



11,800,000 Shares

Cohen & Steers Dividend Majors Fund, Inc.

Common Shares

\$20.00 per Share

Investment Objective. Cohen & Steers Dividend Majors Fund, Inc. (the “Fund”) is a newly organized, diversified, closed-end management investment company. The Fund seeks to achieve high total return consisting of dividend income and capital appreciation.

Portfolio Contents. Under normal market conditions, the Fund will invest:

- at least 35%, but no more than 65%, of its total assets in common stocks issued by real estate companies, such as real estate investment trusts or “REITs”; and
- at least 35%, but no more than 65%, of its total assets in a portfolio of common stocks with above-average dividend yields selected using a quantitative screening methodology (“Quantitative Dividend Strategy Stocks”).

(continued on following page)

Investing in the Common Shares involves risks that are described in the “Principal Risks of the Fund” section beginning on page 29 of this prospectus.

	Per Share	Total(1)
Public offering price	\$20.00	\$236,000,000
Sales load(2)	\$.90	\$10,620,000
Estimated offering expenses(3)	\$.04	\$472,000
Proceeds, after expenses, to the Fund	\$19.06	\$224,908,000

- (1) The Fund has granted the underwriters an option to purchase up to 1,770,000 additional Common Shares at the public offering price less the sales load within 45 days of the date of this prospectus, solely to cover overallotments, if any. If such option is exercised in full, the total public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund will be \$271,400,000, \$12,213,000, \$542,800 and \$258,644,200, respectively. See “Underwriting.”
- (2) The Fund has agreed to pay the underwriters \$.00667 per Common Share as a partial reimbursement of expenses incurred in connection with the offering. See “Underwriting.” The Investment Manager has agreed to pay additional compensation to Merrill Lynch, Pierce, Fenner & Smith Incorporated and A.G. Edwards & Sons, Inc. In return, these firms have agreed to provide, upon request, certain structuring and after market support services. See “Underwriting.”
- (3) The Investment Manager has agreed to pay all organizational expenses and offering costs of the Fund (other than the sales load, but including the \$.00667 per Common Share partial reimbursement of expenses to the underwriters) that exceed \$.04 per Common Share. The estimated offering expenses to be incurred by the Fund are \$472,000.

Neither the Securities and Exchange Commission nor any State Securities Commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Common Shares will be ready for delivery on or about January 31, 2005.

Merrill Lynch & Co.		A.G. Edwards
Deutsche Bank Securities	Legg Mason Wood Walker <small>Incorporated</small>	Raymond James
RBC Capital Markets	Oppenheimer & Co.	Advest, Inc.
BB&T Capital Markets	Robert W. Baird & Co.	Banc of America Securities LLC
Crowell, Weedon & Co.	Ferris, Baker Watts <small>Incorporated</small>	H&R Block Financial Advisors, Inc.
J.J.B. Hilliard, W.L. Lyons, Inc.	Janney Montgomery Scott LLC	KeyBanc Capital Markets
Stifel, Nicolaus & Company <small>Incorporated</small>	SunTrust Robinson Humphrey	TD Waterhouse

(continued from previous page)

Currently, Quantitative Dividend Strategy Stocks must meet the five criteria described below:

- issued by a company having securities outstanding with an “investment-grade” or better rating by a Nationally Recognized Statistical Rating Organization;
- an average daily dollar volume of trading, during the last three calendar months prior to purchase, of more than \$10,000,000;
- the same or an increasing level of regular quarterly dividends in each of the last five years prior to purchase;
- a dividend payout ratio that is less than 65% of the company’s operating earnings; and
- the potential to generate qualified dividend income for federal income tax purposes.

These criteria may be modified or amended from time to time by Cohen & Steers Capital Management, Inc. in response to changes in market conditions in order to continue to seek to achieve the Fund’s investment objective.

The Fund will invest a significant portion, but less than 25%, of its total assets in the securities of companies principally engaged in each of the financial services or utility industries; this policy of investing in the financial services and utility industries and the Fund’s concentration of its investments in the real estate industry make the Fund more susceptible to adverse economic or regulatory occurrences affecting these sectors. The Fund also may invest up to 15% of its total assets in securities of foreign issuers.

Initially, the Fund will allocate approximately 35% of the Fund’s total assets to common stocks issued by REITs and other real estate companies and approximately 65% to Quantitative Dividend Strategy Stocks. Thereafter, the portion of the Fund’s total assets invested in common stock issued by REITs and other real estate companies and in Quantitative Dividend Strategy Stocks will vary from time to time based on the views of the Investment Manager. At any time, under normal circumstances at least 80%, and generally substantially all, of the Fund’s total assets will be invested in dividend-paying common stocks issued by REITs and Quantitative Dividend Strategy Stocks. REIT dividends are generally not eligible to be treated as qualified dividend income. There can be no assurance that the Fund will achieve its investment objective. See “Investment Objective and Policies” and “Principal Risks of the Fund.”

No Prior History. Because the Fund is recently organized, its Common Shares have no history of public trading. The shares of closed-end investment companies frequently trade at a discount from their net asset value. This risk may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering. The Fund’s Common Shares have been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the symbol “DVM.”

TABLE OF CONTENTS

	<u>Page</u>
Prospectus Summary	4
Summary of Fund Expenses	22
The Fund.....	23
Use of Proceeds	23
Investment Objective and Policies	23
Principal Risks of the Fund.....	29
Additional Risk Considerations	38
How the Fund Manages Risk.....	39
Management of the Fund.....	39
Dividends and Distributions	42
Closed-End Fund Structure	45
Possible Conversion to Open-End Fund Status	45
Repurchase of Shares.....	45
Taxation	46
Description of Shares.....	47
Certain Provisions of the Articles of Incorporation and By-Laws	49
Underwriting	51
Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar	54
Reports to Shareholders	54
Validity of the Shares.....	54
Table of Contents of the Statement of Additional Information	55

You should rely only on the information contained or incorporated by reference in this prospectus. We and the underwriters have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition and prospects may have changed since that date.

This prospectus concisely sets forth information about the Fund you should know before investing. You should read the prospectus before deciding whether to invest and retain it for future reference. A Statement of Additional Information, dated January 26, 2005, as it may be supplemented (the “SAI”), containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You can review the table of contents of the SAI on page 55 of this prospectus. You may request a free copy of the SAI by calling (800) 437-9912. You may also obtain the SAI and other information regarding the Fund on the Securities and Exchange Commission website (<http://www.sec.gov>).

PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in the Fund's Common Shares. You should review the more detailed information contained in this prospectus and in the SAI, especially the information set forth under the heading "Principal Risks of the Fund."

The Fund Cohen & Steers Dividend Majors Fund, Inc. is a newly organized, diversified, closed-end management investment company.

The Offering We are offering 11,800,000 shares of common stock ("Common Shares") through a group of underwriters led by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). You must purchase at least 100 Common Shares (\$2,000). The underwriters have been granted an option to purchase up to 1,770,000 additional Common Shares solely to cover overallocments, if any. The initial public offering price is \$20.00 per share. See "Underwriting." Cohen & Steers Capital Management, Inc. (the "Investment Manager") will be responsible for all organizational expenses and offering costs (other than the sales load) that exceed \$.04 per share of the Fund's Common Shares.

Investment Objective and Policies The Fund's investment objective is to seek high total return consisting of dividend income and capital appreciation.

Under normal market conditions, the Fund seeks to achieve its investment objective by investing in a portfolio of dividend-paying common stocks issued by real estate companies, such as REITs, and Quantitative Dividend Strategy Stocks. Initially, the Fund will allocate approximately 35% of the Fund's total assets to common stocks issued by REITs and other real estate companies and approximately 65% to Quantitative Dividend Strategy Stocks. Thereafter, the portion of the Fund's total assets invested in common stocks issued by REITs and other real estate companies and in Quantitative Dividend Strategy Stocks will vary from time to time based on the views of the Investment Manager. However, under normal market conditions, the Fund will invest at least 35%, but no more than 65%, of its total assets in common stocks issued by REITs and other real estate companies and at least 35%, but no more than 65%, of

its total assets in Quantitative Dividend Strategy Stocks. At any time, under normal circumstances, at least 80%, and generally substantially all, of the Fund's total assets will be invested in dividend-paying common stocks issued by real estate companies, such as REITs, and Quantitative Dividend Strategy Stocks. There can be no assurance that the Fund will achieve its investment objective. The Fund's investment objective and certain investment policies are considered fundamental and may not be changed without shareholder approval. See "Investment Objective and Policies."

Investment Strategies. In making investment decisions with respect to common stocks issued by REITs and other real estate companies, the Investment Manager relies on a fundamental analysis of each company. Securities are evaluated for their potential to provide an attractive total return, through a combination of dividend income and capital appreciation. The Investment Manager reviews each company's potential for success in light of the company's industry and sector position, and economic and market conditions. The Investment Manager evaluates a number of company-specific factors, including quality of management, financial condition, corporate governance, business plan, and cash flow and dividend growth potential. The Investment Manager evaluates each securities' valuation on the basis of price/cash flow multiple, price/net asset value, and dividend yield.

In making investment decisions with respect to Quantitative Dividend Strategy Stocks, the Investment Manager utilizes a quantitative screening investment process that is designed to identify dividend-paying common stocks that present an opportunity for capital appreciation. This investment process focuses on the common stocks of U.S.-domiciled companies trading on The New York Stock Exchange, American Stock Exchange or The NASDAQ Stock Market. Companies are considered by the Investment Manager to be "U.S.-domiciled" if their principal place of business is located in the United States or its territories. Currently, the Investment Manager considers for possible investment as Quantitative Dividend Strategy Stocks only common stocks that meet the five criteria described below:

- issued by a company having securities outstanding with an “investment-grade” or better rating by a Nationally Recognized Statistical Rating Organization;
- an average daily dollar volume of trading in the stock, during the last three calendar months prior to purchase, of more than \$10,000,000;
- the same or an increasing level of regular quarterly dividends in each of the last five years prior to purchase;
- a dividend payout ratio that is less than 65% of the company’s operating earnings; and
- the potential to generate qualified dividend income for federal income tax purposes.

These criteria may be modified or amended from time to time by the Investment Manager in response to changes in market conditions in order to continue to seek to achieve the Fund’s investment objective.

In selecting Quantitative Dividend Strategy Stocks, the Investment Manager then ranks the common stocks that meet its investment criteria, which the Investment Manager expects to be at least 50 in number, in descending order of their dividend yields. The Investment Manager intends to invest the Fund’s portfolio of Quantitative Dividend Strategy Stocks, in varying proportions, in the 50 common stocks that have the highest dividend yields. The Investment Manager expects that it will invest between 1% and 3% of the portfolio of Quantitative Dividend Strategy Stocks in each of these 50 common stocks.

In the event that the Investment Manager is unable to find at least 50 common stocks that meet the investment criteria or 50 common stocks that are suitable investments, the Investment Manager may invest the portfolio of Quantitative Dividend Strategy Stocks in a smaller number of stocks. The Investment Manager will not, however, invest 25% or more of the Fund’s total assets in the securities of issuers in any one industry except for the real estate industry.

The Investment Manager expects to reassess (using its investment process) and rebalance its portfolio of Quantitative Dividend Strategy Stocks, as necessary, on

at least an annual basis, but as frequently as the Investment Manager deems appropriate.

When the Fund sells any investment, receives distributions from companies whose common stock it owns or is unable to find suitable investments for the Fund, it may invest in short-term, high quality fixed-income securities and money market instruments, or in cash and cash equivalents (collectively referred to as “Short-Term Investments”). The Fund may use any of its assets, including Short-Term Investments, for Fund management purposes, including paying fees and expenses of the Fund.

Common Stocks Issued by Real Estate Companies. Under normal market conditions, at least 35%, but no more than 65%, of the Fund’s total assets will be invested in common stocks issued by real estate companies, such as REITs. A real estate company derives at least 50% of its revenue from real estate or has at least 50% of its assets in real estate. A REIT is a company dedicated to owning, and usually operating, income producing real estate, or to financing real estate. REITs are generally not taxed on income distributed to shareholders provided they distribute to their shareholders substantially all of their taxable income (other than net capital gains) and otherwise comply with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). As a result, REITs generally pay relatively higher dividends (as compared to other types of companies). REIT dividends are generally not eligible to be treated as qualified dividend income and will not qualify for the dividends received deduction. See “Taxation.”

Substantially all of the common stocks issued by REITs in which the Fund intends to invest are traded on a national securities exchange or in the over-the-counter market. It is the Fund’s current intention to invest approximately 35% of its total assets in common stocks of REITs and other real estate companies, although the actual percentage in its portfolio may change.

Quantitative Dividend Strategy Stocks. Under normal market conditions, the Fund’s portfolio of Quantitative Dividend Strategy Stocks will generally pay qualified dividend income. Pursuant to recently enacted legislation, individuals will generally be taxed at long-term capital

gain rates on qualified dividend income. The Fund generally can pass the tax treatment of qualified dividend income it receives through to individual shareholders, provided that holding period and other requirements are met both by the Fund and the shareholder. In addition, such securities may also qualify for the dividends received deduction or “DRD” under Section 243 of the Code. The DRD generally allows corporations to deduct from their income 70% of dividends received. Corporate shareholders are generally permitted to claim a deduction with respect to that portion of their distributions attributable to amounts received by the Fund that qualify for the DRD. See “Taxation.”

The Fund will invest a significant portion, but less than 25%, of its total assets in the securities of companies principally engaged in each of the financial services or utility industries. In addition, as discussed above, under normal market conditions the Fund will invest at least 35% of its total assets in common stocks issued by REITs and other real estate companies. This policy of investing in the financial services industry and the Fund’s concentration of its investments in the real estate industry make the Fund more susceptible to adverse economic or regulatory occurrences affecting these sectors.

The Fund also may invest up to 15% of its total assets in securities of foreign issuers. Dividend income the Fund receives from foreign securities may not be eligible for the special tax treatment applicable to qualified dividend income.

The Fund will generally not invest more than 10% of its total assets in the securities of one issuer. The Fund may engage in portfolio trading when considered appropriate, but short-term trading will not be used as the primary means of achieving the Fund’s investment objective.

