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.
April 2019

May 1, 2019

Dear Investor,

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

Since the end of 2018, the Chinese government has been working assiduously to spur domestic consumption. Changes in fiscal policy related to tax reductions ensure that 76 million Chinese will not be required to pay taxes at all this year. Furthermore, newly amended tax deduction categories are now available for children's education, continuing education, care for parents, mortgage deductions, and medical expenses. Earlier this month, the government also trimmed the corporate VAT tax from 16% to 13% for manufacturers. Meanwhile, corporations saw their Social Security contribution amounts reduced. Such reductions will certainly assist corporate profitability in 2019 and hopefully provide an impetus for new economic growth.

One of the most surprising changes relates to the *hukou system,* which prevents free mobility of the population because official certifications must be approved for rural migration. In order to increase urbanization, the government announced that *hukou* will be completely eliminated for towns with fewer than 3 million people. Additionally, rural areas with 3 to 5 million in population will see fewer *hukou* restraints. All told, this formal shift in policy facilitates the government's aim to grow the domestic economic pie while enhancing the opportunity for rural citizens to pursue upward mobility.

To assist those migrants who will be moving to the cities, the government will provide subsidies for automobiles, home improvements, and home appliance upgrades (e.g. smart dishwashers, washing machines, air conditioning). We expect these subsidies to pave a clear path towards success for those Chinese willing to take advantage of the new policies. Thus, the Fund anticipates increasing asset allocation to appliance manufacturers such as Midea which stand to profit from these shifts in policy.

The China A share market should receive additional support this year until November. During this period, the MSCI index will provide for growing exposure by foreign investors in the allocation for China.

Suffice it to say, China has had a very strong start this year. We believe it will continue to advance due to the fiscal policy changes implemented by the government. Hopefully, Hong Kong and Taiwan will do a bit of market catch-up as well.

We are pleased to report that the China A Share segment of the portfolio has risen 35% year-to-date. After extensive trade squabbles dominated the headlines for months and kept downward pressure on Chinese equities, the year of the Boar has been anything but boorish to those with exposure in this market. Taiwan and Hong Kong, however, have lagged behind—more boar in their economic diets would be advised!

Blue chips and quality growth stocks have driven the surge in China this year. Market leaders such as **Wuliangye Yibin**, our favorite liquor brand, tacked on 101.2% year-to-date and an additional +6% in April. These strong results demonstrate that the capitalist incentives of a recently completed reform plan are working. Moreover, this new program will permit senior management, top employees, and leading distributors to own a larger percentage of the company. Not only will this afford key decision makers in the company's business structure to have more skin in the game, but also it should focus Yibin's operations even more pointedly on growth and profit-making.

Ping An Insurance, China's largest insurance company, approved a stock incentive program for key employees. Additionally, a significant share repurchase program will be implemented. The numbers are staggering for this conglomerate. Operating earnings of $16.8 billion were up 19% last year. The company raised its customer base by 11% to 184 million, while profits also rose 18% per customer. Not surprisingly, the market rewarded such powerful financial data with positive returns—Ping An is up 40.3% on the year and added 5% in April. The company basically trades at a P/E ratio of 10 with 20% earnings growth.

Several other Fund-holdings rallied in April as China continues to build strength in 2019. **51job**, the integrated human resources and recruitment services giant in China, placed more than just millions of Chinese in desirable jobs. To wit, the company has connected profit-seeking investors with reliable returns this year, adding on 50.3% and an additional 20.5% in April alone. Featured on *Forbes'* list compiling some of the best-growing firms in all the Middle Kingdom, 51job stands to gain going forward as China's population increasingly fills out business occupations and white-collar professions. In many ways, the company represents a mirror reflecting the development and modernization of China's workforce. The convertible bonds issued by the company expired on April 17th. Thus, there should be no extraneous capital pressures. Indeed, we are hopeful that the company will provide a special dividend this year.

Secoo Holdings, the luxury goods ecommerce retailer, grew 9.7% in April and has increased 8.7% year-to-date. The company's run in 2019 stems from the news that the firm had formed a strategic partnership with Oracle to use the Silicon Valley titan's software services to streamline Secoo's business operations and sales abilities. Secoo has a strong foothold in the rapidly growing luxury ecommerce industry in China, sporting a healthy 25% of marketshare. Given the prevalence of pirated goods and counterfeit "luxury" items in China, the trustworthiness of Secoo's products is a boon to business to say the least. Additionally, **China Travel** continues to be a hot destination for investors, gaining 28.7% thus far in 2019 and 10.6% in April. The travel agency is positioned similarly to Secoo in terms of future profitability. Moreover, the inevitable growth of the Chinese middle and upper-middle class will lead to more luxury item acquisitions and foreign travel experiences. We remain optimistic about these investments and the Chinese market in general.

Your trust and confidence is most appreciated.

Sincerely,

John H. Pinto