



UConn Undergraduate Student Managed Fund

Cohen & Steers (NYSE: CNS)

Target Price: \$113.36
 Current Price: \$99.75
 Stop loss: \$74.81 (25%)
 52 Week High/Low: \$62.43- \$101.22

Market Cap: \$4.81B
 Dividend Yield: 1.80%
 Beta: 1.26
 % Held by Institutions: 49%
 Financial Strength: B++

P/E Ratio: 25.4
 Relative P/E Ratio: 2.35
 EPS: \$1.57
 Book Value/Share: 5.48

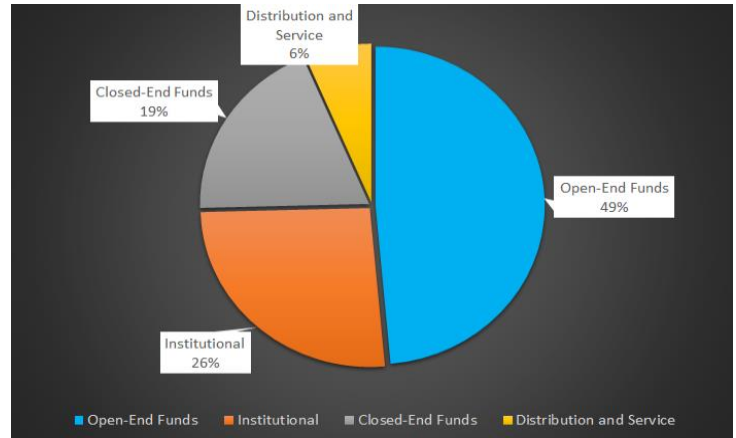
Company Overview

Cohen & Steers is the leading global real estate investment manager, providing a variety of products to its clients. Their revenue is broken down into a few segments: Open-end fund fees (49% of revenues), which relates to the percentage fees received of the AUM from their US mutual funds, Institutional Accounts (26% of revenues), which include separately managed institutional and advisory accounts, Closed-end fund fees (19% of revenues), where they provide other types of funds and get percentage of AUM fees, and Distribution and Service Revenue (6% of revenues), which includes service revenues and sub-advisory accounts.

Industry Outlook

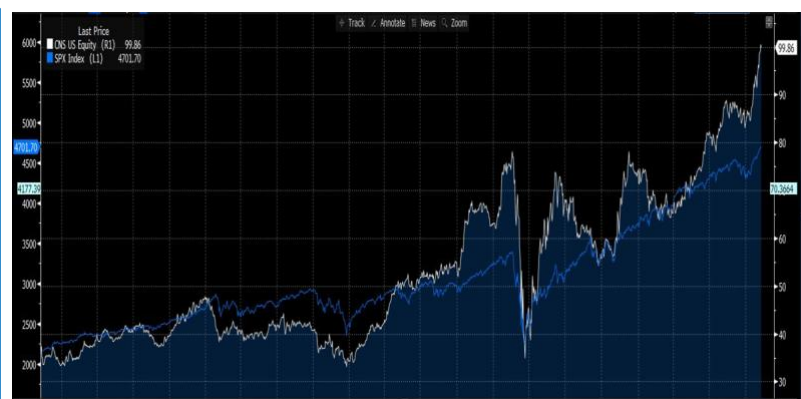
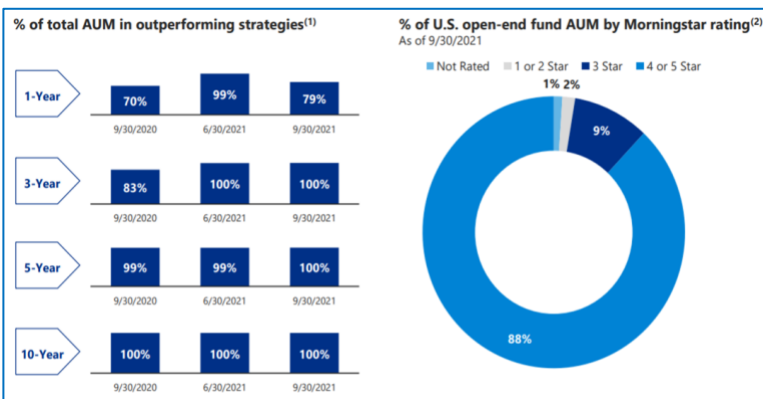
Cohen & Steers operates their business in the real estate investment management sector. They invest primarily in real estate public equities, which is not very common in the investment management sector. Our industry outlook consists mainly of a real estate outlook given their high exposure to the real estate market. After meeting with representatives from Cohen & Steers, we learned about some of the faster growing submarkets they are investing in. Shorter duration leases such as hotels, self-storage, and apartments in the sunbelt location is a fast-growing market where real estate investors of all kinds are rushing to get their hands on. With a variety of real estate public equities to choose from, Cohen & Steers has positioned themselves very well with many experienced researchers and fund managers. The investment management sector as a whole grew to \$103 Trillion in total value in 2020, and is growing rapidly. Overall, real estate and investment management as a whole look strong moving forward.

