

The structure of the Canadian equity market is heavily focused on three sectors:

- Financials, which include the banks and insurance companies
- Energy
- Materials, which include mining, metals, steels and other cyclical industries

These three sectors together make up approximately 75% of the S&P TSX Composite Index compared to approximately 40% of global equity markets. As a result, the Canadian equity markets are subject to greater volatility and higher risk than other global equity markets.

The One Funds has created a structure for the Equity Fund that seeks to minimize the impact of this structural anomaly on the Equity Fund. In order to reduce risk, the portfolio managers of the fund are required to provide for greater industry diversification than would normally be found in the S&P / TSX Composite Index.

Our Equity portfolio has been structured to reflect the broader industry diversification of global equity markets, as applied to the Canadian equity markets. Sufficient flexibility has been provided to allow the portfolio manager to minimize some industry groups that are comprised almost entirely of smaller, riskier companies. The current weightings, as outlined below, are reset semi-annually to reflect changes in the global weightings resulting from market action.

Group & Sector Allocations At January 2011		Global Sector Weightings	S&P TSX Sector Weightings	Minimum % of Representative Allocation	Maximum % of Representative Allocation	Minimum Allowable Portfolio Weight	Maximum Allowable Portfolio Weight
Group	Global Sectors						
Resource		17.3%	50.6%	50%	150%	8.65%	25.96%
	Energy	10.0%	26.6%		2 times sector weight		
	Materials	7.3%	24.1%				
Consumer		30.7%	7.8%	50%	150%	15.33%	46.0%
	Health Care	10.2%	0.8%		2 times sector weight		
	Consumer Discretionary	9.9%	4.5%				
	Consumer Staples	10.5%	2.6%				
Interest Sensitive		24.8%	29.6%	50%	150%	12.43%	37.29%
	Financials	20.5%	27.9%		2 times sector weight		
	Utilities	4.4%	1.7%				
Industrials		27.2%	12.0%	50%	150%	13.58%	40.74%
	Industrials	11.0%	5.5%		2 times sector weight		
	Information Technology	11.9%	2.4%				
	Telecom Services	4.2%	4.0%				

*Target allocation will be reset semi-annually on Jan. 1st and July 1st to the Global Industry Classification Standard weighting.



The One Investment Program is jointly operated by LAS (a subsidiary of the Association of Municipalities of Ontario) and CHUMS (a subsidiary of the Municipal Finance Officers' Association of Ontario). The One is a pooled program where the deposits of multiple participating municipalities and eligible public sector organizations are jointly invested, and managed by professional portfolio managers.