

LARGE-CAP CORE EQUITY

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 will experience economic **tailwinds**, and avoids Sectors we perceive to be untimely. We target **high quality, market leading** companies within favored Sectors.

The result is a **core investment style** that shifts portfolio Sector and style emphasis to remain properly oriented and timely over a full economic and market cycle.

Boutique Investment
Management Firm

Sector-Focused
Large-Cap Core Manager

18 to 20 Stock Holdings

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PERFORMANCE VS. BENCHMARK

	WestEnd Composite		S&P	Russell
	Gross*	Net*	500	1000
January	-3.87%	-4.02%	-3.60%	-3.60%
Qtr-to-Date	-3.87%	-4.02%	-3.60%	-3.60%
Year-to-Date	-3.87%	-4.02%	-3.60%	-3.60%
1 Year	31.94%	31.30%	33.14%	34.81%
3 Year	-5.17%	-5.70%	-7.24%	-7.10%
5 Year	2.59%	2.00%	0.18%	0.57%
7 Year	9.84%	9.26%	5.37%	5.83%
10 Year	5.84%	5.29%	-0.80%	-0.44%
Inception	12.35%	11.76%	5.88%	6.07%

*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	30.0%	9.7%
Consumer Staples	5.0%	11.6%
Energy	0.0%	11.4%
Financials	0.0%	14.7%
Health Care	15.0%	13.2%
Industrials	0.0%	10.5%
Information Technology	35.0%	18.8%
Materials	0.0%	3.4%
Telecommunications Services	15.0%	3.0%
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)	\$57.1	\$19.1
Price to Earnings: Trailing Operating	19.9x	19.0x
Price to Book	3.7x	3.0x
Dividend Yield	1.5%	2.0%

Source: Telemet, standardandpoors.com

ECONOMIC AND MARKET REVIEW

We recently sat down with Robert L. Pharr, WestEnd Advisors' Chief Investment Officer, to hear his outlook for the economy, the markets and the Large-Cap Core Equity portfolio. Here are the highlights from that conversation.

What was your reaction to the fourth quarter 2009 GDP report of 5.7% growth?

We were not surprised by the strength of the U.S. economy in the fourth quarter. We had been seeing signs throughout the quarter of a significant rebound in economic growth. This growth was driven by increases in production and end-demand, which together ended inventory drawdowns. Additionally, we had seen improvement in consumer spending and durable goods orders during the quarter.

In fact, economic data we have seen since the GDP report was released gives us confidence that we may even see a positive revision to fourth quarter GDP growth.

Where have you seen strong economic data beyond the GDP report?

We have seen encouraging signs from recent retail comp-store sales figures and the latest ISM manufacturing index, which reached a nearly six-year high in January. And we have heard positive comments regarding the strength in their businesses from management teams of portfolio companies like Cisco Systems.

We also continue to see further improvement in the employment markets, although we have said all along that improvement in these markets will lag economic growth significantly. The good news is that it appears that employment markets are no longer getting worse, and we think that the turn in labor markets is likely to begin over the next several of quarters. This improvement in employment markets will confirm the progress we have already seen in the economic backdrop, and provide convincing evidence that the turn in the economy is significant and sustainable.

Have these strong economic reports caused you to revise your economic outlook?

No, the recent data actually *confirms* our belief that we are in the early stages of an economic recovery. And, at the same time, the recent data gives us confidence that our call for a significant burst of economic growth is at hand. We have said that this outsized rebound in growth might last through the middle of this year, but that growth in the

second half of this year will likely slow as the current burst of growth proves to be unsustainable. The good news is that growth should stay positive, but slow to a rate that is more sustainable. This moderate growth should also reduce the risks of some detrimental effects across the economy like inflation, for example.

Are there particular risks that you are focused on that could cause you to change your outlook?

We don't see serious risks to our near-term economic outlook. Having said that, there are certainly longer-term risks that we can identify that are driven more by psychological factors rather than by changes or disruptions to the economic backdrop. One obvious psychological risk is a fear that programs out of Washington might be too far-reaching and therefore harmful to business. If investors lose confidence in business' ability to grow without serious regulatory and political constraints, that could translate into economic risk.

