

U.S. LARGE-CAP CORE EQUITY

DATA AS OF JANUARY 31, 2009

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*		
January	-4.85%	-4.99%	-8.43%	-8.16%
Qtr-to-Date	-4.85%	-4.99%	-8.43%	-8.16%
Year-to-Date	-4.85%	-4.99%	-8.43%	-8.16%
1 Year	-35.93%	-36.33%	-38.63%	-39.04%
3 Year	-8.86%	-9.41%	-11.78%	-12.03%
5 Year	-0.35%	-0.93%	-4.24%	-4.05%
7 Year	2.63%	2.08%	-2.56%	-2.23%
10 Year	3.12%	2.58%	-2.65%	-2.27%
Inception	10.98%	10.39%	4.04%	4.14%

*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	25.0%	8.2%
Consumer Staples	10.0%	12.8%
Energy	0.0%	14.1%
Financials	0.0%	10.7%
Health Care	15.0%	15.9%
Industrials	0.0%	10.6%
Information Technology	35.0%	16.2%
Materials	0.0%	3.0%
Telecommunications Services	15.0%	3.7%
Utilities	0.0%	4.6%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap (\$ billions)	\$47.4	\$14.4
Price to Earnings: Trailing Reported	15.8x	23.6x
1-Year Projected Earnings Growth	-0.9%	19.2%
Price to Book	3.1x	2.3x
Dividend Yield	1.6%	3.1%

Source: Telemet, standardandpoors.com

ECONOMIC AND MARKET REVIEW

Investors are intently focused on the two recently unveiled government programs designed to repair our financial system and to stimulate economic activity. The \$787 billion **Recovery and Reinvestment Act**, commonly referred to as the *Stimulus Plan*, is the spending and tax-cut legislation that recently made its way through the Congress. The government spending and tax cuts will almost certainly provide short-term stimulus to the economy, but in order to insure long-term economic growth the government first needs to put the financial system back in working order and to restore needed confidence in the financial system.

The U.S. Treasury's original plan to resurrect our financial system rested on the \$700 billion *Troubled Asset Relief Program (TARP)*. *TARP* was intended to relieve banks of distressed assets that weighed on their balance sheets, depleted their capital and worried investors about their ability to survive. But the first half of the *TARP* funds had to be spent recapitalizing banks in order to stabilize the system and to relieve the near-panic conditions in financial markets last October. *TARP*'s original work has been left unfinished, which has inhibited any potential recovery in confidence or lending.

The **Financial Stability Plan** (the *Rescue Package*) is the second of the two new government programs, and is the Treasury's follow-up to *TARP*. The *Rescue Package*, as outlined recently by Treasury Secretary Timothy Geithner, has three main components that address a number of issues critical to our financial system, including the unfinished work of removing toxic assets from financial institutions. We believe that these *Rescue Package* initiatives are essential to the restoration of confidence in the financial system, thus making the *Rescue Package* even more important to our economy than the more widely publicized *Stimulus Plan*.

The first element of the *Rescue Package* is the **Capital Assistance Program**, which is designed to strengthen the balance sheets of financial institutions through the Treasury's purchase of convertible preferred stock. This program builds off of the *TARP* recapitalization of banks. Under the *Capital Assistance Program* financial firms will need to pass a forward looking *Stress Test* to prove their viability in order to qualify for additional *TARP* funds. The *Stress Test* should provide investors and other market participants with a greater level of confidence about the health of successfully tested institutions. At the same time, however, the prospect of the

government selecting financial industry survivors is alarming to many investors.

The second key component of the *Rescue Package* is a new **Public-Private Investment Fund**, commonly referred to as the *Aggregator Bank*, for the purchase of toxic assets from banks. The U.S. government and private entities will fund the *Aggregator Bank* with upwards of \$1 trillion. The removal of these toxic assets from bank balance sheets should reduce the risk of a further deterioration in banks' capital positions. Reduced risk of asset write-downs and asset impairment should make for improved confidence among bank counter parties and increased lending activity.

The *Aggregator Bank* plan is a return to former Treasury Secretary Henry Paulson's original *TARP* strategy to buy toxic assets. Toxic assets on bank balance sheets remain the greatest impediment to the healing of the credit markets. The *Aggregator Bank* plan brings together a deep pocketed and patient buyer, the U.S. government, with private investors. While the exact framework for how private investors will participate in the *Aggregator Bank* has not yet been announced, it can be expected that private investors will contribute capital for an equity-like interest in the *Aggregator Bank*.

Determining the price to pay for the toxic assets is the primary challenge in the establishment of an *Aggregator Bank*. Banks are concerned that their assets will be priced at excessively depressed levels, while the government doesn't want to overpay. The only mechanism that might appease market participants is for the government to initially pay an estimated value for the assets, with the final settlement determined later by the prices of actual sales out of the *Aggregator Bank*.

Treasury's and the Federal Reserve's expansion of the **Term Asset-Backed Securities Lending Facility (TALF)** is another key element of the *Rescue Package*. The government will increase the size of the *TALF* from \$200 billion to as much as \$1 trillion. The Fed will also expand the eligible asset classes from credit card, auto, student, and Small Business Administration loans to include additional categories of consumer loans as well as commercial real estate loans. The *TALF* will provide attractive financing for investors to purchase these securitized loans, which will increase the demand for these securities, and in turn make more funds available to be re-lent to consumers and businesses.

The expanded *TALF* should free up capital as investors purchase securitized debt from financial institutions. These lenders can then use the sale proceeds to originate additional loans and foster additional economic activity. The *TALF* would also preempt additional deterioration in consumer and real estate credit vehicles that might result from deeper and more prolonged economic weakness.

The Fed has already had success revitalizing the commercial paper market with a strategy similar to the *TALF*. The *TALF*, however, is riskier because the underlying securities are more complicated, have longer maturities and are often of lower quality. These risks are further complicated by one of the original causes of the financial crisis — moral hazard. If banks believe they can move loans off their books through securitization, they will be less likely to screen out unqualified borrowers.

Neither the *Rescue Package* nor the *Stimulus Plan* are perfect programs. People will forever debate the effectiveness and efficiency of each plan. Nevertheless, both programs are very large and should have a positive economic impact. The *Rescue Package*, however, is the necessary foundation for an improvement in the financial system, credit markets, and the ultimate success of other government actions, including the *Stimulus Plan*.

A pick-up in economic activity and an improvement in credit markets will benefit most stocks. Particularly helped will be, we believe, the S&P 500 Index's Consumer Discretionary and Information Technology Sectors. As businesses regain confidence and access to capital markets, they will spend and invest more. Businesses are likely to make technology expenditures that had been postponed during the economic downturn. Consumers are also likely to spend more as job security improves, incomes increase more strongly than in the past year, and credit becomes more readily available. The WestEnd Advisors Large-Cap Core Equity portfolio remains overweight some of the more economically sensitive areas of the market in anticipation of an economic boost from the new government programs.

Robert L. Pharr, Chief Investment Officer
Edmund N. Durden, Investment Analyst
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 February 16, 2009

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** is 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 appropriate 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 September 30, 2008 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through September 30, 2008. A copy of the verification report is available upon request.

Revised November 2008