

U.S. LARGE-CAP CORE EQUITY

DATA AS OF MARCH 31, 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	Russell
	Gross*	Net*	500	1000
March	0.40%	0.39%	-0.43%	-0.68%
Qtr-to-Date	-7.98%	-8.13%	-9.44%	-9.48%
Year-to-Date	-7.98%	-8.13%	-9.44%	-9.48%
1 Year	-0.76%	-1.34%	-5.08%	-5.40%
3 Year	8.02%	7.41%	5.85%	6.19%
5 Year	17.10%	16.50%	11.32%	11.86%
7 Year	9.24%	8.67%	3.70%	4.20%
10 Year	11.24%	10.67%	3.50%	3.83%
Inception	15.64%	15.04%	8.24%	8.40%

*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%	10.6%
Consumer Staples	0.0%	9.3%
Energy	0.0%	10.0%
Financials	0.0%	22.3%
Healthcare	0.0%	12.0%
Industrials	20.0%	10.8%
Information Technology	35.0%	15.1%
Materials	0.0%	3.0%
Telecommunications Services	10.0%	3.5%
Utilities	0.0%	3.4%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap (\$ billions)	\$75.7	\$25.5
Price to Earnings: Trailing Reported	18.6x	22.5x
1-Year Projected Earnings Growth	17.5%	17.2%
Price to Book	4.7x	2.9x
Dividend Yield	1.3%	2.1%

Source: Reuters, standardandpoors.com

ECONOMIC AND MARKET REVIEW

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

What is your outlook on the U.S. economy?

The economy has obviously slowed, and the reasons are myriad -- higher energy and commodity prices, weakness in residential housing, and credit market difficulties which began with subprime mortgages and have spread to other esoteric securities. These areas of weakness are well known, and are certainly serious. But what is not the case yet is that they have led to pervasive weakness across the economy.

And there's good reason to believe these areas of weakness will not lead to negative growth across the economy as a whole. There are multiple areas of strength within the U.S. economy. Farmers, for example, have probably never made as much money. Manufacturers and service providers that export their products have never had a stronger period as weakness in the dollar has made their goods and services a bargain throughout the world. Exports have been a substantial contributor to U.S. economic growth, adding .80 percentage point of growth to GDP in 2007 and, thanks to the growth prospects for overseas economies, should remain so for some time to come. So, we feel the economic picture is mixed with areas of strength offsetting some of the well publicized areas of weakness.

To those economists that say we have already passed the inflection point to recession, our reply is that it's simply not yet born out in the facts and data. It may be eventually, but the answer to that question -- recession or not -- is not yet clear. My view is that we'll most likely skirt a recession, but all of that may be largely of academic interest only. It feels like a recession to many people, and they're certainly more vocal than those that might not be feeling the slowdown pinch.

Some investors say that economic conditions could get worse. Until they see evidence to the contrary, they are going to sit on the sidelines. What's your response to this?

I don't think that waiting for confirmation of a trough or bottom in the economy is the best strategy for investors. The market is a forward-looking, discounting mechanism. Investors who stay out of the market until they can confirm the trough in the economy are very likely to miss at least the early stages of a recovery in equity prices and may perhaps miss the majority of the move. The risk for these investors is the upward move in markets could be quick and even explosive as other investors begin to see a brighter picture for the economy in the not-to-distant future.

I would not want to rely on being nimble enough to get back into the market before that move occurs. In fact, it may be impossible to do. If your requirement is to wait for the bottom in the economy, you'll be coming back into the equity markets at substantially higher prices, well after the lows have been put in place. And that is a very risky strategy.

Instead, I would tell investors that they need to look to the six to nine month period ahead. We have compelling reasons to believe that the economic environment will improve within that timeframe. A primary reason is the easing of interest rates already enacted by Federal Reserve monetary policy changes. Despite a lag for its full impact, we will get a taste of some strong monetary medicine by late this year. The coming fiscal stimulus is another reason -- \$600 checks will be mailed to most everyone in the economy, and much of that money is likely to be spent. That too will be a strong stimulus to the economy. We know that those things are going to happen, and I would not want to underestimate just how strong that medicine might be.

What's your outlook on housing, and what are the implications of this outlook?

Housing has been a very big detractor in the economy over the last year, to the tune of .97 percentage point of GDP growth. From here though, I think that housing will be more of a neutral factor in U.S. economic growth. We are at the point now where the bulk of the negative effects from housing have already been felt. Housing will ultimately improve and begin to contribute to economic growth, but it might easily be nine months away or longer before this occurs.

While housing has detracted from economic growth, the damage to the housing market is not nearly as widespread as some believe. The worst damage has been in the starter home market where there continues to be an inventory overhang. We have seen some declines in home prices, but those declines have been relatively minor across all home price ranges and across all of the country, on the order of 2% to 3% or so according to the Office of Federal Housing Enterprise Oversight (OFHEO). The price declines have been larger in some markets and in some price ranges within those markets, as much as low double-digit percentage fall-offs. However, the rest of the housing market is in better relative shape than that. I think that the general view overstates the degree of price damage we have seen.

We're also starting to see some improvements in activity -- existing home sales, for example, improved in February for the first time in several months.

Again, I think that there's reason to believe that housing will not be the negative going forward that it has been over the last several years, and that that alone will provide some relief to consumers.

Given your outlook on the economy, what are your plans for the LCCE portfolio?

We believe we will see a turn in the economy over the next six to nine months, with the help of monetary and fiscal policies. The portfolio is heavily weighted towards cyclical businesses and so is well positioned for an improving economic and market environment. Corporate earnings growth outside of the financial sector, which was in the low double digits in the fourth quarter of 2007, should continue to be strong. We would guess that Financial Sector earnings will improve as well, simply because the number and magnitude of future write-offs is likely to decline substantially.

You have no Financials in the LCCE portfolio. Have you thought about adding some exposure to this Sector?

The news for Financials will improve in the next six to nine months. However, there has been longer-lasting damage done to financial services businesses. Whole lines of business within banks and brokerage firms, which helped drive earnings growth over the past several years, have disappeared. With difficulties in the subprime mortgage market and those of related esoteric credit products, some of these businesses lines are probably gone for good. Banks and brokerage firms will have to find some replacement for those earnings, but I do not think anyone knows how and when this will happen.

So our guess is that with Financials, although their earnings will rebound simply from having no further write-offs, their profitability will not return to what it was two years or more ago. The outlook, frankly, is not very good for strong, dynamic, and vibrant earnings coming from the Financial Sector for some time to come. In fact, it may be that Financials will not perform well on an earnings basis until after a real recession hits, instead of an interim slowdown period that we may now be experiencing. Our work suggests that a full-blown recession might fall into the 2010 to 2012 timeframe. After that the business prospects for financial companies may be such that it might time again to look to them.

Robert L. Pharr, Chief Investment Officer

Edmund N. Durden, Investment Analyst

William L. Bachrodt, Investment Analyst

April 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 \$5,000,000; 0.90% for accounts valued at \$5,000,000 to \$10,000,000; 0.75% for accounts valued at \$10,000,000 to \$25,000,000; 0.65% for accounts valued at \$25,000,000 to \$50,000,000; 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 of the WestEnd Advisors' composites is available upon request.

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 December 31, 2007 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through December 31, 2007. A copy of the verification report is available upon request.

Revised February, 2008