

U.S. LARGE-CAP CORE EQUITY

DATA AS OF JUNE 30, 2008

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*		
June	-11.68%	-11.68%	-8.43%	-8.31%
Qtr-to-Date	-4.13%	-4.27%	-2.73%	-1.89%
Year-to-Date	-11.78%	-12.05%	-11.91%	-11.20%
1 Year	-12.42%	-12.94%	-13.12%	-12.36%
3 Year	6.38%	5.79%	4.41%	4.81%
5 Year	12.02%	11.43%	7.58%	8.22%
7 Year	7.71%	7.15%	2.45%	3.01%
10 Year	10.22%	9.65%	2.88%	3.38%
Inception	14.92%	14.32%	7.83%	8.06%

*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	35.0%	8.1%
Consumer Staples	0.0%	10.8%
Energy	0.0%	16.2%
Financials	0.0%	14.2%
Healthcare	0.0%	11.9%
Industrials	20.0%	11.1%
Information Technology	35.0%	16.4%
Materials	0.0%	3.9%
Telecommunications Services	10.0%	3.3%
Utilities	0.0%	4.0%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap (\$ billions)	\$67.7	\$22.3
Price to Earnings: Trailing Reported	17.1x	23.0x
1-Year Projected Earnings Growth	16.1%	6.4%
Price to Book	4.4x	2.8x
Dividend Yield	1.5%	2.2%

Source: Reuters, standardandpoors.com

ECONOMIC AND MARKET REVIEW

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

What issues are on investors' minds regarding the U.S. economy?

There are two serious concerns that investors have now. In no particular order, they are credit market difficulties that financials have (specifically banks and bank-look-alikes), and high oil prices.

It's important to understand just how serious the credit market difficulties *might* be and how likely it might be that those difficulties will spread, affecting other areas of the U.S. economy. And in turn for oil, are higher prices a serious concern? And how likely is it that higher oil prices might seriously impact the economy.

How does WestEnd view investors' concerns in relation to your economic outlook?

We're not yet seeing the kinds of weaknesses in the economic backdrop that investors are most concerned about. We can say with great confidence that we don't think that the evidence exists yet of that kind of fallout from these two serious sets of difficulties. The economy has remained remarkably resilient.

I want everyone to understand that we're watching several levels of data. We are not seeing a significant turn in the bigger, broader kinds of data, such as GDP, corporate profits, labor markets and consumer incomes. But we also look at some of the more detailed kinds of data, including for example retail sales, construction spending, factory orders and unit labor costs. And in these data we are not seeing the kind of pervasive fallout from higher oil prices and/or credit market difficulties that a lot of people are concerned about.

These obvious difficulties together, however, raise an additional and ultimately an even more important concern — investor psychology and sentiment. Negative psychology has the potential ability to spread those specific concerns for banking and from rising oil prices into other businesses and other stocks, and ultimately to the broad economy. We do not believe that will happen, but it is a very real risk.

Can you comment further on the rise in oil prices?

We believe higher energy prices have acted much as a tax, and that there has been *some* crowding out of consumer disposable income. But we need to understand what some of the numbers might really look like. For example, the increase in personal incomes in May was four times the additional costs to consumers for gasoline. And energy costs are still a small part of aggregate production costs. Higher energy prices are a drag on consumers and on the economy, but I think that the severity of the drag has been overstated. But that said, higher oil prices make investor and consumer psychology much more negative because it is a very visible cost. In the bigger scheme of things across the economy, it's a less important item.

There is some hope for a change in the energy markets, and the negative psychology that it has fostered. What's needed is a break in the belief that energy prices are going to go up indefinitely. That can certainly be turned around by lower oil prices. It can also be turned around by *flat* oil prices over an extended period that will also change the presumption that higher and higher prices are inevitable. We believe that it is most likely that we will see a plateau and perhaps lower prices rather than continual increases.

What are your views on the credit market difficulties?

Credit problems are even more complicated, with the potential for systemic kinds of risk. I do not want to overplay the idea that the viability of our banking system might now be called into question. But those people who are most deeply worried about the economy raise some of these questions about our financial system, such as whether major banks are solvent? And, does the federal government have the ability to provide FDIC insurance coverage ongoing? Although we haven't seen evidence of a systemic spread in those difficulties, there is the worry that it will happen. It might take the form of significantly reduced credit to consumers and businesses that in turn would certainly hamper consumer spending and business spending. Lenders' standards are rising, and for good borrowers, businesses and consumers alike, that will be a favorable environment. Credit will still be available, although banks and other lending institutions will be more selective in their lending. I think that's not necessarily a bad thing.

I don't know whether to say that we've seen the worst of the credit market problems. We have seen that difficulty worsen in the last several weeks. I don't know when the turn around there may come. The longer the credit market problems linger the more likely it is that the current economic slowdown will be extended and possibly be more severe. It's our belief that we'll see some bottoming in those financials and lenders' businesses — so that they will no longer be an increasing risk to the economy.

What does all this mean for the Large-Cap Core Equity portfolio?

I think that the stocks in the portfolio are overly discounted by concerns regarding what the future may be like. The portfolio is tied, in large degree, to consumer and/or business activity and spending. Any break in the psychology that says that conditions for businesses and for consumers will only worsen will certainly be welcomed. A break from that psychology will be reflected in improved business prospects and stock prices for many of our portfolio companies. Investors will begin to believe that the future will be brighter than the present, driven by their belief that there will be some relief ahead in the difficulties with oil and with the credit markets.

We believe that the economy is likely to be in better shape in the not-too-distant future — six months to a year from now. And as we have hints that those changes are coming, improved investor confidence will be expressed in higher equity prices, especially for some of the Sectors of the S&P 500 that we have emphasized in clients' portfolios. The Large-Cap Core Equity portfolio is made up of extremely high quality companies. Once psychology changes, we believe investors will go to the portfolio companies first and embrace them most deeply.

Robert L. Pharr, Chief Investment Officer

Edmund N. Durden, Investment Analyst

William L. Bachrodt, Investment Analyst

July 15, 2008

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** 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 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.

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 investment decisions since creation of this 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 ideal 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 largecap 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 GIPS standards 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 to March 31, 2008 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through March 31, 2008. A copy of the verification report is available upon request.

Revised June, 2008