

**Hand Composite Employee Benefit Trust
BW Global Investment Grade Fixed Income 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 Global Investment Grade Fixed Income CIF.....	4
Statement of Operations - Selected Fund.....	8
Statement of Changes in Net Assets - Selected Fund	9
Notes to Financial Statements.....	10

Supplemental Information

Schedule of Investment Purchases and Sales - Selected Fund.....	20
---	----

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 Global Investment Grade Fixed Income 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 is presented for purposes of additional analysis and is 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 Global Investment Grade Fixed Income CIF
Assets	
Investments, at cost	\$ 193,366,999
Investments, at fair value	\$ 174,345,847
Cash denominated in foreign currencies (Cost - \$2)	2
Unrealized gain on foreign currency forward exchange contracts	244,870
Receivable for:	
Dividend and interest	1,235,775
Investment advisor waived fees	40,181
Other assets	
Total assets	\$ 175,866,675
Liabilities	
Payable for capital shares redeemed	\$ 11,404
Management fee payable	62,578
Unrealized loss on foreign currency forward exchange contracts	1,974,397
Accounts payable and accrued liabilities	31,079
Total liabilities	\$ 2,079,458
Net assets held for participants:	
Class R1	\$ 139,302,938
Class R3	31,919,426
Class R-INT	2,564,853
Total net assets held for participants	\$ 173,787,217
Units outstanding:	
Class R1	12,690,668
Class R3	2,908,547
Class R-INT	231,519
Total units outstanding	15,830,734
Net asset value per unit:	
Class R1	\$ 10.98
Class R3	\$ 10.97
Class R-INT	\$ 11.08

Hand Composite Employee Benefit Trust
Schedule of Investments
BW Global Investment Grade Fixed Income CIF
December 31, 2016

Number of Shares		Cost	Fair Value
<u>Short Term Investments</u>			
319	State Street Institutional Liquid Reserves Fund, Premier Class .669%	\$ 319	\$ 319
6,853,983	State Street Institutional U.S. Government Money Market Fund, Premier Class .411%	6,853,983	6,853,983
Total Short Term Investments		3.93%	6,854,302
<hr/>			
Principal Amount†		Cost	Fair Value
<u>Corporate Bonds</u>			
<i>Consumer Discretionary</i>			
\$ 3,668,000	Bank Nederlandse Gemeenten N.V. Sr Unsecured 144A .951% 07/14/2017	3,668,026	3,668,227
3,460,000	Nederlandse Waterschapsbank N.V. Sr Unsecured 144A 1.132% 02/14/2018	3,464,788	3,465,585
Total Consumer Discretionary		4.09%	7,132,814
<i>Energy</i>			
550,000	Shell International Finance BV Company Guarantee 4.55% 08/12/2043	541,885	573,558
Total Energy		0.33%	541,885
<i>Financials</i>			
4,850,000	Citigroup, Inc. Sr Unsecured 1.576% 04/27/2018	4,844,132	4,870,035
230,000	Dell, Inc. Sr Unsecured 6.50% 04/15/2038	267,456	216,775
800,000	Ford Motor Credit Co. LLC Sr Unsecured 1.627% 03/27/2017	800,000	800,618
4,350,000	Ford Motor Credit Co. LLC Sr Unsecured 1.863% 06/15/2018	4,333,733	4,360,488
3,490,000	Goldman Sachs Group, Inc. Sr Unsecured 2.006% 11/15/2018	3,511,575	3,523,176
1,070,000	JPMorgan Chase Bank NA Sr Unsecured 1.444% 09/21/2018	1,070,000	1,071,515
2,700,000	Wells Fargo & Co. Sr Unsecured 1.909% 07/26/2021	2,715,131	2,722,364
Total Financials		10.08%	17,542,027
<i>Health Care</i>			
885,000	Macquarie Bank Ltd. Sr Unsecured 144A 1.516% 10/27/2017	885,000	885,981
990,000	Macquarie Group Ltd. Sr Unsecured 144A 1.887% 01/31/2017	990,000	990,736
Total Health Care		1.08%	1,875,000
<i>Information Technology</i>			
1,225,000	Apple, Inc. Sr Unsecured 4.50% 02/23/2036	1,221,150	1,308,218
3,155,000	Apple, Inc. Sr Unsecured 4.65% 02/23/2046	3,269,052	3,406,923
Total Information Technology		2.70%	4,490,202
Total Corporate Bonds		18.28%	31,581,928
<u>Foreign Government</u>			
<i>Australia</i>			
AUD 5,465,000	New South Wales Treasury Corp. Local Government Guarantee 5.00% 08/20/2024	4,835,145	4,545,049
AUD 3,815,000	Queensland Treasury Corp. 144A 3.25% 07/21/2026	2,725,117	2,766,027
AUD 3,685,000	Queensland Treasury Corp. 144A 4.75% 07/21/2025	2,966,484	2,994,885
AUD 2,675,000	Queensland Treasury Corp. Local Government Guarantee REGS 6.00% 07/21/2022	2,556,383	2,265,117
Total Australia		7.21%	13,083,129

