

**Hand Composite Employee Benefit Trust
Royce Collective Trust Funds**
Independent Auditor's Report and Financial Statements
December 31, 2014



Hand Composite Employee Benefit Trust
December 31, 2014

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Independent Auditor's Report

Board of Directors
Hand Composite Employee Benefit Trust
Houston, Texas

We have audited the accompanying financial statements of selected funds (Royce Small-Cap Collective Trust Fund and Royce Premier Collective Trust Fund) [two funds] included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which comprise the statements of assets and liabilities, including the schedules of investments, as of December 31, 2014, and the related statements of operations and changes in net assets for the periods ended December 31, 2014, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 these selected funds included in the Hand Composite Employee Benefit Trust as of December 31, 2014, and the results of their operations and changes in their net assets for the periods ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules 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
June 5, 2015

Hand Composite Employee Benefit Trust
Statements of Assets and Liabilities – Selected Funds
December 31, 2014

	Royce Small-Cap Collective Trust Fund	Royce Premier Collective Trust Fund
Assets		
Investments, at cost	\$ 2,065,863	\$ 56,592,979
Investments, at fair value	\$ 2,198,059	\$ 114,191,306
Cash denominated in foreign currencies (cost \$521 and \$13,691, respectively)	519	13,736
Receivable for:		
Investment securities sold	-	616,648
Capital shares sold	-	203,972
Investment advisor	5,723	118,509
Dividends and interest	1,595	90,528
Total assets	\$ 2,205,896	\$ 115,234,699
Liabilities		
Payable for investment securities purchased	\$ -	\$ 30,407
Accounts payable and accrued liabilities	12,053	171,338
Total liabilities	\$ 12,053	\$ 201,745
Net assets held for participants:		
Class R	\$ 12	\$ -
Class R - INST	2,193,831	115,032,954
Total net assets held for participants	\$ 2,193,843	\$ 115,032,954
Units outstanding:		
Class R	1	-
Class R - INST	175,964	12,132,302
Total units outstanding	175,965	12,132,302
Net asset value per unit:		
Class R	\$ 12.47	\$ -
Class R - INST	\$ 12.47	\$ 9.48

Hand Composite Employee Benefit Trust

Schedules of Investments

Royce Small-Cap Collective Trust Fund

December 31, 2014

Number of Shares		Cost	Fair Value
<u>Short Term Investments</u>			
72,802.500	Dreyfus Treas & Agy Csh Csh Mgmt	\$ 72,803	\$ 72,803
	Total Short Term Investments	3.31% <u>72,803</u>	<u>72,803</u>
<u>Common Stock - United States</u>			
<u>Consumer Discretionary</u>			
1,645.000	American Eagle Outfitters Inc.	19,635	22,833
791.000	Ascena Retail Group Inc.	15,812	9,935
1,249.000	Buckle Inc.	63,072	65,597
1,076.000	Cato Corp	28,718	45,386
487.000	Dorman Products Inc.	19,812	23,507
988.000	DSW Inc.	27,369	36,852
775.000	Genesco Inc.	55,621	59,381
160.000	G-III Apparel Group Ltd	11,257	16,162
680.000	Gamestop Corp	27,294	22,984
1,224.000	Movado Group Inc.	47,425	34,725
2,305.000	Shoe Carnival Inc.	53,436	59,215
972.000	Saga Communications Inc.	42,012	42,263
1,355.000	Steven Madden Ltd	45,154	43,130
2,877.000	Stein Mart Inc.	36,817	42,062
384.000	Strattec Security Corp	27,132	31,711
	Total Consumer Discretionary	25.28% <u>520,566</u>	<u>555,743</u>
<u>Consumer Staples</u>			
1,369	Nu Skin Enterprises Inc.	61,907	59,825
1,009	Village Super Market Inc.	23,342	27,616
	Total Consumer Staples	3.98% <u>85,249</u>	<u>87,441</u>
<u>Energy</u>			
1,143	Atwood Oceanics Inc.	50,563	32,427
1,868	Matrix Service Co	43,590	41,694
655	Oil States International Inc.	32,585	32,030
968	Unit Corp	45,867	33,009
	Total Energy	6.33% <u>172,605</u>	<u>139,160</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Royce Small-Cap Collective Trust Fund (Continued)
December 31, 2014

