

**Hand Composite Employee Benefit Trust**  
**Vanguard Managed 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 (Vanguard 100% Fixed Income Managed Trust Fund, Vanguard 20/80 Conservative Managed Trust Fund, Vanguard 40/60 Moderate Managed Trust Fund, Vanguard 60/40 Moderate Aggressive Managed Trust Fund, Vanguard 70/30 Moderate Aggressive Growth Managed Trust Fund, Vanguard 80/20 Aggressive Managed Trust Fund and Vanguard 100% Equity Managed Trust Fund) [seven 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 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 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 the changes in their net assets for the year then ended 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 audits 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**

	<b>Vanguard 100% Fixed Income Fund</b>	<b>Vanguard 20/80 Conservative Fund</b>	<b>Vanguard 40/60 Moderate Fund</b>	<b>Vanguard 60/40 Moderate Aggressive Fund</b>
<b>Assets</b>				
Investments, at cost	\$ 1,623,371	\$ 14,551,161	\$ 26,007,813	\$ 83,202,194
Investments, at fair value	\$ 1,653,410	\$ 15,275,859	\$ 27,781,190	\$ 90,400,518
Receivable for:				
Capital shares sold	-	17,866	36,780	120,395
Total assets	<u>\$ 1,653,410</u>	<u>\$ 15,293,725</u>	<u>\$ 27,817,970</u>	<u>\$ 90,520,913</u>
<b>Liabilities</b>				
Payable for capital shares redeemed	\$ -	\$ 6,314	\$ 24,181	\$ 51,309
Accounts payable and accrued liabilities	941	9,074	15,800	51,119
Total liabilities	<u>\$ 941</u>	<u>\$ 15,388</u>	<u>\$ 39,981</u>	<u>\$ 102,428</u>
Net assets held for participants:				
Class R	\$ 32,708	\$ 3,080,545	\$ 4,196,765	\$ 8,928,316
Class R1	1,297,853	4,119,056	11,964,407	48,986,975
Class R2	321,878	882,724	1,592,994	3,569,281
Class R3	10	5,411,360	6,655,777	18,082,188
Class R4	10	1,640,499	2,106,241	5,526,986
Class R INST	10	144,153	1,261,805	5,324,739
Total net assets held for participants	<u>\$ 1,652,469</u>	<u>\$ 15,278,337</u>	<u>\$ 27,777,989</u>	<u>\$ 90,418,485</u>
Units outstanding:				
Class R	3,184	281,524	360,252	723,477
Class R1	127,276	379,431	1,035,026	4,000,426
Class R2	31,501	81,434	138,124	292,125
Class R3	1	497,983	575,611	1,478,699
Class R4	1	151,499	182,805	452,760
Class R INST	1	13,096	108,335	431,477
Total units outstanding	<u>161,964</u>	<u>1,404,967</u>	<u>2,400,153</u>	<u>7,378,964</u>
Net asset value per unit:				
Class R	<u>\$ 10.27</u>	<u>\$ 10.94</u>	<u>\$ 11.65</u>	<u>\$ 12.34</u>
Class R1	<u>\$ 10.20</u>	<u>\$ 10.86</u>	<u>\$ 11.56</u>	<u>\$ 12.25</u>
Class R2	<u>\$ 10.22</u>	<u>\$ 10.84</u>	<u>\$ 11.53</u>	<u>\$ 12.22</u>
Class R3	<u>\$ 10.28</u>	<u>\$ 10.87</u>	<u>\$ 11.56</u>	<u>\$ 12.23</u>
Class R4	<u>\$ 10.28</u>	<u>\$ 10.83</u>	<u>\$ 11.52</u>	<u>\$ 12.21</u>
Class R INST	<u>\$ 10.28</u>	<u>\$ 11.01</u>	<u>\$ 11.65</u>	<u>\$ 12.34</u>

