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NEW YORK, NY 10017
280 PARK AVENUE
LIMITED DURATION PREFERRED AND INCOME FUND
COHEN & STEERS

Cohen & Steers Limited Duration Preferred and Income Fund
Annual Report December 31, 2014
To Our Shareholders:

We would like to share with you our report for the year ended December 31, 2014. The net asset value (NAV) at that date was $25.70 per common share. The Fund’s common stock is traded on the New York Stock Exchange (NYSE) and its share price can differ from its NAV; at year end, the Fund’s closing price on the NYSE was $22.66.

The total returns, including income, for the Fund and its comparative benchmarks were:

<table>
<thead>
<tr>
<th></th>
<th>Six Months Ended December 31, 2014</th>
<th>Year Ended December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cohen &amp; Steers Limited Duration Preferred and Income Fund at NAV&lt;sup&gt;a&lt;/sup&gt;</td>
<td>0.26%</td>
<td>12.13%</td>
</tr>
<tr>
<td>Cohen &amp; Steers Limited Duration Preferred and Income Fund at Market Value&lt;sup&gt;a&lt;/sup&gt;</td>
<td>–6.32%</td>
<td>9.57%</td>
</tr>
<tr>
<td>BofA Merrill Lynch U.S. Capital Securities Index&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.88%</td>
<td>8.93%</td>
</tr>
<tr>
<td>Blended Benchmark—75% BofA Merrill Lynch U.S. Capital Securities Index/25% BofA Merrill Lynch 7% Constrained Adjustable Rate Preferred Securities Index&lt;sup&gt;b&lt;/sup&gt;</td>
<td>0.75%</td>
<td>10.05%</td>
</tr>
<tr>
<td>Barclays Capital U.S. Aggregate Bond Index&lt;sup&gt;b&lt;/sup&gt;</td>
<td>1.96%</td>
<td>5.95%</td>
</tr>
</tbody>
</table>

The performance data quoted represent past performance. Past performance is no guarantee of future results. The investment return and the principal value of an investment will fluctuate and shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance results reflect the effects of leverage, resulting from borrowings under a credit agreement. Current total returns of the Fund can be obtained by visiting our website at cohenandsteers.com. The Fund’s returns assume the reinvestment of all dividends and

<sup>a</sup> As a closed-end investment company, the price of the Fund’s NYSE-traded shares will be set by market forces and can deviate from the NAV per share of the Fund.

<sup>b</sup> The BofA Merrill Lynch U.S. Capital Securities Index is a subset of the BofA Merrill Lynch U.S. Corporate Index including all fixed-to-floating rate, perpetual callable and capital securities. The BofA Merrill Lynch 7% Constrained Adjustable Rate Preferred Securities Index contains all securities in the BofA Merrill Lynch Adjustable Rate Preferred Securities Index but caps issuer exposure at 7%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 7%. Issuers that exceed the limit are reduced to 7% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 7% cap are increased on a pro-rata basis. In the event there are fewer than 15 issuers in the Index, each is equally weighted and the face values of their respective bonds are increased or decreased on a pro-rata basis. The Barclays Capital U.S. Aggregate Bond Index includes U.S. government, corporate and mortgage-backed securities with maturities of at least one year. Benchmark returns are shown for comparative purposes only and may not necessarily be representative of the Fund’s portfolio. The Fund’s benchmarks do not include below-investment grade securities.
distributions at prices obtained under the Fund’s dividend reinvestment plan. Index performance does not reflect the deduction of any fees, taxes or expenses. An investor cannot invest directly in an index. Performance figures for periods shorter than one year are not annualized.

The Fund makes regular monthly distributions at a level rate (the Policy). Distributions paid by the Fund are subject to recharacterization for tax purposes and are taxable up to the amount of the Fund’s investment company taxable income and net realized gains. As a result of the Policy, the Fund may pay distributions in excess of the Fund’s investment company taxable income and net realized gains. This excess would be a return of capital distributed from the Fund’s assets. Distributions of capital decrease the Fund’s total assets and, therefore, could have the effect of increasing the Fund’s expense ratio. In addition, in order to make these distributions, the Fund may have to sell portfolio securities at a less than opportune time.

Investment Review

Preferred securities advanced in 2014, a favorable period for virtually all fixed income asset classes. U.S. Treasury yields, which had risen sharply in 2013 in expectation that the Federal Reserve (the Fed) would partially lessen quantitative easing (QE) by tapering its bond purchases, reversed direction. Bond yields trended lower in 2014 even as QE tapering ran its course through October. This reflected modest U.S. economic growth through much of the period as well as weaker readings in China and Europe. Also keeping rates low were a generally benign global inflation outlook, heightened geopolitical tensions and aggressive monetary policy measures by the European Central Bank (ECB).

The 10-year U.S. Treasury yield declined from 3.0% in January to 2.2% by December while sovereign yields in Europe reached record lows. These trends provided a global tailwind to financial assets with perceived sensitivity to interest rates. Preferred securities and investment-grade corporate bonds had attractive absolute returns in this environment, with preferreds faring somewhat better. Preferred securities strongly outpaced high-yield bonds, which entered the year with historically high valuations and came under pressure as oil prices rapidly declined. Energy companies account for a material portion of the high-yield market and had been its fastest-growing segment.

Within the preferreds market, $25 par exchange-traded securities outperformed preferreds traded over-the-counter (OTC), consistent with the exchange-traded group’s higher average duration and sensitivity to movements in interest rates. In terms of sector performance, preferreds issued by banks, the largest issuers of these securities, performed approximately in line with the index. Earnings reports from banks, while soft in terms of revenue growth and profit margins, remained good from a credit perspective. Banks continued to build their capital bases thanks in part to continued moderation of bad debt charges, which in the U.S. have fallen to levels comparable with those existing before the financial crisis. Bolstered to meet new regulatory requirements, bank capital levels have grown to exceed pre-crisis levels.

Real estate preferreds were a standout segment, rising more than 20% for the year. The group benefited from strong industry fundamentals, as reflected in earnings that mostly exceeded expectations across the range of property types. REIT cash flows have been growing with the U.S. economy, and the new supply of high-quality commercial real estate has been modest. In addition, real estate companies
remained generally conservative with balance sheet management, and the new supply of REIT preferreds was quite limited.

Preferreds issued by European companies participated in the rally, supported by declining sovereign yields across the region. Along with lower oil prices, the mostly disappointing economic data reported as the year progressed tamped down inflation forecasts, and fed expectations that the ECB would engage in QE. Issuance of contingent capital securities (CoCos), a new and evolving source of Tier 1 capital for European and other non-U.S. banks (at present), was visible throughout the year. Deals that occurred near year end included Deutsche Bank issuing a large CoCo with a 7.5% coupon scheduled to reset to a floating rate in 10 years. Also noteworthy was a new security from QBE Insurance Group in Australia, a rare example so far of an insurance company taking advantage of the market for CoCos.

**Fund Performance**

The Fund had a positive total return for the year and outperformed its blended benchmark based on NAV. Based on market price, the Fund underperformed its blended benchmark. The Fund benefited from an underweight in energy preferreds and an out-of-benchmark allocation to REIT preferreds.

Throughout much of the year we emphasized securities that were more defensive relative to interest-rate risk given our view that economic growth would continue to be solid, potentially presenting further challenges to bond markets. With rates coming down, this positioning weighed on the Fund’s performance relative to the benchmark. However, the impact was in large part countered by good performance from certain investments in below-investment-grade and non-rated issues that were not represented in the index.

**Impact of Derivatives on Fund Performance**

In connection with its use of leverage, the Fund pays interest on borrowings based on a floating rate under the terms of its credit agreement. To reduce the impact that an increase in interest rates could have on the performance of the Fund with respect to these borrowings, the Fund used interest rate swaps to exchange the floating rate for a fixed rate. During the 12-month period ended December 31, 2014, the Fund’s use of swaps detracted from the Fund’s performance.

The Fund also used derivatives in the form of forward foreign currency exchange contracts in order to manage currency risk on certain Fund positions denominated in foreign currencies. These contracts significantly contributed to the Fund’s performance for the 12-month period ended December 31, 2014.

**Impact of Leverage on Fund Performance**

The Fund employs leverage as part of a yield-enhancement strategy. Leverage, which can increase total return in rising markets (just as it can have the opposite effect in declining markets), significantly contributed to the Fund’s performance for the 12-month period ended December 31, 2014.
Investment Outlook

While acknowledging that growth may have slowed globally, we note that the U.S. economy appears to be on generally solid footing, given continued U.S. gross domestic product expansion as well as good employment gains in recent months. Although the Fed finally exited its QE purchases, we believe it is likely to continue to soothe markets by indicating that the path to rate hikes will be very data-dependent. We currently expect modest rate hikes in the latter half of 2015; however, if global growth does not pick up these may be delayed.

We are expecting Treasury yields to remain somewhat low for the near term, reflecting weak global growth and low inflation readings, including in the U.S., where the strong dollar is likely to play a role in subdued price gains for many goods. Falling oil prices will also likely diminish headline inflation, although savings for consumers might lead to higher demand for other goods. While we have a generally benign outlook for the near term, we expect that Treasury yields may rise somewhat in the intermediate term as U.S. growth continues in 2015 and U.S. labor markets tighten. In this respect, we note that the high income that preferreds offer—substantially higher than is offered by most traditional fixed income assets—may help protect investors from a total-return standpoint over time, should demanded yields begin to rise.

We have added in recent months to more rate-sensitive instruments but continue to generally favor higher income and somewhat more stable value issues, for instance, fixed-to-float structures with good amounts of call protection that can perform well in most rate environments. At the same time, we have become somewhat more cautious in some credit markets, notably Europe, which faces deflation and political tensions caused by weak growth. More broadly, however, we continue to view the harsh regulatory environment spurred by the financial crisis as an important tailwind to the credit quality of financial preferred issuers around the globe and note that bank capital requirements will continue to rise in coming quarters.

We continue to seek opportunities in the expanding market for new preferred instruments, including U.S. bank and insurance preferreds and the new CoCo securities being issued by many banks around the globe. Many preferred instruments offer income rates that compare favorably with global investment-grade and even global high-yield bonds, making them attractive investments, in our view.
Sincerely,

ROBERT H. STEERS                                          JOSEPH M. HARVEY
Chairman                                                    Portfolio Manager

WILLIAM F. SCAPELL                                      ELAINE ZAHARIS-NIKAS
Portfolio Manager                                          Portfolio Manager

The views and opinions in the preceding commentary are subject to change without notice and are as of the date of publication. There is no guarantee that any market forecast set forth in the commentary will be realized. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice and is not intended to predict or depict performance of any investment.

Visit Cohen & Steers online at cohenandsteers.com

For more information about the Cohen & Steers family of mutual funds, visit cohenandsteers.com. Here you will find fund net asset values, fund fact sheets and portfolio highlights, as well as educational resources and timely market updates.

Our website also provides comprehensive information about Cohen & Steers, including our most recent press releases, profiles of our senior investment professionals and their investment approach to each asset class. The Cohen & Steers family of mutual funds invests in major real asset categories including real estate, infrastructure and commodities, along with preferred securities and other income solutions.
Our Leverage Strategy
(Unaudited)

Our current leverage strategy utilizes borrowings up to the maximum permitted by the Investment Company Act of 1940 to provide additional capital for the Fund, with an objective of increasing the net income available for shareholders. As of December 31, 2014, leverage represented 30% of the Fund's managed assets.

It has been our philosophy to utilize interest rate swap transactions to seek to reduce the interest rate risk inherent in our utilization of leverage. Considering that the Fund's borrowings have variable interest rate payments, we seek to lock in those rates on a significant portion of this additional capital through interest rate swap agreements (where we effectively convert our variable rate obligations to fixed rate obligations for the term of the swap agreements). Locking in a significant portion of our leveraging costs is designed to protect the dividend-paying ability of the Fund. The use of leverage increases the volatility of the Fund's net asset value in both up and down markets. However, we believe that locking in a portion of the Fund's leveraging costs for the term of the swap agreements partially protects the Fund's expenses from an increase in short-term interest rates.

