

Canadian institutional ownership of the “big four” tobacco companies

Share-holdings by government-managed pension and private institutional investors, January 2011.

About two-thirds of the shares of the world’s four largest tobacco companies are owned by institutional investors. These four companies (Philip Morris International, British American Tobacco, Imperial Tobacco Group and Japan Tobacco International) provide about 80% of the world market for cigarettes outside of China . Among the institutional investors in these companies are more than 60 Canadian investors, including six investors that are pension funds operated under government authority.

The first stock market ‘trading day’ in Canada in 2011 was January 4th. Data provided by the Toronto Stock Exchange show that on that day government-controlled investors owned \$458 million in shares in the four large tobacco companies, and that private investors owned an additional \$1.6 billion. Altogether, institutional shareholders in Canada on that day had \$1.33 billion invested in Philip Morris International, \$472 million in British American Tobacco, \$185 million in the Imperial Tobacco Group and \$79 million in Japan Tobacco.

Estimates of the share of tobacco industry profits sent to Canadian investors in the form of dividend payments can be derived from the declared dividends of each company in 2010. Estimated income to government-controlled investors is almost \$20 million, and to independent investment institutions is about \$73 million. Additional funds from dividend payments to institutional shareholders in other tobacco companies¹ and to individual investors would raise Canadian profits from global tobacco consumption beyond the \$93 million in estimated dividend payments from these four companies.

At the beginning of 2011, Canadians had invested more than \$2 billion in global tobacco companies through institutional investors, including mutual funds and government pension plans.

The share of tobacco industry profits sent to Canada for 2010 was likely more than \$90 million, including at least \$36 million from smokers in developing countries.

The 10 largest Canadian institutional investors in the four largest tobacco companies are:

1. I.G. Investment Management, Ltd.
2. Jarislowsky Fraser, Ltd.
3. Manulife Asset Management Limited
4. Caisse de Dépôt et Placement du Québec
5. TD Asset Management Inc.
6. CPP Investment Board
7. Burgundy Asset Management Ltd
8. British Columbia Investment Management Co.
9. RBC Asset Management, Inc.
10. Goodman & Company

¹ Other publicly traded tobacco companies (and global market share) are Altria (3%), KT&G (1.8%) Reynolds American (1.6%), Eastern Tobacco Company (1.2%), Lorillard (0.7%), BAT subsidiaries ITC, BAT Malaysia, Souza Cruz, non-cigarette tobacco manufacturers like Swedish Match, and leaf companies Alliance One and Universal Leaf.

TABLE 1: KEY STATISTICS FOR FOUR MAJOR TOBACCO MULTINATIONALS

Business indicators	Philip Morris International	British American Tobacco	Imperial Tobacco Group	Japan Tobacco International
Number of cigarettes sold 2009, billions	869	830	329	612
Market share global tobacco market/not including China	15.5%/25.1%	14.8%/24%	5.9%/9.5%	10.2%/17.7%
Stock Market Symbol	PM	BATS	IMT:LN	2914-TO
Percentage of shares with owners identified	72%	62%	71%	66%
Number of shares with owners identified	1,306,261,796	1,242,616,677	732,424,581	6,587,682
Shares held by Canadian institutional investors	22,782,993	12,322,337	5,760,474	21,289
Canadian share of institutional shareholdings	1.74%	0.99%	0.79%	0.32%
• Government-controlled investors	0.26%	0.26%	0.38%	0.20%
• Private investors	1.49%	0.73%	0.41%	0.13%
Value of one share at closing, January 4, 2011 (\$CAD)	58.59	38.72	30.91	3,702.72
Annual dividend (\$ CAD)	2.55	2.08	1.31	71.11
Percentage of revenues from sales in developing countries	36%	66%	unknown	Unknown

TABLE 2: HOLDINGS IN MAJOR TOBACCO MULTINATIONALS BY PENSION INVESTORS OPERATING UNDER CONTROL OF CANADIAN GOVERNMENTS.