There are no limits on portfolio turnover, and investments may be sold without regard to length of time held when, in the opinion of the Investment Manager, investment considerations warrant such action. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High

portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to shareholders, will be taxable as ordinary income.

There can be no assurance that the strategy employed by the Fund will be successful or result in the investment objective of the Fund being achieved. See “Investment Objective and Policies.”

Principal Risks of the Fund.....

The Fund is a diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that we will achieve our investment objective.

No Operating History. The Fund is a newly organized, diversified, closed-end management investment company with no operating history. See “The Fund” and “Principal Risks of the Fund—No Operating History.”

Investment Risk. An investment in the Fund is subject to investment risk, including the possible loss of the entire amount that you invest. See “Principal Risks of the Fund—Investment Risk.”

Market Risk. Your investment in Common Shares represents an indirect investment in the common stock and other securities owned by the Fund, substantially all of which are traded on a national securities exchange or in the over-the-counter markets. The value of these securities, like other investments, may move up or down, sometimes rapidly and unpredictably. Your Common Shares at any point in time may be worth less than what you invested, even after taking into account the reinvestment of Fund dividends and distributions. See “Principal Risks of the Fund—Market Risk.”

Common Stock Risk. The Fund invests in the dividend-paying common stocks of REITs and other companies and in Quantitative Dividend Strategy Stocks. Common stocks are subject to special risks. Although common stocks have historically generated higher average returns than fixed-income securities over the long-term, common stocks also have experienced

significantly more volatility in returns. Common stocks may be more susceptible to adverse changes in market value due to issuer specific events or general movements in the equities markets. Common stock prices fluctuate for many reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or the occurrence of political or economic events affecting issuers. The common stocks in which the Fund will invest are structurally subordinated to preferred securities, bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and assets, and, therefore, will be subject to greater risk than the preferred securities or debt instruments of such issuers. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase. See "Principal Risks of the Fund—Common Stock Risk."

Special Risks of Securities Linked to the Real Estate Market. Since at least 35% of the Fund's total assets normally will be concentrated in common stocks of real estate companies, such as REITs, your investment in the Fund will be significantly impacted by the performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal or cultural developments. REIT prices also may drop because of the failure of borrowers to pay their loans and poor management. Many REITs utilize leverage, which increases investment risk and could adversely affect a REIT's operations and market value in periods of rising interest rates as well as risks normally associated with debt financing. Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as applicable laws (e.g., Americans with Disabilities Act and tax laws), interest rate levels and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital

expenditures, the income and ability of the REIT to make payments of any interest and principal on its debt securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by the portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of REITs to vary their portfolios promptly in response to changes in economic or other conditions is limited. A REIT may also have joint venture investments in certain of its properties and, consequently, its ability to control decisions relating to such properties may be limited. In addition, there are risks associated with particular sectors of real estate investments.

General Real Estate Risks

Retail Properties. Retail properties are affected by the overall health of the applicable economy and may be adversely affected by the growth of alternative forms of retailing, bankruptcy, departure or cessation of operations of a tenant, a shift in consumer demand due to demographic changes, spending patterns and lease terminations.

Office Properties. Office properties are affected by the overall health of the economy and other factors such as a downturn in the businesses operated by their tenants, obsolescence and noncompetitiveness.

Hotel Properties. The risks of hotel properties include, among other things, the necessity of a high level of continuing capital expenditures, competition, increases in operating costs which may not be offset by increases in revenues, dependence on business and commercial travelers and tourism, increases in fuel costs and other expenses of travel and adverse effects of general and local economic conditions. Hotel properties tend to be

more sensitive to adverse economic conditions and competition than many other commercial properties.

Healthcare Properties. Healthcare properties and healthcare providers are affected by several significant factors including federal, state and local laws governing licenses, certification, adequacy of care, pharmaceutical distribution, medical rates, equipment, personnel and other factors regarding operations; continued availability of revenue from government reimbursement programs (primarily Medicaid and Medicare); and competition on a local and regional basis. The failure of any healthcare operator to comply with governmental laws and regulations may affect its ability to operate its facility or receive government reimbursements.

Multifamily Properties. The value and successful operation of a multifamily property may be affected by a number of factors such as the location of the property, the ability of the management team, the level of mortgage rates, presence of competing properties, adverse economic conditions in the locale, oversupply and rent control laws or other laws affecting such properties.

Insurance Issues. Certain of the portfolio companies may carry comprehensive liability, fire, flood, earthquake extended coverage and rental loss insurance with various policy specifications, limits and deductibles. Should any type of uninsured loss occur, the portfolio company could lose its investment in, and anticipated profits and cash flows from, a number of properties, which would as a result impact the Fund's investment performance.

Credit Risk. REITs may be highly leveraged and financial covenants may affect the ability of REITs to operate effectively.

Environmental Issues. In connection with the ownership (direct or indirect), operation, management and development of real properties that may contain hazardous or toxic substances, a portfolio company may be considered an owner, operator or responsible party of such properties and, therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and liabilities for

injuries to persons and property. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such portfolio company and, as a result, the amount available to make distributions on shares of such portfolio company could be reduced.

Smaller Companies. Even the larger REITs in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. REIT shares, therefore, can be more volatile than, and perform differently from, larger company stocks. There may be less trading in a smaller company's stock, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks. Further, smaller companies may have fewer business lines; changes in any one line of business, therefore, may have a greater impact on a smaller company's stock price than is the case for a larger company. As of November 30, 2004, the market capitalization of REITs ranged in size from approximately \$4.0 million to approximately \$13.7 billion.

Tax Issues. REITs are subject to a highly technical and complex set of provisions in the Code. It is possible that the Fund may invest in a real estate company which purports to be a REIT and that the company could fail to qualify as a REIT. In the event of any such unexpected failure to qualify as a REIT, the company would be subject to corporate-level taxation, significantly reducing the return to the Fund on its investment in such company. REITs could possibly fail to qualify for tax free pass-through of income under the Code, or to maintain their exemptions from registration under the Investment Company Act of 1940, as amended (the "1940 Act"). The above factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to the REIT. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments.

See "Principal Risks of the Fund—Special Risks of Securities Linked to the Real Estate Market."

General Risks of Securities Linked to the Financial Services Industry. The Fund intends to invest a significant portion, but less than 25%, of its total assets in the securities of companies principally engaged in financial services. Because the Fund may invest such amounts in this sector, the Fund may be susceptible to adverse economic or regulatory occurrences affecting that sector. A company is “principally engaged” in financial services if it owns financial services-related assets that are responsible for at least 50% of its revenues. Companies in the financial services sector include commercial banks, industrial banks, savings institutions, finance companies, diversified financial services companies, investment banking firms, securities brokerage houses, investment advisory companies, leasing companies, insurance companies and companies providing similar services. These are risks associated with investing in the financial services sector, including:

- financial services companies may suffer a setback if regulators change the rules under which they operate;
- unstable interest rates can have a disproportionate effect on the financial services sector;
- financial services companies whose securities the Fund may purchase may themselves have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that sector; and
- financial services companies have been affected by increased competition, which could adversely affect the profitability or viability of such companies.

See “Principal Risks of the Fund—General Risks of Securities Linked to the Financial Services Industry.”

General Risks of Securities Linked to the Utility Industry. The Fund intends to invest a significant portion, but less than 25%, of its total assets, in the securities of companies principally engaged in the utility industry. Because the Fund may invest such amounts in this sector, the Fund may be susceptible to adverse economic or regulatory occurrences affecting that sector.

Utility companies derive at least 50% of their revenues from, or have at least 50% of their assets committed to, the:

- generation, transmission, sale or distribution of electric energy;
- distribution, purification and treatment of water;
- production, transmission or distribution of natural gas; and
- provision of communications services, including cable television, satellite, microwave, radio, telephone and other communications media.

Certain segments of this industry and individual companies within such segments may not perform as well as the industry as a whole. Issuers in the utility industry are subject to a variety of factors that may adversely affect their business or operations, including:

- high interest cost in connection with capital construction and improvement programs;
- difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets;
- governmental regulation of rates charged to customers;
- costs associated with compliance with and changes in environmental and other regulations;
- effects of economic slowdowns and surplus capacity;
- increased competition from other providers of utility services;
- inexperience with and potential losses resulting from a developing deregulatory environment;
- costs associated with the reduced availability of certain types of fuel, occasionally reduced availability and high costs of natural gas for resale, and the effects of energy conservation policies;
- effects of a national energy policy and lengthy delays and greatly increased costs and other problems associated with the design, construction, licensing, regulation and operation of nuclear facilities for electric generation, including, among other considerations, the problems associated with the use of radioactive materials and the disposal of radioactive wastes;
- technological innovations that may render existing plants, equipment or products obsolete; and

- potential impact of terrorist activities on the utility industry and its customers and the impact of natural or man-made disasters, including events such as the blackout that affected electric utility companies in many Mid-Atlantic and Midwest states in 2003.

Issuers in the utility industry may be subject to regulation by various governmental authorities and may be affected by the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. In addition, there are substantial differences between the regulatory practices and policies of various jurisdictions, and any given regulatory agency may make major shifts in policy from time to time. There is no assurance that regulatory authorities will, in the future, grant rate increases or that such increases will be adequate to permit the payment of dividends on preferred or common stocks. Prolonged changes in climatic conditions can also have a significant impact on both the revenues of an electric or gas utility as well as its expenses. See “Principal Risks of the Fund—General Risks of Securities Linked to the Utility Industry.”

Foreign Securities Risks. Under normal market conditions, the Fund may invest up to 15% of its total assets in securities of foreign issuers. Such investments involve certain risks not involved in domestic investments. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payments of principal and interest to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. Generally, there is less publicly available information about foreign companies due to less rigorous disclosure or accounting standards and regulatory practices. In addition, the Fund will be subject to risks associated with adverse political and economic developments in foreign countries, which could cause the Fund to lose money on its investments in foreign securities. Typically, the Fund will not hold any foreign securities of issuers in so-called “emerging markets” (or lesser developed countries), but to the extent it does, the Fund will not invest more than 10% of its total assets in such securities. Investments in such securities are particularly speculative. See “Principal Risks of the Fund—Foreign Securities Risk.”

Interest Rate Risk. Because the Fund's investment strategy involves investing primarily in dividend-paying common stocks, market interest rates may affect—at times significantly—the value of the Fund's assets. As market interest rates rise, the values of securities that provide income to their shareholders, such as dividend-paying common stocks, tend to decline. Market interest rates are currently at relatively low levels and, therefore, the values of the securities held by the Fund may decline if market interest rates rise. See “Principal Risks of the Fund—Interest Rate Risk.”

Tax Risk. The Fund's investment program and the tax treatment of Fund distributions may be affected by Internal Revenue Service (“IRS”) interpretations of the Code and future changes in tax laws and regulations. Under current law, qualified dividend income and long-term capital gains are taxed to non-corporate investors at a maximum federal income tax rate of 15%. The provisions of the Code that currently apply to the favorable tax treatment of qualified dividend income are scheduled to expire on December 31, 2008 unless future legislation is passed to make the provisions effective beyond this date. There can be no assurance of what portion, if any, of the Fund's distributions will be entitled to the lower tax rates that apply to qualified dividend income. REIT dividends are generally not eligible to be treated as qualified dividend income.

Although the Fund intends, to the extent possible, that a certain proportion of its quarterly dividends will consist, in the hands of its shareholders, of qualified dividend income and long term capital gains, the Fund also expects to distribute any other net investment income and net short-term capital gains that it may have. The Fund also may have ordinary income from dividends with respect to stocks that are in its portfolio if it does not meet certain holding period and other requirements, and from its other investments. Based upon a non-corporate shareholder's particular circumstances, a shareholder may not receive qualified dividend income or long-term capital gains tax treatment on all or a part of a quarterly distribution, and may be taxed at rates significantly higher than the maximum current federal income tax rate for qualified dividend income and

long-term capital gains of 15%. See “Principal Risks of the Fund—Tax Risk” and “Taxation.”

The Fund’s sales of its portfolio securities may be effected at inopportune times or may not have the desired tax effects.

Investments in Other Investment Companies. The Fund may invest in securities of other investment companies, subject to limitations imposed by the 1940 Act. The shares of other investment companies are subject to the management fees and other expenses of those companies, and the purchase of shares of some investment companies requires the payment of sales loads and (in the case of closed-end investment companies) sometimes substantial premiums above the value of such companies’ portfolio securities or net asset values. The Fund would continue, at the same time, to pay its own fees and expenses with respect to all its investments, including shares of other investment companies. The Fund may invest in the shares of other investment companies when the potential benefits of the investment outweigh the payment of any fees and expenses and, when applicable, premiums or sales loads. See “Principal Risks of the Fund—Investments in Other Investment Companies.”

Risk of Market Price Discount From Net Asset Value. Shares of closed-end investment companies frequently trade at a discount from their net asset value. This characteristic is a risk separate and distinct from the risk that net asset value could decrease as a result of investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. We cannot predict whether the shares will trade at, above or below net asset value. Net asset value will be reduced immediately following the offering by the sales load and the amount of organizational and offering expenses paid by the Fund. See “Principal Risks of the Fund—Risk of Market Price Discount From Net Asset Value.”

Currency Devaluations and Fluctuations. The Fund may invest in non-dollar-denominated investments. A decline in the value of currencies in which the Fund’s investments are denominated against the dollar will result in a corresponding decline in the dollar value of the Fund’s assets. These declines will in turn affect the

Fund's income and net asset value. See "Principal Risks of the Fund—Currency Devaluations and Fluctuations."

Additional Risk Considerations

Inflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline. See "Additional Risk Considerations—Inflation Risk."

Portfolio Turnover Risk. We may engage in portfolio trading when considered appropriate. There are no limits on the rate of portfolio turnover. A higher turnover rate results in correspondingly greater brokerage commissions and other transactional expenses which are borne by the Fund. See "Additional Risk Considerations—Portfolio Turnover Risk."

Anti-Takeover Provisions. Certain provisions of our Articles of Incorporation and By-Laws could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to modify our structure. The provisions may have the effect of depriving you of an opportunity to sell your shares at a premium over prevailing market prices and may have the effect of inhibiting conversion of the Fund to an open-end investment company. See "Certain Provisions of the Articles of Incorporation and By-Laws" and "Additional Risk Considerations—Anti-Takeover Provisions."