Leverage Facts\(^{a,b}\)

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage (as a % of managed assets)</td>
<td>30%</td>
</tr>
<tr>
<td>% Fixed Rate</td>
<td>90%</td>
</tr>
<tr>
<td>% Variable Rate</td>
<td>10%</td>
</tr>
<tr>
<td>Weighted Average Rate on Swaps</td>
<td>1.2%</td>
</tr>
<tr>
<td>Weighted Average Term on Swaps</td>
<td>3.9 years</td>
</tr>
<tr>
<td>Current Rate on Debt</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

The Fund seeks to enhance its dividend yield through leverage. The use of leverage is a speculative technique and there are special risks and costs associated with leverage. The net asset value of the Fund's shares may be reduced by the issuance and ongoing costs of leverage. So long as the Fund is able to invest in securities that produce an investment yield that is greater than the total cost of leverage, the leverage strategy will produce higher current net investment income for shareholders. On the other hand, to the extent that the total cost of leverage exceeds the incremental income gained from employing such leverage, shareholders would realize lower net investment income. In addition to the impact on net income, the use of leverage will have an effect of magnifying capital appreciation or depreciation for shareholders. Specifically, in an up market, leverage will typically generate greater capital appreciation than if the Fund were not employing leverage. Conversely, in down markets, the use of leverage will generally result in greater capital depreciation than if the Fund had been unlevered. To the extent that the Fund is required or elects to reduce its leverage, the Fund may need to liquidate investments, including under adverse economic conditions which may result in capital losses potentially reducing returns to shareholders. There can be no assurance that a leveraging strategy will be successful during any period in which it is employed.

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\(^{a}\) Data as of December 31, 2014. Information is subject to change.

\(^{b}\) See Note 7 in Notes to Financial Statements.
December 31, 2014
Top Ten Holdings\textsuperscript{a} 
(Unaudited)

<table>
<thead>
<tr>
<th>Security</th>
<th>Value</th>
<th>% of Managed Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Electric Capital Corp., 7.125%, Series A</td>
<td>$44,948,750</td>
<td>4.3</td>
</tr>
<tr>
<td>Southern California Edison Co., 4.51%, Series D ($100 Par Value) (FRN)</td>
<td>41,178,982</td>
<td>3.9</td>
</tr>
<tr>
<td>US Bancorp, 3.50%, Series A, ($1,000 Par Value) (FRN)</td>
<td>30,064,380</td>
<td>2.8</td>
</tr>
<tr>
<td>Wells Fargo &amp; Co., 7.98%, Series K</td>
<td>22,951,125</td>
<td>2.2</td>
</tr>
<tr>
<td>HSBC USA, 3.50%, Series F (FRN)</td>
<td>19,725,303</td>
<td>1.9</td>
</tr>
<tr>
<td>Aquarius + Investments PLC, 8.25% (Switzerland)</td>
<td>18,763,750</td>
<td>1.8</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co., 7.90%, Series I</td>
<td>18,598,360</td>
<td>1.8</td>
</tr>
<tr>
<td>Goldman Sachs Capital II, 4.00%, (FRN)</td>
<td>18,179,580</td>
<td>1.7</td>
</tr>
<tr>
<td>Aegon NV, 2.549%, ($100 Par Value) (FRN) (Netherlands)</td>
<td>18,073,331</td>
<td>1.7</td>
</tr>
<tr>
<td>Morgan Stanley, 6.875%</td>
<td>16,046,149</td>
<td>1.5</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Top ten holdings are determined on the basis of the value of individual securities held. The Fund may also hold positions in other types of securities issued by the companies listed above. See the Schedule of Investments for additional details on such other positions.

**Sector Breakdown**
(Based on Managed Assets)
(Unaudited)

- **Industrials (Preferred)** 1.7%
- **Utilities (Preferred)** 3.3%
- **Real Estate (Preferred)** 3.5%
- **Electric—Integrated (Preferred)** 3.9%
- **Other** 5.5%
- **Finance (Preferred)** 8.6%
- **Banks—Foreign (Preferred)** 20.2%
- **Integrated Telecommunications Services (Corporate Bonds)** 1.3%
- **Banks (Preferred)** 28.5%
- **Insurance (Preferred)** 23.5%
## SCHEDULE OF INVESTMENTS

**December 31, 2014**

<table>
<thead>
<tr>
<th>PREFERRED SECURITIES—$25 PAR VALUE</th>
<th>Number of Shares</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AgriBank FCB, 6.875%, ($100 Par Value)(^a)</td>
<td>65,000</td>
<td>$6,835,159</td>
</tr>
<tr>
<td>Ally Financial, 8.50%, Series A(^a)</td>
<td>195,800</td>
<td>5,263,104</td>
</tr>
<tr>
<td>Ally Financial, 7.00%, Series G, 144A ($1000 Par Value)(^a,b)</td>
<td>5,000</td>
<td>5,022,969</td>
</tr>
<tr>
<td>Citigroup, 6.875%, Series K(^a)</td>
<td>222,375</td>
<td>5,910,728</td>
</tr>
<tr>
<td>CoBank ACB, 6.25%, 144A ($100 Par Value)(^a,b)</td>
<td>117,000</td>
<td>11,849,912</td>
</tr>
<tr>
<td>CoBank ACB, 6.125%, Series G ($100 Par Value)(^a)</td>
<td>32,250</td>
<td>2,928,703</td>
</tr>
<tr>
<td>Farm Credit Bank of Texas, 6.75%, 144A(^a,b)</td>
<td>67,500</td>
<td>7,001,019</td>
</tr>
<tr>
<td>Fifth Third Bancorp, 6.625%, Series I(^a)</td>
<td>308,640</td>
<td>8,435,131</td>
</tr>
<tr>
<td>GMAC Capital Trust I, 8.125%, due 2/15/40, Series II (TruPS)(^a)</td>
<td>200,000</td>
<td>5,276,000</td>
</tr>
<tr>
<td>HSBC USA, 3.50%, Series F (FRN)(^a)</td>
<td>872,801</td>
<td>19,725,303</td>
</tr>
<tr>
<td>HSBC USA, 4.918%, Series G (FRN)(^a)</td>
<td>242,293</td>
<td>5,633,312</td>
</tr>
<tr>
<td>Private Bancorp, 7.125%, due 10/30/42(^a)</td>
<td>200,100</td>
<td>5,242,620</td>
</tr>
<tr>
<td>Regions Financial Corp., 6.375%, Series Ba(^a)</td>
<td>301,000</td>
<td>7,645,400</td>
</tr>
<tr>
<td>US Bancorp, 3.50%, Series A, ($1,000 Par Value)(FRN)(^a)</td>
<td>36,776</td>
<td>30,064,380</td>
</tr>
<tr>
<td>Zions Bancorp, 7.90%, Series Fa(^a)</td>
<td>174,694</td>
<td>4,751,677</td>
</tr>
<tr>
<td>Zions Bancorp, 6.30%, Series Ga(^a)</td>
<td>126,557</td>
<td>3,267,702</td>
</tr>
</tbody>
</table>

| **Total**                                      | 134,853,119       |

| **Banks—Foreign**                              | 0.2%              |
| Barclays Bank PLC, 8.125%, Series V (United Kingdom)\(^a\) | 50,000            | 1,304,000   |

| **Electric—Integrated**                        | 5.6%              |
| Southern California Edison Co., 4.63%, Series D ($100 Par Value)(FRN)\(^a\) | 408,851            | 41,178,982  |

| **Finance—Investment Banker/Broker**           | 5.4%              |
| Goldman Sachs Group, 6.375%, Series K\(^a\)    | 111,782            | 2,897,389   |
| Morgan Stanley, 6.875%\(^a\)                   | 603,012            | 16,046,149  |
| Morgan Stanley, 4.00%, Series A (FRN)\(^a\)    | 692,675            | 13,832,720  |
| Morgan Stanley, 6.375%, Series I\(^a\)         | 300,000            | 7,593,000   |

| **Total**                                      | 40,369,258        |

See accompanying notes to financial statements.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Shares</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INDUSTRIALS—CHEMICALS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHS, 6.75%a</td>
<td>333,191</td>
<td>$8,469,715</td>
</tr>
<tr>
<td>CHS, 7.10%, Series IIa</td>
<td>381,672</td>
<td>10,022,707</td>
</tr>
<tr>
<td><strong>INSURANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIFE/HEALTH INSURANCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MetLife, 4.00%, Series A (FRN)a</td>
<td>526,431</td>
<td>12,055,270</td>
</tr>
<tr>
<td>Principal Financial Group, 5.563%, Series A ($100 Par Value)a</td>
<td>146,513</td>
<td>14,788,656</td>
</tr>
<tr>
<td>**LIFE/HEALTH INSURANCE—FOREIGN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aegon NV, 4.00%, Series I (FRN) (Netherlands)a</td>
<td>159,074</td>
<td>3,735,057</td>
</tr>
<tr>
<td><strong>MULTI-LINE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hartford Financial Services Group, 7.875%, due 4/15/42a</td>
<td>240,000</td>
<td>7,190,400</td>
</tr>
<tr>
<td><strong>REINSURANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinsurance Group of America, 6.20%, due 9/15/42a</td>
<td>287,951</td>
<td>7,993,520</td>
</tr>
<tr>
<td><strong>REINSURANCE—FOREIGN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspen Insurance Holdings Ltd., 5.95% (Bermuda)a</td>
<td>120,023</td>
<td>3,031,781</td>
</tr>
<tr>
<td>Aspen Insurance Holdings Ltd., 7.25% (Bermuda)a</td>
<td>97,849</td>
<td>2,561,687</td>
</tr>
<tr>
<td><strong>TOTAL INSURANCE</strong></td>
<td></td>
<td>51,356,371</td>
</tr>
<tr>
<td><strong>PIPLINES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NuStar Logistics LP, 7.625%, due 1/15/43a</td>
<td>137,632</td>
<td>3,550,906</td>
</tr>
<tr>
<td><strong>REAL ESTATE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colony Financial, 8.50%, Series Aa</td>
<td>240,000</td>
<td>6,307,200</td>
</tr>
<tr>
<td>NorthStar Realty Finance Corp., 8.50%, Series Da</td>
<td>99,400</td>
<td>2,490,964</td>
</tr>
<tr>
<td>Retail Properties of America, 7.00%a</td>
<td>99,400</td>
<td>2,604,280</td>
</tr>
<tr>
<td>Urstadt Biddle Properties, 7.125%, Series Fa</td>
<td>193,484</td>
<td>5,030,584</td>
</tr>
<tr>
<td><strong>TOTAL REAL ESTATE</strong></td>
<td></td>
<td>16,433,028</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Shares</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HOTEL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summit Hotel Properties, 7.125%a</td>
<td>115,500</td>
<td>$2,939,475</td>
</tr>
<tr>
<td>Summit Hotel Properties, 7.875, Series Ba</td>
<td>186,650</td>
<td>4,903,296</td>
</tr>
<tr>
<td><strong>OFFICE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>American Realty Capital Properties, 6.70%, Series Fa</td>
<td>327,627</td>
<td>7,486,277</td>
</tr>
<tr>
<td>Corporate Office Properties Trust, 7.375%, Series La</td>
<td>90,866</td>
<td>2,369,785</td>
</tr>
<tr>
<td><strong>RESIDENTIAL—MANUFACTURED HOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sun Communities, 7.125%, Series Aa</td>
<td>100,000</td>
<td>2,568,000</td>
</tr>
<tr>
<td><strong>TOTAL REAL ESTATE</strong></td>
<td></td>
<td>36,699,861</td>
</tr>
<tr>
<td><strong>TRANSPORT—MARINE—FOREIGN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seaspan Corp., 6.375%, due 4/30/19 (Hong Kong)a</td>
<td>162,450</td>
<td>4,028,760</td>
</tr>
<tr>
<td>Seaspan Corp., 9.50%, Series C (Hong Kong)a</td>
<td>140,705</td>
<td>3,763,859</td>
</tr>
<tr>
<td><strong>UTILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCE Trust III, 5.75%a</td>
<td>135,150</td>
<td>3,574,717</td>
</tr>
<tr>
<td><strong>TOTAL PREFERRED SECURITIES—$25 PAR VALUE</strong></td>
<td></td>
<td>339,172,255</td>
</tr>
<tr>
<td>(Identified cost—$331,825,812)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PREFERRED SECURITIES—CAPITAL SECURITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BANKS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BAC Capital Trust XIV, 4.00%, Series G, (FRN)a</td>
<td>16,930,000</td>
<td>12,824,475</td>
</tr>
<tr>
<td>Bank of America Corp., 8.125%, Series M</td>
<td>13,500,000</td>
<td>14,630,625</td>
</tr>
<tr>
<td>Bank of America Corp., 6.25%, Series X</td>
<td>9,115,000</td>
<td>9,055,178</td>
</tr>
<tr>
<td>Bank of America Corp., 6.50%, Series Z</td>
<td>11,136,000</td>
<td>11,363,174</td>
</tr>
<tr>
<td>Goldman Sachs Capital II, 4.00%, (FRN)</td>
<td>24,567,000</td>
<td>18,179,580</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co., 7.90%, Series I</td>
<td>17,200,000</td>
<td>18,598,360</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co., 6.75%, Series S</td>
<td>10,400,000</td>
<td>11,024,000</td>
</tr>
<tr>
<td>JPMorgan Chase &amp; Co., 6.10%, Series X</td>
<td>5,900,000</td>
<td>5,900,000</td>
</tr>
<tr>
<td>Mellon Capital IV, 4.00%, Series 1 (FRN)</td>
<td>10,115,000</td>
<td>8,016,138</td>
</tr>
<tr>
<td>SunTrust Banks, 5.625%</td>
<td>5,300,000</td>
<td>5,339,750</td>
</tr>
<tr>
<td>USB Capital IX, 3.50%, (FRN)</td>
<td>8,878,000</td>
<td>7,191,180</td>
</tr>
<tr>
<td>Wachovia Capital Trust III, 5.57%, (FRN)</td>
<td>5,000,000</td>
<td>4,852,500</td>
</tr>
<tr>
<td>Wells Fargo &amp; Co, 5.90%, Series S</td>
<td>5,946,000</td>
<td>6,005,460</td>
</tr>
<tr>
<td>Wells Fargo &amp; Co., 7.98%, Series K</td>
<td>20,700,000</td>
<td>22,951,125</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2014

