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Report to Shareholders of the Sintra Fund, Ltd.
February 2019

February 27, 2019

Dear Investor,

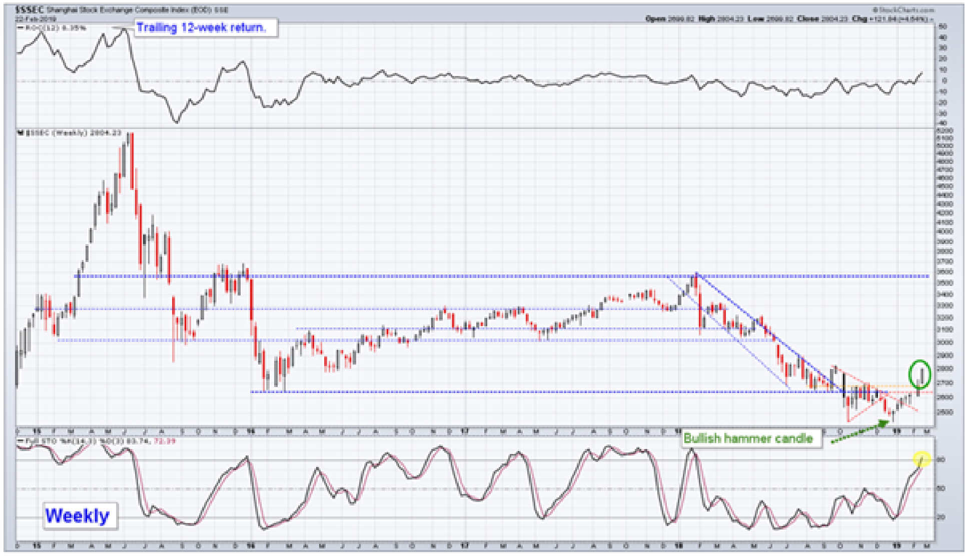
We are pleased to provide this report for the month of February 2019. The exact monthly investment performance figures will be sent to investors later in March, once the results are calculated by International Fund Management Corp., the Fund's calculation agent.

As we sit on the precipice of spring, investors await a significant sign in either direction as to how the market will fare over the course of the new year. Surprising many after the disastrous market downturn in the fourth quarter of 2018, global markets have since gradually recovered. With the release of Q4 GDP data in the United States looming, tepid real estate growth domestically, and the ongoing geopolitical drama in the U.K. and elsewhere, we believe Fed Chairman Jerome Powell's recent guidance of "No rush to judgment" speaks for us all. Powell preached patience to those champing at the bit to glean insights as to future Fed policy, an approach that applies as well to the holding pattern investors find themselves in regarding equities markets.

Rumors hinting at a possible solution to the China-Trump tariff trade dispute have continued to swirl throughout February. Negotiators for both countries have had back-to-back meetings in Beijing and Washington D.C. While this style of ping pong diplomacy persists unabated, the Chinese A share market has been increasing in value and benefitting the Fund (see below graph):

Chinese *Equities – Reflects Trade Talks End Soon with Success*

Trump judges his strength by US & Chinese stock market returns



Source: Furey Research Partners, StockCharts.com as of February 22nd, 2019

Providing guidance and rhetoric alike, the Chinese Government policy statement for 2019 is titled, **"Implementation Plan for Further Optimizing Supply, Promoting the Steady Growth of Consumption, and Developing a Strong Domestic Market."** To facilitate these objectives, the government eased credit with a 100 basis point cut to the reserve-requirement ratio. Additionally, VAT reduction cuts will commence in 2019. Income tax reductions are bundled in with these other policy measures, but the effect will be minimal as only 70 million people in China pay income tax.

The state council also put forth new fiscal policies to set the tone for China's economic landscape in the coming year(s). To wit, a new three-year effective plan gives tax benefits to micro enterprises (constituting 95% of taxpaying corporations), which will minimize their tax base and applicable rate. Not to be outdone, the National Development and Reform Commission will provide a new policy to stimulate consumption for home appliances and family cars. We believe this is one reason why Fund-holding **Midea**, a leading appliance manufacturer in China, has advanced over 28% year-to-date.

A major point of contention between the U.S. and China in the trade squabbles revolves around the requirement that foreign companies have Chinese partners. Some modification to this policy may be on the horizon when the Chinese see an effort to "play ball" with them. For example, BMW was recently permitted to have 100% ownership of its operations in China. Speculation abounds that this is a geopolitical and economic quid pro quo between the Chinese and the Germans. Case in point, China relinquishing control to BMW may likely be "payback" for Germany authorizing China's preeminent telecommunications firm, Huawei, to sell its products in Deutschland. Meanwhile, the United States is adamantly opposed to any countries utilizing Huawei's supposedly groundbreaking 5G technology after the U.S. filed charges of corporate theft and violating Iran sanctions against the company.

Despite these concerns of corporate espionage, China's expansion into 5G telecommunications remains fascinating to follow from afar. The Government has pressed all its telecommunications companies, including China Telecom and China Mobile, to advance in this space. We have gained some exposure to this promising growth area via our investment in **Yangtze Optical Fibre and Cable Joint Stock Ltd Co.** A leading fiber optic cable company, Yangtze will assist the telecoms in fulfilling cable requirements from the base stations. Evoking the same "picks and shovels" investment ethos championed by Peter Lynch—whereby savvy investors during the Gold Rush do not charge headlong westward in search of gold but instead sell picks, shovels, and sifting equipment to prospectors at the waystations along the route—we are investing in the nuts and bolts of this rapidly growing Chinese telecommunications engine.

Two Fund-holdings have prospered remarkably in the new year while providing two exceedingly different liquid-based solutions. Namely, liquor company **Wuliangye Yibin** and waterproof membrane and coating producer **Beijing Oriental Yuhong Waterproof** have flourished, up 35% and 46% respectively. Yuhong Waterproof enjoys a leading share in building construction, rail, subway, tunnel, and airports due to its expertise in engineering construction of waterproof projects. Furthermore, fast food titan **Yum China** rewarded the Fund handsomely, increasing 29% in 2019 while China's largest insurance company, **Ping An Insurance Group**, is up 20%.

We are pleased that the MSCI index is opening to further Chinese equity weighting. Currently, the Chinese weighting is only 0.7% of the emerging markets index. In June, however, it will rise to 2.8% of the index and will increase to 3.4% by September. This will certainly pour more fuel on the fire for China A shares and should be a boon for several Fund-holdings.

Your trust and confidence is most appreciated.

Sincerely,

John H. Pinto