

# HSBC TRADING ADVANTEDGE FUND

## Annual Report and Audited Consolidated Financial Statements

For the Year Ended 31 July 2021



**HSBC**  
Global Asset  
Management

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# General Information

**Manager and Registrar:**

HSBC Management (Guernsey) Limited  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 1WA  
Channel Islands

**Designated Administrator (until 30 April 2021):**

HSBC Management (Guernsey) Limited  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 1WA  
Channel Islands

**Designated Administrator (from 1 May 2021):**

HSBC Securities Services (Guernsey) Limited  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF  
Channel Islands

**Trustee and Custodian (until 30 April 2021):**

HSBC SFT (C.I.) Limited  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF  
Channel Islands

**Trustee (from 1 May 2021):**

HSBC Custody Services (Guernsey) Limited (from 1 May 2021)  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF  
Channel Islands

**Investment Adviser:**

HSBC Alternative Investments Limited  
Level 24, 8 Canada Square  
London E14 5HQ  
United Kingdom

**Swiss Representative:**

HSBC Global Asset Management (Switzerland) AG  
Gartenstrasse 26  
P.O. Box  
8002 Zurich  
Switzerland

**Swiss Paying Agent:**

HSBC Private Bank (Suisse) SA  
Quai des Bergues 9 - 17  
PO Box 2888  
1211 Genève 1  
Switzerland

**Global Custodian (until 30 April 2021):**

HSBC Bank plc, Guernsey Branch  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF

**Custodians (from 1 May 2021):**

HSBC Bank plc, Guernsey Branch  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF

HSBC Continental Europe  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

## General Information (continued)

**Independent Auditor:**

PricewaterhouseCoopers CI LLP  
Royal Bank Place  
PO Box 321  
1 Glatigny Esplanade  
St Peter Port  
Guernsey GY1 4ND  
Channel Islands

**Transfer Agent:**

HSBC Securities Services (Ireland) DAC  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

**Legal Adviser as to Guernsey Law:**

Mourant Ozannes  
Royal Chambers  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 4HP  
Channel Islands

**Sub-Administrator (Until 30 April 2021):**

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Global Sub-Custodian (until 30 April 2021):**

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**Sub Custodian:**

HSBC Private Bank (Suisse) SA  
Quai des Bergues 9 - 17  
PO Box 2888  
1211 Genève 1  
Switzerland

**The Fund:**

HSBC Trading AdvantEdge Fund (the "Trust") is a sub-fund of HSBC Uni-Folio, an open ended Guernsey unit trust which is authorised under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and is subject to the provisions of The Authorised Collective Investment (Class B) Rules, 2013 (the "Rules").

The Trust invests through a wholly owned subsidiary, HSBC Trading AdvantEdge Investments Limited (the "Company"), a Guernsey\* registered company. All investments acquired for the account of the Trust are held by the Company.

These Consolidated Financial Statements include all the assets and liabilities of the Trust and the Company (together the "Fund").

HSBC Uni-Folio was established under a unit trust deed dated 23 July 1999, as updated from time to time. HSBC Uni-Folio currently comprises one sub-fund. Under the terms of the trust deed, HSBC Management (Guernsey) Limited (the "Manager") and HSBC Custody Services (Guernsey) Limited may, from time to time, establish one or more funds. A copy of the latest version of the HSBC Uni-Folio prospectus is available from the Manager or the Trustee on request. Copies of the latest available unaudited interim financial statements and full annual financial statements for the sub-fund under HSBC Uni-Folio are also available from the Manager or the Trustee on request.

**Investment Objective:**

The objective of the Fund is to provide a total return from selective investment in a number of hedge funds which utilise predominantly commodity and managed futures strategies.

## General Information (continued)

**Investment Policy:** To provide a level of return commensurate with the risks associated with investment in hedge funds which utilise predominantly commodity trading advisor and managed futures strategies as measured in index terms.

At all times, at least two-thirds of the Fund's total assets (less the liquid assets which comprise bank credit balances and claims arising from repurchase agreements at sight or on demand with maturities of up to twelve months) shall, on a consolidated basis, be invested directly or indirectly in commodity trading advisors and managed futures strategies.

**Unit Classes/ Benchmarks:** The Trust had the following unit classes during the year, with the following benchmarks for each unit class:

HSBC Trading AdvantEdge Fund – US Dollar Class  
HSBC Trading AdvantEdge Fund – US Dollar R Class  
HSBC Trading AdvantEdge Fund – US Dollar S Class  
*US Dollar 3 month LIBOR\* plus 3.5% per annum<sup>^</sup>*

HSBC Trading AdvantEdge Fund – Euro Class  
HSBC Trading AdvantEdge Fund – Euro Hedged R Class\*\*  
HSBC Trading AdvantEdge Fund – Euro S Class  
*Euro 3 month LIBOR\* plus 3.5% per annum<sup>^</sup>*

HSBC Trading AdvantEdge Fund – Sterling S Class  
HSBC Trading AdvantEdge Fund – Sterling R Class  
*Sterling 3 month LIBOR\* plus 3.5% per annum<sup>^</sup>*

*<sup>^</sup> It is expected that LIBOR will be demised with effect 31 December 2021. With effect 1 September the Manager and Trustee have adopted a risk free rate, the "Fallback Rate". Until the demise of LIBOR, parallel calculations of performance fees using LIBOR and the risk free rate will be produced, investors will receive the most favourable result of the parallel calculations.*

*\*On 6 January 2021, HSBC Trading AdvantEdge Investments Limited (a company established under the laws of the British Virgin Islands) was migrated and registered in Guernsey pursuant to The Companies (Guernsey) Law, 2008 (as amended).*

*\*\* Fully redeemed in February 2021.*

# Investment Adviser's Report

To the Unitholders of HSBC Trading AdvantEdge Fund (the "Fund").

In the 12-months ending 31st July 2021, HSBC Trading AdvantEdge Fund (US Dollar Class) returned 8.53%, underperforming the Dow Jones Credit Suisse Managed Futures Hedge Fund Index, which returned 9.28% over the same period.

The Fund experienced a challenging market environment for the underlying strategies during the early part of the reporting period, posting negative returns in August, September and October.

The return of volatility to markets hurt medium term trend following strategies, as several long-standing trends reversed. Equities declined, the US dollar rallied against most currencies and commodities sold off, particularly precious metals. Trend following managed futures strategies in alternative markets faced similar challenges with the decline in energy prices and metals amongst the largest individual detractors. Systematic macro managers were the main source of losses for the managed futures strategy in September with large losses from technical and long term models. Shorter term trend followers faced their most difficult months in August and October. Despite elevated volatility levels heading into the November US presidential election, which provided several tradable directional moves over shorter time frames, equity and commodity trading detracted. Currencies and interest rates fared better, however, not enough to offset these losses. Market neutral systematic strategies also had a challenging September. At the start of the month, the momentum/growth unwind was triggered by technology stocks selling off, followed by a recovery in the subsequent weeks which offset these losses to a degree.

The Fund finished 2020 more strongly, with a December return of 4.56%, followed by another difficult month in January. December was characterised by the continuation of risk-on trends, namely bullish trends in equity and credit markets and bearish trends in the US dollar. The majority of the gains for medium-long term trend followers came from long exposure in equity markets across the US and Asia following strong bullish sentiment. The news of a COVID-19 vaccine and the improvements in the Chinese economy also supported long exposure in commodities, which led to gains in metals, especially iron ore as well as oil. Trend followers in alternative markets faced a similar return pattern, leading to outperformance within the managed futures strategy overall. Systematic market neutral performance recovered in December with technical models generating strong gains, followed by event, and alpha capture. From a regional perspective, the US was the largest contributor with all other regions also finishing in positive territory for the month.