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
BW Global Investment Grade Fixed Income CIF
December 31, 2016

Principal Amount†		Cost	Fair Value
<i><u>Foreign Government (continued)</u></i>			
<i>Brazil</i>			
BRL \$	1,575,000 Brazil Notas do Tesouro Nacional 10.00% 01/01/2021	\$ 638,303	\$ 466,025
BRL	11,540,000 Brazil Notas do Tesouro Nacional 10.00% 01/01/2023	4,515,194	3,335,892
	Total Brazil	2.18% <u>5,153,497</u>	<u>3,801,917</u>
<i>France</i>			
	8,115,000 Dexia Credit Local S.A. 144A 1.142% 06/05/2018	8,105,394	8,081,996
	Total France	4.64% <u>8,105,394</u>	<u>8,081,996</u>
<i>Luxembourg</i>			
	1,925,000 European Investment Bank Sr Unsecured 144A .946% 10/09/2018	1,925,000	1,924,496
	Total Luxembourg	1.10% <u>1,925,000</u>	<u>1,924,496</u>
<i>Malaysia</i>			
MYR	16,905,000 Malaysia Government Bond Sr Unsecured 3.659% 10/15/2020	4,154,006	3,765,677
MYR	4,840,000 Malaysia Government Bond Sr Unsecured 3.48% 03/15/2023	1,421,948	1,035,099
MYR	2,930,000 Malaysia Government Bond Sr Unsecured 3.62% 11/30/2021	729,264	651,380
MYR	6,840,000 Malaysia Government Bond Sr Unsecured 4.048% 09/30/2021	1,911,609	1,530,624
	Total Malaysia	4.01% <u>8,216,827</u>	<u>6,982,780</u>
<i>Mexico</i>			
MXN	38,700,000 Mexican Bonos Sr Unsecured 7.75% 11/23/2034	1,916,254	1,850,524
MXN	173,900,000 Mexican Bonos Sr Unsecured 7.75% 11/13/2042	13,075,630	8,262,932
MXN	101,500,000 Mexican Bonos Sr Unsecured 8.50% 05/31/2029	8,306,923	5,207,870
MXN	119,300,000 Mexican Bonos Sr Unsecured 8.50% 11/18/2038	9,186,104	6,112,873
	Total Mexico	12.29% <u>32,484,911</u>	<u>21,434,199</u>
<i>New Zealand</i>			
NZD	4,675,000 New Zealand Government Sr Unsecured REGS 5.50% 04/15/2023	3,838,739	3,715,171
	Total New Zealand	2.13% <u>3,838,739</u>	<u>3,715,171</u>
<i>Norway</i>			
	678,000 Kommunalbanken AS Sr Unsecured 144A 1.004% 05/02/2017	678,074	677,852
	3,830,000 Kommunalbanken AS Sr Unsecured 144A 1.091% 02/20/2018	3,832,619	3,835,048
	964,000 Kommunalbanken AS Sr Unsecured 144A 1.377% 03/27/2017	964,741	964,463
	Total Norway	3.14% <u>5,475,434</u>	<u>5,477,363</u>
<i>Poland</i>			
PLN	13,950,000 Poland Government Bond 3.25% 07/25/2025	3,722,930	3,271,407
PLN	2,000,000 Poland Government Bond 4.00% 10/25/2023	628,505	497,055
	Total Poland	2.16% <u>4,351,435</u>	<u>3,768,462</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
BW Global Investment Grade Fixed Income CIF
December 31, 2016