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zions Bancorp, 7.20%, Series J</td>
<td>5,490,000 $5,797,330</td>
</tr>
<tr>
<td>Zions Bancorporation, 5.65%, due 11/15/23</td>
<td>4,250,000 4,428,381</td>
</tr>
</tbody>
</table>

**BANKS—FOREIGN 28.6%**

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baggot Securities Ltd., 10.24%, 144A (EUR) (Ireland)</td>
<td>1,161,000 1,475,112</td>
</tr>
<tr>
<td>Banco Bilbao Vizcaya Argentaria SA, 9.00% (Spain)</td>
<td>8,400,000 9,009,000</td>
</tr>
<tr>
<td>Banco Bradesco SA/Cayman, 5.75%, due 3/1/22, 144A (Brazil)</td>
<td>4,000,000 4,100,000</td>
</tr>
<tr>
<td>Banco do Brasil SA/Cayman, 9.00%, 144A (Brazil)</td>
<td>8,270,000 7,732,450</td>
</tr>
<tr>
<td>Barclays Bank PLC, 7.625%, due 11/21/22 (United Kingdom)</td>
<td>4,800,000 5,257,440</td>
</tr>
<tr>
<td>Barclays PLC, 8.00% (United Kingdom) (EUR)</td>
<td>800,000 1,012,328</td>
</tr>
<tr>
<td>Barclays PLC, 8.25% (United Kingdom)</td>
<td>11,895,000 12,215,202</td>
</tr>
<tr>
<td>BBVA Bancomer SA Texas, 6.75%, due 9/30/22, 144A (Mexico)</td>
<td>5,000,000 5,512,500</td>
</tr>
<tr>
<td>BNP Paribas, 7.195%, 144A (France)</td>
<td>5,000,000 5,806,250</td>
</tr>
<tr>
<td>Credit Agricole SA, 7.875%, 144A (France)</td>
<td>7,661,000 7,819,269</td>
</tr>
<tr>
<td>Credit Suisse AG, 6.50%, due 8/8/23, 144A (Switzerland)</td>
<td>4,500,000 4,950,994</td>
</tr>
<tr>
<td>Credit Suisse Group AG, 7.50%, 144A (Switzerland)</td>
<td>6,463,000 6,737,677</td>
</tr>
<tr>
<td>Deutsche Bank AG, 7.50% (Germany)</td>
<td>12,000,000 11,550,000</td>
</tr>
<tr>
<td>Deutsche Bank Capital Funding Trust I, 3.204%, 144A (FRN) (Germany)</td>
<td>8,480,000 8,310,400</td>
</tr>
<tr>
<td>Deutsche Bank Capital Trust IV (Germany)</td>
<td>6,000,000 5,820,000</td>
</tr>
<tr>
<td>Deutsche Bank Capital Trust V, 144A, (Germany)</td>
<td>2,800,000 2,758,000</td>
</tr>
<tr>
<td>Dresdner Funding Trust I, 8.151%, due 6/30/31, 144A (Germany)</td>
<td>4,530,280 5,368,382</td>
</tr>
<tr>
<td>HBOS Capital Funding LP, 6.85% (United Kingdom)</td>
<td>6,350,000 6,406,344</td>
</tr>
<tr>
<td>HSBC Capital Funding LP, 10.176%, 144A (United Kingdom)</td>
<td>5,395,000 8,146,450</td>
</tr>
<tr>
<td>HSBC Holdings PLC, 6.375% (United Kingdom)</td>
<td>6,700,000 6,775,375</td>
</tr>
<tr>
<td>Industrial &amp; Commercial Bank of China Ltd., 6.00%, 144A (China)</td>
<td>2,750,000 2,787,812</td>
</tr>
<tr>
<td>Itau Unibanco Holding SA/Cayman Island, 5.50%, due 8/6/22, 144A (Brazil)</td>
<td>4,600,000 4,646,000</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2014

<table>
<thead>
<tr>
<th>Number</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itau Unibanco Holding SA/Cayman Island, 6.20%, due 12/21/21, 144A (Brazil)</td>
<td>$3,163,140</td>
</tr>
<tr>
<td>Lloyds Banking Group PLC, 7.50% (United Kingdom)</td>
<td>13,107,000</td>
</tr>
<tr>
<td>Nationwide Building Society, 10.25% (United Kingdom)</td>
<td>12,577,808</td>
</tr>
<tr>
<td>Nordea Bank AB, 6.125%, 144A (Sweden)</td>
<td>5,660,522</td>
</tr>
<tr>
<td>Rabobank Nederland, 8.40% (Netherlands)</td>
<td>8,231,250</td>
</tr>
<tr>
<td>Rabobank Nederland, 11.00%, 144A (Netherlands)</td>
<td>5,158,000</td>
</tr>
<tr>
<td>Royal Bank of Scotland Group PLC, 7.648% (United Kingdom)</td>
<td>9,859,590</td>
</tr>
<tr>
<td>Royal Bank of Scotland PLC, 9.50%, due 3/16/22 (United Kingdom)</td>
<td>5,692,755</td>
</tr>
<tr>
<td>Societe Generale SA, 8.875% (France) (GBP)</td>
<td>3,054,858</td>
</tr>
<tr>
<td>UBS AG, 7.625%, due 8/17/22 (Switzerland)</td>
<td>10,847,738</td>
</tr>
</tbody>
</table>

FINANCE 6.8%
CREDIT CARD 0.7%
American Express Co., 5.20% | 5,512,947 |

DIVERSIFIED FINANCIAL SERVICES 6.1%
General Electric Capital Corp., 7.125%, Series A | 44,948,750 |

TOTAL FINANCE 50,461,697

INSURANCE 26.6%
LIFE/HEALTH INSURANCE—FOREIGN 9.0%
Aegon NV, 2.722%, ($100 Par Value) (FRN) (Netherlands) | 18,073,331 |
CNP Assurances, 3.4212%, (FRN) (France) | 4,902,792 |
Dai-ichi Life Insurance Co. Ltd., 5.10%, 144A (Japan) | 7,220,132 |
Intesa Sanpaolo Vita SpA, 4.75% (Italy) | 2,715,353 |
La Mondiale Vie, 7.625% (France) | 14,434,219 |
Nippon Life Insurance Co., 5.10%, due 10/16/44, 144A (Japan) | 8,602,415 |
Sumitomo Life Insurance Co, 6.50%, due 9/20/73, 144A (Japan) | 11,000,951 |

66,949,193

See accompanying notes to financial statements.
MULTI-LINE 2.1%
American International Group, 8.175%, due 5/15/68, (FRN)a 9,000,000 $ 12,240,000
Nationwide Mutual Insurance Co., 5.81%, due 12/15/24, 144Ab 3,125,000 $ 3,131,722

MULTI-LINE—FOREIGN 3.7%
Aviva PLC, 8.25% (United Kingdom)a 8,600,000 9,663,192
AXA SA, 1.794%, (FRN) (EUR) (France)a 5,000,000 4,099,790
AXA SA, 6.463%, 144A (France)a,b 10,102,000 10,682,865
ING Capital Funding Trust III, 3.83%, (FRN) (Netherlands) 3,329,000 3,337,323

PROPERTY CASUALTY 3.3%
Farmers Exchange Capital III, 5.454%, due 10/15/54, 144Ab 4,600,000 4,787,116
Liberty Mutual Group, 7.00%, due 3/15/37, 144Ab 6,575,000 6,772,250
Liberty Mutual Group, 7.80%, due 3/15/37, 144Ab 10,682,000 12,551,350
TOTAL PROPERTY CASUALTY 24,110,716

PROPERTY CASUALTY—FOREIGN 2.9%
Mitsui Sumitomo Insurance Co., Ltd., 7.00%, due 3/15/72, 144A (Japan)b 9,000,000 10,365,867
QBE Insurance Group Ltd., 6.75%, due 12/2/44 (Australia)a 4,005,000 4,029,995
RL Finance Bonds No. 2 PLC, 6.125%, due 11/30/43 (United Kingdom)a 4,000,000 6,745,364

REINSURANCE—FOREIGN 5.6%
Aquarius + Investments PLC, 8.25% (Switzerland)a 17,000,000 18,763,750
Catlin Insurance Co., 7.249%, 144A (Bermuda)b,c 10,000,000 9,993,750
QBE Capital Funding III Ltd., 7.25%, due 5/24/41, 144A (Australia)b 12,000,000 13,096,812

TOTAL INSURANCE 197,210,339

See accompanying notes to financial statements.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2014

