



# **SINTRA FUND, LTD.**

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Report to Shareholders of the Sintra Fund, Ltd.

April 2023

May 1, 2023

Dear Investor,

We are pleased to provide this report for the month of April 2023. 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.

The recovery from the Covid lockdown by the Chinese consumer is slowly gaining traction. It was publicized that an initial post Covid "relief rally" of consumer enthusiasm failed to maintain itself. However, the Chinese consumer now appears back on the spending track as the latest economic results are all positive in this regard. Retail sales rose 10.6% year over year, up from 3.5% in January and February. That is the fastest pace in two years. There's a strong rebound in domestic consumption and travel. Movie theaters, shopping malls and airplanes are all seeing increased volume. As the Wall Street Journal enunciated, China cannot be removed "as a formidable, global economic force".

A signature piece entitled "America, China, and a Crisis of Trust" appeared in the **New York Times** of Sunday, April 16<sup>th</sup>. Noted columnist Thomas L. Friedman penned the article based upon his recent trip to China and Taiwan.

One comment therein was that "900 cities and towns in China are now served by high-speed rail which makes travel to even remote communities, incredibly cheap, easy, and comfortable. In the last 23 years, America has built exactly one sort -of- high speed rail line, the Acela, serving 15 stops between Washington DC and Boston. Think about that: 900 to 15." He also pointed out that "for an American to fly from New York Kennedy airport into Beijing Capital International airport today is to fly from an overcrowded bus terminal to a Disney-like Tomorrowland." This is occurring as China takes "relentless nation building seriously."

Friedman's solution for the stress between China and the US is for both countries to have more "trust" in each other. However, it's hard to see trust being possible when he also points out that China wants to sell us "deep goods" - goods that are dual use and will go deep into our homes, bedrooms, industries, chatbots and urban infrastructures – we don't have enough trust to buy them".

Friedman concludes the piece in stating "China will never realize its full potential – in a hyper-connected, digitized, deep, dual-use, semiconductor – powered world – unless it understands, that establishing and maintaining trust is now the single, most important competitive advantage any country or company can have. And Beijing is failing in that endeavor."

I recently wrote a letter to our newly born grandson. It is based on the fact that my grandfather had also sent me such a letter with his advice. In my letter, I entreated Teddy to be observant. We're doing that right now in our investments in the middle kingdom. The US clearly has China in its sights. Additionally, China is rattling the cage with its rhetoric.

We are observing that healthcare focused on the Chinese population and environmental investments centered on China will not provoke the ire of either of the two countries.

China is also in the enviable position of cutting its reserve requirements. The People's Bank of China has been avoiding loosening monetary policy while the US Federal Reserve is still raising interest rates. Indeed, we anticipate that there will be an interest rate cut in China. For China, it's the opposite of what the chief economist of JP. Morgan stated, "when the Federal Reserve hits the brakes, somebody normally goes through the windshield".

The leader in the clubhouse for the fund is Bora Pharmaceuticals Co. Ltd. This Taiwanese company's stock advanced 76.11% year-to-date. Bora is a manufacturer and distributor of small molecule drugs. It's following a process of reverse "on shoring" by purchasing US operations, and then doing the manufacturing in Taiwan at reduced cost.

ENN Natural Gas Co. Ltd. is up 26.08% year-to-date. The company is a leading natural gas distributor in China. It is benefiting from the government's environmental objectives for the reduction of carbon emissions to achieve carbon neutrality. Direct gas sales go through its LNG terminal as its integrated energy businesses have increased.

Shuangliang Eco-Energy Group Ltd. advanced 12.75% year-to-date. We've written previously about this fine manufacturer of air conditioning products with specialties in lithium bromide absorption, chillers, lithium bromide heat pumps, heat exchangers and direct air-cooled condensers. The company even manufactures seawater and desalinization equipment.

We will maintain our focus on Fund investment performance. Your confidence and trust are very much appreciated.

Sincerely,

John H. Pinto