Market Disruption Risk. The aftermath of the war in Iraq and the continuing occupation of Iraq, instability in the Middle East and terrorist attacks in the United States and around the world may have resulted in market volatility and have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the U.S. and worldwide. These events could also adversely affect individual issuers and interest rates, secondary trading, inflation and deflation. The Fund does not know how long the securities markets will continue to be affected by these events and cannot predict the effects of the occupation or similar events in the future on the U.S. economy and securities markets. See "Additional Risk Considerations—Market Disruption Risk."

Given the risks described above, an investment in the Common Shares may not be appropriate for all investors. You should carefully consider your ability to assume these risks before making an investment in the Fund.

Investment Manager

Cohen & Steers Capital Management, Inc. is the investment manager of the Fund pursuant to an Investment Management Agreement. The Investment Manager was formed in 1986, and as of October 31, 2004 had approximately \$16.9 billion in assets under management. Its clients include pension plans, endowment funds and mutual funds, including some of the largest open-end and closed-end real estate funds. The Investment Manager is a wholly owned subsidiary of Cohen & Steers, Inc., a publicly traded company whose common stock is listed on the New York Stock Exchange under the symbol "CNS." The Investment Manager also will have responsibility for providing administrative services and assisting the Fund with operational needs pursuant to an Administration Agreement. In accordance with the terms of the Administration Agreement, the Fund has entered into an agreement with State Street Bank and Trust Company ("State Street Bank") to perform certain administrative functions subject to the supervision of the Investment Manager (the "Sub-Administration Agreement"). See "Management of the Fund—Administration and Sub-Administration Agreement."

Fees and Expenses.....

The Fund will pay the Investment Manager a monthly fee computed at the annual rate of .75% of average daily net assets. See "Management of the Fund—Investment Manager."

Listing and Symbol

The Fund's Common Shares have been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the symbol "DVM."

Dividends and Distributions.....

The Fund intends to distribute its net investment income on a monthly basis and to distribute annually its net long-term capital gains, if any.

Your initial distribution is expected to be declared approximately 45 days, and paid approximately 60 to 90 days, from the completion of this offering, depending upon market conditions.

Subject to the discussion in the following paragraph, in order to allow the Fund's Common Shareholders to

realize a predictable, but not guaranteed, level of cash flow commencing with the Fund's first dividend, the Fund intends to make regular monthly distributions to Common Shareholders at a fixed rate per Common Share based on the projected performance of the Fund, which rate may be adjusted from time to time ("Level Rate Dividend Policy"). The Fund's Board of Directors has initially determined to pay monthly distribution on each Common Share at an annualized rate of 6% of the initial public offering price per Common Share. The Level Rate Dividend Policy may require certain distributions to be recharacterized as a return of capital. The Fund has filed an exemptive application with the Securities and Exchange Commission seeking an order under the 1940 Act. The order, if granted, will allow the Fund to pay monthly distributions at a fixed rate per Common Share or a fixed percentage of its net asset value that may include periodic distributions of long-term capital gains ("Managed Dividend Policy"). If and when the Fund receives the requested relief, the Fund may, subject to the determination of its Board of Directors, implement a Managed Dividend Policy. There is no guarantee that the Fund will receive the Securities and Exchange Commission order or the approval of its Board of Directors to implement a Managed Dividend Policy. See "Dividends and Distributions."

Dividend Reinvestment Plan

You will receive your dividends in additional Common Shares purchased in the open market or issued by the Fund through the Fund's Dividend Reinvestment Plan, unless you elect to have their dividends and other distributions from the Fund paid in cash. Common Shareholders whose Common Shares are held in the name of a broker or nominee should contact the broker or nominee to confirm that the dividend reinvestment service is available. See "Dividends and Distributions" and "Taxation."

Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar

State Street Bank and Trust Company will act as custodian for the Fund, and The Bank of New York will act as transfer agent, dividend disbursing agent and registrar for the Fund. See "Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar."

SUMMARY OF FUND EXPENSES

The purpose of the following table is to help you understand the fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. The expenses shown in the table are based on estimated amounts for the Fund's first year of operations, unless otherwise indicated, and assume that the Fund issues approximately 11,800,000 Common Shares. See "Management of the Fund."

Shareholder Transaction Expenses

Sales load paid by you (as a percentage of offering price)	4.50%
Expenses borne by the Fund (as a percentage of offering price)20% (1)
Dividend Reinvestment Plan fees.....	None(2)
	<u>Percentage of Net Assets Attributable to Common Shares</u>

Annual Expenses

Investment Management fees75%
Other expenses21%
Interest payments on borrowed funds	<u>None</u>
Total annual fund operating expenses	<u>.96%</u>

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- (1) The Investment Manager has also agreed to pay all organizational expenses and offering costs (other than the sales load) of the Fund that exceed \$.04 per Common Share (.20% of the offering price).
 - (2) Common Shares purchased by the Plan Agent will be subject to an estimated \$.10 per share brokerage commission. Also, a Common Shareholder who directs the Plan Agent to sell shares held in a dividend reinvestment account will pay a \$15.00 fee plus an estimated \$.10 per share brokerage commission.

The following example illustrates the expenses (including the sales load of \$45 and estimated offering expenses of this offering of \$2) that you would pay on a \$1,000 investment in Common Shares, assuming (1) total net annual expenses of .99% of net assets attributable to Common Shares and (2) a 5% annual return:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Total Expenses Incurred	\$56	\$76	\$98	\$159

The above examples should not be considered a representation of future expenses. Actual expenses may be higher or lower. The example assumes that the estimated "Other Expenses" set forth in the Annual Expenses table are accurate and that all dividends and distributions are reinvested at net asset value. Actual expenses may be greater or less than those assumed. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

THE FUND

Cohen & Steers Dividend Majors Fund, Inc. is a newly organized, diversified, closed-end management investment company. The Fund was organized as a Maryland corporation on September 13, 2004 and is registered as an investment company under the 1940 Act. As a newly organized entity, the Fund has no operating history. The Fund's principal office is located at 757 Third Avenue, New York, New York 10017, and its telephone number is (212) 832-3232.

USE OF PROCEEDS

We estimate the net proceeds of this offering, after deducting organization expenses and offering costs (other than the sales load) that do not exceed \$.04 per Common Share, to be \$224,908,000, or \$258,644,200 assuming exercise of the overallotment option in full. The net proceeds will be invested in accordance with the policies set forth under "Investment Objective and Policies." A portion of the organization and offering expenses of the Fund has been advanced by the Investment Manager and will be repaid by the Fund upon closing of this offering. The Investment Manager will incur and be responsible for all of the Fund's organization expenses and offering costs (other than the sales load) that exceed \$.04 per Common Share.

We estimate that the net proceeds of this offering will be fully invested in accordance with our investment objective and policies within three to six months of the initial public offering. Pending such investment, those proceeds may be invested in U.S. Government securities or high-quality, short-term money market instruments. See "Investment Objective and Policies."

INVESTMENT OBJECTIVE AND POLICIES

General

The Fund's investment objective is to achieve high total return consisting of dividend income and capital appreciation. The Fund is not intended as a complete investment program. There can be no assurance that the Fund will achieve its investment objective. At any time, under normal circumstances, at least 80%, and generally substantially all, of the Fund's total assets will be invested in dividend-paying common stocks issued by real estate companies, such as REITs, and Quantitative Dividend Strategy Stocks.

Under normal market conditions, the Fund will invest:

- at least 35%, but no more than 65%, of its total assets in common stocks issued by real estate companies, such as REITs; and
- at least 35%, but no more than 65%, of its total assets in Quantitative Dividend Strategy Stocks.

The Fund's concentration of investments in the real estate industry makes the Fund more susceptible to adverse economic or regulatory occurrences affecting that industry. See "Principal Risks of the Fund—Special Risks of Securities Linked to the Real Estate Market."

Under normal market conditions, the Fund intends to invest at least 35% of its total assets in income producing common stocks issued by REITs and other real estate companies. Substantially all of the common stocks issued by REITs in which the Fund intends to invest are traded on a national securities exchange or in the over-the-counter market. A real estate company derives at

least 50% of its revenue from real estate or has at least 50% of its assets in real estate. A REIT is a company dedicated to owning, and usually operating, income producing real estate, or to financing real estate. REITs are generally not taxed on income distributed to shareholders provided they distribute to their shareholders substantially all of their taxable income (other than net capital gains) and otherwise comply with the requirements of the Code. As a result, REITs generally pay relatively higher dividends (as compared to other types of companies). It is the Fund's current intention to initially invest approximately 35% of its total assets in common stocks of REITs and other real estate companies, although the actual percentage in its portfolio may change.

Currently, Quantitative Dividend Strategy Stocks must meet the five criteria described below:

- issued by a company having securities outstanding with an “investment-grade” or better rating by a Nationally Recognized Statistical Rating Organization;
- an average daily dollar volume of trading, during the last three calendar months prior to purchase, of more than \$10,000,000;
- the same or an increasing level of regular quarterly dividends in each of the last five years prior to purchase;
- a dividend payout ratio that is less than 65% of the company's operating earnings; and
- the potential to generate qualified dividend income for federal income tax purposes.

These criteria may be modified or amended from time to time by the Investment Manager in response to changes in market conditions in order to continue to seek to achieve the Fund's investment objective.

The Investment Manager intends to invest the Fund's portfolio of Quantitative Dividend Strategy Stocks, in varying portions, in the 50 Quantitative Dividend Strategy Stocks that the Investment Manager has identified that have the highest dividend yields, as discussed below.

The Fund will invest a significant portion, but less than 25%, of its total assets in the securities of companies principally engaged in each of the financial services or utility industries; this policy of investing in the financial services and utility industries, and the Fund's concentration of its investments in the real estate industry, make the Fund more susceptible to adverse economic or regulatory occurrences affecting these sectors. The Fund also may invest up to 15% of its total assets in securities of foreign issuers. Dividend income the Fund receives from foreign securities may not be eligible for the special tax treatment applicable to qualified dividend income.

The Fund's investment objective and certain other policies are fundamental and may not be changed without the approval of the holders of a “majority of the outstanding” Common Shares voting together. When used with respect to particular shares of the Fund, a “majority of the outstanding” shares means (i) 67% or more of the shares present at a meeting, if the holders of more than 50% of the shares are present or represented by proxy, or (ii) more than 50% of the shares, whichever is less. Unless otherwise indicated, the Fund's investment policies are not fundamental and may be changed by the Board of Directors without the approval of shareholders, although we have no current intention of doing so.

Investment Strategies

In making investment decisions with respect to common stocks issued by REITs and other real estate companies, the Investment Manager relies on a fundamental analysis of each company.

Securities are evaluated for their potential to provide an attractive total return through a combination of dividend income and capital appreciation. The Investment Manager reviews each company's potential for success in light of the company's industry and sector position, and economic and market conditions. The Investment Manager evaluates a number of company-specific factors, including quality of management, financial condition, corporate governance, business plan, and cash flow and dividend growth potential. The Investment Manager evaluates each securities' valuation on the basis of price/cash flow multiple, price/net asset value and dividend yield.

In making investment decisions with respect to Quantitative Dividend Strategy Stocks, the Investment Manager utilizes an investment process that is designed to identify dividend-paying common stocks that present an opportunity for capital appreciation. This investment process focuses on the common stocks of U.S.-domiciled companies trading on The New York Stock Exchange, American Stock Exchange or The NASDAQ Stock Market. Companies are considered by the Investment Manager to be "U.S.-domiciled" if their principal place of business is located in the United States or its territories. Currently, the Investment Manager considers for possible investment only common stocks that meet the five criteria described below.

Investment Grade Rating. To be eligible for purchase, a common stock must be issued by a company with securities outstanding with an "investment grade" or better rating as determined by any one of the rating agencies that have been designated as Nationally Recognized Statistical Rating Organizations ("NRSROs") by the Securities and Exchange Commission. A rating agency is designated as an NRSRO by the Securities and Exchange Commission upon a review of its operations, position in the marketplace and other criteria, particularly national recognition of the agency as an issuer of credible and reliable ratings. There are currently only four NRSROs—Dominion Bond Rating Service Ltd., Fitch, Inc., Moody's Investors Service and Standard & Poor's Division of The McGraw Hill Companies Inc. An NRSRO typically provides ratings that indicate its opinion on the creditworthiness of an entity and the financial obligations (such as, bonds, preferred stock, and commercial paper) issued by an entity. An "investment-grade" or better rating from an NRSRO usually means that it is rated in the top four rating categories of the NRSRO. An NRSRO's rating is based on current information furnished by the entity or published financial information.

Daily Trading Volume Greater than \$10 million. A common stock must have an average daily dollar volume of trading of at least \$10,000,000 during the past three calendar months prior to purchase. The average daily dollar trading volume of a common stock is determined by reference to any independent source that the Investment Manager determines to be reliable.

Five-year Dividend History. A common stock must have provided its shareholders with the same or an increasing amount of regular quarterly dividends (on a per share basis) over the last five-year period prior to purchase. The Investment Manager may consider company-issued data as well as other independent sources of information that the Investment Manager determines to be reliable when measuring the per share quarterly dividends issued by a company.

Minimum Dividend Payout Ratio. A common stock must have a dividend payout ratio that is less than 65% of its company's operating earnings. A dividend payout ratio is defined, for these purposes, as the percentage of earnings that are paid to the company's shareholders in dividends over the same annual basis period and generally provides an idea of how well earnings support the dividend payments. It is generally calculated by dividing the current annualized dividend per share by the forward operating earnings per share using consensus estimates (as appropriate). The

Investment Manager will consider company-issued data as well as other independent sources of information that the Investment Manager determines to be reliable in measuring a company's dividend payout ratio.

Qualified Dividend Income. The Investment Manager considers for investment common stocks that, in the Investment Manager's judgment, have the potential to generate "qualified dividend income" for U.S. federal income tax purposes. The Investment Manager will seek to invest in only those common stocks that, in the Investment Manager's view, are likely to provide such dividend income. This criteria tends to eliminate certain investments, such as, for example, REITs, because they are unlikely to issue dividends constituting qualified dividend income for the Fund.

