COHEN & STEERS

Cohen & Steers Preferred Securities and Income Fund

We would like to share with you our review and outlook for the preferred securities market as of December 31, 2011. For the fourth quarter, the BofA Merrill Lynch Fixed Rate Preferred Index had a total return of +2.0% and the BofA Merrill Lynch Capital Securities Index returned +2.8%. For the year, the indexes had total returns of +4.1% and +0.4%, respectively.

Investment Review

Preferred securities had a positive total return for the year despite concerns brought by fiscal strains in Europe and signs of a slowing global economy. The group's above-average income, compared with stocks and most fixed income classes, continued to attract yield-seeking investors amid low and declining interest rates. The income rate of generally 7% or so paid by preferreds also contributed directly to performance, as even securities that fell somewhat in price had positive total returns. Preferreds were further supported by technical factors related to anticipated Tier 1 capital regulatory changes (more securities being called or otherwise removed from the market, along with relatively limited new supply in the period).

Preferreds, and financial markets broadly, made gains through July, but encountered turbulence when it appeared that the global economic recovery was on a weaker trajectory than previously expected. Investor confidence was further eroded by the growing risk of a Greek default, sparking fears of heavy bank losses and fiscal contagion. In addition, the debate over raising the U.S. debt ceiling was followed quickly by a downgrade of the U.S. credit rating by Standard & Poor's.

Although preferred securities had price declines in August and September, they held up much better than stocks on a total return basis. The group then participated in the fourth-quarter recovery, as markets turned up on signs of improving U.S. economic data and progress in Europe. Adjustable-rate preferreds fared poorly, however, as expectations for interest-rate increases in the U.S. were pushed out to 2013 or beyond, reducing the demand for securities whose yields are tied to short-term interest rates.

Performance was positive across most sectors, with non-financial preferreds faring the best. Preferreds issued by real estate, telecommunications and utilities companies were particularly buoyant. Returns from bank preferreds were mixed and the securities more volatile. U.S. bank preferreds generally offered positive returns; they reported better-than-expected improvements in credit quality and capital ratios, although revenue trends generally remained weak, in part reflecting slow loan growth. In addition, the potential for the issuers to buy back their preferreds due to regulatory reform kept issues well bid.

Index Performance (USD)

Period	BofA Merrill Lynch Fixed Rate Preferred Index	BofA Merrill Lynch Capital Securities Index
Q4 2011	2.0%	2.8%
1 Year	4.1%	0.4%
3 Years	12.4%	19.8%
5 Years	-1.2%	2.6%
10 Years	2.4%	5.5%

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. Total returns of the BofA Merrill Lynch Fixed Rate Preferred Index, which includes investment-grade $25-par preferred securities, and the BofA Merrill Lynch Capital Securities Index, which includes hybrid preferred securities. Periods greater than one year are annualized.

By contrast, European bank and insurance company issues generally declined—some significantly—hindered by fears of sovereign risk, including the potential dissolution of the European Union and related uncertainty over capital adequacy and funding. However, many of these issues, too, found footing late in the year as a number of foreign banks offered to buy back their securities at premiums to the market prices—albeit still at deep discounts to par.

New contingent capital securities were greeted with healthy demand

A significant development in the preferred market in the period was the large, successful issuance of contingent capital securities. These so-called "CoCos" may convert into common shares if a company's core Tier 1 capital ratio falls below a certain level. Another version of these securities would write down to a lower par figure under similar circumstances. Markets focused on this emerging asset class after Credit Suisse priced its large public deal at 7.875% and placed private transactions at the same time. With many existing preferreds destined to lose their Tier 1 status under Basel 3 (the next guidelines from a committee represented by the world's central banks), issuers may increasingly use CoCos as an alternative source of equity-like capital.

