

**Hand Composite Employee Benefit Trust
BW Alternative Credit CIF**

Independent Auditor's Report and Financial Statements

December 31, 2016



Hand Composite Employee Benefit Trust
December 31, 2016

Contents

Independent Auditor's Report..... 1

Basic Financial Statements

Statement of Assets and Liabilities – Selected Fund 3

Schedule of Investments

 BW Alternative Credit CIF 4

Statement of Operations – Selected Fund 7

Statement of Changes in Net Assets – Selected Fund 8

Notes to Financial Statements..... 9

Supplemental Information

Schedule of Investment Purchases and Sales – Selected Fund..... 25

Independent Auditor's Report

Board of Directors
Hand Composite Employee Benefit Trust
Houston, Texas

We have audited the accompanying financial statements of the selected fund, BW Alternative Credit CIF, included in the Hand Composite Employee Benefit Trust ("Trust" or "Fund"), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2016, the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the selected fund, Hand Composite Employee Benefit Trust, as of December 31, 2016, and the results of its operations and the changes in its net assets for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investment purchases and sales listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Houston, Texas
May 26, 2017

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities - Selected Fund
December 31, 2016

	BW Alternative Credit CIF
Assets	
Investments, at cost	\$ 54,286,997
Investments, at fair value	\$ 54,203,903
Cash	3,875
Cash denominated in foreign currencies (Cost - \$76,661)	76,973
Receivable from broker - variation margin on centrally cleared swap contracts	289,939
Unrealized gain on foreign currency forward exchange contracts	373,635
Deposits with brokers for open OTC swap contracts	510,000
Deposits with brokers for centrally cleared swap contracts	441,767
OTC swaps, at value (net premiums paid - \$95,662)	107,255
Receivable for open OTC swap contracts	6,429
Receivable for:	
Investment securities sold	1,095,519
Dividend and interest	392,871
Investment advisor waived fees	11,636
Total assets	\$ 57,513,802
Liabilities	
Payable for investment securities purchased	\$ 2,194,675
Management fee payable	41,993
OTC swaps, at value (premiums received - \$271,216)	166,363
Unrealized loss on foreign currency forward exchange contracts	51,252
Payable for open OTC swap contracts	4,163
Accounts payable and accrued liabilities	19,369
Total liabilities	\$ 2,477,815
Net assets held for participants:	
Class R	55,035,987
Total net assets held for participants	\$ 55,035,987
Units outstanding:	
Class R	5,100,000
Total units outstanding	5,100,000
Net asset value per unit:	
Class R	\$ 10.79

Hand Composite Employee Benefit Trust
Schedule of Investments
BW Alternative Credit CIF
December 31, 2016

Number of Shares		Cost	Fair Value
<u><i>Short Term Investment</i></u>			
7,180,964	State Street Institutional U.S. Government Money Market Fund, Premier Class .411%	\$ 7,180,964	\$ 7,180,964
Total Short Term Investment		<u>13.25%</u> <u>7,180,964</u>	<u>7,180,964</u>
Principal Amount †		Cost	Fair Value
<u><i>Corporate Bonds</i></u>			
<i>Consumer Staples</i>			
465,000	Marfrig Holdings Europe BV Company Guarantee 144A 8.00% 06/08/2023	471,412	481,322
Total Consumer Staples		<u>0.89%</u> <u>471,412</u>	<u>481,322</u>
<i>Energy</i>			
115,000	Chesapeake Energy Corp. Company Guarantee 6.125% 02/15/2021	112,724	112,125
1,220,000	Chesapeake Energy Corp. Secured 144A 8.00% 12/15/2022	1,221,088	1,316,075
630,000	Diamond 1 Finance Corp. / Diamond 2 Finance Corp. Sr Secured 144A 6.02% 06/15/2026	629,711	682,477
255,000	Diamond 1 Finance Corp. / Diamond 2 Finance Corp. Sr Secured 144A 8.35% 07/15/2046	254,797	313,978
275,000	Petrobras Global Finance BV Company Guarantee 5.375% 01/27/2021	244,577	268,950
850,000	Petrobras Global Finance BV Company Guarantee 5.75% 01/20/2020	782,710	860,625
1,435,000	Petrobras Global Finance BV Company Guarantee 8.75% 05/23/2026	1,529,124	1,548,006
Total Energy		<u>9.41%</u> <u>4,774,731</u>	<u>5,102,236</u>
<i>Financials</i>			
600,000	Banco do Brasil SA Jr Subordinated REGS 9.00% 06/18/2024	547,790	564,000
Total Financials		<u>1.04%</u> <u>547,790</u>	<u>564,000</u>
<i>Health Care</i>			
560,000	Valeant Pharmaceuticals International Company Guarantee 144A 6.375% 10/15/2020	532,137	481,074
Total Health Care		<u>0.89%</u> <u>532,137</u>	<u>481,074</u>
<i>Industrials</i>			
595,000	Digicel Group Ltd. Sr Unsecured 144A 7.125% 04/01/2022	495,712	461,565
540,000	Digicel Group Ltd. Sr Unsecured 144A 8.25% 09/30/2020	488,321	463,304
Total Industrials		<u>1.70%</u> <u>984,033</u>	<u>924,869</u>
<i>Materials</i>			
1,205,000	Hexion, Inc. Sr Secured 6.625% 04/15/2020	1,052,211	1,066,425
1,625,000	Valeant Pharmaceuticals International, Inc. Company Guarantee 144A 6.75% 08/15/2018	1,623,303	1,539,687
Total Materials		<u>4.81%</u> <u>2,675,514</u>	<u>2,606,112</u>
Total Corporate Bonds		<u>18.74%</u> <u>9,985,617</u>	<u>10,159,613</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
BW Alternative Credit CIF (Continued)
December 31, 2016