The Investment Manager then ranks the common stocks that meet its investment criteria, which the Fund expects to be at least 50 in number, in descending order of their dividend yields. The Investment Manager intends to invest the Fund's total assets, in varying proportions, in the 50 common stocks that have the highest dividend yields. The Investment Manager expects that it will invest between 1% and 3% of the Fund's total assets in each of these 50 common stocks. In the event that the Investment Manager is unable to find at least 50 common stocks that meet the investment criteria or 50 common stocks that are suitable investments, the Investment Manager may invest in a smaller number of stocks. The Investment Manager will not invest, however, 25% or more of its total assets in the securities of issuers in any one industry except in the real estate industry.

These criteria may be modified or amended from time to time by the Investment Manager in response to changes in market conditions in order to continue to seek to achieve the Fund's investment objective.

The Investment Manager expects to reassess (using its investment criteria) and rebalance the Fund's portfolio of Quantitative Dividend Strategy Stocks, as necessary, on at least an annual basis, but as frequently as the Investment Manager deems appropriate.

The Investment Manager may, but need not, sell any investment prior to its next expected portfolio rebalancing if it determines that such a sale would be in the best interests of the Fund and its shareholders. The Investment Manager also may, but need not, sell any investment, which met the Investment Manager's criteria at the time of investment, but no longer continues to meet the Investment Manager's investment criteria.

Portfolio Composition

Our portfolio will be composed principally of the following investments. A more detailed description of our investment policies and restrictions and more detailed information about our portfolio investments are contained in the SAI.

Initial Portfolio Composition. Initially, the Fund intends to allocate approximately 35% of the Fund's total assets to common stocks issued by real estate companies, such as REITs, and approximately 65% to Quantitative Dividend Strategy Stocks. Thereafter, the portion of the Fund's total assets invested in common stocks issued by REITs and other real estate companies and in Quantitative Dividend Strategy Stocks will vary from time to time, consistent with the Fund's investment objective, although the Fund will normally invest at least 35%, but not more than 65%, of its total assets in common stock issued by real estate companies, such as REITs, and at least 35%, but not more than 65%, of its total assets in Quantitative Dividend Strategy Stocks. At any

time, under normal circumstances at least 80% of the Fund's total assets will be invested in dividend-paying common stocks issued by real estate companies, such as REITs, and Quantitative Dividend Strategy Stocks.

Common Stocks Issued By REITs and Real Estate Companies. For purposes of our investment policies, a real estate company is one that:

- derives at least 50% of its revenues from the ownership, construction, financing, management or sale of commercial, industrial or residential real estate; or
- has at least 50% of its assets in such real estate.

Common stocks represent the residual ownership interest in the issuer and holders of common stock are entitled to the income and increase in the value of the assets and business of the issuer after all of its debt obligations and obligations to preferred stockholders are satisfied. Common stocks generally have voting rights. Common stocks fluctuate in price in response to many factors including historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

A REIT is a company dedicated to owning, and usually operating, income producing real estate, or to financing real estate. REITs pool investors' funds for investment primarily in income producing real estate or real estate-related loans or interests. REITs are generally not taxed on income distributed to shareholders provided, among other things, they distribute to their shareholders substantially all of their taxable income (other than net capital gains) for each taxable year. As a result, REITs tend to pay relatively higher dividends than other types of companies and the Fund intends to use these REIT dividends in an effort to meet the dividend income goal of its investment objective.

REITs can generally be classified as Equity REITs, Mortgage REITs and Hybrid REITs. Equity REITs, which invest the majority of their assets directly in real property, derive their income primarily from rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs, which invest the majority of their assets in real estate mortgages, derive their income primarily from interest payments. Hybrid REITs combine the characteristics of both Equity REITs and Mortgage REITs. The Fund does not currently intend to invest more than 10% of its total assets in Mortgage REITs or Hybrid REITs.

The Fund's concentration of investments in the real estate industry makes the Fund more susceptible to adverse economic or regulatory occurrences affecting that industry. See "Principal Risks of the Fund—Special Risks of Securities Linked to the Real Estate Market."

Other Common Stocks. The Fund will invest in Quantitative Dividend Strategy Stocks issued by dividend-paying corporate issuers. As discussed above, common stocks represent the residual ownership interest in the issuer and holders of common stock are entitled to the income and increase in the value of the assets and business of the issuer after all of its debt obligations and obligations to preferred stockholders are satisfied. Common stocks generally have voting rights. Common stocks fluctuate in price in response to many factors including historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

Under normal market conditions, the Fund will invest in Quantitative Dividend Strategy Stocks that generally pay qualified dividend income. Pursuant to recently enacted legislation, individuals will generally be taxed at long-term capital gain rates on qualified dividend income.

The Fund generally can pass the tax treatment of qualified dividend income it receives through to shareholders, provided that holding period and other requirements are met by both the Fund and the shareholders. In addition, such securities may also qualify for the DRD under Section 243 of the Code. The DRD generally allows corporations to deduct from their income 70% of dividends received. Corporate shareholders are generally permitted to claim a deduction with respect to that portion of their distributions attributable to amounts received by the Fund that qualify for the DRD.

Financial Services Company Securities. The Fund intends to invest a significant portion, but less than 25%, of its total assets in securities issued by companies “principally engaged” in the financial services industry. A company is “principally engaged” in financial services if it derives at least 50% of its consolidated revenues from providing financial services. Companies in the financial services sector include commercial banks, industrial banks, savings institutions, finance companies, diversified financial services companies, investment banking firms, securities brokerage houses, investment advisory companies, leasing companies, insurance companies and companies providing similar services.

Utility Company Securities. The Fund intends to invest a significant portion, but less than 25%, of its total assets, in the securities of companies principally engaged in the utility industry. Utility companies derive at least 50% of their revenues from, or have at least 50% of their assets committed to, the generation, transmission, sale or distribution of electric energy; distribution, purification and treatment of water; production, transmission or distribution of natural gas; and provision of communications services, including cable television, satellite, microwave, radio, telephone and other communications media.

Foreign Securities. The Fund may invest up to 15% of its total assets in securities of non-U.S. issuers. The Fund may invest in any region of the world and invests in companies operating in developed countries such as Canada, Japan, Australia, New Zealand and most Western European countries. The Fund does not intend to invest in companies based in emerging markets such as the Far East, Latin America and Eastern Europe, but to the extent it does, the Fund will not invest more than 10% of its total assets in such securities. The World Bank and other international agencies define emerging markets based on such factors as trade initiatives, per capita income and level of industrialization. For purposes of this 15% limitation, non-U.S. securities include securities represented by American Depository Receipts.

Other Investment Companies. The Fund may invest in securities of other open- or closed-end investment companies, including exchange traded funds, that invest primarily in securities of the types in which the Fund may invest directly. The Fund generally expects to invest in other investment companies either during periods when it has large amounts of uninvested cash, such as the period shortly after the Fund receives the proceeds of the offering of its Common Shares, or during periods when there is a shortage of attractive opportunities in the market. As a shareholder in an investment company, the Fund would bear its ratable share of that investment company’s expenses, and would remain subject to payment of the Fund’s advisory and other fees and expenses with respect to assets so invested. Holders of Common Shares would therefore be subject to duplicative expenses to the extent the Fund invests in other investment companies. The Investment Manager will take expenses into account when evaluating the investment merits of an investment in an investment company relative to available bond investments. Investment companies may have investment policies that differ from those of the Fund. In addition, to the extent the

Fund invests in other investment companies, the Fund will be dependent upon the investment and research abilities of persons other than the Investment Manager.

Portfolio Turnover. The Fund may engage in portfolio trading when considered appropriate, but short-term trading will not be used as the primary means of achieving the Fund's investment objective. There are no limits on portfolio turnover, and investments may be sold without regard to length of time held when, in the opinion of the Investment Manager, investment considerations warrant such action. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to shareholders, will be taxable as ordinary income.

Defensive Position. When the Investment Manager believes that market or general economic conditions justify a temporary defensive position, we may deviate from our investment objective and invest all or any portion of our assets in investment grade debt securities. When and to the extent we assume a temporary defensive position, we may not pursue or achieve our investment objective.

Short-Term Investments. When the Fund sells any investment prior to its next expected portfolio rebalancing, receives distributions from companies whose common stock it owns or is unable to find suitable investments for the Fund, it may invest in short-term, high quality fixed income securities and money market instruments, or in cash and cash equivalents (collectively referred to as "Short-Term Investments"). These Short-Term Investments are short-term debt obligations and similar securities and include: (1) securities issued or guaranteed as to interest and principal by the U.S. government or one of its agencies or instrumentalities; (2) debt obligations of U.S. banks, savings associations, insurance companies and mortgage bankers; (3) commercial paper and other short term obligations of corporations, partnerships, trusts and similar entities; (4) repurchase agreements; and (5) other investment companies that invest principally in money market instruments. Money market instruments include longer-term bonds that have variable interest rates or other special features that give them the financial characteristics of short term debt. The Fund also may hold cash and cash equivalents and may invest in participation interests in the money market securities mentioned above without limitation.

PRINCIPAL RISKS OF THE FUND

We are a diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that we will achieve our investment objective.

No Operating History

The Fund is a newly organized, diversified, closed-end management investment company with no operating history.

Investment Risk

An investment in the Fund is subject to investment risk, including the possible loss of the entire amount that you invest.

Market Risk

Your investment in Common Shares represents an indirect investment in the common stock and other securities owned by the Fund, substantially all of which are traded on a national securities exchange or in the over-the-counter markets. The value of these securities, like other investments, may move up or down, sometimes rapidly and unpredictably. Your Common Shares at any point in time may be worth less than what you invested, even after taking into account the reinvestment of Fund dividends and distributions.

Common Stock Risk

The Fund invests principally in the dividend-paying common stocks of REITs and other real estate companies and in Quantitative Dividend Strategy Stocks. Common stocks are subject to special risks. Although common stocks have historically generated higher average returns than fixed-income securities over the long-term, common stocks also have experienced significantly more volatility in returns. Common stocks may be more susceptible to adverse changes in market value due to issuer specific events or general movements in the equities markets. A drop in the stock market may depress the price of common stocks held by the Fund. Common stock prices fluctuate for many reasons, including changes in investors' perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or the occurrence of political or economic events affecting issuers. For example, an adverse event, such as an unfavorable earnings report, may depress the value of common stock in which the Fund has invested; the price of common stock of an issuer may be particularly sensitive to general movements in the stock market; or a drop in the stock market may depress the price of most or all of the common stocks held by the Fund. Also, common stock of an issuer in the Fund's portfolio may decline in price if the issuer fails to make anticipated dividend payments because, among other reasons, the issuer of the security experiences a decline in its financial condition. The common stocks in which the Fund will invest are structurally subordinated to preferred securities, bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and assets, and, therefore, will be subject to greater risk than the preferred securities or debt instruments of such issuers. In addition, common stock prices may be sensitive to rising interest rates as the costs of capital rise and borrowing costs increase.

Special Risks of Securities Linked to the Real Estate Market

At least 35%, but no more than 65%, of the Fund's total assets will be concentrated in common stock of real estate companies, which will consist primarily of REITs. The Fund will not invest in real estate directly, but only in securities issued by real estate companies or REITs. However, because of the Fund's policy of concentration in the securities of companies in the real estate industry, the Fund is also subject to the risks associated with the direct ownership of real estate. These risks include:

- declines in the value of real estate;
- risks related to general and local economic conditions;
- possible lack of availability of mortgage funds;
- overbuilding;

- extended vacancies of properties;
- increased competition;
- increases in property taxes and operating expenses;
- changes in zoning laws;
- losses due to costs resulting from the clean-up of environmental problems;
- liability to third parties for damages resulting from environmental problems;
- casualty or condemnation losses;
- limitations on rents;
- changes in neighborhood values and the appeal of properties to tenants; and
- changes in interest rates.

Thus, the value of the Common Shares may change at different rates compared to the value of shares of a registered investment company with investments in a mix of different industries and will depend on the general condition of the economy. An economic downturn could have a material adverse effect on the real estate markets and on real estate companies in which the Fund invests, which in turn could result in the Fund not achieving its investment objective.

General Real Estate Risks. Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as applicable laws (*e.g.*, Americans with Disabilities Act and tax laws), interest rate levels and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of the real estate company to make payments of any interest and principal on its debt securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by the portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of real estate companies to vary their portfolios promptly in response to changes in economic or other conditions is limited. A real estate company may also have joint venture investments in certain of its properties and, consequently, its ability to control decisions relating to such properties may be limited.

Real property investments are also subject to risks which are specific to the investment sector or type of property in which the real estate companies are investing.

Retail Properties. Retail properties are affected by the overall health of the applicable economy. A retail property may be adversely affected by the growth of alternative forms of retailing, bankruptcy, decline in drawing power, departure or cessation of operations of an anchor tenant, a shift in consumer demand due to demographic changes, and/or changes in consumer preference (for example, to discount retailers) and spending patterns. A retail property may also be adversely affected if a significant tenant ceases operation at such location, voluntarily or

otherwise. Certain tenants at retail properties may be entitled to terminate their leases if an anchor tenant ceases operations at such property.

Office Properties. Office properties generally require their owners to expend significant amounts for general capital improvements, tenant improvements and costs of reletting space. In addition, office properties that are not equipped to accommodate the needs of modern businesses may become functionally obsolete and thus noncompetitive. Office properties are affected by the overall health of the economy as well as economic declines in the businesses operated by their tenants. The risks of such an adverse effect is increased if the property revenue is dependent on a single tenant or if there is a significant concentration of tenants in a particular business or industry.

Hotel Properties. The risks of hotel properties include, among other things, the necessity of a high level of continuing capital expenditures to keep necessary furniture, fixtures and equipment updated, competition from other hotels, increases in operating costs (which increases may not necessarily be offset in the future by increased room rates), dependence on business and commercial travelers and tourism, increases in fuel costs and other expenses of travel, changes to regulation of operating, liquor and other licenses, and adverse effects of general and local economic conditions. Due to the fact that hotel rooms are generally rented for short periods of time, hotel properties tend to be more sensitive to adverse economic conditions and competition than many other commercial properties.

Also, hotels may be operated pursuant to franchise, management and operating agreements that may be terminable by the franchiser, the manager or the operator. Contrarily, it may be difficult to terminate an ineffective operator of a hotel property subsequent to a foreclosure of such property.

