

Hand Composite Employee Benefit Trust
ClearBridge Large Cap Growth 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

 ClearBridge Large Cap Growth CIF 4

Statement of Operations - Selected Fund..... 6

Statement of Changes in Net Assets - Selected Fund 7

Notes to Financial Statements..... 8

Supplemental Information

Schedule of Investment Purchases and Sales - Selected Fund..... 13

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, ClearBridge Large Cap Growth 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 period then ended (July 1, 2016 [inception] to December 31, 2016), 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, ClearBridge Large Cap Growth CIF, as of December 31, 2016, and the results of its operations and the changes in its net assets for the period then ended (July 1, 2016 [inception] to December 31, 2016), 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

	ClearBridge Large Cap Growth CIF
Assets	
Investments, at cost	\$ 65,673,804
Investments, at fair value	\$ 68,800,686
Receivable for:	
Dividend and interest	50,886
Investment advisor waived fees	1,687
Total assets	\$ 68,853,259
Liabilities	
Payable for investment securities purchased	\$ 71,840
Payable for capital shares redeemed	195,982
Management fee payable	27,644
Accounts payable and accrued liabilities	15,560
Total liabilities	\$ 311,026
Net assets held for participants:	
Class R2	\$ 68,542,233
Total net assets held for participants	\$ 68,542,233
Units outstanding:	
Class R2	6,464,934
Total units outstanding	6,464,934
Net asset value per unit:	
Class R2	\$ 10.60

Hand Composite Employee Benefit Trust
Schedule of Investments
ClearBridge Large Cap Growth CIF
December 31, 2016

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
1,281,288	State Street Institutional Trust Treasury Money Market Fund, Premier Class .406%	\$ 1,281,288	\$ 1,281,288
Total Short Term Investment		1.86%	1,281,288
<i>Common Stocks</i>			
<i>Consumer Discretionary</i>			
4,260	Amazon.com, Inc.	3,188,761	3,194,446
1,840	Chipotle Mexican Grill, Inc.	690,836	694,269
28,930	Comcast Corp. Class A	1,937,009	1,997,617
13,730	Home Depot, Inc.	1,843,289	1,840,918
38,630	Twenty-First Century Fox, Inc. Class A	1,055,137	1,083,185
17,910	Walt Disney Co.	1,764,035	1,866,580
39,600	Yum China Holdings, Inc.	1,020,411	1,034,352
Total Consumer Discretionary		17.02%	11,499,478
<i>Consumer Staples</i>			
12,270	Anheuser-Busch InBev S.A. ADR	1,551,797	1,293,749
36,390	Coca-Cola Co.	1,646,652	1,508,729
21,950	CVS Health Corp.	2,122,416	1,732,075
Total Consumer Staples		6.59%	5,320,865
<i>Energy</i>			
24,570	Schlumberger Ltd.	1,926,571	2,062,651
Total Energy		3.00%	1,926,571
<i>Financials</i>			
15,370	American Express Co.	947,533	1,138,610
4,290	BlackRock, Inc.	1,475,806	1,632,516
33,210	Charles Schwab Corp.	853,427	1,310,799
14,750	Nasdaq, Inc.	974,246	990,020
Total Financials		7.37%	4,251,012
<i>Health Care</i>			
9,900	Aetna, Inc.	1,168,665	1,227,699
10,610	Alexion Pharmaceuticals, Inc.	1,320,538	1,298,134
5,430	Biogen, Inc.	1,392,332	1,539,839
17,390	Celgene Corp.	1,809,518	2,012,893
16,191	DENTSPLY SIRONA, Inc.	961,166	934,706
11,970	Johnson & Johnson	1,471,453	1,379,064
2,450	Regeneron Pharmaceuticals, Inc.	919,378	899,371
8,930	Thermo Fisher Scientific, Inc.	1,354,523	1,260,023
12,780	UnitedHealth Group, Inc.	1,802,381	2,045,311
33,480	Zoetis, Inc.	1,615,683	1,792,184
Total Health Care		20.91%	13,815,637

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
ClearBridge Large Cap Growth CIF
December 31, 2016