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>Number of Shares</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTEGRATED TELECOMMUNICATIONS SERVICES</strong></td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Centaur Funding Corp., 9.08%, due 4/21/20, 144A (Cayman)</td>
<td>4,622 $</td>
<td>$5,806,388</td>
</tr>
<tr>
<td><strong>PIPLINES</strong></td>
<td>1.0%</td>
<td></td>
</tr>
<tr>
<td>Enbridge Energy Partners LP, 8.05%, due 10/1/77</td>
<td>3,100,000</td>
<td>3,371,250</td>
</tr>
<tr>
<td>Enterprise Products Operating LLC, 7.034%, due 1/15/68, Series B</td>
<td>4,000,000</td>
<td>4,390,508</td>
</tr>
<tr>
<td><strong>UTILITIES</strong></td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td><strong>ELECTRIC UTILITIES</strong></td>
<td>0.7%</td>
<td></td>
</tr>
<tr>
<td>FPL Group Capital, 7.30%, due 9/1/67, Series D</td>
<td>5,000,000</td>
<td>5,353,230</td>
</tr>
<tr>
<td><strong>ELECTRIC UTILITIES—FOREIGN</strong></td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td>Enel SpA, 8.75%, due 9/24/73, 144A (Italy)</td>
<td>10,232,000</td>
<td>11,933,070</td>
</tr>
<tr>
<td><strong>MULTI-UTILITIES</strong></td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Dominion Resources, 5.75%, due 10/1/54</td>
<td>8,873,000</td>
<td>9,280,404</td>
</tr>
<tr>
<td>Dominion Resources, 2.534%, due 9/30/66 (FRN)</td>
<td>5,400,000</td>
<td>5,112,876</td>
</tr>
<tr>
<td><strong>TOTAL UTILITIES</strong></td>
<td></td>
<td>14,393,280</td>
</tr>
<tr>
<td><strong>TOTAL PREFERRED SECURITIES—CAPITAL SECURITIES</strong></td>
<td></td>
<td>31,679,580</td>
</tr>
<tr>
<td>(Identified cost—$631,524,887)</td>
<td></td>
<td>670,626,664</td>
</tr>
</tbody>
</table>

**CORPORATE BONDS**                                        | 2.6%             |           |
| **INSURANCE-PROPERTY CASUALTY**                          | 0.8%             |           |
| Liberty Mutual Insurance, 7.697%, due 10/15/97, 144A    | $5,000,000       | 6,341,830 |
| **INTEGRATED TELECOMMUNICATIONS SERVICES**              | 1.8%             |           |
| Frontier Communications Corp., 9.00%, due 8/15/31       | 12,500,000       | 13,250,000|
| **TOTAL CORPORATE BONDS**                                |                  | 19,591,830|
| (Identified cost—$18,067,964)                            |                  |           |

See accompanying notes to financial statements.
SCHEDULE OF INVESTMENTS—(Continued)
December 31, 2014

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,100,000</td>
<td>$11,100,000</td>
</tr>
<tr>
<td>11,100,000</td>
<td>11,100,000</td>
</tr>
<tr>
<td>1,040,490,749</td>
<td></td>
</tr>
<tr>
<td>(299,584,975)</td>
<td></td>
</tr>
<tr>
<td>$740,905,774</td>
<td></td>
</tr>
</tbody>
</table>

Note: Percentages indicated are based on the net assets of the Fund.

a All or a portion of the security is pledged as collateral in connection with the Fund’s revolving credit agreement. $510,719,826 in aggregate has been pledged as collateral.

b Resale is restricted to qualified institutional investors. Aggregate holdings equal 31.9% of the net assets of the Fund, of which 0.0% are illiquid.

c A portion of the security is segregated as collateral for open forward foreign currency exchange contracts. $1,798,875 in aggregate has been segregated as collateral.

d Rate quoted represents the annualized seven-day yield of the Fund.

See accompanying notes to financial statements.
Interest rate swaps outstanding at December 31, 2014 were as follows:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Notional Amount</th>
<th>Fixed Rate (reset monthly)</th>
<th>Floating Rate (resets monthly)</th>
<th>Termination Date</th>
<th>Unrealized Appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America, N.A.</td>
<td>$94,500,000</td>
<td>0.914%</td>
<td>0.155%</td>
<td>December 1, 2017</td>
<td>$507,998</td>
</tr>
<tr>
<td>Bank of America, N.A.</td>
<td>94,500,000</td>
<td>1.164%</td>
<td>0.155%</td>
<td>December 1, 2018</td>
<td>776,445</td>
</tr>
<tr>
<td>BNP Paribas</td>
<td>94,500,000</td>
<td>1.395%</td>
<td>0.155%</td>
<td>December 1, 2019</td>
<td>807,995</td>
</tr>
</tbody>
</table>

$2,092,438

\(^a\) Based on LIBOR (London Interbank Offered Rate). Represents rates in effect at December 31, 2014.

Forward foreign currency exchange contracts outstanding at December 31, 2014 were as follows:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Contracts to Deliver</th>
<th>In Exchange For</th>
<th>Settlement Date</th>
<th>Unrealized Appreciation (Depreciation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown Brothers Harriman</td>
<td>EUR 2,179,047</td>
<td>USD 2,715,310</td>
<td>1/5/15</td>
<td>$78,554</td>
</tr>
<tr>
<td>Brown Brothers Harriman</td>
<td>EUR 12,385,671</td>
<td>USD 15,444,734</td>
<td>1/5/15</td>
<td>457,450</td>
</tr>
<tr>
<td>Brown Brothers Harriman</td>
<td>GBP 14,176,907</td>
<td>USD 22,190,928</td>
<td>1/5/15</td>
<td>94,786</td>
</tr>
<tr>
<td>Brown Brothers Harriman</td>
<td>USD 4,445,492</td>
<td>EUR 3,615,397</td>
<td>1/5/15</td>
<td>(70,680)</td>
</tr>
<tr>
<td>Brown Brothers Harriman</td>
<td>USD 22,109,737</td>
<td>GBP 14,176,907</td>
<td>1/5/15</td>
<td>(13,595)</td>
</tr>
<tr>
<td>Brown Brothers Harriman</td>
<td>USD 13,246,598</td>
<td>EUR 10,949,321</td>
<td>1/5/15</td>
<td>2,630</td>
</tr>
<tr>
<td>Brown Brothers Harriman</td>
<td>GBP 14,299,111</td>
<td>USD 22,293,015</td>
<td>2/3/15</td>
<td>11,489</td>
</tr>
</tbody>
</table>

$556,282

Glossary of Portfolio Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>Euro Currency</td>
</tr>
<tr>
<td>FRN</td>
<td>Floating Rate Note</td>
</tr>
<tr>
<td>GBP</td>
<td>Great British Pound</td>
</tr>
<tr>
<td>TruPS</td>
<td>Trust Preferred Securities</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
STATEMENT OF ASSETS AND LIABILITIES
December 31, 2014

ASSETS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in securities, at value (Identified cost—$992,518,663)</td>
<td>$1,040,490,749</td>
</tr>
<tr>
<td>Cash</td>
<td>11,960,315</td>
</tr>
<tr>
<td>Unrealized appreciation on interest rate swap transactions</td>
<td>2,092,438</td>
</tr>
<tr>
<td>Receivable for:</td>
<td></td>
</tr>
<tr>
<td>Dividends and interest</td>
<td>10,288,477</td>
</tr>
<tr>
<td>Investment securities sold</td>
<td>355,938</td>
</tr>
<tr>
<td>Unrealized appreciation on forward foreign currency exchange contracts</td>
<td>644,909</td>
</tr>
<tr>
<td>Other assets</td>
<td>228,908</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,066,061,734</td>
</tr>
</tbody>
</table>

LIABILITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized depreciation on forward foreign currency exchange contracts</td>
<td>88,627</td>
</tr>
<tr>
<td>Payable for:</td>
<td></td>
</tr>
<tr>
<td>Revolving credit agreement</td>
<td>315,000,000</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>8,957,341</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>633,331</td>
</tr>
<tr>
<td>Interest expense</td>
<td>269,665</td>
</tr>
<tr>
<td>Administration fees</td>
<td>45,238</td>
</tr>
<tr>
<td>Directors’ fees</td>
<td>390</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>161,368</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>325,155,960</td>
</tr>
</tbody>
</table>

NET ASSETS $ 740,905,774

NET ASSETS consist of:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid-in capital</td>
<td>$ 684,644,336</td>
</tr>
<tr>
<td>Accumulated undistributed net investment income</td>
<td>69,108</td>
</tr>
<tr>
<td>Accumulated undistributed net realized gain</td>
<td>5,620,980</td>
</tr>
<tr>
<td>Net unrealized appreciation</td>
<td>50,571,350</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 740,905,774</td>
</tr>
</tbody>
</table>

NET ASSET VALUE PER SHARE:

($740,905,774 ÷ 28,830,580 shares outstanding) $ 25.70

MARKET PRICE PER SHARE $ 22.66

MARKET PRICE DISCOUNT TO NET ASSET VALUE PER SHARE (11.83)%

See accompanying notes to financial statements.
**Statement of Operations**
For the Year Ended December 31, 2014

**Investment Income:**

- Dividend income: $18,384,759
- Interest income (net of $51,292 of foreign withholding tax): $44,621,089
  
  **Total Investment Income:** $63,005,848

**Expenses:**

- Investment advisory fees: $7,520,212
- Interest expense: $3,277,261
- Administration fees: $697,255
- Custodian fees and expenses: $105,119
- Professional fees: $102,655
- Shareholder reporting expenses: $73,371
- Directors' fees and expenses: $39,960
- Line of credit fees: $28,700
- Transfer agent fees and expenses: $19,882
- Registration and filing fees: $8,748
- Miscellaneous: $73,291

  **Total Expenses:** $11,946,454

**Net Investment Income:** $51,059,394

**Net Realized and Unrealized Gain (Loss):**

- Net realized gain (loss) on:
  - Investments: $17,174,841
  - Foreign currency transactions: $4,684,719
  - Interest rate swap transactions: $(2,868,855)

  **Net realized gain:** $18,990,705

- Net change in unrealized appreciation (depreciation) on:
  - Investments: $13,963,821
  - Foreign currency translations: $1,192,755
  - Interest rate swap transactions: $(4,455,857)

  **Net change in unrealized appreciation (depreciation):** $10,700,719

**Net Realized and Unrealized Gain:** $29,691,424

**Net Increase in Net Assets Resulting from Operations:** $80,750,818

See accompanying notes to financial statements.
## STATEMENT OF CHANGES IN NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended December 31, 2014</th>
<th>For the Year Ended December 31, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From Operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>$ 51,059,394</td>
<td>$ 51,823,918</td>
</tr>
<tr>
<td>Net realized gain (loss)</td>
<td>18,990,705</td>
<td>(147,025)</td>
</tr>
<tr>
<td>Net change in unrealized appreciation (depreciation)</td>
<td>10,700,719</td>
<td>(5,782,125)</td>
</tr>
<tr>
<td>Net increase in net assets resulting from operations</td>
<td>$80,750,818</td>
<td>45,894,768</td>
</tr>
<tr>
<td>Dividends and Distributions to Shareholders from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>(47,656,331)</td>
<td>(53,021,466)</td>
</tr>
<tr>
<td>Net realized gain</td>
<td>(14,963,689)</td>
<td>(893,748)</td>
</tr>
<tr>
<td>Return of capital</td>
<td></td>
<td>(1,175,592)</td>
</tr>
<tr>
<td>Total dividends and distributions to shareholders</td>
<td>(62,620,020)</td>
<td>(55,090,806)</td>
</tr>
<tr>
<td>Capital Stock Transactions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in net assets from Fund share transactions</td>
<td></td>
<td>(2,500,023)</td>
</tr>
<tr>
<td>Total increase (decrease) in net assets</td>
<td>18,130,798</td>
<td>(11,696,061)</td>
</tr>
<tr>
<td>Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>722,774,976</td>
<td>734,471,037</td>
</tr>
<tr>
<td>End of yeara</td>
<td>$740,905,774</td>
<td>$722,774,976</td>
</tr>
</tbody>
</table>

---

a Includes accumulated undistributed net investment income and dividends in excess of net investment income of $69,108 and $357,216, respectively.

