

COHEN & STEERS INC
Form 10-Q
May 10, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-32236

COHEN & STEERS, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

14-1904657
(I.R.S. Employer
Identification No.)

280 Park Avenue
New York, NY
(Address of Principal Executive Offices)
(212) 832-3232
(Registrant's telephone number, including area code)

10017
(Zip Code)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐ Accelerated Filer ☒

Non-Accelerated Filer ☐ (Do not check if a smaller reporting company) Smaller Reporting Company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

The number of shares of the Registrant's common stock, par value \$0.01 per share, outstanding as of May 4, 2012 was 43,731,444.

COHEN & STEERS, INC. AND SUBSIDIARIES
Form 10-Q
Index

	Page
Part I. Financial Information	
Item 1. <u>Financial Statements</u>	1
<u>Condensed Consolidated Statements of Financial Condition (Unaudited) as of March 31, 2012 and December 31, 2011</u>	1
<u>Condensed Consolidated Statements of Operations (Unaudited) for the Three Months Ended March 31, 2012 and 2011</u>	2
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited) for the Three Months Ended March 31, 2012 and 2011</u>	3
<u>Condensed Consolidated Statement of Changes in Stockholders' Equity and Redeemable Noncontrolling Interest (Unaudited) for the Three Months Ended March 31, 2012</u>	4
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Three Months Ended March 31, 2012 and 2011</u>	5
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	30
Part II. Other Information	
Item 1. <u>Legal Proceedings</u>	31
Item 1A. <u>Risk Factors</u>	31
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	31
Item 6. <u>Exhibits</u>	32
<u>Signature</u>	33
Items other than those listed above have been omitted because they are not applicable.	

Forward-Looking Statements

This report and other documents filed by us contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "should," "seeks,"

“approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, those described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2011, which is accessible on the Securities and Exchange Commission’s website at www.sec.gov and on our website at www.cohenandsteers.com. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

PART I—Financial Information

Item 1. Financial Statements

COHEN & STEERS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)

(in thousands, except share data)

	March 31, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$90,605	\$127,824
Securities owned (\$26,006 and \$21,952) *	76,253	25,304
Equity investments	8,676	7,868
Investments, available-for-sale	25,786	27,133
Accounts receivable	53,584	39,590
Due from broker (\$13,124 and \$10,321) *	20,554	10,443
Property and equipment—net	10,893	11,200
Goodwill	20,245	19,934
Intangible assets—net	1,857	1,879
Deferred income tax asset—net	3,710	9,233
Other assets (\$461 and \$209) *	5,987	5,825
Total assets	\$318,150	\$286,233
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accrued compensation	\$5,954	\$23,337
Securities sold but not yet purchased (\$14,373 and \$9,277) *	14,373	9,277
Dividend payable	7,875	—
Income tax payable	2,115	4,948
Other liabilities and accrued expenses (\$330 and \$493) *	16,620	13,363
Total liabilities	46,937	50,925
Commitments and contingencies		
Redeemable noncontrolling interest	28,477	4,796
Stockholders' equity:		
Common stock, \$0.01 par value; 500,000,000 shares authorized; 46,957,029 and 46,155,192 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	469	462
Additional paid-in capital	410,747	402,573
Accumulated deficit	(73,101)	(83,063)
Accumulated other comprehensive income (loss), net of tax	2,154	(225)
Less: Treasury stock, at cost, 3,233,524 and 2,986,913 shares at March 31, 2012 and December 31, 2011, respectively	(97,533)	(89,235)
Total stockholders' equity	242,736	230,512
Total liabilities and stockholders' equity	\$318,150	\$286,233

*: Assets and liability amounts in parentheses represent the portion of the March 31, 2012 and December 31, 2011, respectively, consolidated balances attributable to the onshore global real estate long-short fund which is a variable interest entity.

