

Closed-End Funds in 2008: Opportunity or Risk?

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Closed-End Funds: Opportunity or *Risk*?

Potential for:

- Economic slowing and repercussions of recession
- High oil prices and weak dollar
- Increase in CEF borrowing costs as ARPS illiquidity is addressed
- Continued inefficiency in CEF market
 - Massive supply—\$27.6 billion in 2007
 - 2007 IPOs down an average of 23.6%⁽¹⁾

(1) At March 31, 2008

Historical Monthly CEF Premium/Discounts

Monthly Data from January 2001—March 2008⁽¹⁾



Source: Bloomberg, Cohen & Steers

(1) Data measures market-cap weighted average

Possible ARPS Solutions

- Arrange a bank line of credit
- Create a new Variable Rate Demand Preferred (VRDP) that includes a put feature for the holder
- Utilize commercial paper

Benefits:

- Selected ARPS holders redeemed at PAR
- Borrowing costs expected to be lower than current fail rates⁽¹⁾

Risks:

- Loss of permanent financing
- Change in leverage profile
- Refinancing risk

(1) Rates subject to change

Closed-End Funds: *Opportunity* or Risk?

- Attractive yields in a low return environment
- 90%+ of all funds currently trade at a discount to NAV⁽¹⁾
- Lack of new supply coming to market
- Potential resolution for current ARPS situation
- Strong performance following CEF bear markets

(1) At March 31, 2008

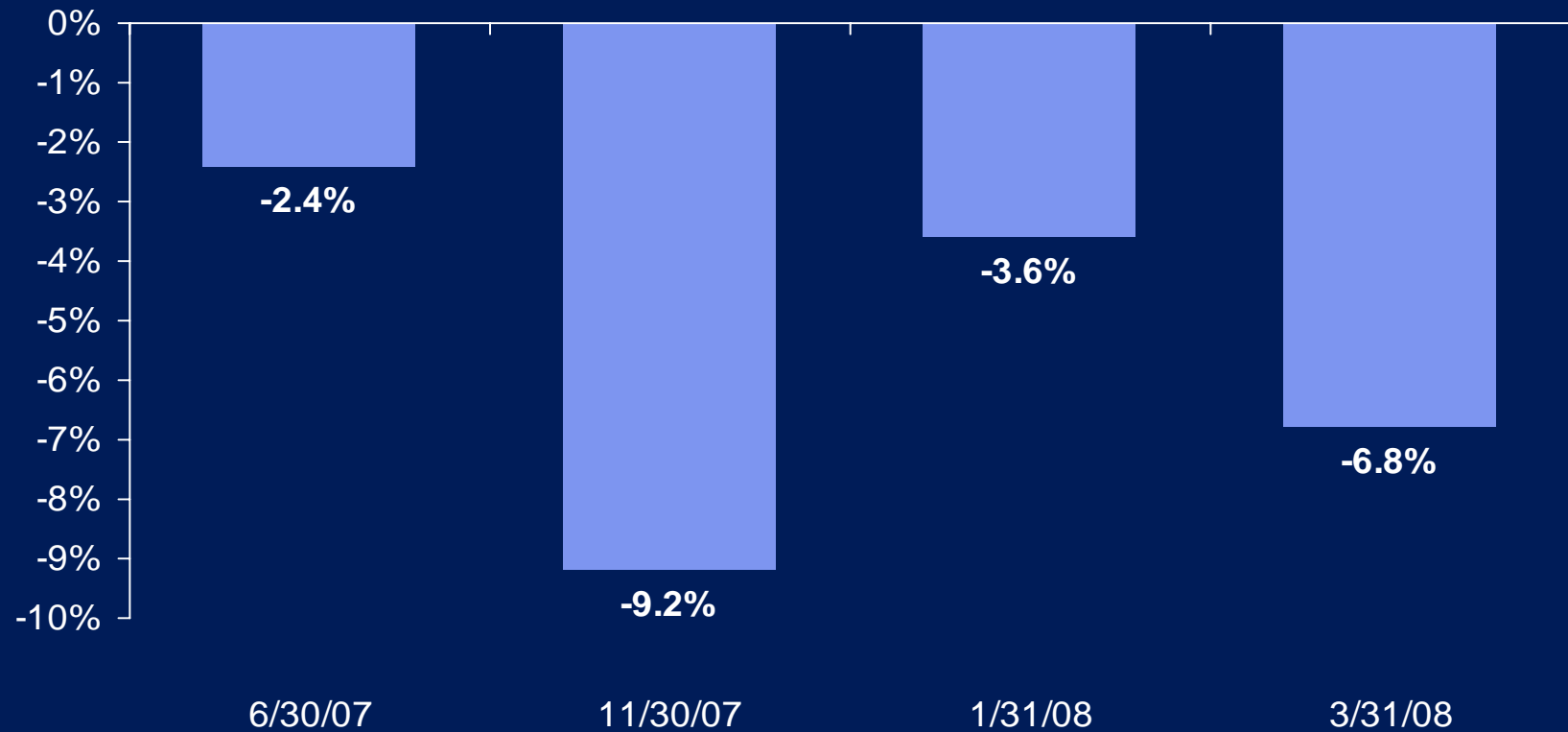
CEF Market Offers Attractive Yield and Value

