

# HSBC TRADING ADVANTEDGE FUND

## Unaudited Interim Report and Consolidated Financial Statements

For the Six Months Ended 31 January 2022



**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:**

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

**Trustee:**

HSBC Custody Services (Guernsey) Limited  
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

**Independent Auditor:**

PricewaterhouseCoopers CI LLP  
Royal Bank Place  
PO Box 321  
1 Gategny 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

**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

**Custodians:**

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

**Sub Custodian:**

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

A copy of the full Audited Report and Financial Statements for the year ended 31 July 2021 is available from the Manager or the Trustee free of charge on request.

## General Information (continued)

The Fund:	<p>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, 2020 as amended (the "Law") and is subject to the provisions of The Authorised Collective Investment Schemes (Class B) Rules and Guidance, 2021 (the "Rules") **.</p> <p>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.</p> <p>These Consolidated Financial Statements include all the assets and liabilities of the Trust and the Company (together the "Fund").</p> <p>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 SFT (C.I.) Limited (the "Trustee") 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.</p> <p>On 18 February 2022 the Manager wrote to unitholders informing them that the Trust is to be terminated. The final Net Asset Value will be calculated on 31 March 2022 and subject to receipt of proceeds on the disposal of investments, redemption proceeds will be paid to unitholders on or around the week commencing 2 May 2022. As a result of the intended closure of the Trust, these Interim Report and Consolidated Financial Statements have been prepared on a non-going concern basis. This has no material impact on the financial statements as the investments held are at fair value.</p>
Investment Objective:	<p>The objective of the Fund is to provide a total return from selective investment in a number of hedge funds which utilise predominantly commodity trading advisor and managed futures strategies.</p>
Investment Policy:	<p>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.</p> <p>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.</p>
Unit Classes/ Benchmarks:	<p>The Trust had the following unit classes during the period, with the following benchmarks for each unit class:</p> <p>HSBC Trading AdvantEdge Fund – US Dollar Class HSBC Trading AdvantEdge Fund – US Dollar R Class HSBC Trading AdvantEdge Fund – US Dollar S Class <i>US Dollar 3 month adjusted term SOFR plus 3.5% per annum<sup>^</sup></i></p> <p>HSBC Trading AdvantEdge Fund – Euro Hedged Class HSBC Trading AdvantEdge Fund – Euro Hedged S Class <i>Euro 3 month adjusted term ESTR plus 3.5% per annum<sup>^</sup></i></p> <p>HSBC Trading AdvantEdge Fund – Sterling Hedged R Class HSBC Trading AdvantEdge Fund – Sterling Hedged S Class <i>Sterling 3 month adjusted term SONIA plus 3.5% per annum<sup>^</sup></i></p>

## General Information (continued)

<sup>^</sup> LIBOR demised with effect 31 December 2021. Effective 1 September 2021 the Manager adopted a risk free rate, the “Fallback Rate”. Between 1 September 2021 and 31 December 2021 parallel calculations of performance fees using 3 Month IBOR and the 3 Month Adjusted Term Risk Free Rate were produced, investors received the most favourable result of the parallel calculations.

\* The Law and the Rules became effective on 1 November 2021 replacing the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and The Authorised Collective Investment Schemes (Class B) Rules, 2013 respectively.

Except for the application of the non-going concern basis of accounting, these consolidated unaudited interim financial statements for the six months ended 31 January 2022 have been prepared on a basis consistent with accounting standards applied in the annual financial statements and the Statement of Recommended Practice for Authorised Fund (the “SORP”) issued by the Investment Management Association in May 2014 and amended in June 2017. However, the Manager has opted not to apply FRS 104 Interim Financial Reporting in the preparation of these interim financial statements.

The unaudited interim financial statements do not contain all of the information and disclosures required in the full of annual audited financial statements and should be read in conjunction with the annual audited financial statements for the Fund for the year ended 31 July 2021.

**A copy of the full Audited Report and Financial Statements for the year ended 31 July 2021 is available from the Manager or the Trustee free of charge on request.**

# Investment Adviser's Report

## Market Commentary:

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

In the 6-months ending 31st January 2022, HSBC Trading AdvantEdge Fund (US Dollar Class) was down -2.60%, underperforming the Dow Jones Credit Suisse Managed Futures Hedge Fund Index, which returned +4.49% over the same period. The past six months marked a volatile period for CTA strategies, as markets were significantly influenced by Central Bank rhetoric (around inflation expectations) and the emergence of Covid-19 variants. Looking at main macroeconomic drivers over the period:

In August 2021, the US Federal Reserve's dovish comments and decreasing Delta Covid-19 infections supported prices of risk assets including long credit and equity positions. Energy prices also rose with news that Russia was reducing its supply of natural gas to Europe. This environment was largely positive for CTA strategies which were broadly positioned net long across these asset classes.