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
 (in thousands, except per share data)

	Three Months Ended March 31,	
	2012	2011
Revenue:		
Investment advisory and administration fees	\$58,155	\$51,052
Distribution and service fees	2,501	2,415
Portfolio consulting and other	3,074	1,288
Total revenue	63,730	54,755
Expenses:		
Employee compensation and benefits	21,668	19,986
Distribution and service fees	6,237	5,754
General and administrative	8,537	8,573
Depreciation and amortization	1,396	1,186
Amortization, deferred commissions	496	343
Total expenses	38,334	35,842
Operating income	25,396	18,913
Non-operating income:		
Interest and dividend income—net	621	184
Gain (loss) from trading securities—net	1,721	(378)
Gain from available-for-sale securities—net	687	358
Equity in earnings (losses) of affiliates	772	(14)
Other	(784)) 825
Total non-operating income	3,017	975
Income before provision for income taxes	28,413	19,888
Provision for income taxes	10,155	6,986
Net income	18,258	12,902
Less: Net (income) loss attributable to redeemable noncontrolling interest	(204)) 73
Net income attributable to common shareholders	\$18,054	\$12,975
Earnings per share attributable to common shareholders:		
Basic	\$0.41	\$0.30
Diluted	\$0.41	\$0.30
Weighted average shares outstanding:		
Basic	43,601	43,051
Diluted	44,386	43,781

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(in thousands)

	Three Months Ended March 31,	
	2012	2011
Net income attributable to common shareholders	\$18,054	\$12,975
Foreign currency translation gain	1,139	1,710
Net unrealized gain from available-for-sale securities, net of tax	1,927	141
Reclassification to statements of operations of gain from available-for-sale securities, net of tax	(687) (358)
Total comprehensive income attributable to common shareholders	\$20,433	\$14,468

See notes to condensed consolidated financial statements

3

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND
REDEEMABLE NONCONTROLLING INTEREST (Unaudited)
Three Months Ended March 31, 2012
(in thousands)

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), Net of Tax	Treasury Stock	Total Stockholders' Equity	Redeemable Noncontrolling Interest	Shares of Common Stock, Net
Beginning balance, January 1, 2012	\$ 462	\$402,573	\$ (83,063)	\$ (225)	\$(89,235)	\$ 230,512	\$ 4,796	43,168
Dividends	—	—	(8,092)	—	—	(8,092)	—	—
Issuance of common stock	7	146	—	—	—	153	—	802
Repurchase of common stock	—	—	—	—	(8,298)	(8,298)	—	(246)
Tax benefits associated with restricted stock units—net	—	2,760	—	—	—	2,760	—	—
Issuance of restricted stock units	—	823	—	—	—	823	—	—
Amortization of restricted stock units—net	—	4,445	—	—	—	4,445	—	—
Net income	—	—	18,054	—	—	18,054	204	—
Other comprehensive income, net of tax	—	—	—	2,379	—	2,379	—	—
Contributions from redeemable noncontrolling interest	—	—	—	—	—	—	23,444	—
Foreign currency translation adjustment on redeemable noncontrolling interest	—	—	—	—	—	—	33	—
Ending balance, March 31, 2012	\$ 469	\$410,747	\$ (73,101)	\$ 2,154	\$(97,533)	\$ 242,736	\$ 28,477	43,724

See notes to condensed consolidated financial statements

4

COHEN & STEERS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
 (in thousands)