Principal Amount †		Cost	Fair Value
<u>Floating Rate Loans</u>			
<i>Consumer Discretionary</i>			
820,000	WMG Acquisition Corp. Term Loan C 3.75% 11/01/2023	\$ 815,956	\$ 825,535
	Total Consumer Discretionary	1.52% 815,956	825,535
<i>Energy</i>			
1,120,000	Chesapeake Energy Corp. Term Loan 8.50% 08/23/2021	1,159,223	1,217,533
	Total Energy	2.25% 1,159,223	1,217,533
<i>Health Care</i>			
1,538,375	Capsugel Holdings U.S., Inc. USD Term Loan B 4.00% 07/31/2021	1,534,906	1,540,573
	Total Health Care	2.84% 1,534,906	1,540,573
<i>Information Technology</i>			
1,100,000	First Data Corp. 2016 USD Term Loan 3.00% 03/24/2021	1,106,875	1,110,313
460,000	Rackspace Hosting, Inc. 1st Lien Term Loan 4.50% 11/03/2023	457,726	464,830
	Total Information Technology	2.91% 1,564,601	1,575,143
	Total Floating Rate Loans	9.52% 5,074,686	5,158,784
<u>Foreign Government</u>			
<i>Argentina</i>			
ARS 19,665,000	Argentine Bonos del Tesoro Unsecured 18.20% 10/03/2021	1,339,643	1,264,115
	Total Argentina	2.33% 1,339,643	1,264,115
<i>Brazil</i>			
BRL 3,710,000	Brazil Notas do Tesouro Nacional Serie F 10.00% 01/01/2027	1,070,276	1,051,994
	Total Brazil	1.94% 1,070,276	1,051,994
	Total Foreign Government	4.27% 2,409,919	2,316,109
<u>Asset-Backed Securities</u>			
104,449	Accredited Mortgage Loan Trust Series 2006-2, Class A3 .906% 09/25/2036	103,134	104,018
1,528,675	MASTR Asset Backed Securities Trust Series 2006-HE1, Class A4 1.046% 01/25/2036	1,454,625	1,479,901
161,662	Merrill Lynch Mortgage Investors Trust Series 2007-MLN1, Class A2B .936% 03/25/2037	156,802	161,199
1,656,579	Morgan Stanley Dean Witter Capital I, Inc. Trust Series 2003-NC1, Class M1 2.331% 11/25/2032	1,593,463	1,596,364
4,000,000	OHA Credit Partners IX Ltd. Series 2013-9A, Class D, 144A 4.481% 10/20/2025	3,883,322	3,910,188
144,667	RASC Trust Series 2006-KS1, Class A4 1.056% 02/25/2036	142,588	143,337
	Total Asset-Backed Securities	13.64% 7,333,934	7,395,007

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
BW Alternative Credit CIF (Continued)
December 31, 2016