Asset prices in September experienced a sharp reversal to those seen in August. Higher US bond yields, fuelled by the sudden change in US Fed comments around more restrictive monetary policy, rising European inflation, and a number of regulatory crackdowns in China led, to a risk off environment during the month. With a number of CTA strategies positioned net long from August, losses were incurred in short USD, long equities, and long fixed income, however long commodity positioning was profitable as supply chain bottlenecks mounted up. The largest losses were incurred in the equity exposure where managers which were positioned long recent winners, particularly in sectors categorised as high growth. In this context, the fund was down -1.38% net of fees.

October saw a strong rebound from the September market drawdown. Positive equity performance was driven by better than expected US corporate earnings results, which helped fuel strong gains across CTA strategies which had largely maintained net long positions. Gains were also driven across short fixed income positioning on the back of higher US bond yields in September and the mounting evidence of higher global inflation. Currencies were more mixed, while commodities were down for the month. Overall the fund had a strong month, rallying +2.16% net.

Markets continued to fluctuate in November as they digested higher inflation (and the expectation of tighter Central Bank policy) but were also concerned of the new Omicron Covid-19 variant. The discovery of the new Covid strain caused risk assets to sell off sharply and a flight into US government bonds, which reversed the trends of October. Long commodity positions were positive, as supply side pressures continued to cause price increases, as was currency trading which flipped to long USD positioning. With CTA strategies positioned broadly long equities and short fixed income, the fund generated losses of -0.62% net.

December saw equity markets rebound as reassuring news about the severity of Omicron emerged. Risk assets broadly rallied with long equity, credit, and commodities leading the gains. Energy was the primary driver of commodity performance, with long Natural Gas and Carbon Emissions doing particularly well. Long credit positions were also up for the month as risk on behaviour supported the asset class. Currencies were mixed over the month, and fixed income was negative as positioning remained long after November's Omicron scare.

As we entered the new year, there was a notable shift in the US Fed's expected timeline around policy tightening. This announcement caused equity markets to sell off sharply, in particular sectors with a growth classification such as technology and healthcare. Fixed income and credit were also down, however energy markets rose on concerns of conflict on the Russia/ Ukrainian border. The Fund ended the month down -2.67% net.

## Fund Commentary:

During the last six months, five of the ten invested strategies generated positive performance. Trend following managers which invest in less widely traded markets (Systematica Alternative Markets and AHL Evolution) were the top performing strategies. These strategies gained from a larger exposure to esoteric commodity markets including European gas, electricity, coal, carbon emissions, and a range of Chinese agriculture contract. In Equities, thematic and sector exposures to European banks, energy producers, capital goods manufacturers, and US Diversified Financial sectors were also profitable.

## **Investment Adviser's Report (continued)**

On the other hand, trend following strategies with a short term horizon (Tewksbury and Crabel), were mixed and ended marginally down over the period. Tewksbury was up +0.65% net with gains driven by equity and commodity models, while Crabel was down with mixed performance across momentum, trend participation, mean reversion and unique strategies. While shorter term trend strategies were marginally negative, the more traditional medium/ long term strategies (including AHL Trend Alternative and Fort Global UCITS Fund) were the main detractors for the Fund. FORTs losses were driven primarily by long positions in fixed income and rates exposures which experienced sharp reversals as global inflation expectations surged and Central Banks indicated tighter monetary policy. FORT, which can be categorised as a trend anticipating CTA, increased their long exposure to fixed income as markets sold off in September and January, which led to the majority of the Fund's losses. Across in AHL Trend long positions in equities, in particular Swiss and Australian indices, and short VIX index positions were the main detractors. The Transtrend Fund was the exception in the medium/ long term trend space, as it delivered a positive performance of +5.64% net over the six-month period. The funds' performance was driven by trends originating by Covid, inflation, and climate change thematic. Commodities and equities were the main drivers of performance across the three thematic, while fixed income ended down.

**HSBC Alternative Investments Limited**  
**Date: March 2022**

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# Unaudited Consolidated Statement of Total Return

	Period ended 31 January 2022		Period ended 31 January 2021	
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Income:</b>				
Net capital (loss)/gains		(1,260)		626
Other income		-		-
Finance costs: Interest	-		-	
Operating expenses	(475)		(364)	
<b>Net expenses</b>		(475)		(364)
<b>Change in net assets attributable to the unitholders of the Fund from investment activities</b>		(1,735)		262

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 period.