	Three Months Ended March 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 18,258	\$ 12,902
Adjustments to reconcile net income to net cash used in operating activities:		
Stock compensation expense	4,462	4,203
Amortization, deferred commissions	496	343
Depreciation and amortization	1,396	1,186
Deferred rent	(130)	(112)
(Gain) loss from trading securities - net	(1,721)	378
Equity in (earnings) losses of affiliates	(772)	14
Gain from available-for-sale securities - net	(687)	(358)
Deferred income taxes	4,913	4,399
Foreign currency loss	953	2
Changes in operating assets and liabilities:		
Accounts receivable	(14,947)	(9,012)
Due from broker	(11,817)	232
Deferred commissions	(765)	(519)
Securities owned	(45,325)	(234)
Other assets	107	(856)
Accrued compensation	(16,851)	(14,021)
Securities sold but not yet purchased	5,224	—
Income tax payable	(2,264)	(6,499)
Other liabilities and accrued expenses	3,203	(2,684)
Net cash used in operating activities	(56,267)	(10,636)
Cash flows from investing activities:		
Purchases of equity investments	(36)	—
Purchases of investments, available-for-sale	(8,624)	(11,046)
Proceeds from sales of investments, available-for-sale	9,869	7,956
Purchases of property and equipment	(1,054)	(735)
Net cash provided by (used in) investing activities	155	(3,825)
Cash flows from financing activities:		
Excess tax benefits associated with restricted stock units	2,801	1,441
Issuance of common stock	137	169
Repurchase of common stock	(8,298)	(6,323)
Contributions from redeemable noncontrolling interest	23,444	—
Net cash provided by (used in) financing activities	18,084	(4,713)
Net decrease in cash and cash equivalents	(38,028)	(19,174)
Effect of foreign exchange rate changes	809	666
Cash and cash equivalents, beginning of the period	127,824	136,191
Cash and cash equivalents, end of the period	\$ 90,605	\$ 117,683

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)
(UNAUDITED)

Supplemental disclosures of cash flow information:

For the three months ended March 31, 2012 and 2011, the Company paid taxes, net of tax refunds, of approximately \$5,124,000 and \$8,223,000, respectively.

Supplemental disclosures of non-cash investing and financing activities:

In connection with its stock incentive plan, for the three months ended March 31, 2012 and 2011, the Company issued fully vested restricted stock units in the amount of \$607,000 and \$458,000, respectively. For the three months ended March 31, 2012 and 2011, the Company issued restricted stock unit dividend equivalents in the amount of \$217,000 and \$148,000, respectively.

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Organization and Description of Business

Cohen & Steers, Inc. ("CNS") was organized as a Delaware corporation on March 17, 2004. CNS was formed to be the holding company for Cohen & Steers Capital Management, Inc. ("CSCM"), a New York corporation, and to allow for the issuance of common stock to the public.

The condensed consolidated financial statements set forth herein include the accounts of CNS and its direct and indirect subsidiaries. CNS's wholly-owned subsidiaries are CSCM, Cohen & Steers Securities, LLC ("Securities"), Cohen & Steers Asia Limited, Cohen & Steers UK Limited and Cohen & Steers Europe S.A. (collectively, the "Company"). All material intercompany balances and transactions have been eliminated in consolidation.

Through CSCM, a registered investment advisor under the Investment Advisers Act of 1940 (the "Advisers Act"), the Company provides investment management services to institutional and individual investors through a broad range of investment vehicles. Founded in 1986, the Company is a leading global investment management firm focused on global real estate securities, global listed infrastructure, real assets, large cap value stocks, and preferred securities.

The Company also manages alternative investment strategies such as hedged real estate securities portfolios and private real estate multimanager strategies for qualified investors. Its clients include Company-sponsored open-end and closed-end mutual funds, U.S. and non-U.S. pension plans, endowment funds, foundations and sub-advised funds for other financial institutions. Through Securities, its registered broker/dealer, the Company provides distribution services for certain of its funds.

2. Basis of Presentation and Significant Accounting Policies

The condensed consolidated financial statements of the Company included herein are unaudited and have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the interim results have been made. The Company's condensed consolidated financial statements and the related notes should be read together with the consolidated financial statements and the related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Accounting Estimates—The preparation of the condensed consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes the estimates used in preparing the condensed consolidated financial statements are reasonable and prudent. Actual results could differ from those estimates.

Reclassifications—Certain prior year amounts have been reclassified to conform to the current year presentation. The amounts related to these reclassifications are not material to the Company's condensed consolidated financial statements.