At March 31, 2008

- 245 funds yield more than 8%
- 83% of all funds trade below NAV
- 30% of all funds trade at NAV discounts greater than 10%

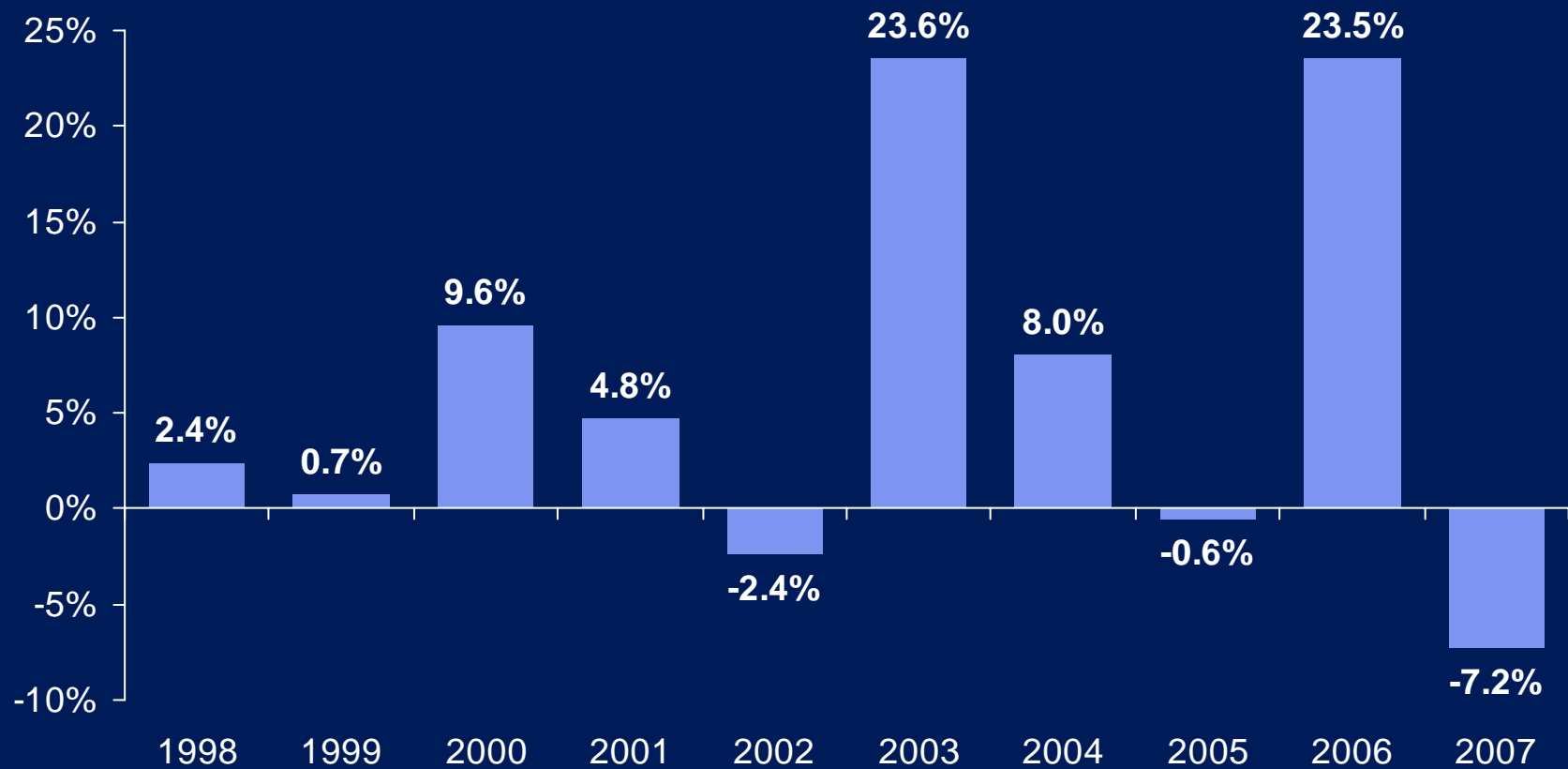
Source: Bloomberg, Cohen & Steers

CEF Market Discounts



Source: Bloomberg; Cohen & Steers

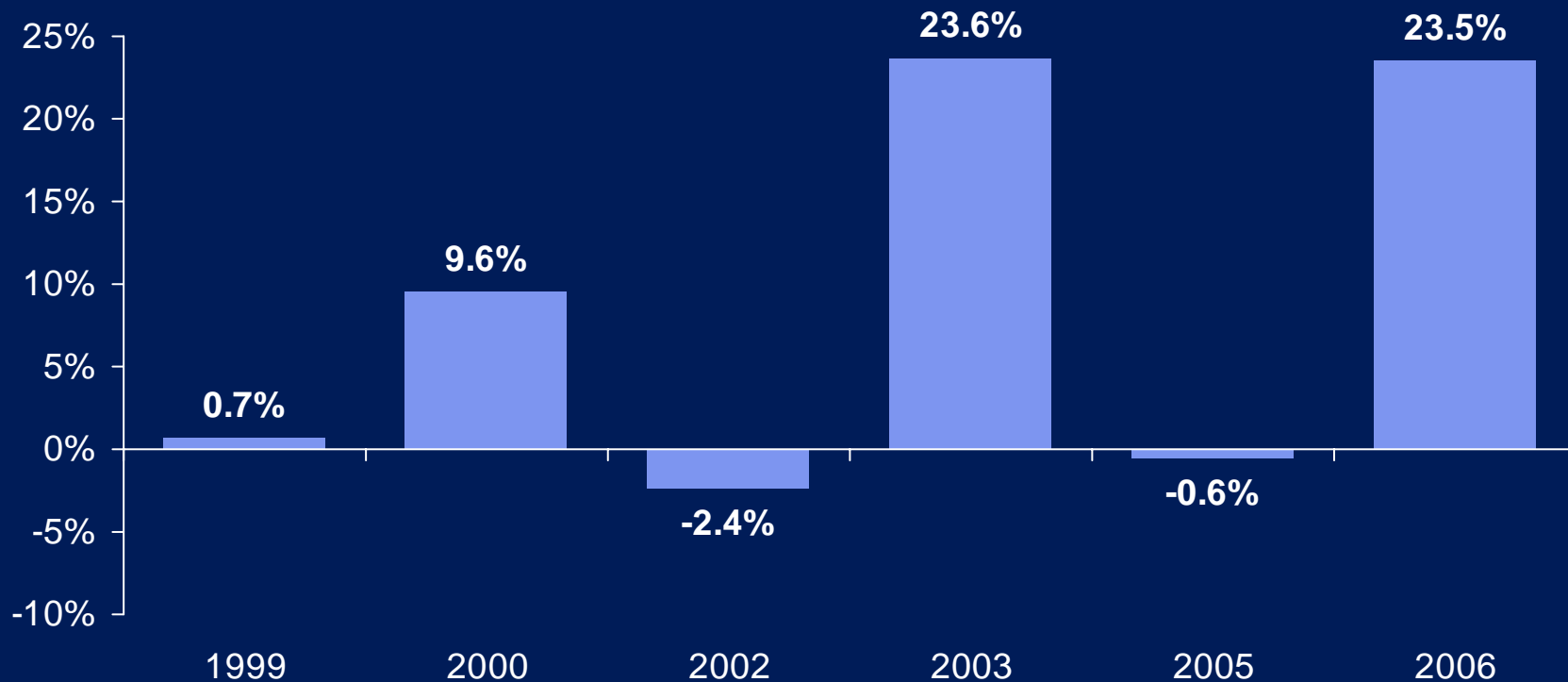
CEF Calendar Year Total Returns⁽¹⁾



Source: Fundamental Data, Cohen & Steers

(1) Fund Data All Taxable Closed-End Funds ex-International Index

Calendar Year Total Returns Following CEF Bear Markets



Average Total Return: 18.9%

Source: Fundamental Data, Cohen & Steers

Want to Capitalize on Market Inefficiency?

Cohen & Steers Closed-End Opportunity Fund
Symbol: FOF

Portfolio Summary Statistics⁽¹⁾

Number of Holdings	96
Number of Sectors	18
Number of Managers	46
Distribution Yield⁽²⁾	9.3%
Discount to NAV	-2.5%
Discount to NAV of Holdings	-8.9%
Average Market Cap (\$ millions)	\$944.0

(1) At March 31, 2008

