Suncoast Equity Management, Inc.

April 6, 1998

Dear Client,

The stock market has gotten off to a fast start this year, producing what is an average year's worth of returns in just the first three months. In the first quarter of 1998, the Suncoast Equity composite of all managed accounts produced a return of 11.03%. This is compared to 13.94% for the S&P 500, 11.39% for the Dow Jones Industrial Average (DJIA) and 12.38% for the Lipper Growth Fund Index. The S&P 500 and DJIA are two generally accepted stock market indexes. The Lipper Growth Fund Index is based on the 50 largest mutual funds within the growth fund objective.

SEM client accounts earned a very good return in the first quarter; however, our relative results were not as strong as I would have liked. Our objective is to earn rates of returns above these benchmarks over the long run. I am confident that we will accomplish this objective over time because it is the higher quality companies in our portfolio that will, in aggregate, outperform the mix of good, average and not so good companies contained in the S&P 500 index and similar benchmarks.

Our relative performance in the first quarter had to do, in large measure, with a higher than normal cash position, approximately 15%, in our portfolios from early March through the end of quarter. We sold two companies in early March and didn't immediately replace them.

We sold Compaq Computer (CPQ) and Computer Associates (CA), after owning both successfully for many years. The sale of these two companies is a result of our very strict adherence to the investment discipline presented in our brochure. In the case of CPQ, its Business Outlook & Opportunity became unfavorable. CPQ announced in the first week of March that because of "inventory problems" they would show no profit at all in the first quarter of 1998, versus an expectation for a profit of more than $500 million.

At CA, both its Financial Performance & Strength and Business Track Record became clouded. CA announced a hostile attempt to buy a much larger company, Computer Sciences Corporation (CSC). If CA acquired CSC it would have incurred a substantial amount of debt on its balance sheet. CA also would have owned a business that it has no track record or experience operating. CA is in the software product business and they have had great success growing internally and acquiring poorly managed software product companies at a cheap price. CA would then reenergize the software product sales of those not so well run companies. CSC, which has been doing very well on its own and priced accordingly in the stock market, provides computer and information systems and servicing, a different business.

For sure, the computer software, hardware and service industries are undergoing continuous dynamic change. CPQ and CA (which subsequently withdrew its bid for CSC) have been, and may still continue to be in the future, world-class companies. However, in both situations, the risks were increasing, and they were risks that neither Suncoast Equity nor its clients needed to incur.

This was a very active quarter to say the least. And staying within the discipline will keep us on course towards our long run objective of earning above average returns, while at the same time working hard to incur less risk. I look forward to what is likely to be an interesting year ahead.

Sincerely,

*Don Jowdy*

President