

U.S. LARGE-CAP CORE EQUITY

DATA AS OF APRIL 30, 2007

Investment Philosophy

The cornerstone of WestEnd Advisors' investment philosophy is that Sector and Industry performance is highly correlated with particular stages of the business cycle.

WestEnd Advisors overweights Sectors we believe are experiencing economic **tailwinds** while avoiding Sectors we perceive to be untimely. Within favored Sectors, we target high-quality, market-leading companies.

The result is a core investment style capable of shifting portfolio Sector and style emphasis to remain properly oriented and timely over a full economic and market cycle.

Product Inception: January 1, 1996

Benchmark: S&P 500

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Performance vs. Benchmark

	WestEnd Composite		S&P	Russell
	Gross	Net	500	1000
April	2.39%	2.25%	4.43%	4.20%
Year-to-Date	4.15%	3.86%	5.10%	5.47%
1 Year	11.33%	10.54%	15.24%	15.16%
3 Year	16.51%	15.84%	12.25%	12.94%
5 Year	12.77%	12.19%	8.54%	9.09%
7 Year	10.25%	9.68%	1.96%	2.32%
10 Year	15.41%	14.82%	8.05%	8.48%

Returns greater than one year are annualized.

Source: standardandpoors.com, russell.com

Model Sector Weightings

	WestEnd	S&P 500
Consumer Discretionary	35.0%	10.3%
Consumer Staples	0.0%	9.5%
Energy	0.0%	10.2%
Financials	0.0%	21.6%
Healthcare	0.0%	12.2%
Industrials	20.0%	11.0%
Information Technology	35.0%	15.0%
Materials	0.0%	3.0%
Telecommunications Services	10.0%	3.6%
Utilities	0.0%	3.7%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics*

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap (\$ billions)	\$78.1	\$26.5
Price to Earnings: Trailing Reported	23.2	18.0
1-Year Projected Earnings Growth	17.1%	7.4%
Price to Book	4.7	2.8
Dividend Yield	1.0%	1.8%

Source: Reuters, standardandpoors.com

ECONOMIC AND MARKET REVIEW

"There will be growth in the Spring"
Chauncey Gardiner, "Being There"

April was a good month for the economy as many economic indicators continued to demonstrate solid growth. Strength in payrolls, consumer incomes, leading indicators and profit growth all seemed to support the prophetic wisdom of Peter Seller's immortal character, Chauncey Gardiner, aka Chance the Gardner, from the 1979 cult classic film "Being There."

The S&P 500 Index followed suit, rising 4.43% during the first full month of spring and WestEnd Advisors' Large-Cap Core Equity portfolio was up 2.25% after investment management fees. Much of the strength in the market and in our portfolio came from better than expected profit growth as the first quarter earning's season started out strongly. In addition, the S&P 500 was helped by on-going strong performance in Utilities, as take-over talk continued to fuel investor interest in the Sector. Our portfolio was led by our Technology positions as most of the portfolio companies in the Sector posted better than expected earnings for the most recent quarter. Guidance for future quarters' sales and earnings was also positive.

Despite a fundamentally sound economy that justifies the strong stock market on display thus far in 2007, perma-bears continue to insist that they can sense an impending economic winter and the time to hibernate is just around the corner. They will eventually be right, like any stopped clock is, but when they cannot tell us. We prefer to take a more actionable approach toward calling the third phase of the business cycle: lay out the key data that will convincingly signal the inflection point leading to a prolonged economic slowdown.

Our process places differentiated emphasis on a number of key drivers for the Mid or Growth Phase of the current business and economic cycle, instead of equally weighting these various factors which can produce misleading and contradictory results.

Another important feature of our approach is our requirement that we have conclusive evidence of a downturn and not a series of false alarms (how many times have the perma-bears cried wolf so far in this business cycle?). To use the terminology developed by researchers at the Economic Cycle Research Institute (ECRI), the declines in the economic drivers must be pronounced, pervasive, and persistent.

This is in contrast with the practice of many prominent bears that extrapolate a coming recession from the latest hysteria in the market (e.g., Chinese market decline, subprime loan delinquencies, etc.).

One indicator which we follow closely is the growth of corporate profits. Significant slowing in profit growth can signal an impending shift in the economic environment to a slowdown and even recession. We are all aware that Q1 of '07 corporate profit growth will most likely slow to less than 10% for the first time in over four years (even though the high single digit growth we are expecting is much better than the less than 3% growth that analysts were calling for just over a month ago).