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

	<b>Vanguard 70/30 Moderate Aggressive Growth Fund</b>	<b>Vanguard 80/20 Aggressive Fund</b>	<b>Vanguard 100% Equity Fund</b>
<b>Assets</b>			
Investments, at cost	\$ 45,530,225	\$ 62,367,625	\$ 5,879,702
Investments, at fair value	\$ 50,036,464	\$ 68,685,136	\$ 6,538,914
Receivable for:			
Capital shares sold	60,047	89,253	3,731
Total assets	<u>\$ 50,096,511</u>	<u>\$ 68,774,389</u>	<u>\$ 6,542,645</u>
<b>Liabilities</b>			
Payable for capital shares redeemed	\$ 973,837	\$ 1,245,458	\$ -
Accounts payable and accrued liabilities	32,738	37,974	2,471
Total liabilities	<u>\$ 1,006,575</u>	<u>\$ 1,283,432</u>	<u>\$ 2,471</u>
Net assets held for participants:			
Class R	\$ 2,586,416	\$ 11,610,754	\$ 4,186,378
Class R1	11,430,892	8,308,886	2,059,752
Class R2	1,337,218	2,875,823	294,002
Class R3	19,354,070	15,672,876	14
Class R4	10,470,273	11,219,877	14
Class R INST	3,911,067	17,802,741	14
Total net assets held for participants	<u>\$ 49,089,936</u>	<u>\$ 67,490,957</u>	<u>\$ 6,540,174</u>
Units outstanding:			
Class R	203,834	891,327	305,399
Class R1	908,604	643,216	151,397
Class R2	106,480	223,071	21,641
Class R3	1,536,989	1,212,581	1
Class R4	834,045	870,527	1
Class R INST	308,498	1,366,886	1
Total units outstanding	<u>3,898,450</u>	<u>5,207,608</u>	<u>478,440</u>
Net asset value per unit:			
Class R	<u>\$ 12.69</u>	<u>\$ 13.03</u>	<u>\$ 13.71</u>
Class R1	<u>\$ 12.58</u>	<u>\$ 12.92</u>	<u>\$ 13.60</u>
Class R2	<u>\$ 12.56</u>	<u>\$ 12.89</u>	<u>\$ 13.59</u>
Class R3	<u>\$ 12.59</u>	<u>\$ 12.93</u>	<u>\$ 13.72</u>
Class R4	<u>\$ 12.55</u>	<u>\$ 12.89</u>	<u>\$ 13.72</u>
Class R INST	<u>\$ 12.68</u>	<u>\$ 13.02</u>	<u>\$ 13.23</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**Vanguard 100% Fixed Income Managed Trust Fund**  
**December 31, 2014**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
5,490	DWS Govt & Agency Securities Port Service Shares	0.33% \$ 5,490	\$ 5,490
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
2,968	Vanguard Intermediate Term Bond ETF	251,045	251,330
2,087	Vanguard Long-Term Bond ETF	183,203	196,741
4,974	Vanguard Mortgage Backed Securities ETF	258,653	263,672
6,552	Vanguard Short-Term Bond ETF	526,883	523,832
5,828	Vanguard Total International Bond ETF	295,278	309,526
	Total Fixed Income	93.45% <u>1,515,062</u>	<u>1,545,101</u>
	Total Exchange-traded Funds	93.45% <u>1,515,062</u>	<u>1,545,101</u>
<b><u>Common Trust Fund - Fixed Income</u></b>			
102,819	HB&T Short Term Income Fund	6.22% <u>102,819</u>	<u>102,819</u>
	Total Investments	100.00% <u>\$ 1,623,371</u>	<u>\$ 1,653,410</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 20/80 Conservative Managed Trust Fund**  
**December 31, 2014**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
61,093	DWS Govt & Agency Securities Port Service Shares	0.40% \$ 61,093	\$ 61,093
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
22,663	Vanguard Intermediate Term Bond ETF	1,896,510	1,919,103
16,118	Vanguard Long-Term Bond ETF	1,379,010	1,519,444
38,037	Vanguard Mortgage Backed Securities ETF	1,949,972	2,016,341
49,922	Vanguard Short-Term Bond ETF	3,998,242	3,991,264
44,792	Vanguard Total International Bond ETF	2,246,818	2,378,903
	Total Fixed Income	77.41% <u>11,470,552</u>	<u>11,825,055</u>
<b><i>Equity</i></b>			
4,047	Vanguard Emerging Markets ETF	159,017	161,961
8,124	Vanguard Growth ETF	682,508	848,064
