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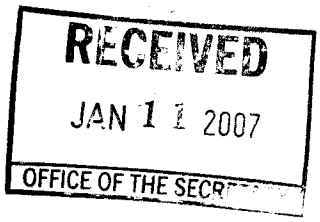
COHEN & STEERS, INC.



January 9, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549

Re: Exemption from Shareholder Approval for Certain Subadvisory Contracts

Dear Ms. Morris:

Cohen & Steers Capital Management, Inc. ("Cohen & Steers") submits these comments on Rule 15a-5 (the "Rule") under the Investment Company Act of 1940 (the "1940 Act"), proposed by the Securities and Exchange Commission (the "Commission"), that would permit an adviser to serve under certain circumstances as a subadviser to an investment company ("fund") without approval by the fund's shareholders.[1]

The Proposing Release requests comment on whether the scope of the Rule should be expanded to include advisers affiliated with the principal adviser[2] (in addition to applying the Rule to wholly-owned subsidiaries of the principal adviser in limited circumstances).[3] We support the goal of reducing burdens on funds and urge the Commission to expand the proposed Rule to cover (1) subadvisers that are wholly-owned subsidiaries (as defined in the Rule) of a direct or indirect parent company of which the principal adviser is a wholly-owned subsidiary (as defined in the Rule) in the same manner as is currently proposed for non-affiliates; and (2) closed-end funds in the same manner as is currently proposed for open-end funds.

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1 Exemption from Shareholder Approval for Certain Subadvisory Contracts, SEC Rel. No. IC-26230 (Oct. 23, 2003) (the "Proposing Release").

2 Defined in the Rule by reference to Section 2(a)(20) of the 1940 Act.

3 Proposing Release at I.A.3.

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Application to Affiliated Subadvisers

Cohen & Steers is a registered investment adviser with its principal office in New York and is the principal adviser to the Cohen & Steers funds. Cohen & Steers is a wholly owned subsidiary of Cohen & Steers, Inc. ("CNS"), a publicly traded company whose common stock is listed on the New York Stock Exchange.

CNS currently has three other affiliates registered as investment advisers in the U.S.: a wholly-owned subsidiary located in London ("CNS UK"); an indirect wholly-owned subsidiary (a wholly-owned subsidiary of Cohen & Steers) located in Hong Kong ("CNS Asia"); and a wholly owned subsidiary located in Brussels ("Houlihan Rovers"). Certain Cohen & Steers funds are currently in the process of obtaining shareholder approval for, among other things, the appointment of CNS UK and CNS Asia as subadvisers.[4] CNS may, in the future, establish or acquire other advisory subsidiaries.

In 2004, we acquired a 50% interest in Houlihan Rovers and we recently acquired the remaining 50%. In addition, we recently established CNS UK and CNS Asia, and registered each firm as an investment adviser with the Commission. The intent of these arrangements has been to provide the Cohen & Steers funds with enhanced capabilities for investing in issuers in Europe and Asia. While personnel of Houlihan Rovers, CNS UK and CNS Asia are each employed by a separate legal entity, we see these individuals as extensions of the Cohen & Steers franchise, enabling us to provide the full panoply of necessary advisory services.

When setting up foreign operations to cover non-U.S. issuers, Cohen & Steers followed the model almost universally employed by others: establishing these operations within a separate legal entity that is then also licensed locally as appropriate. Structuring the arrangement in this fashion however generally results in the need for subadvisory contracts with these affiliates for funds that require access to these portfolio management services, triggering the shareholder approval requirement.[4]

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[4] While we are aware that principal advisers have appointed affiliated subadvisers under circumstances similar to those we describe without a shareholder vote in reliance on opinions of counsel that there was no "assignment" under Section 15(a)(4) of the 1940 Act, these circumstances are highly fact specific and should, along with other subadviser appointments of affiliates of the principal adviser, also be accorded the certainty provided by coverage of the Rule. In fact, specific exclusion of affiliated subadvisers from the Rule (except for the limited application to wholly-owned adviser subsidiaries) may create more uncertainty to these situations.

