



# **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](mailto:jhpinto@sintracapital.com) [www.sintracapital.com](http://www.sintracapital.com)

Report to Shareholders of the Sintra Fund, Ltd.

June 2023

June 29, 2023

Dear Investor,

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

The market enthusiasm, first exhibited after China ended strict Covid restrictions, has now dissipated. The belief was that, with the termination of pandemic restrictions, the Chinese economic machine would rev itself forward with domestic consumer demand leading the charge. While there was an initial market rise, quiet normalcy is now occurring. The Chinese consumer is cautious, as are consumers globally. Chinese, economics are so "quiet" that the government is reducing interest rates and considering additional measures to spur the economy.

On the Chinese economic front, we are noticing some improvement. Trade value increased by 5.8% year on year. Exports for the first part of the year expanded by 10.6%. It's impressive that the trade surplus expanded by 57%. There is discussion that government stimulus packages may be introduced in the next quarter. This could occur in both monetary policy and fiscal stimulus for infrastructure.

It would appear that Chinese President Xi Jinping's drive for Chinese global dominance is outpaced by the reality of the economy. One may dream big, but if there's no muscle behind it, the dream will fail.

During the month, the exacerbated tensions between China and the US were somewhat mollified when US Secretary of State Blinken traveled to the Middle Kingdom. Then President Biden rocked the boat by calling out the Chinese President as a "dictator". The fact is that we must focus on the economy and companies. Politics is interfering with the markets.

To start with, Midea Group Co., Ltd., which manufactures, markets, and installs household electrical appliances, compressors, and components, performed well this month. It increased 16.31%. Midea also provides worldwide services in information technology, corporate investment consultation, software and hardware development, property management and corporate engineering supports. This month, Midea was heralded as the Official Home Appliances Partner of UEFA Cup Champions Manchester City. The team secured its third English Premier League title on June 10th. We're rooting for Midea to score some major investment goals for the Fund!

As a group, the Fund had success this month with medical companies. The best performance was China Medical System Holdings Ltd. which advanced 14.73% in June. The company is a manufacturer of pharmaceutical and medical products for China. It's Diazepam nasal spray for epilepsy seizures was

approved for sale in China on June 12th. It's a proprietary formulation, which is the first such nasal treatment approved in China.

Consun Pharmaceutical Group Ltd. rose 10.23% in June and is up 30.37% year to date. The company increased its dividend on June 21st. Analysts are reporting positive earnings per share estimates of 35%. The group manufactures and sells leading Chinese medicines as well as traditional Chinese medicines.

The China Medical Equipment Conference and Medical Equipment Exhibition was recently held in Shanghai. Our Fund holding in this sector, Jiangsu Yuyue Medical Equipment & Supply Co. inched ahead 7.63% in June. The company has reduced its debt and has substantial liquidity. Insiders control 18% of the company.

Handa Pharmaceuticals Inc. is a Taiwanese company. It advanced 3.43% this month and is up 35.63% year-to-date. The Company manufactures both specialty and generic drugs. It's involved in oncology, multiple sclerosis, schizophrenia, heartburn, diabetes, and G.I.

Robert Lighthizer's new book, *No Trade Is Free*, was released on June 27th. Bob was a classmate of mine at Georgetown University. I visited with him several times at his US Trade Representative office in Washington DC. In the book, Lighthizer takes an aggressive posture versus China. He recommends that "in the economic trade sphere, the most important, single part of any prescription for the US policy toward China, is to begin a strategic decoupling of our economies." This means, "limiting US economic ties with China across high-tech and strategic sectors". In directing the Fund, we are purposefully staying away from investments in sectors which will run afoul of future US prohibitions.

Your trust and confidence are greatly appreciated.

Sincerely,

John H. Pinto