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Regulatory par call risk emerged

In May, regional bank Fifth Third exercised a par call on a trust preferred trading at a premium via “special event” language, taking the market by surprise. This awakened many to the risk that certain bank preferreds may be subject to near-term par calls as a result of changes to bank regulation that diminish the regulatory capital beneft of the securities. In this particular case, the issuer could call the security at par anytime following a proposed change of this nature. (Typically, there is a short, specifed window in which to call such an issue after a special event.)

By paying close attention to prospectus language, we were well-aware of the special event call risk associated with certain premium issues and did not hold the Fifth Third issue when it was called. Later in the year, Wells Fargo also exercised regulatory call language to take out nearly $6 billion of securities—again calling at par many securities trading at premiums. We did not own the premium securities and continue to avoid premium priced securities that have this risk.

Fund performance

The Fund had a positive total return in the year and outperformed its benchmark. Our overweights in the real estate and telecommunication sectors benefted relative returns, as did our out-of-index allocation to energy pipeline companies. Our underweight and security selection in bank preferreds aided performance as well. In particular, our underweight in European bank issues contributed. Factors that detracted from relative performance included security selection in the fnance and utilities sectors. In addition, out-of-index positions in below investment grade securities detracted from performance as the economic environment cooled in the second half of the year.

Investment Outlook

In terms of preferreds’ broad performance potential, we note that bond yields are at or near historic lows, and that the Federal Reserve is likely to hold interest rates steady until 2013. In such an environment, the income offered by preferreds (7–8% or more) will be hard to come by, likely resulting in good investor demand in the year ahead. At the same time, the high income these securities produce is also likely to continue to factor meaningfully into their total return and dampen returns volatility.

The theme of new regulations defning Tier 1 capital will remain key in the coming year. In the U.S., the Collins Amendment to the Dodd-Frank Act phases out Tier 1 treatment for debt-structured “trust preferred” securities over a period of three years, beginning in 2013. Phase-out of Tier 1 benefts is also slated to take place for a large number of existing preferred instruments abroad. Once banks have clarity on exactly what will qualify as Tier 1 (based on fnal announcements from the U.S Federal Reserve as well as the global Basel Committee), we expect to see an accelerating wave of refnancings via companies calling, buying back and tendering for their securities—ultimately involving hundreds of billions of dollars of preferred securities globally. This activity should continue to provide price support to existing issues while presenting new investment opportunities in the U.S., and globally as new preferreds—potentially with new formats—come to market to replace called issues.

Turning to the market macro-environment, the U.S. economic picture has brightened modestly in recent weeks, a positive for credit and preferreds. We expect slow but sustained growth. However, Europe remains a market risk. While recent fscal, political and central bank initiatives to address the sovereign credit crisis in Europe are somewhat encouraging, the political landscape remains very uncertain there, and economic austerity measures will weigh on growth. There is a long road ahead to get to the deeper fscal union that markets seem to require. Importantly, the European Central Bank has been actively funding European banks via long-term repurchase operations, which has provided vital breathing room for banks seeking time to retrench and recapitalize. We are cautiously optimistic regarding the ability of Europe to fnd better footing and calm markets; however, we respect that the issues are diffcult and complex and we continue to tread more lightly there.

Given global uncertainties, our portfolio remains more heavily weighted towards domestic issuers. Our preference for non-fnancials also remains in place. For instance, we favor REIT preferreds, which offer high income and generally attractive metrics, including lower leverage and decent cash fow growth. We also continue to like telecom and pipeline issuer preferreds.

Cohen & Steers Preferred Securities and Income Fund

In the financials space, our focus is on more traditional banking models, including Tier 1 issues of certain U.S. regional banks. We also have a generally favorable view of insurance company credit fundamentals. While we remain more defensive relative to credit, improvements in the U.S. economy as well as the steps taken in Europe to date have brightened the outlook for risk assets somewhat, and some valuations look compelling. Hence, we have added at the margin to more battered securities, including those of certain European issuers. Our core holdings will remain more conservative for the time being, but we will continue to look for value in beaten-down issues opportunistically and as we see economies and markets mending.