Consolidation—The Company consolidates operating entities deemed to be voting interest entities if the Company owns a majority of the voting interest. The equity method of accounting is used for investments in non-controlled affiliates in which the Company's ownership ranges from 20 to 50 percent, or in instances in which the Company is able to exercise significant influence but not control. The Company also consolidates any variable interest entities ("VIEs") in which the Company is the primary beneficiary. The Company provides for noncontrolling interests in consolidated subsidiaries for which the Company's ownership is less than 100 percent.

A VIE is an entity in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (b) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has the obligation to

absorb a majority of the expected losses or the right to receive the majority of the residual returns. Investments and redemptions or amendments to the governing documents of the respective entities could affect an entity's status as a VIE or the determination of the primary beneficiary. The Company assesses whether entities in which it has an interest are VIEs upon initial involvement and at each reporting date. The Company assesses whether it is the primary beneficiary of any VIEs identified

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(UNAUDITED)

by evaluating its economic interests in the entity held either directly by the Company and its affiliates or indirectly through employees. See Note 4 for further discussion about the Company's investments.

Cash and Cash Equivalents—Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash and have original maturities of three months or less.

Due from Broker—The Company conducts business with brokers for certain of its investment activities. The clearing and custody operations for these investment activities are performed pursuant to agreements with prime brokers. The due from broker balance represents cash balances at brokers and net receivables and payables for unsettled security transactions.

Investments—Management of the Company determines the appropriate classification of its investments at the time of purchase and re-evaluates such determination at each statement of financial condition date.

Securities owned and securities sold but not yet purchased are classified as trading securities and are measured at fair value based on quoted market prices, market prices obtained from independent pricing services engaged by management or as determined by the Company's valuation committee. Unrealized gains and losses are recorded as gain (loss) from trading securities—net reported in the Company's condensed consolidated statements of operations.

Investments classified as equity investments are accounted for using the equity method, under which the Company recognizes its respective share of the investee's net income or loss for the period. The carrying amounts of these investments approximate their fair value.

Investments classified as available-for-sale are comprised of equity securities, investment-grade preferred instruments and investments in Company-sponsored open-end and closed-end mutual funds. These investments are carried at fair value based on quoted market prices or market prices obtained from independent pricing services engaged by management, with unrealized gains and losses, net of tax, reported in accumulated other comprehensive income. The Company periodically reviews each individual security position that has an unrealized loss, or impairment, to determine if that impairment is other than temporary. If the Company believes an impairment of a security position is other than temporary, the loss will be recognized in the Company's condensed consolidated statements of operations. An other than temporary impairment is generally presumed to have occurred if the available-for-sale investment has an unrealized loss continuously for 12 or more months.

From time to time, the consolidated funds of the Company enter into derivative contracts to hedge market and credit risks of the underlying portfolios utilizing options, total return swaps, credit default swaps and futures contracts. These instruments are measured at fair value with gains and losses recorded as gain (loss) from trading securities - net in the Company's condensed consolidated statements of operations. The fair value of these instruments is recorded in other assets or other liabilities and accrued expenses in the Company's condensed consolidated statements of financial condition.

Additionally, from time to time, the Company enters into foreign currency forward contracts to hedge its currency exposure related to client receivables. These instruments are measured at fair value with gains and losses recorded in other non-operating income in the Company's condensed consolidated statements of operations. The Company records these contracts as either assets or liabilities in due from broker or other liabilities and accrued expenses, respectively, in its condensed consolidated statements of financial condition.

Goodwill and Intangible Assets—Goodwill represents the excess of the cost of the Company's investment in the net assets of an acquired company over the fair value of the underlying identifiable net assets at the date of acquisition.

Goodwill and indefinite lived intangible assets are not amortized but are tested at least annually for impairment by comparing the fair value to their carrying amounts. Finite lived intangible assets are amortized over their useful lives. See Note 3 for further discussion about the Company's goodwill and intangible assets.

