

U.S. LARGE-CAP CORE EQUITY

DATA AS OF DECEMBER 31, 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
December	-0.18%	-0.18%	-0.69%	-0.65%
Qtr-to-Date	-6.38%	-6.53%	-3.33%	-3.23%
Year-to-Date	9.69%	9.08%	5.49%	5.77%
1 Year	9.69%	9.08%	5.49%	5.77%
3 Year	11.60%	11.00%	8.62%	9.08%
5 Year	18.54%	17.93%	12.83%	13.43%
7 Year	9.92%	9.36%	3.30%	3.68%
10 Year	14.06%	13.48%	5.91%	6.20%
Inception	16.79%	16.19%	9.31%	9.49%

*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%	10.2%
Energy	0.0%	12.9%
Financials	0.0%	17.6%
Healthcare	0.0%	12.0%
Industrials	20.0%	11.5%
Information Technology	35.0%	16.8%
Materials	0.0%	3.3%
Telecommunications Services	10.0%	3.6%
Utilities	0.0%	3.6%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics*

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap (\$ billions)	\$80.7	\$25.7
Price to Earnings: Trailing Reported	21.5	18.3
1-Year Projected Earnings Growth	18.0%	15.7%
Price to Book	5.1	2.9
Dividend Yield	1.2%	1.9%

ECONOMIC AND MARKET REVIEW

The equity markets remain quite volatile as we move into the New Year. Investor sentiment is decidedly negative as the housing markets languish, job growth falters and consumer spending softens. Do any of these quotations about the economy taken from the New York Times sound familiar?

- A combination of flagging home sales, weak income gains and growing fears of job losses have hammered demand for furniture, appliances and building materials.
- ...speculation intensified about how the Federal Reserve might respond to a string of Government statistics that showed a sharp slowdown in business activity. Some Fed officials as well as investors had begun to worry that inaction could lead to a plunge in the stock and bond markets that might make a recession more likely.
- The payroll tally showed greater declines in manufacturing and construction than in previous months, with factories losing...jobs across nearly all industries... Just as worrisome, some analysts said, was tepid growth in the once-robust services sector.
- Prices of Treasury securities surged yesterday as retail sales fell short of expectations and the Consumer Price Index showed only a slight rise, adding fresh evidence of an economic slowdown and subdued inflation.
- Just two months ago, nearly all economists, government officials, traders and forecasters thought the economy, while slowing, would not get really weak. Now the mood is much less sanguine.

These quotations capture the pervasive sentiment that is flooding the news these days — the economy is slowing, investors are worried, and, more likely than not, we are headed into a recession. **These quotations, however, are not from this year, or even last year. These quotations are from 1995.**

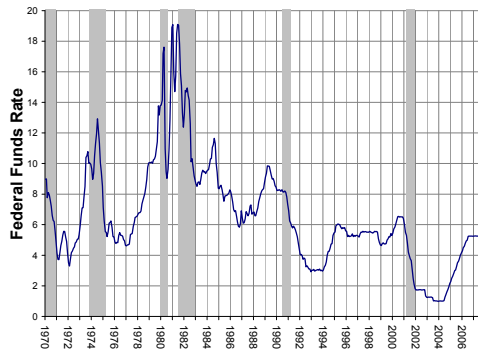
1995 was the year that the economy last experienced a mid-cycle slowdown. A mid-cycle slowdown is a period during the middle growth phase of an economic expansion when economic growth slows (but does not go negative) and then resumes again. The common definition of a recession is two consecutive quarters of decline in real GDP. We contend the odds are that we are in the middle of a mid-cycle slowdown currently, and, while economic growth might slow further, the economy likely will not go into recession.

We have had similar worries about the advent of a recession during the middle of the other economic expansions. Before 1995, we experienced a mid-cycle slowdown in 1984, as well as during the 1970's and the 1960's. These temporary, interim slowdowns should not be unexpected occurrences. However, investors are unable to differentiate between a temporary mid-cycle slowdown and a recession. This leads to heightened anxiety much like we have seen over the past number of months.