Principal Amount †		Cost	Fair Value
<u><i>Collateralized Mortgage Obligations</i></u>			
850,000	Federal Home Loan Mortgage Corp. Series 2015-DNA2, Class M3 4.656% 12/25/2027	\$ 865,755	\$ 891,783
1,685,000	Federal Home Loan Mortgage Corp. Series 2016-DNA2, Class M3 5.406% 10/25/2028	1,791,473	1,796,157
855,000	Federal Home Loan Mortgage Corp. Series 2016-DNA3, Class M3 5.756% 12/25/2028	855,000	923,888
410,000	Federal Home Loan Mortgage Corp. Series 2016-HQA1, Class M3 7.106% 09/25/2028	410,000	471,392
2,500,000	Federal National Mortgage Association Series 2014-C02, Class 2M2 3.356% 05/25/2024	2,290,638	2,468,750
710,000	Federal National Mortgage Association Series 2016-C04, Class 1M2 5.006% 01/25/2029	710,000	734,474
650,466	LSTAR Securities Investment Ltd. Series 2015-4, Class A1, 144A 2.617% 04/01/2020	649,683	649,247
655,833	LSTAR Securities Investment Ltd. Series 2015-8, Class A1, 144A 2.771% 08/01/2020	654,858	650,863
738,281	LSTAR Securities Investment Ltd. Series 2015-9, Class A1, 144A 2.617% 10/01/2020	735,230	735,398
EUR 1,406,610	Newgate Funding LLC Series 2006-3X, Class MB, REGS .00% 12/01/2050	1,326,036	1,295,188
GBP 2,314,790	RMAC Securities No 1 PLC Series 2006-NS4X, Class M1A, REGS .646% 06/12/2044	3,143,043	2,472,550
Total Collateralized Mortgage Obligations		24.15%	13,431,716
<u><i>Mortgage-Backed Securities</i></u>			
385,000	Commercial Mortgage Trust Series 2007-GG9, Class AJ 5.505% 03/10/2039	354,464	363,825
20,562,294	Freddie Mac Multifamily Structured Pass-Through Certificates Series K723, Class X1, IO .957% 08/25/2023	1,085,033	1,060,583
1,000,000	FREMF Mortgage Trust Series 2013-K24, Class C, 144A 3.502% 11/25/2045	948,032	958,897
870,000	FREMF Mortgage Trust Series 2014-K715, Class C, 144A 4.126% 02/25/2046	875,958	857,908
835,000	FREMF Mortgage Trust Series 2014-K717, Class C, 144A 3.629% 11/25/2047	820,975	800,407
2,000,000	FREMF Mortgage Trust Series 2015-K720, Class B, 144A 3.389% 07/25/2022	1,868,425	1,941,749
910,000	JPMCC Re-REMIC Trust Series 2014-FRR1, Class B707, REMIC, 144A 2.01% 01/27/2047	835,656	838,700
397,000	Wachovia Bank Commercial Mortgage Trust Series 2006-C27, Class AJ 5.825% 07/15/2045	388,340	401,883
1,665,000	Wachovia Bank Commercial Mortgage Trust Series 2007-C31, Class AJ 5.66% 04/15/2047	1,693,278	1,679,784
Total Mortgage-Backed Securities		16.43%	8,870,161
Total Investments		100.00%	\$ 54,286,997
			\$ 54,203,903

† Principal amount denominated in U.S. dollars, unless otherwise noted.

Abbreviations used in this table:

ARS	Argentine Peso
BRL	Brazilian Real
EUR	Euro
GBP	British Pound

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2016

	BW Alternative Credit CIF
Income	
Interest (net of foreign withholding taxes of \$6,288)	\$ 1,713,945
Dividends	2,456
Total income	1,716,401
Expenses	
Trustee and administrative	70,679
Class R expenses	467,050
Total expenses before reimbursement	537,729
Reimbursement of fees	(46,066)
Net expenses	491,663
Net Investment Income	1,224,738
Net Realized Gains (Losses) on Investments, Options Written, Futures Contracts, Swap Contracts, Investments Sold Short and Foreign Currency	
Net realized gains on investments	59,103
Net realized gains on options written	12,077
Net realized gains on futures contracts	659,388
Net realized gains on swap contracts	1,064,790
Net realized losses on foreign currency transactions	(52,678)
Net realized losses on foreign currency forward exchange contracts	(64,850)
Net realized and unrealized gains	1,677,830
Change in Net Unrealized Appreciation (Depreciation) on:	
Investments	1,185,290
Futures contracts	(9,744)
Swap contracts	135,248
Foreign currencies	8,083
Foreign currency forward exchange contracts	642,590
Change in net unrealized appreciation	1,961,467
Net realized and unrealized gains on Investments, Options Written, Futures Contracts, Swap Contracts, Investments Sold Short and Foreign Currency	3,639,297
Net Increase in Net Assets Resulting From Operations	\$ 4,864,035