See accompanying notes to financial statements.
Increase in Cash:
Cash Flows from Operating Activities:
Net increase in net assets resulting from operations ......................... $  80,750,818
Adjustments to reconcile net increase in net assets resulting from
operations to net cash provided by operating activities:
  Purchases of long-term investments ........................................ (491,297,578)
  Net purchases, sales and maturities of short-term investments .......... (7,100,000)
  Net amortization of premium .................................................  2,918,442
  Proceeds from sales and maturities of long-term investments ..........  502,149,309
  Net decrease in dividends and interest receivable and other assets ....  2,636,486
  Net increase in interest expense payable, accrued expenses and
  other liabilities .................................................................  263,655
  Net change in unrealized appreciation on investments .................. (13,963,821)
  Net change in unrealized depreciation on interest rate swap transactions ..  4,455,857
  Net change in unrealized appreciation on forward foreign currency
  exchange contracts .............................................................. (1,279,205)
  Net realized gain on investments ........................................... (17,174,841)
Cash provided by operating activities .........................................  62,359,122
Cash Flows from Financing Activities:
  Dividends and distributions paid ........................................... (54,885,131)
Increase in cash .................................................................  7,473,991
Cash at beginning of year .....................................................  4,486,324
Cash at end of year .............................................................. $  11,960,315

Supplemental Disclosure of Cash Flow Information:
During the year ended December 31, 2014, interest paid was $3,016,763.

See accompanying notes to financial statements.
FINANCIAL HIGHLIGHTS

The following table includes selected data for a share outstanding throughout each period and other performance information derived from the financial statements. It should be read in conjunction with the financial statements and notes thereto.

<table>
<thead>
<tr>
<th>Per Share Operating Performance:</th>
<th>For the Year Ended December 31,</th>
<th>For the Period July 27, 2012 through December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net asset value, beginning of period</td>
<td>$25.07</td>
<td>$25.37</td>
</tr>
<tr>
<td>Income (loss) from investment operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>1.77</td>
<td>1.79</td>
</tr>
<tr>
<td>Net realized and unrealized gain (loss)</td>
<td>1.03</td>
<td>(0.20)</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>2.80</td>
<td>1.59</td>
</tr>
<tr>
<td>Less dividends and distributions to shareholders from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>(1.65)</td>
<td>(1.83)</td>
</tr>
<tr>
<td>Net realized gain</td>
<td>(0.52)</td>
<td>(0.03)</td>
</tr>
<tr>
<td>Return of capital</td>
<td>—</td>
<td>(0.04)</td>
</tr>
<tr>
<td>Total dividends and distributions to shareholders</td>
<td>(2.17)</td>
<td>(1.90)</td>
</tr>
<tr>
<td>Offering costs charged to paid-in capital</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Anti-dilutive effect from the issuance of reinvested shares</td>
<td>—</td>
<td>0.00d</td>
</tr>
<tr>
<td>Anti-dilutive effect from the repurchase of shares</td>
<td>—</td>
<td>0.01</td>
</tr>
<tr>
<td>Net increase (decrease) in net asset value</td>
<td>0.63</td>
<td>(0.30)</td>
</tr>
<tr>
<td>Net asset value, end of period</td>
<td>$25.70</td>
<td>$25.07</td>
</tr>
<tr>
<td>Market value, end of period</td>
<td>$22.66</td>
<td>$22.62</td>
</tr>
<tr>
<td>Total net asset value return</td>
<td>12.13%</td>
<td>6.80%</td>
</tr>
<tr>
<td>Total market value return</td>
<td>9.57%</td>
<td>-2.37%</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
FINANCIAL HIGHLIGHTS—(Continued)

<table>
<thead>
<tr>
<th>Ratios/Supplemental Data:</th>
<th>For the Year Ended December 31,</th>
<th>For the Period July 27, 2012 through December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, end of period (in millions)</td>
<td>$740.9</td>
<td>$722.8</td>
</tr>
<tr>
<td>Ratio of expenses to average daily net assets</td>
<td>1.57%</td>
<td>1.62%</td>
</tr>
<tr>
<td>Ratio of expenses to average daily net assets (excluding interest expense)</td>
<td>1.14%</td>
<td>1.16%</td>
</tr>
<tr>
<td>Ratio of net investment income to average daily net assets</td>
<td>6.72%</td>
<td>6.98%</td>
</tr>
<tr>
<td>Ratio of expenses to average daily managed assets[^h]</td>
<td>1.11%</td>
<td>1.13%</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>47%</td>
<td>40%</td>
</tr>
</tbody>
</table>

**Revolving Credit Agreement**

| Asset coverage ratio for revolving credit agreement | 335%                             | 329%                                                 | 333%                                                   |
| Asset coverage per $1,000 for revolving credit agreement | $3,352                           | $3,295                                               | $3,332                                                 |

[^a]: Commencement of operations.
[^b]: Calculation based on average shares outstanding.
[^c]: 10.5% of gross income was attributable to dividends paid by GMAC Capital Trust I.
[^d]: Amount is less than $0.005.
[^e]: Total net asset value return measures the change in net asset value per share over the period indicated. Total market value return is computed based upon the Fund’s NYSE market price per share and excludes the effects of brokerage commissions. Dividends and distributions are assumed, for purposes of these calculations, to be reinvested at prices obtained under the Fund’s dividend reinvestment plan.
[^f]: Not annualized.
[^g]: Annualized.
[^h]: Average daily managed assets represent net assets plus the outstanding balance of the revolving credit agreement.

See accompanying notes to financial statements.
Note 1. Organization and Significant Accounting Policies

Cohen & Steers Limited Duration Preferred and Income Fund, Inc. (the Fund) was incorporated under the laws of the State of Maryland on May 1, 2012 and is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a non-diversified, closed-end management investment company. The Fund’s investment objective is high current income.

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The Fund is an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification Topic 946—Investment Companies. The accounting policies of the Fund are in conformity with accounting principles generally accepted in the United States of America (GAAP). The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Portfolio Valuation: Investments in securities that are listed on the NYSE are valued, except as indicated below, at the last sale price reflected at the close of the NYSE 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 ask prices on such day or, if no ask price is available, at the bid price. Forward contracts are valued daily at the prevailing forward exchange rate.

Securities not listed on the NYSE but listed on other domestic or foreign securities exchanges are valued in a similar manner. Securities traded on more than one securities exchange are valued at the last sale price reflected at the close of the exchange representing the principal market for such securities on the business day as of which such value is being determined. If after the close of a foreign market, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain non-U.S. equity holdings may be fair valued pursuant to procedures established by the Board of Directors.

Readily marketable securities traded in the over-the-counter market, including listed securities whose primary market is believed by Cohen & Steers Capital Management (the investment advisor) to be over-the-counter, are valued at the last sale price on the valuation date as reported by sources deemed appropriate by the Board of Directors to reflect their fair market value. If there has been no sale on such day, the securities are valued at the mean of the closing bid and ask prices on such day or, if no ask price is available, at the bid price. However, certain fixed-income securities may be valued on the basis of prices provided by a third-party pricing service or third-party broker-dealers when such prices are believed by the investment advisor, pursuant to delegation by the Board of Directors, to reflect the fair market value of such securities. Interest rate swaps are valued utilizing quotes received from an outside pricing service. The pricing services or broker-dealers use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services or
broker-dealers also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining fair value and/or characteristics such as benchmark yield curves, option-adjusted spreads, credit spreads, estimated default rates, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features which are used to calculate the fair values.

Short-term debt securities with a maturity date of 60 days or less are valued at amortized cost, which approximates fair value. Investments in open-end mutual funds are valued at their closing net asset value.

The policies and procedures approved by the Fund’s Board of Directors delegate authority to make fair value determinations to the investment advisor, subject to the oversight of the Board of Directors. The investment advisor has established a valuation committee (Valuation Committee) to administer, implement and oversee the fair valuation process according to the policies and procedures approved annually by the Board of Directors. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers and other market sources to determine fair value.

Securities for which market prices are unavailable, or securities for which the investment advisor determines that the bid and/or ask price or a counterparty valuation does not reflect market value, will be valued at fair value, as determined in good faith by the Valuation Committee, pursuant to procedures approved by the Fund’s Board of Directors. Circumstances in which market prices may be unavailable include, but are not limited to, when trading in a security is suspended, the exchange on which the security is traded is subject to an unscheduled close or disruption or material events occur after the close of the exchange on which the security is principally traded. In these circumstances, the Fund determines fair value in a manner that fairly reflects the market value of the security on the valuation date based on consideration of any information or factors it deems appropriate. These may include, but are not limited to, recent transactions in comparable securities, information relating to the specific security and developments in the markets.

Fair value is defined as the price that the Fund would expect to receive upon the sale of an investment or expect to pay to transfer a liability in an orderly transaction with an independent buyer in the principal market or, in the absence of a principal market, the most advantageous market for the investment or liability. The hierarchy of inputs that are used in determining the fair value of the Fund’s investments is summarized below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.
For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfer at the end of the period in which the underlying event causing the movement occurred. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. There were no transfers between Level 1 and Level 2 securities as of December 31, 2014.

The following is a summary of the inputs used as of December 31, 2014 in valuing the Fund’s investments carried at value:

<table>
<thead>
<tr>
<th></th>
<th>Quoted Prices in Active Markets for Identical Investments (Level 1)</th>
<th>Other Significant Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preferred Securities—</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25 Par Value:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banks</td>
<td>$134,853,119</td>
<td>$101,215,357</td>
<td>$33,637,762</td>
</tr>
<tr>
<td>Electric—Integrated</td>
<td>41,178,982</td>
<td>—</td>
<td>41,178,982</td>
</tr>
<tr>
<td>Life/Health Insurance</td>
<td>26,843,926</td>
<td>12,055,270</td>
<td>14,788,656</td>
</tr>
<tr>
<td>Other Industries</td>
<td>136,296,228</td>
<td>136,296,228</td>
<td>—</td>
</tr>
<tr>
<td>Preferred Securities—</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Securities</td>
<td>670,626,664</td>
<td>—</td>
<td>670,626,664</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>19,591,830</td>
<td>—</td>
<td>19,591,830</td>
</tr>
<tr>
<td>Short-Term Investments</td>
<td>11,100,000</td>
<td>—</td>
<td>11,100,000</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>$1,040,490,749</td>
<td>$249,566,855</td>
<td>$790,923,894</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>$2,092,438</td>
<td>—</td>
<td>$2,092,438</td>
</tr>
<tr>
<td>Forward foreign currency</td>
<td>644,909</td>
<td>—</td>
<td>644,909</td>
</tr>
<tr>
<td>exchange contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Appreciation in</td>
<td>$2,737,347</td>
<td>—</td>
<td>$2,737,347</td>
</tr>
<tr>
<td>Other Financial Instruments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward foreign currency</td>
<td>$ (88,627)</td>
<td>—</td>
<td>$(88,627)</td>
</tr>
<tr>
<td>exchange contracts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Depreciation in</td>
<td>$(88,627)</td>
<td>—</td>
<td>$(88,627)</td>
</tr>
<tr>
<td>Other Financial Instruments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a Portfolio holdings are disclosed individually on the Schedule of Investments.*
Following is a reconciliation of investments for which significant unobservable inputs (Level 3) were used in determining fair value:

<table>
<thead>
<tr>
<th></th>
<th>Preferred Securities—Total Investments in Securities</th>
<th>Preferred Securities—$25 Par Value—Banks</th>
<th>Preferred Securities—Capital</th>
<th>Preferred Securities—Insurance—Life/Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2013</td>
<td>$ 21,753,317</td>
<td>$ 5,983,469</td>
<td>$ 10,645,368</td>
<td>$ 5,124,480</td>
</tr>
<tr>
<td>Purchases</td>
<td>5,099,674</td>
<td>815,000</td>
<td>4,284,674</td>
<td>—</td>
</tr>
<tr>
<td>Amortization</td>
<td>22,588</td>
<td>—</td>
<td>2,460</td>
<td>20,128</td>
</tr>
<tr>
<td>Change in unrealized appreciation (depreciation)</td>
<td>364,040</td>
<td>202,550</td>
<td>403,306</td>
<td>(241,816)</td>
</tr>
<tr>
<td>Transfers out of Level 3a</td>
<td>(27,239,619)</td>
<td>(7,001,019)</td>
<td>(15,335,808)</td>
<td>(4,902,792)</td>
</tr>
<tr>
<td>Balance as of December 31, 2014</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

a As of December 31, 2013, the Fund used significant unobservable inputs in determining the value of certain investments. As of December 31, 2014, the Fund used significant observable inputs in determining the value of the same investments.