16,532	Vanguard MSCI EAFE ETF	613,531	626,232
2,250	Vanguard Small Cap ETF	222,142	262,485
11,865	Vanguard Value ETF	854,673	1,002,474
946	Vanguard World Ex Us Small Cap	89,313	90,163
	Total Equity	19.58% <u>2,621,184</u>	<u>2,991,379</u>
	Total Exchange-traded Funds	96.99% <u>14,091,736</u>	<u>14,816,434</u>
<b><u>Common Trust Fund - Fixed Income</u></b>			
398,332	HB&T Short Term Income Fund	2.61% <u>398,332</u>	<u>398,332</u>
	Total Investments	100.00% <u>\$ 14,551,161</u>	<u>\$ 15,275,859</u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 40/60 Moderate Managed Trust Fund**  
**December 31, 2014**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
126,593	DWS Govt & Agency Securities Port Service Shares	0.46% \$ 126,593	\$ 126,593
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
30,591	Vanguard Intermediate Term Bond ETF	2,572,760	2,590,446
21,467	Vanguard Long-Term Bond ETF	1,846,286	2,023,694
51,597	Vanguard Mortgage Backed Securities ETF	2,646,071	2,735,157
67,470	Vanguard Short-Term Bond ETF	5,415,434	5,394,227
60,589	Vanguard Total International Bond ETF	3,028,001	3,217,882
	Total Fixed Income	57.45% <u>15,508,552</u>	<u>15,961,406</u>
<b><i>Equity</i></b>			
15,012	Vanguard Emerging Markets ETF	590,660	600,780
29,726	Vanguard Growth ETF	2,494,409	3,103,097
61,338	Vanguard MSCI EAFE ETF	2,328,356	2,323,483
8,088	Vanguard Small Cap ETF	781,912	943,546
42,911	Vanguard Value ETF	3,082,799	3,625,550
3,622	Vanguard World Ex Us Small Cap	343,010	345,213
	Total Equity	39.39% <u>9,621,146</u>	<u>10,941,669</u>
	Total Exchange-traded Funds	96.84% <u>25,129,698</u>	<u>26,903,075</u>
<b><u>Common Trust Fund - Fixed Income</u></b>			
751,522	HB&T Short Term Income Fund	2.71% <u>751,522</u>	<u>751,522</u>
	Total Investments	100.00% <u>\$ 26,007,813</u>	<u>\$ 27,781,190</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 60/40 Moderate Aggressive Managed Trust Fund**  
**December 31, 2014**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
465,217	DWS Govt & Agency Securities Port Service Shares	0.51% \$ 465,217	\$ 465,217
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
67,204	Vanguard Intermediate Term Bond ETF	5,592,465	5,690,835
47,470	Vanguard Long-Term Bond ETF	4,088,050	4,474,997
112,722	Vanguard Mortgage Backed Securities ETF	5,785,978	5,975,393
148,519	Vanguard Short-Term Bond ETF	11,920,116	11,874,094
131,699	Vanguard Total International Bond ETF	6,595,121	6,994,534
	Total Fixed Income	38.73% <u>33,981,730</u>	<u>35,009,853</u>
<b><i>Equity</i></b>			
70,803	Vanguard Emerging Markets ETF	2,791,590	2,833,536
144,923	Vanguard Growth ETF	12,339,447	15,128,512
300,286	Vanguard MSCI EAFE ETF	11,367,836	11,374,834
40,110	Vanguard Small Cap ETF	3,976,284	4,679,233
209,706	Vanguard Value ETF	15,076,373	17,718,060
16,624	Vanguard World Ex Us Small Cap	1,596,876	1,584,432
	Total Equity	58.98% <u>47,148,406</u>	<u>53,318,607</u>
	Total Exchange-traded Funds	97.71% <u>81,130,136</u>	<u>88,328,460</u>
<b><u>Common Trust Fund - Fixed Income</u></b>			
1,606,841	HB&T Short Term Income Fund	1.78% <u>1,606,841</u>	<u>1,606,841</u>
	Total Investments	100.00% <u>\$ 83,202,194</u>	<u>\$ 90,400,518</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 70/30 Moderate Aggressive Growth Managed Trust Fund**  
**December 31, 2014**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
270,566	DWS Govt & Agency Securities Port Service Shares	0.54% \$ 270,566	\$ 270,566
