

**Hand Composite Employee Benefit Trust
Royce Premier Collective Trust Fund**
Independent Auditor's Report and Financial Statements
December 31, 2015



Hand Composite Employee Benefit Trust
December 31, 2015

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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 fund (Royce Premier Collective Trust Fund) included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2015, and 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 included in the Hand Composite Employee Benefit Trust as of December 31, 2015, and the results of its operations and 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
June 7, 2016

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2015

	Royce Premier Collective Trust Fund
Assets	
Investments, at cost	\$ 57,871,355
Investments, at fair value	\$ 81,173,867
Cash denominated in foreign currencies (cost \$50,664)	50,444
Receivable for:	
Investment securities sold	20,086
Capital shares sold	35,553
Investment advisor	7,079
Forward foreign exchange contracts	20,125
Dividends and interest	73,738
Total assets	\$ 81,380,892
Liabilities	
Accounts payable and accrued liabilities	\$ 73,375
Payable for forward foreign exchange contracts	20,086
Total liabilities	\$ 93,461
Net assets held for participants - Class R - INST	\$ 81,287,431
Units outstanding - Class R - INST	9,487,748
Net asset value per unit - Class R - INST	\$ 8.57

Hand Composite Employee Benefit Trust

Schedule of Investments

Royce Premier Collective Trust Fund

December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
1,711,059	Dreyfus Treas & Agy Csh Mg	\$ 1,711,059	\$ 1,711,059
	Total Short Term Investment	2.11% <u>1,711,059</u>	<u>1,711,059</u>
<u>Common Stock</u>			
<u>Consumer Discretionary</u>			
47,100	Buckle Inc/the	1,358,093	1,449,738
27,454	Columbia Sportswear Co	574,754	1,338,657
24,600	Dorman Products Inc	1,159,467	1,167,762
20,174	John Wiley & Sons Inc	1,109,994	908,435
11,600	Pool Corp	511,080	937,048
54,700	Sotheby's	859,272	1,409,072
31,600	Thor Industries Inc	733,164	1,774,340
89,700	Wolverine World Wide Inc	1,860,471	1,498,887
	Total Consumer Discretionary	12.92% <u>8,166,295</u>	<u>10,483,939</u>
<u>Consumer Staples</u>			
28,020	Cal-maine Foods Inc	715,415	1,298,447
16,823	Sanderson Farms Inc	785,403	1,304,119
	Total Consumer Staples	3.21% <u>1,500,818</u>	<u>2,602,566</u>
<u>Energy</u>			
22,600	Seacor Holdings Inc	1,460,009	1,187,856
	Total Energy	1.46% <u>1,460,009</u>	<u>1,187,856</u>
<u>Financials</u>			
2,835	Alleghany Corp	556,016	1,354,932
70,500	Federated Investors Inc	1,373,208	2,019,825
6,300	Jones Lang Lasalle Inc	144,153	1,007,118
48,300	Kennedy-wilson Holdings Inc	1,122,824	1,163,064
21,300	Morningstar Inc	806,663	1,712,733
24,423	Stifel Financial Corp	723,479	1,034,558

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Premier Collective Trust Fund (Continued)
December 31, 2015

