Suncoast Equity Management, Inc.

October 3, 2005

Dear Client:

Listed below are Suncoast Equity Management's performance results versus the Standard & Poor's 500 Index for the period ended September 30, 2005:

Time Period (Ended 9/30/05)	**SEM % Return***	**S&P 500 % Return**	**SEM - Value of $1,000,000**	**S&P 500 - Value of $1,000,000**
Year-to-Date	-2.24%	+2.75%	$ 977,600	$ 1,027,500
One-Year	+4.57%	+12.25%	$ 1,045,700	$ 1,122,500
Three-Years	+10.07%	+16.68%	$ 1,333,800	$ 1,589,000
Five-Years	+2.55%	-1.50%	$ 1,134,300	$ 927,000
Since Inception (7 3/4 Years)	+ 8.86%	+4.64%	$ 1,931,800	$ 1,421,700

***** Composite results of all SEM managed accounts, net of all fees.
Note: Results for the three-year, five-year and since inception period represent the annual average rates of return.

Our recent performance is not pleasurable relative and on an absolute basis. We need to keep in perspective that short-term underperformance will occur often over the long-term journey of producing returns that meaningfully outperform. More about this later in this letter.

Our portfolio changes in the third quarter include the addition of **Intel Corporation** (INTC) and the sale of **Pfizer** (PFE). INTC is the world's largest maker of computer microprocessors, supplying more than 80% of the chips used in personal computers. Paul Otellini recently became the company's fifth CEO since its founding in 1968. He is the first non-engineer to take the reins having served in finance and marketing at INTC since 1974. Otellini is tweaking INTC by creating major business units that concentrate on specific market areas including mobile computing, digital home and healthcare. Prior to this new direction INTC's efforts were focused primarily on increasing the speed of products versus addressing other important needs of customers such as improved energy efficiency to help extend battery life of laptops and reduce the electricity and cooling needs for servers.

We sold PFE because the long-term economic characteristics have become less certain. Its large size may be transforming from an advantage into a disadvantage as the pressure increases to develop new blockbuster size pharmaceuticals to complement, enhance and replace some of its existing products. Strong industry headwinds pressuring pricing and a growing litigation exposure from heavy advertising and promotion are also big challenges.

Portfolio activities for the first week of the fourth quarter involve the **American Express Company** (AXP) and the exchange of our shares of **Gillette** (G) for **Procter & Gamble** (PG). Today we will receive one share of **Ameriprise Financial** (AMP) for every five

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shares we own of AXP. Management and the board of directors of AXP made an earlier decision that the personal financial advisory and mutual fund business would be better served if it were separate from the travel and credit and charge card business. Our interest is mainly in AXP, and we expect to sell our smaller holding of AMP within a short period of time.

PG acquired G so we will now be part-owners of PG. PG is delivering value by designing innovative products that meet customer needs and drive pricing power. For years companies improved their business results through strategic improvements in scale, processes and efficiency, with well designed programs such as Six Sigma (led by GE). Going forward, with lean operations in place, growth is better addressed by creating new designs for products, services and experiences that consumers will crave. Two leading examples include (1) the migration of a regular cup of coffee for $.50 to the Starbucks experience for $5 and (2) the traditional circus to the sensory overload of Cirque Du Soleil. At PG one recent example includes transforming floor cleaning from the old cotton mop to an electrostatic dry mop. Another new success out of the PG lab is the Mr. Clean auto washing kit that provides a rinse free experience at home incorporating replaceable cartridges (think razor blades). PG is a well managed company and is often cited as the benchmark for growth into the next decade.

As we have often mentioned, one of the key factors in producing our satisfying results since inception is our study and practice of the principles of Benjamin Graham and his student Warren Buffett. Perhaps motivated by his own good investment results, Buffett conducted a study of Graham's other students in the fall of 1984 and presented a speech and paper entitled *"Superinvestors of Graham-and-Doddsville."* In it he displayed the terrific investment results of several "students" and made a strong case that Graham's principles were critical and timeless. What we observed by studying the individual records is nearly all of those investors underperformed the standard equity benchmarks many times, while handily outperforming cumulatively at the end of a 15+ year period. One of those records, the **Sequoia Fund**, hangs in our office as a stark reminder as it has meaningfully "underperformed" one-third of the time during its 35 year run of great results (see the enclosed record).

Graham's principles lead the way at **SEM** and that will never change. We are only in our eighth year as we strive towards a 35+ year journey. Our portfolio will encounter many annual time periods in which it underperforms and is out of step with "market forces". What will help all of us is the simple passage of time. As always, our focus will be on our companies' abilities to wisely generate abundant free cash flows and provide a strong foundation for future growth and shareholder returns. Thank you for your continued confidence.

Sincerely,

Donald R. Jowdy
President