Number of Shares		Cost	Fair Value
<i><u>Common Stocks (continued)</u></i>			
<i>Industrials</i>			
38,830	General Electric Co.	\$ 1,252,929	\$ 1,227,028
14,610	Rockwell Collins, Inc.	1,227,945	1,355,224
12,640	United Parcel Service, Inc. Class B	1,384,370	1,449,049
4,640	WW Grainger, Inc.	1,070,167	1,077,640
	Total Industrials	7.43% <u>4,935,411</u>	<u>5,108,941</u>
<i>Information Technology</i>			
12,920	Adobe Systems, Inc.	1,249,158	1,330,114
29,250	Akamai Technologies, Inc.	1,633,039	1,950,390
1,930	Alphabet, Inc. Class A	1,392,476	1,529,428
2,770	Alphabet, Inc. Class C	1,964,868	2,137,941
10,100	Apple, Inc.	978,776	1,169,782
21,250	eBay, Inc.	523,598	630,913
13,300	Facebook, Inc. Class A	1,560,911	1,530,165
20,790	Fortinet, Inc.	677,070	626,195
38,920	Microsoft Corp.	2,038,097	2,418,489
7,540	Palo Alto Networks, Inc.	969,177	942,877
29,180	PayPal Holdings, Inc.	1,097,905	1,151,735
16,830	Red Hat, Inc.	1,220,983	1,173,051
15,500	Texas Instruments, Inc.	976,562	1,131,035
25,610	Visa, Inc. Class A	1,948,189	1,998,092
12,200	VMware, Inc. Class A	722,888	960,506
18,300	Xilinx, Inc.	858,825	1,104,771
	Total Information Technology	31.67% <u>19,812,522</u>	<u>21,785,484</u>
<i>Materials</i>			
11,900	Ecolab, Inc.	1,414,523	1,394,918
13,880	Monsanto Co.	1,416,497	1,460,315
	Total Materials	4.15% <u>2,831,020</u>	<u>2,855,233</u>
	Total Common Stocks	98.14% <u>64,392,516</u>	<u>67,519,398</u>
	Total Investments	100.00% <u>\$ 65,673,804</u>	<u>\$ 68,800,686</u>

Abbreviations used in this table:

ADR American Depository Receipt

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

	ClearBridge Large Cap Growth CIF*
Income	
Interest	\$ 2,518
Dividends (net of foreign withholding taxes of \$8,662)	<u>420,723</u>
Total income	<u>423,241</u>
Expenses	
Trustee and administrative	34,855
Class R2 expenses	<u>152,688</u>
Total expenses before reimbursement	187,543
Reimbursement of fees	<u>(2,375)</u>
Net expenses	<u>185,168</u>
Net Investment Income	<u>238,073</u>
Net Realized Gains on Investments	100,971
Change in Net Unrealized Appreciation on:	
Investments	<u>3,126,882</u>
Net realized and unrealized gains on investments	<u>3,227,853</u>
Net Increase in Net Assets Resulting From Operations	<u><u>\$ 3,465,926</u></u>

**For the period July 1, 2016 (inception date) to December 31, 2016*

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

	ClearBridge Large Cap Growth CIF*
Operations	
Net investment income	\$ 238,073
Net realized gains	100,971
Change in net unrealized appreciation	<u>3,126,882</u>
Net increase in net assets from operations	3,465,926
Net Increase in Net Assets From Participant Unit Transactions	<u>65,076,307</u>
Increase in Net Assets	68,542,233
Net Assets	
Beginning of year	<u>-</u>
End of year	<u><u>\$ 68,542,233</u></u>

**For the period July 1, 2016 (inception date) to December 31, 2016*

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 ClearBridge Large Cap Growth 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.

The ClearBridge Large Cap Growth CIF's inception date was July 1, 2016.

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.

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

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

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.

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 ClearBridge Investments, LLC.

Note 2: 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 period 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 class of units within the Fund (as a percentage of net assets). These charges are calculated using the Fund's prior day total net assets.

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

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
ClearBridge Large Cap Growth CIF: Class R2	0.04%	0.45%	0.07%	0.56%

Note 3: Financial Highlights

	ClearBridge Large Cap Growth CIF* Class R2
Net asset value, beginning of period	\$ 10.00
Net investment income	0.04
Net realized and unrealized gains	0.56
Net increase from investment operations	0.60
Net asset value, end of period	\$ 10.60
Total return	6.00%
Ratio to average net assets:	
Net investment income	0.70% **
Expenses without reimbursement	0.55% **
Expenses with reimbursement	0.54% **

**For the period July 1, 2016 (inception date) to December 31, 2016*

***Annualized*

Note 4: Participant Unit Transactions

	ClearBridge Large Cap Growth CIF*	
	Units	Dollars
Class R2:		
Proceeds from sales of units	7,489,345	\$ 75,783,494
Cost of units redeemed	(1,024,411)	(10,707,187)
Net increase in net assets from participant transactions	6,464,934	\$ 65,076,307

**For the period July 1, 2016 (inception date) to December 31, 2016*

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2016

Note 5: 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 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 period 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.

Common Stocks. Securities traded on a national securities exchange (or reported on the NASDAQ national market) 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. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments, such as American Depository Receipts and the movement of certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as either Level 1 or 2 of the hierarchy.

The following table presents the fair value measurements of assets 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 Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ClearBridge Large Cap Growth CIF				
Financial Instruments - Assets:				
Short Term Investment	\$ 1,281,288	\$ 1,281,288	\$ -	\$ -
Common Stocks	67,519,398	67,519,398	-	-
Total Financial Instruments - Assets	<u>\$ 68,800,686</u>	<u>\$ 68,800,686</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note 6: 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.

Supplemental Information

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

Purchases	
Investment Class	Cost
Common Stocks	\$ 75,037,289

Sales			
Investment Class	Proceeds	Cost	Gain
Common Stocks	\$ 10,745,744	\$ 10,644,773	\$ 100,971