Number of Shares		Cost	Fair Value
<i>Financials</i>			
1,375	Ames National Corp	\$ 30,419	\$ 35,668
975	Camden National Corp	37,517	38,844
677	City Holding Co	27,599	31,501
753	Reinsurance Group Of America I	52,600	65,978
5,793	Trustco Bank Corp Ny	35,335	42,057
	Total Financials	9.74% <u>183,470</u>	<u>214,048</u>
<i>Healthcare</i>			
777	Aceto Corp	13,525	16,861
206	Chemed Corp	14,904	21,768
100	Mednax Inc.	4,577	6,611
	Total Healthcare	2.06% <u>33,006</u>	<u>45,240</u>
<i>Industrials</i>			
860	Applied Industrial Technologies	41,551	39,207
500	Alamo Group Inc.	21,500	24,220
1,681	Federal Signal Corp	20,378	25,955
2,186	Miller Industries Inc./tn	38,744	45,447
2,208	Myr Group Inc.	55,815	60,499
514	Unifirst Corp	50,881	62,425
	Total Industrials	11.73% <u>228,869</u>	<u>257,753</u>
<i>Information Technology</i>			
1,875	Benchmark Electronics Inc.	40,945	47,700
5,565	Brocade Communications Systems	56,037	65,890
1,759	Convergys Corp	33,507	35,831
300	Key Tronic Corp	3,352	2,382
640	Mantech International Corp/va	17,620	19,347
936	MKS Instruments Inc.	27,557	34,258
1,673	Netgear Inc.	55,149	59,525
2,607	PC Connection Inc.	57,770	64,002
746	Plantronics Inc.	33,657	39,553
1,540	Rofin-Sinar Technologies Inc.	36,792	44,306
1,137	Scansource Inc.	41,321	45,662
125	Synaptics Inc.	5,914	8,605
4,597	Vishay Intertechnology Inc.	63,145	65,048
	Total Information Technology	24.21% <u>472,766</u>	<u>532,109</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Royce Small-Cap Collective Trust Fund (Continued)
December 31, 2014

Number of Shares		Cost	Fair Value
<i>Materials</i>			
871 Innospec Inc.		\$ 37,992	\$ 37,192
438 Reliance Steel & Aluminum Co		29,093	26,836
875 Schweitzer-mauduit Internation		43,397	37,013
Total Materials	4.60%	<u>110,482</u>	<u>101,041</u>
Total Common Stock - United States	87.92%	<u>1,807,013</u>	<u>1,932,535</u>
<i><u>Foreign Stock</u></i>			
<i>Financials</i>			
250 Partnerre Ltd ADR		25,997	28,533
387 Allied World Assurance Co Hold ADR		11,503	14,675
Total Financials	1.97%	<u>37,500</u>	<u>43,208</u>
<i>Industrials</i>			
1,571 Genworth Mi Canada Inc. - Canada		43,826	50,158
Total Industrials	2.28%	<u>43,826</u>	<u>50,158</u>
<i>Information Technology</i>			
2,150 Calian Technologies Ltd - Canada		40,310	32,763
3,754 Fabrinet ADR		64,411	66,592
Total Information Technology	4.52%	<u>104,721</u>	<u>99,355</u>
Total Foreign Stock	8.77%	<u>186,047</u>	<u>192,721</u>
Total Investments	100.00%	<u>\$ 2,065,863</u>	<u>\$ 2,198,059</u>
ADR American Depository Receipt			

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Royce Premier Collective Trust Fund
December 31, 2014

