

New Staff Meeting

Interested in working at the Daily Cal? Stop by 600 Eshleman Hall this Friday at 2 p.m.

CALIFORNIAN

Student Press Since 1971.

JANUARY 18, 2001

WWW.DAILYCAL.ORG

Regents to Vote on Issue of Tobacco-Free Investments

Board votes today, committee's decision to exclude tobacco stocks likely to prevail

By ERIN GALLAGHER
CONTRIBUTING WRITER

SAN FRANCISCO — After leaving anti-tobacco activists hanging at their November meeting, the UC Board of Regents investment committee voted unanimously yesterday to exclude tobacco stocks from their index funds.

At its last meeting, the board decided to purchase index funds, but advised its funds manager to postpone investment in tobacco stocks until the board could vote on the issue at its annual January meeting, leaving many to wonder about the fate of the controversial stocks.

The entire board will vote today on the final fate of the tobacco issue. The Committee on Investment's decision to invest in only tobacco-free index funds, however, will probably stand, UC Spokesperson Trey Davis said.

Several UC Berkeley students attended the meeting yesterday to urge the board to vote in favor of tobacco-free investments.

One student, Mary Liu, spoke about the tobacco industry's disregard for the health of children by targeting people of color and minors.

"I have watched how smoking has affected my peers," she said. "The school has a duty to protect its students."

ASUC External Affairs Vice President Nick Papas said that as an exemplary university system, the UC should practice the ethics it teaches.

"The university is responsible for teaching a number of things, including the ethic of socially responsible investing," said Papas. "Keep the UC system out of tobacco."

Last March, the board adopted

Tobacco

FROM FRONT PAGE

new investment policies designed to diversify its portfolio, said Davis. One effort was to invest a small portion of its funds in index funds, which are used to mirror a larger, broader performance of the stock market. The funds invest in hundreds or thousands of stocks at once, instead of buying individual stocks.

When the UC system made the move to invest in index funds, concerns circulated because some of the stocks were tobacco-related.

The financial liability of tobacco companies remains questionable due to pending lawsuits against tobacco companies, and health risks involved with tobacco use raised moral objections.

Responding to public hesitation, the board began to investigate further options, Davis said.

The board decided to propose

investing in a tobacco-free index fund such as the Russell 3000 and Morgan Stanley indexes.

The Russell 3000 index fund is comprised of the 3000 largest companies in the United States, and the Morgan Stanley index fund represents companies in Europe, Australia and the Far East.

Seven tobacco companies control the majority of tobacco-related revenues. The tobacco-free indexes do not include stocks from those seven companies, reducing the number of stocks the board invests in with the Russell 3000 index to 2993.

Tobacco stocks only represent one half of one percent of the total fund, Davis said. The impact of the seven companies is not large enough to affect the investment's performance.

"The tobacco-free index funds allow the Board of Regents to fulfill the university's mission of public service," he said. "It also ensures the safety and security of its pension fund investments."