

U.S. LARGE-CAP CORE EQUITY

DATA AS OF AUGUST 31, 2008

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 500	Russell 1000
	Gross*	Net*		
August	4.29%	4.29%	1.45%	1.38%
Qtr-to-Date	6.20%	6.04%	0.59%	0.20%
Year-to-Date	-6.31%	-6.74%	-11.39%	-11.02%
1 Year	-8.83%	-9.40%	-11.14%	-10.60%
3 Year	7.04%	6.44%	3.66%	3.85%
5 Year	11.41%	10.80%	6.92%	7.41%
7 Year	9.19%	8.62%	3.64%	4.17%
10 Year	11.79%	11.21%	4.68%	5.21%
Inception	15.25%	14.64%	7.77%	7.97%

*Returns are preliminary, not verified, and subject to change.

Returns greater than one year are annualized.

Source: standardandpoors.com, russell.com

Model Sector Weightings

	WestEnd	S&P 500
Consumer Discretionary	35.0%	8.5%
Consumer Staples	0.0%	11.4%
Energy	0.0%	13.8%
Financials	0.0%	15.1%
Health Care	0.0%	12.7%
Industrials	20.0%	11.5%
Information Technology	35.0%	16.5%
Materials	0.0%	3.7%
Telecommunications Services	10.0%	3.2%
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)	\$70.2	\$22.4
Price to Earnings: Trailing Reported	20.4x	24.8x
1-Year Projected Earnings Growth	10.3%	-4.5%
Price to Book	4.5x	2.5x
Dividend Yield	1.4%	2.2%

Source: Telemet, standardandpoors.com

ECONOMIC AND MARKET REVIEW

Negative headlines about the housing market continue to impact financial markets. Media coverage of the housing market principally focuses on annual data, which does not indicate a change in the negative trends. A closer examination of the current housing data, however, may reveal the early signs of a bottoming in the housing market.

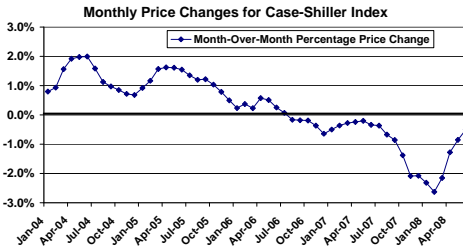
The media widely cited the 15.9% annual decline in June for the Standard & Poors/Case-Shiller Composite of 20 Home Price Index (**Case-Shiller Index**) as evidence of continued weakness in the housing market. The Case-Shiller Index, however, is a concentrated benchmark focused exclusively on urban markets. The Index is limited to twenty markets, and seven of those markets are in Arizona, California, Florida and Nevada, states which experienced the most aggressive expansion of low to moderately priced housing stock. The Index also includes homes financed with *sub-prime* loans, the fuel for the recent housing boom. Home values financed with *sub-prime* loans have declined at a faster rate than properties purchased with conforming loans (loans with traditional down payments of 10% to 20%). Distressed sales have further skewed the Case-Shiller Index as *sub-prime* financed properties account for a disproportionate share of the transactions in the Index. The Case-Shiller Index's urban focus, market concentration and exposure to *sub-prime* loans prevent the Index from accurately representing the national housing market.

The Office of Federal Housing Enterprise Oversight seasonal-adjusted purchase-only index (**OFHEO Index**) is a much more comprehensive national measure of changes in home prices. The OFHEO Index measures home prices from nearly 300 markets in all 50 states, and only includes home sales financed with conforming loans. The June OFHEO Index showed that home prices declined 4.8% nationally over the last year, less than one-third of the annual decline in the Case-Shiller Index. The OFHEO Index also reported that home prices increased in twelve states for the year ended June 2008. No market in the Case-Shiller Index recorded an annual increase for the same period.

Signs of Improvement

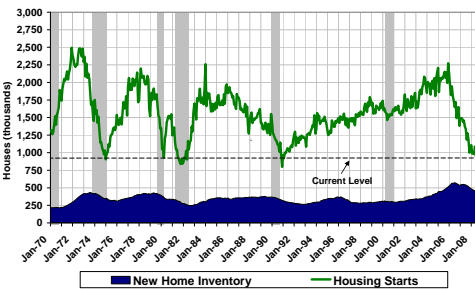
Despite the serious weaknesses within the Case-Shiller Index, an examination of the Index's data reveals that the recent information has become less negative. 85% of the annual decline in the Case-Shiller Index as of June occurred in the first nine months of the twelve-month period. The Case-Shiller Index is down only 2.3% over the last three months, compared to 13.6% in the first nine months. The rate of decline for the monthly change in the Case-Shiller Index also significantly slowed over the last four months. The June 2008 month-over-month decline in home prices was 0.5%, the lowest rate of decline in the last year.

Recent price changes in the constituent markets of the Case-Shiller Index also demonstrate a deceleration in the negative



momentum in those markets. *Nine of the twenty markets in June showed a month-over-month increase in home values.* Home values in six of these nine positive markets increased two consecutive months. These monthly increases follow a six-month period from September 2007 to February 2008 when no market recorded a monthly increase in home values.

