

Cohen & Steers Dividend Value Fund

We would like to share with you our review and outlook for the U.S. large cap value market as of December 31, 2011. For the year, the Russell 1000 Value Index had a total return of +0.4%, compared with a total return of +2.1% for the S&P 500 Index.

Investment Review

Large cap value stocks turned in a modestly positive total return in a volatile year for equities. Over the course of the year, investor sentiment had wide swings between optimism that the global economy was at last on the path to recovery, and deep disappointment at signals that it was not.

The rally that began in 2009 ended during the second quarter of 2011 amid the Fukushima nuclear disaster, Arab Spring uprisings, weak U.S. economic data and persistent European sovereign debt concerns. Strong first-quarter earnings and widespread dividend increases were followed by subdued guidance in May. Solid second-quarter earnings were followed by enormous volatility in the summer months; Europe's inability to reach a long-term solution to its debt crisis, coupled with mixed economic data, pushed markets sharply lower.

Investors would have to wait until October for a rally, when progress in Europe and low prices made stocks attractive again—for a few weeks. November saw the reemergence of concerns about Europe, which were somewhat allayed by central banks' actions and improving U.S. economic data at month end. By the end of December, the markets had finished the year slightly ahead of their January starting point.

Defensive sectors beat cyclicals

While investors abandoned defensive stocks periodically through the year, on balance they favored them over more economically sensitive cyclicals. Utilities were the strongest performers (+19.1% as measured by the Russell 1000 Value Index), valued for their stable cash flows and relatively high yields (especially with Treasury yields at historical lows). Health care (+17.1%) and consumer staples companies (+13.5%) were also in favor. Health care companies had declined in 2010 due to concerns about the Affordable Health Care Act, but rebounded in 2011 as investors sought safer havens to weather volatility.

Sector returns in USD as measured by the Russell 1000 Value Index, which measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Trade-related sectors struggled

Slowing growth in China and emerging markets added to worries about Europe, and trade-related sectors declined. In particular, the materials (-6.8%) and industrials (-0.1%) sectors slowed when China's housing bubble burst. News of reduced Department of Defense spending also hurt some industrials companies.

Index Performance (USD)

Period	Russell 1000 Value Index
Q4 2011	13.1%
1 Year	0.4%
3 Years	11.6%
5 Years	-2.6%
10 Years	3.9%

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

Index Characteristics

Historical Five-Year Cash Flow Growth	5.1%
Historical Five-Year Dividend Growth	2.0%
Consensus Long-Term EPS Growth	8.8%
Forward Price-to-Earnings	11.7x
Price-to-Book	1.4x
Price-to-Sales	1.0x
Dividend Yield	2.7%
Weighted-Average Market Capitalization	\$75.6B
Median Market Capitalization	\$4.6B
Number of Securities	657

Source: Mellon Analytics.

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

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Index Sector Performance		
	Q4 2011	YTD
Utilities	8.6%	19.1%
Health Care	11.6%	17.1%
Consumer Staples	10.8%	13.5%
Consumer Discretionary	17.5%	4.8%
Telecommunication Services	7.2%	4.7%
Energy	18.4%	4.5%
Industrials	17.8%	-0.1%
Information Technology	13.3%	-2.5%
Materials	17.7%	-6.8%
Financials	11.0%	-17.1%

Source: Wilshire Atlas using GICS Sectors.

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Within the energy group (+4.5%), volatile oil prices and instability in the Middle East benefited diversified companies with refining and chemical operations over those engaged only in exploration and production of oil and gas. Information technology (-2.5%) tumbled on weak PC sales, but found some relief in the growth of mobile devices and smart phones. Telecommunications companies (+4.7%) outperformed the index in part because of their stable yields.

Financial institutions (-17.1%) have had a difficult few years, and 2011 was no exception. Despite improved credit metrics, loan and revenue growth remained elusive. As the European debt crisis deepened, questions about banks' exposure to undercapitalized European banks punished their stock prices further. If that weren't enough, the industry also faced the uncertainty of Basel III capital levels and the Federal Reserve's "Operation Twist" program to push down long-term interest rates while keeping short-term rates unchanged, which squeezed interest margins.

Fund performance

The Fund had a positive total return for the year and outperformed the index. Our underweight and stock selection in financial institutions were the biggest contributors to relative return. Stock selection in industrials and consumer discretionary companies (+4.8% in the index) were also beneficial. On a stock basis, our out-of-index investments in McDonald's and Ross Stores gave the portfolio a lift; their increase in same store sales reflected their appeal to cost-conscious consumers. We also did not invest in Hewlett Packard, an IT company that performed poorly.

