Public Pensions & Tobacco

Public pension investments in and revenues from global tobacco sales, 2010

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 2010.

Investment statements for the period ending March 31, 2011 (Canada Pension Plan Investment) and December 31, 2010 (Caisse de depot et de placement du Québec) showed over $400 million invested by these pension management funds in tobacco companies, with an estimated dividend income for 2010 of over $23 million, of which $8 million came from profits made by selling cigarettes in developing countries.

TABLE 1: CANADA PENSION PLAN INVESTMENT BOARD TOBACCO HOLDINGS, MARCH 31, 2011

COMPANY	% OF REVENUES FROM DEVELOPING COUNTRIES	DECLARED DIVIDEND FOR 2009	NUMBER OF SHARES HELD BY CPPIB	DECLARED VALUE OF SHARES AT YEAR END	ESTIMATED REVENUES FROM DIVIDENDS (CDN)
Altria	0	1.46 USD	0	0	$0
British American Tobacco (Malaysia) Berhad	100%	.240 MYR	227,000	$4,000,000	$17,575
British American Tobacco p.l.c.	66%	1.142 GPD	256,000	$10,000,000	$453,526
Gudang Garam (Perusahaan Rokok Tjap) P.T.*	100%	650 IDR	934,000	$4,000,000	$66,781
I.T.C. Limited*	100%	10 INR	3,282,000	$13,000,000	$729,917
Imperial Tobacco Group	unknown	.843 GBP	76,000	$2,000,000	$99,389
Japan Tobacco Inc.	unknown	6800 jpy	8,000	$27,000,000	$666,944
KT&G (Korea Tobacco & Ginseng Corporation)	unknown	3000 kpw	171,000	$9,000,000	$3,075,435
Lorillard	0%	4.25 USD	192,000	$18,000,000	$811,594
Philip Morris International	36%	2.44 usd	1,829,000	$117,000,000	$4,438,661
Reynolds American Inc	0%	1.84 USD	0	0	$0
Souza Cruz	100%	3.96 BRL	558,000	$6,000,000	$1,324,261
Swedish Match AB	unknown	5.50 SEK	246,000	$8,000,000	$8,111
Total			**7,779,000**	**$218,000,000**	**$11,692,194**

TABLE 2: CAISSE DE DÉPÔT ET DE PLACEMENT DU QUÉBEC TOBACCO HOLDINGS, DECEMBER 31, 2010

COMPANY	DECLARED DIVIDEND FOR 2010	NUMBER OF SHARES HELD BY CAISSE, DECEMBER 31, 2010	DECLARED VALUE OF SHARES AT YEAR END	ESTIMATED REVENUES FROM DIVIDENDS (CDN)
Altria	1.46 USD	505,400	$12,400,000	$733,899.43
British American Tobacco (Malaysia) Berhad	.240 MYR	258,126	$3,700,000	$19,985.15
British American Tobacco p.l.c.	1.142 GPD	2,173,283	$83,300,000	$3,850,154.69
Gudang Garam (Perusahaan Rokok Tjap) P.T.*	650 IDR	983,000	4,300,000	$70,284.50
I.T.C. Limited*	10 INR	3,781,834	$14,700,000	$841,079.88
Imperial Tobacco Group	.843 GBP	1,107,805	$33,900,000	$1,448,727.45
Japan Tobacco Inc.	6800 jpy	4,896	$18,000,000	$408,169.73
KT&G (Korea Tobacco & Ginseng Corporation)	3000 kpw	187,002	$10,600,000	$3,363,230.97
Lorillard	4.25 USD	37,400	$3,000,000	$158,091.67
Philip Morris International	2.44 usd	450,700	$26,200,000	$1,093,769.58
Reynolds American Inc	1.84 USD	84,300	$2,700,000	$154,274.40
Souza Cruz	3.96 BRL	91,314	$4,900,000	$216,708.94
Swedish Match AB	5.50 SEK	252,255	$7,300,000	$8,317.48
Total		**9,411,915**	**$212,600,000**	**$11,632,794**

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

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.cppib.ca/files/PDF/Foreign_PublicEquityHoldings_March312011.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, 2010. Dividend payments were taken from Annual reports and/or investor statements on the companies web-sites.