Housing starts reached a cyclical high seasonally adjusted annual rate (SAAR) of 2,273,000 in January 2006. The pace of starts declined 61% from the cyclical peak to a SAAR of 895,000 in August 2008. The chart below demonstrates that the most dramatic decline in starts occurred between February 2006 and December 2007. Over that period starts fell 56% compared to the 5% decline year-to-date through August 2008. Housing starts have also reached a level similar to previous bottoms in housing construction downturns.



One objective of the Federal Housing Finance Agency's (FHFA) take-over of **Fannie Mae** and **Freddie Mac** was to allow home buyers to obtain mortgages at lower rates. Pricing for 30-year fixed-rate mortgages declined from 6.35% prior to the announcement to 5.93% at the end of last week. The FHFA's plan should lower borrowing costs for home buyers and boost the pace of new home sales.

A potential increase in the pace of new home sales along with the reduced level of housing starts should work down new home inventory at a faster rate. New home inventory peaked at 572,000 in June of 2007 before it declined 27.3% to

416,000 in July 2008. While the average new home inventory is approximately 360,000 since 1970, the current equilibrium level is likely greater than 360,000 given population growth and strong household creation. The number of U.S. households increased from 64.3 million in 1970 to 111.0 million in 2007. Lower new home inventory levels compared to an increased sales pace should lead newly risk averse builders to pursue more construction projects.

Implications of Stabilization

A flat residential construction market would remove a significant headwind to real Gross Domestic Product (GDP) growth. Residential fixed investment negatively impacted the percent change in GDP in every quarter since Q1 2006. Residential fixed investment detracted from GDP by 1.1 percentage points in Q1 2008 followed by a negative contribution of 0.6 percentage point in Q2. Real GDP growth for those same periods was 0.9% and 3.3%, respectively. The elimination of the declines in residential fixed investment would shift residential construction from a negative contributor to a neutral contributor to GDP growth.

	2007				2008	
	Q1	Q2	Q3	Q4	Q1	Q2
Change in Real GDP (Annual Rate)	0.1%	4.8%	4.8%	-0.2%	0.9%	3.3%
Residential Fixed Investment						
Contribution to % Change in GDP	-0.9%	-0.6%	-1.1%	-1.3%	-1.1%	-0.6%

Positive home price data, or even less negative data like we see in the Case-Shiller Index, should drive improved consumer sentiment. Consumers who feel better about the value of their homes and their overall economic situation should increase their spending, a critical driver for the U.S. economy. Improvements in the housing market may also impact consumers through the labor market. Payrolls for residential construction workers declined 186,500 or 18.3% through August of this year from their peak in April 2006. A stabilized level of residential construction could prevent further construction job losses.

The Large-Cap Core Equity Portfolio, which is overweight the Consumer Discretionary Sector, should benefit from any rebound in consumer sentiment and consumer spending.

Robert L. Pharr, Chief Investment Officer
Edmund N. Durden, Investment Analyst
Frederick O. Porter, Investment Analyst

September 18, 2008

WestEnd Advisors is an SEC-registered investment advisor. WestEnd is an independent investment management firm, 100% owned by its principals. WestEnd manages both equity and fixed income assets for individual and institutional clients.

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, net of withholding taxes, 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 end 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.

Composite performance results and percentage of firm assets from December 31, 1995 to December 31, 2002 were realized under WestEnd Advisors' predecessor firm Providence Capital Management, Inc. in the **Large-Cap Core Equity Composite**. 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 the investment decisions since creation of the composite. The **Large-Cap Core Equity Composite** creation date is December 31, 1995, and the investment strategy for the **Large-Cap Core Equity Composite** has been consistent since creation.

Net-of-fee performance results are presented after investment management fees paid to WestEnd Advisors, as well as after brokerage or other commissions actually paid by clients in the management of their investment advisory account, but exclude any deductions for custodial fees. The current management fee schedule, as described in WestEnd Advisors' SEC form ADV Part II, is as follows: 1.00% for accounts valued at \$1,000,000 to \$4,999,999; 0.90% for accounts valued at \$5,000,000 to \$9,999,999; 0.75% for accounts valued at \$10,000,000 to \$24,999,999; 0.65% for accounts valued at \$25,000,000 to \$49,999,999; and 0.50% for accounts valued over \$50,000,000.

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, our primary benchmark, 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 is used as our secondary benchmark and represents the extensive large-cap segment of the U.S. equity universe.

The dispersion of annual returns is measured by the standard deviation of the asset-weighted portfolio returns represented within the composite for the full year. Dispersion is calculated based on gross returns and is not shown when there are five or fewer portfolios as the calculation is not statistically meaningful.

A complete list and description of all WestEnd Advisors' composites as well as a presentation that complies with the requirements of the Global Investment Performance Standards (GIPS) may be obtained by phone (888-500-7501) or email (info@westendadvisors.com).

Additional information regarding policies for calculating and reporting returns is available upon request.

WestEnd Advisors has been verified for its claim of firm-wide compliance with the Global Investment Performance Standards (GIPS) for the periods December 31, 1995 through June 30, 2008 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through June 30, 2008. A copy of the verification report is available upon request.

Revised August 2008