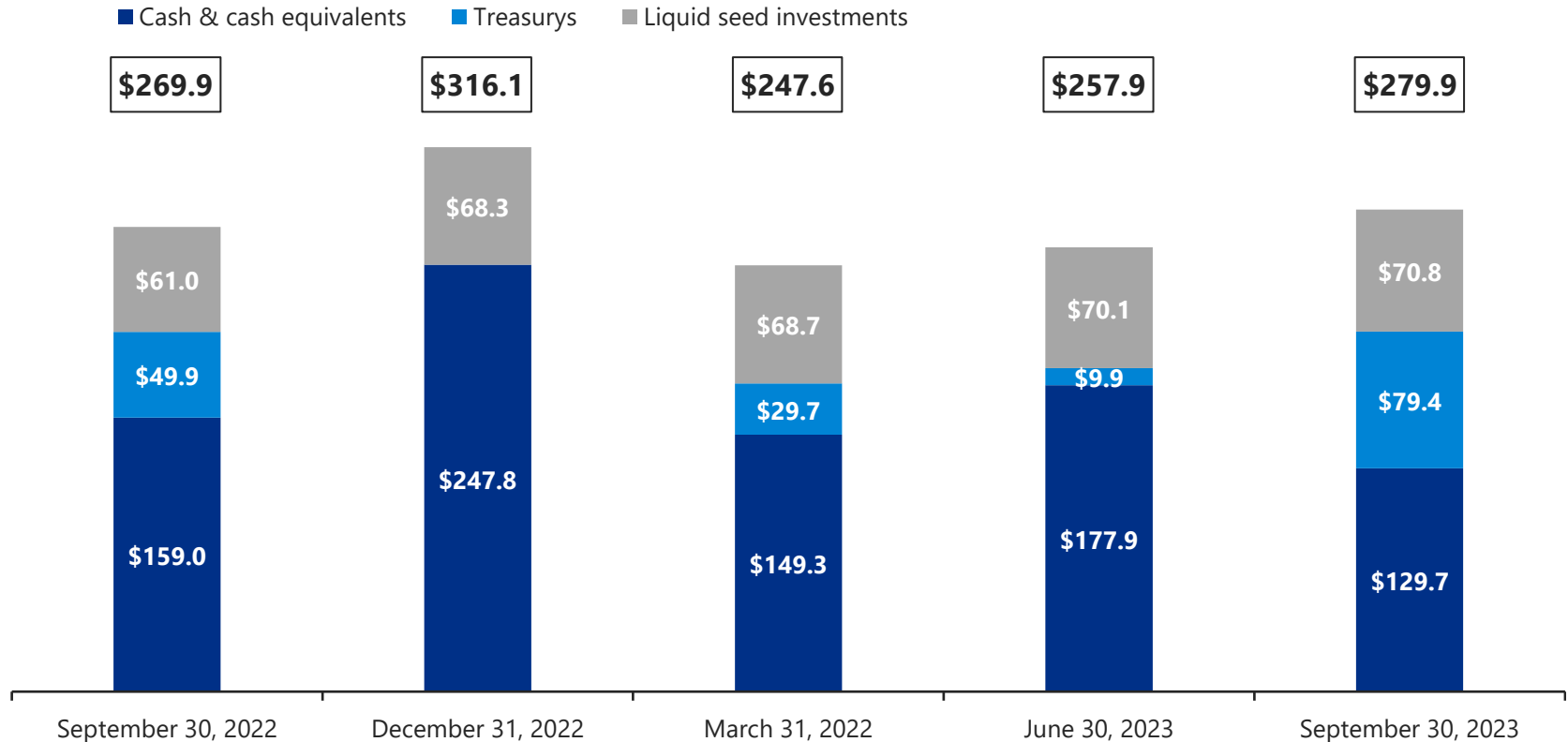


(1) Past performance is no guarantee of future results. Outperformance is determined by comparing the annualized investment performance of each investment strategy to the performance of specified reference benchmarks. Investment performance in excess of the performance of the benchmark is considered 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) 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 as of September 30, 2023. 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. See Legal Disclosures on page 21 of this presentation for more information about our investment performance.

Cash, cash equivalents, liquid seed investments and U.S. Treasurys

\$ in millions



Totals may not foot due to rounding.

Reconciliations of U.S. GAAP to as adjusted financial results

Management believes that use of the following as adjusted (non-GAAP) financial results provides greater transparency into the company's operating performance. In addition, these as adjusted financial results are used to prepare the company's internal management reports, which are used in evaluating its business.

While management believes that these as adjusted financial results are useful in evaluating 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.

Effective January 1, 2023, the company revised its methodology for as adjusted results to include interest and dividends from seed investments. Amounts for periods prior to January 1, 2023 have not been recast to conform with the current period results as the impact was not significant.