Holdings by Government Managed Pension Funds	# of Shares	# of Shares	# of Shares	# of Shares	
Alberta Investment Management Corporation			236,900		
British Columbia Investment Management Co.	1,121,335	601,122	472,323		
Caisse de Depot et Placement du Quebec	397,222	2,172,467	1,107,805	2,955	
CPP Investment Board	1,422,477	416,821	226,890	10,000	
Ontario Municipal Employees Retirement Sys.	22,303		946,575		
Ontario Teachers' Pension Plan Board	375,794				
Total number of shares	3,339,131	3,190,410	2,753,593	12,955	
	Share value **	Share value	Share value	Share value	Total value
Alberta Investment Management Corporation			\$7,322,579		\$7,322,579
British Columbia Investment Management Co.	\$65,699,018	\$23,004,939	\$14,599,504		\$103,303,461
Caisse de Depot et Placement du Quebec	\$23,273,237	\$83,140,312	\$34,242,253	\$10,941,538	\$151,597,339
CPP Investment Board	\$83,342,927	\$15,951,740	\$7,013,170	\$37,027,200	\$143,335,037
Ontario Municipal Employees Retirement Sys	\$1,306,734		\$29,258,633		\$30,565,366
Ontario Teachers' Pension Plan Board	\$22,017,771				\$22,017,771
Total value of shareholdings	\$195,639,685	\$122,096,990	\$92,436,139	\$47,968,738	\$458,141,552
	Dividend	Dividend	Dividend	Dividend	Total dividend
Alberta Investment Management Corporation			\$310,339.00		\$310,339
British Columbia Investment Management Co.	\$2,859,404.25	\$1,250,333.76	\$618,743.13		\$4,728,481.14
Caisse de Depot et Placement du Quebec	\$1,012,916.10	\$4,518,731.36	\$1,451,224.55	\$210,130.05	\$7,193,002.06
CPP Investment Board	\$3,627,316.35	\$866,987.68	\$297,225.90	\$711,100.00	\$5,502,629.93
Ontario Municipal Employees Retirement Sys	\$56,872.65		\$1,240,013.25		\$1,296,885.90
Ontario Teachers' Pension Plan Board	\$958,274.70				\$958,274.70
Total dividend revenues	\$8,514,784.05	\$6,636,052.80	\$3,917,545.83	\$921,230.05	\$19,989,612.73

* including subsidiaries, such as ITC (India) and RAI (Reynolds American)

** shares own and share value measured at close of business day, January 4, 2011.

TABLE 3A: INDEPENDENT CANADIAN INSTITUTIONAL INVESTOR HOLDINGS IN MAJOR TOBACCO MULTINATIONALS CANADA (NUMBER OF SHARES).

On January 4, 2011	Philip Morris International	British American Tobacco	Imperial Tobacco Group	Japan Tobacco International
AGF Investments Inc.	487,560	718,618		375
Bank of Nova Scotia	5,818			
Bissett Investment Management Ltd.	98,525			
BlackRock Asset Management Canada Limited	1,015,488			
Bloombergsen Investment Partners	226,685			
Brookfield Asset Management, Inc.	4,200			
Burgundy Asset Management Ltd.	863,267	1,377,703		
Cassels Investment Management Inc.	4,200			
CI Investments Inc.	160,900	1,037,721	252,500	28
CIBC Global Asset Management Inc.	325,001	221,278	101,773	412
CIBC World Markets Inc.	17,725			
CN Investment Division		1,400,000		
Connor, Clark & Lunn Investment Mgmt., Ltd.	17,100	290,095		
COTE 100 Inc.	550			
Diversified Global Asset Management	4,520			
Faircourt Asset Management Inc.	12,000			
Fiduciary Trust Company of Canada	2,970	14,297	14,318	33
Fiera Sceptre Inc.	28,800	116,160	10,600	86
Franklin Templeton Investments Corp.	180,407			
Gluskin Sheff + Associates Inc.	26,860			
Goodman & Company, Investment Counsel	516,290	910,000	84,304	205
GWL Investment Management Ltd.	25,342		70,085	1,044
Hansberger Global Investors, Inc. (Canada)			44,800	
Hanson Investment Management Company	1,483			
Hexavest Inc.	220,125	94,815	26,978	248
Hillsdale Investment Management Inc.	13,000			
Hottinger Asset Management Canada, Inc.	2,000			
HSBC Global Asset Management (Canada) Limited	88,031	64,416		
I.G. Investment Management, Ltd.	3,094,531			
Industrial Alliance Investment Management Inc.	5,200	31,738		
Invesco Trimark Ltd.	633,975	277,639	90,546	
Jarislowsky Fraser, Ltd.	2,661,951			
Mackenzie Financial Corporation	218,399	383,417	152,780	
Manulife Asset Management Limited	2,475,599		208,530	856
Matco Financial Inc.				
McLean Budden Ltd.	16,980		926,899	
Natcan Investment Management Inc.	496,766	287,360	9,830	0
National Bank of Canada		758,618	299,418	
NexGen Financial Limited Partnership	300			
Northern Rivers Capital Management, Inc.	7,900			
PSP Investments	399,069	354,200		
RBC Asset Management, Inc.	1,171,632		491,700	
RBC Capital Partners	445,530			
RBC Private Counsel Inc.	38,365			
Rock Point Advisors, LLC	8,217			
Sarbit Advisory Services Inc.	143,735			
Scotia Asset Management L.P.	385,810	32,589		
Scotia Capital Inc.	299,311			
Scotia Managed Companies	5,331			
Seamark Asset Management Ltd.				9
SEI Investments Canada		338,553		4,298
Standard Life Investments Inc.(Canada)	177,877	94,126		
State Street Global Advisors Ltd. (Canada)	18,222			5
Sun Life Assurance Company of Canada (Toronto)	85,908			
TD Asset Management Inc.	2,148,497	328,624	167,845	735
Tetrem Capital Management Ltd.	95,910			
The Empire Life Insurance Company	60,000			
UBS Global Asset Management (Canada) Co.			53,975	
Total	19,443,862	9,131,967	3,006,881	8,334