Healthcare Properties. Healthcare properties and healthcare providers are affected by several significant factors including federal, state and local laws governing licenses, certification, adequacy of care, pharmaceutical distribution, medical rates, equipment, personnel and other factors regarding operations; continued availability of revenue from government reimbursement programs (primarily Medicaid and Medicare); and competition in terms of appearance, reputation, quality and cost of care with similar properties on a local and regional basis.

These governmental laws and regulations are subject to frequent and substantial changes resulting from legislation, adoption of rules and regulations, and administrative and judicial interpretations of existing law. Changes may also be applied retroactively and the timing of such changes cannot be predicted. The failure of any healthcare operator to comply with governmental laws and regulations may affect its ability to operate its facility or receive government reimbursement. In addition, in the event that a tenant is in default on its lease, a new operator or purchaser at a foreclosure sale will have to apply in its own right for all relevant licenses if such new operator does not already hold such licenses. There can be no assurance that such new licenses could be obtained, and consequently, there can be no assurance that any healthcare property subject to foreclosure will be disposed of in a timely manner.

Multifamily Properties. The value and successful operation of a multifamily property may be affected by a number of factors such as the location of the property, the ability of management to provide adequate maintenance and insurance, types of services provided by the property, the level of mortgage rates, presence of competing properties, the relocation of tenants to new projects with better amenities, adverse economic conditions in the locale, the amount of rent charged and oversupply of units due to new construction. In addition, multifamily properties may be subject to

rent control laws or other laws affecting such properties, which could impact the future cash flows of such properties.

Insurance Issues. Certain of the portfolio companies may, in connection with the issuance of securities, have disclosed that they carry comprehensive liability, fire, flood, earthquake extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. However such insurance is not uniform among the portfolio companies. Moreover, there are certain types of extraordinary losses that may be uninsurable, or not economically insurable. Certain of the properties may be located in areas that are subject to earthquake activity for which insurance may not be maintained. Should a property sustain damage as a result of an earthquake, even if the portfolio company maintains earthquake insurance, the portfolio company may incur substantial losses due to insurance deductibles, co-payments on insured losses or uninsured losses. Should any type of uninsured loss occur, the portfolio company could lose its investment in, and anticipated profits and cash flows from, a number of properties and, as a result, would impact the Fund's investment performance.

Credit Risk. REITs may be highly leveraged and financial covenants may affect the ability of REITs to operate effectively. The portfolio companies are subject to risks normally associated with debt financing. If the principal payments of a REIT's debt cannot be refinanced, extended or paid with proceeds from other capital transactions, such as new equity capital, the REIT's cash flow may not be sufficient to repay all maturing debt outstanding. In addition, a portfolio company's obligation to comply with financial covenants, such as debt-to-asset ratios and secured debt-to-total asset ratios, and other contractual obligations may restrict a REIT's range of operating activity. A portfolio company, therefore, may be limited from incurring additional indebtedness, selling its assets and engaging in mergers or making acquisitions, which may be beneficial to the operation of the REIT.

Environmental Issues. In connection with the ownership (direct or indirect), operation, management and development of real properties that may contain hazardous or toxic substances, a portfolio company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and liabilities for injuries to persons and property. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such portfolio company and, as a result, the amount available to make distributions on the shares could be reduced.

Smaller Companies. Even the larger REITs in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. There may be less trading in a smaller company's stock, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks. Smaller companies also may have fewer lines of business so that changes in any one line of business may have a greater impact on a smaller company's stock price than is the case for a larger company. Further, smaller company stocks may perform in different cycles than larger company stocks. Accordingly, REIT shares can be more volatile than—and at times will perform differently from—large company stocks such as those found in the Dow Jones Industrial Average. As of November 30, 2004, the market capitalization of REITs ranged in size from approximately \$4.0 million to approximately \$13.7 billion.

Tax Issues. REITs are subject to a highly technical and complex set of provisions in the Code. It is possible that the Fund may invest in a real estate company which purports to be a REIT and that the company could fail to qualify as a REIT. In the event of any such unexpected failure to qualify as a REIT, the company would be subject to corporate-level taxation, significantly reducing the return to the Fund on its investment in such company. REITs could possibly fail to qualify for tax free pass-through of income under the Code, or to maintain their exemptions from registration under the 1940 Act. The above factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to the REIT. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments.

General Risks of Securities Linked to the Financial Services Industry

The Fund intends to invest a significant portion, but less than 25%, of its total assets in securities of companies principally engaged in the financial services industry. A company is "principally engaged" in financial services if it owns financial services-related assets that are responsible for at least 50% of its revenues. Companies in the financial services sector include commercial banks, industrial banks, savings institutions, finance companies, diversified financial services companies, investment banking firms, securities brokerage houses, investment advisory companies, leasing companies, insurance companies and companies providing similar services. Because the Fund may invest such amounts in this sector, the Fund may be susceptible to adverse economic or regulatory occurrences affecting that sector.

Investing in the financial services sector includes the following risks:

- regulatory actions—financial services companies may suffer a setback if regulators change the rules under which they operate;
- changes in interest rates—unstable interest rates can have a disproportionate effect on the financial services sector;
- concentration of loans—financial services companies whose securities the Fund may purchase may themselves have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that sector; and
- competition—financial services companies have been affected by increased competition, which could adversely affect the profitability or viability of such companies.

General Risks of Securities Linked to the Utility Industry

The Fund intends to invest a significant portion, but less than 25%, of its total assets in securities of companies principally engaged in the utility industry. Because the Fund may invest such amounts in this sector, the Fund may be susceptible to adverse economic or regulatory occurrences affecting that sector. Investing in the utility sector includes the following risks:

- high interest costs in connection with capital construction and improvement programs;
- difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets;
- governmental regulation of rates charged to customers;
- costs associated with compliance with and changes in environmental and other regulations;

- effects of economic slowdowns and surplus capacity;
- increased competition from other providers of utility services;
- inexperience with and potential losses resulting from a developing deregulatory environment;
- costs associated with reduced availability of certain types of fuel, occasionally reduced availability and high costs of natural gas for resale and the effects of energy conservation policies, and the potential that costs incurred by the utility, such as the cost of fuel, change more rapidly than the rate the utility is permitted to charge its customers;
- effects of a national energy policy and lengthy delays and greatly increased costs and other problems associated with the design, construction, licensing, regulation and operation of nuclear facilities for electric generation, including, among other considerations, the problems associated with the use of radioactive materials and the disposal of radioactive wastes;
- technological innovations that may render existing plants, equipment or products obsolete; and
- potential impact of terrorist activities on the utility industry and its customers and the impact of natural or man-made disasters, including events such as the blackout that affected electric utility companies in many Mid-Atlantic and Midwest states in 2003.

Issuers in the utility industry may be subject to regulation by various governmental authorities and may be affected by the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. In addition, there are substantial differences between the regulatory practices and policies of various jurisdictions, and any given regulatory agency may make major shifts in policy from time to time. There is no assurance that regulatory authorities will, in the future, grant rate increases or that such increases will be adequate to permit the payment of dividends on preferred or common stocks. Prolonged changes in climatic conditions can also have a significant impact on both the revenues of an electric or gas utility as well as its expenses.

Foreign Securities Risks

Under normal market conditions, the Fund may invest up to 15% of its total assets in securities of foreign issuers (“Foreign Securities”). Typically, the Fund will not hold any Foreign Securities of issuers in so-called “emerging markets” (or lesser developed countries), but to the extent it does, the Fund will not invest more than 10% of its total assets in such securities. Investments in such securities are particularly speculative. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payments of principal and interest to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. Investing in Foreign Securities involves certain risks not involved in domestic investments, including, but not limited to:

- future foreign economic, financial, political and social developments;
- different legal systems;
- the possible imposition of exchange controls or other foreign governmental laws or restrictions;
- less governmental supervision;
- regulation changes;

- changes in currency exchange rates;
- less publicly available information about companies due to less rigorous disclosure or accounting standards or regulatory practices;
- high and volatile rates of inflation;
- fluctuating interest rates; and
- different accounting, auditing and financial record-keeping standards and requirements.

Dividend income the Fund receives from Foreign Securities may not be eligible for the special tax treatment applicable to qualified dividend income.

Investments in Foreign Securities, especially in emerging market countries, will expose the Fund to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities or in which the issuers are located. Certain countries in which the Fund may invest, especially emerging market countries, have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties and extreme poverty and unemployment. Many of these countries are also characterized by political uncertainty and instability. The cost of servicing external debt will generally be adversely affected by rising international interest rates because many external debt obligations bear interest at rates, which are adjusted based upon international interest rates. In addition, with respect to certain foreign countries, there is a risk of:

- the possibility of expropriation of assets;
- confiscatory taxation;
- difficulty in obtaining or enforcing a court judgment;
- economic, political or social instability; and
- diplomatic developments that could affect investments in those countries.

In addition, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as:

- growth of gross domestic product;
- rates of inflation;
- capital reinvestment;
- resources;
- self-sufficiency; and
- balance of payments position.

In addition, certain investments in Foreign Securities also may be subject to foreign withholding taxes.

Investing in securities of companies in emerging markets may entail special risks relating to potential political and economic instability and the risks of expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment, the lack of hedging instruments, and on repatriation of capital invested. Emerging securities markets are substantially smaller, less developed, less liquid and more volatile than the major securities markets. The limited size of emerging securities markets and limited trading value compared to the volume of trading in U.S. securities could cause prices to be erratic for reasons apart from factors that affect the quality

of the securities. For example, limited market size may cause prices to be unduly influenced by traders who control large positions. Adverse publicity and investors' perceptions, whether or not based on fundamental analysis, may decrease the value and liquidity of portfolio securities, especially in these markets. Many emerging market countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates and corresponding currency devaluations have had and may continue to have negative effects on the economies and securities markets of certain emerging market countries. Typically, the Fund will not hold any Foreign Securities of emerging market issuers and, if it does, such securities will not comprise more than 10% of the Fund's total assets.

As a result of these potential risks, the Investment Manager may determine that, notwithstanding otherwise favorable investment criteria, it may not be practicable or appropriate to invest in a particular country. The Fund may invest in countries in which foreign investors, including the Investment Manager, have had no or limited prior experience.

Interest Rate Risk

Because the Fund's investment strategy involves investing primarily in dividend-paying common stocks, market interest rates may affect—at times significantly—the value of the Fund's assets. As market interest rates rise, the values of securities that provide income to their shareholders, such as dividend-paying common stocks, tend to decline. Market interest rates are currently at relatively low levels and, therefore, the values of the securities held by the Fund may decline if market interest rates rise.

Tax Risk

The Fund's investment program and the tax treatment of Fund distributions may be affected by IRS interpretations of the Code, future changes in tax laws and regulations, including changes as a result of the "sunset" provisions that currently apply to the favorable tax treatment of qualified dividend income. There can be no assurance of what portion, if any, of the Fund's distributions will be entitled to the lower tax rates that apply to qualified dividend income. In addition, the Fund may invest in securities the Federal income tax treatment of which may not be clear or may be subject to recharacterization by the IRS. It could be more difficult for the Fund to comply with the tax requirements applicable to regulated investment companies if the tax characterization of the Fund's investments or the tax treatment of the income from such investments were successfully challenged by the IRS. See "Taxation."

Investments in Other Investment Companies

The Fund may invest in securities of other investment companies, subject to limitations imposed by the 1940 Act. The shares of other investment companies are subject to the management fees and other expenses of those companies, and the purchase of shares of some investment companies requires the payment of sales loads and (in the case of closed-end investment companies) sometimes substantial premiums above the value of such companies' portfolio securities or net asset values. The Fund would continue, at the same time, to pay its own fees and expenses with respect to all its investments, including shares of other investment companies. The Fund may invest in the shares of other investment companies when the potential

benefits of the investment outweigh the payment of any fees and expenses and, when applicable, premiums or sales loads.

Currency Devaluations and Fluctuations

The Fund may invest in non-dollar-denominated investments. A decline in the value of currencies in which the Fund's investments are denominated against the dollar will result in a corresponding decline in the dollar value of the Fund's assets. These declines will in turn affect the Fund's income and net asset value. The Fund will compute its income on the date of its receipt by the Fund at the exchange rate in effect with respect to the relevant currency on that date. If the value of the currency declines relative to the dollar between the date income is accrued and the date the Fund makes a distribution, the amount available for distribution to the Fund's shareholders would be reduced. If the exchange rate against the dollar of a currency in which a portfolio security of the Fund is denominated declines between the time the Fund accrues expenses in dollars and the time expenses are paid, the amount of the currency required to be converted into dollars in order to pay expenses in dollars will be greater than the equivalent amount in the currency of the expenses at the time they are incurred. A decline in the value of non-U.S. currencies relative to the dollar may also result in foreign currency losses that will reduce distributable net investment income.

Risk of Market Price Discount From Net Asset Value

Shares of closed-end investment companies frequently trade at a discount from their net asset value. This characteristic is a risk separate and distinct from the risk that the Fund's net asset value could decrease as a result of our investment activities and may be greater for investors expecting to sell their shares in a relatively short period following completion of this offering. Net asset value will be reduced immediately following the offering by the sales load and the amount of organizational and offering expenses paid by the Fund. Whether investors will realize gains or losses upon the sale of the shares will depend not upon the Fund's net asset value but entirely upon whether the market price of the shares at the time of sale is above or below the investor's purchase price for the shares. Because the market price of the shares will be determined by factors such as relative supply of and demand for shares in the market, general market and economic conditions, and other factors beyond the control of the Fund, we cannot predict whether the shares will trade at below or above net asset value, or at above or below the initial public offering price.

ADDITIONAL RISK CONSIDERATIONS

Inflation Risk

Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline.

Portfolio Turnover Risk

The Fund may engage in portfolio trading when considered appropriate. There are no limits on the rate of portfolio turnover. A higher turnover rate results in correspondingly greater brokerage commissions and other transitional expenses which are borne by the Fund.