From February 2021 onwards, most underlying funds across the managed futures strategy enjoyed positive performance. Across asset classes, the strongest contributions came from commodities, currency markets (mainly short US dollar positions against various currencies) and from long equities. April was a particularly strong month across the portfolio (+2.59%), with managed futures managers benefiting from a macro backdrop which was supportive of risky assets, while market neutral managers took advantage of idiosyncratic stock selection opportunities.

The portfolio ended the period strongly (+2.14% in July), with short-term trend followers' gains being driven by equities and interest rates as market volatility in mid-July provided good trading opportunities, while medium/long-term trend followers continued to meaningfully benefit from long commodity exposure. For market neutral funds, positive performance came from the short side, as managers benefited from being short a number of stocks that fell sharply during the month.

Most underlying funds in the portfolio contributed positively to returns over the period, led by Tewksbury Investment Fund, AHL Evolution and Systematica Alternative Markets. While Two Sigma's Compass Enhanced Fund and Crabel Fund were the primary detractors.

**HSBC Alternative Investments Limited**  
**Date: November 2021**

# Disclosures to Investors

## **Additional Disclosures under the European Union's Alternative Investment Fund Managers Directive ("AIFMD")**

Pursuant to the transparency requirements of the AIFMD, the Manager is required to make certain disclosures available to investors periodically and on an annual basis. HSBC Management (Guernsey) Limited (the "Manager") is an Alternative Investment Fund Manager ("AIFM") and the Trust is an Alternative Investment Fund ("AIF") for the purposes of AIFMD. Both the Manager and the Trust are established outside the European Union. The Manager is a non-EEA AIFM.

The Manager is a company limited by shares, incorporated in Guernsey. The Manager is also licensed by and registered with the Guernsey Financial Services Commission. The Manager has retained the risk management activities under the AIFMD and delegated the portfolio management to HSBC Alternative Investments Limited (the "Investment Adviser").

### **Disclosure of information to investors**

The pre-investment disclosures that the Manager is required to make available to investors before they invest in the Trust under Article 23 of AIFMD are included in the Prospectus in issue that is provided to investors prior to subscription.

There has been no material change to the information disclosed in accordance with Article 23 of AIFMD since the most recent version of the Prospectus provided to investors.

The Trust has complied with the defined risk and leverage limits throughout the year. There have been no changes to the limits disclosed in the Prospectus. The Manager has an ongoing process for identifying, evaluating and managing the principal risks faced by the Trust, these policies and procedures are as detailed in the Prospectus.

### **Remuneration**

The Manager and the Investment Adviser are subject to the HSBC Group remuneration policy which is designed to ensure that the Manager and the Investment Adviser, as entities of the HSBC Group, have sound remuneration practices that aim at increasing investor protection and avoiding conflicts of interest that may lead to excessive risk taking.

### **Quantitative remuneration disclosures**

The Manager acts as the non-EEA AIFM of 28 AIFs, including the Trust. Based on the most recently available information as at 31 December 2020, the total net assets under management ("AUM") was US\$12.5 billion. The total remuneration set out on the next page relates to the proportion of the total remuneration of the staff of the Manager attributable to the Trust. This represents an average of 12 beneficiaries throughout the year.

The total remuneration of the Manager has been allocated on an AUM basis at the financial year end of the Manager.

There is no correlation between the variable remuneration as disclosed herein and the performance fee paid by the Trust to the Investment Adviser in accordance with the Trust's Offering Memorandum or Prospectus.

The full remuneration policy is available on request from the Manager.

## Disclosures to Investors (continued)

### Additional Disclosures under the European Union's AIFMD (continued)

	Total for HMG staff identified	Allocation to Trust
<b>Total remuneration for financial year ended 31 December 2020:</b>		
Fixed (US\$)	1,699,639	7,329
Variable (US\$)	161,429	696
Number of beneficiaries	12	12
<b>Aggregate remuneration</b>		
Senior Management with a material impact on the risk profile (US\$)	435,632	1,878
Staff with a material impact on the risk profile (US\$)	636,355	2,744

#### Overview of the AIFM Identified Staff:

The remuneration disclosure will include the following individuals which have been designated as "Identified Staff" for the purpose of AIFMD and for the avoidance of doubt exclude staff who have no material impact on the risk profile of the Manager or are employed by other group companies of HSBC:

Senior Management:	1 Head of Business 1 Senior Manager 4 Non-executive Directors
Other Identified Staff:	5 Senior Administrators 1 Chair of the Risk Management Committee

#### Leverage

In accordance with the Prospectus, leverage can be used by the Trust. The total amount of leverage employed by the Trust is disclosed in the enclosed financial statements. The maximum level of leverage which can be used by the Manager on behalf of the Trust has not changed and remains as disclosed in the Prospectus.

#### Depository

As a non-EEA AIFM, the Manager is not authorised under AIFMD and consequently is not required to appoint a depository for the Trust. However the Trustee has agreed to the appointment of HSBC Continental Europe and HSBC Bank plc Guernsey Branch as Custodians of HSBC Trading AdvantEdge Fund.

#### Impact of COVID-19

The COVID-19 outbreak has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. There are a number of factors associated with the outbreak and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of different entities. Should the COVID-19 outbreak continue to cause disruption to economic activity globally through 2021 and 2022, there could be further impact on the Trust's business, financial condition, results of operations, liquidity and capital position due to equity markets volatility and weakness.

As COVID-19 is still an evolving situation, the assessment of this situation will need continued attention and will evolve overtime. The rapid development and fluidity of the COVID-19 virus makes it difficult to predict the ultimate impact at this stage. Further information will be provided by the Manager and the Trustee in due course.

#### Business risks

The Manager and the Trustee are responsible for managing assets in accordance with the Trust documents and these assets are subject to varying financial risks and non-financial risks which could result in financial loss or gain through a change in asset value.



## **Disclosures to Investors (continued)**

### **Additional Disclosures under the European Union's AIFMD (continued)**

#### **Business risks (continued)**

The principal financial risk (e.g. market, credit and liquidity) and uncertainties facing the Trust are changes to legislation resulting from ongoing review of certain industry issues, market volatility, litigation risk and IT resilience. Market volatility had an impact and may continually affect the fair value of the investments held. These risks are monitored by the directors of the Manager and of the Trustee on an ongoing basis.

The non-financial types of risk are operational risk, conduct and regulatory risk, including financial crime compliance, reputational risk and cyber risk. The Manager and the Trustee have put in place procedures to monitor and manage these risks. In respect of regulatory risk, the Guernsey regulators may take further actions that could result in changes in industry practices. The Manager and the Trustee maintain a strong compliance culture and monitor the regulatory environment closely to react proactively to changes and reduce risk to the Trust.

# Report of the Trustee

To the Unitholders of HSBC Trading AdvantEdge Fund (the “Fund”)

In our opinion the Manager has managed the Trust for the year ended 31 July 2021 in accordance with the principal documents and The Authorised Collective Investment Schemes (Class B) Rules, 2013.



**HSBC Custody Services (Guernsey) Limited**

Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 3NF  
Channel Islands

Date: 22 November 2021

# Statement of the Manager's Responsibilities

The Authorised Collective Investment Schemes (Class B) Rules, 2013 (the "Rules") requires the Manager to prepare Consolidated Financial Statements for each annual accounting period which give a true and fair view of the financial affairs of the Fund and of its income and expenditure for the year. The Manager has elected to prepare the Consolidated Financial Statements in accordance with United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Statement of Recommended Practice for Authorised Funds ("UK SORP") issued by the Investment Management Association. In preparing the Consolidated Financial Statements, the Manager is required to:

- ◆ select suitable accounting policies and apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards including FRS 102 have been followed subject to any material departures disclosed and explained in the Consolidated Financial Statements;
- ◆ keep proper accounting records which enable it to demonstrate that the Consolidated Financial Statements as prepared are in accordance with the Trust's principal documents and the Rules; and
- ◆ prepare the Consolidated Financial Statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Manager is also responsible for the management of the Trust in accordance with its principal documents and the Rules. The Manager, together with the Trustee, is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Manager is aware, there is no relevant audit information of which the Trust's auditor is unaware and the Manager has taken all the steps that should have been taken as Manager in order to make themselves aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

# Statement of the Trustee's Responsibilities

Under The Authorised Collective Investment Schemes (Class B) Rules, 2013, it is the duty of the Trustee to enquire into the conduct of the Manager in the management of the Trust in each annual accounting period and report thereon to Unitholders in a report which shall contain matters prescribed by the principal documents and the Rules. The Trustee is also responsible for safeguarding the assets of the Trust and, together with the Manager, for taking reasonable steps for prevention and detection of fraud and other irregularities.