Reconciliation of U.S. GAAP to as adjusted financial results

Net income attributable to common stockholders and diluted earnings per share

\$ in thousands, except per share data

	Three Months Ended				
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
Net income attributable to common stockholders, U.S. GAAP	\$44,570	\$32,498	\$35,314	\$31,778	\$32,140
Seed investments-net ⁽¹⁾	1,635	(539)	968	35	2,900
Accelerated vesting of restricted stock units	2,556	2,909	245	108	327
Lease transition and other costs – 280 Park Avenue ⁽²⁾	—	776	2,443	2,498	2,321
Foreign currency exchange (gains) losses – net ⁽³⁾	(3,931)	3,944	1,090	1,073	(1,713)
Tax adjustments-net ⁽⁴⁾	337	(858)	(2,466)	(750)	(1,203)
Net income attributable to common stockholders, as adjusted	\$45,167	\$38,730	\$37,594	\$34,742	\$34,772
Diluted weighted average shares outstanding	49,317	49,328	49,402	49,463	49,617
Diluted earnings per share, U.S. GAAP	\$0.90	\$0.66	\$0.71	\$0.64	\$0.65
Seed investments-net	0.04	(0.01)	0.02	—*	0.06
Accelerated vesting of restricted stock units	0.05	0.06	0.01	—*	0.01
Lease transition and other costs – 280 Park Avenue	—	0.02	0.05	0.05	0.05
Foreign currency exchange (gains) losses – net	(0.08)	0.08	0.02	0.02	(0.04)
Tax adjustments-net	0.01	(0.02)	(0.05)	(0.01)	(0.03)
Diluted earnings per share, as adjusted	\$0.92	\$0.79	\$0.76	\$0.70	\$0.70

* Amounts round to less than \$0.01 per share.

(1) Represents adjustment to remove the impact of consolidated investment vehicles and other seed investments from the company's financial results. In accordance with the company's revised methodology, interest and dividends from seed investments were not included in the adjustment for the three months ended March 31, 2023, June 30, 2023 and September 30, 2023.

(2) Represents adjustment to remove lease and other expenses related to the company's current headquarters, which it expects to vacate when the lease expires in January 2024. From a GAAP perspective, the company is recognizing lease expense on both its current and future headquarters as a result of overlapping terms during the build-out phase of the new space.

(3) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

(4) Tax adjustments are summarized in the following table:

Exclusion of tax effects associated with items noted above	\$301	\$443	(\$1,285)	(\$747)	(\$1,211)
Exclusion of discrete tax items	36	(1,301)	(1,181)	(3)	8
Total tax adjustments	\$337	(\$858)	(\$2,466)	(\$750)	(\$1,203)

Reconciliation of U.S. GAAP to as adjusted financial results

Revenue, expenses, operating income and operating margin

\$ in thousands, except percentages

	Three Months Ended				
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
Revenue, U.S. GAAP	\$139,951	\$125,335	\$126,082	\$120,630	\$123,737
Seed investments ⁽¹⁾	215	160	183	(321)	(186)
Revenue, as adjusted	\$140,166	\$125,495	\$126,265	\$120,309	\$123,551
Expenses, U.S. GAAP	\$82,770	\$78,563	\$81,183	\$79,789	\$82,866
Seed investments ⁽¹⁾	(104)	(240)	(267)	(694)	(532)
Accelerated vesting of restricted stock units	(2,556)	(2,909)	(245)	(108)	(327)
Lease transition and other costs – 280 Park Avenue ⁽²⁾	—	(776)	(2,443)	(2,498)	(2,321)
Expenses, as adjusted	\$80,110	\$74,638	\$78,228	\$76,489	\$79,686
Operating income, U.S. GAAP	\$57,181	\$46,772	\$44,899	\$40,841	\$40,871
Seed investments ⁽¹⁾	319	400	450	373	346
Accelerated vesting of restricted stock units	2,556	2,909	245	108	327
Lease transition and other costs – 280 Park Avenue ⁽²⁾	—	776	2,443	2,498	2,321
Operating income, as adjusted	\$60,056	\$50,857	\$48,037	\$43,820	\$43,865
Operating margin, U.S. GAAP	40.9%	37.3%	35.6%	33.9%	33.0%
Operating margin, as adjusted	42.8%	40.5%	38.0%	36.4%	35.5%

(1) Represents adjustment to remove the impact of consolidated investment vehicles from the company's financial results.

(2) Represents adjustment to remove lease and other expenses related to the company's current headquarters, which it expects to vacate when the lease expires in January 2024. From a GAAP perspective, the company is recognizing lease expense on both its current and future headquarters as a result of overlapping terms during the build-out phase of the new space.

