WESTEND ADVISORS

MONTHLY INVESTMENT UPDATE

U.S. LARGE-CAP CORE EQUITY

DATA AS OF JUNE 30, 2009

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
June	-0.40%	-0.40%	0.20%	0.24%
Qtr-to-Date	12.19%	12.04%	15.93%	16.50%
Year-to-Date	9.76%	9.45%	3.16%	4.32%
1 Year	-20.64%	-21.11%	-26.21%	-26.69%
3 Year	-5.01%	-5.56%	-8.22%	-8.20%
5 Year	1.88%	1.32%	-2.24%	-1.85%
7 Year	5.45%	4.89%	0.92%	1.35%
10 Year	3.45%	2.91%	-2.22%	-1.75%
Inception	11.81%	11.22%	4.84%	5.00%

**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	25.0%	9.0%
Consumer Staples	10.0%	12.0%
Energy	0.0%	12.4%
Financials	0.0%	13.6%
Health Care	15.0%	14.0%
Industrials	0.0%	9.8%
Information Technology	35.0%	18.4%
Materials	0.0%	3.2%
Telecommunications Services	15.0%	3.5%
Utilities	0.0%	4.1%
Cash	0.0%	0.0%

Source: standardandpoors.com

Portfolio Characteristics

	WestEnd	S&P 500
Number of Stock Holdings	20	500
Average Market Cap ($ billions)	$53.3	$16.1
Price to Earnings: Trailing Operating	17.5x	21.4x
Price to Book	3.6x	2.0x
Dividend Yield	1.7%	2.3%

Source: Telemet, standardandpoors.com

WestEnd Advisors claims compliance with the ***Global Investment Performance Standards (GIPS®).***

See following page for important Footnotes and Disclosures.

ECONOMIC AND MARKET REVIEW

Toxic mortgage assets and related securities held by financial institutions led many investors, creditors and clients to question the viability of these institutions last fall. These companies' access to capital rapidly dried up, and the world witnessed a remarkable series of events last September and October in which household names from the financial world including Fannie Mae, Freddie Mac, Lehman Brothers, Merrill Lynch, AIG and Wachovia ceased to operate as independent firms. Credit markets quickly froze, and equity markets around the world went into a free fall as panicked investors dumped assets in order to avoid financial risk of any type. The U.S. government's response to last fall's financial market disruptions was unprecedented in its magnitude and in its speed. Nine months after the government started to implement its multifaceted response to the financial crisis we can now begin to judge the effectiveness of these actions.

The *Troubled Asset Relief Program*, more commonly known by its acronym, *TARP*, was the centerpiece of the government's response to the financial crisis. The original purpose of the *TARP* was to have the government purchase toxic assets (sub-prime mortgages and related instruments) from financial institutions. The government abandoned its plan to purchase toxic assets directly from banks as the Treasury Department could not quickly determine a fair price to pay for these illiquid assets. Instead, the government used *TARP* funds to invest in banks through the purchase of preferred equity. These direct investments did not remove the toxic assets from bank balance sheets, but merely diluted their impact. The Treasury's move did, however, significantly reduce the risk of the failure of the financial system as the government demonstrated that it would provide support to key financial institutions. This direct government support, coupled with the results of the more recent *Supervisory Capital Assessment Program* (*Stress Tests)*, rebuilt investor confidence and helped banks to raise equity capital from private sources in recent months.

The Financial Accounting Standards Board (FASB) in April gave financial institutions more discretion in the use of *mark-to-market* accounting methods for their illiquid assets. Less stringent requirements on the use of *mark-to-market* accounting for toxic assets has allowed banks to effectively sequester toxic assets on their balance sheets, and thus become more patient holders of these assets. The modifications of *mark-to-market* accounting rules together with infusions of government and private capital have essentially achieved the government's original objective under the *TARP* program - to shift toxic assets to a well-capitalized holder that can absorb near-term changes in the value of the illiquid mortgage related assets.

Other government programs established last fall and early this year also addressed the troubled financial markets. The *Commercial Paper Funding Facility (CPFF)* was established to provide corporations access to Fed dollars on an unsecured basis to meet short-term borrowing needs. The Treasury also temporarily guaranteed existing holdings of money-market funds, and the Federal Deposit Insurance Commission (FDIC) increased the limit on federally insured bank deposits from $100,000 to $250,000 to protect banks from a flight of deposits. The Fed lowered the target range for Fed funds to an unprecedented 0% to 0.25% late last year and continues to hold rates at those levels. The Fed also directly purchased mortgage securities and Treasuries in the open market to keep interest rates low and stimulate the housing market.