Number of Shares		Cost	Fair Value
<i>Financials (continued)</i>			
53,800	Wisdomtree Investments Inc	\$ 871,815	\$ 843,584
	Total Financials	11.25% <u>5,598,158</u>	<u>9,135,814</u>
<i>Healthcare</i>			
10,200	Bio-techno Corp	961,069	918,000
23,500	Idexx Laboratories Inc	683,519	1,713,620
25,015	Myriad Genetics Inc	455,102	1,079,647
12,100	PerkinElmer Inc	156,673	648,197
	Total Healthcare	5.37% <u>2,256,363</u>	<u>4,359,464</u>
<i>Industrials</i>			
25,400	Advisory Board Co/the	1,192,417	1,260,094
36,600	Air Lease Corp	885,647	1,225,368
24,456	Circor International Inc	1,160,055	1,030,820
48,100	Copart Inc	824,892	1,828,281
27,500	Emcor Group Inc	589,538	1,321,100
37,000	Forward Air Corp	1,289,455	1,591,370
32,800	Landstar System Inc	1,418,618	1,923,720
37,920	Lincoln Electric Holdings Inc	1,553,651	1,967,669
12,725	Lindsay Corp	956,999	921,290
25,800	Msc Industrial Direct Co Inc	1,144,302	1,451,766
14,200	RBC Bearings Inc	988,181	917,178
30,100	Simpson Manufacturing Co Inc	395,970	1,027,915
56,713	Sun Hydraulics Corp	2,002,758	1,799,503
18,600	Valmont Industries Inc	1,559,269	1,971,972
39,800	Woodward Inc	250,733	1,976,468
	Total Industrials	27.37% <u>16,212,485</u>	<u>22,214,514</u>
<i>Information Technology</i>			
28,000	Anixter International Inc	1,733,583	1,690,920
25,000	Cabot Microelectronics Corp	758,423	1,094,500
49,200	Cognex Corp	1,337,539	1,661,484
18,000	Diebold Inc	615,437	541,620

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Premier Collective Trust Fund (Continued)
December 31, 2015

Number of Shares		Cost	Fair Value
<i>Information Technology (continued)</i>			
14,700	Fair Isaac Corp	\$ 426,690	\$ 1,384,446
15,600	Gartner Inc	256,143	1,414,920
20,100	Jack Henry & Associates Inc	656,591	1,569,006
60,100	MKS Instruments Inc	1,437,506	2,163,601
68,900	National Instruments Corp	844,136	1,976,741
33,100	PTC Inc	1,148,656	1,146,253
11,800	Zebra Technologies Corp	277,618	821,870
	Total Information Technology	19.05% <u>9,492,322</u>	<u>15,465,361</u>
<i>Materials</i>			
22,900	Minerals Technologies Inc	1,489,219	1,050,194
28,300	Reliance Steel & Aluminum Co	856,902	1,638,853
25,000	Westlake Chemical Corp	457,801	1,358,000
	Total Materials	4.99% <u>2,803,922</u>	<u>4,047,047</u>
	Total Common Stock	85.62% <u>47,490,372</u>	<u>69,496,561</u>
<i>Foreign Stock</i>			
<i>Energy</i>			
126,900	Pason Systems Inc	1,374,905	1,771,356
61,400	TGS Nopec Geophysical Co Asa	1,354,140	980,863
	Total Energy	3.39% <u>2,729,045</u>	<u>2,752,219</u>
<i>Financials</i>			
166,500	Ashmore Group Plc	649,308	629,217
	Total Financials	0.78% <u>649,308</u>	<u>629,217</u>
<i>Healthcare</i>			
14,500	Semperit Ag Holding	529,824	489,867
	Total Healthcare	0.60% <u>529,824</u>	<u>489,867</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Premier Collective Trust Fund (Continued)
December 31, 2015

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
59,500	Genworth Mi Canada Inc	\$ 1,358,531	\$ 1,139,371
93,200	Ritchie Bros Auctioneers Inc	944,020	2,247,052
	Total Industrials	4.16% <u>2,302,551</u>	<u>3,386,423</u>
<i>Materials</i>			
44,500	Stella-jones Inc	1,206,284	1,682,165
16,600	TMX Group Ltd	559,318	427,697
	Total Materials	2.60% <u>1,765,602</u>	<u>2,109,862</u>
	Total Foreign Stock	11.53% <u>7,976,330</u>	<u>9,367,588</u>
<u><i>Limited Partnership</i></u>			
46,300	Ares Management Lp	693,594	598,659
	Total Limited Partnership	0.74% <u>693,594</u>	<u>598,659</u>
	Total Investments	100.00% <u>\$ 57,871,355</u>	<u>\$ 81,173,867</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2015