A shareholder vote would not have been required however if Cohen & Steers simply had established branch offices in these jurisdictions and appointed personnel in the branch office as fund portfolio managers or (b) invested a portion of fund assets in another fund advised or subadvised by CNS UK and/or CNS Asia.[5] Each of (a) and (b) could have achieved, without fund shareholder approval, a result that is the functional equivalent of appointing CNS UK and CNS Asia as subadviser and having Cohen & Steers allocate a portion of fund assets to the day-to-day portfolio management of these affiliates.

We believe that a shareholder vote should not be required merely because Cohen & Steers, for legal, accounting, tax and business reasons not relevant to the funds, established separate entities rather than setting up branch offices and that it is appropriate to extend the Rule's application to cover affiliated subadvisers to eliminate this inconsistent treatment of similar results. How Cohen & Steers uses its non-U.S. affiliates to provide the optimal level of advisory services to fund shareholders, and how Cohen & Steers chooses to allocate a portion of its overall advisory fee among its affiliates (affiliated subadvisory fees are paid out of Cohen & Steers' overall advisory fee, and the use of subadvisers has no economic impact on fund shareholders), is a matter for which we believe there is no benefit to requiring shareholder approval of these arrangements, much less interest among fund shareholders in being involved in these decisions.

While shareholders may be persuaded to invest in a Cohen & Steers fund because of our extensive potential for advisory services for fund investors, we believe these investors have no desire to vote whether or not to have an affiliate involved in managing a fund in the same way that investors are uninvolved when Cohen & Steers decides to add a new member to its internal portfolio management team. We believe that our efforts to enhance and expand the types of advisory services provided by Cohen & Steers, directly and through its affiliates, are beneficial to the Cohen & Steers funds and their shareholders and that these efforts should not be unduly burdened by the costs and delays of shareholder voting that provides no meaningful benefits.

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[5] In June 2006, subsequent to the issuance of the Proposing Release, the Commission adopted Rule 12d1-2 under the 1940 Act, which allows a fund to invest any portion of its assets in a fund that is part of the same group of investment companies without approval of the fund's board (Funds of Funds Investments, SEC Rel. No. IC-27399 (June 27, 2006)). Text accompanying n. 60 states that: "[a] significant consequence of the rule is that an equity or bond fund can invest any portion of its assets in an affiliated fund if the acquisition is consistent with the investment policies of the fund and the restrictions of the rule" (n. 60 merely notes that the Commission would expect the fund's directors to be aware of such investments, particularly in the context of their consideration of potentially duplicative fees).

The Commission cites in the Proposing Release concerns regarding conflicts of interest and the potential for self-dealing in limiting application of the Rule to unaffiliated subadvisers (other than limited application to wholly-owned adviser subsidiaries). We believe this concern does not arise in our model because we do not employ unaffiliated subadvisers and thus the choice is not whether to use an affiliate or a non-affiliate. Moreover, while our use only of affiliated subadvisers makes this point irrelevant for Cohen & Steers, we believe the Commission and staff's concerns regarding conflicts of interest and self-dealing are unwarranted. Allowing the appointment of affiliated subadvisers without shareholder approval only puts the selection of an affiliate on otherwise equal footing with the selection of a non-affiliate. The process for selecting an affiliate is still subject to all of the other protections of the 1940 Act and the Rule, as discussed below. Subjecting subadvisory contracts with affiliates to shareholder approval in fact creates a significant disincentive to appoint an affiliate as subadviser, as opposed to a non-affiliate, which may not necessarily be in the best interests of fund shareholders.