**TABLE 3A: INDEPENDENT CANADIAN INSTITUTIONAL INVESTOR HOLDINGS IN MAJOR TOBACCO MULTINATIONALS
CANADA (VALUE OF SHAREHOLDINGS)**

Closing value January 4, 2011 (\$CAD)	Philip Morris International	British American Tobacco	Imperial Tobacco Group	Japan Tobacco International	Total	Rank
AGF Investments Inc.	\$28,566,140	\$27,501,511		\$1,388,520	\$57,456,171	9
Bank of Nova Scotia	\$340,877				\$340,877	48
Bissett Investment Management Ltd.	\$5,772,580				\$5,772,580	32
BlackRock Asset Management	\$59,497,442				\$59,497,442	8
Bloombergsen Investment Partners	\$13,281,474				\$13,281,474	25
Brookfield Asset Management	\$246,078				\$246,078	51
Burgundy Asset Management Ltd.	\$50,578,814	\$52,724,694			\$103,303,507	5
Cassels Investment Management Inc.	\$246,078				\$246,078	52
CI Investments Inc.	\$9,427,131	\$39,713,583	\$7,804,775	\$103,676	\$57,049,165	10
CIBC Global Asset Management Inc.	\$19,041,809	\$8,468,309	\$3,145,803	\$1,525,521	\$32,181,442	17
CIBC World Markets Inc.	\$1,038,508				\$1,038,508	43
CN Investment Division		\$53,578,000			\$53,578,000	11
Connor, Clark & Lunn Investment	\$1,001,889	\$11,101,936			\$12,103,825	26
COTE 100 Inc.	\$32,225				\$32,225	56
Diversified Global Asset Mgt	\$264,827				\$264,827	50
Faircourt Asset Management Inc.	\$703,080				\$703,080	45
Fiduciary Trust Company of Canada	\$174,012	\$547,146	\$442,569	\$122,190	\$1,285,918	41
Fiera Sceptre Inc.	\$1,687,392	\$4,445,443	\$327,646	\$318,434	\$6,778,915	31
Franklin Templeton Investments	\$10,570,046				\$10,570,046	27
Gluskin Sheff + Associates Inc.	\$1,573,727				\$1,573,727	38
Goodman & Company	\$30,249,431	\$34,825,700	\$2,605,837	\$759,058	\$68,440,025	7
GWL Investment Management Ltd.	\$1,484,788		\$2,166,327	\$3,865,640	\$7,516,755	30
Hansberger Global Investors, Inc.			\$1,384,768		\$1,384,768	40
Hanson Investment Management	\$86,889				\$86,889	54
Hexavest Inc.	\$12,897,124	\$3,628,570	\$833,890	\$918,275	\$18,277,859	22
Hillsdale Investment Management	\$761,670				\$761,670	44
Hottinger Asset Management Canada	\$117,180				\$117,180	53
HSBC Global Asset Management	\$5,157,736	\$2,465,200			\$7,622,937	29
I.G. Investment Management, Ltd.	\$181,308,571				\$181,308,571	1
Industrial Alliance Investment	\$304,668	\$1,214,613			\$1,519,281	39
Invesco Trimark Ltd.	\$37,144,595	\$10,625,245	\$2,798,777		\$50,568,617	12
Jarislowsky Fraser, Ltd.	\$155,963,709				\$155,963,709	2
Mackenzie Financial Corporation	\$12,795,997	\$14,673,369	\$4,722,430		\$32,191,796	16
Manulife Asset Management Limited	\$145,045,345		\$6,445,662	\$3,169,528	\$154,660,536	3
McLean Budden Ltd.	\$994,858		\$28,650,448		\$29,645,306	18
Natcan Investment Management Inc.	\$29,105,520	\$10,997,267	\$303,845	\$0	\$40,406,632	13
National Bank of Canada		\$29,032,311	\$9,255,010		\$38,287,321	14
NexGen Financial Limited Partnership	\$17,577				\$17,577	57
Northern Rivers Capital Mgt	\$462,861				\$462,861	47
PSP Investments	\$23,381,453	\$13,555,234			\$36,936,687	15
RBC Asset Management, Inc.	\$68,645,919		\$15,198,447		\$83,844,366	6
RBC Capital Partners	\$26,103,603				\$26,103,603	20
RBC Private Counsel Inc.	\$2,247,805				\$2,247,805	36
Rock Point Advisors, LLC	\$481,434				\$481,434	46
Sarbit Advisory Services Inc.	\$8,421,434				\$8,421,434	28
Scotia Asset Management L.P.	\$22,604,608	\$1,247,181			\$23,851,789	21
Scotia Capital Inc.	\$17,536,632				\$17,536,632	23
Scotia Managed Companies	\$312,343				\$312,343	49
Seamark Asset Management Ltd.				\$33,325	\$33,325	55
SEI Investments Canada		\$12,956,423		\$15,914,291	\$28,870,714	19
Standard Life Investments Inc.	\$10,421,813	\$3,602,202			\$14,024,015	24
State Street Global Advisors Ltd.	\$1,067,627			\$18,514	\$1,086,141	42
Sun Life Assurance Company of	\$5,033,350				\$5,033,350	34
TD Asset Management Inc.	\$125,880,439	\$12,576,441	\$5,188,089	\$2,721,499	\$146,366,468	4
Tetrem Capital Management Ltd.	\$5,619,367				\$5,619,367	33
The Empire Life Insurance Company	\$3,515,400				\$3,515,400	35
UBS Global Asset Management			\$1,668,367		\$1,668,367	37
Total	\$1,139,215,875	\$349,480,377	\$92,942,692	\$30,858,469	\$1,612,497,413	