Factors that detracted from total return included our underweight and stock selection within utilities, as well as stock selection in the energy and materials groups. On a stock-specific basis, our investment in PG&E declined when California regulators agreed to fine the company \$38 million in connection with a 2008 pipeline explosion. Our allocation to Corning, which makes LCD screens for TVs and personal computers, had a dampening effect, as the company's stock slipped on the outlook for slower consumption of these items. And Archer Daniels Midland's stock fell after the Senate voted to eliminate ethanol subsidies.

Investment Outlook

We continue to believe that the crisis in Europe is far from over; that the improving U.S. economic data, while encouraging, signal something well short of a robust recovery; and consequently, that the first half of 2012 remains highly uncertain.

For these reasons, we still expect (1) more intervention by politicians and central bankers, (2) continued historically low interest rates in the United States, (3) modestly positive U.S. economic data, (4) high but slowing growth in China and emerging markets, (5) short-term measures to address Europe's long-term debt crisis, (6) slightly softer revenue and earnings growth guidance by some large-cap multinational companies and (7) a relatively firm U.S. dollar compared with most developed market currencies.

Cohen & Steers Dividend Value Fund

In this fluid environment, U.S. equities appear modestly priced by historical standards, cash flows and dividends are rising and high volatility is likely to provide near-term buying opportunities. The general election in the United States could take its toll on investor sentiment. Nevertheless, it appears that the first half of the year will be marked by early optimism, which will likely fade a bit as data softens from the fourth-quarter's brisk pace. We believe volatility could be extreme as most asset classes and markets face increasing pressure in a world desperately seeking attractive risk-adjusted returns. Our early view is that 2012 will end with markets gaining modestly.

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This commentary is authorized for distribution only when preceded or accompanied by the current fact sheet for Cohen & Steers Dividend Value Fund.

Cohen & Steers Dividend Value Fund

Cohen & Steers is a manager of portfolios specializing in U.S. and international real estate securities, large cap value stocks, listed infrastructure and utilities, and preferred securities. The company also manages alternative investment strategies such as hedged real estate securities portfolios and private real estate multimanager strategies for qualified investors. Headquartered in New York City, with offices in London, Brussels, Hong Kong, Seattle and Tokyo, Cohen & Steers serves individual and institutional investors through a broad range of investment vehicles.

Top Ten Holdings

Name	Sector	% of Market Value
Chevron Corp.	Energy	3.7%
JP Morgan Chase & Co	Financials	2.9%
Exxon Mobil Corp.	Energy	2.9%
Unitedhealth Group Inc.	Health Care	2.6%
Oracle Corp.	Information Technology	2.3%
The Walt Disney Co.	Consumer, Cyclical	2.2%
McDonald's Corp.	Consumer, Cyclical	2.2%
NextEra Energy Inc.	Utilities	2.2%
Visa Inc.-Class A Shares	Information Technology	2.2%
General Electric Co.	Industrials	2.2%

The fund's portfolio holdings are subject to change without notice. The mention of specific securities is not a recommendation or solicitation for any person to buy, sell or hold any particular security.

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Please consider the investment objectives, risks, charges and expenses of the fund carefully before investing. The prospectus and other information may be obtained by visiting cohenandsteers.com or by calling 800.330.7348. Please read the prospectus carefully before investing.

Risks

There are special risks associated with investing in the Fund. The value of common stocks and other equity securities will fluctuate in response to developments concerning the company, political and regulatory circumstances, the stock market and the economy. In the short term, stock prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments. These developments can affect a single company, all companies within the same industry, economic sector or geographic region, or the stock market as a whole. Dividend-paying stocks may be particularly sensitive to changes in market interest rates, and prices may decline as rates rise. Special risks of investing in foreign securities include (i) currency fluctuations, (ii) lower liquidity, (iii) political and economic uncertainties, and (iv) differences in accounting standards. Some international securities may represent small- and medium-sized companies, which may be more susceptible to price volatility and less liquid than larger companies.

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The Standard and Poor's 500 Composite Stock Index (S&P 500) is an unmanaged index of 500 large capitalization, publicly traded stocks representing a variety of industries. The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index, and index performance does not reflect the deduction of any fees or expenses.

Percentages may differ from data in the Fund's financial statements due to the effect of fair value pricing.