



Suncoast Equity Management, Inc.

July 5, 2000

Dear Client,

The SEM Disciplined Investment System (SEM-DIS) produced excellent results in the first half of year 2000. Listed below are our results year-to-date and since inception versus some comparable benchmarks:

<u>Through June 30th, 2000</u>	<u>Domestic Stock</u>			
	<u>SEM*</u>	<u>S&P 500</u>	<u>DJIA</u>	<u>Fund Average(1)</u>
Year-to-date (6 months)	+ 8.22%	- 0.47%	27.20%	27.48%
Since Inception (Jan. 1, 1998)**	23.66%	+19.12%	22.58%	21.04%

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

** Compounded Annual Growth Rates

(1) Source: Morningstar Mutual Funds

Central Newspapers (ECP), one of our core portfolio holdings, drove our first-half results. ECP's stock price performance, responsible for approximately 1/2 of our year to date return, reflects the rewards from one of our most important criteria in the SEM-DIS (Disciplined Investment System) methodology: *Management that behaves like Owners.*

In early June, ECP announced that it was in preliminary discussions regarding a possible sale or business combination. Just before the end of the June, Gannett Newspapers (owner of USA Today and many other assets) announced that it will purchase ECP for cash and that they hope to close the transaction by the end of the third quarter.

ECP, which we have held for over 2 1/2 years, owns the Indianapolis, Indiana and Phoenix, Arizona newspapers, among other media assets. Since the first purchase of ECP shares and to this day, ECP met all of our basic criteria of a good business, among them financial strength including (1) above average return on capital, (2) generous earner of free cash flow and (3) moderate to low debt.

Newspapers are not among some of the fastest growing businesses that exist today; nonetheless, we had a special fondness for ECP's management and its recent operating history. That is why we became part-owners in the company. ECP's top management consists of Louis "Chip" Weil, President and Chief Executive Officer and his right hand man Tom MacGillivray, Chief Financial Officer. In January of 1996,

these two savvy executives took over for mostly the Pulliam family , who has a very long history with the newspapers.

I have had many conversations with management and also visited Tom MacGillivray in Phoenix in March of this year. It always had been clear to me that with each strategic business decision they made, this very skilled management team had the best interest of its shareowners in mind; even though the stock market for the 2 1/2 years we patiently waited didn't recognize it.

Many times, managements that are fortunate enough to be associated with a business that generates excess free cash flow (or profits beyond what the business needs or has the opportunity to intelligently reinvest) would rather protect their lofty positions by finding new projects to spend it on. ECP's management, as this announcement indicates, was determined to make the best strategic decision for the business and stakeholders, be it value for shareholders, customers (readers and advertisers) and employees.

Good management is vital and the difference between good and mediocre management (and consequently the creation and destruction of wealth) is like night and day. Consider another example, General Electric (which we own) and Westinghouse during late 1980's to early 1990's. As both companies grew into very large enterprises bureaucracies can develop. General Electric puts this guy Jack Welch at the helm and he builds incredible shareholder value to this day by managing, motivating and creating decentralized business units with great business strategies and execution; meanwhile, Westinghouse got very dysfunctional under its management and wasted billions of dollars on loans to real estate developers building hotels. Top management, if my recollection is correct, had little experience with this type of investment, but had cash burning a hole in their pocket.

Early in the year we increased our position in ECP because we felt the business was selling at a significant discount to its intrinsic value. As a result of the recent announcement, we sold 1/2 of our position and we may sell the remainder soon or wait as news develops.

We continue to work hard to identify new businesses to own that are priced at reasonable levels. We expect that volatility will remain great and as result will keep our focus on the longer term.

Michael Dell of Dell Computer (one of core holdings) interestingly wrote in this year's annual report: *"The [Internet's] implications for business are massive. Soon there will be no real difference between Internet-based companies-"E" companies-and traditonal businesses. The distinction will be between winners and losers."*

We could not have said it better and we believe we have a collection of long-term winners. I look forward to speaking with you soon. Please call with your concerns anytime.

Sincerely,

Don Jowdy

President