Redeemable Noncontrolling Interest—Redeemable noncontrolling interest represents third-party minority voting interests in the Company's consolidated entities. This interest is redeemable at the option of the investors and therefore is not treated as permanent equity.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(UNAUDITED)

Investment Advisory and Administration Fees—The Company earns revenue by providing asset management services to institutional accounts and to Company-sponsored open-end and closed-end mutual funds. This revenue is earned pursuant to the terms of the underlying advisory contract, and is based on a contractual investment advisory fee applied to the assets in the client's portfolio, net of applicable waivers. The Company also earns revenue from administration fees paid by certain Company-sponsored open-end and closed-end mutual funds, based on the average assets under management of such funds. This revenue is recognized as such fees are earned.

Distribution and Service Fees—Distribution and service fee revenue is earned as the services are performed, based on contractually-predetermined percentages of the average assets under management of the Company-sponsored open-end load mutual funds. Distribution and service fee revenue is recorded gross of any third-party distribution and service fee expense arrangements. The expenses associated with these third-party distribution and service fee arrangements are recorded as incurred.

Stock-based Compensation—The Company recognizes compensation expense for the grant-date fair value of awards of equity instruments granted to employees. This expense is recognized over the period during which employees are required to provide service. The Company also estimates forfeitures.

Income Taxes—The Company records the current and deferred tax consequences of all transactions that have been recognized in the condensed consolidated financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized. The effective tax rate for interim periods represents the Company's best estimate of the effective tax rate expected to be applied to the full fiscal year.

Currency Translation and Transactions—Assets and liabilities of subsidiaries having non-U.S. dollar functional currencies are translated at exchange rates at the applicable condensed consolidated statement of financial condition date. Revenues and expenses are translated at average exchange rates during the period. The gains or losses resulting from translating non-U.S. dollar functional currency into U.S. dollars are included in the Company's condensed consolidated statements of comprehensive income. Gains or losses resulting from non-U.S. dollar currency transactions are included in other non-operating income in the condensed consolidated statements of operations.

Comprehensive Income—The Company reports all changes in comprehensive income in the condensed consolidated statements of comprehensive income. Comprehensive income includes net income or loss attributable to common shareholders, unrealized gains and losses from available-for-sale securities (net of tax), foreign currency translation gains and losses (net of tax) and reclassification to statements of operations of gains and losses from available-for-sale securities (net of tax).

Recently Issued Accounting Pronouncements—In September 2011, the Financial Accounting Standards Board ("FASB") issued new guidance to simplify how entities test goodwill for impairment. The new guidance permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the second step to measure the amount of the impairment loss, if any. This new guidance is effective for the Company's first quarter of 2012. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In June 2011, the FASB issued new guidance eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The new guidance requires changes to the components of net income and comprehensive income in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement

approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The new guidance should be applied retrospectively. In December 2011, the FASB issued guidance to defer the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income. This new

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

guidance is effective for the Company's first quarter of 2012. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In May 2011, the FASB issued new guidance regarding fair value measurement and disclosures. The new guidance results in common fair value measurement and disclosure requirements in U.S. Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Standards. This new guidance changed the wording used to describe many of the requirements for measuring fair value and for disclosing information about fair value measurements. This new guidance is effective for the Company's first quarter of 2012. See Note 4 for further discussion about the Company's investments which incorporates this new guidance.

3. Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of purchase price over the net tangible assets and identifiable intangible assets of an acquired business. At March 31, 2012 and December 31, 2011, goodwill was approximately \$20,245,000 and \$19,934,000, respectively. The Company's goodwill increased by \$311,000 in the three months ended March 31, 2012 as a result of foreign currency revaluation.