Number of Shares		Cost	Fair Value
<u>Short Term Investments</u>			
7,095,553	Dreyfus Treas & Agy Csh Csh Mgt	\$ 7,095,553	\$ 7,095,553
	Total Short Term Investments	6.21% <u>7,095,553</u>	<u>7,095,553</u>
<u>Common Stock - United States</u>			
<i>Consumer Discretionary</i>			
35,300	Buckle Inc.	929,555	1,853,956
40,754	Columbia Sportswear Co	684,095	1,815,183
64,600	Copart Inc.	801,676	2,357,254
12,900	Dorman Products Inc.	602,651	622,683
18,500	MSC Industrial Direct Co Inc.	607,357	1,503,125
24,600	Nu Skin Enterprises Inc.	246,154	1,075,020
20,100	Pool Corp	525,697	1,275,144
37,800	Wolverine World Wide Inc.	804,817	1,113,966
	Total Consumer Discretionary	10.17% <u>5,202,002</u>	<u>11,616,331</u>
<i>Consumer Staples</i>			
49,054	Cal-maine Foods Inc.	620,565	1,914,578
16,623	Sanderson Farms Inc.	509,891	1,396,748
	Total Consumer Staples	2.90% <u>1,130,456</u>	<u>3,311,326</u>
<i>Energy</i>			
20,300	Seacor Holdings Inc.	1,300,152	1,498,343
54,000	Unit Corp	807,413	1,841,400
	Total Energy	2.92% <u>2,107,565</u>	<u>3,339,743</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Royce Premier Collective Trust Fund (Continued)
December 31, 2014

Number of Shares		Cost	Fair Value
<i>Financials</i>			
64,700	Acacia Research Corp	\$ 875,740	\$ 1,096,018
24,600	Air Lease Corp	493,230	844,026
7,460	Alleghany Corp	1,372,146	3,457,710
24,290	Artisan Partners Asset Manage	1,064,579	1,227,374
76,700	Federated Investors Inc.	1,272,559	2,525,731
13,148	Jones Lang Lasalle Inc.	300,846	1,971,280
111,000	Kennedy-wilson Holdings Inc.	2,015,600	2,808,300
31,123	Stifel Financial Corp	808,327	1,587,895
20,900	Wisdomtree Investments Inc.	329,201	327,608
	Total Financials	13.88% <u>8,532,228</u>	<u>15,845,942</u>
<i>Healthcare</i>			
11,300	Idexx Laboratories Inc.	138,080	1,675,451
63,700	Medicines Co	1,527,377	1,762,579
60,815	Myriad Genetics Inc.	1,099,007	2,071,359
	Total Healthcare	4.82% <u>2,764,464</u>	<u>5,509,389</u>
<i>Industrials</i>			
112,155	Ritchie Bros Auctioneers Inc.	437,736	3,015,848
8,600	Advisory Board Co	366,156	421,228
26,800	Cabot Corp	872,729	1,175,448
45,900	Emcor Group Inc.	874,588	2,042,091
28,400	Forward Air Corp	813,439	1,430,508
105,500	Globe Specialty Metals Inc.	1,218,353	1,817,765
32,000	Kennametal Inc.	498,880	1,145,280
34,300	Landstar System Inc.	1,267,563	2,487,779
29,600	Lincoln Electric Holdings Inc.	170,509	2,045,064
7,160	Lindsay Corp	550,206	613,898
24,000	Morningstar Inc.	738,466	1,553,040
31,300	Reliance Steel & Aluminum Co	736,373	1,917,751
37,233	Schnitzer Steel Industries Inc.	886,682	839,976
55,000	Simpson Manufacturing Co Inc.	399,419	1,903,000
36,200	Sotheby's	291,019	1,563,116
26,313	Sun Hydraulics Corp	1,014,931	1,036,206
79,000	Thor Industries Inc.	1,492,357	4,413,730
15,200	Towers Watson & Co	565,981	1,720,184

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Royce Premier Collective Trust Fund (Continued)
December 31, 2014

