Suncoast Equity Management, Inc.

January 5, 2000

Dear Client,

The SEM Disciplined Investment System (SEM-DIS) served us well in 1999 despite a year of great volatility. Listed below are our results for the year and since inception versus some comparable benchmarks:

Through 12/31/99	SEM*	S&P 500	DJIA	Domestic Stock Fund Average(1)
One Year (1999)	24.57%	21.03%	27.20%	27.48%
Since Inception (Jan. 1, 1998)**	25.35%	24.74%	22.58%	21.04%

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

** Compounded Annual Growth Rates

(1) Source: Morningstar Mutual Funds

The returns for both SEM clients and the market in general were well above the long term averages of 11%.

In 1999 we had the best of both worlds - excellent returns and little or no realized gains. Portfolio sales that no longer met our stringent SEM-DIS criteria accounted for most of the realized losses. This tax benefit in 1999 is the result of our long-term thinking and low turnover. Our account activity (purchases and sales) in 1999 resulted in a portfolio turnover rate of 27%. Portfolio turnover is calculated by dividing the larger of total purchases or total sales into the average portfolio value for the year. Our turnover rate is considerably less than the average rate of about 100% for professional money and mutual fund managers. To better understand this ratio, 100% turnover essentially implies that your portfolio at December 31, 1999 has none of the same stocks you started with at the beginning of 1999. An investment manager with this level of turnover does not engage in true long term investing, in our opinion.

Though we benefited in 1999, we may realize some gains in 2000. Spending practically all of our waking hours studying businesses and their relative valuations, it is clear to us that stock market participants are very enthusiastic about technology and its effect on the world in which we live. One basic measure of relative value is Price-to-Earnings (P/E) ratio. In essence, the higher the ratio awarded by investors, the greater the belief that a particular company will earn great profits in the future. Listed below are the P/E ratios for three common indexes and the respective earnings yields (one divided by the price to earnings ratio):

	Value Line	**S&P 500**	**Nasdaq 100**
P/E	15	30+	85+
Earnings Yield	6.7%	3.3%	1.2%

The Value Line ratio represents all 1700+ stocks in their universe. The S&P 500 and Nasdaq 100 represent the top 500 and 100 companies respectively with the Nasdaq's concentration in technology stocks. Coincidentally, our mix of businesses in the SEM portfolio mirror these groups. That is to say that we have some businesses that are very popular at the moment and some that are not so popular.

This dramatic divergence among these three indexes is unlike anything historically that I can recall. We believe that technology is transforming our lives and that we may be in the early stages of this experience. However, at current valuations, investors assume that every technology company participating will generate large profits in the future and that there will be no accidents along the way. While some companies are already successful, many others are still unproven.

We expect significant stock market volatility and we will proceed cautiously as the new year progresses. Another consideration are the examples of industries that transformed society but never earned a good return for their owners. The airline industry comes quickly to mind. We will pay close attention to the progress of these new companies and the impact on existing businesses such as retailing, financial services and media (Radio, TV and News) etc.

We are confident that the SEM-DIS will provide satisfactory results on a relative basis over the next decade even if the road is a bit bumpy and not as smooth as we would like.

Our discipline will remain steadfast. We will invest in companies that have had outstanding business histories which include growth in excess cash flow, above average returns on capital, and low levels of debt. We are working very hard managing our existing holdings and uncovering new investment opportunities with bright futures.

I look forward to talking with you soon. Happy New Year and please call anytime.

Sincerely,

Don Jowdy

President