SINTRA FUND, LTD.

2100 S. Ocean Blvd., S204 – Palm Beach FL 33480 - Tel 212-644-0309-Fax 212-644-0320
e-mail: jhpinto@sintracapital.com www.sintracapital.com

Report to Shareholders of the Sintra Fund, Ltd.
December 2021

December 21, 2021

Dear Investor,

We are pleased to provide this report for the month of December 2021. This letter is being sent earlier than usual as staff is departing abroad to visit family for the holidays. The exact monthly investment performance figures will be sent to investors later in January, once the results are calculated by International Fund Management Corp., the Fund's calculation agent.

December winds the year to a close, and unfortunately we appear to be concluding 2021 much in the way it began—with rising Covid fears and simmering tensions between the U.S. and Chinese government. The upcoming holidays are supposed to usher in good tidings, festive cheer, and hopeful new beginnings, but this season is increasingly feeling like a case of bah humbug déjà vu. To wit, the surge of the Omicron variant across the globe has put downward pressure on equity markets and scuttled the plans of many a holiday party. Investors everywhere wait to see how much this uncertainty and hysteria affects the market. Hopefully this is mere turbulence before things return to clearer skies in the new year.

At the close of the 20th Party Congress this fall, the Chinese Communist Party observed that its economy is currently progressing, "on a path to higher-quality development that is more efficient, equitable, sustainable, and secure." Further, President Xi Jinping's administration patted itself on the back for waging astute diplomacy to, "increase China's influence and appeal" around the world. Nevertheless, the "appeal" of investing in China certainly waned this year for foreign equity investors, a byproduct of the government's harsh crackdowns restricting business freedom in targeted industries. These carefully crafted political maneuvers serve to strengthen the Party's grasp on Chinese engines of commerce. Regrettably, large internet platforms, tutorial education, and real estate credit availability have been squarely in Xi's crosshairs.

The emergence of the Omicron variant will reinforce existing border closures and inhibit full reopening in China and Taiwan. Several Fund holdings are well positioned to profit from renewed fears about the virus, however, and we have invested accordingly to profit in the event that Covid proliferates once more. For example, **Zhejiang Oriental Gene**'s market-leading antigen testing products enables the detection of the strain at home, and the company's share price has rallied over the course of December (+6.8%) in lockstep with the rise of Omicron fears. We anticipate the stock has considerably more runway to advance given the coming cold winter months and attendant rise in annual illness. Consequently, people are rushing to the pharmacy. Fundholding **Yixintang Pharmaceutical** has a chain of stores, many of which are flourishing in light of China's government-induced shift of drug purchasing away from the hospitals. Company management is also incentivized with share options, and the equity is up 6.1% in a down market this month.

Truking Technology continues to string together profitable months, concluding a banner 2021 (+125% year-to-date). The company tacked on an additional 3.1% in December. As mentioned in our most recent investor letter, the company supplies pharmaceutical equipment to contract research organizations and domestic drug makers. The rapid capacity expansion in this sector will benefit Truking, fueled by Xi's administration delivering a clear edict about focusing resources primarily on innovative new therapy development. Foreign brands also use the equipment, affording Truking even more potential for expanding market share.

Wuliangye Yibin (+6.3% in December) will help customers and investors alike drink down some yuletide cheer. Regrettably, this first tier liquor brand could not maintain its 2020 momentum this year, but a strong finish this month makes this year's return go down more smoothly and offers encouragement for the new year. Typically, this Fundholding enjoys a run-up early in the new calendar year in advance of the Chinese New Year holiday. Furthermore, Wuliangye Yibin recently put forth a reform plan that will permit senior management, key employees, and distributors to profit from future company growth. The belief exists that the stock did not do as well so that the affected parties could obtain their interest percentages at lower levels. Within the beverage sector, milk is strengthening the bones of investors' portfolios this year. Case in point, Fundholding **Inner Mongolia Yili** (+6.1% in December), the large dairy producer, has now incentivized management with an equity participation program and is growing with the rise of the Chinese middle/consumer class.

We've delved deep into the green energy and climate change tech portion of the portfolio in prior letters, but wanted to highlight another interesting company in this sector making waves in China. While **Nari Technology** only advanced 4.7% this month, it's increased 96% year-to-date and is the industry leader in power grid automation in China. Moreover, the firm's fortunes are swelling with the rising tide of government support favoring decreased carbon emissions within the Middle Kingdom.

We believe that the key to investment performance in China is stock selection. We are deliberately ducking out of harm's way where appropriate, hopefully to avoid landmines in sectors subject to President Xi's crackdowns. The Chinese leadership is, as the old motto dictates, shooting first and asking questions later. A clean environment, robust healthcare, and a stiff beverage to enjoy the holiday season would appear the proper prognosis for safe and prosperous investment in China at the current moment.

We send our warmest wishes for a fine holiday season to our limited partners. Your trust and confidence is greatly appreciated.

Sincerely,

John H. Pinto