Security Transactions and Investment Income: Security transactions are recorded on trade date. Realized gains and losses on investments sold are recorded on the basis of identified cost. Interest income is recorded on the accrual basis. Discounts are accreted and premiums are amortized over the life of the respective securities. Dividend income is recorded on the ex-dividend date, except for certain dividends on foreign securities, which are recorded as soon as the Fund is informed after the ex-dividend date. Distributions from Real Estate Investment Trusts (REITs) are recorded as ordinary income, net realized capital gains or return of capital based on information reported by the REITs and management’s estimates of such amounts based on historical information. These estimates are adjusted when the actual source of distributions is disclosed by the REITs and actual amounts may differ from the estimated amounts.

Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollars based upon prevailing exchange rates on the respective dates of such transactions. The Fund does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.
Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency exchange contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates. Pursuant to U.S. federal income tax regulations, certain foreign currency gains/losses included in realized and unrealized gains/losses are included in or are a reduction of ordinary income for federal income tax purposes.

Foreign Securities: The Fund directly purchases securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than securities of comparable U.S. issuers.

Forward Foreign Currency Exchange Contracts: The Fund enters into forward foreign currency exchange contracts to hedge the currency exposure associated with certain of its non-U.S. dollar denominated securities. A forward foreign currency exchange contract is a commitment between two parties to purchase or sell foreign currency at a set price on a future date. The market value of a forward foreign currency exchange contract fluctuates with changes in foreign currency exchange rates. These contracts are marked to market daily and the change in value is recorded by the Fund as unrealized appreciation and/or depreciation on foreign currency translations. Realized gains or losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed are included in net realized gain or loss on foreign currency transactions. For federal income tax purposes, the Fund has made an election to treat gains and losses from forward foreign currency exchange contracts as capital gains and losses.

Forward foreign currency exchange contracts involve elements of market risk in excess of the amounts reflected on the Statement of Assets and Liabilities. The Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the contract. Risks may also arise upon entering these contracts from the potential inability of the counterparties to meet the terms of their contracts. In connection with these contracts, securities may be identified as collateral in accordance with the terms of the respective contracts.

Interest Rate Swaps: The Fund uses interest rate swaps in connection with borrowing under its credit agreement. The interest rate swaps are intended to reduce interest rate risk by countering the effect that an increase in short-term interest rates could have on the performance of the Fund's shares as a result of the floating rate structure of interest owed pursuant to the credit agreement. In these interest rate swaps, the Fund agrees to pay the other party to the interest rate swap (which is known as the counterparty) a fixed rate payment in exchange for the counterparty's agreement to pay the Fund a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on
the credit agreement. The payment obligation is based on the notional amount of the swap. Depending on the state of interest rates in general, the use of interest rate swaps could enhance or harm the overall performance of the Fund. The market value of interest rate swaps is based on pricing models that consider the time value of money, volatility, the current market and contractual prices of the underlying financial instrument. Unrealized appreciation is reported as an asset and unrealized depreciation is reported as a liability on the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized appreciation or depreciation in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of a swap agreement. Swap agreements involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected on the Statement of Assets and Liabilities. The Fund’s maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract’s remaining life, to the extent that such amount is positive.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) required the Securities and Exchange Commission and Commodity Futures Trading Commission to mandate by regulation that certain derivatives, previously traded over-the-counter, including interest rate swaps, be executed in a regulated, transparent market and settled by means of a central clearing house. Any such changes may, among various possible effects, increase the cost of entering into derivatives transactions, require more assets of the Fund to be used for collateral in support of those derivatives than is currently the case, or could limit the Fund’s ability to pursue its investment strategies.

During the year ended December 31, 2014, the Fund did not enter into any centrally cleared swap contracts.

Dividends and Distributions to Shareholders: Dividends from net investment income and capital gain distributions are determined in accordance with U.S. federal income tax regulations, which may differ from GAAP. Dividends from net investment income, if any, are declared and paid monthly. Net realized capital gains, unless offset by any available capital loss carryforward, are typically distributed to shareholders at least annually. Dividends and distributions to shareholders are recorded on the ex-dividend date and are automatically reinvested in full and fractional shares of the Fund in accordance with the Fund’s Reinvestment Plan, unless the shareholder has elected to have them paid in cash.

Distributions paid by the Fund are subject to recharacterization for tax purposes. Based upon the results of operations for the year ended December 31, 2014, a portion of the distributions have been reclassified to distributions from realized gains.

Income Taxes: It is the policy of the Fund to continue to qualify as a regulated investment company, if such qualification is in the best interest of the shareholders, by complying with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies, and by distributing substantially all of its taxable earnings to its shareholders. Accordingly, no provision for federal income or excise tax is necessary. Dividend and interest income from holdings in non-U.S. securities is recorded net of non-U.S. taxes paid. Management has analyzed the Fund’s tax positions taken on federal and applicable state income tax returns as well as its tax positions in non-U.S. jurisdictions in which it
trades for all open tax years and has concluded that as of December 31, 2014, no additional provisions for income tax are required in the Fund's financial statements. The Fund's tax positions for the tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service, state departments of revenue and by foreign tax authorities.

Note 2. Investment Advisory Fees, Administration Fees and Other Transactions with Affiliates

*Investment Advisory Fees:* The investment advisor serves as the Fund’s investment advisor pursuant to an investment advisory agreement (the investment advisory agreement). Under the terms of the investment advisory agreement, the investment advisor provides the Fund with day-to-day investment decisions and generally manages the Fund’s investments in accordance with the stated policies of the Fund, subject to the supervision of the Board of Directors.

For the services provided to the Fund, the investment advisor receives a fee, accrued daily and paid monthly, at the annual rate of 0.70% of the average daily managed assets of the Fund. Managed assets are equal to the net assets of the common shares plus the amount of any borrowings, used for leverage, outstanding.

*Administration Fees:* The Fund has entered into an administration agreement with the investment advisor under which the investment advisor performs certain administrative functions for the Fund and receives a fee, accrued daily and paid monthly, at the annual rate of 0.05% of the average daily managed assets of the Fund. For the year ended December 31, 2014, the Fund incurred $537,158 in fees under this administration agreement. Additionally, the Fund pays State Street Bank and Trust Company as co-administrator under a fund accounting and administration agreement.

*Directors’ and Officers’ Fees:* Certain directors and officers of the Fund are also directors, officers and/or employees of the investment advisor. The Fund does not pay compensation to directors and officers affiliated with the investment advisor except for the Chief Compliance Officer, who received compensation from the investment advisor, which was reimbursed by the Fund, in the amount of $12,245 for the year ended December 31, 2014.

Note 3. Purchases and Sales of Securities

Purchases and sales of securities, excluding short-term investments, for the year ended December 31, 2014, totaled $491,297,578 and $501,851,009, respectively.
Note 4. Derivative Investments

The following tables present the value of derivatives held at December 31, 2014 and the effect of derivatives held during the year ended December 31, 2014, along with the respective location in the financial statements.

**Statement of Assets and Liabilities**

<table>
<thead>
<tr>
<th>Derivatives</th>
<th>Location</th>
<th>Fair Value</th>
<th>Location</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap contracts</td>
<td>Unrealized appreciation</td>
<td>$2,092,438</td>
<td>Unrealized depreciation</td>
<td>$ —</td>
</tr>
<tr>
<td>Forward foreign currency exchange contracts(^a)</td>
<td>Unrealized appreciation</td>
<td>644,909</td>
<td>Unrealized depreciation</td>
<td>88,627</td>
</tr>
</tbody>
</table>

\(^a\) Forward foreign currency exchange contracts executed with Brown Brothers Harriman are not subject to a master netting arrangement or another similar agreement.

**Statement of Operations**

<table>
<thead>
<tr>
<th>Derivatives</th>
<th>Location</th>
<th>Realized Gain (Loss)</th>
<th>Change in Unrealized Appreciation (Depreciation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap contracts</td>
<td>Net Realized and Unrealized Gain (Loss)</td>
<td>$(2,868,855)</td>
<td>$(4,455,857)</td>
</tr>
<tr>
<td>Forward foreign currency exchange contracts</td>
<td>Net Realized and Unrealized Gain (Loss)</td>
<td>4,698,460</td>
<td>1,279,205</td>
</tr>
</tbody>
</table>

The following summarizes the volume of the Fund's interest rate swaps and forward foreign currency exchange contracts activity during the year ended December 31, 2014:

<table>
<thead>
<tr>
<th>Interest Rate Swap Contracts</th>
<th>Forward Foreign Currency Exchange Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Notional Balance</td>
<td>$283,500,000</td>
</tr>
<tr>
<td>Ending Notional Balance</td>
<td>$63,342,203</td>
</tr>
<tr>
<td></td>
<td>283,500,000</td>
</tr>
<tr>
<td></td>
<td>36,510,630</td>
</tr>
</tbody>
</table>
At December 31, 2014, the Fund’s derivative assets and liabilities (by type), which are subject to a master netting agreement, are as follows:

<table>
<thead>
<tr>
<th>Derivative Financial Instruments</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate swap contracts</td>
<td>$2,092,438</td>
<td>$—</td>
</tr>
</tbody>
</table>

The following table presents the Fund’s derivative assets by counterparty net of amounts available for offset under a master netting agreement and net of the related collateral received by the Fund, if any, as of December 31, 2014:

<table>
<thead>
<tr>
<th>Counterparty</th>
<th>Gross Amounts of Assets Presented in the Statement of Assets and Liabilities</th>
<th>Financial Instruments and Derivatives Available for Offset</th>
<th>Collateral Received</th>
<th>Net Amount of Derivative Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of America</td>
<td>$1,284,443</td>
<td>$—</td>
<td>$—</td>
<td>$1,284,443</td>
</tr>
<tr>
<td>BNP Paribas</td>
<td>807,995</td>
<td>$—</td>
<td>$—</td>
<td>807,995</td>
</tr>
<tr>
<td>Total</td>
<td>$2,092,438</td>
<td>$—</td>
<td>$—</td>
<td>$2,092,438</td>
</tr>
</tbody>
</table>

*a Net amount represents the net receivable from the counterparty in the event of default.

Note 5. Income Tax Information

The tax character of dividends and distributions paid was as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>$49,308,005</td>
</tr>
<tr>
<td>Long-term capital gains</td>
<td>13,312,015</td>
</tr>
<tr>
<td>Return of capital</td>
<td>—</td>
</tr>
<tr>
<td>Total dividends and distributions</td>
<td>$62,620,020</td>
</tr>
</tbody>
</table>
As of December 31, 2014, the tax-basis components of accumulated earnings and the federal tax cost were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost for federal income tax purposes</td>
<td>$991,077,008</td>
</tr>
<tr>
<td>Gross unrealized appreciation</td>
<td>$ 54,064,080</td>
</tr>
<tr>
<td>Gross unrealized depreciation</td>
<td>(4,650,339)</td>
</tr>
<tr>
<td>Net unrealized appreciation</td>
<td>$ 49,413,741</td>
</tr>
<tr>
<td>Undistributed long-term capital gains</td>
<td>$ 4,427,836</td>
</tr>
</tbody>
</table>

During the year ended December 31, 2014, the Fund utilized net capital loss carryforwards of $699,475.

