



Suncoast Equity Management, Inc.

October 1, 2001

Dear Client,

UNITED WE STAND

This is an extraordinarily difficult time. All of us are deeply saddened by the terrorist acts of September 11th. The profound loss of life is beyond comprehension. It is far-reaching and has touched the lives of everyone. The repercussions of these events are also dealing a stronger blow to an already weakened economy. The immediate impact on the economy will be negative and it may prolong the eventual recovery.

We will move forward and grow stronger. History does not guarantee what the future will bring, but it offers important perspective. Our nation has recovered from many crises over the last 200 years including World War II, the Cuban missile crisis, John F. Kennedy's assassination, and the Persian Gulf War. The strength and resilience of the United States is unbreakable and I have faith in the modern world, its economy and global markets.

Suncoast Equity Management's goals are to grow your capital and do our best to protect it. Our performance results shown below versus the S&P 500 demonstrate that we have succeeded at both goals:

	SEM	S&P 500	SEM -Value	S&P 500 - Value
<u>Time Period Through 9/30/01</u>	<u>% Return*</u>	<u>% Return</u>	<u>of \$1,000,000</u>	<u>of \$1,000,000</u>
Year-to-Date	-12.52%	-20.45%	\$ 874,800	\$ 795,500
Year 2000 to 9/30/01 (21 months)	-8.79%	-27.73%	\$ 912,100	\$ 722,700
Since Inception (3.75 years)**	+10.07%	+3.18%	\$ 1,433,300	\$ 1,124,600

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

** Performance results since inception represent the annual average rates of return.

We do not spend a lot of time thinking about companies that will make practically no money. For example, we spend less than one minute yearly thinking about the airline passenger businesses, although thousands of other investors have become part owners in airline companies and they have invested billions upon billions in this business. After Washington ordered the temporary shut down of the airline businesses for a few days, management's concern for bankruptcy became front-page news. Yet the news

since the beginning at Kitty Hawk has been that the net result, even prior to September 11th, is that these companies have earned virtually no profits for their owners. A business that cannot withstand a few days, months or even a year or more facing weak conditions is never an investment consideration of Suncoast Equity Management.

As I have shared with you before, a great business boasts not only a product or service that is in demand but it also earns a great amount of profits from less than average amounts of invested capital (borrowed money + owners investment). Our new additions of Hershey Foods, Pfizer and Berkshire Hathaway fit this profile.

Hershey's brands of candy, including Reese's Peanut Butter Cups, Hershey Kisses and Jolly Rancher, are favorites of nearly everyone and I expect these will be for some time to come.

A strong business track record is but an opportunity to build the future. Pfizer is the rightful example here as it's business supports nearly \$5 billion a year in the research and development of new pharmaceuticals, which is more than any other pharmaceutical company. Pfizer's current product line includes cholesterol-lowering Lipitor, antibiotic Zithromax, and the arthritis treatment Celebrex to name just a few.

A near-term concern about the financial strength of the insurance industry provides a reasonable entry price to be part owners of Berkshire Hathaway. I believe this company to be the best disciplined company in the insurance business and of course it is led by the greatest investor of our time, Warren Buffett.

We sold Fannie Mae and Freddie Mac in the third quarter, as it seems their business risk may be increasing and better values exist elsewhere.

We will move forward together. We will never forget.

God Bless America!

Sincerely,

Don Jowdy

President