Anti-Takeover Provisions

Certain provisions of our Articles of Incorporation and By-Laws could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to modify our structure. The provisions may also have the effect of depriving you of an opportunity to sell your shares at a premium over prevailing market prices and may have the effect of inhibiting conversion of the Fund to an open-end investment company. These include provisions for staggered terms of office for Directors, super-majority voting requirements for merger, consolidation, liquidation, termination and asset sale transactions, amendments to the Articles of Incorporation and conversion to open-end status. See “Description of Shares” and “Certain Provisions of the Articles of Incorporation and By-Laws.”

Market Disruption Risk

The aftermath of the war in Iraq and the continuing occupation of Iraq, instability in the Middle East and terrorist attacks in the United States and around the world have resulted in market volatility and may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the U.S. and worldwide. These events could also adversely affect individual issuers and interest rates, secondary trading, inflation and deflation. The Fund does not know how long the securities markets will continue to be affected by these events and cannot predict the effects of the occupation or similar events in the future on the U.S. economy and securities markets.

HOW THE FUND MANAGES RISK

The Fund has adopted certain investment limitations designed to limit investment risk. These limitations are fundamental and may not be changed without the approval of the holders of a majority of the outstanding Common Shares. Among other restrictions, the Fund may not invest more than 25% of its total assets in securities of issuers in any one industry except for the real estate industry. See “Investment Objective and Policies” in the SAI for a complete list of the fundamental and non-fundamental investment policies of the Fund.

MANAGEMENT OF THE FUND

The business and affairs of the Fund are managed under the direction of the Board of Directors. The Directors approve all significant agreements between the Fund and persons or companies furnishing services to it, including the Fund’s agreement with its Investment Manager, administrator, custodian and transfer agent. The management of the Fund’s day-to-day operations is delegated to its officers, the Investment Manager and the Fund’s administrator, subject always to the investment objective and policies of the Fund and to the general supervision of the Directors. The names and business addresses of the Directors and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under “Management of the Fund” in the SAI.

Investment Manager

Cohen & Steers Capital Management, Inc., with offices located at 757 Third Avenue, New York, New York 10017, has been retained to provide investment advice, and, in general, to

conduct the management and investment program of the Fund under the overall supervision and control of the Directors of the Fund. The Investment Manager was formed in 1986 and had approximately \$16.9 billion of assets under management as of October 31, 2004. Its current clients include pension plans, endowment funds, mutual funds and registered investment companies, including the Fund, Cohen & Steers REIT and Utility Income Fund, Inc., Cohen & Steers Select Utility Fund, Inc., Cohen & Steers Advantage Income Realty Fund, Inc., Cohen & Steers Quality Income Realty Fund, Inc., Cohen & Steers Premium Income Realty Fund, Inc., Cohen & Steers REIT and Preferred Income Fund, Inc. and Cohen & Steers Total Return Realty Fund, Inc., which are closed-end investment companies, and Cohen & Steers Institutional Realty Shares, Inc., Cohen & Steers Realty Shares, Inc., Cohen & Steers Realty Focus Fund, Inc., Cohen & Steers Realty Income Fund, Inc. and Cohen & Steers Utility Fund, Inc., which are open-end investment companies. The Investment Manager is a wholly owned subsidiary of Cohen & Steers, Inc., a publicly traded company whose common stock is listed on the New York Stock Exchange under the symbol “CNS.”

Investment Management Agreement

Under its Investment Management Agreement with the Fund, the Investment Manager furnishes a continuous investment program for the Fund’s portfolio, makes the day-to-day investment decisions for the Fund, and generally manages the Fund’s investments in accordance with the stated policies of the Fund, subject to the general supervision of the Board of Directors of the Fund. The Investment Manager also performs certain administrative services for the Fund and provides persons satisfactory to the Directors of the Fund to serve as officers of the Fund. Such officers, as well as certain other employees and Directors of the Fund, may be directors, officers or employees of the Investment Manager.

For its services under the Investment Management Agreement, the Fund will pay the Investment Manager a monthly management fee computed at the annual rate of .75% of the average daily net assets (*i.e.*, the net asset value of the Common Shares). In addition to the monthly management fee, the Fund pays all other costs and expenses of its operations, including compensation of its Directors, custodian, transfer agency and dividend disbursing expenses, legal fees, expenses of independent registered public accounting firms, expenses of repurchasing shares, listing expenses, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any.

The Fund’s portfolio managers are:

Martin Cohen—Mr. Cohen is a Director, President and Treasurer of the Fund. He is Co-Chairman and Co-Chief Executive Officer of Cohen & Steers Capital Management, Inc., the Fund’s Investment Manager. Mr. Cohen is a “controlling person” of the Investment Manager on the basis of his ownership of the common stock of the Investment Manager’s parent company.

Robert H. Steers—Mr. Steers is a Director, Chairman and Secretary of the Fund. He is Co-Chairman and Co-Chief Executive Officer of Cohen & Steers Capital Management, Inc., the Fund’s Investment Manager. Mr. Steers is a “controlling person” of the Investment Manager on the basis of his ownership of the common stock of the Investment Manager’s parent company.

Joseph M. Harvey—Mr. Harvey has been President of Cohen & Steers Capital Management, Inc., the Fund's Investment Manager, since 2003, and was Senior Vice President and Director of Investment Research prior thereto. Prior to joining Cohen & Steers in 1992, he was a vice president with Robert A. Stanger Co. for five years, where he was an analyst specializing in real estate and related securities for the firm's research and consulting activities.

James S. Corl—Mr. Corl has been with Cohen & Steers Capital Management, Inc., the Fund's Investment Manager, since 1997 and is currently a Senior Vice President and director of real estate investment strategy.

William F. Scapell—Mr. Scapell joined Cohen & Steers Capital Management, Inc., the Fund's Investment Manager, as a Senior Vice President in February 2003. Prior to joining Cohen & Steers, Mr. Scapell was a director in the fixed income research department of Merrill Lynch & Co., Inc., where he was also its chief strategist for preferred securities. Before joining Merrill Lynch & Co., Inc.'s research department, Mr. Scapell worked in Merrill Lynch Treasury with a focus on balance sheet management. Prior to working for Merrill Lynch & Co., Inc., Mr. Scapell was employed at the Federal Reserve Bank of New York in both bank supervision and monetary policy roles. Mr. Scapell is a Chartered Financial Analyst.

Robert S. Becker—Mr. Becker joined Cohen & Steers Capital Management, Inc., the Fund's Investment Manager, as a Senior Vice President in December 2003. Prior to joining Cohen & Steers, Mr. Becker was a co-portfolio manager of the Franklin Utilities Fund at Franklin Templeton Investments. Mr. Becker has previously held positions in equity research for the utility sector at Salomon Smith Barney and Scudder, Stevens and Clark.

Administration and Sub-Administration Agreement

Under its Administration Agreement with the Fund, the Investment Manager will have responsibility for providing administrative services and assisting the Fund with operational needs, including providing administrative services necessary for the operations of the Fund and furnishing office space and facilities required for conducting the business of the Fund.

In accordance with the Administration Agreement and with the approval of the Board of Directors of the Fund, the Fund has entered into an agreement with State Street Bank as sub-administrator under a Sub-Administration Agreement. Under the Sub-Administration Agreement, State Street Bank has assumed responsibility for certain fund administration services.

Under the Administration Agreement, the Fund pays the Investment Manager an amount equal to, on an annual basis, .04% of the Fund's average daily net assets. Under the Sub-Administration agreement, the Fund pays State Street Bank a monthly administration fee. The sub-administration fee paid by the Fund to State Street Bank is computed on the basis of the average daily net assets of all the funds in the Cohen & Steers fund complex at an annual rate equal to .03% of the first \$2.2 billion in assets, .02% of the next \$2.2 billion and .01% of assets in excess of \$4.0 billion, with a minimum fee per fund of \$120,000.

The aggregate fee paid by the Fund and the other funds in the Cohen & Steers fund complex to State Street Bank is computed by calculating the effective rate for all the funds and multiplying the monthly average net assets of each respective fund in the complex by that effective rate. For those funds with preferred shares outstanding, the monthly average net assets will be adjusted by the monthly average liquidation value of the preferred shares. The Fund is then responsible for its

pro rata amount of the aggregate administration fee. State Street Bank also serves as the Fund's custodian and The Bank of New York has been retained to serve as the Fund's transfer agent, dividend disbursing agent and registrar. See "Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar."

DIVIDENDS AND DISTRIBUTIONS

The Fund intends to distribute its net investment (ordinary) income on a monthly basis. At least annually, the Fund intends to distribute all of its net long-term capital gains, if any.

Level Rate Dividend Policy

Subject to the determination of the Board of Directors to implement a Managed Dividend Policy, as discussed below, commencing with the Fund's first dividend, the Fund intends to make regular monthly distributions to Common Shareholders at a fixed rate per Common Share based on the projected performance of the Fund, which rate may be adjusted from time to time. The Fund's Board of Directors has initially determined to pay monthly distribution on each Common Share at an annual rate of 6% of the initial public offering price per Common Share. The Fund's ability to maintain a level rate dividend rate will depend on a number of factors, including the stability of income received from its investments. Over time, all the net investment income of the Fund will be distributed. Initial distributions to Common Shareholders are expected to be declared approximately 45 days, and paid approximately 60 to 90 days, from the completion of this offering, depending upon market conditions. The net income of the Fund will primarily consist of all dividend and interest income accrued on portfolio assets less all expenses of the Fund. Expenses of the Fund are accrued each day. In addition, the Fund currently expects that a portion of the cash flow it receives from real estate companies will later be characterized as a non-taxable return of capital to the Fund. In that event, amounts distributed to Fund shareholders may have to be subsequently recharacterized as a return of capital for tax purposes. See "Taxation."

To permit the Fund to maintain a more stable monthly distribution, the Fund may initially distribute less than the entire amount of net investment income earned in a particular period. The undistributed net investment income may be available to supplement future distributions. As a result, the distributions paid by the Fund for any particular monthly period may be more or less than the amount of net investment income actually earned by the Fund during the period and the Fund may have to sell a portion of its investment portfolio to make a distribution at a time when independent investment judgment might not dictate such action. Undistributed net investment income is included in the Common Shares' net asset value and, correspondingly, distributions from net investment income will reduce the Common Shares' net asset value.

Managed Dividend Policy

The Fund has filed an exemptive application with the Securities and Exchange Commission seeking an order under the 1940 Act facilitating the implementation of a Managed Dividend Policy. If, and when, the Fund receives the requested relief, the Fund may, subject to the determination of its Board of Directors, implement a Managed Dividend Policy.

Under a Managed Dividend Policy, the Fund, would intend to make monthly distributions to Common Shareholders at a fixed rate per Common Share or a fixed percentage of net asset value

that may include periodic distributions of long-term capital gains. Under a Managed Dividend Policy, if, for any monthly distribution, ordinary income (that is, net investment income and any net short-term capital gain) and net realized capital gains were less than the amount of the distribution, the difference would be distributed from the Fund's assets. If, for any fiscal year, the total distributions exceeded ordinary income and net realized capital gains (the "Excess"), the Excess distributed from the Fund's assets would generally be treated as a tax-free return of capital up to the amount of the Common Shareholder's tax basis in Common Shares, with any amounts exceeding such basis treated as gain from the sale of Common Shares. The Excess, however, would be treated as ordinary dividend income to the extent of the Fund's current and accumulated earnings and profits. As with the Level Rate Dividend Policy, the Fund currently expects that a portion of the cash flow it receives from real estate companies will later be characterized as a non-taxable return of capital to the Fund. In that event, amounts distributed to Fund shareholders may have to be subsequently recharacterized as a return of capital for tax purposes. Pursuant to the requirements of the 1940 Act and other applicable laws, a notice would accompany each monthly distribution with respect to the estimated source of the distribution made. See "Taxation."

In the event the Fund's distributions in a year included the Excess, such distribution would decrease the Fund's total assets and, as a result, will have the likely effect of increasing the Fund's expense ratio. There is a risk that the Fund would not eventually realize capital gains in an amount corresponding to a distribution of the Excess. In addition, in order to make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action.

There is no guarantee that the Fund will receive an exemptive order facilitating the implementation of a Managed Dividend Policy or, if received, that the Board of Directors will implement a Managed Dividend Policy. The Board of Directors reserves the right to change the dividend policy from time to time.

Dividend Reinvestment Plan

The Fund has a Dividend Reinvestment Plan (the "Plan") commonly referred to as an "opt-out" plan. Each Common Shareholder will have all distributions of dividends and capital gains automatically reinvested in additional Common Shares by The Bank of New York as agent for shareholders pursuant to the Plan (the "Plan Agent"), unless they elect to receive cash. Shareholders will have their dividends reinvested in additional Common Shares purchased in the open market or issued by the Fund through the Fund's Dividend Reinvestment Plan, unless they elect to have their dividends and other distributions paid in cash. Common Shareholders whose Common Shares are held in the name of a broker or nominee should contact the broker or nominee to confirm that the dividend reinvestment service is available.

The Plan Agent serves as agent for the Common Shareholders in administering the Plan. After the Fund declares a dividend or makes a capital gain distribution, the Plan Agent will, as agent for the participants, either (i) receive the cash payment and use it to buy Common Shares in the open market, on the New York Stock Exchange or elsewhere for the participants' accounts or (ii) distribute newly issued Common Shares of the Fund on behalf of the participants. The Plan Agent will receive cash from the Fund with which to buy Common Shares in the open market if, on the determination date, the net asset value per share exceeds the market price per share plus

estimated brokerage commissions of \$.10 per share on that date. The Plan Agent will receive the dividend or distribution in newly issued Common Shares of the Fund if, on the determination date, the market price per share plus estimated brokerage commissions of \$.10 per share equals or exceeds the net asset value per share of the Fund on that date. The number of shares to be issued will be computed at a per share rate equal to the greater of (i) the net asset value or (ii) 95% of the closing market price per share on the payment date.

Participants in the Plan may withdraw from the Plan upon written notice to the Plan Agent. When a participant withdraws from the Plan or upon termination of the Plan as provided below, certificates for whole Common Shares credited to his or her account under the Plan will be issued and any fraction of a Common Share will be sold on the open market at the prevailing market price less an estimated \$.10 per share commission. If the transaction fees and commissions exceed the proceeds from the sale of the fractional share, you will receive a transaction advice instead of a check. In the alternative, upon receipt of the participant's instructions, Common Shares will be sold and the proceeds sent to the participant less an estimated \$.10 per share and any applicable taxes.