Revenue Breakdown



Investment Thesis

Cohen & Steers dominates the real estate investment management sector. Their funds are highly ranked by Morningstar, with 88% of their funds ranked as 4 or 5-star funds. This high credibility is attributed to their experienced personnel and strong relationships with clients. They are strategically focusing on real estate segments that will provide further growth (Self Storage), while becoming underweight in stagnant areas of real estate like office and retail establishments. Despite the bull run over the last 10 weeks which returned 25% in price appreciation to shareholders, we strongly believe this stock is still slightly undervalued in the market and has further room for growth. This is a great business that shows integrity and honesty throughout the investment process, and while providing this transparency, they are able to outperform the market. Cohen & Steers is a consistently growing and should be for decades to come



Historical Performance and Valuation

Cohen & Steers (CNS) (in thousands)	Historical Period					Projected Period										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Revenue	378,696.0	381,111.0	410,830.0	427,536.0	573,000.0	628,581.0	689,553.4	756,440.0	829,814.7	910,306.7	998,606.5	1,095,471.3	1,201,732.0	1,318,300.1	1,446,175.2	
% Growth	7.7%	0.6%	7.8%	4.1%	34.0%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	
Cost of Sales	124,076.0	131,292.0	143,431.0	156,457.0	215,600.0	232,575.0	255,134.7	279,882.8	307,031.4	336,813.5	369,484.4	405,324.4	444,640.9	487,771.0	535,084.8	
% Revenue	32.8%	34.4%	34.9%	36.6%	37.6%	37%	37%	37%	37%	37%	37%	37%	37%	37%	37%	
Gross Profit	254,620.0	249,819.0	267,399.0	271,079.0	357,400.0	396,006.0	434,418.6	476,557.2	522,783.3	573,493.2	629,122.1	690,146.9	757,091.2	830,529.0	911,090.4	
% Revenue	67.2%	65.6%	65.1%	63.4%	62.4%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	63.0%	
G&A	42,219.0	48,265.0	47,632.0	56,286.0	58,700.0	62,858.1	68,955.3	75,644.0	82,981.5	91,030.7	99,860.6	109,547.1	120,173.2	131,830.0	144,617.5	
% Revenue	11.1%	12.7%	11.6%	13.2%	10.2%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
Other (Expense)/Income	(47,684.0)	(53,302.0)	(27,822.0)	(56,754.0)	(51,165.0)	(69,772.5)	(76,540.4)	(83,964.8)	(92,109.4)	(101,044.0)	(110,845.3)	(121,597.3)	(133,392.3)	(146,331.3)	(160,525.4)	
% Revenue	12.6%	14.0%	6.8%	13.3%	8.9%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	
EBITDA	164,717.0	148,252.0	191,945.0	158,039.0	247,535.0	263,375.4	288,922.9	316,948.4	347,692.4	381,418.5	418,416.1	459,002.5	503,525.7	552,367.7	605,947.4	
% Revenue	43.5%	38.9%	46.7%	37.0%	43.2%	41.9%	41.9%	41.9%	41.9%	41.9%	41.9%	41.9%	41.9%	41.9%	41.9%	
D&A	4,317.0	4,473.0	4,396.0	4,652.0	4,533.0	6,914.4	7,585.1	8,320.8	9,128.0	10,013.4	10,984.7	12,050.2	13,219.1	14,501.3	15,907.9	
% Revenue	1.1%	1.2%	1.1%	1.1%	0.8%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	
EBIT	160,400.0	143,779.0	187,549.0	153,387.0	243,002.0	256,461.0	281,337.8	308,627.5	338,564.4	371,405.2	407,431.5	446,952.3	490,306.7	537,866.4	590,039.5	
% Revenue	42.4%	37.7%	45.7%	35.9%	42.4%	40.8%	40.8%	40.8%	40.8%	40.8%	40.8%	40.8%	40.8%	40.8%	40.8%	
