

2023 Our 42nd Anniversary Year

SANTA MONICA PARTNERS, L.P.
Founded 1982

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April 17, 2023

Dear Partner:

Partners' capital declined 4.8% in the first quarter ended March 31, 2023.

I'm beginning to feel sorry I ever started writing quarterly letters 41 years ago, 40 years of which were cataloged by Joe Raymond and published by Amazon: "Santa Monica Partners Letters to Partners 1982-2021: 40 Years of Pink Sheet Investing" [BOOK](#), a copy of which was sent to you this past January.

As you are well aware, we are extremely patient, very long-term investors and quarterly results are not what we aim to achieve. Rather, we are focused on long-term investing success. In the fullness of time, that is the important wealth building mission and goal we have always sought. But you know this. I have written it many times. Being that I think long term, I think quarterly results are short term meaningless results and I often feel I should write only an annual letter.

The old adage that in the short run the market is a voting machine is true. It registers and reflects the thousands upon thousands of personal opinions (and these days artificial intelligence created opinions) about tomorrow. It swings high and it swings low on the facts and rumors and fancies and insignificant thought or research that move people to trading action. However, in the long run it is a weighing machine.

The speed at which a business's success is recognized, furthermore, is not that important as long as the company's intrinsic value is increasing at a satisfactory rate. In fact, delayed recognition as we have seen and experienced time and time again can be an advantage. It may give us the chance to buy more of a good thing at a bargain price. And the fact is it has many times in the past. One prime example for us over the last three decades is Balchem, cents per share to a three-digit high price.


In my October 5, 2022 letter to you, I shared a letter in which Warren Buffett told me he bought Texas Pacific Land Trust (now Corp.) (TPL) when he was 13 years old. Well, in 2004 it reached a split adjusted two-digit share price of \$10 per share, in 2014 it reached a three-digit price of \$100 per share, in 2021 it reached a four-digit share price of \$1,000 and last year, 2022, it reached over

\$2,700 a share. Long term investing seems to me to be preferable to short-term so-called investing. Furthermore, investing for long term gains means you don't share your gains with the tax collector. We have no death wish but it should not be lost on anyone that heirs receive the benefit of stepped-up tax avoiding value. Moreover, if one is so inclined one can always avoid taxes and may intelligently borrow some money against greatly appreciated assets and avoid sharing anything with the tax collector.

Recently, I listened to my friend, Murry Stahl, address an audience and take their questions concerning the economy and the markets. He spoke for over 3 hours explaining the markets and the times we are in. I thought you would find it interesting to listen to Mr. Stahl speak. I have not heard in the media or in any other form anyone with his point of view. I think you will find it an excellent and interesting and unique explanation of today's financial situation. Here is the link to listen to the talk; you don't have to listen to it all at once.. https://soundcloud.com/horizonkinetics/horizon-kinetics-roundtable-webinar-with-murray-stahl-replay-event-date-march-23-2023/s-xjA3ECZEUz4?si=e81229b3b2d74bbfaeeca55d8910fd7d&utm_source=clipboard&utm_medium=text&utm_campaign=social_sharing.

I will be happy to address any questions or thoughts that you may have.

Warmly,



Lawrence J. Goldstein