

U.S. LARGE CAP CORE EQUITY

DATA AS OF JUNE 30, 2006

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 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
June	-0.27%	-0.27%	0.14%	0.13%
Year-to-Date	2.78%	2.49%	2.71%	2.76%
1 Year	11.46%	10.89%	8.65%	9.08%
3 Year	17.77%	17.18%	11.23%	12.04%
5 Year	9.26%	8.72%	2.50%	3.12%
7 Year	7.31%	6.77%	0.47%	1.15%
10 Year	15.70%	15.12%	8.32%	8.56%

Returns greater than one year are annualized

Sector Weightings

	WestEnd	S&P 500
Consumer Discretionary	25.0%	10.2%
Consumer Staples	0.0%	9.6%
Energy	0.0%	10.2%
Financials	0.0%	21.4%
Healthcare	0.0%	12.3%
Industrials	30.0%	11.7%
Information Technology	30.0%	14.9%
Materials	10.0%	3.1%
Telecommunications Services	0.0%	3.3%
Utilities	0.0%	3.4%
Cash	5.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics

	WestEnd	S&P 500
Number of Stock Holdings*	19	500
Average Market Cap (\$ billions)*	\$48.5	\$23.0
Price to Earnings: Trailing Reported**	20.6	17.5
5-Year Projected Earnings Growth***	20.0%	10.8%
Price to Book****	4.2	2.8
Dividend Yield*****	0.4%	1.9%

*Source: standardandpoors.com month end data

**Source: month end price from Yahoo, Earnings from Barrons Market Lab

***Source: for S & P 500 use Yahoo Analyst Estimates (next 5 years)

****Source: IIFF report for S & P 500

*****Source: Barrons Market Lab

ECONOMIC AND MARKET REVIEW

A late-quarter rebound repaired some of the damage sustained by financial markets in the mid-May through mid-June sell-off, but global equity markets nevertheless suffered their worst correction in two years in the second quarter. U.S. large-cap stocks, which have lagged small-caps and foreign stocks by a sizable margin during this bull market, fared comparatively well in the correction, with the S&P 500 experiencing a 7.7% peak-to-trough decline, versus a drop of 14.0% in the Russell 2000 small-cap index, and an average decline of 15% in foreign stock markets.

Markets have come under pressure due to the worry that the economy is tipping towards significantly slower growth while the Fed continues to hike interest rates to curb elevated inflation pressures. Recent economic data indeed reflect a moderation of growth, driven principally by a cooling housing market, and the lagged effects of increases in interest rates and energy prices. These headwinds are beginning to take a toll on consumer spending, especially among lower-income households. For the month of June, Wal-Mart reported that same-store sales rose just 1.2%, the lowest monthly comparable-store increase since 2000. However, overall consumer spending has been resilient and is not expected to fall sharply, as many are predicting, due to a firm labor market and an anticipated continued soft rather than hard landing for the housing market. Although payrolls expanded by an average of 108,000 jobs a month in the second quarter, versus an average of 176,000 jobs a month in the first quarter, unemployment remains at an historically low level of 4.6%. Wages in June grew 3.9% - the fastest annual growth rate in five years. In short, the markets appear

to be overly negative about the economy's prospects, misconstruing a mid-cycle slowdown and a healthy rebalancing of growth drivers away from housing and consumption, as the start of a significant downturn in overall economic growth.

Second quarter earnings season is now getting underway and will be in full swing towards the end of July. We anticipate that the results and guidance provided in upcoming earnings reports will serve to alleviate concerns about the health of the economy. Earnings for the S&P 500 in the second quarter are expected to be up 8-9% versus the year-ago period. Profit growth has moderated from the double-digit growth rates posted in the previous 12 quarters, but growth is still quite strong and a moderating trend is consistent with the idea that the economy is experiencing a mid-cycle slowdown rather than something significantly worse. If economic growth were faltering, we would be seeing a trend develop towards downward earnings revisions and significantly slowing year-over-year earnings momentum. This has not been the case. In fact, over the past month, upward earnings revisions have outpaced downward revisions by a factor of 1.2-to-1, and the ratio of companies reporting positive rather than negative year-over-year earnings growth has been holding above the long-term average of 1.6-to-1.

In addition to concerns about slowing economic growth, markets have been preoccupied with the Fed and with the outlook for inflation. Investors are understandably skittish about the Fed, partly as a result of communication missteps from Fed officials, including Bernanke, but primarily due to genuine uncertainty about the course of monetary policy. The Fed must balance the risks of slowing growth

and elevated inflation. It may have placed itself in a more difficult position as a result of the backward-looking "inflation targeting" framework it has laid out. Inflation is a lagging indicator so it typically continues to rise even as the economy slows. We have seen that recently, as reported inflation statistics have ticked higher in recent months to levels above the Fed's stated comfort zone as the economy has simultaneously cooled. The Fed recognizes that the economy is cooling, but likely will want to gather sufficient actual evidence that inflation has decelerated, or sufficient market or economic evidence that it is pushing rates too far, before it suspends it tightening. The Fed's most recent policy statement on June 29 was softened only slightly relative to previous official statements, so there is a risk that markets will again be disappointed with respect to the extent of Fed tightening.

Our portfolio lagged the S&P 500 in the second quarter, giving back our first quarter outperformance and leaving our first half returns in line with the S&P 500. Our second quarter underperformance relative to the S&P 500 can be traced to the market's macroeconomic concerns and hence its recent preference for defensive, non-cyclical and inflation-oriented sectors. The strongest performance during the second quarter came from the Energy, Utilities and Consumer Staples sectors, which have no representation in our portfolio. We are optimistic that markets will recognize that the expansion is not in jeopardy and that inflation pressures are close to peaking, and leadership will shift back to the cyclical sectors where our portfolio is concentrated.

Robert L. Pharr, Chief Investment Officer
J.D. Steinhilber, Director of Research

July 14, 2006

Returns for WestEnd's Large Cap Core Equity Composite include returns generated under its predecessor firm Providence Capital Management, Inc. 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 inception of this composite on January 1, 1996. 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 for the full historical period are time weighted, account size weighted, 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.

The Benchmark: the Standard and Poor's 500 Index is a market capitalization weighted index of 500 major U.S. corporations. There are 400 industrial firms, 20 transportation firms, 40 utilities, and 40 financial firms. The index provides a broad snapshot of the overall U.S. equity markets.