Intangible Assets

The following table details the gross carrying amounts and accumulated amortization for the intangible assets at March 31, 2012 and December 31, 2011 (in thousands):

	Remaining Amortization Period (In Months)	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
March 31, 2012:				
Amortized intangible assets:				
Client relationships	81	\$ 1,543	\$(936)) \$ 607
Non-amortized intangible assets:				
Mutual fund management contracts	—	1,250	—	1,250
Total		\$2,793	\$(936)) \$ 1,857
December 31, 2011:				
Amortized intangible assets:				
Client relationships	84	\$ 1,543	\$(914)) \$ 629
Non-amortized intangible assets:				
Mutual fund management contracts	—	1,250	—	1,250
Total		\$2,793	\$(914)) \$ 1,879

COHEN & STEERS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(UNAUDITED)

Amortization expense related to the intangible assets was approximately \$22,000 for both three months ended March 31, 2012 and 2011, respectively. Estimated future amortization expense is as follows (in thousands):

Periods Ending December 31,	Estimated Amortization Expense
2012	\$67
2013	89
2014	89
2015	89
2016	89
Thereafter	184
Total	\$607

4. Investments

The following is a summary of the Company's investments as of March 31, 2012 and December 31, 2011 (in thousands):

	As of March 31, 2012	December 31, 2011
Securities owned	\$76,253	\$25,304
Equity investments	8,676	7,868
Investments, available-for-sale	25,786	27,133
Trading and equity investments		

Cohen & Steers Global Realty Partners III-TE, L.P. ("GRP-TE"), which had an initial closing in October 2011, is structured as a partnership. The Company is the general partner and investment manager of GRP-TE, for which it receives a management fee and is entitled to receive an incentive distribution, if earned. GRP-TE is a VIE and the Company is not deemed as the primary beneficiary. As the general partner, the Company has significant influence over the financial decisions of GRP-TE and therefore records its investment in this fund using the equity method of accounting. The Company's equity interest in GRP-TE represents a seed investment to launch the fund which was made during the first quarter of 2012, adjusted for the Company's proportionate share of the fund's earnings. The Company's risk with respect to its investment in GRP-TE is limited to its equity ownership and any uncollected management fees. In conjunction with the launch of GRP-TE, the Company established Cohen & Steers Co-Investment Partnership ("GRP-CIP"), which is used by the Company to fulfill its contractual commitment to co-invest with GRP-TE. See Note 9 for further discussion regarding the Company's co-investment commitment. As of March 31, 2012, the Company owned all of the voting interest in GRP-CIP. Accordingly, the underlying assets and liabilities of GRP-CIP have been included in the Company's condensed consolidated financial statements. The Cohen & Steers Real Asset Fund ("RAP"), launched by the Company on January 31, 2012, is an open-end mutual fund for which the Company is the investment manager. As of March 31, 2012, the Company owned the majority of the voting interest in RAP. Accordingly, the underlying assets and liabilities of RAP have been included in the Company's condensed consolidated financial statements with the third party interests classified as redeemable noncontrolling interest.

During the fourth quarter of 2009, the Company launched Cohen & Steers Global Listed Infrastructure Fund (“GLIF”). As of March 31, 2012, the Company owned the majority of the voting interest in GLIF. Accordingly, the underlying assets and liabilities of GLIF have been included in the Company's condensed consolidated financial statements with the third party interests classified as redeemable noncontrolling interest.

COHEN & STEERS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(UNAUDITED)

During 2008, the Company launched an onshore global real estate long-short fund (the “Onshore Fund”). As of March 31, 2012, the Company determined that the Onshore Fund was a VIE and the Company was the primary beneficiary. Therefore, the underlying assets and liabilities of the Onshore Fund have been included in the Company's condensed consolidated financial statements with the third party interests classified as redeemable noncontrolling interest. As of March 31, 2012 and December 31, 2011, cash and cash equivalents included in due from broker in the condensed consolidated statements of financial condition of approximately \$14,312,000 and \$9,360,000, respectively, was held at two brokers for the purpose of covering securities sold but not yet purchased.

The following represents the portion of the consolidated statements of financial condition attributable to the consolidated Onshore Fund as of March 31, 2012 and December 31, 2011. The following assets may only be used to settle obligations of the Onshore Fund and these liabilities are only the obligations of the Onshore Fund for which the creditors do not have recourse to the general credit of the Company (in thousands):

	March 31, 2012	December 31, 2011
Assets		
Securities owned	\$26,006	