

U.S. LARGE-CAP CORE EQUITY

DATA AS OF OCTOBER 31, 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
October	-1.04%	-1.19%	1.59%	1.74%
Qtr-to-Date	-1.04%	-1.19%	1.59%	1.74%
Year-to-Date	15.96%	15.31%	10.87%	11.21%
1 Year	17.78%	17.12%	14.56%	15.03%
3 Year	16.98%	16.35%	13.16%	13.82%
5 Year	21.03%	20.41%	13.88%	14.54%
7 Year	11.29%	10.72%	2.89%	3.18%
10 Year	14.60%	14.02%	7.10%	7.40%
Inception	17.60%	16.98%	9.91%	10.09%

Returns greater than one year are annualized.

Source: standardandpoors.com, russell.com

Model Sector Weightings

	WestEnd	S&P 500
Consumer Discretionary	35.0%	9.0%
Consumer Staples	0.0%	9.5%
Energy	0.0%	11.7%
Financials	0.0%	19.3%
Healthcare	0.0%	11.7%
Industrials	20.0%	11.4%
Information Technology	35.0%	17.0%
Materials	0.0%	3.3%
Telecommunications Services	10.0%	3.6%
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)	\$87.2	\$27.3
Price to Earnings: Trailing Reported	24.9	18.6
1-Year Projected Earnings Growth	17.1%	14.3%
Price to Book	5.7	2.9
Dividend Yield	1.0%	1.8%

ECONOMIC AND MARKET REVIEW

Concerns for the economy continue to cloud investors' sentiment despite continued strength in economic and market data. Headlines are full of news that seem to indicate things have gone from bad to worse:

- The *housing correction* is now a *housing meltdown*.
- *Credit market turmoil* has now become *credit market crisis* as every few days a new bank or brokerage takes a multi-billion dollar loss.
- Oil will soon break through \$100 a barrel and is headed higher.
- The dollar is in a free fall with no bottom in sight.

Some analysts suggest that this combination of developments will inevitably lead to steep falls in GDP, corporate earnings, and personal income growth. Recession is surely just around the corner.

Our focus is as always on the data behind the headlines. Our analysis of earnings, GDP, employment and income data indicates that the economy remains surprisingly strong and will continue to perform well.

Approximately ninety percent of the companies in the S&P 500 have reported third quarter earnings. Reuters estimates that earnings growth for these companies is -0.6%, which would result in the first quarter of negative earnings growth since the economy emerged from the last recession. Investors are worried that declining earnings growth for the current quarter signals the start of a new recession.

We disagree. Companies in the Financial Sector certainly were a drag on earnings growth due to the credit market related losses and write-downs. Earnings growth for companies in the S&P 500 excluding Financials was over +3%. This growth is not as robust as it has been in recent quarters, but our research indicates that earnings growth actually went negative for a short period in the middle of the last two economic expansions only to rebound strongly following these declines. One quarter of negative earnings growth may represent only a temporary slowdown in economic growth, not the beginning of a longer term pull back.

Earnings growth for companies in WestEnd Advisors' Large-Cap Core Equity portfolio that have reported calendar third quarter results is +26.7% without extraordinary earnings (if earnings growth for Southwest Airlines and American Tower are included the number goes to +150%).

Strength in exports and their positive contribution to GDP is another important factor that has been all but overlooked by investors. Most major economies around the globe continue to experience brisk GDP growth. Forecasters expect both China and India to grow next year at around +9%. At the same time, the steadily declining value of the dollar has caused U.S. goods to become cheaper for foreigners. The combina-

tion of strong economic expansion overseas with more competitively priced U.S. products has had a positive impact on the economy and should continue to do so going forward. From 1992 (the start of the last significant deterioration in the U.S. trade deficit) through 2005, net exports reduced real GDP growth by ½ percentage point annually. In a sharp reversal over the last 7 quarters, exports have contributed an average of ½ percentage point per annum to economic growth. This swing in exports has more than offset the average drag to GDP of .83 percentage points from the weakness in residential real estate investment. This is a key point that seems to have received little notice. In fact, net exports were responsible for almost ¼ of the strong +3.9% growth of GDP last quarter.

Companies continue to hire despite the bad news, albeit at a slower pace than in 2006. Employers have added an average of +125,000 jobs each month this year through October, compared to +188,000 new jobs per month last year. We believe that one of the key reasons for the slower job creation pace in 2007 is cautiousness by employers in the face of a steady stream of bearish projections.

John Chambers, CEO of Cisco Systems, said during his conference call following their most recent earnings release that they "delayed [hiring] by almost 45 days 300 sales reps that we wouldn't have even blinked at normally." He admitted that his nervousness was due to what he was hearing on the news, not what he was seeing in his company's results as business remains strong. Given the uncertainty in the economic outlook, he said, "I think many people are going to wait until they see what the economy is" before spending again. (Note: Much has been made of Chambers' statement that Cisco saw weakness in spending by U.S. based financial services firms. Analysts cited this statement as the key reason that Cisco shares sold off after the call. We believe this was merely an excuse to sell, as US financial services make up less than 2% of Cisco's overall revenues. Even if financial services were to disappear entirely, Cisco's sales growth for next year would be over 14%.)

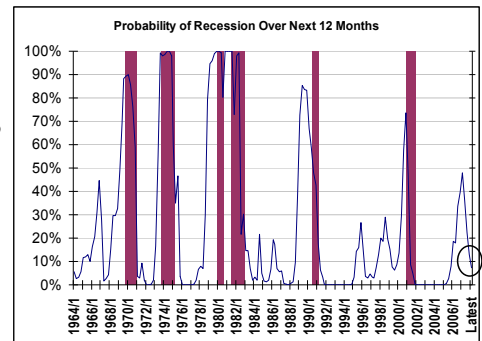
Despite their uncertainty employers continue to hire at a fast enough pace to keep unemployment at 4.7%, a level which until recently was considered below full employment. Steady job creation has also kept the number of people on unemployment rolls relatively low. This metric, which continues to remain very steady, should spike in advance of any future recession.

Wages and personal incomes also continue to grow at a solid pace. Hourly earnings of U.S. production workers through October have increased an average of +3.9% year-over-year, the same as 2006. Nominal personal incomes through September have averaged +6.5% year-over-year growth, just below last year's +6.6% rate. So although hiring has slowed somewhat, workers still

continue to command healthy pay raises.

Why then has consumer spending growth slowed (+5.4% average growth in 2007 vs. +5.9% in 2006) while consumer income growth remains steady? Consumers fear that the downturn in housing and credit markets will spread to the rest of the economy. This has made consumers cautious with their spending, just as it has caused employers to become more cautious in their hiring. The latest consumer sentiment reading from the University of Michigan shows that consumers are more pessimistic about the economy than they have been since Hurricane Katrina. But we believe the stable job market and rising incomes will give consumers enough support and confidence to prevent them from panicking. Consumers will most likely hold back on spending until they see tangible evidence that the economy is successfully handling the credit turmoil and housing inventory correction, as we expect that it will. As that evidence materializes, the normal spending patterns of U.S. consumers should resume.

We continue to see a positive economic picture when we look at the totality of the data and do not believe a recession is right around the corner. A recession prediction model from the Fed which we often use indicates there is only a 7% chance of recession in the next 12 months, its lowest reading in 2 years.



Despite these low odds, we continue to track and analyze the data vigilantly and stand prepared to make changes in our Large-Cap Core Equity portfolio as the data may dictate.

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

November 15, 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 June 30, 2007 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam for the same time period. A copy of the verification report is available upon request.