Past performance is no guarantee of future results. *The views and opinions in the preceding commentary are as of the date of publication and are subject to change. There is no guarantee that any market forecast set forth in this presentation will be realized. This material should not be relied upon as investment advice, does not constitute a recommendation to buy or sell a security or other investment and is not intended to predict the performance of any investment. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition.*

Please consider the investment objectives, risks, charges and expenses of any Cohen & Steers fund carefully before investing.
A prospectus containing this and other information can be obtained by calling 800.330.7348. Please read the prospectus carefully before investing. Cohen & Steers open-end funds are distributed by Cohen & Steers Securities, LLC.

This commentary is authorized for distribution only when preceded or accompanied by the current fact sheet for Cohen & Steers Preferred Securities and Income Fund.

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Cohen & Steers Preferred Securities and Income Fund

The investment objective of the Fund is to seek total return. In pursuing total return, the Fund seeks high current income and capital appreciation.

General Information

	CUSIP	Symbol
A Shares	19248X109	CPXAX
C Shares	19248X208	CPXCX
I Shares	19248X307	CPXIX
NAV per Share (Class A)		$11.69
Total Net Assets		$702.2 Million
Number of Holdings		161
Dividend Frequency		Monthly
Average Effective Duration (Years)[1]		7.1
Expense Ratio Gross (Class A)[2]		1.67%
Expense Ratio Net (Class A)[2]		1.10%
SEC Yield (Class A–30 days ending 12/31/11)[3]		5.71%
12-Month Distribution Yield (Class A)[4]		6.95%

(1) Average effective duration measures a preferred security's sensitivity to interest rates, by indicating the approximate percentage of change in a preferred security or preferred securities fund's price given a 1% change in interest rates.

(2) As of December 31, 2010. Through April 30, 2012, Cohen & Steers has contractually agreed to waive its fee and/or reimburse a portion of the Fund's expenses to the extent necessary to maintain the Class A share expense ratio at 1.10% of average daily net assets. Absent such arrangements, returns would have been lower.

(3) The SEC yield is calculated by dividing annualized net investment income per share during a 30-day period by the maximum offering price per share as of the close of that period. SEC yield reflects the rate at which the fund is earning income on its current portfolio of securities.

(4) 12-Month Distribution Yield is calculated by adding each fund's trailing 12-month income distributions, and dividing the sum by the fund's most recent month ended NAV. Note that the number of income distributions is based on the fund's distribution payment frequency (i.e., monthly, quarterly or semi-annually) as disclosed in the fund's prospectus. A fund may pay distributions in excess of its net investment company taxable income and, to the extent this occurs, the distribution yield quoted will include a return of capital. Shareholders of record will be notified of the estimated return of capital for each distribution and this information is also available at cohenandsteers.com.

Portfolio Managers

	Managing Fund Since	Years of Experience
Martin Cohen	Inception	35
Robert Steers	Inception	34
Joseph Harvey	Inception	24
William Scapell	Inception	19

Total Returns (A Share Class)

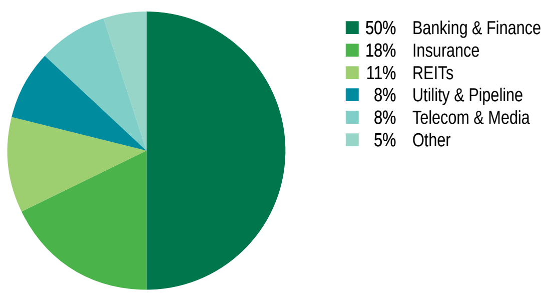
Period	Excluding Sales Charge	Including Sales Charge[1]	BofA Merrill Lynch Fixed Rate Preferred Index	Blended Benchmark[2]	S&P 500 Index
1 Year	3.32%	-1.33%	4.11%	2.27%	2.11%
Since Inception (5/3/10)	7.55%	4.61%	7.13%	5.66%	4.93%

(1) Maximum 4.5% sales charge; returns for other share classes will differ due to differing expense structures and sales charges. (2) Blended benchmark consists of 50% BofA Merrill Lynch Fixed Rate Preferred Index and 50% BofA Merrill Lynch Capital Securities Index.