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets - Selected Fund
Year Ended December 31, 2016

	BW Alternative Credit CIF
Operations	
Net investment income	\$ 1,224,738
Net realized gains	1,677,830
Change in net unrealized appreciation	1,961,467
Net increase in net assets from operations	4,864,035
Increase in Net Assets	4,864,035
Net Assets	
Beginning of year	50,171,952
End of year	\$ 55,035,987

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Hand Composite Employee Benefit Trust ("HB&T" or "the Trust") was created in order to provide broad and uniform diversification programs for pension and profit sharing plans which, having complied with the requirements of the Internal Revenue Code (the IRC), are exempt from taxation under the provisions of the IRC. The Trust is comprised of 103 portfolios (the Funds); the financial statements of one of those funds, the BW Alternative Credit CIF (the Fund), are included in this report.

Each class of the Fund has equal rights as to earnings and assets except that each class bears different distribution, shareholder servicing and transfer agent expenses. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments and foreign currency are allocated to each class of units based on its relative net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of investment income and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuation

All investments in securities are recorded at their estimated fair value. Transfers in and out of Level 1 (quoted market prices), Level 2 (significant other observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Investment Transactions

Investment transactions are accounted for on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are reported on the identified cost basis.

Foreign Currency

Investment securities and other assets and liabilities denominated in, or expected to settle in, foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

The Fund isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held.

Reported net realized foreign exchange gains or losses arise from sales of portfolio securities, sales and maturities of short term securities, sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, including investments in securities at December 31, 2016, resulting from changes in the exchange rates

Futures Contracts

The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the "initial margin" and subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. The daily changes in contract value are recorded as unrealized gains or losses in the statement of operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Written Options

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the premium received is recorded as a realized gain. When a written call option is exercised, the difference between the premium received plus the option exercise price and the Fund's basis in the underlying security (in the case of a covered written call option), or the cost to purchase the underlying security (in the case of an uncovered written call option), including brokerage commission, is recognized as a realized gain or loss. When a written put option is exercised, the amount of the premium received is subtracted from the cost of the security purchased by the Fund from the exercise of the written put option to form the Fund's basis in the underlying security purchased. The writer or buyer of an option traded on

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

an exchange can liquidate the position before the exercise of the option by entering into a closing transaction. The cost of a closing transaction is deducted from the original premium received resulting in a realized gain or loss to the Fund.

The risk in writing a covered call option is that the Fund may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that the Fund may incur a loss if the market price of the underlying security decreases and the option is exercised. The risk in writing an uncovered call option is that the Fund is exposed to the risk of loss if the market price of the underlying security increases. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Foreign Currency Forward Exchange Contracts

The Fund may enter into foreign currency forward exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The Fund's net equity therein, representing unrealized gain or loss on the contracts, as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. These instruments involve market risk, credit risk or both kinds of risks in excess of the amount recognized in the statement of assets and liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and movement in currency and securities values and interest rates.

Swap Agreements

The Fund invests in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with other portfolio transactions. Swap agreements are privately negotiated in the over-the-counter market (OTC Swaps) or may be executed on a registered exchange (Centrally Cleared Swaps). Unlike Centrally Cleared Swaps, the Fund has credit exposure to the counterparties of OTC Swaps.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of Centrally Cleared Swaps, if any, is recorded as a receivable or payable for variation margin on the statement of assets and liabilities. Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the Schedule of Investments and restricted cash, if any, is identified on the statement of assets and liabilities. Risks may exceed amounts recorded in the statement of assets and liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, and the possible lack of liquidity with respect to the swap agreements.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

OTC swap payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the statement of assets and liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the statement of operations. Net periodic payments received or paid by the Fund are recognized as a realized gain or loss in the statement of operations.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of December 31, 2016, the total notional value of all credit default swaps to sell protection was \$12,420,000. This amount would be offset by the value of the swap's reference entity, upfront premiums received on the swap and any amounts received from the settlement of a credit default swap where the Fund bought protection for the same referenced security/entity for a notional value of \$810,000.

For average notional amounts of swaps held during the year ended December 31, 2016, see Note 9.

Credit Default Swaps

The Fund enters into credit default swap (CDS) contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (*i.e.*, to reduce risk where the Fund has exposure to an issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap,

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the notes to financial statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

The Fund's maximum risk of loss from counterparty risk, as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). As the protection seller, the Fund's maximum risk is the notional amount of the contract. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the statement of assets and liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

Investment Income and Distribution of Income

Dividend income less foreign taxes withheld, if any, is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Investment income is allocated ratably on the valuation dates among all participants. No distributions are made to participants in the Fund until units owned are redeemed, at which time the market value of redeemed units is distributed. Investment income and realized gains (if any) earned by the Fund are reinvested, thereby increasing the respective unit values.