Reconciliation of U.S. GAAP to as adjusted financial results

Non-operating income (loss)

\$ in thousands

	Three Months Ended				
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
Non-operating income (loss), U.S. GAAP	(\$1,974)	\$2,825	\$1,632	\$2,650	(\$5,159)
Seed investments-net ⁽¹⁾	6,272	(5,323)	(466)	(1,065)	9,525
Foreign currency exchange (gain) loss-net ⁽²⁾	(3,931)	3,944	1,090	1,073	(1,713)
Non-operating income (loss), as adjusted	\$367	\$1,446	\$2,256	\$2,658	\$2,653

(1) Represents adjustment to remove the impact of consolidated investment vehicles and other seed investments from the company's financial results. In accordance with the company's revised methodology, interest and dividends from seed investments were not included in the adjustment for the three months ended March 31, 2023, June 30, 2023 and September 30, 2023.

(2) Represents net foreign currency exchange (gains) losses associated with U.S. dollar-denominated assets held by certain foreign subsidiaries.

Reconciliation of U.S. GAAP to as adjusted financial results

Summary of Operating Items

	Adjustments					As adjusted
	U.S. GAAP	Seed investments ⁽¹⁾	Accelerated vesting of restricted stock units	Closed-end Initial public offering costs ⁽²⁾	Lease transition and other costs – 280 Park Avenue ⁽³⁾	
Q3 2023						
Investment advisory and administration fees	\$116,226	(\$197)	\$-	\$-	\$-	\$116,029
Other	\$497	\$11	\$-	\$-	\$-	\$508
Employee compensation and benefits	\$52,830	\$-	(\$327)	\$-	\$-	\$52,503
General and administrative	\$15,546	(\$532)	\$-	\$-	(\$2,321)	\$12,693
Q2 2023						
Investment advisory and administration fees	\$113,118	(\$332)	\$-	\$-	\$-	\$112,786
Other	\$535	\$11	\$-	\$-	\$-	\$546
Employee compensation and benefits	\$48,893	\$-	(\$108)	\$-	\$-	\$48,785
General and administrative	\$16,728	(\$694)	\$-	\$-	(\$2,498)	\$13,536
Q1 2023						
Investment advisory and administration fees	\$118,034	\$171	\$-	\$-	\$-	\$118,205
Other	\$486	\$12	\$-	\$-	\$-	\$498
Employee compensation and benefits	\$48,857	\$-	(\$245)	\$-	\$-	\$48,612
General and administrative	\$17,122	(\$267)	\$-	\$-	(\$2,443)	\$14,412
Q4 2022						
Investment advisory and administration fees	\$117,102	\$149	\$-	\$-	\$-	\$117,251
Other	\$571	\$11	\$-	\$-	\$-	\$582
Employee compensation and benefits	\$48,562	\$-	(\$2,909)	\$-	\$-	\$45,653
General and administrative	\$14,530	(\$240)	\$-	\$-	(\$776)	\$13,514
Q3 2022						
Investment advisory and administration fees	\$130,885	\$200	\$-	\$-	\$-	\$131,085
Other	\$509	\$15	\$-	\$-	\$-	\$524
Employee compensation and benefits	\$51,669	\$-	(\$2,556)	\$-	\$-	\$49,113
General and administrative	\$13,548	(\$104)	\$-	\$-	\$-	\$13,444
FY 2022						
Investment advisory and administration fees	\$529,311	\$721	\$-	\$-	\$-	\$530,032
Other	\$2,502	\$69	\$-	\$-	\$-	\$2,571
Employee compensation and benefits	\$208,831	\$-	(\$10,260)	(\$357)	\$-	\$198,214
Distribution and service fees	\$82,928	\$-	\$-	(\$14,224)	\$-	\$68,704
General and administrative	\$54,826	(\$838)	\$-	(\$658)	(\$776)	\$52,554

(1) Represents adjustment to remove the impact of consolidated investment vehicles from the company's financial results.

(2) Represents costs associated with the initial public offering of the Cohen & Steers Real Estate Opportunities and Income Fund.

(3) Represents adjustment to remove lease and other expenses related to the company's current headquarters, which it expects to vacate when the lease expires in January 2024. From a GAAP perspective, the company is recognizing lease expense on both its current and future headquarters as a result of overlapping terms during the build-out phase of the new space.

Legal disclosures

This presentation and other statements that Cohen & Steers may make may 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, the company's operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "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. The company believes that these factors include, but are not limited to, the risks described in the Risk Factors section of the company's Annual Report on Form 10-K for the year ended December 31, 2022 (the Form 10-K), which is accessible on the Securities and Exchange Commission's website at www.sec.gov and on the company's website at www.cohenandsteers.com. These factors are not exhaustive and should be read in conjunction with the other cautionary statements that are included in the company's Form 10-K and other filings with the Securities and Exchange Commission. The company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

This presentation contains adjusted financial results that we believe are meaningful in evaluating the company's performance. For disclosures on these adjusted financial results and their U.S. GAAP reconciliations, you should refer to the Reconciliation of U.S. GAAP to As Adjusted Results contained on pages 16-20 of this presentation.

Investment Performance:

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