



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.

February 2022

February 25, 2022

Dear Investor,

We are pleased to provide this report for the month of February 2022. The exact monthly investment performance figures will be sent to investors later in March, once the results are calculated by International Fund Management Corp., the Fund's calculation agent.

The month opened with a familiar refrain of trumpets and horns performing the Olympic theme, ushering in the 2022 Beijing Winter Games. While these biennial festivals of sport typically bring the world together, this iteration of the Olympics proved far more out of the ordinary. First and foremost, the slopes, rinks, and ice tracks were devoid of spectators for the world's greatest athletes. The absence of crowds from all corners of the globe basking in the Olympic spirit and fanfare of the event was felt each night, as only coaches and Olympic officials bore witness in person. Over the course of the final weekend of the event, I was at the U.S. watch party for Olympic friends and family of competing Olympians. These events, sponsored by the U.S. Olympic and Paralympic committees, brought everyone together in Park City, Utah to support the families and cheer on their children competing for a position on the podium. Be it first or at the tail end, we supported them all!

Secondly, and perhaps more concerningly for global markets, was the omnipresent specter of Xi Jinping's administration throughout the Games. Notably, many Western powers abstained from attending in person due to human rights protests, hoping that a two-week spotlight on Beijing would draw greater attention across the globe to China's many violations of its citizens' civil rights. While the lasting impact of these Games geopolitically remains to be seen, one wonders if the Olympiad's thunder was roundly stolen by the Russia-Ukraine conflict that boiled over at month-end. To wit, Russian aggression has made its way to Ukraine's doorstep at the time of penning this investor letter. Like many market observers, we wait with bated breath as this seminal moment sends ripple effects across the globe. Undoubtedly, a negative immediate impact will be felt in equity markets, as uncertainty and turmoil do more to derail bull markets than almost any other variable. The longer-term implications of Putin's violent and hostile takeover of Ukraine remain to be seen and are beyond the scope of our present understanding.

Refining our focus to Chinese equity markets, we observed during the Winter Games a veritable avatar for the state of affairs in the Middle Kingdom. Consider Eileen Gu, the highly decorated Olympian and U.S. citizen who grew up in California and trained in the U.S., but instead decided to compete for the Chinese flag and honor her Chinese heritage. Gu certainly has a vested interest in doing so, earning many millions in China through modeling and sponsorship efforts, but she also serves as a lightning rod for the ongoing U.S.-China dispute for global supremacy. Gu garnered 3 gold medals for China during these Games, delivering on her potential. She accrued a third of the 9 gold medals China won this

month, a new record for the country in the Winter Games. By contrast, American athletes only won 8 Golds, although the United States' total medal count nearly doubled that of China's.

The speed and acrobatic twists and turns which Gu demonstrated in her aerial victories are symbolic of the bureaucratic maneuvers that investors in China have faced. For example, a recent UBS report on China's internet regulation demonstrated that from June 2020 until September 2021, the Chinese passed the following measures to increase governmental control over cyberspace: formal cyber security review measures; stringent data security laws; critical information infrastructure legislation; government-led data handling guidance for the industrial sector; a child protection law making parents culpable for their children's actions online; rules concerning personal information privacy (or lack thereof); social media algorithm governance; and, State council guidance on platform anti-monopoly protections. At this point, rules on banning online "unfair competition" are under consideration. While the nature of "fairness" is certainly up for debate with these measures, collectively they have only strengthened Xi Jinping's administration and its stranglehold over personal, social, and business interactions on the internet. Ultimately, this barrage of legislation gives one pause when navigating for equity market success in the Middle Kingdom.

Currently, we are seeing a rebound among innovative drug development and Contract Research Organization firms in the equity markets. These CRO organizations and drug licensing firms had taken a hit at the outset of the year due to geopolitical strife between the U.S. and China, as well as pressure applied to Chinese holdings listed on American exchanges. Fear abounded that these companies would be blacklisted, and Chinese drug companies would no longer receive investment from foreign big pharma money.

Right as the calendar flipped to February and we exited the Lunar New Year celebration hiatus, a reset and recovery period for CROs dawned. Fund holdings like **TruKing Technology**, a leading domestic equipment supplier that helps fuel capacity expansion by innovative Chinese drug makers and CRO firms, have been the primary beneficiary. TruKing has advanced 17% in February, bolstered by investors feeling more confident that the drug development spigot will not be shut off as collateral damage stemming from U.S.-Sino squabbling. **China Medical System**, a leading distributor of licensed foreign drugs in China, has also advanced post-New Year's festivities. The Fundholding has increased 5.5% this month and has a promising future expanding its healthcare e-commerce business and focusing on building out its late-stage drug development and in-licensing pipeline.

A primary focus of the Chinese government throughout the pandemic has been hospital management and the pharmacy business. We have discussed this sector at length in past letters, but wanted to focus attention on a new holding in the industry. **Genertec Universal Medical**, a leading financial leasing company, is rapidly expanding its hospital management system to dovetail with Xi Jinping's plans to streamline the industry while also bringing it under more centralized control. As the hospital system grows and more of the Chinese populace ages, the need for well-managed and efficiently operated hospitals should increase.

The chemical and gas industries are also fueling the Fund in February. Fundholding **Wanhua Chemical Group**, the largest methylene diphenyl isocyanate (MDI) manufacturer in Asia, has tacked on 3.6% to

its share price in February. MDI is a product used to make urethane-based materials like polyurethane foam, an essential component for insulation and cushioning materials in the construction, appliance, packaging, and transportation industries. As the global economy recovers from the pandemic, supply chain logjams gradually thin out, and a return to a semblance of normalcy occurs, growth in the aforementioned industries will naturally follow.

Case in point, the MDI price is recovering, helping Wanhua's bottom line as the company expands its operations into upstream petrochemical products as well. Speaking of which, new fundholding **ENN Natural Gas** has advanced 2.3% this month. The regional natural gas supplier in China will also benefit from the increase in volume demanded, due in no small part to the recent injection of the Zhoushan LNG Terminal. Further, this is the first privately funded LNG terminal in China—wholly owned by ENN—which opened to third party access in 2020. Just last fall, ENN announced the terminal would be expanding capacity by 33%.

With this letter, we say farewell to Carter Boyle. He is a fine member of the Sintra team who will be heading onward into the sports arena he cherishes. Carter joined us as an intern after Duke University, where he graduated summa cum laude and phi beta kappa. After a period of time with us, Carter went on to obtain a Masters in Management degree from Duke's Fuqua School of Business. Several years thereafter, he returned to Sintra and has been of great value here since 2018. Our office attended his wonderful wedding this past summer to Lauren Wendorf, a public-school math instruction specialist, whom Carter met in Manhattan in 2016. Carter's first love is sports, however, namely being a proud Duke Blue Devil, Ohio State Buckeye, and Roger Federer devotee. He will leave us at month-end to become a Senior Account Executive at the United States Tennis Association (USTA). We wish Carter great success in his new endeavor.

Your trust and confidence is greatly appreciated.

Sincerely,

John H. Pinto