Valuation of Participants' Interest

Units of participation may be purchased or redeemed on the valuation dates at the fair value per unit on such valuation dates. The Fund is valued daily.

Federal Income Taxes

The Fund complies with the requirements under Section 501(a) of the IRC and apportion all of its taxable income to its participants. Therefore, no federal income tax provision is required.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Investment Management Advisors

The investment management advisor for the Fund is Brandywine Global Investment Management, LLC.

Note 2: Foreign Currency Forward Exchange Contracts

At December 31, 2016, the Fund had the following open forward foreign currency contracts:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
IDR	\$ 12,950,000,000	USD	\$ 945,255	HSBC Bank USA, N.A.	01/27/17	\$ 12,898
USD	978,466	IDR	12,950,000,000	HSBC Bank USA, N.A.	01/27/17	20,313
BRL	13,900,000	USD	4,173,172	HSBC Bank USA, N.A.	02/07/17	56,769
USD	176,497	BRL	600,000	HSBC Bank USA, N.A.	02/07/17	(6,091)
USD	565,039	BRL	1,910,000	HSBC Bank USA, N.A.	02/07/17	(16,198)
USD	564,804	BRL	1,900,000	HSBC Bank USA, N.A.	02/07/17	(13,390)
USD	4,268,110	EUR	3,850,000	Citibank, N.A.	02/10/17	207,965
EUR	36,000	USD	38,413	Morgan Stanley & Co. International PLC	02/10/17	(448)
EUR	520,000	USD	555,741	Morgan Stanley & Co. International PLC	02/10/17	(7,357)
EUR	530,000	USD	566,697	UBS AG	02/10/17	(7,768)
USD	2,618,384	GBP	2,060,000	Citibank, N.A.	03/09/17	75,690
Total						\$ 322,383

Abbreviations used in this table:

BRL	Brazilian Real
EUR	Euro
IDR	Indonesian Rupiah
USD	United States Dollar

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

Note 3: Swap Contracts

At December 31, 2016, the Fund had the following open swap contracts.

Centrally Cleared Credit Default Swaps on Credit Indices - Sell Protection ⁽¹⁾

Central Swap Counterparty (Reference Entity)	Notional Amount * ⁽²⁾	Termination Date	Periodic Payments Received by the Fund†	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
InterContinental Exchange (Market CDX.NA.HY.27 Index)	\$ 7,690,000	12/20/21	5.000% quarterly	\$ 476,073	\$ 466,968	\$ 9,105
InterContinental Exchange (Market ITRX.EUR.SNR.FIN Index)	<u>2,560,000</u> EUR	12/20/21	1.000% quarterly	<u>8,246</u>	<u>9,329</u>	<u>(1,083)</u>
Total	<u>\$ 10,250,000</u>			<u>\$ 484,319</u>	<u>\$ 476,297</u>	<u>\$ 8,022</u>

OTC Credit Default Swaps on Corporate Issues - Sell Protection ⁽¹⁾

Swap Counterparty (Reference Entity)	Notional Amount * ⁽²⁾	Termination Date	Implied Credit Spread at December 31, 2016 ⁽³⁾	Periodic Payments Received by the Fund†	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation
Citigroup Global Markets Inc. (Chesapeake Energy Corp., 6.625%, due 8/15/20)	\$ 755,000	12/20/21	3.96%	5.000% quarterly	\$ (32,814)	\$ (118,687)	\$ 85,873
Morgan Stanley & Co. Inc. (Chesapeake Energy Corp.)	<u>605,000</u>	12/20/21	3.96%	5.000% quarterly	<u>(26,294)</u>	<u>(95,827)</u>	<u>69,533</u>
Total	<u>\$ 1,360,000</u>				<u>\$ (59,108)</u>	<u>\$ (214,514)</u>	<u>\$ 155,406</u>

OTC Credit Default Swaps on Credit Indices - Sell Protection ⁽¹⁾

Swap Counterparty (Reference Entity)	Notional Amount * ⁽²⁾	Termination Date	Implied Credit Spread at December 31, 2016 ⁽³⁾	Periodic Payments Received by the Fund†	Market Value	Upfront Premiums Paid (Received)	Unrealized Depreciation
Morgan Stanley & Co. Inc. (Market CMBX.NA.BB.6 Index)	\$ 810,000	05/11/63	2.40%	5.000% monthly	(107,255)	(56,702)	(50,553)
Total	<u>\$ 810,000</u>				<u>\$ (107,255)</u>	<u>\$ (56,702)</u>	<u>\$ (50,553)</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