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
27,398	Vanguard Long-Term Bond ETF	2,274,653	2,320,063
19,610	Vanguard Intermediate-Term Bond ETF	1,659,465	1,848,635
45,754	Vanguard Mortgage Backed Securities ETF	2,336,161	2,425,420
60,731	Vanguard Short-Term Bond ETF	4,865,148	4,855,443
54,265	Vanguard Total International Bond ETF	2,707,873	2,882,014
	Total Fixed Income	28.64% <u>13,843,300</u>	<u>14,331,575</u>
<b><i>Equity</i></b>			
47,366	Vanguard Emerging Markets ETF	1,859,211	1,895,587
193,567	Vanguard Growth ETF	7,305,066	7,332,318
93,061	Vanguard MSCI EAFE ETF	7,858,527	9,714,638
10,771	Vanguard Small Cap ETF	1,021,225	1,026,584
25,875	Vanguard Value ETF	2,596,500	3,018,578
134,658	Vanguard World Ex Us Small Cap	9,706,465	11,377,253
	Total Equity	68.68% <u>30,346,994</u>	<u>34,364,958</u>
	Total Exchange-traded Funds	97.32% <u>44,190,294</u>	<u>48,696,533</u>
<b><u>Common Trust Fund - Fixed Income</u></b>			
1,069,365	HB&T Short Term Income Fund	2.14% <u>1,069,365</u>	<u>1,069,365</u>
	Total Investments	100.00% <u>\$ 45,530,225</u>	<u>\$ 50,036,464</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 80/20 Aggressive Managed Trust Fund**  
**December 31, 2014**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
391,042	DWS Govt & Agency Securities Port Service Shares	0.57% \$ 391,042	\$ 391,042
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
24,966	Vanguard Intermediate-Term Bond ETF	2,079,372	2,114,121
17,754	Vanguard Long-Term Bond ETF	1,506,894	1,673,670
42,525	Vanguard Mortgage Backed Securities ETF	2,180,961	2,254,250
54,785	Vanguard Short-Term Bond ETF	4,393,985	4,380,061
49,027	Vanguard Total International Bond ETF	2,453,946	2,603,824
	Total Fixed Income	18.96% <u>12,615,158</u>	<u>13,025,926</u>
<b><i>Equity</i></b>			
73,468	Vanguard Emerging Markets ETF	2,911,015	2,940,189
144,890	Vanguard Growth ETF	12,296,234	15,125,067
302,148	Vanguard MSCI EAFE ETF	11,580,225	11,445,366
41,347	Vanguard Small Cap ETF	4,214,505	4,823,541
210,568	Vanguard Value ETF	15,209,233	17,790,890
16,908	Vanguard World Ex Us Small Cap	1,618,600	1,611,502
	Total Equity	78.24% <u>47,829,812</u>	<u>53,736,555</u>
	Total Exchange-traded Funds	97.20% <u>60,444,970</u>	<u>66,762,481</u>
<b><u>Common Trust Fund - Fixed Income</u></b>			
1,531,613	HB&T Short Term Income Fund	2.23% <u>1,531,613</u>	<u>1,531,613</u>
	Total Investments	100.00% <u>\$ 62,367,625</u>	<u>\$ 68,685,136</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 100% Equity Managed Trust Fund**  
**December 31, 2014**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
40,228	DWS Govt & Agency Securities Port Service Shares	0.62% \$ 40,228	\$ 40,228
<b><u>Exchange-traded Funds</u></b>			
<b><i>Equity</i></b>			
8,495	Vanguard Emerging Markets ETF	341,186	339,970
16,944	Vanguard Growth ETF	1,445,643	1,768,784
35,228	Vanguard MSCI EAFE ETF	1,350,330	1,334,437
4,800	Vanguard Small Cap ETF	486,905	559,968
24,565	Vanguard Value ETF	1,790,875	2,075,497
2,004	Vanguard World Ex Us Small Cap	195,506	191,001
	Total Equity	95.88% <u>5,610,445</u>	<u>6,269,657</u>
	Total Exchange-traded Funds	95.88% <u>5,610,445</u>	<u>6,269,657</u>
<b><u>Common Trust Fund - Fixed Income</u></b>			
229,029	HB&T Short Term Income Fund	3.50% <u>229,029</u>	<u>229,029</u>
	Total Investments	100.00% <u>\$ 5,879,702</u>	<u>\$ 6,538,914</u>