Number of Shares		Cost	Fair Value
<i>Industrials (continued)</i>			
14,500	Valmont Industries Inc.	\$ 994,261	\$ 1,841,500
26,300	Westlake Chemical Corp	213,819	1,606,667
13,400	Zebra Technologies Corp	210,922	1,037,294
	Total Industrials	<u>31.20% 14,614,389</u>	<u>35,627,373</u>
<i>Information Technology</i>			
56,400	Benchmark Electronics Inc.	759,348	1,434,816
27,400	Cabot Microelectronics Corp	730,635	1,296,568
27,500	Cirrus Logic Inc.	471,928	648,175
32,500	Cognex Corp	226,976	1,343,225
27,500	Fair Isaac Corp	402,802	1,988,250
72,500	Fairchild Semiconductor Intern	787,933	1,223,800
15,400	Gartner Inc.	91,034	1,296,834
16,700	Jack Henry & Associates Inc.	301,018	1,037,738
63,700	Mks Instruments Inc.	1,218,961	2,331,420
84,900	National Instruments Corp	686,860	2,639,541
40,600	Perkinelmer Inc.	369,695	1,775,438
19,926	Veeco Instruments Inc.	558,534	695,019
63,100	Woodward Inc.	165,554	3,106,413
	Total Information Technology	<u>18.23% 6,771,278</u>	<u>20,817,237</u>
<i>Telecommunication Services</i>			
52,600	Adtran Inc.	724,893	1,146,680
22,100	Anixter International Inc.	1,320,227	1,954,966
	Total Telecommunication Services	<u>2.72% 2,045,120</u>	<u>3,101,646</u>
	Total Common Stock - United States	<u>86.84% 43,167,502</u>	<u>99,168,987</u>
<u><i>Foreign Stock</i></u>			
<i>Consumer Discretionary</i>			
39,900	Semperit Ag Holding ADR	1,488,893	1,939,930
	Total Consumer Discretionary	<u>1.70% 1,488,893</u>	<u>1,939,930</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Royce Premier Collective Trust Fund (Continued)
December 31, 2014

Number of Shares	Cost	Fair Value
<i>Energy</i>		
146,000 Ensign Energy Services Inc. - Canada	\$ 1,068,166	\$ 1,285,733
80,400 Pason Systems Inc. - Canada	661,981	1,519,496
177,000 Trican Well Service Ltd - Canada	768,458	851,189
44,300 Tgs Nopec Geophysical Co Asa - Norway	1,054,071	955,420
Total Energy	4.04% <u>3,552,676</u>	<u>4,611,838</u>
<i>Financials</i>		
145,500 Sprott Inc. - Canada	421,782	306,514
Total Financials	0.27% <u>421,782</u>	<u>306,514</u>
<i>Materials</i>		
37,800 Stella-jones Inc. - Canada	866,573	1,068,484
Total Materials	0.94% <u>866,573</u>	<u>1,068,484</u>
Total Foreign Stock	6.94% <u>6,329,924</u>	<u>7,926,766</u>
Total Investments	100.00% <u>\$ 56,592,979</u>	<u>\$ 114,191,306</u>
ADR American Depository Receipt		

Hand Composite Employee Benefit Trust
Statements of Operations – Selected Funds
Periods Ended December 31, 2014