# Independent Auditor's Report to the Unitholders of HSBC Trading AdvantEdge Fund

## Report on the Audit of the Consolidated Financial Statements

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of HSBC Trading AdvantEdge Fund (the "trust") and its subsidiary (together the "Fund") as at 31 July 2021, and of their consolidated financial performance for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and have been properly prepared in accordance with the provisions of the Trust Deed.

### What we have audited

The Fund's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 July 2021;
- the consolidated statement of total return for the year then ended;
- the consolidated statement of changes in net assets attributable to the unitholders of the Fund for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the Ethics Standards Board for Accountants ("IESBA Code") and with SEC Independence Rules. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Other information

The manager is responsible for the other information. The other information comprises all the information included in the Annual Report and Audited Consolidated Financial Statements but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the manager for the consolidated financial statements

The manager is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, comprising FRS 102, the provisions of the Trust Deed and for such internal control as the manager determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

## Independent Auditor's Report to the Unitholders of HSBC Trading AdvantEdge Fund (continued)

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager.
- Conclude on the appropriateness of the manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Use of this report

This independent auditor's report, including the opinion, has been prepared for and only for the unitholders as a body in accordance with Paragraph 4.02(3) of The Authorised Collective Investment Schemes (Class B) Rules 2013 and the Trust Deed and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers CI LLP*

**PricewaterhouseCoopers CI LLP**  
**Chartered Accountants**  
**Guernsey, Channel Islands**

Date: 22 November 2021

The maintenance and integrity of the Fund's website is the responsibility of the manager; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Consolidated Statement of Total Return

		Year ended 31 July 2021		Year ended 31 July 2020	
	Notes	US\$'000	US\$'000	US\$'000	US\$'000
<b>Income:</b>					
Net capital gains/(losses)	3		6,261		(3,568)
Other income			-		130
Finance costs: Interest		-		(24)	
Operating expenses	4	(760)		(932)	
<b>Net expenses</b>			(760)		(956)
<b>Change in net assets attributable to the unitholders of the Fund from investment activities</b>			5,501		(4,394)

All results derive from continuing operations.

The Fund has no items of other comprehensive income and therefore the change in net assets attributable to the unitholders of the Fund reflects the total comprehensive income for the year.

# Consolidated Statement of Changes in Net Assets Attributable to the Unitholders of the Fund

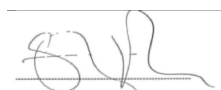
	Year ended 31 July 2021		Year ended 31 July 2020	
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Net assets attributable to the unitholders of the Fund at the start of the year</b>		56,866		61,222
Movement due to issue and redemption of redeemable participating units:				
Amounts received/receivable on issues	1,148		3,162	
Less: amounts paid/payable on redemptions	(5,193)		(3,124)	
		(4,045)		38
<b>Change in net assets attributable to the unitholders of the Fund from investment activities</b>		5,501		(4,394)
<b>Net assets attributable to the unitholders of the Fund at the end of the year</b>		58,322		56,866

The notes on pages 14 to 28 form an integral part of these Consolidated Financial Statements.

# Consolidated Balance Sheet

	Notes	As at 31 July 2021		As at 31 July 2020	
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets:</b>					
Current Assets					
Portfolio of Investments			57,583		51,818
Debtors	6	58		4,685	
Cash and cash equivalents	7	735		2,984	
			793		7,669
<b>Total assets</b>			<b>58,376</b>		<b>59,487</b>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	8	(54)		(2,621)	
<b>Total liabilities</b>			<b>(54)</b>		<b>(2,621)</b>
<b>Net assets attributable to the unitholders of the Fund</b>					
	23		<b>58,322</b>		<b>56,866</b>

The consolidated financial statements were approved by the Manager, HSBC Management (Guernsey) Limited on 22 November 2021 and were signed on its behalf by:



Director  
For and on behalf of HSBC Management  
(Guernsey) Limited



Director  
For and on behalf of HSBC Management  
(Guernsey) Limited

The notes on pages 14 to 28 form an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

## 1 Structure of the Fund

HSBC Trading AdvantEdge Fund (the “Trust”) is a sub-fund of HSBC Uni-Folio, an open ended Guernsey unit trust scheme established as an umbrella fund which is authorised under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and is subject to the provisions of The Authorised Collective Investment (Class B) Rules, 2013 (the “Rules”).

The registered office of the Manager of the Trust is Arnold House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA, Channel Islands.

The Trust invests through a wholly owned subsidiary, HSBC Trading AdvantEdge Investments Limited (the “Company”), a Guernsey registered company. All investments acquired for the account of the Trust are held by the Company. These Consolidated Financial Statements include all the assets and liabilities of the Trust and the Company (together the “Fund”).

The Trust registered as an Alternative Investment Fund (“AIF”) with effect from 1 July 2014, with the Financial Conduct Authority in the United Kingdom and the Commission de Surveillance du Sector Financier in Luxembourg and is available under private placement in these countries. As a non-EEA AIF with a non-EEA AIFM the Trust is not authorised or regulated under AIFMD and consequently is not required to have a depositary.

### Statement of Compliance

The Consolidated Financial Statements have been prepared in compliance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (“FRS 102”) and the Statement of Recommended Practice for Authorised Funds (the “SORP”) issued by the Investment Management Association in May 2014 and effective for accounting periods commencing on or after 1 January 2015.

## 2 Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these Consolidated Financial Statements:

### Basis of preparation

These Consolidated Financial Statements are prepared on a going concern basis under the historical cost convention, as modified by the recognition and measurement of certain financial assets and liabilities at fair value.

### Going Concern

At the date of signing, the Directors of the Manager have no reason to believe that the Fund should not be seen as a going concern and hence the Consolidated Financial Statements have been prepared on a going concern basis.

### Cash Flow Statement

The Trust has availed of the exemption available under FRS 102, Section 7 “Statement of Cash Flows” not to prepare a cash flow statement on the basis that substantially all of the Trust's investments are highly liquid and carried at fair value, and the Trust provides a consolidated statement of changes in net assets attributable to the unitholders.



## 2 Principal Accounting Policies (continued)

### Use of estimates and judgements

The preparation of Consolidated Financial Statements in accordance with the recognition and measurement principles of FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of income and expenses during the year.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the determination of functional currency and the Fair value of Investments accounting policies and Note 13.

### Basis of consolidation

The Consolidated Financial Statements include the results of the Trust and its wholly-owned subsidiary HSBC Trading AdvantEdge Investments Limited. The Manager does not consider the unconsolidated balance sheet of the Trust to be a material activity as the only reason for setting up the subsidiary company was for fiscal purposes. Accordingly, no unconsolidated balance sheet is presented in these Consolidated Financial Statements.

### Functional and presentation currency

The functional and presentational currency is US Dollar ("US\$") because that is the currency of the primary economic environment in which the Fund operates.

### Determination of functional currency

Functional currency is the currency of the primary economic environment in which the Fund operates. When indicators of primary economic environment are mixed, management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The management has determined that the functional currency of the Fund is US Dollar. Investor subscriptions and redemptions are received and paid in the currency of the relevant share class.

