



SINTRA FUND, LTD.

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Report to Shareholders of the Sintra Fund, Ltd.

September 2019

September 27, 2019

Dear Investor,

We are pleased to provide this report for the month of September 2019. The exact monthly investment performance figures will be sent to investors later in October, once the results are calculated by International Fund Management Corp., the Fund's calculation agent.

Until or unless a resolution occurs in the form of a formal trade deal, the tariff/trade disputes will continue to hang like a dark cloud over the Asian markets. The General Agreement on Tariffs & Trade was designed to avoid such shenanigans. Regretfully, the tit-for-tat between Presidents Trump and Xi is creating both uncertainty and unneeded expenditures upon businesses and consumers. Given China's unwillingness to cede ground to Trump and its hope that the President will be usurped in next year's election, we anticipate this trade conflict persisting for some time.

Jamie Dimon echoed our concerns at month-end during the annual Bloomberg Global Business Forum, proclaiming that "a fair [deal] means reciprocal. [Trade] needs to be closer to reciprocal in a way that's good for everybody...I don't expect it to happen before the election." Despite the legitimate concerns about Trump's behavior and approach to trade negotiations, it speaks volumes that the JP Morgan Chase investing titan publicly supports the need for China to meet the U.S. halfway on this rather than digging in and fanning the flames of fearmongering domestically. To wit, a contract for subway car construction in Chicago by a Chinese controlled company is now under attack. The belief is that the subway cars could be constructed in such a manner that spy paraphernalia would be installed on them. During a recent visit to a golf course in New York, I observed the grounds crew working on a fairway sprinkler head. A golfer walked by inquiring if the repairs aimed to counteract Chinese spying by the sprinkler head!

Given this stressful geopolitical economic climate, it's no wonder that Chinese liquor company Wuliangye Yibin is up 164% year-to-date for the Fund. In general, however, the markets declined during the month. We have seemingly entered a situation that represents the inverse of a rising tide lifting all boats. Case in point, flourishing Fund-holding Anhui Kouzi Distillery slipped 13% in September despite rolling to a robust 64% gain year-to-date.

On the positive side, hydraulic cylinder manufacturer Jiangsu Hengli rose 16% in September (94% year-to-date). Import substitution due to the tariffs and increased infrastructure investment has proven to be a boon for the company. Ping An Insurance advanced this month as well, and remains perhaps our most promising and confident Chinese holding long-term. Further, Ping An's strong share re-purchase program has been instituted and the stock continues to deliver (+31% year-to-date). Wanhua Chemical manufactures MDI, an essential chemical for the production of polyurethanes, and the foam byproducts are used for insulation in both refrigerators and homes. The company trades at a price-earnings ratio of 14 and has gained 58% year-to-date.

Chinese healthcare posted mixed results for September, perhaps representing a metaphor for the health of Chinese-American relations at large. Moreover, American press coverage focuses on the number of drugs utilized domestically that are sourced from Chinese manufacturers. The aforementioned fearmongering goes both ways, however, and has painted the Chinese drugs as potentially harmful to Americans. Who are these crazies? In any event, Jinxin Fertility Group, a recent initial public offering backing the operator of private fertility hospitals and clinics, jumped 24% in September.

I will be in China next month and intend to visit with Chinese pharmaceutical firms including 3SBio, a developer and manufacturer of biopharmaceutical products. The equity advanced 6% this month and is up 27.5% year-to-date.

It is abundantly clear that the Chinese government is advancing into healthcare on numerous fronts. The government is focused upon medical reimbursement reform, hospital reform, the development of the contract research organization industry, and cosmetic beauty growth. We anticipate considerable development in each of these areas, and it will be critical for the Fund's future returns to identify correctly the prospective winners as the health sector mushrooms.

Your trust and confidence is very much appreciated.

Sincerely,

John H. Pinto