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

	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund
<b>Income</b>				
Interest	\$ 1	\$ 3	\$ 5	\$ 16
Dividends	30,853	275,235	509,947	1,665,564
<b>Total income</b>	<b>30,854</b>	<b>275,238</b>	<b>509,952</b>	<b>1,665,580</b>
<b>Expenses</b>				
Investment management and administrative	4,048	34,795	62,758	198,109
Class R expenses	15	1,378	1,914	4,217
Class R1 expenses	5,041	15,104	41,988	161,821
Class R2 expenses	1,800	3,407	8,393	21,025
Class R3 expenses	-	28,150	34,072	88,343
Class R4 expenses	-	11,591	14,521	40,473
Class R INST expenses	-	70	655	3,002
Other	117	223	358	272
<b>Total expenses</b>	<b>11,021</b>	<b>94,718</b>	<b>164,659</b>	<b>517,262</b>
<b>Net Investment Income</b>	<b>19,833</b>	<b>180,520</b>	<b>345,293</b>	<b>1,148,318</b>
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>				
Net realized gains (losses) on investments	(1,915)	128,836	301,749	1,233,922
Net change in unrealized appreciation/ depreciation on investments	70,017	478,406	833,918	2,580,366
<b>Net realized and unrealized gains</b>	<b>68,102</b>	<b>607,242</b>	<b>1,135,667</b>	<b>3,814,288</b>
<b>Net Increase in Net Assets Resulting From Operations</b>	<b>\$ 87,935</b>	<b>\$ 787,762</b>	<b>\$ 1,480,960</b>	<b>\$ 4,962,606</b>

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds (Continued)**  
**Year Ended December 31, 2014**

	<b>Vanguard 70/30 Moderate Aggressive Growth Fund</b>	<b>Vanguard 80/20 Aggressive Fund</b>	<b>Vanguard 100% Equity Fund</b>
<b>Income</b>			
Interest	\$ 7	\$ 53	\$ 1
Dividends	985,033	1,361,606	123,100
Total income	985,040	1,361,659	123,101
<b>Expenses</b>			
Investment management and administrative	117,533	158,560	13,683
Class R expenses	1,209	5,249	2,010
Class R1 expenses	39,092	29,337	4,847
Class R2 expenses	6,024	14,158	1,361
Class R3 expenses	101,689	79,822	-
Class R4 expenses	85,104	89,606	-
Class R INST expenses	2,323	9,928	-
Other	279	59	-
Total expenses	353,253	386,719	21,901
<b>Net Investment Income</b>	631,787	974,940	101,200
<b>Net Realized and Unrealized Gains on Investments</b>			
Net realized gains on investments	928,603	643,652	54,808
Net change in unrealized appreciation/depreciation on investments	1,318,117	2,298,869	199,182
Net realized and unrealized gains	2,246,720	2,942,521	253,990
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 2,878,507	\$ 3,917,461	\$ 355,190