The previous two mid-cycle slowdowns came at the end of a period of tightening by the Fed. In the current

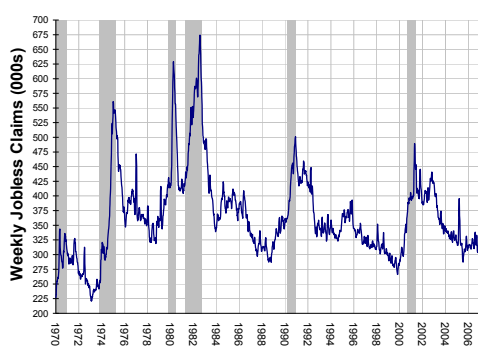
situation, the Fed quit tightening 18 months ago. The Fed responded in the previous two mid-cycle slowdowns much like today — by cutting interest rates. It is interesting to note, however, that the fed funds rate was higher at the beginning of the last two slowdowns than it was when the Fed last stopped tightening during this cycle. In the last 35 years a recession has never started with the Fed funds rate at anywhere near the low level that we have currently, as shown in Chart #1.

Chart #1



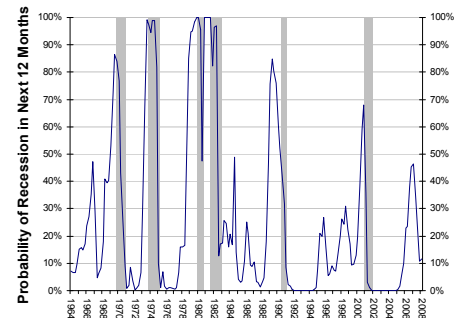
Weekly jobless claims rose in the mid-eighties and the mid-nineties, but to a much greater degree than the minor blip higher that we have recently experienced. The absolute number of weekly claims was also much higher in the previous two slowdowns than they are now, as shown in Chart #2.

Chart #2



The Fed has its own models that analyze the probability of a recession over the following twelve month period. These models take into account the absolute level of interest rates and the shape of the yield curve. In the previous two mid-cycle slowdowns the Fed models showed a low probability of a recession, both in the months leading into and also during the two temporary slowdowns. Their models currently place the odds of a recession during 2008 at only 12%, as shown in Chart #3.

Chart #3



Does all of this mean that we are definitely experiencing a mid-cycle slowdown and not headed for a recession? No. At the same time, the current gloomy sentiment does not mean that we are necessarily headed into a recession. What this *does* mean is that we have seen instances in previous cycles where economic growth slowed (but did not turn negative), and that growth then resumed. We believe it is more likely that we are in one of those periods.

If the economy does slide into a recession from here, there would be several important firsts associated with it. We've never entered a recession with the general level of interest rates as low as they are currently. In addition, the Fed began cutting rates in August of 2007, well in advance of any significant weakness or recession. If a recession does occur in Q1 or Q2 2008, as many analysts forecast, the recession would start six years into the current economic cycle, while the last two recessions began much later (ten years and eleven years) in the previous two economic cycles. And if we are now headed straight into recession, it would be the first in modern memory to occur without the economy first passing through a temporary, interim slowdown.

Many of the names in our Large-Cap Core Equity portfolio appear to be priced for a recession, especially names in the Consumer Discretionary Sector and in the Technology Sector. We view the risk / reward profile of these stocks to be very favorable if, as we think most likely, the economy remains out of recession. However, even if a recession does occur, we believe that it will likely be short lived — thanks in part to the Fed's aggressive easing of monetary policy, the additional Fed moves to facilitate continued credit formation, the low level of interest rates, and the abundant liquidity in the U.S. and abroad.

Robert L. Pharr, Chief Investment Officer
 Edmund N. Durden, Investment Analyst
 William L. Bachrodt, Investment Analyst

January 15, 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.

Composite performance results and percentage of firm assets from December 31, 1995 to December 31, 2007 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 investment decisions since creation of this 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.

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 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, 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.

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

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 to September 30, 2007 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through September 30, 2007. A copy of the verification report is available upon request.