



Suncoast Equity Management, Inc.

July 6, 1998

Dear Client,

Listed below are the performance results for the most recent quarter and year-to-date (through June 30th) for Suncoast Equity Management (SEM) and our benchmarks, the Standard and Poor's 500 and Lipper Growth Fund Average:

<u>Through 6/30/98</u>	<u>SEM*</u>	<u>S&amp;P 500</u>	<u>Lipper Growth Fund Average</u>
Second Quarter	7.38%	3.24%	1.84%
Year-to-date	18.93%	17.63%	14.91%

\* Composite results of all managed accounts, net of fees.

Though final statistics will not be released until the end of this month, SEM's results should place us within the top 25%, if not higher, of private investment manager and mutual fund performance for the year-to-date.

We know from history that the approximate annualized rate of return of the S&P 500 is a commendable 11% over the long run. We also know that most money managers have not done as well as the S&P 500. The Wall Street Journal reported today:

*"Long term, the S&P 500 index has still vastly outstripped active managers: The index is up 18.56% over 10 years through June 30, against 15.87% for the U.S. stock funds on average."*

Therefore, investment managers who can produce annualized rates of return in excess of the S&P 500 are doing an excellent job. Our objective over time is to produce rates of return above the market averages and most other money managers, as we have done so far this year. Reducing risk is an equally important objective.

As discussed in my June letter, it is as important as ever that we remain focused on **Suncoast Equity Management-Disciplined Investment System (SEM-DIS)**. The key advantages we have over most other stock market participants, professionals and individuals alike, are:

1. We invest in businesses, not stocks - We are a part-owner in the business,

not just some piece of paper.

2. Our "Don't lose" mindset - We focus on reducing the opportunity of or chance for permanent loss of capital.
3. Our approach to the stock market - We ignore the daily activity and volatility of the market. We don't try to "time" or outsmart the market.

If you have interest in discussing the details of the **SEM-DIS** please call me, or log-on to our recently released web site at <http://www.SuncoastEquity.com>, and send us a note from the "Request for Information" page.

Have a great summer!

Sincerely,

*Don Jowdy*

President