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

	<b>Vanguard 100% Fixed Income Fund</b>	<b>Vanguard 20/80 Conservative Fund</b>	<b>Vanguard 40/60 Moderate Fund</b>	<b>Vanguard 60/40 Moderate Aggressive Fund</b>
<b>Operations</b>				
Net investment income	\$ 19,833	\$ 180,520	\$ 345,293	\$ 1,148,318
Net realized gains (losses)	(1,915)	128,836	301,749	1,233,922
Change in unrealized appreciation/ depreciation	70,017	478,406	833,918	2,580,366
Net increase in net assets from operations	87,935	787,762	1,480,960	4,962,606
<b>Net Increase (Decrease) in Net Assets From Participant Transactions</b>	<b>(57,183)</b>	<b>2,915,616</b>	<b>3,111,865</b>	<b>12,776,222</b>
<b>Increase in Net Assets</b>	<b>30,752</b>	<b>3,703,378</b>	<b>4,592,825</b>	<b>17,738,828</b>
<b>Net Assets</b>				
Beginning of year	1,621,717	11,574,959	23,185,164	72,679,657
End of year	\$ 1,652,469	\$ 15,278,337	\$ 27,777,989	\$ 90,418,485



**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds (Continued)**  
**Year Ended December 31, 2014**

	<b>Vanguard 70/30 Moderate Aggressive Growth Fund</b>	<b>Vanguard 80/20 Aggressive Fund</b>	<b>Vanguard 100% Equity Fund</b>
<b>Operations</b>			
Net investment income	\$ 631,787	\$ 974,940	\$ 101,200
Net realized gains	928,603	643,652	54,808
Change in unrealized appreciation/ depreciation	1,318,117	2,298,869	199,182
Net increase in net assets from operations	2,878,507	3,917,461	355,190
<b>Net Increase in Net Assets From Participant Transactions</b>	<b>2,135,413</b>	<b>7,716,999</b>	<b>1,756,819</b>
<b>Increase in Net Assets</b>	<b>5,013,920</b>	<b>11,634,460</b>	<b>2,112,009</b>
<b>Net Assets</b>			
Beginning of year	44,076,016	55,856,497	4,428,165
End of year	\$ 49,089,936	\$ 67,490,957	\$ 6,540,174

# 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 seven 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.

#### ***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.

#### ***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 Funds 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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

### **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. All 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.

### **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 advisors for each Fund are as follows:

<b>Fund</b>	<b>Investment Management Advisor</b>
Vanguard 100% Fixed Income Managed Trust Fund	Hand Benefits & Trust Company
Vanguard 20/80 Conservative Managed Trust Fund	Hand Benefits & Trust Company
Vanguard 40/60 Moderate Managed Trust Fund	Hand Benefits & Trust Company
Vanguard 60/40 Moderate Aggressive Managed Trust Fund	Hand Benefits & Trust Company
Vanguard 70/30 Moderate Aggressive Growth Managed Trust Fund	Hand Benefits & Trust Company
Vanguard 80/20 Aggressive Managed Trust Fund	Hand Benefits & Trust Company
Vanguard 100% Equity Managed Trust Fund	Hand Benefits & Trust Company

### **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 various third-party advisors. These fees compensate the advisors for the services they provide and for expenses borne by the advisors under the various agreements.