### Financial instruments

The Fund has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### i) Financial assets

Basic financial assets, including debtors, cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated Statement of Total Return.

Other financial assets, including investments in investment funds and derivative contracts, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Consolidated Statement of Total Return.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

## 2 Principal Accounting Policies (continued)

### Financial instruments (continued)

#### ii) Financial liabilities

Basic financial liabilities, including creditors and loan obligations are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Creditors and loan obligations are classified as debt instruments and are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### iii) Fair value of investments

Investments in underlying funds are valued at the closing net asset value ("NAV") per unit for the underlying investments that the Fund holds, as at 5 pm (Guernsey time) on the Consolidated Balance Sheet date.

Investments in underlying funds which are not quoted on a recognised stock exchange or other trading facility are valued at the NAV provided by their fund managers or their administrators. These values may be unaudited or may themselves be estimates.

In addition, their fund managers or their administrators may not provide values at all or in a timely manner and, to the extent that values are not available, those investments will be valued by the Investment Adviser using valuation techniques appropriate to those investments. In determining fair value, the Investment Adviser takes into consideration, where applicable, the impact of suspension of redemptions, liquidation proceedings, investments in side pockets and other significant factors. The directors of the Manager and of the Trustee have no reason to believe that the valuations used are unreasonable.

Realised and unrealised gains and losses on investments are included in the Consolidated Statement of Total Return within Net capital gains. Realised and unrealised gains and losses on sales of investments are determined using the average cost method. Purchases and sales of the investments are accounted for on a trade date plus one basis.

#### iv) Forward foreign exchange contracts

The unrealised gain or loss on open forward foreign exchange contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract. Unrealised gain is reported as an asset and unrealised loss is reported as a liability in the Consolidated Balance Sheet. All net gains or losses on forward foreign exchange contracts are recorded in the Consolidated Statement of Total Return.

### Revenue

Interest income is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established. All other sources of income are recognised on an accruals basis. Revenue is included in the Consolidated Statement of Total Return. All non-class specific income is allocated to each unit class in proportion to the total net assets of the unit class during the year. All class specific income is allocated to the unit class to which it relates.

### Expenses

Expenses are recognised on an accruals basis in the Consolidated Statement of Total Return. All non-class specific expenses are allocated to each unit class in proportion to the total net assets of the Fund during the year. All class specific expenses are allocated to the unit class to which they relate.

### Interest expense

Interest expense arises from credit facilities held by the Fund. These costs are recognised in the Consolidated Statement of Total Return and are calculated using the effective interest rate method.

## 2 Principal Accounting Policies (Continued)

### Borrowing costs

Borrowing costs arise from credit facilities held by the Fund. These costs are recognised in the Consolidated Statement of Total Return on an accrual basis.

### Foreign currency transactions

Foreign currency transactions are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US Dollars at the foreign currency closing exchange rate ruling at the Consolidated Balance Sheet date.

The Fund reports the realised exchange gain or loss as well as the unrealised exchange appreciation or depreciation on non-US Dollar denominated investments in the Consolidated Statement of Total Return. Any realised exchange gains or losses as well as unrealised gains or losses arising from non-US Dollar denominated payables and receivables and on foreign currency transactions are reflected in the Consolidated Statement of Total Return.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown as loans payable in current liabilities.

### Units in issue

Redeemable participating units are redeemable at the option of the unitholders of the Fund and are classified as financial liabilities.

### Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability measured at fair value through profit or loss. Transaction costs are recognised within the Consolidated Statement of Total Return when incurred.

### New standards and amendments

There are currently no future amendments to FRS 102 issued that would have a significant impact on the Fund.

## 3 Net Capital Gains/(Losses)

	Year ended 31 July 2021 US\$'000	Year ended 31 July 2020 US\$'000
Net realised (losses)/gains on non-derivative investments	(1,705)	4,544
Net unrealised gains/(losses) on non-derivative investments	7,413	(8,783)
Net realised gains on derivative investments	2,305	838
Net realised losses on derivative investments	(1,113)	(915)
Net unrealised (losses)/gains on derivative investments	(639)	748
<b>Total net capital gains/(losses)</b>	<b>6,261</b>	<b>(3,568)</b>

Derivative investments held by the Fund are forward foreign exchange contracts as detailed in Note 12.

#### 4 Operating Expenses

	Year ended 31 July 2021 US\$'000	Year ended 31 July 2020 US\$'000
Management fee (Note 5)	(614)	(652)
Performance fee (Note 5)	(4)	-
<b>Payable to the Manager and its associates</b>	<b>(618)</b>	<b>(652)</b>
Trustee fees (Note 5)	(27)	(39)
<b>Payable to the Trustee and its associates</b>	<b>(27)</b>	<b>(39)</b>
Audit fees	(28)	(26)
Other expenses (including legal and professional fees)	(87)	(215)
<b>Other expenses</b>	<b>(115)</b>	<b>(241)</b>
<b>Total operating expenses</b>	<b>(760)</b>	<b>(932)</b>

#### 5 Management, Trustee and Investment Adviser Agreements

The table below details the Management and Trustee fee rates as a percentage of the NAV per share class charged to the Fund and the performance fee rate per share class:

Class	Management Fee*		Trustee Fee*		Performance Fee
	Until 30 April 2021	From 1 May 2021	Until 30 April 2021	From 1 May 2021	
US Dollar	1.65%	1.75%	0.10%	-	10.00%
Euro	1.65%	1.75%	0.10%	-	10.00%
R Classes	0.65%	0.75%	0.10%	-	10.00%
S Classes	0.15%	0.15%	-	-	10.00%

\*With effect 1 May 2021, the Trustee fee for all classes is paid out of the Management Fee.

The Management, Trustee and Performance fees expensed during the year, and outstanding at year end were:

Fee	Year Ended 31 July 2021		Year Ended 31 July 2020	
	Expensed in year	Outstanding at year end	Expensed in year	Outstanding at year end
Management	US\$614,278	-	US\$652,054	-
Trustee	US\$26,760	-	US\$39,247	-
Performance	US\$4,438	US\$4,438	-	-

#### 6 Debtors

	As at 31 July 2021 US\$'000	As at 31 July 2020 US\$'000
Amounts paid in advance of investments purchased	-	250
Amounts receivable for fund shares issued*	27	2,509
Unrealised gains on forward foreign exchange contracts (Note 12)	26	673
Other receivables	5	1,253
	<b>58</b>	<b>4,685</b>

\* At 31 July 2021, the Trust received a subscription request for US\$26,819 (31 July 2020: US\$2,509,149) in respect of participating units to be issued by the Trust on 17 August 2021.

## 7 Cash and Cash Equivalents

	As at 31 July 2021 US\$'000	As at 31 July 2020 US\$'000
Cash and cash equivalents	735	2,984

Cash balances are held by HSBC Continental Europe, and HSBC Bank plc, Guernsey Branch (the "Custodians") both of which are ultimately owned by HSBC Holdings plc. The Fund's cash is maintained within the Custodian networks in segregated accounts. The S&P credit rating of HSBC Holdings Plc, the parent company of the Custodians at 31 July 2021 was A- (31 July 2020: A2).

## 8 Creditors: Amounts Falling due within one year

	As at 31 July 2021 US\$'000	As at 31 July 2020 US\$'000
Amounts received in advance of issuing units*	(27)	(2,509)
Amounts payable for fund units redeemed**	(11)	-
Unrealised losses on forward foreign exchange contracts (Note 12)	-	(25)
Accrued performance fee (Note 5)	(4)	-
Other accrued expenses	(12)	(87)
	(54)	(2,621)

\* At 31 July 2021, the Trust received a subscription request for US\$26,819 (31 July 2020: US\$2,509,149) in respect of participating units to be issued by the Trust on 17 August 2021.