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

	Period ended 31 January 2022		Period ended 31 January 2021	
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Net assets attributable to the unitholders of the Fund at the start of the period</b>		58,322		56,866
Movement due to issue and redemption of redeemable participating units:				
Amounts received/receivable on issues	1,473		212	
Less: amounts paid/payable on redemptions	(4,377)		(2,688)	
		(2,904)		(2,476)
<b>Change in net assets attributable to the unitholders of the Fund from investment activities</b>		(1,735)		262
<b>Net assets attributable to the unitholders of the Fund at the end of the period</b>		53,683		54,652

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# Unaudited Consolidated Balance Sheet

	As at 31 January 2022		As at 31 July 2021	
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets:</b>				
Current Assets				
Portfolio of Investments		54,517		57,583
Debtors	1,336		58	
Cash and cash equivalents	655		735	
		1,991		793
<b>Total Assets</b>		<b>56,508</b>		<b>58,376</b>
<b>Liabilities:</b>				
Creditors: amounts falling due within one year	(2,825)		(54)	
<b>Total Liabilities</b>		<b>(2,825)</b>		<b>(54)</b>
<b>Net assets attributable to the unitholders of the Fund</b>		<b>53,683</b>		<b>58,322</b>

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# Unaudited Portfolio of Investments as at 31 January 2022

Security Description	Holding	Market value US\$'000	% of total net assets
<b>Investment Funds (31 July 2021: 98.73%)</b>			
AHL (Cayman) SPC - Class A1 Evolution USD Shares	4,146,969	10,264	19.12%
Crabel Fund SPC Ltd Class - Segregated Portfolio - Series 231	512	598	1.11%
Crabel Fund SPC Ltd Class - Segregated Portfolio - Series 95	3,514	4,254	7.92%
Fort Global UCITS Contrarian Fund USD Hedged	3,661	4,194	7.81%
Man AHL Trend Alt USD	25,067	3,773	7.03%
Systematica Alternative Markets Fund Ltd - Class A USD	34,412	6,575	12.25%
Tewksbury Investment Fund	263	7,926	14.77%
Transtrend Fund Alliance - Omnitrend (USD)	1,448	4,258	7.93%
Two Sigma Compass Enhanced Cayman Fund Ltd.	967	4,602	8.57%
Two Sigma Investment Fund Ltd. - Class A	2,265	2,506	4.67%
Two Sigma Spectrum Fund	1,344	5,567	10.37%
<b>Portfolio of Investments</b>		<b>54,517</b>	<b>101.55%</b>
Net current liabilities		(834)	(1.55%)
<b>Total net assets</b>		<b>53,683</b>	<b>100.00%</b>

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# Unaudited Investor Information as at 31 January 2022

Redeemable participating units in issue	As at 31 January 2022	As at 31 July 2021	As at 31 July 2020
US Dollar Class	187,515.43	210,286.14	216,422.18
Euro Hedged Class*	757.40	757.40	757.40
Euro Hedged R Class	-	-	906.85
US Dollar R Class	5,116.05	5,116.05	9,330.48
Sterling Hedged R Class*	5,827.54	6,229.75	6,230.50
US Dollar S Class	78,600.54	71,639.52	84,067.92
Sterling Hedged S Class*	74,819.34	73,537.68	79,928.25
Euro Hedged S Class*	7,534.41	6,395.02	8,851.25

## NAV per unit

US Dollar Class	US\$168.60	US\$173.10	US\$159.49
Euro Hedged Class*	EUR136.14	EUR140.34	EUR130.73
Euro Hedged R Class	-	-	EUR106.93
US Dollar R Class	US\$129.76	US\$132.55	US\$120.93
Sterling Hedged R Class*	GBP123.82	GBP126.31	GBP115.80
US Dollar S Class	US\$111.20	US\$113.25	US\$102.76
Sterling Hedged S Class*	GBP106.78	GBP108.79	GBP99.12
Euro Hedged S Class*	EUR102.01	EUR104.29	EUR95.63

## Total NAV

US Dollar Class (US\$'000)	US\$31,615	US\$36,399	US\$34,518
Euro Hedged Class* (EUR'000)	EUR103	EUR106	EUR99
Euro Hedged R Class (EUR'000)	-	-	EUR97
US Dollar R Class (US\$'000)	US\$664	US\$678	US\$1,128
Sterling Hedged R Class* (GBP'000)	GBP722	GBP787	GBP721
US Dollar S Class (US\$'000)	US\$8,740	US\$8,112	US\$8,639
Sterling Hedged S Class* (GBP'000)	GBP7,990	GBP7,935	GBP7,922
Euro Hedged S Class* (EUR'000)	EUR769	EUR667	EUR846

\* The classes are hedged as per the prospectus issued on 3 September 2021.

Portfolio Classification	31 January 2022	31 July 2021
Unlisted securities	100.00%	100.00%
	100.00%	100.00%

Sector Allocation	31 January 2022	31 July 2021
Managed Futures	89.80%	89.40%
Market Neutral	10.20%	9.40%
Cash and Expenses	0%	1.20%
	100.00%	100.00%

A copy of the full Audited Report and Financial Statements for the year ended 31 July 2021 is available from the Manager or the Trustee free of charge on request.

# Unaudited Summary of Significant Portfolio Changes for the six months ended 31 January 2022

## Sales

Description	Nominal	Proceeds US\$'000
Crabel Fund SPC Ltd - Segregated Portfolio - Series 308	550	562
Systematica Alternative Markets Fund Ltd - Class A USD	2,483	467
Tewksbury Investment Fund	42	1,258

There were no purchases and no other sales during the period ended 31 January 2022.

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