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

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2014

Fund	Administrative Fees	Investment Advisory Fees	Service Fees	Other Fees	Total Fees
Vanguard 100% Fixed Income Fund:					
Class R	0.25%	0.00%	0.00%	0.05%	0.30%
Class R1	0.25%	0.00%	0.35%	0.05%	0.65%
Class R2	0.25%	0.00%	0.50%	0.05%	0.80%
Class R3	0.25%	0.00%	0.50%	0.05%	0.80%
Class R4	0.25%	0.00%	0.70%	0.05%	1.00%
Class R INST	0.26%	0.00%	0.00%	0.05%	0.31%
Vanguard 20/80 Conservative Fund:					
Class R	0.25%	0.00%	0.00%	0.05%	0.30%
Class R1	0.25%	0.00%	0.35%	0.05%	0.65%
Class R2	0.25%	0.00%	0.50%	0.05%	0.80%
Class R3	0.25%	0.00%	0.50%	0.05%	0.80%
Class R4	0.25%	0.00%	0.70%	0.05%	1.00%
Class R INST	0.26%	0.00%	0.00%	0.05%	0.31%
Vanguard 40/60 Moderate Fund:					
Class R	0.25%	0.00%	0.00%	0.05%	0.30%
Class R1	0.25%	0.00%	0.35%	0.05%	0.65%
Class R2	0.25%	0.00%	0.50%	0.05%	0.80%
Class R3	0.25%	0.00%	0.50%	0.05%	0.80%
Class R4	0.25%	0.00%	0.70%	0.05%	1.00%
Class R INST	0.26%	0.00%	0.00%	0.05%	0.31%
Vanguard 60/40 Moderate Aggressive Fund:					
Class R	0.25%	0.00%	0.00%	0.05%	0.30%
Class R1	0.25%	0.00%	0.35%	0.05%	0.65%
Class R2	0.25%	0.00%	0.50%	0.05%	0.80%
Class R3	0.25%	0.00%	0.50%	0.05%	0.80%
Class R4	0.25%	0.00%	0.70%	0.05%	1.00%
Class R INST	0.26%	0.00%	0.00%	0.05%	0.31%
Vanguard 70/30 Moderate Aggressive Growth Fund:					
Class R	0.25%	0.00%	0.00%	0.05%	0.30%
Class R1	0.25%	0.00%	0.35%	0.05%	0.65%
Class R2	0.25%	0.00%	0.50%	0.05%	0.80%
Class R3	0.25%	0.00%	0.50%	0.05%	0.80%
Class R4	0.25%	0.00%	0.70%	0.05%	1.00%
Class R INST	0.26%	0.00%	0.00%	0.05%	0.31%
Vanguard 80/20 Aggressive Fund:					
Class R	0.25%	0.00%	0.00%	0.05%	0.30%
Class R1	0.25%	0.00%	0.35%	0.05%	0.65%
Class R2	0.25%	0.00%	0.50%	0.05%	0.80%
Class R3	0.25%	0.00%	0.50%	0.05%	0.80%
Class R4	0.25%	0.00%	0.70%	0.05%	1.00%
Class R INST	0.26%	0.00%	0.00%	0.05%	0.31%
Vanguard 100% Equity Fund:					
Class R	0.25%	0.00%	0.00%	0.05%	0.30%
Class R1	0.25%	0.00%	0.35%	0.05%	0.65%
Class R2	0.25%	0.00%	0.50%	0.05%	0.80%
Class R3	0.25%	0.00%	0.50%	0.05%	0.80%
Class R4	0.25%	0.00%	0.70%	0.05%	1.00%
Class R INST	0.26%	0.00%	0.00%	0.05%	0.31%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

### Note 3: Financial Highlights

	Class R						
	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Net asset value, beginning of year	\$ 9.68	\$ 10.29	\$ 10.93	\$ 11.58	\$ 11.90	\$ 12.21	\$ 12.87
Net investment income	0.17	0.18	0.19	0.20	0.23	0.24	0.22
Net realized and unrealized gains	0.42	0.47	0.53	0.56	0.56	0.58	0.62
Net increase from investment operations	0.59	0.65	0.72	0.76	0.79	0.82	0.84
Net asset value, end of year	\$ 10.27	\$ 10.94	\$ 11.65	\$ 12.34	\$ 12.69	\$ 13.03	\$ 13.71
Total return	6.10%	6.32%	6.59%	6.56%	6.64%	6.72%	6.53%
Ratio to average net assets:							
Net investment income	1.65%	1.66%	1.68%	1.65%	1.84%	1.89%	1.46%
Expenses	0.31%	0.30%	0.29%	0.28%	0.31%	0.30%	0.27%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

	Class R1						
	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Net asset value, beginning of year	\$ 9.65	\$ 10.25	\$ 10.89	\$ 11.53	\$ 11.84	\$ 12.15	\$ 12.81
Net investment income	0.13	0.14	0.16	0.18	0.20	0.20	0.31
Net realized and unrealized gains	0.42	0.47	0.51	0.54	0.54	0.57	0.48
Net increase from investment operations	0.55	0.61	0.67	0.72	0.74	0.77	0.79
Net asset value, end of year	\$ 10.20	\$ 10.86	\$ 11.56	\$ 12.25	\$ 12.58	\$ 12.92	\$ 13.60
Total return	5.70%	5.95%	6.15%	6.24%	6.25%	6.34%	6.17%
Ratio to average net assets:							
Net investment income	1.26%	1.31%	1.41%	1.54%	1.64%	1.60%	2.34%
Expenses	0.66%	0.65%	0.65%	0.66%	0.67%	0.66%	0.72%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

