



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.

May 2023

May 26, 2023

Dear Investor,

We are pleased to provide this report for the month of May 2023. The exact monthly investment performance figures will be sent to investors later in June, once the results are calculated by International Fund Management Corp., the Fund's calculation agent.

In traveling to China today, a foreigner is required to download an app which relates to providing information as to his/her whereabouts and health. It's a surprise that the Chinese are requiring foreign travelers to make this accommodation. It's also clear that there's a new element of censorship which is pervading the middle kingdom. VPNs were always used for people to access outside material such as the Financial Times. It is becoming much more difficult to do so.

It's been publicized that the communist party is placing its own people within the boards of Chinese companies. We've had a concern that there could be undue influence by these political appointees. However, it's been clarified that the appointees are not like the monitor of the Apple corporation which the US government installed (This monitor grew his little empire within Apple and was consistently interfering with the business). The Chinese appointees are functionaries, who are not interfering with the business operations of the companies.

China is dealing with a problem of 20% youth unemployment. Many of these college graduates are engineers! As it's important to find them jobs, the government has eased up on the difficult regulatory oversight of the Internet sector as per Alibaba and Tencent, which has historically been a large employer of engineers. On the other side of the coin, Chinese overseas students are not coming to the United States. 30% of the overseas students are now going to the United Kingdom. This can't be helpful to the economics of our US colleges nor to the development of a positive attitude by Chinese youth towards America.

Electric Vehicle (EV) cars are seeing dynamic growth in China. For example, BYD now has a 20% market share. In China, almost 50% of the cars are EV. It cost \$50,000 to buy a license plate in Shanghai. A license plate allows one to drive a car within Shanghai. However, obtaining an EV license is a fraction of the cost.

Economic statistics are showing that China has sustainable growth in the second quarter rising 8%. This figure is much higher than in the past because it's based upon the low base which occurred during the Covid lockdown. The country is not suffering from high inflation. Indeed, deflation is .7%.

Domestic tourism in China is back to its pre-Covid levels. However, international travel is only 35% of the 2019 base. Much of this is because the same number of flights are not being offered. Additionally, higher jet fuel prices and catch-up pricing by the airlines have caused international flight ticket costs to make an exponential rise. For example, round-trip business class air fare from a New York area airport to Singapore used to cost \$6,000, and now the one-way fare alone is \$6,000.

At this point, the Chinese consumer is a reluctant leader in the charge ahead to rejuvenate the economy. The property sector is still in the doldrums and undergoing the turnaround process. Exports have slowed as the US and Europe face their own economic headwinds. It's only with difficulty and in limited amounts that the Chinese may send their funds out of the country. Unlike the US and Europe, where interest rates are going up, the rates are declining in China.

Considering the negativities of the Chinese property market; slowing export growth; inability to place funds outside of China; no inflation and declining interest rates within China, TINA could occur. The concept of TINA (there is no alternative) could simply spur the Chinese investor to place funds into the stock market.

The strain in Sino-US relations is well publicized. The other side of the story is that other countries are warming up to China. For example, Australia is having success in the exports of its fossil fuels and doing greater business with China. France has tried to dance around the European negativity towards China to create its own economic advances with President Xi Jinping. Pension funds in Europe are increasing their exposure. The Saudi's – profiting from the petrodollar boom – are placing greater investment into China.

In discussing how nations are getting closer to China, one cannot forget Russia. China is facing a decreased cost for energy because of the excellent pricing it's receiving from Russia. China has just obtained greater rights to the "bay of sea slugs." This is the former name of Vladivostok when it was part of the Qing Dynasty. This area, which was taken from China in the opium wars is now, with Russian permission, becoming an enhanced Chinese outpost. It would appear that China will now have the opportunity to emigrate its people into Siberia.

President Xi Jinping is pressing his countrymen to "stand on our own two feet". There's no reason why investors cannot profit from this endeavor. We may participate as the Chinese government presses initiatives to develop its own state champions.

This month, NARI Technology Co. Ltd. advanced 2.99 % and is up 10.25% year-to-date. The company is an industry leader in power grid automation and control products. It's a beneficiary of the government's policy directive to cut carbon emissions.

Tibet Rhodiola Pharmaceutical Holding Company is up 53.76% year- to-date despite slipping 6.63% in May. The company specializes in pharmaceuticals with a particular focus on traditional Tibetan medicines.

We finally saw a little bark out of Yantai China Pet Food Company Ltd. This month it advanced 5.03%.

Interesting enough, it appears that US sales have flattened while sales in China are steadily increasing. The growing Chinese middle class are bringing pets into their lives.

The US media is fixated upon the threat that China will advance to overtake Taiwan. The US is supportive of the Taiwanese military; however, there's been no discussion as to whether the Taiwanese would put up a courageous fight against a Chinese invasion. There are deep family and cultural ties between China and Taiwan. Over 2 million Taiwanese live and work in China. This is a bit less than 10% of the Taiwanese population. We must recall that one Taiwanese general said that if the soldiers' walkie-talkies broke down, they would walk off the battlefield. Americans may have the "gung-ho" attitude and believe that the Taiwanese will be just like the Ukrainians to fight for their country. However, it's not preordained that this would occur. The opinion has been espoused that it would be the Americans who would press the Taiwanese to fight for their country, and the Americans would be the ones pressing the initiative.

Leaving politics aside, Bora Pharmaceuticals Company Ltd., based in Taiwan, advanced 4.38% in May for an 83.84% return year-to-date. This manufacturer and distributor of pharmaceutical products is doing quite well. Perhaps the antipsychotic medication it makes works well within the political dynamic facing Taiwan!

Lotus Pharmaceutical Co. Ltd. also did quite well this month. It moved up 27.55%. The company is growing its international presence as its multiple myeloma drug is being marketed in Brazil and 14 European countries.

We are continuing our focus on investments, which should prove profitable for the fund. Your trust and confidence are greatly appreciated.

Sincerely,

John H. Pinto