Suncoast Equity Management, Inc.

January 4, 2005

Dear Client,

Listed below are **Suncoast Equity Management's (SEM)** performance results versus the Standard & Poor's 500 Index for the period ended December 31, 2004:

Time Period (Ended 12/31/04)	SEM % Return*	S&P 500 % Return	SEM - Value of $1,000,000	S&P 500 - Value of $1,000,000
One-Year (2004)	+12.52%	+10.92%	$ 1,125,200	$ 1,109,200
Three-Years	+ 6.37%	+ 3.56%	$ 1,203,300	$ 1,110,600
Five-Years	+ 4.77%	- 2.33%	$ 1,261,800	$ 888,800
Seven-Years (Since Inception)	+10.24%	+ 4.75%	$ 1,976,000	$ 1,383,100

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

Note: Results for the three, five and seven year periods represent the annual average rates of return.

SEM posted a solid return in 2004 on an absolute basis and finished slightly short of our goal to outperform the S&P 500 by 2% to 3 % after all fees. We set this particular goal to outperform the S&P because it is (1) meaningful from a compounding and total return standpoint when viewed at the end of 5, 10 and 15 year plus time frames and (2) it should place our results in the top 25% of all money managers in the U.S. again, when measured in the long-term. Our new ranking will not be available until early to mid February, though you can see the relative total return performance versus the S&P 500 in the above table.

We sold our small position in **Coca-Cola** (KO) for the reasons we discussed in the October client letter. KO CEO Neville Isdell shared with us the formidable road ahead and the necessary tasks to repair its internal operating culture. The proceeds from the KO sale were reinvested in **Gillette** (G). G has had new management, led by CEO James Kilts, for about three years and it has steadily improved profitability and growth. Improvements have come from increased trade up in razor blades in foreign markets, especially in Europe and Asia, and reasonably better returns from its Duracell business. The sale of KO and the purchase of G highlight the **Suncoast Equity Management - Disciplined Investment System's** (SEM-DIS) preference for companies that are growing and are without meaningful disruptions or turnaround situations.

Interestingly, a meaningful part of our above average investment performance over the long-term comes from the avoidance of financially weak and average businesses. The SEM-DIS is a decision making process that blends quantitative and qualitative factors to identify above average businesses. On the quantitative side, all of our portfolio holdings share similarly high quality characteristics such as (1) above average return on capital, (2) strong balance-sheet strength and (3) free cash flow accumulation.

This compares favorably to the S&P 500 index of companies whose make-up consists of a mix of below average, average and above-average companies.

Ultimately, the SEM-DIS in a qualitative way needs to assess if the quantitative results have a high probability of continuing. Qualitative analysis involves gauging the strength of the company's franchise, products/services, advantages/disadvantages of scale, competitive position and many other factors especially management's capital allocation ability and track record.

Qualitative analysis of business activity and developments is an ongoing process for both our portfolio holdings and for the study of businesses we don't currently own. It is important to understand that the nature of business is such that although some activity is predictable, other developments come unexpectedly and require intelligent deliberation at that time. One example of each is **Symantec** (SYMC), a portfolio holding we sold this year, and **Pfizer** (PFE). In the case of SYMC our business insight early in the year, and consequently an important factor in our sell decision, was that the company must purchase other companies to remain competitive. In December, SYMC entered into an agreement to purchase **Veritas** and it is expected to issue almost double the current number of shares outstanding to accomplish the task. Acquisitions just to remain competitive and at that magnitude can have large uncertainty and be great trouble. SYMC's stock price is still slightly ahead of our average sale price this year; however, our redeployment of the sale proceeds into **Sherwin-Williams** has proved more rewarding.

Pfizer announced in late December that for the first time a lone cancer study linked high doses of the company's Celebrex pharmaceutical to increased cardiac risk. This is an example of a business development that came about at once with no opportunity for early insight. Celebrex accounts for about 10% of PFE's business. Without going into great detail (call anytime to discuss it further), it is a business development that requires careful analysis, following initial company announcements and subsequent media circus, to better understand the significance. The fact that the test revealed a cardiac risk in doses that are not commonly prescribed or approved led us to wait for additional information. We expect more study information in February, and we will also be watching if physicians and patient perceptions change regardless of the safety data. Although we believe that in sufficient doses nearly any drug, even Vitamin C, can cause harm to some subset of patients, sometimes public perception, especially a negative one, can have a momentum all its own.

We wish you a Happy New Year! We hope 2005 is a safe and prosperous year for everyone. Our thoughts and prayers go out to those who lost family members, friends and livelihoods from the world's struggles in 2004, whether from world conflicts, tsunamis or hurricanes

Sincerely,

Don Jowdy

President