



SINTRA FUND, LTD.

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Report to Shareholders of the Sintra Fund, Ltd.

June 2018

July 2, 2018

Dear Investor ,

We are pleased to provide this report for the month of June 2018. 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 vacillations of geopolitical drama jostled global markets about in the month of June, juggling investors' interests like a World Cup soccer ball between the feet of a national team player. As the world's attention focuses passionately on the sporting trials and tribulations in Russia, a reliable, strong American presence has been noticeably lacking both on the soccer pitch and global economic theater this June. Case in point, President Trump's disruptive trampoline/trade/tariff stance with regards to China beset investors with a thick fog of unease and uncertainty. During my trip to China this month, it became quite clear over the course of intense, comprehensive discussions that the ZTE incident with China's global telecom giant re-energized the Xi Jinping government to seek its own technological advances. Moreover, China remains steadfastly determined to obtain technology by developing it internally, and the centrally governed state could even utilize other more creative or nefarious methods to achieve its objectives. With each passing day, the new normal becomes more deeply ingrained: under no circumstances will China rely upon the United States. The Trump/Bolton/Navarro/Kudlow tariff challenge to China will be met head on!

In a difficult market, June proved healthy for the Fund's current exposure to Chinese healthcare equities. The aforementioned Trump tariffs will not be implemented on any drugs imported to China, a welcome relief for those invested in Chinese Pharma. While in the Middle Kingdom, I conferred with a pharmaceuticals executive from Ireland. Fascinatingly, he explained that the desire for China to improve healthcare was so paramount that no tariffs will be levied on imports of pharmaceutical drug ingredients exported to China.

Past letters have touched on the Fund's affinity for Chinese contract research organizations, which steadily delivered for the portfolio. For example, Fund-holding Hangzhou Tigermed Consulting Co Ltd (up 72.67% year to date) tests new drugs in China, and stands to benefit

from recent government efforts. To wit, the Chinese government announced that it shall provide subsidies to companies like Tigermed in order to boost the industry towards even greater growth. Further, the government is determined to lower drug costs for its health insurance scheme, which ambitiously aims to cover the entire 1.4 billion Chinese population.

This month, I attended a UBS conference on healthcare in China. A presentation at the gathering revolved around gastric cancer in China, which harrowingly arose in over 250,000 reported cases nationwide. By contrast, in the United States only 25,000 cases abound. One particularly compelling reason for the large disparity is due to the fact that the Chinese often place their chopsticks into a shared serving dish. The ensuing bacterial bacchanalia breeds a danger zone for afflicting the Chinese. Thus, upon your next visit to Asia, remember that while dining it is important to utilize one set of chopsticks for serving food and a second set for eating!

My company visit to Tibet Water Resources went particularly well, and I came away captivated by the firm's business operations and growth horizon. The Lhasa, Tibet-based company produces a signature water brand **5100**, which stands for "I want purity" in Chinese. While on the other side of the globe, we visited two factories of the company in Lhasa. Robotics and German equipment keep the operation humming efficiently and smoothly without excessive labor costs. Meanwhile, the firm entered into a joint venture with Sinopac, the gigantic oil company and gas station owner. Sinopac will distribute the water and barley beer manufactured by Tibet Water Resources in its gas stations. We found the irony of selling beer in gas stations located on the highways rather amusing!

More impressively, the Tibet official appointed by the central government in Beijing pointed out that the government wishes for the company to become a global brand. Thus the government will be sponsoring a program to introduce Tibet water **5100** to both New York City and Los Angeles in 2019. The government will also be pressing the company to expand its sales throughout China into high-quality luxury hotels. For example, **5100** water is served at the Four Seasons hotel in Beijing, and should expect to become a staple of beverage offerings at high-end Chinese hotels soon.

We anticipate that the trade/tariffs issues and NAFTA reform will continue to teeter back and forth, creating geopolitical issues and turmoil. The Trump administration frustrates allies and adversaries alike, as a constant variation in policy without much semblance of consistency keeps everyone guessing. Lacking a single spokesman or true voice, the administration instead features numerous disparate personalities contributing to a grand cacophony of opinions devoid of concrete solutions.

Most critically for the Fund's interests, the global markets will not be advancing strongly until these matters are resolved. At this time, the FANG stocks and technology securities are leading

the market. We will maintain our focus on stock picking in an effort to avoid getting caught in the cross currents of global trade drama. The attachments to this letter provide some color as to the trade issues.

Your trust and confidence is very much appreciated.

Sincerely,

John H. Pinto

Attachments