

U.S. LARGE-CAP CORE EQUITY

DATA AS OF NOVEMBER 30, 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

WestEnd Advisors

Two Morrocroft Centre
4064 Colony Road, Suite 130
Charlotte, NC 28211
Phone: (704) 556-9300
Toll Free: (888) 500-9025

Website: www.westendadvisors.com
Email: info@westendadvisors.com

Performance vs. Benchmark

	WestEnd Composite		S&P	Russell
	Gross	Net	500	1000
November	-5.23%	-5.23%	-4.18%	-4.26%
Qtr-to-Date	-6.22%	-6.36%	-2.66%	-2.59%
Year-to-Date	9.89%	9.28%	6.23%	6.47%
1 Year	8.68%	8.07%	7.72%	7.83%
3 Year	12.82%	12.21%	10.09%	10.62%
5 Year	16.98%	16.38%	11.63%	12.27%
7 Year	11.39%	10.82%	3.48%	3.96%
10 Year	13.76%	13.18%	6.16%	6.48%
Inception	16.94%	16.33%	9.45%	9.62%

Returns greater than one year are annualized.

Source: standardandpoors.com, russell.com

Model Sector Weightings

	WestEnd	S&P 500
Consumer Discretionary	35.0%	8.8%
Consumer Staples	0.0%	10.3%
Energy	0.0%	11.9%
Financials	0.0%	18.5%
Healthcare	0.0%	12.3%
Industrials	20.0%	11.6%
Information Technology	35.0%	16.3%
Materials	0.0%	3.3%
Telecommunications Services	10.0%	3.5%
Utilities	0.0%	3.6%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics*

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap (\$ billions)	\$80.1	\$26.1
Price to Earnings: Trailing Reported	22.3	18.9
1-Year Projected Earnings Growth	16.4%	15.6%
Price to Book	5.3	2.9
Dividend Yield	1.2%	1.8%

ECONOMIC AND MARKET REVIEW

We sat down recently with Robert L. Pharr, WestEnd Advisors' Chief Investment Officer, to hear his thoughts on topics ranging from the chances of a recession to the impact of next year's elections on the markets. Here are the highlights of that interview.

Rob, a recent Bloomberg survey said that over 70% of individuals expect a recession in 2008, and a recent ISI survey said that over 40% of CEOs expect a recession next year. What do you think?

And add to that a recent Wall Street Journal survey of Wall Street economists who believe on average that there is a 38% chance of recession next year.

For the last year and a half a pervasive theme among many forecasters has been that a recession or significant slowdown was right around the corner. As the polls you cited show, the dominant view nowadays, not only on Wall Street but also on Main Street, is the economy will soon soften significantly.

But I'd suggest to you that very few signs of that softness are actually showing up in the data. Instead, there's a presumption on the part of analysts that weakness is coming --based largely on things like softness in consumer sentiment and psychology. We'd simply say that based on the real data we have seen thus far, as opposed to the sentiment-based data, we think that the odds of recession are generally much lower than the prevailing view on Wall Street or on Main Street. Even though some analysts believe that sentiment-based data is more forward-looking, it is certainly less reliable than real data.

Can you give us an example of some of the real data to which you refer?

Despite the obvious weakness and difficulties in the credit and real estate markets, labor markets remain tight. The unemployment rate for November came in at 4.7% which is quite low by historical standards. Weekly additions to unemployment rolls, while they have ticked up slightly recently, are still in the 300,000 to 330,000 range which is far short of the 400,000 level that would signal that the job markets are shrinking. The total number of people on unemployment insurance, which we have found to be strongly correlated to an economic slowdown, is only slightly higher than it was last year. Labor markets are some of the earliest indicators to signal a future slowdown, but so far actual signs of serious weakness in the employment data are just not there.

What is your outlook on corporate earnings growth? Last quarter's corporate earnings were the weakest that we have seen in some time.