Principal Amount†		Cost	Fair Value
<u>Foreign Government (continued)</u>			
<i>South Africa</i>			
ZAR \$ 71,925,000	South Africa Government International Bond 6.50% 02/28/2041	\$ 5,242,398	\$ 3,726,091
ZAR 62,260,000	South Africa Government International Bond 8.75% 02/28/2048	4,550,482	4,139,907
ZAR 19,770,000	South Africa Government International Bond Sr Unsecured 6.75% 03/31/2021	2,006,681	1,361,008
	Total South Africa	5.29% <u>11,799,561</u>	<u>9,227,006</u>
<i>South Korea</i>			
2,310,000	Export-Import Bank of Korea Sr Unsecured 144A 1.502% 05/12/2017	2,310,338	2,310,402
2,185,000	Export-Import Bank of Korea Sr Unsecured 144A 1.527% 08/14/2017	2,185,780	2,183,138
	Total South Korea	2.58% <u>4,496,118</u>	<u>4,493,540</u>
<i>Sweden</i>			
895,000	Swedish Export Credit AB Sr Unsecured 1.087% 09/28/2017	895,000	895,270
1,030,000	Swedish Export Credit AB Sr Unsecured 1.133% 06/12/2017	1,030,168	1,030,461
1,745,000	Swedish Export Credit AB Sr Unsecured REGS 1.262% 11/09/2017	1,749,360	1,748,893
	Total Sweden	2.11% <u>3,674,528</u>	<u>3,674,624</u>
<i>United Kingdom</i>			
GBP 8,825,000	United Kingdom Gilt REGS 1.25% 07/22/2018	12,732,892	11,077,328
	Total United Kingdom	6.35% <u>12,732,892</u>	<u>11,077,328</u>
<i>Venezuela</i>			
1,460,000	Corp. Andina de Fomento Sr Unsecured 1.437% 01/29/2018	1,460,000	1,461,606
1,420,000	Corp. Andina de Fomento Sr Unsecured 2.00% 05/10/2019	1,419,899	1,410,746
	Total Venezuela	1.65% <u>2,879,899</u>	<u>2,872,352</u>
	Total Foreign Government	56.84% <u>118,217,364</u>	<u>99,102,312</u>
<u>Municipals</u>			
160,000	Municipal Electric Auth. of Georgia 6.637% 04/01/2057	153,026	198,434
505,000	Municipal Electric Auth. of Georgia 6.655% 04/01/2057	530,200	617,165
	Total Municipals	0.47% <u>683,226</u>	<u>815,599</u>
<u>U.S. Government & Agency Obligations</u>			
9,225,000	United States Treasury Bond 2.875% 11/15/2046	8,923,964	8,906,452
4,785,000	United States Treasury Bond 3.00% 11/15/2045	5,033,199	4,719,579
7,460,000	United States Treasury Note .686% 10/31/2018	7,461,860	7,460,649
14,610,000	United States Treasury Note .73% 07/31/2018	14,611,156	14,622,755
	Total U.S. Government & Agency Obligations	20.48% <u>36,030,179</u>	<u>35,709,435</u>
	Total Investments	100.00% \$ <u>193,366,999</u>	\$ <u>174,345,847</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
BW Global Investment Grade Fixed Income CIF
December 31, 2016

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

Abbreviations used in this table:

AUD	Australian Dollar
BRL	Brazilian Real
GBP	British Pound
MXN	Mexican Peso
MYR	Malaysian Ringgit
NZD	New Zealand Dollar
PLN	Polish Zloty
ZAR	South African Rand

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

	BW Global Investment Grade fixed Income CIF
Income	
Interest (net of foreign withholding taxes of \$39,750)	\$ 5,222,655
Total income	5,222,655
Expenses	
Trustee and administrative	158,065
Class R1 expenses	636,775
Class R3 expenses	171,778
Total expenses before reimbursement	966,618
Reimbursement of fees	(16,944)
Net expenses	949,674
Net Investment Income	4,272,981
Net Realized Gains (Losses) on Investments and Foreign Currency	
Net realized gains on investments	4,311,723
Net realized losses on foreign currency transactions	(141,675)
Net realized losses on foreign currency forward exchange contracts	(369,060)
Net realized and unrealized gains	3,800,988
Change in Net Unrealized Appreciation (Depreciation) on:	
Investments	(5,838,371)
Foreign currencies	14,843
Foreign currency forward exchange contracts	(284,156)
Change in net unrealized depreciation	(6,107,684)
Net realized and unrealized losses on Investments and Foreign Currency	(2,306,696)
Net Increase in Net Assets Resulting From Operations	\$ 1,966,285

