WestEnd Advisors

MONTHLY INVESTMENT UPDATE

U.S. LARGE CAP CORE EQUITY

DATA AS OF AUGUST 31, 2006

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 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
August	5.40%	5.40%	2.38%	2.40%
Year-to-Date	4.31%	3.88%	5.80%	5.45%
1 Year	8.42%	7.87%	8.88%	8.69%
3 Year	14.93%	14.37%	10.95%	11.52%
5 Year	10.67%	10.41%	4.65%	5.26%
7 Year	8.47%	7.93%	1.42%	2.11%
10 Year	15.99%	15.41%	8.91%	9.09%

Returns greater than one year are annualized
Source: Ibbotson; russell.com

Sector Weightings

	WestEnd	S&P 500
Consumer Discretionary	25.0%	9.8%
Consumer Staples	0.0%	9.9%
Energy	0.0%	9.9%
Financials	0.0%	21.8%
Healthcare	0.0%	12.9%
Industrials	30.0%	10.8%
Information Technology	30.0%	15.1%
Materials	10.0%	3.0%
Telecommunications Services	0.0%	3.4%
Utilities	0.0%	3.5%
Cash	5.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics*

	WestEnd	S&P 500
Number of Stock Holdings	19	500
Average Market Cap ($ billions)	$55.8	$23.6
Price to Earnings: Trailing Reported	17.9	17.5
5-Year Projected Earnings Growth	14.0%	10.8%
Price to Book	3.7	2.7
Dividend Yield	1.2%	1.9%

**Sources include: standardandpoors.com; Yahoo! Month-end data, Barron's Market Lab, Yahoo Analyst estimates; TIFF.org report*

Please see disclosures on Page 2

ECONOMIC AND MARKET REVIEW

The stock market increasingly appears to have put in significant lows in June and July. At that time markets discounted a number of negative outcomes, including persistently firm energy prices, rising core inflation, a deep housing downturn, a potential hard landing for the economy, and continuing turmoil in the Middle East. As a result of these concerns investor sentiment became extremely bearish in the summer. Large supplies of stock came onto the market, which after being digested set the stage for the rally that began two months ago. The recent rally has been sustained by a series of positive developments including a cessation of Federal Reserve tightening, a large drop in bond yields and energy prices, resilient consumer spending, and some improvement in the geopolitical backdrop. The S&P 500 index now appears poised to move to new bull market highs.

The stock market has derived a tremendous amount of support from a much improved interest rate environment. Over the past two months the 10-year U. S. Treasury yield has dropped ½ percentage point from 5.25% to 4.75%. With respect to Fed policy over this same time period, the markets have gone from expectations of at least one additional Fed rate hike in 2006, to now expectations of no further increases in 2006 and two cuts in the Fed Funds rate in 2007.

There remains widespread concern that the inverted yield curve implies a weak and possibly recessionary economy. In our view the relative low level of interest rates trumps the current negative Treasury yield spread. We consider the large recent drop in the 10-year Treasury yield to be unequivocally bullish for the economic outlook, as well as for the equities markets. Declining longer-term Treasury yields arguably reflect receding inflation expectations rather than a significantly weaker economic outlook. Evidence of this interpretation can be found in the fact that credit spreads on corporate and high-yield debt remain very tight as is usually the case in stronger economic times.

We do not expect any additional improvement in monetary conditions in the near term. In fact, bond prices have come a long way in a short period of time and may be vulnerable to some retracement if inflation pressures do not abate quickly as markets now expect. With commodity prices in retreat and some economic data still reflective of a soft patch, the Fed's decision to pause in August appears well-timed. We expect the Fed to remain on the sidelines for the second consecutive month when the FOMC next meets on September 20. However, there is still enough uncertainty about the inflation backdrop for the Fed to shift away from its current non-tightening posture.

We continue to have a bullish outlook toward the economy and stock market. Our portfolio, which is oriented towards cyclical growth areas of the market rather than defensive segments, picked up significant ground last month. Beginning in August growth stocks rallied relative to value stocks as an asset preference shift in favor of growth stocks appears to be underway. Growth sectors are attractively valued and are timely for the current phase of the economic cycle. We expect this trend to be a lasting one. Moreover, if in fact a peak in interest rates has been achieved, this would also favor growth stocks over value stocks.

Thus far in September, our portfolio continues to perform well on a relative basis due to healthy gains in sectors where we have high levels of exposure, namely Technology and Consumer Discretionary. As well, the continued sell-off in the Energy sector, where we have no exposure, has helped our relative performance. Retailing stocks have tended to move inversely with the Energy sector in 2006, and this pattern has again played out in recent weeks. The Energy sector has declined over 10% while retailers have enjoyed a rally of nearly 10%.

A great deal of bearish sentiment developed towards retailers and the broader Consumer Discretionary sector over the summer, due to expected ancillary effects from the housing market slowdown. The housing downturn has been so embraced by the financial community and the mainstream press that a lot of potential bad news was discounted in the stocks of retailing companies. In fact, consumer spending has remained resilient, which we expect to continue. Stocks in the Consumer Discretionary sector have quickly rebounded. Consumer incomes are firm and rising, household balance sheets are strong and liquid, and consumers are now getting relief in their discretionary income from falling energy prices.

Encouragingly, the Technology sector also has lead the recent stock market rally, gaining 15% since its mid-July lows. Although technology stocks have had a strong run of late, we think they are poised to continue to lead the market. Of all the 10 S&P 500 sectors, Technology has the brightest 12 month forward earnings prospects, with growth expected to be 16% versus 11% for the S&P 500 as a whole. Moreover, the Technology sector is currently trading at a forward multiple of 18.1x, well below the historical average (since 1995) of 26.1x.

Robert L. Pharr
Chief Investment Officer

J.D. Steinhilber
Director of Research

September 15, 2006

*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 on January 1, 1996. 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 for the full historical period 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.*

The Benchmark: Standard & Poors 500 Index – a market capitalization-weighted index of 500 major U.S. Corporations: 29 energy companies, 30 materials companies, 52 industrial firms, 86 consumer discretionary firms, 39 consumer staples firms, 56 health care companies, 89 financial firms, 78 information technology firms, 10 telecommunications companies, and 31 utilities. The Index provides a broad snapshot of the overall U.S. equity markets. Annualized Standard Deviation of quarterly Composite returns for the trailing 5 years through 12/31/2005: 19.73% vs. 18.17% for the Standard & Poor's 500 Index.

Past performance is not indicative of future results. Sector weightings, portfolio characteristics and representative holdings are as of the date of this report and are subject to change.