



SINTRA FUND, LTD.

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Report to Shareholders of the Sintra Fund, Ltd.

August 2023

August 31, 2023

Dear Investor,

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

There's been a great deal of press this month about the fact that the Chinese government has not pushed capital into the market to provide any upward momentum. The media has reported that Chinese President Xi Jinping spent his youth in a cave when his family was purged. Thus, Xi believes that austerity is essential in achieving the goal of common prosperity.

Economists would beg to differ from the lifelong leader, with a concern that China risks falling into a downward, spiral of weakening growth as declining business and household confidence reinforces lackluster spending on hiring and investment.

The consumer splurge in spending, which occurred earlier this year at the end of the Covid lockdown, is now suppressed. Consumer confidence is depressed, and it appears that many Chinese have returned to their frugal savings habits. Thus, over the first half of 2023, total household deposits in the Chinese banking system grew by \$1.7 trillion, the largest expansion in a decade. The demand for loans from households and businesses has declined. In China, mortgage debt is recourse. So, if a home buyer walks away, banks may go after their other assets. In this slow growth environment in China, individuals have become concerned. Households are paying down residential mortgage debt and outstanding balances fell by \$28 billion in the first half of 2023.

After a brief revival in the early months of the year, property sales are faltering again. Those in 30 big cities fell by 28% in July compared with the year before. Declines in rents and the prices of household appliances both contributed to the negative turn in consumer prices in July.

The Chinese leadership and regulators are suppressing the innovative and productive private sector. This will be beneficial to the United States as innovation from a leading competitor gets hobbled.

This year, American officials including Secretary of State Anthony Blinken; Treasury Secretary Janet Yellen and Secretary of Commerce Gina Raimondo have now visited China in an effort to clear up the muddy waters relating to sanctions on the export of chips and other perceived security sensitive equipment to China.

The Chinese have not been exactly forthcoming with economic data. Rather than providing rosy economic statistics, the government is withholding statistics. Beijing is no longer talking about youth

unemployment (running in the neighborhood, 20%) and the central bank only reduced its short-term policy rate from 2% to 1.9%.

In July, growth in retail sales slowed to 2.5% from a year earlier. Chinese exports have declined for three months in a row, and imports have dropped for five consecutive months. Indeed, it would appear that Beijing must consider bolder moves to revive flickering growth.

At this point, rather than reporting on gains in the portfolio, we see profits pruned. ENN Natural Gas Company Limited was able to eke out a 1.68% profit for a return of 16.21% year to date. The company is a leading natural gas distributor in China. Late in the month, it released disheartening results as gas sales to power plants and property companies fell as China's economy is losing steam. First-half net income rose 7.3% but this was below forecasts. However, in the first half of the year, net profit increased 30%. The company expects that 2023 core profit will grow by 15-20%.

Tibit Rhodiola Pharmaceutical Holding Co. is up 40.6% year to date. It slipped 4.63% in August. The company is involved in the production and distribution of traditional Chinese medicines, as well as the processing of pharmaceuticals. It is the first listed high tech pharmaceutical enterprise on the Tibetan plateau and is recognized as a high-tech enterprise by the Ministry of Science.

Consun Pharmaceutical Group Limited is up 25.93% year to date. It slipped to 10.53% in August. The company is primarily involved in the manufacture and sale of modern Chinese medicines within the Middle Kingdom.

JCET Group Co. Ltd. slipped 8.85% in August and is up 30.46% year - to- date. The company does outsourced semiconductor assembly and testing with integrated circuit testing and packaging. The company is profiting from the trend in technological upgrades in advanced packaging and edge computing. Its products are mainly used in the mobile communications, computing, and automotive sectors.

Shenzhen, INVT Electric Co. Ltd. declined 10.78% for the month and is up 27% year to date. It develops precision, air conditioning, electric controls, energy storage and inverters. It's involved in numerous industries including manufacturing, energy, transportation, and infrastructure.

China Resources Microelectronics Limited inched ahead 1.66% for the month 10.73% for the year. It's involved in the topic of the moment between the US and China – semiconductors. The company offers the full industrial chain of chip design, wafer manufacturing for power semiconductors, smart sensors, and intelligent control. It provides power semiconductor modules and intelligent sensors.

The current environment is one of maximum pessimism for China Equities. We are not departing this \$11 trillion-dollar China A Share market.

Your trust and confidence are greatly appreciated.

Sincerely,

John H. Pinto