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

	BW Global Investment Grade Fixed Income CIF
Operations	
Net investment income	\$ 4,272,981
Net realized gains	3,800,988
Change in net unrealized depreciation	<u>(6,107,684)</u>
Net increase in net assets from operations	1,966,285
Net Increase in Net Assets From Participant Unit Transactions	<u>1,460,067</u>
Increase in Net Assets	3,426,352
Net Assets	
Beginning of year	<u>170,360,865</u>
End of year	<u><u>\$ 173,787,217</u></u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

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 Global Investment Grade Fixed Income 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

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.

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.

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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2016

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.

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

	Currency Purchased		Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
NOK	77,300,000	USD	9,499,641	HSBC Bank USA, N.A.	1/13/2017	\$ (546,712)
USD	3,778,127	NZD	5,260,000	Morgan Stanley & Co. International PLC	1/17/2017	125,548
SEK	82,200,000	USD	9,364,053	HSBC Bank USA, N.A.	1/23/2017	(329,872)
SEK	5,600,000	USD	608,745	UBS AG	1/23/2017	6,723
PLN	19,800,000	USD	4,988,411	JPMorgan Chase Bank, N.A.	1/25/2017	(258,695)
NOK	38,000,000	USD	4,574,676	HSBC Bank USA, N.A.	2/14/2017	(172,712)
NOK	4,100,000	USD	482,734	UBS AG	2/14/2017	(7,785)
CLP	2,690,000,000	USD	3,986,957	HSBC Bank USA, N.A.	2/17/2017	16,833
AUD	570,000	USD	420,643	JPMorgan Chase Bank, N.A.	2/17/2017	(9,749)
AUD	4,160,000	USD	3,100,594	Morgan Stanley & Co. International PLC	2/17/2017	(101,784)
SEK	65,700,000	USD	7,148,686	HSBC Bank USA, N.A.	3/6/2017	88,256
CLP	1,620,000,000	USD	2,457,338	HSBC Bank USA, N.A.	3/7/2017	(49,224)
GBP	13,550,000	USD	17,222,863	Citibank, N.A.	3/9/2017	(497,864)
CLP	1,590,000,000	USD	2,356,428	HSBC Bank USA, N.A.	3/24/2017	4,365
CLP	240,000,000	USD	353,201	HSBC Bank USA, N.A.	3/24/2017	3,145
Total						\$ (1,729,527)

Abbreviations used in this table:

AUD	Australian Dollar
CLP	Chilean Peso
GBP	British Pound
NOK	Norwegian Krone
PLN	Polish Zloty
SEK	Swedish Krona
USD	United States Dollar

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2016

Note 3: 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.

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 Global Investment Grade				
Fixed Income CIF:				
Class R1	0.04%	0.47%	0.03%	0.54%
Class R3	0.04%	0.42%	0.03%	0.49%
Class R-INT	0.04%	0.00%	0.03%	0.07%

Note 4: Financial Highlights

	BW Global Investment Grade Fixed Income CIF		
	Class R1	Class R3	Class R-INT
Net asset value, beginning of year	\$ 10.85	\$ 10.85	\$ 10.90
Net investment income	0.27	0.27	0.32
Net realized and unrealized losses	(0.14)	(0.15)	(0.14)
Net increase from investment operations	0.13	0.12	0.18
Net asset value, end of year	\$ 10.98	\$ 10.97	\$ 11.08
Total return	1.01%	1.66%	1.65%
Ratio to average net assets:			
Net investment income	2.35%	2.41%	2.81%
Expenses without reimbursement	0.56%	0.50%	0.09%
Expenses with reimbursement	0.55%	0.49%	0.09%

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

Note 5: Participant Unit Transactions

	BW Global Investment Grade Fixed CIF	
	Units	Dollars
Class R1:		
Proceeds from sales of units	1,717,594	\$ 19,574,255
Cost of units redeemed	(216,789)	(2,470,211)
	1,500,805	17,104,044
Net change in Class R1 from participant transactions		
Class R3:		
Proceeds from sales of units	770,248	8,753,022
Cost of units redeemed	(1,976,127)	(22,654,999)
	(1,205,879)	(13,901,977)
Net change in Class R3 from participant transactions		
Class R-INT:		
Proceeds from sales of units	129,128	1,468,000
Cost of units redeemed	(291,141)	(3,210,000)
	(162,013)	(1,742,000)
Net change in Class R-INT from participant transactions		
Net Increase in Net Assets From Participant Unit Transactions		\$ 1,460,067

Note 6: 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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2016

Following is a description of the valuation methodologies and inputs used for assets 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 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 and Municipal Bonds. The fair value of corporate and municipal 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 and municipal bonds 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.

