WESTEND ADVISORS

MONTHLY INVESTMENT UPDATE

U.S. LARGE-CAP CORE EQUITY

DATA AS OF JULY 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
July	-1.72%	-1.85%	-3.10%	-3.09%
Year-to-Date	8.59%	8.15%	3.64%	3.87%
1 Year	26.14%	25.46%	16.13%	16.45%
3 Year	16.23%	15.57%	11.76%	12.50%
5 Year	17.57%	16.97%	11.81%	12.35%
7 Year	11.76%	11.18%	1.93%	2.35%
10 Year	13.46%	12.88%	5.98%	9.68%

Returns greater than one year are annualized.

Source: standardandpoors.com, russell.com

Model Sector Weightings

	WestEnd	S&P 500
Consumer Discretionary	35.0%	9.9%
Consumer Staples	0.0%	9.4%
Energy	0.0%	11.2%
Financials	0.0%	20.0%
Healthcare	0.0%	11.6%
Industrials	20.0%	11.6%
Information Technology	35.0%	16.0%
Materials	0.0%	3.1%
Telecommunications Services	10.0%	3.8%
Utilities	0.0%	3.5%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics*

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap ($ billions)	$80.5	$25.9
Price to Earnings: Trailing Reported	23.1	16.5
1-Year Projected Earnings Growth	16.9%	8.3%
Price to Book	4.8	2.8
Dividend Yield	1.0%	1.7%

Source: Reuters, standardandpoors.com

Please see disclosures on Page 2

ECONOMIC AND MARKET REVIEW

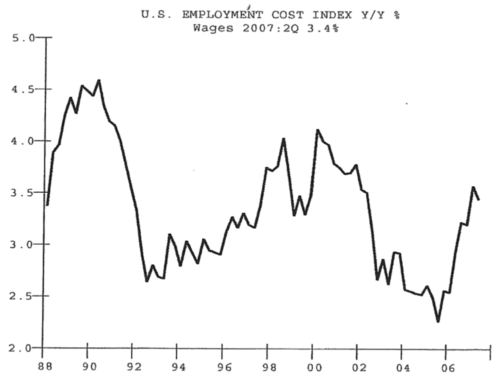
Financial markets have been very volatile recently. The S&P 500 which was up 3.31% for the month through July 19, finished the month down 3.10%. This volatility continued into August as the S&P 500 had intraday moves of 2% or more in 10 of the first 13 trading days of the month. We continue to watch financial market developments closely.

The underlying economic fundaments are good, both in the U. S. and overseas. The U. S. economy continues to grow at trend-line rates or higher. Gross Domestic Product (GDP) registered 3.4% growth in Q2 '07, a sharp rebound from the anemic 0.6% growth in Q1 '07. Most major components of GDP, including personal consumption, capital expenditures, and net exports contributed strongly to the rebound in growth. The exception was residential construction which is still working through an oversupply of inventory.

Corporate profit increases remain strong and above long-term trend line growth. Operating earnings for S&P 500 companies grew 8.6% in the second quarter over the same period last year. These healthy profits have allowed companies to continue hiring, adding over 135,000 jobs on average each month of the year through July. This consistent job creation has kept labor markets tight, with the July unemployment rate of 4.6%, near historically low levels.

Weekly jobless claims, a leading indicator of the employment situation, also remained low in July at an average of 306,000. The impact of these tight labor markets is that wage growth has remained strong, as evidenced by the 3.4% year-over-year increase in the employment cost index for Q2 '07.

The global economy also continues to grow strongly. The International Monetary Fund last month increased its 2007 and 2008 estimates for global GDP to a strong 5.2%, equaling the average



growth rate over the last two years. Economic activity is expanding strongly in most countries, with particularly rapid growth in China (11.2%), India (9.0%), and Russia (7.0%). This overseas growth has helped boost profits for many U. S. firms that have large international operations. The companies in the WestEnd Large-Cap Core Equity portfolio generate an average of 30% of their revenues from non-US markets, making them beneficiaries of the strong global growth.

Despite all this good news, dislocations that began in the sub-prime mortgage markets have begun to affect other areas of the financial markets as well. Multiple hedge funds invested in sub-prime mortgages closed down in the last several months. Other hedge funds using quantitative models to make investment decisions have wracked up large losses very quickly. Private equity deals that were announced at a record pace (more than $425 billion in deals announced during the first six months of 2007 versus $422 billion for all of last year) have screeched to a halt. And over fifty lenders focused on mortgage origination have declared bankruptcy this year, with many others in perilous positions.

These events have roiled broader equity markets as well. A marked increase in volatility has affected virtually all stock prices, not just those of companies directly exposed to the troubled markets. We believe that calls to hedge funds for redemptions have also spiked. These redemptions have a compounding effect on volatility as funds are forced to sell the most liquid and readily marketable positions in their portfolios. Why else would we see temporary, intra-day trades of a solid company like GE down 4.5%?

These dislocations thus far have been *market* events and not *economic* events (with much broader and farther-reaching consequences for how businesses and consumers act). Market events have the potential to become self-feeding and self-sustaining if they begin to affect consumer confidence and particularly business confidence. While we can not rule out the risk of additional markets seizing up beyond the credit markets already effected as a result of these events, we firmly believe the probability of these extreme scenarios is low. The Federal Reserve and other central banks have announced that they will ensure that markets continue to function and clear. Indeed, the Fed has already demonstrated its willingness to buoy markets by injecting over $80 billion into the U. S. banking system through the use of repurchase agreements during the last two weeks.

We also believe these market dislocations are temporary. Opportunistic investors have injected capital into the market to take advantage of mispriced securities. For example, Goldman Sachs led a group that invested $3 billion into an existing Goldman hedge fund that had experienced recent losses. According to Goldman Sachs' CFO, the equity investment is aimed to take advantage of "a fair number of assets that are selling at distressed prices that are not distressed assets."

The fundamentals for companies in the WestEnd Advisors Large-Cap Core Equity portfolio have not changed because of these market events. Barring some broad economic infection stemming from these market events, the high quality, large capitalization equities in the Large-Cap Core Equity portfolio should respond positively once market conditions stabilize and investors begin to focus on the solid fundamentals underlying the economy and our portfolio companies.

Robert L. Pharr, Chief Investment Officer

William L. Bachrodt, Investment Analyst

Edmund N. Durden, Investment Analyst

August 20, 2007

Addendum:

The Federal Reserve cut its discount rate from 6.25% to 5.75% on Friday, August 17. This was a very targeted move aimed at clearing the liquidity logjam caused by the credit market turmoil. Many lenders, if not all, have some amount of low quality collateral on their books. Consequently, some banks found it difficult to obtain the liquidity necessary to operate by borrowing just from other banks. The Fed's move addresses the poor collateral issue and significantly increases liquidity for banks. This is a smart, focused move by the Fed and should help to ensure that the credit turmoil will remain a market event and not spread to the broader economy.