Suncoast Equity Management, Inc.

July 2, 2007

Dear Client:

Listed below are **Suncoast Equity Management's** (SEM) performance results versus the Standard & Poors 500 Index for the first six months ended June 30, 2007:

Time Period (Ended 6/30/07)	SEM % Return*	S&P 500 % Return	SEM - Value of $1,000,000	S&P 500 - Value of $1,000,000
First Six Months 2007	+4.53%	+6.99%	$ 1,045,300	$ 1,069,900
One-Year	+15.27%	+20.56%	$ 1,152,700	$ 1,205,600
Five-Years	+7.90%	+10.70%	$ 1,462,800	$ 1,662,800
Seven- Years	+3.91%	+2.15%	$ 1,308,200	$ 1,160,400
Since Inception (9 1/2 years)	+8.77%	+6.36%	$ 2,223,400	$ 1,797,100

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

With the stock market indices still being led by the energy (+16.3% year-to-date) and material sectors (+15.5%, metals, chemicals and steel), our portfolio of high quality companies continues to be cast as a second-class citizen. This situation shouldn't last much longer.

Our relative performance should improve for two primary reasons. First, as our companies continue to grow their earnings in a consistent and steady pace, the lagging stock prices will catch-up. Second, as the cyclical growth in earnings for energy and materials begins to slow and as SEM's earnings growth is set to outperform that of the S&P 500 in 2007, our relative under performance should reverse.

5550 W. Executive Drive, Suite 320, Tampa, Florida 33609 * Tel: 813-963-0502 * www.SuncoastEquity.com

Intrinsic Value Marches Upward, Stock Prices Lag

Throughout our portfolio history, annual earnings increases for the SEM portfolio have consistently been in the low to mid double digits. The most recent four years have been no exception:

SEM Portfolio Earnings Increase by Year

Year	SEM Earnings Growth
2003	14.2%
2004	13.6%
2005	13.3%
2006	12.5%
Total Earnings Growth	65.4%
2007 Estimated	13.2%

Over time the value of our portfolio should follow the earnings growth trend. During 2003-2006, as earnings advanced 65% the portfolio increased only 45%. We expect the gap to narrow and for the lag in appreciation to catch-up.

In 2007, our portfolio should report earnings growth in the neighborhood of +13%. This compares very favorably to the latest earnings growth estimate for the S&P 500 of +5.7%. This turnabout, which involves the slowdown in earnings growth for the energy and materials sectors, should set the stage for improved relative results for SEM.

Increased Value Delivered During Relative Stock Market Under performance

During the last few years of SEM's under performance in appreciation relative to the indexes, it is important for you to know that the companies you own are delivering value and that we expect that to continue. Besides earnings growth, the tables below highlights two primary methods, dividend increases and share buybacks, of delivering and returning value to shareholders. These powerful increases occurred for our companies from 2003-2006.

	Dividend Increase		Dividend Increase
Harley-Davidson	320%	Illinois Tool Works	79%
Nike	164%	Microsoft	67%
Becton Dickinson	145%	Medtronic	63%
American Express	100%	Grainger	57%
Emerson Electric	100%	Colgate	56%
Wal-Mart Stores	95%	General Electric	47%
ADP	92%	PepsiCo	45%
Nokia	86%	Procter & Gamble	43%
UPS	83%	3M	39%

On the share repurchase front during the last three years:

	Net Shares Reduction		Net Share Reduction
Lab Corp.	18%	Medtronic	6%
Harley-Davidson	17%	UPS	6%
Nokia	15%	ADP	5%
Procter & Gamble	13%	Wal-Mart	4%
Illinois Tool Works	12%	Colgate	4%
Grainger	8%	PepsiCo	4%
American Express	7%	General Electric	4%
Microsoft	7%		

Earnings Growth Continues In Spite Of A Slower U.S. Economy

How does the SEM portfolio maintain double digit earnings growth in a slowing U.S. economic landscape? While nations have borders, our companies do not. What gets lost in the daily headlines is the gap between economic performance of nations and that of companies. As the U.S. economy experiences a slowdown, our companies still prosper from growth in overseas business activity. Indeed, the headlines in the U.S. shouldn't sound any alarms that China is a hindrance to the growth of U.S. based business; but rather a great benefit as the citizens of that nation steadily increase their consumption of all types of products and services.

GE should no longer be thought of as a U.S. company; it can set reasonable goals to grow organically at 2-3 times U.S. GDP, as it aggressively pursues business opportunities in markets where GDP growth is stronger and where return on capital is higher.

For those holdings with a high percentage of their revenues from outside the U.S., they are already accruing the benefits of faster growth outside our borders. Others are just scratching the surface, such as Harley and UPS, and we expect international growth to have a meaningful impact during the next ten years and beyond.

	% of Revs. Outside U.S.		% of Revs Outside U.S.
General Electric	87%	Microsoft	33%
Nokia	84%	Medtronic	33%
Colgate	65%	American Express	32%
Nike	62%	Wal-Mart Stores	22%
3M	61%	Harley-Davidson	20%
Procter & Gamble	53%	UPS	19%
Becton Dickinson	52%	ADP	18%
Illinois Tool Works	50%	Grainger	12%
Emerson Electric	47%	Patterson	10%
PepsiCo	37%	Lab Corp.	nil

Although our portfolio is still the proverbial wallflower at the dance, the outlook is strong, our investments are less volatile and lower risk and will continue to accomplish the goal of long-term wealth preservation and growth. We are thankful for your continued confidence and patience.

Sincerely,

Donald R. Jowdy
President