

U.S. LARGE-CAP CORE EQUITY

DATA AS OF JULY 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

WestEnd Advisors

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Performance vs. Benchmark*

	WestEnd Composite		S&P	Russell
	Gross*	Net*	500	1000
July	9.79%	9.65%	7.56%	7.63%
Qtr-to-Date	9.79%	9.65%	7.56%	7.63%
Year-to-Date	20.50%	20.02%	10.97%	12.28%
1 Year	-14.45%	-14.93%	-19.96%	-20.17%
3 Year	-0.69%	-1.26%	-6.16%	-5.99%
5 Year	4.04%	3.44%	-0.14%	0.32%
7 Year	8.27%	7.70%	3.17%	3.55%
10 Year	4.71%	4.16%	-1.19%	-0.72%
Inception	12.50%	11.90%	5.37%	5.54%

*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%	9.1%
Consumer Staples	10.0%	11.8%
Energy	0.0%	12.0%
Financials	0.0%	13.9%
Health Care	15.0%	13.7%
Industrials	0.0%	10.0%
Information Technology	35.0%	18.7%
Materials	0.0%	3.4%
Telecommunications Services	15.0%	3.4%
Utilities	0.0%	3.9%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap (\$ billions)	\$58.4	\$17.3
Price to Earnings: Trailing Operating	19.6x	24.5x
Price to Book	3.9x	1.8x
Dividend Yield	1.4%	2.2%

Source: Telemet, standardandpoors.com

ECONOMIC AND MARKET REVIEW

Recent housing market data indicates that this closely watched segment of the economy has stabilized. June *existing home sales* increased for the third consecutive month, and June *new home sales* reached their highest level since November 2008. Home prices have also improved recently, as the Case-Shiller 20-City Composite posted its first month-over-month price increase in nearly three years.

Government programs designed to address the housing market difficulties certainly contributed to these improved conditions. The \$8,000 tax credit for first-time homebuyers has brought buyers into the market. The government has also kept interest rates low through its purchase of mortgage-related securities. The normal market dynamics that repair disrupted markets have also contributed to the recent improvements. Individuals' perception of depressed home values have started to shift as price declines are now seen as an opportunity to buy at attractive values. The pace of existing home sales in California, the state arguably hit the hardest by declines in property values, for example, has increased 20% from a year ago.

A limited supply of newly constructed homes should provide additional support to the housing market. New home inventory has *declined* 51% since its peak in July 2006. The absolute level of inventories is near an all-time low, and at levels last seen in the depths of the 1980 recession. This is noteworthy as there are 40% more households in the U.S. today than in 1980. Additionally, inventory should continue to decline as the sharp fall off in housing starts earlier this year has not yet fully impacted the pace of new home completions.

Investors have started to accept these positive devel-

opments in the housing market as signs of stabilization, but opinions vary on how an improved housing market will impact the overall economy. Some contend that a robust turn in the housing market is a necessary condition for a turn in the broad economy. We believe, however, that while a rebound in housing will positively influence economic growth, it is not a necessary precondition to an economic recovery.

We have highlighted in the past, for example, the shortcomings of the Case-Shiller Home Price Index which attempts to track home prices on a national basis. The index's weaknesses include its small sample size of only 20 cities, the inclusion of only urban markets, and a bias towards the most overbuilt regions of the United States. These shortcomings have exaggerated the changes in home values for the vast majority of home owners. Many investors consequently have overestimated the impact of home prices on consumer sentiment and spending.

Tiered home price data from the publishers of the Case-Shiller Index, summarized in the chart below, indicates that recent price declines were much more severe for the least expensive homes. (Tiered data is not available for all cities in the 20-city composite.)

This home price data is consistent with our view that the homeowners with the greatest economic impact were the ones least affected by recent home prices declines. Thus, when home price declines abate, it will be the low income earners who will likely experience the greatest boost in sentiment. Just as we believed the downturn in housing did not hurt consumer spending as much as some believed, we don't believe a recovery in home prices will have an outsized positive impact on *consumer spending*. The spending impact from housing may be muted, despite what may very well be a broad improvement in sentiment from higher home prices.

Residential fixed investment, a component of Gross Domestic Product (GDP), measures the value of new home purchases in the economy. Residential fixed investment has been a negative contributor to GDP growth for 13 consecutive quarters. Merely eliminating this persistent drag on GDP would help GDP growth in future quarters. But a stabilization in residential construction, while a positive, needs to be examined

in the context of the entire economy.

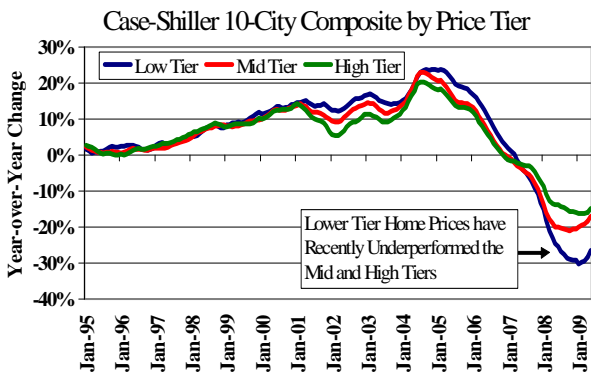
Residential fixed investment accounted for only 2.6% of Real GDP in Q2 2009. We recognize that housing's impact goes beyond just residential construction, but many investors seem to believe that housing is the *only* force that influences consumer behavior and economic growth. Housing, in reality, is a relatively small contributor to GDP. Additionally, changes in home values influence consumer spending less than commonly believed as changes in home values are very difficult for consumers to monitor. Local home price indices are not common, and when they are available they don't address the unique characteristics of every property. Home prices, therefore, are only certain when a home is sold. Alternatively, fluctuations in personal incomes and stock prices are highly visible to consumers, and thus have a more significant influence on spending.

We are unsure whether or not the housing market is poised for a rebound. It is conceivable, however, that the housing market will turn sooner and more sharply than many believe. A further improvement in home sales, coupled with the current low level of new home inventory could cause home builders to scramble to increase construction of new homes to avoid losing sales to sellers of existing homes.

The chance of a broad economic recovery, however, is *not* dependent on the strength of the recovery in housing. Similarly, an improvement in the housing market is not sufficient to drive an economic recovery. The U.S. economy is extremely large and well diversified, with numerous sources of growth - no one industry alone will determine the direction of the economy.

We believe that the difficulties in the housing market influenced consumers less before and during the downturn than is commonly believed. In the same way, we don't see a housing recovery as a prerequisite for a pick-up in consumer spending, or a broad economic recovery. An improved housing market should benefit the economy, but other factors including personal income growth and job security will have a more substantial impact on consumer spending.

Robert L. Pharr, Chief Investment Officer
Edmund N. Durden, Investment Analyst
Frederick O. Porter, Investment Analyst
 August 11, 2009



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 June 30, 2009, WestEnd Advisors had approximately \$66 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 March 31, 2009 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through March 31, 2009. A copy of the verification report is available upon request.

Revised July 2009