This fear of government overreaching is likely to be a lingering risk. Short of significant changes in Congress or the Presidential Administration, this may be a risk that we have to live with for an extended period of time. This is a longer-term concern, but I have to tell you it's a growing risk.

To what degree do the upcoming Congressional elections and the challenges in the employment markets influence this risk?

Elections do not typically have great impact across markets. However, my sense is that investors today believe that elections are more important today than in past times. The mid-term elections may signal voters' reaction to interventionist government policies from the Administration, as well as Congress. We wouldn't be surprised by a voter reaction that moves the country back in the other direction from these interventionist policies. We think that markets would welcome this move, but the outcome of the mid-term elections is going to be a concern and a risk to the markets through the fall.

We also continue to follow the political and policy reactions to weakness in the employment markets. As we said before, employment markets move in reaction to strength across business, rather than in anticipation of strength in business. This economic reality, however, has not prevented the call from the Administration and Congress for political answers to job losses.

The stimulus programs put in place in the last year were

intended to help lower unemployment, but it is difficult to see to what degree those programs have improved employment. Some could argue that it has kept unemployment from getting worse. But we haven't seen much impact yet, in part because most of the stimulus money has not yet been spent. There is some risk that additional stimulus money might be introduced into the economy. We are not in favor of further stimulus because we have concerns about the effectiveness of this additional spending.

Investors have recently become concerned with the financial health of certain European countries, Greece in particular. Do you see this as a significant risk to the U.S. economy and markets?

We would say it's only a small risk. The U.S.'s direct exposure to Greece's problems is limited in size and scope. Greece's issues may make for difficulties across Europe, but it is not likely to reach the U.S. to any great degree. It does, however, make for a potential readjustment in the U.S. dollar and Euro trading relationship and valuation. We would guess that you are likely to see some strengthening of the dollar vs. the Euro, driven in large part from stronger and earlier growth in the U.S. compared to Europe. That in turn has implications for dollar denominated investments, oil and commodities in particular. With some strengthening of the dollar we are likely to see commodity prices fall broadly, which will help to lessen the risk of inflation difficulties.

Have any of these risks risen to the point that they necessitated a change in the portfolio?

No, the risks have not. In fact, we have made only one relatively small change to the Large-Cap Core Equity portfolio in the last month -- the sale of Walgreens, and the purchase of Bed Bath and Beyond. This trade moved five percent of the portfolio from the Consumers Staples Sector to the Consumer Discretionary Sector. We continue to believe that the portfolio should benefit from the period of strong growth immediately ahead. More importantly, however, we see the Large-Cap Core Equity portfolio as well positioned for the second phase of the economic recovery.

Robert L. Pharr, Chief Investment Officer

Edmund N. Durden, Investment Analyst

Frederick O. Porter, Investment Analyst

February 11, 2010

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

WestEnd Advisors' **Large-Cap Core Equity Composite** is invested solely in U.S. Equity securities and/or high-grade money market instruments. Returns are 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 are weighted using end of prior month values plus weighted cash flows. Portfolios and composites are valued daily, are denominated in U.S. dollars only, and include all discretionary tax-exempt accounts with a minimum of \$1,000,000. Portfolios managed by WestEnd Advisors in any wrap-fee program are not included in the composite.

Composite performance results and the 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' SEC Form ADV Part II.

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 major 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 included in 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) is available upon request by phone (888-500-7501) or email (info@westendadvisors.com). Additional information regarding policies for calculating and reporting returns is available upon request.

Total firm assets do not include assets in any account where WestEnd Advisors does not execute trades on behalf of the account. These assets are sometimes referred to as "Advisory-Only Assets." As of September 30, 2009, WestEnd Advisors had approximately \$98 million of Advisory-Only Assets. This information is included as supplemental information only.

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, 2009 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through September 30, 2009. A copy of the verification report is available upon request. Revised November 2009