

2026 Our 45<sup>th</sup> Anniversary Year

**SANTA MONICA PARTNERS, L.P.**  
*Founded 1982*

Tel. 914.833.0875

www.smplp.com

April 1, 2026

Dear Partner:

Partners' capital rose in an extraordinary positive 10.4% fashion in the first quarter of 2026 ended March 31st.

To my way of thinking it was extraordinary in that stock prices were extremely volatile while the three major stock averages were in the red.

There is no way to know the future but I am glad to deliver the good news. I think our long term results as well as the recent period demonstrate that it is not a stock market but rather a market of stocks. Our investment results, which were negative vs. the indexes last year have significantly reversed the picture so far in the new year. Long term investing actually does work. Patience is a virtue.

We are saddened to report the passing of a long-term partner and friend. This individual was previously referenced as having conducted an analysis demonstrating the benefits of our long-standing practice of distributing low-cost, long-term holdings rather than selling securities and triggering taxable gains for all partners, which has worked really well.

Recently, we distributed Balchem shares to that partner's estate. SMP's tax basis in these shares was \$11,108 (35 cents per share) but which the estate receives a basis of \$170.44. If SMP sold the shares, each partner would have recognized a taxable gain which for some of us would have been \$170.09 per share. In effect, we achieved the economic benefit of a sale without creating a taxable event, avoiding what would have been a 48,497% taxable gain! Long term investing in SMP has substantial income tax benefits very few, if any, other investment funds can provide you!

Please do not hesitate to call me should you have any questions.

Warmly,



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