(2) Distribution yield is based on the current annualized distribution rate and the March 31, 2008 market price. Past performance is no guarantee of future results. The rate of 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.

Cohen & Steers Closed-End Funds

Performance Summary at March 31, 2008

Ticker	Fund	Issue Price	Current Price	Current NAV	Average Annual Price Total Return Since Inception ⁽¹⁾	Average Annual NAV Total Return Since Inception ⁽¹⁾
RFI	Total Return	\$15	\$15.25	\$13.81	10.94%	10.73%
RLF	Advantage Income	\$15	\$15.41	\$15.29	13.60%	14.27%
RQI	Quality Income	\$15	\$15.81	\$15.50	13.53%	13.74%
RPF	Premium Income	\$15	\$15.46	\$15.60	15.14%	16.31%
RNP	REIT & Preferred	\$25	\$19.40	\$20.71	6.75%	9.28%
RTU	REIT & Utility	\$20	\$17.25	\$19.66	5.51%	10.09%
UTF	Select Utility	\$20	\$22.89	\$24.89	11.30%	14.97%
DVM	Dividend Majors	\$20	\$15.45	\$17.91	1.01%	7.39%
RWF	Worldwide Realty	\$20	\$14.86	\$15.60	3.25%	6.56%
FOF	Closed-End Opportunity Fund	\$20	\$15.07	\$15.45	-11.16%	-7.44%
INB	Global Income Builder	\$20	\$16.23	\$17.83	-13.32%	-0.29%

(1) Inception dates: RFI 9/93, RLF 2/01, RQI 2/02, RPF 8/02, RNP 6/03, RTU 1/04, UTF 3/04, DVM 1/05, RWF 3/05, FOF 11/06, INB 7/07

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 redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Returns are historical and include change in share price and reinvestment of all distributions.

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Cohen & Steers Web Site

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Cohen & Steers European Realty Shares Guide
Discusses the emergence and growth of REITs in Europe.

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This paper provides an overview of the preferred securities market, including the potential benefits and possible risks of investing in preferred securities.

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