The Plan Agent maintains each Common Shareholder's account in the Plan and furnishes confirmations of all acquisitions made for the participant as soon as practicable but no later than 60 days after such acquisition. Common Shares in the account of each Plan participant will be held by the Plan Agent on behalf of the participant. Proxy material relating to shareholders' meetings of the Fund will include those shares purchased as well as shares held pursuant to the Plan.

In the case of shareholders, such as banks, brokers or nominees, which hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholders as representing the total amount registered in the record shareholder's name and held for the account of beneficial owners who are participants in the Plan. Common Shares may be purchased through any of the underwriters, acting as broker or, after the completion of this offering, dealer.

The Plan Agent's fees for the handling of reinvestment of dividends and other distributions will be paid by the Fund. Each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of distributions. There are no other charges to participants for reinvesting dividends or capital gain distributions. A Common Shareholder who directs the Plan Agent to sell shares held in a dividend reinvestment account will pay a \$15.00 fee plus \$.10 per share brokerage commission. Purchases and/or sales are usually made through a broker affiliated with The Bank of New York.

The automatic reinvestment of dividends and other distributions will not relieve participants of any income tax that may be payable or required to be withheld on such dividends or distributions. See "Taxation."

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan as applied to any distribution paid subsequent to written notice of the change sent to all shareholders of the Fund at least 90 days before the record date for the dividend or distribution. The Plan also may be amended or terminated by the Plan Agent by at least 90 days' written notice to all shareholders of the Fund. All correspondence concerning the Plan should be directed to the Plan Agent by telephone at 1-800-432-8224.

CLOSED-END FUND STRUCTURE

The Fund is a newly organized, diversified management investment company (commonly referred to as a closed-end fund). Closed-end funds differ from open-end funds (which are generally referred to as mutual funds) in that closed-end funds generally list their shares for trading on a stock exchange and do not redeem their shares at the request of the shareholder. This means that if you wish to sell your shares of a closed-end fund, you must trade them on the market like any other stock at the prevailing market price at that time. In a mutual fund, if the shareholder wishes to sell shares, the mutual fund will redeem or buy back the shares at “net asset value.” Mutual funds generally offer new shares on a continuous basis to new investors, and closed-end funds generally do not. The continuous inflows and outflows of assets in a mutual fund can make it difficult to manage the fund’s investments. By comparison, closed-end funds are generally able to stay fully invested in securities that are consistent with their investment objective, and also have greater flexibility to make certain types of investments, and to use certain investment strategies, such as financial leverage.

Shares of closed-end funds frequently trade at a discount to their net asset value. See “Principal Risks of the Fund—Risk of Market Price Discount From Net Asset Value.” Because of this possibility and the recognition that any such discount may not be in the best interest of shareholders, the Fund’s Board of Directors might consider from time to time engaging in open market repurchases, tender offers for shares at net asset value or other programs intended to reduce the discount. We cannot guarantee or assure, however, that the Fund’s Board will decide to engage in any of these actions. Nor is there any guarantee or assurance that such actions, if undertaken, would result in shares trading at a price equal or close to net asset value per share. See “Repurchase of Shares.” The Board of Directors might also consider converting the Fund to an open-end mutual fund, which would also require a vote of the shareholders of the Fund.

POSSIBLE CONVERSION TO OPEN-END FUND STATUS

The Fund may be converted to an open-end investment company at any time by a vote of the outstanding shares. See “Certain Provisions of the Articles of Incorporation and By-Laws” for a discussion of voting requirements applicable to conversion of the Fund to an open-end investment company. If the Fund converted to an open-end investment company, the Fund’s Common Shares would no longer be listed on the New York Stock Exchange. Conversion to open-end status could also require the Fund to modify certain investment restrictions and policies. Shareholders of an open-end investment company may require the company to redeem their shares at any time (except in certain circumstances as authorized by or permitted under the 1940 Act) at their net asset value, less such redemption charge, if any, as might be in effect at the time of redemption. In order to avoid maintaining large cash positions or liquidating favorable investments to meet redemptions, open-end investment companies typically engage in a continuous offering of their shares. Open-end investment companies are thus subject to periodic asset in-flows and out-flows that can complicate portfolio management. The Board of Directors may at any time propose conversion of the Fund to open-end status, depending upon its judgment regarding the advisability of such action in light of circumstances then prevailing.

REPURCHASE OF SHARES

Shares of closed-end investment companies often trade at a discount to net asset value, and the Fund’s shares may also trade at a discount to their net asset value, although it is possible that

they may trade at a premium above net asset value. The market price of the Fund's shares will be determined by such factors as relative demand for and supply of shares in the market, the Fund's net asset value, general market and economic conditions and other factors beyond the control of the Fund. Although Common Shareholders will not have the right to redeem their shares, the Fund may take action to repurchase shares in the open market or make tender offers for its shares at net asset value. During the pendency of any tender offer, the Fund will publish how Common Shareholders may readily ascertain the net asset value. For more information see "Repurchase of Shares" in the SAI. Repurchase of the Common Shares may have the effect of reducing any market discount to net asset value.

There is no assurance that, if action is undertaken to repurchase or tender for shares, such action will result in the shares trading at a price which approximates their net asset value. Although share repurchases and tenders could have a favorable effect on the market price of the shares, you should be aware that the acquisition of shares by the Fund will decrease the total assets of the Fund and, therefore, have the effect of increasing the Fund's expense ratio and may adversely affect the ability of the Fund to achieve its investment objective. To the extent the Fund may need to liquidate investments to fund repurchases of shares, this may result in portfolio turnover which will result in additional expenses being borne by the Fund. The Board of Directors currently considers the following factors to be relevant to a potential decision to repurchase shares: the extent and duration of the discount, the liquidity of the Fund's portfolio, the impact of any action on the Fund or its shareholders and market considerations. Any share repurchases or tender offers will be made in accordance with the requirements of the Securities Exchange Act of 1934, as amended, and the 1940 Act. See "Taxation" for a description of the potential tax consequences of a share repurchase.

TAXATION

The following discussion offers only a brief outline of the Federal income tax consequences of investing in the Fund and is based on the Federal tax laws in effect on the date hereof. Such tax laws are subject to change by legislative, judicial or administrative action, possibly with retroactive effect. This discussion assumes you are a U.S. shareholder and that you hold your shares as a capital asset. In the SAI we have provided more detailed information regarding the tax consequences of investing in the Fund. The Fund intends to elect to be treated and to qualify each year as a regulated investment company under Federal income tax law. If the Fund so qualifies and distributes each year to its shareholders at least 90% of the sum of its investment company taxable income (as that term is defined in the Code, but without regard to the deduction for dividends paid) and net tax-exempt interest, the Fund will not be required to pay Federal income taxes on any income it distributes to shareholders. If the Fund distributes less than an amount equal to the sum of 98% of its ordinary income for the calendar year and 98% of its capital gain net income for the one-year period ending on October 31 of such calendar year (unless an election is made to use the Fund's fiscal year), plus such amounts from previous years that were not distributed, then the Fund will be subject to a nondeductible 4% excise tax on the undistributed amounts. The Fund intends to make sufficient distributions of its income to satisfy the distribution requirement and prevent application of the excise tax. If in any taxable year the Fund fails to qualify as a regulated investment company under the Code, the Fund will be taxed in the same manner as an ordinary corporation and distributions to shareholders will not be deductible by the Fund in computing its taxable income.

Dividends paid to you out of the Fund's current and accumulated earnings and profits will, except in the case of distributions of qualified dividend income and capital gain dividends described below, be taxable to you as ordinary dividend income. For taxable years beginning on or before December 31, 2008, distributions of investment company taxable income designated by the Fund as derived from qualified dividend income will be taxed in the hands of individuals at the rates applicable to long-term capital gain, provided holding period and other requirements are met by both you and the Fund. Distributions of net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, designated as capital gain dividends are taxable to you as long-term capital gains, regardless of how long you have held your Fund shares. Long-term capital gain rates for individuals have been temporarily reduced to 15% (with lower rates for individuals in the 10% and 15% rate brackets) for taxable years beginning on or before December 31, 2008. A distribution of an amount in excess of the Fund's current and accumulated earnings and profits is treated as a non-taxable return of capital that reduces your tax basis in your Fund shares; any such distributions in excess of your basis are treated as gain from a sale of your shares. The tax treatment of your dividends and distributions will be the same regardless of whether they were paid to you in cash or reinvested in additional Fund shares.

A distribution will be treated as paid to you on December 31 of the current calendar year if it is declared by the Fund in October, November or December with a record date in such a month and paid during January of the following year.

Each year, we will notify you of the tax status of dividends and other distributions.

If you sell or otherwise dispose of your Fund shares, or have shares repurchased by the Fund, you may realize a capital gain or loss which will be long-term or short-term, depending generally on your holding period for the shares.

We may be required to withhold U.S. Federal income tax on all taxable distributions and redemption proceeds payable if you

- fail to provide us with your correct taxpayer identification number;
- fail to make required certifications; or
- have been notified by the Internal Revenue Service that you are subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld may be credited against your U.S. Federal income tax liability.

Fund distributions also may be subject to state and local taxes. You should consult with your own tax adviser regarding the particular consequences of investing in the Fund.

DESCRIPTION OF SHARES

Common Shares

The Fund is authorized to issue 100,000,000 shares of Common Shares, \$.001 par value. The Common Shares have no preemptive, conversion, exchange or redemption rights. Each share has equal voting, dividend, distribution and liquidation rights. The Common Shares outstanding are, and those offered hereby when issued will be, fully paid and nonassessable. Common Shareholders are entitled to one vote per share. All voting rights for the election of Directors are

noncumulative, which means that the holders of more than 50% of the Common Shares can elect 100% of the Directors then nominated for election if they choose to do so and, in such event, the holders of the remaining Common Shares will not be able to elect any Directors. The Fund's Common Shares have been approved for listing on the New York Stock Exchange, subject to notice of issuance, under the symbol "DVM." Under the rules of the New York Stock Exchange applicable to listed companies, the Fund will be required to hold an annual meeting of shareholders in each year. The foregoing description and the descriptions below under "Certain Provisions of the Articles of Incorporation and By-Laws" and above under "Possible Conversion to Open-End Fund Status" are subject to the provisions contained in the Fund's Articles of Incorporation and By-Laws.

Net asset value will be reduced immediately following the offering by the amount of the sales load and offering expenses paid by the Fund. The Investment Manager has agreed to pay all organizational expenses and offering costs (other than sales load) that exceed \$.04 per Common Share. See "Use of Proceeds."

As of the date of this prospectus, Cohen & Steers Capital Management, Inc. owned of record and beneficially shares of the Fund's Common Shares, constituting 100% of the outstanding shares of the Fund, and thus, until the public offering of the shares is completed, will control the Fund.

Fund Net Asset Value

The Fund will determine the net asset value of its Common Shares daily as of the close of trading on the New York Stock Exchange (currently 4:00 p.m. New York time). Common Share net asset value is the value of all assets of the Fund (including accrued dividends) less all liabilities (including accrued expenses and dividends declared but unpaid).

For purposes of determining the net asset value of the Fund, readily marketable portfolio securities listed on the New York Stock Exchange are valued, except as indicated below, at the last sale price reflected on the consolidated tape at the close of the New York Stock Exchange on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day, then the security is valued by such method as the Board of Directors shall determine in good faith to reflect its fair market value. Readily marketable securities not listed on the New York Stock Exchange but listed on other domestic or foreign securities exchanges or admitted to trading on the National Association of Securities Dealers Automated Quotations, Inc. ("NASDAQ") National List are valued in a like manner (NASDAQ traded securities are valued at the NASDAQ official closing price). Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined as reflected on the tape at the close of the exchange representing the principal market for such securities.

Readily marketable securities traded in the over-the-counter market, including listed securities whose primary market is believed by the Investment Manager to be over-the-counter, but excluding securities admitted to trading on the NASDAQ National List, are valued at the mean of the current bid and asked prices as reported by NASDAQ or, in the case of securities not quoted by NASDAQ, the National Quotation Bureau or such other comparable source as the Directors deem appropriate to reflect their fair market value. Where securities are traded on more than one exchange and also over-the-counter, the securities will generally be valued using the quotations the Board of Directors believes reflect most closely the value of such securities.

CERTAIN PROVISIONS OF THE ARTICLES OF INCORPORATION AND BY-LAWS

The Fund has provisions in its Articles of Incorporation and By-Laws that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund, to cause it to engage in certain transactions or to modify its structure. Commencing with the first annual meeting of shareholders, the Board of Directors will be divided into three classes, having initial terms of one, two and three years, respectively. At the annual meeting of shareholders in each year thereafter, the term of one class will expire and directors will be elected to serve in that class for terms of three years. This provision could delay for up to two years the replacement of a majority of the Board of Directors. A director may be removed from office only for cause and only by a vote of the holders of at least 75% of the outstanding shares of the Fund entitled to vote on the matter.

The affirmative vote of at least 75% of the entire Board of Directors is required to authorize the conversion of the Fund from a closed-end to an open-end investment company. Such conversion also requires the affirmative vote of the holders of at least 75% of the votes entitled to be cast thereon by the shareholders of the Fund unless it is approved by a vote of at least 75% of the Continuing Directors (as defined below), in which event such conversion requires the approval of the holders of a majority of the votes entitled to be cast thereon by the shareholders of the Fund. A "Continuing Director" is any member of the Board of Directors of the Fund who (i) is not a person or affiliate of a person who enters or proposes to enter into a Business Combination (as defined below) with the Fund (an "Interested Party") and (ii) who has been a member of the Board of Directors of the Fund for a period of at least 12 months, or has been a member of the Board of Directors since the Fund's initial public offering of Common Shares, or is a successor of a Continuing Director who is unaffiliated with an Interested Party and is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on the Board of Directors of the Fund. The affirmative vote of at least 75% of the votes entitled to be cast thereon by shareholders of the Fund will be required to amend the Articles of Incorporation to change any of the provisions in this paragraph and the preceding paragraph.