As of December 31, 2014, the Fund had temporary book/tax differences primarily attributable to wash sales on portfolio securities and certain fixed income securities and permanent book/tax differences primarily attributable to foreign currency transactions, differing treatment of interest rate swaps and certain fixed income securities. To reflect reclassifications arising from the permanent differences, paid-in capital was credited $3,035,434, accumulated undistributed net realized gain was charged $58,695 and accumulated undistributed net investment income was charged $2,976,739. Net assets were not affected by this reclassification.

Note 6. Capital Stock

The Fund is authorized to issue 250 million shares of common stock at a par value of $0.001 per share.

During the year ended December 31, 2014, the Fund did not issue shares of common stock for the reinvestment of dividends. During the year ended December 31, 2013, the Fund issued 19,422 shares of common stock for the reinvestment of dividends in an amount of $510,378.

On December 9, 2014, the Board of Directors approved the continuation of the delegation of its authority to management to effect repurchases, pursuant to management’s discretion and subject to market conditions and investment considerations, of up to 10% of the Fund’s common shares outstanding (Share Repurchase Program) as of January 1, 2015 through December 31, 2015.

During the year ended December 31, 2014, the Fund did not effect any repurchases. During the year ended December 31, 2013, the Fund repurchased 135,026 Treasury shares of its common stock at an average price of $22.29 per share (including brokerage commissions) at a weighted average discount of 10.9%. These repurchases, which had a total cost of $3,010,401 resulted in an increase of $0.01 to the Fund’s net asset value per share.

Note 7. Borrowings

From September 19, 2012 to November 21, 2014, the Fund was party to a $315,000,000 revolving credit agreement (the BOA credit agreement) with Bank of America, N.A. London Branch (BoA). The Fund paid a monthly financing charge which was calculated based on the used portion of the BOA credit
agreement and a LIBOR-based rate. The Fund also paid a fee of 0.25% per annum on the unused portion of the BOA credit agreement. The BOA credit agreement had a 364-day rolling term that reset daily; however, if the Fund exceeded certain net asset value triggers or violated certain other conditions, the BOA credit agreement may have been terminated. The Fund was required to pledge portfolio securities as collateral in an amount up to two times the loan balance outstanding and had granted a security interest in the securities pledged to, and in favor of, BoA as security for the loan balance outstanding. If the Fund failed to meet certain requirements, or maintain other financial covenants required under the BOA credit agreement, the Fund may have been required to repay immediately, in part or in full, the loan balance outstanding under the BOA credit agreement, necessitating the sale of portfolio securities at potentially inopportune times. The BOA credit agreement also included a term that permitted the Fund to request, upon notice, that the facility convert to a combination of LIBOR-based variable and fixed rate financing, subject to certain conditions. The Fund’s credit agreement with BoA terminated on November 21, 2014.

On the same day, November 21, 2014, the Fund entered into a $315,000,000 revolving credit agreement (the SSB credit agreement) with State Street Bank and Trust Company (State Street). The Fund pays a monthly financing charge which is calculated based on the used portion of the SSB credit agreement and a LIBOR-based rate. The Fund also pays a fee of 0.20% per annum on the unused portion of the SSB credit agreement. The SSB credit agreement has a 360-day evergreen provision whereby State Street may terminate this agreement upon 360 days’ notice, but the Fund may terminate on 30 days’ notice to State Street; however, if the Fund exceeds certain net asset value triggers or violates certain other conditions, the SSB credit agreement may be terminated. If the Fund fails to meet certain requirements, or maintain other financial covenants required under the SSB credit agreement, the Fund may be required to repay immediately, in part or in full, the loan balance outstanding under the SSB credit agreement, necessitating the sale of portfolio securities at potentially inopportune times. On the same day that the Fund entered into the SSB credit agreement with State Street, the Fund paid off in its entirety the prior credit agreement with Bank of America, N.A. London Branch.

As of December 31, 2014, the Fund had outstanding borrowings of $315,000,000. During the year ended December 31, 2014, the Fund borrowed an average daily balance of $315,000,000 at a weighted average borrowing cost of 1.0%.

Note 8. Other

In the normal course of business, the Fund enters into contracts that provide general indemnifications. The Fund’s maximum exposure under these arrangements is dependent on claims that may be made against the Fund in the future and, therefore, cannot be estimated; however, based on experience, the risk of material loss from such claims is considered remote.

Note 9. Subsequent Events

Management has evaluated events and transactions occurring after December 31, 2014 through the date that the financial statements were issued, and has determined that no additional disclosure in the financial statements is required.
To the Board of Directors and Shareholders of
Cohen & Steers Limited Duration Preferred and Income Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Cohen & Steers Limited Duration Preferred and Income Fund, Inc. (the “Fund”) at December 31, 2014, the results of its operations and its cash flows for the year then ended and the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2014 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 25, 2015
**AVERAGE ANNUAL TOTAL RETURNS**
(Periods ended December 31, 2014) (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Based on Net Asset Value</th>
<th>Based on Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Year</td>
<td>Since Inception (7/27/12)</td>
<td>One Year</td>
</tr>
<tr>
<td></td>
<td>12.13%</td>
<td>9.57%</td>
</tr>
<tr>
<td></td>
<td>11.67%</td>
<td>4.04%</td>
</tr>
</tbody>
</table>

The performance data quoted represent past performance. Past performance is no guarantee of future results. The investment return will vary and the principal value of an investment will fluctuate and shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance results reflect the effect of leverage from utilization of borrowings under a credit agreement. Current total returns of the Fund can be obtained by visiting our website at cohenandsteers.com. The Fund’s returns assume the reinvestment of all dividends and distributions at prices obtained under the Fund’s dividend reinvestment plan.

**TAX INFORMATION—2014 (Unaudited)**

Pursuant to the Jobs and Growth Relief Reconciliation Act of 2003, the Fund designates qualified dividend income of $42,770,481. Additionally, 48.46% of the ordinary dividends qualified for the dividends received deduction available to corporations. Also, the Fund designates a long-term capital gain distribution of $13,312,015 at the 20% maximum rate.

**REINVESTMENT PLAN**

The Fund has a dividend reinvestment plan commonly referred to as an “opt-out” plan (the Plan). Each common shareholder who participates in the Plan will have all distributions of dividends and capital gains (Dividends) automatically reinvested in additional common shares by Computershare as agent (the Plan Agent). Shareholders who elect not to participate in the Plan will receive all Dividends in cash paid by check mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, as dividend disbursing agent. Shareholders whose common shares are held in the name of a broker or nominee should contact the broker or nominee to determine whether and how they may participate in the Plan.

The Plan Agent serves as agent for the shareholders in administering the Plan. After the Fund declares a Dividend, the Plan Agent will, as agent for the shareholders, either: (i) receive the cash payment and use it to buy common shares in the open market, on the NYSE 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 Dividend payment date, the net asset value (NAV) per share exceeds the market price per share plus estimated brokerage commissions on that date. The Plan Agent will receive the Dividend in newly issued common shares of the Fund if, on the Dividend payment date, the market price per share plus estimated brokerage commissions equals or exceeds the NAV 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 NAV or (ii) 95% of the closing market price per share on the payment date.
If the market price per share is less than the NAV on a Dividend payment date, the Plan Agent will have until the last business day before the next ex-dividend date for the common stock, but in no event more than 30 days after the Dividend payment date (as the case may be, the Purchase Period), to invest the Dividend amount in shares acquired in open market purchases. If at the close of business on any day during the Purchase Period on which NAV is calculated the NAV equals or is less than the market price per share plus estimated brokerage commissions, the Plan Agent will cease making open market purchases and the uninvested portion of such Dividends shall be filled through the issuance of new shares of common stock from the Fund at the price set forth in the immediately preceding paragraph.

Participants in the Plan may withdraw from the Plan upon notice to the Plan Agent. Such withdrawal will be effective immediately if received not less than ten days prior to a Dividend record date; otherwise, it will be effective for all subsequent Dividends. If any participant elects to have the Plan Agent sell all or part of his or her shares and remit the proceeds, the Plan Agent is authorized to deduct a $15.00 fee plus $0.10 per share brokerage commissions.

The Plan Agent’s fees for the handling of reinvestment of Dividends will be paid by the Fund. However, 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 Dividends. The automatic reinvestment of Dividends will not relieve participants of any income tax that may be payable or required to be withheld on such Dividends.

The Fund reserves the right to amend or terminate the Plan. All correspondence concerning the Plan should be directed to the Plan Agent at 800-432-8224.

OTHER INFORMATION

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling 800-330-7348, (ii) on our website at cohenandsteers.com or (iii) on the Securities and Exchange Commission’s (the SEC) website at http://www.sec.gov. In addition, the Fund’s proxy voting record for the most recent 12-month period ended June 30 is available by August 31 of each year (i) without charge, upon request, by calling 800-330-7348 or (ii) on the SEC’s website at http://www.sec.gov.

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund’s Forms N-Q are available (i) without charge, upon request, by calling 800-330-7348 or (ii) on the SEC’s website at http://www.sec.gov. In addition, the Forms N-Q may be reviewed and copied at the SEC’s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Please note that distributions paid by the Fund to shareholders are subject to recharacterization for tax purposes and are taxable up to the amount of the Fund’s investment company taxable income and net realized gains. Distributions in excess of the Fund’s net investment company taxable income and realized gains are a return of capital distributed from the Fund’s assets. To the extent this occurs, the Fund’s shareholders of record will be notified of the estimated amount of capital returned to shareholders for each such distribution and this information will also be available at cohenandsteers.com. The final tax treatment of all distributions is reported to shareholders on their 1099-DIV forms, which are mailed after the close of each calendar year. Distributions of capital decrease the Fund’s total assets.
and, therefore, could have the effect of increasing the Fund’s expense ratio. In addition, in order to make these distributions, the Fund may have to sell portfolio securities at a less than opportune time.

Notice is hereby given in accordance with Rule 23c-1 under the 1940 Act that the Fund may purchase, from time to time, shares of its common stock in the open market.

Election of Additional Director

Effective January 26, 2015, the Board of Directors has elected Dean Junkans as director of the Fund to serve until the annual meeting of stockholders in 2017 and until he or his successor is duly elected and qualified.

Prior to becoming a Director of various Cohen & Steers funds, Mr. Junkans was Chief Investment Officer at Wells Fargo Private Bank from 2004 to 2014, and also served as Chief Investment Officer of the Wealth, Brokerage and Retirement group at Wells Fargo & Company from 2011 to 2014. He is currently a member, and former Chair, of the Claritas Advisory Committee at the CFA Institute, and is also a board member and Investment Committee member of Bethel University Foundation. He was a member of the Board of Governors of the University of Wisconsin Foundation, River Falls, from 1996 to 2004, and is a U.S. Army Veteran.
MANAGEMENT OF THE FUND

The business and affairs of the Fund are managed under the direction of the Board of Directors. The Board of Directors approves all significant agreements between the Fund and persons or companies furnishing services to it, including the Fund’s agreements with its investment advisor, administrator, co-administrator, custodian and transfer agent. The management of the Fund’s day-to-day operations is delegated to its officers, the investment advisor, administrator and co-administrator, subject always to the investment objective and policies of the Fund and to the general supervision of the Board of Directors.

The Board of Directors and officers of the Fund and their principal occupations during at least the past five years are set forth below. The statement of additional information (SAI) includes additional information about fund directors and is available, without charge, upon request by calling 800-330-7348.