Performance data quoted represents past performance which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. *The investment return and the principal value of an investment will fluctuate and shares, when redeemed, may be worth more or less than their original cost. Month-end performance information can be obtained by visiting our Web site at cohenandsteers.com.*

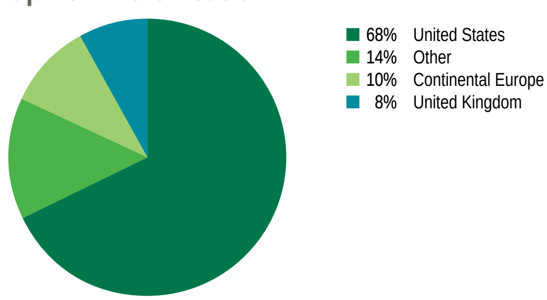
Periods greater than 12 months are annualized. During certain periods presented above, the advisor waived fees and/or reimbursed expenses. Without this arrangement, performance would be lower.

Sector Diversification



Portfolio weights are subject to change. Other includes Cash and Finance.

Geographic Diversification[1]



Portfolio weights are subject to change. Other includes Asia Pacific, Bermuda, Canada and Cash.
(1) Generally, securities are USD-denominated.

Credit Quality

A	4%	BB	4%
A-	6%	BB-	1%
BBB+	8%	B+	1%
BBB	17%	B	1%
BBB-	29%	Not Rated	13%
BB+	12%	Cash	4%

Source: Moody's Investor Services.
The letter ratings are provided to indicate the proposed creditworthiness of the underlying holdings in the portfolio and generally range from A (highest) to B (lowest). Ratings do not apply to the Fund's common shares.

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Cohen & Steers Preferred Securities and Income 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 qualifed investors. Headquartered in New York City, with offces 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
JP Morgan Chase & Co. 7.9% 4/29/49	Large Cap Banks	3.5%
Centaur Funding Corp. 9.08%	Telecom	2.4%
Farm Credit Bank 10.00% 12/31/49	Large Cap Banks	2.4%
Wells Fargo & Co. 7.5%	Large Cap Banks	2.2%
Capital One Capital III 7.686% 8/15/36	Large Cap Banks	2.2%
Citigroup Capital 6.95% Pfd. Z	Large Cap Banks	2.1%
Wells Fargo & Co. 7.98% 2/28/49	Large Cap Banks	1.9%
Metlife Capital Trust IV 7.875%	Insurance	1.7%
PNC Financial 6.75% 12/31/49	Large Cap Banks	1.7%
Rabobank Nederland NV 11% 12/1/49	European Banks	1.6%

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

Investing in any market exposes investors to risks. In general, the risks of investing in preferred securities are similar to those of investing in bonds, including credit risk and interest-rate risk. As nearly all preferred securities have issuer call options, call risk and reinvestment risk are also important considerations. In addition, investors face equity-like risks, such as deferral or omission of distributions, subordination to bonds and other more senior debt, and higher corporate governance risks with limited voting rights.

An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest. The value of these securities, like other investments, may move up or down, sometimes rapidly and unpredictably.

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

For distribution when preceded or accompanied by a currently effective prospectus.

Dividend income that the fund receives from U.S. REITs will generally not be treated as qualified dividend income and therefore not be eligible for reduced rates of taxation. Shareholders will be notified following year-end regarding the final composition of all distributions via Form 1099-DIV.

The BofA Merrill Lynch Fixed Rate Preferred Securities Index tracks the performance of fixed-rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market. Qualifying securities must be rated investment grade (based on an average of Moody's, S&P and Fitch) and must have an investment-grade-rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long-term sovereign debt ratings). The BofA Merrill Lynch Capital Securities Index is a subset of The BofA Merrill Lynch US Corporate Index including all fixed-to-floating rate, perpetual callable and capital securities. 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. 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.