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

June 27, 2019

Dear Investor,

We are pleased to provide this report for the month of June 2019. 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. Please note that this letter is being sent prior to the G20 Summit in Japan where President Trump and Chinese President Xi Jinping may meet.

Recent months have been marked by long-awaited showdowns that had millions of people across the globe watching intently as the fate of the world seemed to be at stake. April brought us *Avengers Endgame,* the blockbuster conclusion of the current Marvel movie story arc that may set the world record for box office revenue. The thrilling and controversial conclusion to the world's most popular TV series, *Game of Thrones*, landed in May, and now the end of June brings us the next big clash of titans. While the coming G20 Summit may not exactly feature White Walkers, Iron Man, or dragons, it undoubtedly holds the potential to alter the course of global relations for the foreseeable future.

Much has been made of past efforts between the U.S. and China to negotiate an easing of trade hostilities, and oftentimes these sit-downs have been much ado about nothing. Half measures are taken and lip service is paid, but the status quo largely has remained and has continued to adversely affect many industries. To wit, the Chinese government is working hard to reverse the sharp slowdown in this year's industrial activity and investment growth in the Middle Kingdom. Beijing is consistently making efforts to lower the cost of borrowing in a slowing economy and desperately wants to stimulate growth.

Encouragingly, HSBC global asset management believes that MSCI's decision to add more China A shares in its key benchmark indices will drive $73 billion USD of inflows this year and could potentially improve market transparency and corporate governance over the long-term. J.P. Morgan estimates that the real GDP in China will decline from 6.7% in this year's first quarter to 6.1% in the second quarter, tumbling further to 5.9% for the third and fourth quarters of 2019. The policy impact of the newly announced measures to support infrastructure investment (See enclosed graph) is modestly positive. For the remainder of

2019, Infrastructure investment growth may accelerate to 9-10% from comparable figures of 3.8% in 2018 and 4% year to date. In sum, the newly enacted China stimulus should support machinery, materials, and utilities.

The tariffs are one component of the harrowing trend toward decreasing the impact of globalization, the predominant economic change agent of the last quarter century that has spawned exponential growth in the areas of global trade, capital flows, global supply chains, and labor mobility. Global supply chains have relied heavily on Chinese production, while shipping lanes near China are critical to the free movement of goods across the globe. Unfortunately, economic observers the world over are becoming increasingly cognizant that the rules of engagement are starting to change. Trade tensions, cyber hacking, and military expansion in the South China Sea are affecting global relations and represent risks to investment. In many respects, the tariff trade war is simply a flashpoint for a much larger conflict that touches all corners of the global economy.

At this point, the countries that established the architecture of the global economic system have become less enthusiastic about and committed to defending and enforcing it. Domestic political pressures exhibit a diminishing willingness of countries to execute new trade agreements. A new disruptive system to global supply lines, as China would promote, could lead to lower corporate profit margins and shrinking investor confidence.

Policy risk is a problem as the Trump administration imposes tariffs and the Chinese retaliate with their own restrictive measures. A vicious cycle dynamic can arise from such geopolitical behavior, preventing any resolution while further stoking the flames of discontent between governments. Furthermore, the impact of the tariffs on sectors with clearly integrated global supply chains like automobiles and technology will be deleterious to say the least. Given this global climate, we expect companies with a greater focus on domestic sales and production to hold up better.

One potential salve for the Chinese as they slog through the tariff imbroglio may come in the form of a stiff drink or two. Indeed, the Fund's top Chinese liquor holding, Wuliangye Yibin, is up 13.64% this month (+126% year to date). May the Chinese continue to toast Wuliangye's spirits to good fortune in the coming trade stand-off! Hopefully, they can enjoy the beverages with a meal flavored by Fordham Haitian's sauces, as the Fund-holding is up 3% this month and 50% year to date. Additionally, China's leading insurance company Ping An advanced 8.43% in June and 36% year to date.

We believe the health sector is relatively immune to the tariff issue and expect it to continue growing slowly but surely. We have built a position in Mindray Medical, a leading manufacturer of medical equipment in China. Its products include life monitors, color ultrasound machines, and in-vitro diagnostic equipment. Further, the company enjoys net profit margins of 27%, while management is totally committed in owning 67.4% of the equity. This type of business stands to gain tremendously as the healthcare industry in China expands. While some healthcare firms or biotech startups will rise and fall with the ebb and flow of the market, the entire industry needs medical equipment. In turn, firms like Mindray are well-positioned for the future.

10% of Mindray's sales are subject to US tariffs, a potential area of concern at first blush that may in fact be an opportunity for profit. If an expansion of retaliatory tariffs occurs, we believe that foreign medical equipment imported into China could be affected. Thus, global medical equipment manufacturers would see their prices rise. This would allow Mindray to make incursions into the larger Chinese hospitals which are utilizing foreign manufactured equipment.

Should the tariff problems expand, the Chinese government will most likely adopt more proactive policies to weather the storm. In the face of external threats, they've already shown a willingness to provide tax cuts, increase infrastructure spending, and target stimulus for specific industries such as automobiles and home appliances. Echoing shades of Chairman Mao's famous trek, China will undoubtedly make the "long march" through any potential economic calamities. Indeed, a white paper published on June 2 by China's State Council Informational Office formally declared, "China is open to negotiations, but will also fight to the end if needed." Hardly a sign of Chinese capitulation or trepidation in the face of heightened tariff threats from the Oval Office.

Your trust and confidence is most appreciated.

Sincerely,

John H. Pinto