	Royce Small-Cap Collective Trust Fund	Royce Premier Collective Trust Fund
Income		
Interest	\$ 7	\$ 118,664
Dividends	33,425	583,333
	<hr/>	<hr/>
Total income	33,432	701,997
	<hr/>	<hr/>
Expenses		
Investment management and administrative	26,585	368,311
Accounting and audit	5,000	5,000
Other	42,964	23,809
	<hr/>	<hr/>
Total expenses before reimbursement of fees	74,549	397,120
Reimbursement of fees	(56,749)	(17,649)
	<hr/>	<hr/>
Net expenses	17,800	379,471
	<hr/>	<hr/>
Net Investment Income	15,632	322,526
	<hr/>	<hr/>
Net Realized Gains (Losses) on Investments and Foreign Currency		
Net realized gains on investments	168,271	9,611,713
Net realized losses on foreign currency transactions	(174)	(215)
	<hr/>	<hr/>
Net realized gains on investments and foreign currency	168,097	9,611,498
	<hr/>	<hr/>
Net Unrealized Losses on Investments and Foreign Currency		
Investments	(79,792)	(16,048,905)
Translation of assets and liabilities in foreign currencies	(3,849)	(778,435)
	<hr/>	<hr/>
Net unrealized losses on investments and foreign currency	(83,641)	(16,827,340)
	<hr/>	<hr/>
Net realized and unrealized gains (losses) on investments and foreign currency	84,456	(7,215,842)
	<hr/>	<hr/>
Net Increase (Decrease) in Net Assets Resulting From Operations	<u>\$ 100,088</u>	<u>\$ (6,893,316)</u>

Hand Composite Employee Benefit Trust
Statements of Changes in Net Assets – Selected Funds
Periods Ended December 31, 2014

	Royce Small-Cap Collective Trust Fund	Royce Premier Collective Trust Fund
Operations		
Net investment income	\$ 15,632	\$ 322,526
Net realized gains	168,097	9,611,498
Change in unrealized appreciation/depreciation	(83,641)	(16,827,340)
Net increase (decrease) in net assets from operations	100,088	(6,893,316)
Net Increase in Net Assets From Participant Transactions	<u>164,611</u>	<u>121,926,270</u>
Increase in Net Assets	264,699	115,032,954
Net Assets		
Beginning of period	<u>1,929,144</u>	<u>-</u>
End of period	<u>\$ 2,193,843</u>	<u>\$ 115,032,954</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2014

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 91 portfolios (the Funds); the financial statements of two of those funds are included in this report.

For those funds with more than one class of units, each class 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 are allocated to each class of units based on its relative net assets.

The Royce Premier Collective Trust Fund's inception date was August 2014. Thus, the reporting period for this fund is from August 2014 to December 31, 2014.

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 on 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, 2014

The Funds isolate 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 Funds' 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, 2014, resulting from changes in the exchange rates.

Foreign Currency Forward Exchange Contracts

The Funds 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 Funds' 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 statements of assets and liabilities. Realized and unrealized gains and losses are included in the statements of operations. These instruments involve market risk, credit risk or both kinds of risks in excess of the amount recognized in the statements 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 Funds 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 Funds are valued daily.

Federal Income Taxes

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

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2014

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 Funds is Royce & Associates, LLC.

Note 2: Investment Advisory Fees and Other Transactions With Affiliates

The Funds are charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Funds have 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 agreements.

During the period ended December 31, 2014, the investment advisor voluntarily reimbursed the Funds for a portion of their expenses.

The following table indicates the fees charged to the Funds and the various classes of units within the Funds (as a percentage of net assets). These charges are calculated using the Funds' average daily net assets.

Fund	Administrative Fees	Investment Advisory Fees	Service Fees	Other Fees	Total Fees
Royce Small-Cap Collective Trust Fund					
Class R	0.06%	0.80%	0.00%	0.04%	0.90%
Class R - INST	0.06%	0.80%	0.10%	0.04%	1.00%
Royce Premier Collective Trust Fund					
Class R - INST	0.06%	0.80%	0.00%	0.01%	0.87%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2014

Note 3: Financial Highlights

	<u>Class R</u> <u>Royce</u> <u>Small-Cap</u> <u>Collective</u> <u>Trust Fund</u>
Net asset value, beginning of year	\$ 11.90
Net investment income	0.09
Net realized and unrealized gains	0.48
Net increase from investment operations	0.57
Net asset value, end of year	<u>\$ 12.47</u>
Total return	4.79%
Ratio to average net assets:	
Net investment income	0.75%
Expenses without reimbursements	3.57%
Expenses with reimbursements	0.85%