OTC Credit Default Swaps on Corporate Issues - Buy Protection ⁽¹⁾							
Swap Counterparty (Reference Entity)	Notional Amount * ⁽²⁾	Termination Date	Implied Credit Spread at December 31, 2016 ⁽³⁾	Periodic Payments Received by the Fund†	Market Value	Upfront Premiums Paid (Received)	Unrealized Depreciation
JPMorgan Securities Inc. (CMBX.NA.BB.6 Index)	\$ 810,000	05/11/63	8.02%	5.000% monthly	107,255	95,662	11,593
Total	<u>\$ 810,000</u>				<u>\$ 107,255</u>	<u>\$ 95,662</u>	<u>\$ 11,593</u>

- ⁽¹⁾ If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or the underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or the underlying securities comprising the referenced index.
- ⁽²⁾ The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- ⁽³⁾ The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative had the notional amount of the swap agreement been closed /sold as of the period end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

†Percentage shown is an annual percentage rate.

*Notional amount denominated in U.S dollars, unless otherwise noted.

Abbreviations used in this table:

EUR Euro

Note 4: Written Options Rollforward

	Number of Contracts	Premiums
Written options, outstanding as of December 31, 2015	-	\$ -
Options written	364	12,077
Options closed	-	-
Options exercised	-	-
Options expired	(364)	(12,077)
	0	\$ 0
Written options, outstanding as of December 31, 2016	0	\$ 0

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

Note 5: Investment Advisory Fees and Other Transactions With Affiliates

The Fund is charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Fund has also entered into investment advisory and service agreements with a third party advisor. These fees compensate the advisor for the services it provides and for expenses borne by the advisor under the agreement.

During the year ended December 31, 2016, the investment advisor voluntarily reimbursed the Fund for a portion of its expenses.

The following table indicates the fees charged to the Fund and the various classes of units within the Fund (as a percentage of net assets). These charges are calculated using the Fund's prior day's total net assets.

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
BW Alternative Credit CIF: Class R	0.04%	0.90%	0.07%	1.01%

Note 6: Financial Highlights

	BW Alternative Credit CIF Class R1
Net asset value, beginning of year	\$ 9.84
Net investment income	0.24
Net realized and unrealized gains	0.71
Net increase from investment operations	0.95
Net asset value, end of year	\$ 10.79
Total return	9.65%
Ratio to average net assets:	
Net investment income	2.34%
Expenses without reimbursement	1.03%
Expenses with reimbursement	0.94%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

Note 7: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

- Level 1:** Quoted prices in active markets for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of assets and liabilities, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2016.

Short Term Investments. Short term investments, including money market funds, for which market quotations are readily available, are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy.

Corporate Bonds. The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Corporate bonds are categorized as Level 2 in the hierarchy.

Floating Rate Loans. The fair value of floating rate loans is generally valued using recently executed transactions, market price quotations (where observable), bid/ask quotes received by brokers specializing in floating rate loans and market observable credit default swap levels. Floating rate loans are categorized as Level 2 in the hierarchy.

Foreign Government Obligations. Foreign Government obligations are valued using models that incorporate market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. Certain securities are valued principally using dealer quotations. These securities are categorized as Level 2 in the hierarchy.

Hand Composite Employee Benefit Trust

Notes to Financial Statements Year Ended December 31, 2016

Asset-Backed Securities and Collateralized Mortgage Obligations. These securities are valued using models that incorporate observable data, such as prepayments, delinquencies, yields, bids, offers, collateral seasoning and other factors. Deal specific scenarios are derived from historical performance information and loan level details. These securities are categorized as Level 2 in the hierarchy.

Foreign Currency Contracts. These contracts are valued at the prevailing forward exchange rate of the underlying currencies on the reporting date and unrealized gains or losses recorded daily. Foreign currency contracts are generally categorized as Level 2 in the hierarchy.