Corporate earnings last quarter were weak on the surface. According to Reuters, earnings declined

3.3% year over year in Q3, largely because of the tens of billions of dollars in write-offs by banks and finance companies. But data from our universe of stocks indicates that underlying earnings growth is stronger and more stable than the general view. Based on our more positive than consensus economic outlook, we're also cautiously optimistic about the outlook for corporate earnings in 2008 and beyond.

How about in the short term? Are you concerned about the downward revisions for corporate earnings growth in Q4 that we have seen recently?

There probably will be some weakness in Q4 earnings, especially for the Financial Sector as additional write-offs come through banks and finance companies. The good news is we think that we're reaching the tail-end of those write-offs.

While these numbers grab all the headlines, there are areas of the market with strong corporate earnings that are being overlooked. Information Technology, for example, is one of these areas where we're seeing growing strength in earnings. In fact, a Reuters' survey of analyst estimates projects that earnings for Technology companies will show 25% growth in Q4. But it's been difficult for the market to recognize that there are areas of earnings strength, like in the Technology Sector, with the very obvious weakness in the Financial Sector.

Speaking of write-downs for banks and finance companies, what's your outlook on the credit markets for 2008?

We've come through a very difficult period where problems that originated in mortgage markets then extended to other areas of the credit markets.

Difficulties in the credit markets, especially the more specialized mortgage related markets will have to work their way through the system. It will just take time for the markets to more accurately judge the underlying value of some of the securities that trade in these very complicated, esoteric markets. That simply can't happen overnight, but it will happen. These markets are now frozen in some cases, but they will see better trading activity eventually as market participants come to realize the value that exists in the underlying securities.

In the meantime, we believe the Fed has provided interim fixes by lowering the discount rate (the rate at which the Fed will loan directly to banks), injecting more liquidity into short-term lending markets through its new term auction facility program, and expanding the range of collateral that it will accept. For example, the Fed has said it is willing to take illiquid, esoteric securities as collateral for loans and to extend credit to

banks at very favorable terms. This move should help prevent interruption of the overall credit markets and allow markets time to sort out some of these difficulties on their own.

The good news is that corporate credit markets remain orderly. A recent Fed survey indicates that bank lending to businesses in the U.S. is still running smoothly and is so far not a cause for concern. While the spread in commercial and industrial loan rates over the fed funds rate increased to 237 basis points in November from 193 basis points in August, this move only brings the spread back to the 2005 levels. Even more importantly, with the decline in fed funds, the average actual cost of business borrowing has moved down to 6.87% from 7.18%. In addition, bank lending terms to good credits have shown little meaningful change.

Credit market problems will be around for a while longer. But I think that in the next six months to a year a lot of these difficulties will be worked out, and credit markets a year from now will look substantially better than they do today.

2008 is an election year, and I'm not going to ask you who you think will win. What I do want to ask you is if the Democrats or Republicans win, what's the impact on the markets?

Historically, it has not made much difference what party held the Presidency. There have been good and bad times under both Republican and Democrat administrations. Presidential policies can have some small effect on markets, but not the kind of dramatic impact that most people believe. All this being said, investors do not want to see a candidate elected on a platform which endorses more protectionist trade policies. International trade is a huge positive of the U.S. economy, as evidenced by the 2.5% contribution to GDP from exports in Q3. A President that endorses tariffs or other restrictions on international trade would have a negative impact on a variety of U.S. companies, the markets, and the economy as a whole.

*Robert L. Pharr, Chief Investment Officer
Edmund N. Durden, Investment Analyst
William L. Bachrodt, Investment Analyst*

December 17, 2007

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.

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.

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.

Unless otherwise indicated, performance results are presented *after* investment management fees as well as after brokerage or other commissions actually paid by clients in the management of their investment advisory account, but excluding any deductions for custodial fees. The current management fee schedule is described in WestEnd's Form ADV Part II.

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 large-cap segment of the U.S. equity universe.

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).

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 September 30, 2007 by Beacon Verification Services. WestEnd Advisors' *Large-Cap Core Equity Composite* has received a performance exam from composite inception through September 30, 2007. A copy of the verification report is available upon request.

Disclosure revised October, 2007