

Public Pensions & Tobacco

Canadian public pension investments in and revenues from global tobacco sales, 2009

Annual reports provided by the investment boards of Canada's two mandatory public pension programs, the Canada Pension Plan and the Quebec Pension Plan show that each board invested in several multinational tobacco companies during 2009.

Investment statements for the period ending March 31, 2010 (Canada Pension Plan Investment Board) and December 31, 2009 (Caisse de depot et de placement du Québec) showed about \$500 million invested in tobacco companies, with an estimated dividend income for 2009 of \$20 million.

TABLE 1: CANADA PENSION PLAN INVESTMENT BOARD TOBACCO HOLDINGS, MARCH 31, 2010

COMPANY	DECLARED DIVIDEND FOR 2009	NUMBER OF SHARES HELD BY CPPIB	DECLARED VALUE OF SHARES AT YEAR END	ESTIMATED REVENUES FROM DIVIDENDS (CDN)
Altria	1.3 USD			\$0
British American Tobacco (Malaysia) Berhad	.236 MYR	172,000	\$2,000,000	\$12,409
British American Tobacco p.l.c.	0.895 GPD	1,353,000	\$47,000,000	\$2,048,660
Gudang Garam (Perusahaan Rokok Tjap) P.T.*	350 IDR	1,175,000	\$3,000,000	\$45,649
I.T.C. Limited*	3.7 INR	555,000	\$3,000,000	\$546,306
Imperial Tobacco Group	0.632 GPD	437,000	\$14,000,000	\$467,248
Japan Tobacco Inc.	5,400 JPY	10,000	\$37,000,000	\$606,960
KT&G (Korea Tobacco & Ginseng Corporation)	2,800 KPW	180,000	\$10,000,000	\$452,592
Lorillard	4 USD	230	\$18,000,000	\$963
Philip Morris International	2.2 USD	2,181,000	\$115,000,000	\$5,021,796
Reynolds American Inc	3.4 USD	47,000	\$3,000,000	\$167,247
Souza Cruz	4.67 BRL	155,000	\$5,000,000	\$434,527
Swedish Match AB	4.75 SEK	747,000	\$18,000,000	\$519,109
Total		7,012,230	\$275,000,000	\$ 9,823,466

Methods:

- The Caisse and the CPPIB both release a snapshot of their investment portfolios as the end of their fiscal year. Neither releases detailed reports on returns on these investments (i.e. dividend or interest payments from specific companies). The holdings shown on these tables are taken from these snapshot.
Sources:
Caisse: http://www.lacaisse.com/en/nouvelles-medias/Documents/RA2009_Renseignements_add_EN.pdf
CPPIB: http://www.lacaisse.com/en/nouvelles-medias/Documents/RA2009_Renseignements_add_EN.pdf
- The estimates of dividend receipts are derived by multiplying the declared dividends for the fiscal year by the number of shares reported as owned at the end of the year. Because this estimate does not take account of fluctuations of share holdings and the timing of dividend payments, it should be viewed as an illustrative calculation, not a reliable statement.
- The estimated value of the dividends (issued in foreign currencies) is converted into Canadian dollars at the rate posted by the Bank of Canada for December 31, 2009. Dividend payments were taken from Annual reports and/or investor statements on the companies web-sites.

TABLE 2: CAISSE DE DÉPÔT ET DE PLACEMENT DU QUÉBEC TOBACCO HOLDINGS, DECEMBER 31, 2009.

COMPANY	DECLARED DIVIDEND FOR 2009	NUMBER OF SHARES HELD BY CAISSE	DECLARED VALUE OF SHARES AT YEAR END	ESTIMATED REVENUES FROM DIVIDENDS (CDN)
Altria	1.3 USD	99,800	\$2,100,000	\$135,785.88
British American Tobacco (Malaysia) Berhad	.236 MYR	266,626	\$3,500,000	\$19,235.79
British American Tobacco p.l.c.	0.895 GPD	1,150,153	\$39,300,000	\$1,741,516.82
Gudang Garam (Perusahaan Rokok Tjap) P.T. *	350 IDR	225,500	\$500,000	\$8,760.68
I.T.C. Limited *	3.7 INR	1,140,909	\$6,400,000	\$95,191.74
Imperial Tobacco Group	0.632 GPD	450,264	\$14,900,000	\$481,430.19
Japan Tobacco Inc.	5,400 JPY	2,955	\$10,400,000	\$179,356.68
KT&G (Korea Tobacco & Ginseng Corporation)	2,800 KPW	209,912	\$12,200,000	\$527,802.73
Lorillard	4 USD	264,800	\$22,300,000	\$1,108,558.72
Philip Morris International	2.2 USD	2,349,384	\$118,700,000	\$5,409,503.65
Reynolds American Inc	3.4 USD	8,100	\$400,000	\$28,823.36
Souza Cruz	4.67 BRL	69,748	\$2,400,000	\$195,531.61
Swedish Match AB	4.75 SEK	108,094	\$2,500,000	\$75,117.22
Total		6,346,245	\$235,600,000	\$10,006,615.08

*Dividends declared in 2008; 2009 dividends not available in May 2010