Suncoast Equity Management, Inc.

April 5, 2005

Dear Client:

Listed below are Suncoast Equity Management's performance results versus the Standard & Poor's 500 Index for the period ended March 31, 2005:

Time Period (Ended 3/31/05)	SEM % Return	S&P 500 % Return	SEM - Value of $1,000,000	S&P 500 - Value of $1,000,000
First Quarter 2005	-1.76%	-2.13%	$ 982,400	$ 978,700
One-Year	+7.29	+6.63%	$ 1,072,900	$ 1,066,300
Three-Years	+4.69	+2.73%	$ 1,147,400	$ 1,084,100
Five-Years	+3.91%	-3.18%	$ 1,211,600	$ 850,800
Since Inception (7 1/4 Years)	+ 9.58%	+4.26%	$ 1,941,200	$ 1,353,600

***** Composite results of all SEM managed accounts, net of all fees.
Note: Results for the three-year, five-year and since inception period represent the annual average rates of return.

Our portfolio changes in the first quarter include the sale of **H&R Block** (HRB) and the initial purchase and then unexpected sale of **Waters Corporation** (WAT). We initiated a position in WAT in mid February as the company met all of our investment criteria. WAT is the world's largest manufacturer and distributor of instruments that identify and analyze components of complex chemical and material substances. Areas of growth for WAT include new instruments, including one for the application of nanotechnology, and new lab informatics products. Just before the end of quarter we then sold WAT as the company unexpectedly announced slower demand in Europe and decreased momentum in India and China. We were attracted to WAT for several reasons, especially that approximately 40% of WAT's revenue consists of repeat business from consumable chemical separation columns. However, the **SEM-Disciplined Investment System** required that we sell our position, regardless of the unusual short-term nature of our ownership, because of lost business momentum and uncertainty associated with it. Our loss from WAT is 1% in performance for the quarter.

HRB is a well-run company that we sold in late February, just prior to its' busy season. When we first invested in HRB nearly three years ago, we were anticipating that HRB would be successful at broadening its financial services beyond tax preparation to its niche clientele.

HRB has had some success but progress towards this goal has stumbled, especially within the Investment Services and Mortgage Operations. The investment services unit gained client referrals from the tax business but never gained in profitability. Mortgage operations also benefited from tax client crossover and the general strength of home sales and low interest rates, yet recent competition in the pricing of mortgages has eroded margins and limited growth.HRB's efforts to improve mortgage results included a technology upgrade to lower the cost of each loan it brings to market, though cost improvements gained are not sustainable in our opinion. It has been our experience that in a marketplace that competes on pricing, efficiency gains can be copied by your competitors which can lead to more severe price-wars. The end result of heightened competition through pricing is that the spoils get passed-on to the customers at the expense of shareholders. Finally, in its most important business, tax services, HRB is spending more to thwart competition and this action is putting a lid on profit margins. Profit margin improvement is a key characteristic that we look for and HRB is clearly facing some hurdles in all segments that may be long-lasting.

We invested part of the proceeds from the sale of HRB into increasing our stake in **American Express** (AXP). AXP's business is doing very well. Two positive developments include their new ability to partner with U.S. banks to offer credit cards, following the successful conclusion of a court case against Visa/Mastercard, and the recent announcement that AXP will spin-off its investment services division to focus on the core travel and credit card business.

Inflation and your portfolio - Rising concerns of inflation lead the headlines. Inflation is an important issue in regards to our portfolio but forecasting its next move is not. Economic forecasting of any kind is notoriously difficult so we don't even try. Some of the smartest minds in investing have tried and have acknowledged their terrible record. Warren Buffett recently admitted his mistake that beginning in 1987 he was excessively fearful of inflation and mounting trade deficits yet those predictions two decades later proved way off the mark.

Inflation and interest rate levels do impact the value of our businesses so we take them very seriously. One impact of higher inflation is rising costs so we must be certain to own companies whose business structure can deal with it. Companies offering products with little or no perceived advantage over competitor's products suffer the worst fate during inflationary periods as their cost inputs rise and the company's corresponding ability to raise prices to keep pace is threatened. Companies that can innovate to create more valuable products, gain greater efficiencies in terms of economies of scale, or already have products that customers would pay a little more for, such as a **Hershey** chocolate bar, can survive and even prosper.

We will watch the relationship between inflation, the general levels of interest rates and portfolio valuation very carefully. Successful investing requires the intelligent selection of a select group of businesses whose intrinsic value will grow steadily over time and through various economic cycles. Thank you for your continued confidence.

Sincerely,
Donald Jowdy
President