**TABLE 3C: INDEPENDENT CANADIAN INSTITUTIONAL INVESTOR HOLDINGS IN MAJOR TOBACCO MULTINATIONALS
CANADA (ESTIMATED DIVIDEND RECEIPTS, 2010)**

(\$CAD)	Philip Morris International	British American Tobacco	Imperial Tobacco Group	Japan Tobacco International	Total	Rank
AGF Investments Inc.	\$1,248,154	\$1,494,725		\$26,666	\$2,769,545	10
Bank of Nova Scotia	\$14,894				\$14,894	48
Bissett Investment Management Ltd.	\$252,224				\$252,224	31
BlackRock Asset Management Canada	\$2,599,649				\$2,599,649	11
Bloombergsen Investment Partners	\$580,314				\$580,314	26
Brookfield Asset Management	\$10,752				\$10,752	51
Burgundy Asset Management Ltd.	\$2,209,964	\$2,865,622			\$5,075,586	5
Cassels Investment Management Inc.	\$10,752				\$10,752	52
CI Investments Inc.	\$411,904	\$2,158,460	330775	\$1,991	\$2,903,130	9
CIBC Global Asset Management Inc.	\$832,003	\$460,258	133322.63	\$29,297	\$1,454,881	17
CIBC World Markets Inc.	\$45,376				\$45,376	43
CN Investment Division		\$2,912,000			\$2,912,000	8
Connor, Clark & Lunn Investment	\$43,776	\$603,398			\$647,174	25
COTE 100 Inc.	\$1,408				\$1,408	55
Diversified Global Asset Management	\$11,571				\$11,571	50
Faircourt Asset Management Inc.	\$30,720				\$30,720	45
Fiduciary Trust Company of Canada	\$7,603	\$29,738	18756.58	\$2,347	\$58,444	41
Fiera Sceptre Inc.	\$73,728	\$241,613	13886	\$6,115	\$335,342	30
Franklin Templeton Investments	\$461,842				\$461,842	27
Gluskin Sheff + Associates Inc.	\$68,762				\$68,762	39
Goodman & Company,	\$1,321,702	\$1,892,800	110438.24	\$14,578	\$3,339,518	7
GWL Investment Management Ltd.	\$64,876		91811.35	\$74,239	\$230,926	33
Hansberger Global Investors, Inc.			58688		\$58,688	40
Hanson Investment Management	\$3,796				\$3,796	54
Hexavest Inc.	\$563,520	\$197,215	35341.18	\$17,635	\$813,712	22
Hillsdale Investment Management.	\$33,280				\$33,280	44
Hottinger Asset Management Canada	\$5,120				\$5,120	53
HSBC Global Asset Management	\$225,359	\$133,985			\$359,345	29
I.G. Investment Management, Ltd.	\$7,921,999				\$7,921,999	1
Industrial Alliance Investment	\$13,312	\$66,015			\$79,327	37
Invesco Trimark Ltd.	\$1,622,976	\$577,489	118615.26		\$2,319,080	12
Jarislowsky Fraser, Ltd.	\$6,814,595				\$6,814,595	2
Mackenzie Financial Corporation	\$559,101	\$797,507	200141.8		\$1,556,751	16
Manulife Asset Management Limited	\$6,337,533		273174.3	\$60,870	\$6,671,578	3
McLean Budden Ltd.	\$43,469		1214237.69		\$1,257,706	18