	Royce Premier Collective Trust Fund
Income	
Interest	\$ 642
Dividends	1,542,552
Total income	1,543,194
Expenses	
Investment management and administrative	850,403
Accounting and audit	5,000
Custody	76,358
Total expenses before reimbursement of fees	931,761
Reimbursement of fees	(71,477)
Net expenses	860,284
Net Investment Income	682,910
Net Realized Gains (Losses) on Investments and Foreign Currency	
Net realized gains on investments	24,693,828
Net realized losses on foreign currency transactions	(4,176)
Net realized losses on foreign forward exchange contracts	(6,996)
Net realized gains on investments and foreign currency	24,682,656
Change in Unrealized Appreciation on Investments and Foreign Currency	
Investments	(35,074,250)
Translation of assets and liabilities in foreign currencies	778,170
Change in unrealized appreciation on investments and foreign currency	(34,296,080)
Net realized and unrealized losses on investments and foreign currency	(9,613,424)
Net Decrease in Net Assets Resulting From Operations	\$ (8,930,514)

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Funds
Year Ended December 31, 2015

	Royce Premier Collective Trust Fund
Operations	
Net investment income	\$ 682,910
Net realized gains	24,682,656
Change in unrealized appreciation	(34,296,080)
Net decrease in net assets from operations	(8,930,514)
Net Decrease in Net Assets From Participant Transactions	(24,815,009)
Decrease in Net Assets	(33,745,523)
Net Assets	
Beginning of period	115,032,954
End of period	\$ 81,287,431

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

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 94 portfolios (the Funds); the financial statements of one of those funds is included in this report.

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.

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

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

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, 2015, 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 statements 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 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 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 Royce & Associates, LLC.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

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 agreements.

During the year ended December 31, 2015, 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 average daily net assets.

Fund	Administrative Fees	Investment Advisory Fees	Service Fees	Other Fees	Total Fees
Royce Premier Collective Trust Fund					
Class R - INST	0.06%	0.80%	0.00%	0.01%	0.87%

Note 3: Financial Highlights

	Royce Premier Collective Trust Fund
Net asset value, beginning of year	\$ 9.48
Net investment income	0.07
Net realized and unrealized losses	(0.98)
Net decrease from investment operations	(0.91)
Net asset value, end of year	\$ 8.57
Total return	(9.60)%
Ratio to average net assets:	
Net investment income	0.70%
Expenses without reimbursements	0.96%
Expenses with reimbursements	0.88%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

Note 4: Participant Unit Transactions

	Royce Premier Collective Trust Fund	
	Units	Dollars
Class R - INST:		
Proceeds from sales of units	446,364	\$ 4,140,800
Cost of units redeemed	<u>(3,090,918)</u>	<u>(28,955,809)</u>
Net decrease in total net assets from participant transactions	<u>(2,644,554)</u>	<u>\$ (24,815,009)</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 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, 2015.

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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

Common Stock, Foreign Stock and Limited Partnerships. 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 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 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, 2015.

	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 Premier Collective Trust Fund				
Short Term Investment	\$ 1,711,059	\$ 1,711,059	\$ -	\$ -
Common Stock - United States	69,496,561	69,496,561	-	-
Foreign Stock	9,367,588	9,367,588	-	-
Limited Partnership	598,659	598,659	-	-
Total	<u>\$ 81,173,867</u>	<u>\$ 81,173,867</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 statements of assets and liabilities.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

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 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 some of the Fund's assets are 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.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
Royce Premier Collective Trust Fund
Year Ended December 31, 2015

Purchases	
Investment Class	Cost
Common Stock	\$ 28,927,601
Foreign Stock	4,839,938
Limited Partnership	<u>696,805</u>
Total Investments Purchased	<u>\$ 34,464,344</u>

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Common Stock	\$ 55,164,868	\$ 29,433,708	\$ 25,731,160
Foreign Stock	<u>4,621,617</u>	<u>5,658,949</u>	<u>(1,037,332)</u>
Total Investments Sold	<u>\$ 59,786,485</u>	<u>\$ 35,092,657</u>	<u>\$ 24,693,828</u>