Credit Default Swaps. Credit default swaps are traded on the over-the-counter (OTC) market. Fair value for credit default swaps is based on models which take into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Other than the contract terms, valuation is heavily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. As the underlying debt on credit default swaps held by the Fund are liquid and the OTC market for the current spread is active, credit default swaps are categorized as Level 2 in the hierarchy.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2016.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
BW Alternative Credit CIF				
Financial Instruments - Assets:				
Short Term Investment	\$ 7,180,964	\$ 7,180,964	\$ -	\$ -
Corporate Bonds	10,159,613	-	10,159,613	-
Floating Rate Loans	5,158,784	-	5,158,784	-
Foreign government	2,316,109	-	2,316,109	-
Asset-backed Securities	7,395,007	-	7,395,007	-
Collateralized Mortgage Obligations	13,089,690	-	13,089,690	-
Mortgage-backed Securities	8,903,736	-	8,903,736	-
Total Financial Instruments - Assets	<u>\$ 54,203,903</u>	<u>\$ 7,180,964</u>	<u>\$ 47,022,939</u>	

Hand Composite Employee Benefit Trust
Notes to Financial Statements
Year Ended December 31, 2016

	<u>Fair Value Measurements Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
BW Alternative Credit CIF (Continued)				
Derivative Instruments - Assets:				
Foreign Currency Exchange Contracts	\$ 373,635	\$ -	\$ 373,635	\$ -
Centrally Cleared Credit Default Swaps on Credit Indices - Sell Protection	9,105	-	9,105	-
OTC Credit Default Swaps on Credit Indices - Buy Protection	107,255	-	107,255	-
	<u>489,995</u>	<u>0</u>	<u>489,995</u>	<u>-</u>
	<u>\$ 489,995</u>	<u>\$ 0</u>	<u>\$ 489,995</u>	<u>\$ -</u>
Derivative Instruments - Liabilities:				
Foreign Currency Exchange Contracts	\$ 51,252	\$ -	\$ 51,252	\$ -
Centrally Cleared Credit Default Swaps on Credit Indices - Sell Protection	1,083	-	1,083	-
OTC Credit Default Swaps on Corporate Issues - Sell Protection	59,108	-	59,108	-
OTC Credit Default Swaps on Credit Indices - Sell Protection	107,255	-	107,255	-
	<u>218,698</u>	<u>0</u>	<u>218,698</u>	<u>-</u>
	<u>\$ 218,698</u>	<u>\$ 0</u>	<u>\$ 218,698</u>	<u>\$ -</u>

Note 8: Risk Factors

Investment Securities Risk

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of assets and liabilities.

Foreign Securities Risk

Securities traded in foreign markets have often (though not always) performed differently from securities traded in the United States. However, such investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. In

Hand Composite Employee Benefit Trust

Notes to Financial Statements Year Ended December 31, 2016

particular, the Fund is subject to the risk that because there may be fewer investors on foreign exchanges and a smaller number of securities traded each day, it may be more difficult for the Fund to buy and sell securities on those exchanges. In addition, prices of foreign securities may go up and down more than prices of securities traded in the United States.

Currency Risk

Securities and other instruments in which the Fund invests may be denominated or quoted in currencies other than the U.S. Dollar. Changes in foreign currency exchange rates may affect the value of the Fund's portfolio. Because the Fund's assets are primarily invested in securities of foreign countries, the U.S. dollar equivalent of the Fund's net assets would be adversely affected by reductions in the value of the foreign currencies relative to the U.S. dollar. For this reason, changes in foreign currency exchange rates can affect the value of the Fund's portfolio. Generally, when the U.S. dollar rises in value against a foreign currency, a security denominated in that currency loses value because the currency is worth fewer U.S. dollars. Conversely, when the U.S. dollar decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more U.S. dollars. This risk, generally known as "currency risk," means that a strong U.S. dollar may reduce returns for U.S. investors in foreign stocks while a weak U.S. dollar may increase those returns.

Note 9: Derivative Instruments and Hedging Activities

Below is a table, grouped by derivative type, that provides information about the fair value and the location of derivatives within the statement of assets and liabilities at December 31, 2016.

	Asset Derivatives ⁽¹⁾		
	Foreign Exchange Risk	Credit Risk	Total
OTC swap contracts ⁽²⁾	\$ -	\$ 107,255	\$ 107,255
Centrally cleared swap contracts ⁽³⁾	-	9,105	9,105
Forward foreign currency contracts	<u>373,635</u>	<u>-</u>	<u>373,635</u>
Total	<u>\$ 373,635</u>	<u>\$ 116,360</u>	<u>\$ 489,995</u>
	Liability Derivatives ⁽¹⁾		
	Interest Rate Risk	Credit Risk	Total
OTC swap contracts ⁽²⁾	\$ -	\$ 166,363	\$ 166,363
Centrally cleared swap contracts ⁽³⁾	-	1,083	1,083
Forward foreign currency contracts	<u>51,252</u>	<u>-</u>	<u>51,252</u>
Total	<u>\$ 51,252</u>	<u>\$ 167,446</u>	<u>\$ 218,698</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

- (1) Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).
- (2) Includes cumulative appreciation (depreciation) of futures contracts as reported in the footnotes. Only variation margin is reported within the receivables and/or payables on the Statement of Assets and Liabilities.
- (3) Includes cumulative appreciation (depreciation) of centrally cleared swap contracts as reported in the footnotes. Only variation margin is reported within the receivables and/or payables on the Statement of Assets and Liabilities.