Further, even if the Commission continues to be uncomfortable with these potential conflicts, addressing these concerns by shareholder voting is generally inconsistent with the approach used in various other rules under the 1940 Act that provide exemptions from provisions of the 1940 Act relating to concerns regarding conflicts of interest between a fund and its adviser and that rely on director reviews and approvals, rather than shareholder voting.[6]

We note that the Rule still retains significant shareholder protections against potential conflicts of interest. Under the Rule, all of the requirements of Section 15 other than shareholder approval still apply to subadvisory contracts, including (1) board approval by a majority of directors, who are not parties to the subadvisory agreement or interested persons of any such party, at an in-person meeting called for the purpose of voting on the approval and (2) the significant requirements under Section 15(c) for a fund's directors to request information and evaluate the terms of any subadvisory contract at an in-person meeting called for that purpose. In addition, fund shareholder reports include detailed disclosure regarding the factors the board considered in approving these subadvisory contracts. We also note that the Rule itself provides significant additional protections to shareholders in the process of subadviser appointments, including (i) the subadvisory contract cannot directly or indirectly increase the management and advisory fees charged to the fund and its shareholders, (ii) fund shareholders must have authorized the principal adviser (subject to approval by the board) to enter into contracts with

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[6] *See* The Role of Independent Directors of Investment Companies, SEC Rel. No. IC-24816 (Jan. 2, 2001), which amended ten exemptive rules to require that a majority of the directors of the fund are not interested persons of the fund, and those directors select and nominate any other disinterested directors, and any person who acts as legal counsel for the disinterested directors is an independent legal counsel.

subadvisers without shareholder approval,[7] (iii) the fund must furnish shareholders, within 90 days after entry into a new subadvisory contract, with an information statement that describes the new agreement and contains the information specified in Regulation 14C, Schedule 14C and Item 22 under Schedule 14A under the Securities Exchange Act of 1934, as amended, and (iv) a majority of the fund's directors are not interested persons of the fund, and those directors select and nominate any other disinterested directors, and any person who acts as legal counsel for the disinterested directors in an independent legal counsel.

Wholly-Owned Subsidiaries of Parent Companies

While the Commission did propose that the Rule exclude from shareholder approval contracts with subadvisers that are wholly owned subsidiaries of the principal adviser under certain circumstances, we believe it is entirely consistent with this policy to extend the Rule to wholly-owned subsidiaries (as defined in the Rule) of a direct or indirect parent company of which the principal adviser is a wholly-owned subsidiary (as defined in the Rule). Legal, accounting, tax and business considerations will dictate where a legal entity resides in an organization's overall corporate structure. Thus, for reasons that have no impact on fund shareholders, it may be more efficient to set up a particular affiliate as a wholly owned subsidiary of the parent company to the principal adviser, rather than a direct subsidiary of the principal adviser. Again, these corporate structural considerations have no bearing on fund shareholders.

Application to Closed-End Funds

We see no policy reason to limit the Rule's application to open-end funds, and the Proposing Release does not include a discussion of this point. Cohen & Steers currently serves as the principal adviser for a closed-end fund with one non-U.S. subadviser and is in the process of seeking shareholder approval to appoint two additional subadvisers in other non-U.S. jurisdictions. We believe that this fund, and other closed-end funds we may advise in the future, could benefit from the Rule's relief in the same manner as discussed above, and in the Proposing Release, as for open-end funds. If the Rule is appropriate and in the public interest for open-end fund shareholders we see no reason to deny closed-end fund shareholders the same benefits.

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[7] Alternatively, if the fund's securities have not been publicly offered or sold to persons who are not promoters or affiliated persons of the fund, the directors of the fund may authorize the principal adviser to enter into such contracts.

We applaud the efforts of the Commission and the staff to eliminate burdens that afford no material benefit to fund shareholders and we appreciate the opportunity to comment particularly on the Rule. If you have any questions or would like to further discuss our views on the Rule and its application, please contact me at (212) 446-9159.

Very truly yours,

John E. McLean
Vice President and Associate General Counsel

cc: Janna Manes, Stroock & Stroock & Lavan LLP