\*\* At 31 July 2021, the Trust received a redemption request for US\$10,833 (31 July 2020: US\$Nil) in respect of participating units to be redeemed by the Trust on 26 August 2021.

## 9 Taxation Status

The umbrella fund, HSBC Uni-Folio, is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of GBP1,200 (31 July 2020: GBP1,200).

## 10 Redeemable Participating Units In Issue

All series of units rank equally for allocation of income and expenses and have the same rights attached to them.

The table below presents the Redeemable Participating Units in issue at the beginning and end of the financial year.

	Redeemable Participating Units in issue as at 1 August 2020	Subscriptions	Redemptions	Redeemable Participating Units in issue as at 31 July 2021
US Dollar Class	216,422.18	-	(6,136.01)	210,286.17
Euro Class	757.40	-	-	757.40
US Dollar R Class	9,330.48	-	(4,214.43)	5,116.05
Sterling R Class	6,230.50	-	(0.76)	6,229.74
Euro Hedged R Class	906.85	-	(906.85)	-
US Dollar S Class	84,067.92	3,866.30	(16,294.70)	71,639.52
Sterling S Class	79,928.25	5,175.75	(11,566.32)	73,537.68
Euro S Class	8,851.25	-	(2,456.23)	6,395.02
Total	406,494.83	9,042.05	(41,575.30)	373,961.58

## 10 Redeemable Participating Units In Issue (continued)

	Redeemable Participating Units in issue as at 1 August 2019	Subscriptions	Redemptions	Redeemable Participating Units in issue as at 31 July 2020
US Dollar Class	224,029.04	-	(7,606.86)	216,422.18
Euro Class	757.40	-	-	757.40
US Dollar R Class	9,330.48	-	-	9,330.48
Sterling R Class	6,543.06	-	(312.56)	6,230.50
Euro Hedged R Class	906.85	-	-	906.85
US Dollar S Class	88,080.12	5,920.84	(9,933.04)	84,067.92
Sterling S Class	65,968.91	19,318.48	(5,359.14)	79,928.25
Euro S Class	8,698.05	478.71	(325.51)	8,851.25
<b>Total</b>	<b>404,313.91</b>	<b>25,718.03</b>	<b>(23,537.11)</b>	<b>406,494.83</b>

The table below presents the Net Assets in US\$000 for each of the last three year ends.

	31 July 2021	31 July 2020	31 July 2019
<b>US Dollar Class</b>	<b>36,399</b>	34,518	39,231
<b>Euro Class</b>	<b>126</b>	117	124
<b>US Dollar R Class</b>	<b>678</b>	1,128	1,226
<b>Sterling R Class</b>	<b>1,094</b>	947	1,016
<b>Euro Hedged R Class</b>	<b>-</b>	115	120
<b>US Dollar S Class</b>	<b>8,112</b>	8,639	9,770
<b>Sterling S Class</b>	<b>11,122</b>	10,399	8,713
<b>Euro S Class</b>	<b>791</b>	1,003	1,022
<b>Total</b>	<b>58,322</b>	56,866	61,222

The Fund's NAV per unit are disclosed on page 30.

## 11 Related Party Transactions

With effect 1 May 2021 HSBC Custody Services (Guernsey) has been appointed as Trustee to the Fund. Until 30 April 2021 HSBC SFT (C.I.) Limited was the Trustee.

The Fund has money on deposit with HSBC Continental Europe (Dublin) and HSBC Bank plc, Guernsey Branch on a regular basis throughout the year. The interest rate received is consistent with that received on a normal commercial deposit.

HSBC Bank plc is the parent entity of HSBC Custody Services (Guernsey) Limited, HSBC SFT (C.I.) Limited, HSBC Continental Europe and HSBC Bank plc Guernsey Branch and the Manager.

HSBC Alternative Investments Limited, the Investment Adviser, is wholly owned by parties that are affiliated with the Manager and the Trustee.

### Borrowings/Loan

With effect 1 May 2021, HSBC Bank plc provides credit facilities to the Fund. Nothing was drawn on the facility at the year end. Until 30 April 2021 HSBC Bank plc, Guernsey Branch provided credit facilities to the Fund. The interest paid during the year was US\$274 (31 July 2020: US\$24,433).

## 11 Related Party Transactions (continued)

### Borrowings/Loan (continued)

The Fund may borrow up to a total of 25% of its NAV for a period of up to one month to cover a cash shortfall caused by mismatched settlement dates on purchase and sale transactions; and for a period of up to three months to finance redemptions; and for investment purposes subject to a maximum of 10% of the Fund's NAV, to facilitate additional investment in Investment Funds.

There were no other related party transactions for the year other than fees paid to the Manager, Trustee and Investment Adviser as outlined in Note 5.

## 12 Forward Foreign Exchange Contracts

Assets may be denominated in currencies other than the functional currency of each unit class and certain currency exposure will be hedged back to the relevant unit class currency. Hedging for this purpose may be by means of forward foreign exchange contracts or options on such contracts or by using such other derivative instruments as may be available and having the same or similar effect.

The Fund shall not invest in derivative instruments for speculative purposes. The Investment Adviser retains the right to vary the policy on currency hedging at its absolute discretion. All costs of such hedging will be met by the Unitholders of the relevant unit class only.

The following forward foreign exchange contracts were outstanding at 31 July 2021 in respect of the hedging of the HSBC Trading AdvantEdge Fund.

Unit Classes	Amount Bought	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) US\$'000
Euro Class	EUR104,109	USD122,967	31 August 2021	HSBC Bank	1
Sterling R Class	GBP769,822	USD1,068,477	31 August 2021	HSBC Bank	2
Euro S Class	EUR652,409	USD770,586	31 August 2021	HSBC Bank	4
Sterling S Class	GBP7,621	USD10,596	19 August 2021	HSBC Bank	0
Sterling S Class	GBP7,831,335	USD10,869,525	31 August 2021	HSBC Bank	19
Sterling S Class	USD10,597	GBP7,621	31 August 2021	HSBC Bank	0
Total unrealised gains on forward foreign exchange contracts (Note 6)					26
Total unrealised losses on forward foreign exchange contracts (Note 8)					-
Net unrealised gains on forward foreign exchange contracts					26

## 12 Forward Foreign Exchange Contracts (continued)

The following forward foreign exchange contracts were outstanding at 31 July 2020 in respect of the hedging of the HSBC Trading AdvantEdge Fund.

Unit Classes	Amount Bought	Amount Sold	Maturity Date	Counterparty	Unrealised Gain/(Loss) US\$'000
Euro Class	EUR91,252	USD108,118	30 August 2020	State Street Bank	-
Euro Class	EUR97,055	USD108,813	30 August 2020	State Street Bank	6
Euro Class	EUR545	USD612	30 August 2020	State Street Bank	-
Euro Class	EUR5,189	USD6,156	30 August 2020	State Street Bank	-
Sterling S Class	GBP1,427,783	USD1,874,508	30 August 2020	State Street Bank	-
Sterling S Class	GBP5,894,595	USD7,755,006	30 August 2020	State Street Bank	(16)
Sterling S Class	USD50,941	GBP41,498	30 August 2020	State Street Bank	(4)
Sterling S Class	GBP424,965	USD557,922	30 August 2020	State Street Bank	-
Sterling S Class	GBP128,185	USD157,362	30 August 2020	State Street Bank	11
Sterling S Class	GBP6,298,378	USD7,733,495	30 August 2020	State Street Bank	534
Euro S Class	EUR741,614	USD878,689	30 August 2020	State Street Bank	1
Euro S Class	EUR4,417	USD4,959	30 August 2020	State Street Bank	-
Euro S Class	EUR787,696	USD883,118	30 August 2020	State Street Bank	51
Euro S Class	EUR40,730	USD48,323	30 August 2020	State Street Bank	-
Euro S Class	USD37	EUR33	30 August 2020	State Street Bank	-
Euro S Class	EUR42,110	USD49,957	30 August 2020	State Street Bank	-
Sterling R Class	GBP655,151	USD861,925	30 August 2020	State Street Bank	(2)
Sterling R Class	GBP47,280	USD62,072	30 August 2020	State Street Bank	-
Sterling R Class	GBP750,757	USD921,821	30 August 2020	State Street Bank	64
Sterling R Class	USD6,075	GBP4,949	30 August 2020	State Street Bank	-
Sterling R Class	USD43,225	GBP35,216	30 August 2020	State Street Bank	(3)
Euro R Class	EUR94,891	USD106,386	30 August 2020	State Street Bank	6
Euro R Class	EUR532	USD598	30 August 2020	State Street Bank	-
Euro R Class	EUR5,073	USD6,018	30 August 2020	State Street Bank	-
Euro R Class	EUR89,296	USD105,801	30 August 2020	State Street Bank	-
Total unrealised gains on forward foreign exchange contracts (Note 6)					673
Total unrealised losses on forward foreign exchange contracts (Note 8)					(25)
Net unrealised gains on forward foreign exchange contracts					648