Eight to ten percent profit growth, however, is still above the long-term trend line rate for profit growth, and is not a reason for concern. We would take pause only if corporate profit growth slowed appreciably below the 7.00% long-term trend in growth. We also want to emphasize the need for persistently weak data in this area to indicate a slowdown. Corporate earnings growth actually slowed significantly, either into the low single digits or negative territory, for a quarter or two during the middle of the last two economic cycles, only to rebound sharply after that. Therefore, even if corporate profits had slowed to 3% as predicted in Q1, we would not have bunkered down for the next recession unless that weakness proved to be persistent and until we saw weakness in employment and consumer incomes.

Aggregate employment is the next economic driver that will help to signal a recession. Stagnating or declining profits causes companies to reevaluate and usually adjust downward their workforces. Employment generally tends to peak just before the overall economy peaks, so any sustained labor weakness is certainly a worrying sign. We monitor several leading and coincident employment indicators for an employment peak, including monthly nonfarm payroll data and weekly initial jobless claims data. Both of these indicators are currently far from indicating an imminent recession, with payroll year-over-year increases just below the 1970-2007 average increase and 4-week moving average of initial jobless claims well below the 1970-2007 average. Of course the continued strength in the employment data is not surprising, given that corporate profits are still growing as mentioned above.

A third key data element that we monitor for signs of a coming transition is personal spending. This economic driver is directly impacted by the employment picture

and would be adversely impacted if employers' demand for labor softens. Workers that lose their jobs would have the obvious declines in their incomes, and remaining workers would face smaller wage increases due to the lower demand for workers. Both of these dynamics would lead to slower growth in aggregate personal income, which in turn would lead to slower growth in personal spending. As personal consumption accounts for over 70% of U.S. GDP, a persistent slowdown in this main economic engine would likely signal a transition to the recessionary phase of the business cycle.

Recent data on personal income and spending suggest that consumers are still in a comfortable financial position, with both indicators having averaged 5.8% annual increases over the last 12 months, well above the growth levels seen during the last recession. Again, the robust personal consumption levels should not be a surprise with the strong labor markets leading to rising personal incomes in the U.S.

Last but not least, GDP is an obvious indicator that we watch closely all the time. GDP, however, is a lagging indicator. By the time GDP growth goes negative, we have most likely slipped into a recession. We do pay attention to GDP growth if it goes from a healthy level of growth above 1% to somewhere less than that. As an example, we did not see last quarter's 1.3% GDP growth as a cause for concern. However, if subsequent GDP readings trend down into barely positive territory, we would take note.

We want to emphasize that if you only look at one, or even several, data points in isolation, it is easy to paint an overly bearish (or overly bullish) picture of the economy. That is why we are always looking at the trend in these indicators and many others over an extended period. We believe that if we continue to emphasize this constant vigilance, we can position clients' portfolios to avoid excessive exposure to Sectors that will be hit hardest during the next economic slowdown. And doing so will mean that we continue to execute successfully for our investors.

Robert L. Pharr, Chief Investment Officer

William L. Bachrodt, Investment Analyst

Edmund N. Durden, Investment Analyst

May 15, 2007

Returns for WestEnd's *Large-Cap Core Equity Composite* include returns generated under its predecessor firm Providence Capital Management, Inc. Providence Capital Management was a registered investment advisor founded October 1, 1995 by Robert L. Pharr. Mr. Pharr served as President and Chief Investment Officer, and made all investment decisions since inception of this composite. The composite inception date is January 1, 1996.

WestEnd Advisors' *Large-Cap Core Equity Composite* is an institutional-only composite and does not include portfolios in any wrap-fee program managed by WestEnd Advisors. WestEnd Advisors' *Large-Cap Core Equity Composite* invested solely in U.S. equity securities and/or high-grade money market instruments. Returns were achieved without the use of options, derivatives, or leverage of any kind. Results are time weighted, account size weighted, use trade-date valuations, and include cash as well as the reinvestment of dividends, interest income, and other earnings, if applicable. Portfolio returns were weighted using ending of prior month values plus weighted cash flows. Portfolios and composites were valued daily, were denominated in U.S. dollars only, and included all discretionary tax-exempt accounts with a minimum of \$1,000,000.

Unless otherwise indicated, performance results are presented *after* investment management fees as well as after brokerage or other commissions actually paid by clients in the management of their investment advisory account, but excluding any deductions for custodial fees. The current management fee schedule is described in WestEnd's Form ADV Part II.

Past performance is not indicative of future results. It should not be assumed that recommendations made in the future will be profitable. The information contained herein is not intended to be an offer to provide investment advisory services. Such an offer may only be made if accompanied by WestEnd Advisors' Form ADV Part II Disclosure Document.

The S&P 500 and Russell 1000 are used for comparative purposes only. The S&P 500 is considered an ideal proxy for the overall U.S. equity market and is comprised of 500 leading companies in leading industries of the U.S. economy. The Russell 1000 represents the extensive large-cap segment of the U.S. equity universe.