Suncoast Equity Management, Inc.

October 4, 2000

Dear Client,

Listed below are Suncoast Equity Management's year-to-date and since inception performance results versus some comparable benchmarks:

Through September 30th, 2000	SEM*	S&P 500	Dow Jones Industrial Avg.
Year-to-date (9 months)	+ 8.71%	- 1.44%	- 6.36%
Since Inception (Jan. 1, 1998)**	+21.50%	+16.83%	+13.22%

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

** Compounded Annual Growth Rates

Portfolio changes were minimal during the quarter, with Symantec Corporation (SYMC) being the sole addition. SYMC develops and markets, to retail consumers and large businesses, software and services that protects computers and the information stored within them. The brand most often sold to consumers for personal computers is SYMC's Norton Anti-virus software. As computer security becomes an increasingly important issue, SYMC is making a more concentrated effort to serve large corporations; which has been a more profitable business. John Thompson is SYMC's new CEO leading this effort. He assumed this position over 1 1/2 years ago and previously managed a much larger enterprise within IBM. His corporate contacts at IBM and the good decisions he has made during his short tenure at SYMC caught my attention. We made an initial investment of 3% of the total portfolio. If SYMC continues to generate good operating results and if my insights about the business develops accordingly, I will add to our position. As the SEM discipline dictates, SYMC meets our strict criteria of a business that already earns high returns on capital, generates free cash flow and has a conservative balance sheet. (SYMC has no debt and lots of cash)

I have spoken to you in the past about both long-term investment expectations and the possibility of lower returns for the stock market in the near future (three to five years). I would like to revisit this discussion.

By most measures it appears that the U.S. economy is slowing. Two important components of economic health and business growth are the current level of interest rates and corporate earnings growth. The Federal Reserve has raised interest rates six times since June 30, 1999 in order to thwart inflation, and rising interest rates are generally negative for business. For now it seems that interest rates have leveled-off. Recently, investor attention has shifted to slowing profit growth. The S&P 500, a good representative of corporate America, grew its earnings at an average annual rate of 14.5% from 1991 to 1999, well above its long term historical rate of 9%.

Corporate profit growth is showing signs of a slow-down. Evidence of slower growth is coming from companies outside of our portfolio, as well as from companies inside our portfolio. Procter & Gamble, regarding the former, made an important announcement that growth rates of the past are unsustainable. Microsoft and Intel, SEM portfolio holdings, face new business challenges during the new decade.

Other issues also lie ahead. I believe that from time to time there are generational shifts in the types of businesses which are growing their profits and those which have slowed down. The great growth companies of 10 - 15 years ago, Kellogg Company, Coca-Cola, Procter & Gamble, Gillette and even Microsoft, face much different environments today. Another issue is the U.S. Government's involvement in business. AT&T's struggle to close the MediaOne cable acqusition and government scrutiny of everything from aluminum (Alcoa) to software (Microsoft) suppresses confidence and slows the ability of capital to find its most efficient use. Infrastructure strain and our increasing appetite for electric utility power is another issue. Did you know that Oracle Software's campus of employees consumes as much power as a small steel mill?

Having said all of that, a moderately growing economy combined with a less than giddy stock market can create wonderful opportunities for the long-term investor. The SEM-DIS gravitates towards opportunities in growth businesses, and businesses with above average growth rates, at the right price, can be very acceptable.

As we go forward there may be several generational shifts; and corresponding periods of economic recession followed by recovery and growth. Foremost during this journey is our objective to grow capital and at the same time minimize the potential for a permanent loss of capital (and your personal savings). I believe that so far this year we have met these objectives, even during a down market.

I look forward to speaking with you soon.

Sincerely,

Don Jowdy

President