## 13 Financial Instruments

### Market Risk Oversight

The Manager takes a multi-tiered approach to risk management, with the understanding and management of risk embedded in the Manager selection and portfolio management processes, together with portfolio oversight and monitoring in accordance with fund investment restrictions, as listed in the relevant fund section in the Prospectus.

In Manager selection, due diligence revolves around understanding whether the risks a hedge fund manager takes in the pursuit of returns are appropriate and controlled. Complementing this investment focused due diligence, is a separate operational due diligence process, which evaluates the business and operational (non-investment) risks of a hedge fund and seeks to avoid hedge funds where inadequate structure or process could compromise an investment.

In portfolio management, ensuring that portfolios are appropriately diversified is paramount. In order to assess risk and portfolio diversification, both qualitative and quantitative techniques are used, including returns and exposure-based analysis.

The Manager monitors each investee fund's compliance with the investment restrictions on a monthly basis and retains oversight of all aspects of the risk management process.

The main risks arising from the Fund's financial instruments are market, liquidity and credit risk.

### Market risk

Market risk arises mainly from uncertainty about future prices of financial instruments held by the Fund. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Investment Adviser considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Fund's investment objective.

Market risk embodies the potential for both gains and losses and includes price risk, currency risk and interest rate risk. The profitability of the Fund's investment programme depends to a great extent on correct assessments of the future course of price movements of securities and equities and other investments. There can be no assurance that the Manager will be able to accurately predict these price movements. The securities markets have in recent years been characterised by great volatility and unpredictability. With respect to the investment strategy into which the Investment Adviser has invested the fund's assets, there is always some, and from time to time a significant, degree of market risk. Details of the fund's investment portfolio at the Consolidated Balance Sheet date are disclosed in the Portfolio of Investments included on page 29.

The Fund, generally seeks to initiate, increase, reduce or exit positions based on the use of a number of risk analysis techniques, including but not limited to sensitivity and simulation analysis and value at risk ("VaR") measurements, which use statistical analysis of historical and implied volatilities and movements to determine confidence levels of the historical maximum potential loss incurred for each position over a determined time horizon. There can be no assurance that losses will not occur and past performance is not indicative of future results.

The VaR calculation is a Monte Carlo simulation of each of the underlying holdings of the portfolio, which are then aggregated to produce returns for one thousand simulated portfolios.

The returns are simulated as the proportional increments of constant drift, constant volatility stochastic processes, thereby approximating continuous-time geometric Brownian motion.

The data below indicates the VaR of the Fund's financial instruments, measured as the potential 1day loss in value from adverse changes in fund prices, interest rates and foreign exchange rates using a 99% confidence level.

	31 July 2021	31 July 2020
Overall Market VaR (99%)	(5.93%)	(6.01%)

#### (a) Other price risk

Price risk is the risk that the value of the investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all investments traded in the market.

## 13 Financial Instruments (continued)

### Market risk (continued)

#### (a) Other price risk (continued)

The Fund is required to comply with the standard investment and borrowing restrictions as defined in the Prospectus. The Fund's investment restrictions are monitored on a monthly basis by both the Manager and the Trustee of the Fund. There are specific guidelines in place for monitoring and reporting breaches, and situations where holdings come close to restriction levels.

#### (b) Foreign currency risk

The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than US Dollars.

The Fund's currency risk is managed on a monthly basis by the Investment Adviser in accordance with policies and procedures in place. The Fund's overall currency positions and exposures are monitored on a monthly basis by the Manager.

The Fund offers redeemable participating units denominated in Euro and British Pound Sterling exposing the Fund to foreign currency risk. This risk is mitigated on behalf of the unitholders by the Fund entering into forward foreign exchange contracts as described in Note 12.

#### (c) Interest rate risk

The majority of the Fund's financial assets are investments in investment funds which neither pay interest nor have a maturity date. The Fund is exposed to risks associated with the effects of fluctuations in the prevailing level of market interest rates on the fair value of underlying investments which the Fund has invested in.

As at the year end, the Fund had no loan outstanding (31 July 2020: Nil). Interest of US\$274 (31 July 2020: US\$24,433) was charged for the year in relation to the credit facilities obtained during the year.

Other assets and liabilities bear no interest rate risk except for cash balances of US\$735,071 (31 July 2020: US\$2,983,701) which are subject to the variable interest rates.

### Liquidity risk

Liquidity risk is the risk the Fund will encounter difficulties in meeting obligations associated with financial liabilities. The main liability of the Fund is the redemption of any units that investors wish to sell. The risk is that the Fund might not be able to liquidate investment positions in order to repay amounts demanded by its unitholders.

The Fund's liquidity risk is managed on an ongoing basis by the Investment Adviser in accordance with policies and procedures in place. It is not the normal policy of the Fund to invest directly in funds, limited partnerships or other vehicles that have no liquidity.

The Fund's investment restrictions, as defined in the Prospectus, some of which pertain to the management of liquidity risk and concentrations thereof are monitored on a monthly basis by the Manager and the Trustee of the Fund. There are specific guidelines in place for monitoring and reporting breaches, and situations where holdings come close to restriction levels.

The Manager may limit the number of Units in the Fund which may be redeemed on any Dealing Day to not more than five per cent, or such greater percentage, as specified in the Fund Section of any Fund, of the total number of such Units in issue immediately before such date. Any Units failing to be redeemed upon the exercise of this discretion by the Manager will be carried forward to the next Dealing Day and shall be redeemed pro rata in priority to any other Units in respect of which a Redemption Notice has subsequently been received.

At 31 July 2021 and 31 July 2020 there were no restrictions in place on any of the investee funds which would limit the Fund's ability to redeem its investment holdings.

## 13 Financial Instruments (continued)

### Liquidity risk (continued)

All of the Fund's financial liabilities are due within one month, and net assets attributable to the unitholders of the Fund are due in accordance with the timeframe as described in the prospectus. See Note 10 for information.

### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

The Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

In addition, the Fund is indirectly exposed to the credit risk of the underlying investee funds.

Substantially all of the assets of the Fund are held by the Custodians. Bankruptcy or insolvency of the Custodians may cause the Fund's rights with respect to securities held by the Custodians to be delayed or limited. The Fund monitors its risk by monitoring the credit quality of the Custodians the Fund uses. The credit rating of HSBC Holdings plc, the parent company of both Custodians at 31 July 2021 was A- (31 July 2020, State Street Corporation: A) as rated by S&P Ratings Agency.