The affirmative votes of at least 75% of the entire Board of Directors and the holders of at least (i) 80% of the votes entitled to be cast thereon by the shareholders of the Fund and (ii) in the case of a Business Combination (as defined below), 66 $\frac{2}{3}$ % of the votes entitled to be cast thereon by the shareholders of the Fund other than votes held by an Interested Party who is (or whose affiliate is) a party to a Business Combination (as defined below) or an affiliate or associate of the Interested Party, are required to authorize any of the following transactions:

- (i) merger, consolidation or statutory share exchange of the Fund with or into any other entity;
- (ii) issuance or transfer by the Fund (in one or a series of transactions in any 12-month period) of any securities of the Fund to any person or entity for cash, securities or other property (or combination thereof) having an aggregate fair market value of \$1,000,000 or more, excluding (a) issuances or transfers of debt securities of the Fund, (b) sales of securities of the Fund in connection with a public offering, (c) issuances of securities of the Fund pursuant to a dividend reinvestment plan adopted by the Fund, (d) issuances of securities of the Fund upon the exercise of any stock subscription rights distributed by the Fund and (e) portfolio transactions effected by the Fund in the ordinary course of business;

(iii) sale, lease, exchange, mortgage, pledge, transfer or other disposition by the Fund (in one or a series of transactions in any 12-month period) to or with any person or entity of any assets of the Fund having an aggregate fair market value of \$1,000,000 or more except for portfolio transactions (including pledges of portfolio securities in connection with borrowings) effected by the Fund in the ordinary course of its business (transactions within clauses (i), (ii) and (iii) above being known individually as a “Business Combination”);

(iv) any voluntary liquidation or dissolution of the Fund or an amendment to the Fund’s Articles of Incorporation to terminate the Fund’s existence; or

(v) any shareholder proposal as to specific investment decisions made or to be made with respect to the Fund’s assets as to which shareholder approval is required under Federal or Maryland law.

However, the shareholder vote described above will not be required with respect to the foregoing transactions (other than those set forth in (v) above) if they are approved by a vote of at least 75% of the Continuing Directors (as defined above). In that case, if Maryland law requires shareholder approval, the affirmative vote of a majority of votes entitled to be cast thereon shall be required and if Maryland law does not require shareholder approval, no shareholder approval will be required. The Fund’s By-Laws contain provisions the effect of which is to prevent matters, including nominations of directors, from being considered at a shareholders’ meeting where the Fund has not received notice of the matters generally at least 90 but no more than 120 days prior to the first anniversary of the preceding year’s annual meeting.

The Board of Directors has determined that the foregoing voting requirements, which are generally greater than the minimum requirements under Maryland law and the 1940 Act, are in the best interest of the Fund’s shareholders generally.

Reference is made to the Articles of Incorporation and By-Laws of the Fund, on file with the Securities and Exchange Commission, for the full text of these provisions. These provisions could have the effect of depriving shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. On the other hand, these provisions may require persons seeking control of a Fund to negotiate with its management regarding the price to be paid for the shares required to obtain such control, they promote continuity and stability and they enhance the Fund’s ability to pursue long-term strategies that are consistent with its investment objective.

UNDERWRITING

Subject to the terms and conditions stated in the purchase agreement dated January 26, 2005, each underwriter named below, for which Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as representative, has severally agreed to purchase, and the Fund has agreed to sell to such underwriter, the number of Common Shares set forth opposite the name of such underwriter.

<u>Underwriter</u>	<u>Number of Common Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	5,625,000
A.G. Edwards & Sons, Inc.....	1,150,000
Deutsche Bank Securities Inc.....	200,000
Legg Mason Wood Walker, Incorporated.....	485,000
Raymond James & Associates, Inc.....	525,000
RBC Capital Markets Corporation	285,000
Oppenheimer & Co. Inc.....	125,000
Advest, Inc.....	200,000
BB&T Capital Markets, a division of Scott & Stringfellow, Inc.	115,000
Robert W. Baird & Co. Incorporated	115,000
Banc of America Securities LLC	150,000
Crowell, Weedon & Co.....	115,000
Ferris, Baker Watts, Incorporated	115,000
H&R Block Financial Advisors, Inc.....	115,000
J.J.B. Hilliard, W.L. Lyons, Inc.	115,000
Janney Montgomery Scott LLC	315,000
KeyBanc Capital Markets, a division of McDonald Investments Inc.	115,000
Stifel, Nicolaus & Company, Incorporated	115,000
SunTrust Capital Markets, Inc.....	115,000
TD Waterhouse Investor Services, Inc.....	115,000
William Blair & Company, L.L.C.....	60,000
Chatsworth Securities LLC	60,000
D.A. Davidson & Co.	60,000
Doft & Co., Inc.....	60,000
Dominick & Dominick LLC.....	60,000
Harris Nesbitt Corp.....	60,000
Morgan Keegan & Company, Inc.....	60,000
Needham & Company, Inc.....	60,000
Piper Jaffray & Co.....	60,000
Stephens Inc.	60,000
Wedbush Morgan Securities Inc.	60,000
Arthurs, Lestrage & Company, Incorporated	30,000
Axiom Capital Management, Inc.....	30,000
Brean Murray & Co., Inc.....	30,000
Bishop, Rosen & Co., Inc.	30,000
City Securities Corporation	30,000
First Montauk Securities Corp.....	30,000
First Southwest Company.....	30,000
Gilford Securities Incorporated	30,000
Hoefer & Arnett Incorporated	30,000
Howe Barnes Investments, Inc.....	30,000
Huntleigh Securities Corporation	30,000

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<u>Underwriter</u>	<u>Number of Common Shares</u>
Johnston, Lemon & Co. Incorporated	30,000
LaSalle St. Securities, LLC	30,000
Maxim Group LLC	30,000
Mesirow Financial, Inc.	30,000
Morgan Wilshire Securities, Inc.	30,000
National Securities Corporation	30,000
David A. Noyes & Company	30,000
Redwine & Company, Inc.	30,000
Sanders Morris Harris Inc.	30,000
The Seidler Companies Incorporated	30,000
Source Capital Group Inc.	30,000
Southwest Securities, Inc.	30,000
Spelman & Company	30,000
Stanford Group Company	30,000
Sterling Financial Investment Group, Inc.	30,000
Sterne, Agee & Leach, Inc.	30,000
Stone & Youngberg LLC	30,000
Strand, Atkinson, Williams & York, Inc.	30,000
Torrey Pines Securities, Inc.	30,000
Wunderlich Securities, Inc.	30,000
Total	<u>11,800,000</u>

The purchase agreement provides that the obligations of the underwriters to purchase the shares included in this offering are subject to the approval of certain legal matters by counsel and to certain other conditions. The underwriters are obligated to purchase all the Common Shares sold under the purchase agreement if any of the Common Shares are purchased. In the purchase agreement, the Fund and the Investment Manager have agreed to indemnify the underwriters against certain liabilities, including liabilities arising under the Securities Act, or to contribute payments the underwriters may be required to make for any of those liabilities.

Commissions and Discounts

The underwriters propose to initially offer some of the Common Shares directly to the public at the public offering price set forth on the cover page of this prospectus and some of the Common Shares to certain dealers at the public offering price less a concession not in excess of \$.60 per share. The sales load investors in the Fund will pay of \$.90 per share is equal to 4.5% of the initial offering price. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$.10 per share on sales to other dealers. After the initial public offering, the public offering price, concession and discount may be changed. Investors must pay for any common shares purchased on or before January 31, 2005.

The following table shows the public offering price, sales load, estimated offering expenses and proceeds, after expenses, to the Fund. The information assumes either no exercise or full exercise by the underwriters of their overallotment option.

	<u>Per Share</u>	<u>Without Option</u>	<u>With Option</u>
Public offering price	\$20.00	\$236,000,000	\$271,400,000
Sales load	\$.90	\$10,620,000	\$12,213,000
Estimated offering expense	\$.04	\$472,000	\$542,800
Proceeds, after expenses, to the Fund	\$19.06	\$224,908,000	\$258,644,200

The expenses of the offering are estimated at \$472,000 and are payable by the Fund. The Fund has agreed to pay the underwriters \$.00667 per Common Share as a partial reimbursement of expenses incurred in connection with the offering. The amount paid by the Fund as this partial reimbursement to the underwriters will not exceed .03335% of the total price to the public of the Common Shares sold in this offering. The Investment Manager has agreed to pay all organizational expenses and offering costs of the Fund (other than sales load) that exceed \$.04 per Common Share.

Overallotment Option

The Fund has granted the underwriters an option to purchase up to 1,770,000 additional Common Shares at the public offering price, less the sales load, within 45 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the preceding table.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the Common Shares is complete, Securities and Exchange Commission rules may limit underwriters and selling group members from bidding for and purchasing our Common Shares. However, the representatives may engage in transactions that stabilize the price of our Common Shares, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in our Common Shares in connection with the offering (*i.e.*, if they sell more Common Shares than are listed on the cover of this prospectus), the representatives may reduce that short position by purchasing Common Shares in the open market. The representatives may also elect to reduce any short position by exercising all or part of the overallotment option described above. The underwriters may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers in respect of Common Shares sold in this offering for their account may be reclaimed by the syndicate if such Common Shares are repurchased by the syndicate in stabilizing or covering transactions. Purchases of our Common Shares to stabilize its price or to reduce a short position may cause the price of our Common Shares to be higher than it might be in the absence of such purchases.

Neither the Fund nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transaction described above may have on the price of our Common Shares. In addition, neither we nor any of the underwriters makes any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

The Fund has agreed not to offer or sell any additional Common Shares for a period of 180 days after the date of the purchase agreement without the prior written consent of the underwriters, except for the sale of the Common Shares to the underwriters pursuant to the purchase agreement.

The Fund anticipates that the underwriters may from time to time act as brokers or dealers in executing the Fund's portfolio transactions after they have ceased to be underwriters, and may also act as placement agent for issuers whose securities the Fund purchases in direct placement transactions. The underwriters are active underwriters of, and dealers in, securities and act as market makers in a number of such securities, and therefore can be expected to engage in portfolio transactions with the Fund.

The Common Shares will be sold to ensure that New York Stock Exchange distribution standards (*i.e.*, round lots, public shares and aggregate market value) will be met.

Other Relationships

The Investment Manager has agreed to pay a fee to Merrill Lynch, payable quarterly at the annual rate of .15% of the Fund's net assets during the continuance of the Investment Management Agreement between the Investment Manager and the Fund. In addition, the Investment Manager will pay to Merrill Lynch a fee in the amount of \$8,177 as a transaction processing fee. The total amount of these additional compensation payments to Merrill Lynch will not exceed 4.41278% of the total price to the public of the Common Shares sold in this offering. In consideration for these payments, Merrill Lynch has agreed to provide, upon request, certain after-market support services designed to maintain the visibility of the Fund on an ongoing basis, and to provide, upon request, to the Investment Manager relevant information, studies or reports regarding the Fund and the closed-end investment company and asset management industry.

Additionally, upon closing of this offering of Common Shares, the Investment Manager (not the Fund) may pay from its resources to A.G. Edwards & Sons, Inc. a structuring fee (the "Structuring Fee") in connection with the sale and distribution of the Common Shares in an aggregate amount equal to \$115,000, which is approximately 0.50% of the total initial price to the public of the Common Shares sold by A.G. Edwards & Sons, Inc. in the offering.

The total amount of these additional compensation payments and the transaction processing fee payment to Merrill Lynch and the Structuring Fee to A.G. Edwards & Sons, Inc., plus the amount paid by the Fund as the \$.00667 per Common Share reimbursement to the underwriters, will not exceed 4.5% of the total price to the public of the Common Shares offered hereby. The sum total of all compensation to underwriters in connection with this public offering of Common Shares, including sales load and all forms of additional compensation to underwriters, will be limited to 9.0% of the total price to the public of the Common Shares sold in this offering.

The principal business address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is 4 World Financial Center, New York, New York 10080.

CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REGISTRAR

State Street Bank and Trust Company, whose principal business address is 225 Franklin Street, Boston, Massachusetts 02110, has been retained to act as custodian of the Fund's investments and The Bank of New York, whose principal business address is 101 Barclay Street, Floor 11 East, New York, New York 10286 has been retained to serve as the Fund's transfer and dividend disbursing agent and registrar. Neither State Street Bank nor The Bank of New York has any part in deciding the Fund's investment policies or which securities are to be purchased or sold for the Fund's portfolio.

REPORTS TO SHAREHOLDERS

The Fund will send unaudited semi-annual and audited annual reports to its shareholders, including a list of investments held.

VALIDITY OF THE SHARES

The validity of the shares offered hereby is being passed on for the Fund by Simpson Thacher & Bartlett LLP, New York, New York, and certain other legal matters will be passed on for the underwriters by Clifford Chance US LLP, New York, New York. Venable LLP will opine on certain matters pertaining to Maryland law. Simpson Thacher & Bartlett LLP and Clifford Chance US LLP may rely as to certain matters of Maryland law on the opinion of Venable LLP.

TABLE OF CONTENTS OF THE STATEMENT OF ADDITIONAL INFORMATION

Investment Objective and Policies.....	3
Investment Restrictions	5
Management of the Fund	6
Compensation of Directors and Certain Officers	14
Investment Advisory and Other Services	15
Portfolio Transactions and Brokerage	23
Determination of Net Asset Value	24
Repurchase of Shares	25
Taxation	26
Performance Information.....	31
Counsel and Independent Registered Public Accounting Firm	32
Statement of Assets and Liabilities	33

Through and including February 20, 2005 (25 days after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

11,800,000 Shares



Cohen & Steers Dividend Majors Fund, Inc.

**Common Shares
\$20.00 per Share**

PROSPECTUS

**Merrill Lynch & Co.
A.G. Edwards
Deutsche Bank Securities
Legg Mason Wood Walker
Incorporated
Raymond James
RBC Capital Markets
Oppenheimer & Co.
Advest, Inc.
BB&T Capital Markets
Robert W. Baird & Co.
Banc of America Securities LLC
Crowell, Weedon & Co.
Ferris, Baker Watts
Incorporated
H&R Block Financial Advisors, Inc.
J.J.B. Hilliard, W.L. Lyons, Inc.
Janney Montgomery Scott LLC
KeyBanc Capital Markets
Stifel, Nicolaus & Company
Incorporated
SunTrust Robinson Humphrey
TD Waterhouse**

January 26, 2005