As we discussed in our September 2008 *Monthly Investment Update,* the government's actions were "designed to address the key issues facing the economy: lack of confidence in banks' assets and the need to enhance liquidity in the credit markets." Investors therefore should evaluate the government programs on whether these programs restored confidence in banks' balance sheets and led to a return of functionality in the credit markets.

The commercial paper market was nearly frozen last fall, but now the market operates at levels similar to those before last fall's turmoil. The London Inter-Bank Offer Rate (LIBOR), a key rate for inter-bank lending, increased sharply last fall to 4.8%. It now stands just above 0.5%. Only companies with pristine credit or a government guarantee could access the bond market during Q4 2008. This changed in the first quarter of this year as U.S. corporate bond issuance was $495.5 billion, or five times greater than the level seen in the dysfunctional markets of the last quarter of 2008. Corporate bond issuance thus far this year also looks healthy compared to the markets of early 2008. Corporations have issued over $700 billion of bonds year-to-date through May 2009 versus $460 billion in bond issuance through the first five months of 2008.

It is important to recognize how much progress has been made since last fall. Key capital markets have returned to a functional state. Investors' chief concern is no longer the *solvency* of the financial system. Rather investor debate now focuses on the timing and the shape of the *economic recovery*. This shift in investor focus signals that the government's programs launched last fall have largely met their primary objective and minimized systematic risk. Dysfunctional credit markets were a *significant impediment* to an economic recovery, but this is no longer the case. The revival of functional credit markets does not ensure an economic turnaround, but it removes a key obstacle to an economic recovery.

Financial market conditions, however, are not the same as they were before the financial crisis. But the changes in markets may actually be positive for the economy. Markets for the esoteric financial instruments that played a critical role in the financial crisis no longer trade with regularity. And it is unlikely these markets will ever return. Fewer exotic financial products and reduced financial leverage should produce less corporate earnings volatility, AND reduce systematic risk across the financial system.

Economic data remains mixed, but we have started to see indications that a recovery may be in sight. Initial jobless claims and payroll data have improved from very weak levels this spring. Consumer sentiment, while still near historically low levels, has improved from the measure's November 2008 low. Significant declines in business inventories in the first half of 2009 should serve as a catalyst for a pick up in production in the second half of the year. Increased durable goods orders in three of the last four months also point to improved prospects for production in the second half of the year.

Multiple risks to a recovery remain, and the stock market will likely remain volatile. We expect, however, economic data to continue to improve in the months and quarters to come. We last made changes to the Large-Cap Core Equity portfolio last fall to position it for the economic environment that we foresee on the back side of this recession. We continue to believe the portfolio remains well positioned as the economy moves beyond the events of last fall and progresses towards recovery.

Robert L. Pharr, Chief Investment Officer

Edmund N. Durden, Investment Analyst

Frederick O. Porter, Investment Analyst

July 16, 2009

WestEnd Advisors is an SEC-registered investment advisor. The firm is an independent investment management firm, 100% owned by its active principals. WestEnd manages both equity and fixed-income assets for individual and institutional clients.

WestEnd Advisors' **Large-Cap Core Equity Composite** is invested solely in U.S. Equity securities and/or high-grade money market instruments. Returns are 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 are weighted using end of prior month values plus weighted cash flows. Portfolios and composites are valued daily, are denominated in U.S. dollars only, and include all discretionary tax-exempt accounts with a minimum of $1,000,000. Portfolios managed by WestEnd Advisors in any wrap-fee program are not included in the composite.

Composite performance results and the 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 the investment decisions since creation of the 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' SEC Form ADV Part II.

The S&P 500 and Russell 1000 are used for comparative purposes only. The S&P 500, our primary benchmark, is considered an appropriate proxy for the overall U.S. equity market and is comprised of 500 leading companies in major 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.

The dispersion of annual returns is measured by the standard deviation of the asset-weighted portfolio returns included in 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 the Global Investment Performance Standards (GIPS) is available upon request 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 through March 31, 2009 by Beacon Verification Services. WestEnd Advisors' **Large-Cap Core Equity Composite** has received a performance exam from composite inception through March 31, 2009. A copy of the verification report is available upon request.

Revised May 2009