Natcan Investment Management Inc.	\$1,271,721	\$597,709	12877.3		\$1,882,307	14
National Bank of Canada		\$1,577,925	392237.58		\$1,970,163	13
NexGen Financial Limited Partnership	\$768				\$768	56
Northern Rivers Capital Management.	\$20,224				\$20,224	47
PSP Investments	\$1,021,617	\$736,736			\$1,758,353	15
RBC Asset Management, Inc.	\$2,999,378		644127		\$3,643,505	6
RBC Capital Partners	\$1,140,557				\$1,140,557	19
RBC Private Counsel Inc.	\$98,214				\$98,214	36
Rock Point Advisors, LLC	\$21,036				\$21,036	46
Sarbit Advisory Services Inc.	\$367,962				\$367,962	28
Scotia Asset Management L.P.	\$987,674	\$67,785			\$1,055,459	20
Scotia Capital Inc.	\$766,236				\$766,236	23
Scotia Managed Companies	\$13,647				\$13,647	49
Seamark Asset Management Ltd.				\$640	\$640	57
SEI Investments Canada		\$704,190		\$305,631	\$1,009,821	21
Standard Life Investments Inc.	\$455,365	\$195,782			\$651,147	24
State Street Global Advisors Ltd.	\$46,648			\$356	\$47,004	42
Sun Life Assurance Company of	\$219,924				\$219,924	34
TD Asset Management Inc.	\$5,500,152	\$683,538	219876.95	\$52,266	\$6,455,833	4
Tetrem Capital Management Ltd.	\$245,530				\$245,530	32
The Empire Life Insurance Company	\$153,600				\$153,600	35
UBS Global Asset Management			70707.25		\$70,707	38
Total	\$49,776,287	\$18,994,491	\$3,939,014	\$592,631	\$73,302,423	

SOURCES:

List of institutional and other investors was produced from Toronto Stock Exchange listings.

Value of shares on January 4, 2011 was produced by Bigcharts.marketwatch.com

Estimates of annual dividends were derived from annual reports, company websites and Yahoo Finance.

*Market-shares of tobacco companies were taken from: Callard, C. "Follow the money: How the billions of dollars that flow from smokers in poor nations to companies in rich nations greatly exceed funding for global tobacco control and what might be done about it" *Tobacco Control*, 2010:19 285-290.*

Proportion of corporate profits from sales in developing countries were taken from investor presentations:

BAT: [http://www.bat.com/group/sites/uk__3mnfen.nsf/vwPagesWebLive/DO6FKEVZ/\\$FILE/medMD8B9MHX.pdf?openelement](http://www.bat.com/group/sites/uk__3mnfen.nsf/vwPagesWebLive/DO6FKEVZ/$FILE/medMD8B9MHX.pdf?openelement)

Philip Morris: http://media.corporate-ir.net/media_files/IROL/14/146476/MorganStanleySLIDESFINAL1.pdf

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