### Fair value hierarchy

FRS 102 requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities. The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

The fair value hierarchy as required under FRS 102 is based on the valuation inputs used to fair value the financial assets and liabilities and consideration of the market activity for each individual financial asset and liability. The definitions for Levels 1, 2 and 3 are set out below.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement was categorised in its entirety was determined on the basis of the lowest level input that was significant to the fair value measurement in its entirety. For this purpose, the significance of an input was assessed against the fair value measurement in its entirety.

If a fair value measurement used observable inputs that required significant adjustment based on unobservable inputs, that measurement was a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety required judgement, considering factors specific to the asset or liability. The determination of what constituted "observable" required significant judgement by the Manager.

The Manager considers observable data to be market data that was readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

### 13 Financial Instruments (continued)

#### Fair value hierarchy (continued)

##### (a) Hierarchy analysis

The following tables provide an analysis of the fair value hierarchy of the Fund's financial assets and liabilities, measured at fair value at 31 July 2021:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
Investment funds	-	57,583	-	57,583
Forward foreign exchange contracts	-	26	-	26
<b>Total Assets</b>	-	57,609	-	57,609

The following table provides an analysis of the fair value hierarchy of the Fund's financial assets and liabilities, measured at fair value at 31 July 2020:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
Investment funds	-	51,818	-	51,818
Forward foreign exchange contracts	-	673	-	673
<b>Total Assets</b>	-	52,491	-	52,491

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
Forward foreign exchange contracts	-	(25)	-	(25)
<b>Total Liabilities</b>	-	(25)	-	(25)

##### (b) Transfers between levels of the fair value hierarchy

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year ended 31 July 2021 or 31 July 2020.

#### Leverage

Where a fund permits leverage, the underlying volatility of the Fund will be significantly greater than would otherwise have been the case without the permitted leverage. Whilst this gives a Fund the ability to participate in higher returns associated with greater exposure, it also gives a Fund exposure to increased losses where markets in general and a fund in particular, invest in assets where prices suffer declines.

## 13 Financial Instruments (continued)

### Leverage (continued)

Certain investment funds in which the Fund may invest use material levels of leverage and are not limited in either their borrowing capacity nor in their level of margin commitment. The total value of positions held by these funds may exceed their net asset value. The leverage acquired offers the possibility of achieving a much greater overall return, but also increases the Fund's volatility and carries the risk of total loss of the amount invested. Please refer to Note 11 for details of borrowing of the Fund.

## 14 Capital Management

The capital of the Trust is represented by the net assets attributable to the unitholders of the Fund. The Trust is subject to monthly redemption requests of the unitholders.

The Trust's aim with respect to management of its capital is to safeguard its ability to continue as a going concern.

The Manager monitors capital on the basis of the value of net assets attributable to the unitholders of the Fund. As detailed in Note 13, the Fund's investment restrictions, as defined in the Prospectus, some of which pertain to the management of liquidity risk and concentrations thereof include restrictions in respect of investment in closed-ended funds, restrictions in respect of redemptions, restrictions in respect of the percentage holding allowable in any individual investment fund. There are specific guidelines in place for monitoring and reporting breaches, and situations where holdings come close to restriction levels.

The Fund also has a loan facility available to cover a cash shortfall caused by mismatched settlement dates on purchase and sale transactions and to fund redemptions (subject to a maximum of 25% of the Fund's NAV) and for investment purposes (subject to a maximum of 10% of the Fund's NAV), to facilitate additional investment in Investment Funds. Please refer to Note 11.

Also as detailed in Note 13, the Manager may limit the number of Units which may be redeemed on any Dealing Day to not more than 5% or such greater percentage of the total number of Units in issue immediately before such date if the liquidity of the Fund becomes insufficient. Such 5% limit shall be calculated in respect of the Fund as a whole and not in respect of each individual Unit class.

## 15 Distribution Policy

The Manager does not recommend the payment of a dividend. All income will be "rolled-up", and will not be distributed but will be retained in the Fund and reflected in the NAV per unit.

## 16 Side Pocket

On 31 July 2008, the Manager was advised that the Discus Non US Side Holdings Ltd, in which the Fund held shares, filed a bankruptcy petition due to an unexpected incident and the manager of Discus Fund Limited set up a side pocket (the "Discus Side Pocket"). The Fund was issued shares in the Discus Side Pocket.

The Manager and Trustee created a side pocket in the Fund (the "Fund Side Pocket") as at 30 September 2007, and shares in the Discus Side Pocket were transferred out of the Fund's portfolio, and into the Fund Side Pocket. As at the transfer date, the investment in Discus Fund Limited represented 4% of the Fund's total investment portfolio valuation. Shares of the Discus Side Pocket therefore do not form part of the Fund's portfolio for valuation purposes and were valued at US\$Nil.

The remaining 5,564 shares in the Discus Side Pocket were redeemed in the year ended 31 July 2020.

## 17 Foreign Exchange Rates

The following foreign exchange rates were used to translate assets and liabilities into the reporting currency (US Dollars):

	As at 31 July 2021	As at 31 July 2020
Euro	0.8433	0.8435
Sterling	0.7192	0.7618

## 18 Commitments and Contingent Liabilities

As at 31 July 2021 and 31 July 2020 the Fund did not have any significant contingent commitments or contingent liabilities.

## 19 Controlling Parties

The Manager does not consider there to be an immediate or ultimate controlling party of the Fund.

## 20 Significant Events during the year

HSBC Custody Services (Guernsey) was appointed as Trustee to the Fund with effect 1 May 2021.

HSBC Securities Services (Guernsey) Limited was appointed as Designated Administrator to the Fund with effect from 1 May 2021.

HSBC Continental Europe (Dublin) was appointed as Custodian to the Fund with effect 1 May 2021.

There were no other significant events affecting the Fund since the year end which require adjustment to, or disclosure in the consolidated financial statements.

## 21 Subsequent Events

There were no other significant events affecting the Fund since year end that require amendment to or disclosure in the Consolidated Financial Statements.

## 22 Highest and Lowest NAV per Unit during the year

Unit Class	Highest NAV per Unit	Lowest NAV per Unit
HSBC Trading AdvantEdge Fund – US Dollar Class	173.10	151.88
HSBC Trading AdvantEdge Fund – Euro Class	140.34	124.14
HSBC Trading AdvantEdge Fund – Euro Hedged R Class	108.02	101.80
HSBC Trading AdvantEdge Fund – US Dollar R Class	132.55	115.46
HSBC Trading AdvantEdge Fund – Sterling R Class	126.31	110.37
HSBC Trading AdvantEdge Fund – US Dollar S Class	113.25	98.26
HSBC Trading AdvantEdge Fund – Sterling S Class	108.79	94.62
HSBC Trading AdvantEdge Fund – Euro S Class	104.29	91.18

## 23 Reconciliation of Net Assets Attributable to Holders of Redeemable Participating Units

The NAV per these Consolidated Financial Statements is inclusive of subscriptions of US\$26,819 (31 July 2020: US\$2,509,149) and redemptions of US\$10,833 (31 July 2020: US\$Nil) which were booked to the Fund after the last Dealing NAV had been finalised. The table below reconciles the movement from the Dealing NAV to the NAV per these Consolidated Financial Statements, taking into account the aforementioned adjustments.