The following tables provide information about the effect of derivatives and hedging activities on the Fund's statement of operations for the year ended December 31, 2016. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the period.

	Amount of Realized Gain (Loss) on Derivatives Recognized				
	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Equity Risk	Total
Written options	\$ -	\$ -	\$ -	\$ 12,077	\$ 12,077
Futures contracts	659,388	-	-	-	659,388
Swap contracts	-	-	1,064,790	-	1,064,790
Forward foreign currency contracts	-	(64,850)	-	-	(64,850)
	<u>\$ 659,388</u>	<u>\$ (64,850)</u>	<u>\$ 1,064,790</u>	<u>\$ 12,077</u>	<u>\$ 1,671,405</u>

	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized			
	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Futures contracts	\$ (9,744)	\$ -	\$ -	\$ (9,744)
Swap contracts	-	-	135,248	135,248
Forward foreign currency contracts	-	642,590	-	642,590
	<u>\$ (9,744)</u>	<u>\$ 642,590</u>	<u>\$ 135,248</u>	<u>\$ 768,094</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

Year Ended December 31, 2016

During the year ended December 31, 2016, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Written options †	\$ 2,985
Futures contracts (to buy) †	7,687,967
Futures contracts (to sell) †	384,980
Forward foreign currency contracts (to buy)	8,788,449
Forward foreign currency contracts (to sell)	19,673,798
	Average Notional Balance
Credit default swap contracts (to buy protection)	\$ 1,293,194
Credit default swap contracts (to sell protection)	9,541,674

†At December 31, 2016, there were no positions in this derivative.

The following table presents by financial instrument, the Fund's derivative assets net of the related collateral received by the Fund at December 31, 2016.

	Gross Amount of Derivative Assets in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Received	Net Amount
OTC swap contracts	\$ 107,255	\$ -	\$ 107,255
Centrally cleared swap contracts ⁽²⁾	289,939	-	289,939
Forward foreign currency contracts	373,635	-	373,635
Total	\$ 770,829	\$ 0	\$ 770,829

(1) Absent an event of default or early termination, derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

(2) Amount represents the current day's variation margin as reported in the Statement of Assets and Liabilities. It differs from the cumulative appreciation (depreciation) presented in the previous table.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
Year Ended December 31, 2016

The following table presents by financial instrument, the Fund's derivative liabilities net of the related collateral pledged by the Fund at December 31, 2016:

	Gross Amount of Derivative Liabilities in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Pledged ⁽²⁾⁽³⁾	Net Amount
OTC swap contracts	\$ 166,363	\$ (166,363)	\$ -
Forward foreign currency contracts	<u>51,252</u>	<u>-</u>	<u>51,252</u>
Total	<u>\$ 217,615</u>	<u>\$ (166,363)</u>	<u>\$ 51,252</u>

(1) Absent an event of default or early termination, derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

(2) Gross amounts are not offset in the statement of assets and liabilities.

(3) In some instances, the actual collateral received and/or pledged may be more than the amount shown here due to overcollateralization.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
December 31, 2016

Purchases	
Investment Class	Cost
Asset-backed Securities	\$ 2,866,358
Collateralized Mortgage Obligations	30,912,402
Corporate Bonds	15,461,462
Floating Rate Loans	7,196,125
Foreign Government	13,501,706
Mortgage-backed Securities	4,762,357
Mutual Funds	1,982,187
Total Investments Purchased	\$ 76,682,597

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Collateralized Mortgage Obligations	\$ 37,863,988	\$ 37,627,241	\$ 236,747
Corporate Bonds	5,663,268	5,523,253	140,015
Floating Rate Loans	2,127,144	2,120,586	6,558
Foreign Government	13,619,662	13,695,298	(75,636)
Mortgage-backed Securities	4,669,148	4,770,744	(101,596)
Mutual Funds	2,118,271	1,982,187	136,084
Total Investments Sold	\$ 66,061,481	\$ 65,719,309	\$ 342,172