	<u>Class R - INST</u>	
	<u>Royce</u> <u>Small-Cap</u> <u>Collective</u> <u>Trust Fund</u>	<u>Royce Premier</u> <u>Collective</u> <u>Trust Fund</u>
Net asset value, beginning of period	\$ 11.90	\$ 10.00
Net investment income	0.09	0.03
Net realized and unrealized gains (losses)	0.48	(0.55)
Net increase (decrease) from investment operations	0.57	(0.52)
Net asset value, end of period	<u>\$ 12.47</u>	<u>\$ 9.48</u>
Total return	4.79%	(5.20)%
Ratio to average net assets:		
Net investment income	0.77%	0.11% *
Expenses without reimbursements	3.67%	0.13% *
Expenses with reimbursements	0.88%	0.13% *

*Annualized

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Note 4: Participant Unit Transactions

	Royce Small-Cap Collective Trust Fund		Royce Premier Collective Trust Fund	
	Units	Dollars	Units	Dollars
Class R - INST:				
Proceeds from sales of units	20,527	\$ 242,371	13,643,530	\$ 136,365,751
Cost of units redeemed	(6,635)	(77,760)	(1,511,228)	(14,439,481)
Net increase in total net assets from participant transactions	<u>13,892</u>	<u>\$ 164,611</u>	<u>12,132,302</u>	<u>\$ 121,926,270</u>

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.
- 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 statements 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 periods ended December 31, 2014.

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 Stock and Foreign Stock. 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

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the foreign security to the intraday trading in the U.S. markets for investments such as American Depository Receipts and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as Level 1 of the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying statements 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, 2014.

	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)
Royce Small-Cap Collective Trust Fund				
Short Term Investments	\$ 72,803	\$ 72,803	\$ -	\$ -
Common Stock - United States	1,932,535	1,932,535	-	-
Foreign Stock	192,721	192,721	-	-
Total	<u>\$ 2,198,059</u>	<u>\$ 2,198,059</u>	<u>\$ 0</u>	<u>\$ 0</u>
Royce Premier Collective Trust Fund				
Short Term Investments	\$ 7,095,553	\$ 7,095,553	\$ -	\$ -
Common Stock - United States	99,168,987	99,168,987	-	-
Foreign Stock	7,926,766	7,926,766	-	-
Total	<u>\$ 114,191,306</u>	<u>\$ 114,191,306</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note 6: Risk Factors

Investment Securities Risk

The Funds invest 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 statements of assets and liabilities.

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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 Funds will lose money. In particular, the Funds are 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 Funds 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 Funds invest 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 Funds' portfolio. Because some of the Funds' assets are invested in securities of foreign countries, the U.S. dollar equivalent of the Funds' 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 Funds' 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.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Funds
Royce Small-Cap Collective Trust Fund
Period Ended December 31, 2014

Purchases	
Investment Class	Cost
Common Stock	\$ 1,475,633
Foreign Stock	<u>130,421</u>
Total Investments Purchased	<u><u>\$ 1,606,054</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain
Common Stock	\$ 1,268,428	\$ 1,121,472	\$ 146,956
Foreign Stock	<u>155,164</u>	<u>134,023</u>	<u>21,141</u>
Total Investments Sold	<u><u>\$ 1,423,592</u></u>	<u><u>\$ 1,255,495</u></u>	<u><u>\$ 168,097</u></u>

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Funds (Continued)
Royce Premier Collective Trust Fund
Period Ended December 31, 2014

Purchases	
Investment Class	Cost
Common Stock	\$ 3,731,822
Foreign Stock	<u>1,182,600</u>
Total Investments Purchased	<u><u>\$ 4,914,422</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Common Stock	\$ 22,669,835	\$ 12,879,134	\$ 9,790,701
Foreign Stock	<u>1,944,233</u>	<u>2,123,436</u>	<u>(179,203)</u>
Total Investments Sold	<u><u>\$ 24,614,068</u></u>	<u><u>\$ 15,002,570</u></u>	<u><u>\$ 9,611,498</u></u>