<table>
<thead>
<tr>
<th>Name, Address1 and Age</th>
<th>Position(s) Held With Fund</th>
<th>Term of Office2</th>
<th>Principal Occupation During At Least The Past 5 Years (Including Other Directorships Held)</th>
<th>Number of Funds Within Fund Complex Overseen by Director (Including the Fund)</th>
<th>Length of Time Served3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interested Directors4</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert H. Steers . . .</td>
<td>Director and Chairman</td>
<td>Until next election of directors</td>
<td>Chief Executive Officer of Cohen &amp; Steers Capital Management, Inc. (CSCM or the Advisor) and its parent, Cohen &amp; Steers, Inc. (CNS) since 2014. Prior to that, Co-Chairman and Co-Chief Executive Officer of the Advisor since 2003 and CNS since 2004.</td>
<td>21 Since 1991</td>
<td></td>
</tr>
<tr>
<td>Age: 61</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joseph M. Harvey . . .</td>
<td>Director and Vice President</td>
<td>Until next election of directors</td>
<td>President and Chief Investment Officer of CSCM since 2003 and President of CNS since 2004.</td>
<td>16 Since 2014</td>
<td></td>
</tr>
<tr>
<td>Age: 51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Disinterested Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michael G. Clark . . .</td>
<td>Director</td>
<td>Until next election of directors</td>
<td>From May 2006 to June 2011, President and Chief Executive Officer of DWS Funds and Managing Director of Deutsche Asset Management.</td>
<td>21 Since 2011</td>
<td></td>
</tr>
<tr>
<td>Age: 49</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*(table continued on next page)*
<table>
<thead>
<tr>
<th>Name, Address and Age</th>
<th>Position(s) Held With Fund</th>
<th>Term of Office</th>
<th>Principal Occupation During At Least The Past 5 Years (Including Other Directorships Held)</th>
<th>Number of Funds Within Fund Complex Overseen by Director (Including the Fund)</th>
<th>Length of Time Served</th>
</tr>
</thead>
</table>
| Bonnie Cohen . . . . . .  
Age: 72 | Director | Until next election of directors | Consultant. Board Member, DC Public Library Foundation since 2012; President since 2014; Board Member, Telluride Mountain Film Festival since 2010; Trustee, H. Rubenstein Foundation since 1996; Trustee, District of Columbia Public Libraries since 2004. | 21 | Since 2001 |
| George Grossman . . . . .  
Age: 61 | Director | Until next election of directors | Attorney-at-law. | 21 | Since 1993 |
| Richard E. Kroon . . . . .  
Age: 72 | Director | Until next election of directors | Member of Investment Committee, Monmouth University since 2004; Former Director, Retired Chairman and Managing Partner of Sprout Group venture capital funds, then an affiliate of Donaldson, Lufkin and Jenrette Securities Corporation from 1981 to 2001. Former chairman of the National Venture Capital Association for the year 2000. | 21 | Since 2004 |
| Richard J. Norman . . . . .  
Age: 71 | Director | Until next election of directors | Private Investor. Member, Montgomery County, Maryland Department of Corrections Volunteer Corps since February 2010; Liaison for Business Leadership, Salvation Army World Service Organization (SAWSO) since 2010; Advisory Board Member, The Salvation Army since 1985; Prior thereto, Investment Representative of Morgan Stanley Dean Witter from 1966 to 2000. | 21 | Since 2001 |

*(table continued on next page)*
<table>
<thead>
<tr>
<th>Name, Address1 and Age</th>
<th>Position(s) Held With Fund</th>
<th>Term of Office2</th>
<th>Principal Occupation During At Least The Past 5 Years (Including Other Directorships Held)</th>
<th>Number of Funds Within Fund Complex Overseen by Director (Including the Fund)</th>
<th>Length of Time Served3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank K. Ross . . . . .</td>
<td>Director</td>
<td>Until next election of directors</td>
<td>Visiting Professor of Accounting and Director of the Center for Accounting Education at Howard University School of Business since 2004; Board member and member of Audit Committee (Chairman from 2007 to 2012) and Human Resources and Compensation Committee, Pepco Holdings, Inc. (electric utility) from 2004 to 2014; Formerly, Mid-Atlantic Area Managing Partner for Assurance Services at KPMG LLP and Managing Partner of its Washington, DC offices from 1977 to 2003.</td>
<td>21</td>
<td>Since 2004</td>
</tr>
<tr>
<td>C. Edward Ward Jr. . .</td>
<td>Director</td>
<td>Until next election of directors</td>
<td>Member of The Board of Trustees of Manhattan College, Riverdale, New York from 2004 to 2014. Formerly Director of closed-end fund management for the New York Stock Exchange, where he worked from 1979 to 2004.</td>
<td>21</td>
<td>Since 2004</td>
</tr>
</tbody>
</table>

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1 The address for each director is 280 Park Avenue, New York, NY 10017.
2 On March 12, 2008, the Board of Directors adopted a mandatory retirement policy stating a Director must retire from the Board on December 31st of the year in which he or she turns 75 years of age.
3 The length of time served represents the year in which the director was first elected or appointed to any fund in the Cohen & Steers fund complex.
4 “Interested person”, as defined in the 1940 Act, of the Fund because of affiliation with CSCM (Interested Directors).
The officers of the Fund (other than Messrs. Steers and Harvey, whose biographies are provided above), their address, their ages and their principal occupations for at least the past five years are set forth below.

<table>
<thead>
<tr>
<th>Name, Address and Age</th>
<th>Position(s) Held With Fund</th>
<th>Principal Occupation During At Least the Past 5 Years</th>
<th>Length of Time Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam M. Derechin . . .</td>
<td>President and Chief Executive Officer</td>
<td>Chief Operating Officer of CSCM (since 2003) and CNS since 2004.</td>
<td>Since 2005</td>
</tr>
<tr>
<td>William F. Scapell . .</td>
<td>Vice President</td>
<td>Executive Vice President of CSCM since January 2014. Prior to that Senior Vice President of CSCM since 2003.</td>
<td>Since 2003</td>
</tr>
<tr>
<td>Francis C. Poli . . . .</td>
<td>Secretary</td>
<td>Executive Vice President, Secretary and General Counsel of CSCM and CNS since March 2007.</td>
<td>Since 2007</td>
</tr>
<tr>
<td>James Giallanza . . . .</td>
<td>Treasurer and Chief Financial Officer</td>
<td>Executive Vice President of CSCM since January 2014 and prior to that Senior Vice President of CSCM since 2006.</td>
<td>Since 2006</td>
</tr>
<tr>
<td>Lisa D. Phelan . . . .</td>
<td>Chief Compliance Officer</td>
<td>Senior Vice President of CSCM since 2008. Chief Compliance Officer of CSCM, the Cohen &amp; Steers funds, Cohen &amp; Steers Asia Limited and CSSL since 2007, 2006, 2005 and 2004, respectively.</td>
<td>Since 2006</td>
</tr>
<tr>
<td>Heather Kaden . . . .</td>
<td>Deputy Chief Compliance Officer</td>
<td>Vice President of CSCM since 2010 and Compliance Officer of Cohen &amp; Steers UK, Limited since 2013. Prior to that, Senior Compliance Associate since 2007.</td>
<td>Since 2014</td>
</tr>
<tr>
<td>Tina M. Payne . . . .</td>
<td>Assistant Secretary</td>
<td>Senior Vice President and Associate General Counsel of CSCM. Prior to that Vice President and Associate General Counsel since July 2007.</td>
<td>Since 2007</td>
</tr>
<tr>
<td>Neil Bloom . . . . .</td>
<td>Assistant Treasurer</td>
<td>Vice President of CSCM since August 2008.</td>
<td>Since 2009</td>
</tr>
</tbody>
</table>

1 The address of each officer is 280 Park Avenue, New York, NY 10017.
2 Officers serve one-year terms. The length of time served represents the year in which the officer was first elected to that position in any fund in the Cohen & Steers fund complex. All of the officers listed above are officers of one or more of the other funds in the complex.
**Cohen & Steers Privacy Policy**

**Facts**

What Does Cohen & Steers Do With Your Personal Information?

**Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- Transaction history and account transactions
- Purchase history and wire transfer instructions

**How?**

All financial companies need to share customers’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers’ personal information; the reasons Cohen & Steers chooses to share; and whether you can limit this sharing.

<table>
<thead>
<tr>
<th>Reasons we can share your personal information</th>
<th>Does Cohen &amp; Steers share?</th>
<th>Can you limit this sharing?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For our everyday business purposes</strong> — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or reports to credit bureaus</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For our marketing purposes</strong> — to offer our products and services to you</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>For joint marketing with other financial companies</strong> —</td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td><strong>For our affiliates’ everyday business purposes</strong> — information about your transactions and experiences</td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td><strong>For our affiliates’ everyday business purposes</strong> — information about your creditworthiness</td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td><strong>For our affiliates to market to you</strong> —</td>
<td>No</td>
<td>We don’t share</td>
</tr>
<tr>
<td><strong>For non-affiliates to market to you</strong> —</td>
<td>No</td>
<td>We don’t share</td>
</tr>
</tbody>
</table>

**Questions?**

Call 800-330-7348
### Cohen & Steers Privacy Policy—(Continued)

<table>
<thead>
<tr>
<th>Who we are</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who is providing this notice?</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What we do</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How does Cohen &amp; Steers protect my personal information?</strong></td>
</tr>
<tr>
<td>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We restrict access to your information to those employees who need it to perform their jobs, and also require companies that provide services on our behalf to protect your information.</td>
</tr>
</tbody>
</table>

| **How does Cohen & Steers collect my personal information?** |
| We collect your personal information, for example, when you: |
| • Open an account or buy securities from us |
| • Provide account information or give us your contact information |
| • Make deposits or withdrawals from your account |
| We also collect your personal information from other companies. |

| **Why can’t I limit all sharing?** |
| Federal law gives you the right to limit only: |
| • sharing for affiliates’ everyday business purposes—information about your creditworthiness |
| • affiliates from using your information to market to you |
| • sharing for non-affiliates to market to you |
| State law and individual companies may give you additional rights to limit sharing. |

<table>
<thead>
<tr>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affiliates</strong></td>
</tr>
<tr>
<td>Companies related by common ownership or control. They can be financial and nonfinancial companies.</td>
</tr>
<tr>
<td>• <em>Cohen &amp; Steers does not share with affiliates.</em></td>
</tr>
</tbody>
</table>

| **Non-affiliates** |
| Companies not related by common ownership or control. They can be financial and nonfinancial companies. |
| • *Cohen & Steers does not share with non-affiliates.* |

| **Joint marketing** |
| A formal agreement between non-affiliated financial companies that together market financial products or services to you. |
| • *Cohen & Steers does not jointly market.* |
* Class B shares are no longer offered except through dividend reinvestment and permitted exchanges by existing Class B shareholders.

Please consider the investment objectives, risks, charges and expenses of the fund carefully before investing. A summary prospectus and prospectus containing this and other information can be obtained by calling 800-330-7348 or by visiting cohenandsteers.com. Please read the summary prospectus and prospectus carefully before investing.
OFFICERS AND DIRECTORS

Robert H. Steers
Director and Chairman
Joseph M. Harvey
Director and Vice President
Michael G. Clark
Director
Bonnie Cohen
Director
George Grossman
Director
Richard E. Kroon
Director
Richard J. Norman
Director
Frank K. Ross
Director
C. Edward Ward, Jr.
Director
Adam M. Derechin
President and Chief Executive Officer
William F. Scapell
Vice President
Francis C. Poli
Secretary
James Giallanza
Treasurer and Chief Financial Officer
Lisa D. Phelan
Chief Compliance Officer
Heather Kaden
Deputy Chief Compliance Officer
Tina M. Payne
Assistant Secretary
Neil Bloom
Assistant Treasurer

KEY INFORMATION

Investment Advisor
Cohen & Steers Capital Management, Inc.
280 Park Avenue
New York, NY 10017
(212) 832-3232

Co-administrator and Custodian
State Street Bank and Trust Company
One Lincoln Street
Boston, MA 02111

Transfer Agent
Computershare
480 Washington Boulevard
Jersey City, NJ 07310
(866) 227-0757

Legal Counsel
Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036

New York Stock Exchange Symbol: LDP
Website: cohenandsteers.com

This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Fund shares. Performance data quoted represent past performance. Past performance is no guarantee of future results and your investment may be worth more or less at the time you sell your shares.