Income Tax Expense	67,914.0	34,257.0	40,565.0	18,222.0	51,169.0	55,835.6	61,251.6	67,193.1	73,710.8	80,860.7	88,704.2	97,308.5	106,747.5	117,102.0	128,460.8	
Effective Tax Rate	42.3%	23.8%	21.6%	11.9%	21.1%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	
NOPLAT	92,486.0	109,522.0	146,984.0	135,165.0	191,833.0	200,625.5	220,086.1	241,434.5	264,853.6	290,544.4	318,727.2	349,643.8	383,559.2	420,764.5	461,578.6	
Add: D&A	4,317.0	4,473.0	4,396.0	4,652.0	4,533.0	6,807.2	7,351.8	7,940.0	8,575.2	9,261.2	11,789.2	13,086.0	14,525.5	16,123.3	17,896.9	
% Revenue	1.1%	1.2%	1.1%	1.1%	0.8%	1.1%	1.1%	1.0%	1.0%	1.0%	1.2%	1.2%	1.2%	1.2%	1.2%	
Less: CAPEX	3,242.0	3,470.0	2,752.0	2,502.0	2,600.0	4,400.1	4,826.9	5,295.1	5,808.7	6,372.1	6,990.2	7,668.3	8,412.1	9,228.1	10,123.2	
% Revenue	0.9%	0.9%	0.7%	0.6%	0.5%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
Less: change in NWC	46,363.0	31,977.0	8,483.0	18,732.0	-	-	-	-	-	-	-	-	-	-	-	
% Revenue	12.2%	8.4%	2.1%	4.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Unlevered Free Cash Flow	47,198.0	78,548.0	140,145.0	118,583.0	193,766.0	203,032.6	222,611.1	244,079.4	267,620.1	293,433.5	323,526.2	355,061.5	389,672.6	427,659.7	469,352.3	

We believe that Cohen & Steers is well positioned to continue their strong growth trajectory given their ability to adjust to faster growing markets. They have a natural hedge to inflation by focusing on shorter duration leases, and we can clearly see this impact in 2021 with strong growth year over year.

Investment Risks

- (1) One risk we see as the biggest risk would be their public market concentration. Since Cohen & Steers invests in mostly public equities for their funds and their clients, they have a lot of overall exposure to general macroeconomic changes made by the Fed or other changes to the economy. They are mitigating this by creating a private real estate segment of their company, so they can eventually offer products like direct real estate.
- (2) Another risk would be the possibility that their funds underperform during a given year. They have had very strong performance thus far and 100% of their AUM is outperforming in the long-term, but if this changes this would have a dramatic impact on their profits and relationships with clients.
- (3) Cohen & Steers has some growth-related expenses that they incur every couple years that impact their bottom line. In the long run, if these projects don't go according to plan, this could affect their stock and underlying business model.

ESG Considerations

Cohen & Steers takes ESG and "Responsible Investing" very seriously. They are well above average in the industry on their ESG rankings, since they partake in a number of filtering techniques when choosing public equities to invest in. First, they generate their own ESG scores for each stock, and compare that to the overall industry they are in. They take factors into account such as management acumen, shareholder rights, and executive compensation among others in order to generate an accurate score and learn more about who is behind the company. The following graphics are provided by CSRHub.