U.S. Government and Agency Obligations. U.S. Government obligations are valued using a model that incorporates 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. U.S. Government obligations 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.

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.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
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 Global Investment Grade Fixed Income CIF				
Financial Instruments - Assets:				
Short Term Investments	\$ 6,854,302	\$ 6,854,302	\$ -	\$ -
Corporate Bonds	31,864,199	-	31,864,199	-
Foreign government Municipals	99,102,312	-	99,102,312	-
U.S. Government and Agency Obligations	815,599	-	815,599	-
	35,709,435	-	35,709,435	-
Total Financial Instruments - Assets	<u>\$ 174,345,847</u>	<u>\$ 6,854,302</u>	<u>\$ 167,491,545</u>	<u>\$ 0</u>
Derivative Instruments - Assets:				
Foreign Currency Exchange Contracts	\$ 244,870	\$ -	\$ 244,870	\$ -
Total	<u>\$ 244,870</u>	<u>\$ 0</u>	<u>\$ 244,870</u>	<u>\$ 0</u>
Derivative Instruments - Liabilities:				
Foreign Currency Exchange Contracts	\$ 1,974,397	\$ -	\$ 1,974,397	\$ -
Total Liabilities	<u>\$ 1,974,397</u>	<u>\$ 0</u>	<u>\$ 1,974,397</u>	<u>\$ 0</u>

Note 7: 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 particular, the Fund is subject to the risk that because there may be fewer investors on foreign

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2016

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 8: 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	Total
Forward foreign currency contracts	\$ 244,870	\$ 244,870
Total	\$ 244,870	\$ 244,870

	Liability Derivatives (1)	
	Foreign Exchange Risk	Total
Forward foreign currency contracts	\$ 1,974,397	\$ 1,974,397
Total	\$ 1,974,397	\$ 1,974,397

⁽¹⁾ Generally, the statement of assets and liabilities for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2016

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 losses realized on derivatives during the year. The second table provides additional information about the change in unrealized depreciation resulting from the Fund's derivatives and hedging activities during the year.

	Amount of Realized Loss on Derivatives Recognized	
	Foreign Exchange Risk	Total
Forward foreign currency contracts	\$ (369,060)	\$ (369,060)
Total	<u>\$ (369,060)</u>	<u>\$ (369,060)</u>

	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized	
	Foreign Exchange Risk	Total
Forward foreign currency contracts	\$ (284,156)	\$ (284,156)
Total	<u>\$ (284,156)</u>	<u>\$ (284,156)</u>

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

	Average Market Value
Forward foreign currency contracts (to buy)	\$ 70,327,057
Forward foreign currency contracts (to sell)	10,025,814

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

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
Forward foreign currency contracts	\$ 244,870	\$ -	\$ 244,870
Total	<u>\$ 244,870</u>	<u>\$ 0</u>	<u>\$ 244,870</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.

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:

	Derivative Liabilities in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Pledged	Net Amount
Forward foreign currency contracts	\$ 1,974,397	\$ -	\$ 1,974,397
Total	<u>\$ 1,974,397</u>	<u>\$ 0</u>	<u>\$ 1,974,397</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.

Supplemental Information

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

Purchases	
Investment Class	Cost
Corporate Bonds	\$ 15,244,516
Foreign Government	30,818,561
U.S. Government Obligations	68,808,224
Total Investments Purchased	\$ 114,871,301

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Corporate Bonds	\$ 7,481,642	\$ 6,617,402	\$ 864,240
Foreign Government	12,884,797	10,926,948	1,957,849
U.S. Government Obligations	86,263,675	83,556,306	2,707,369
Total Investments Sold	\$ 106,630,114	\$ 101,100,656	\$ 5,529,458