	As at 31 July 2021 US\$'000	As at 31 July 2020 US\$'000
<b>NAV as calculated in accordance with the Prospectus (Dealing NAV)</b>	<b>58,306</b>	54,357
Subscriptions not reflected in the Dealing NAV	27	2,509
Redemptions not reflected in the Dealing NAV	(11)	-
<b>NAV per these Consolidated Financial Statements</b>	<b>58,322</b>	56,866



# Portfolio of Investments as at 31 July 2021 (Unaudited)

Security Description	Holding	Market value US\$'000	% of total net assets
<b>Investment Funds (31 July 2020: 91.12%)</b>			
AHL (Cayman) SPC - Class A1 Evolution USD Shares	4,146,969	10,096	17.31%
Crabel Fund SPC Ltd. - Segregated Portfolio - Series 308	550	562	0.96%
Crabel Fund SPC Ltd. - Segregated Portfolio - Series 231	512	610	1.05%
Crabel Fund SPC Ltd. - Segregated Portfolio - Series 95	3,514	4,335	7.43%
Fort Global UCITS Contrarian Fund USD Hedged	3,661	4,793	8.22%
Man AHL Trend Alt USD	25,067	4,314	7.40%
Systematica Alternative Markets Fund Ltd. - Class A USD	36,895	6,534	11.20%
Tewksbury Investments Fund	305	9,132	15.66%
Transtrend Fund Alliance - Omnitrend (USD)	1,448	4,031	6.91%
Two Sigma Compass Enhanced Cayman Fund Ltd.	967	4,749	8.14%
Two Sigma Investment Fund Ltd. - Class A	2,265	2,952	5.06%
Two Sigma Spectrum Fund	1,344	5,475	9.39%
<b>Portfolio of Investments</b>		<b>57,583</b>	<b>98.73%</b>
Net current assets		739	1.27%
<b>Total net assets</b>		<b>58,322</b>	<b>100.00%</b>



# Investor Information

## as at 31 July 2021 (Unaudited)

Redeemable participating units in issue	31 July 2021	31 July 2020	31 July 2019
US Dollar Class	210,286.14	216,422.18	224,029.04
Euro Class	757.40	757.40	757.40
Euro Hedged R Class	-	906.85	906.85
US Dollar R Class	5,116.05	9,330.48	9,330.48
Sterling R Class	6,229.75	6,230.50	6,543.06
US Dollar S Class	71,639.52	84,067.92	88,080.12
Sterling S Class	73,537.68	79,928.25	65,968.91
Euro S Class	6,395.02	8,851.25	8,698.05

### NAV per unit

US Dollar Class	US\$173.10	US\$159.49	US\$175.12
Euro Class	EUR140.34	EUR130.73	EUR146.79
Euro Hedged R Class	-	EUR106.93	EUR118.78
US Dollar R Class	US\$132.55	US\$120.93	US\$131.38
Sterling R Class	GBP126.31	GBP115.80	GBP127.69
US Dollar S Class	US\$113.25	US\$102.76	US\$110.93
Sterling S Class	GBP108.79	GBP99.12	GBP108.61
Euro S Class	EUR104.29	EUR95.63	EUR105.38

### Total NAV

US Dollar Class (US\$'000)	US\$36,399	US\$34,518	US\$39,231
Euro Class (EUR'000)	EUR106	EUR99	EUR111
Euro Hedged R Class (EUR'000)	-	EUR97	EUR108
US Dollar R Class (US\$'000)	US\$678	US\$1,128	US\$1,226
Sterling R Class (GBP'000)	GBP787	GBP721	GBP835
US Dollar S Class (US\$'000)	US\$8,112	US\$8,639	US\$9,770
Sterling S Class (GBP'000)	GBP7,935	GBP7,922	GBP7,165
Euro S Class (EUR'000)	EUR667	EUR846	EUR917

Portfolio Classification	31 July 2021	31 July 2020
Unlisted securities	100.00%	100.00%
	100.00%	100.00%

Sector Allocation	31 July 2021	31 July 2020
Managed Futures	89.40%	90.30%
Market Neutral	9.40%	6.20%
Cash and Expenses	1.20%	3.50%
	100.00%	100.00%

# Summary of Significant Portfolio Changes for the year ended 31 July 2021 (Unaudited)

## Purchases

Description	Nominal	Cost US\$'000
Two Sigma Spectrum Fund	502	1,990
Tewksbury Investments Fund	78	1,985
AHL (Cayman) SPC - Class A1 Evolution USD Shares	377,423	800
Systematica Alternative Markets Fund Ltd. - Class A USD	4,147	600
Crabel Fund SPC Ltd.	550	550
Man AHL Trend Alt USD	2,564	400

## Sales

Description	Nominal	Proceeds US\$'000
AHL Evolution Frontier Fund	2,197,502	2,459
Two Sigma Investment Fund Ltd. - Class A	993	1,100
Two Sigma Compass Enhanced Cayman Fund Ltd.	190	864
Man AHL Trend Alt USD	3,993	650
Systematica Alternative Markets Fund Ltd. - Class A USD	2,991	500
Crabel Fund SPC Ltd. - Segregated Portfolio - Series 95	284	350
Transtrend Fund Alliance – Omnitrend (USD)	115	300

There were no other purchases and sales during the year ended 31 July 2021.

# Performance Information as at 31 July 2021 (Unaudited)

## Performance Overview

Year ended	2021	2020	2019	2018	2017
HSBC Trading AdvantEdge Fund - US Dollar Class	<b>8.53%</b>	(8.93)%	8.17%	1.47%	(6.76)%
3M USD LIBOR+3.5%	<b>3.82%</b>	5.47%	6.26%	5.43%	4.63%
HSBC Trading AdvantEdge Fund - Euro Class	<b>7.35%</b>	(10.94)%	5.11%	(1.32)%	(8.41)%
3M EUR LIBOR+3.5%	<b>3.04%</b>	3.21%	3.23%	3.21%	3.27%
HSBC Trading AdvantEdge Fund - Euro Hedged R Class**	-	(9.98)%	6.12%	0.17%	(8.03)%
3M EUR LIBOR+3.5%		3.21%	3.23%	3.21%	3.27%
HSBC Trading AdvantEdge Fund - US Dollar R Class	<b>9.61%</b>	(7.95)%	9.20%	2.53%	(5.88)%
3M USD LIBOR+3.5%	<b>3.82%</b>	5.47%	6.26%	5.43%	4.63%
HSBC Trading AdvantEdge Fund - Sterling R Class	<b>9.08%</b>	(9.31)%	7.24%	0.92%	(6.80)%
3M GBP LIBOR+3.5%	<b>3.66%</b>	4.31%	4.45%	4.12%	4.03%
HSBC Trading AdvantEdge Fund – US Dollar S Class	<b>10.21%</b>	(7.37)%	9.81%	3.12%	N/A
3M USD LIBOR+3.5%	<b>3.82%</b>	5.47%	6.26%	5.43%	4.63%
HSBC Trading AdvantEdge Fund – Sterling S Class	<b>9.76%</b>	(8.74)%	7.87%	1.65%	N/A
3M GBP LIBOR+3.5%	<b>3.66%</b>	4.31%	4.45%	4.12%	4.03%
HSBC Trading AdvantEdge Fund – Euro S Class*	<b>9.06%</b>	(9.25)%	6.55%	0.54%	N/A
3M EUR LIBOR+3.5%	<b>3.04%</b>	3.21%	3.23%	3.21%	3.27%

\*This Unit Class launched on 31 January 2017.

\*\* Fully redeemed February 2021

**Past performance is not indicative of future performance. The performance data does not include commissions and costs incurred on the issue and redemption of units.**

# Information on HSBC Uni-Folio Fund

The HSBC Uni-Folio is an umbrella unit trust comprising the following sub-funds and classes (as at 31 July 2021):

HSBC Trading AdvantEdge Fund – US Dollar Class  
HSBC Trading AdvantEdge Fund – Euro Class  
HSBC Trading AdvantEdge Fund – US Dollar R Class  
HSBC Trading AdvantEdge Fund – Sterling R Class  
HSBC Trading AdvantEdge Fund – US Dollar S Class  
HSBC Trading AdvantEdge Fund – Sterling S Class  
HSBC Trading AdvantEdge Fund – Euro S Class  
**collectively known as HSBC Trading AdvantEdge Fund**

**Unitholders should note that copies of the latest audited financial statements for the above Fund are available from the Manager or the Trustee free of charge on request.**