	Class R2						
	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Net asset value, beginning of year	\$ 9.68	\$ 10.25	\$ 10.88	\$ 11.52	\$ 11.83	\$ 12.14	\$ 12.82
Net investment income	0.10	0.17	0.13	0.11	0.19	0.18	0.19
Net realized and unrealized gains	0.44	0.42	0.52	0.59	0.54	0.57	0.58
Net increase from investment operations	0.54	0.59	0.65	0.70	0.73	0.75	0.77
Net asset value, end of year	\$ 10.22	\$ 10.84	\$ 11.53	\$ 12.22	\$ 12.56	\$ 12.89	\$ 13.59
Total return	5.58%	5.76%	5.97%	6.08%	6.17%	6.18%	6.01%
Ratio to average net assets:							
Net investment income	1.02%	1.62%	1.14%	0.96%	1.57%	1.43%	1.43%
Expenses	0.79%	0.84%	0.79%	0.75%	0.82%	0.80%	0.79%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

	Class R3						
	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Net asset value, beginning of year	\$ 9.68	\$ 10.27	\$ 10.91	\$ 11.53	\$ 11.86	\$ 12.17	\$ 12.87
Net investment income	0.16	0.12	0.13	0.15	0.16	0.17	0.23
Net realized and unrealized gains	0.44	0.48	0.52	0.55	0.57	0.59	0.62
Net increase from investment operations	0.60	0.60	0.65	0.70	0.73	0.76	0.85
Net asset value, end of year	\$ 10.28	\$ 10.87	\$ 11.56	\$ 12.23	\$ 12.59	\$ 12.93	\$ 13.72
Total return	6.20%	5.84%	5.96%	6.07%	6.16%	6.24%	6.60%
Ratio to average net assets:							
Net investment income	1.64%	1.11%	1.17%	1.27%	1.29%	1.37%	1.71%
Expenses	0.26%	0.79%	0.78%	0.79%	0.80%	0.80%	0.21%



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

	Class R4						
	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Net asset value, beginning of year	\$ 9.68	\$ 10.26	\$ 10.89	\$ 11.54	\$ 11.85	\$ 12.17	\$ 12.87
Net investment income	0.16	0.10	0.11	0.11	0.11	0.12	0.23
Net realized and unrealized gains	0.44	0.47	0.52	0.56	0.59	0.60	0.62
Net increase from investment operations	0.60	0.57	0.63	0.67	0.70	0.72	0.85
Net asset value, end of year	\$ 10.28	\$ 10.83	\$ 11.52	\$ 12.21	\$ 12.55	\$ 12.89	\$ 13.72
Total return	6.20%	5.56%	5.79%	5.81%	5.91%	5.92%	6.60%
Ratio to average net assets:							
Net investment income	1.64%	0.94%	1.00%	0.92%	0.89%	0.93%	1.71%
Expenses	0.26%	1.01%	0.99%	0.98%	0.97%	0.97%	0.21%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

	Class R INST						
	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Net asset value, beginning of year	\$ 9.68	\$ 10.30	\$ 10.93	\$ 11.58	\$ 11.89	\$ 12.21	\$ 12.87
Net investment income	0.16	0.21	0.20	0.20	0.21	0.23	0.23
Net realized and unrealized gains	0.44	0.50	0.52	0.56	0.58	0.58	0.13
Net increase from investment operations	0.60	0.71	0.72	0.76	0.79	0.81	0.36
Net asset value, end of year	\$ 10.28	\$ 11.01	\$ 11.65	\$ 12.34	\$ 12.68	\$ 13.02	\$ 13.23
Total return	6.20%	6.89%	6.59%	6.56%	6.64%	6.63%	2.80%
Ratio to average net assets:							
Net investment income	1.64%	1.90%	1.75%	1.64%	1.71%	1.35%	1.73%
Expenses	0.26%	0.35%	0.31%	0.29%	0.30%	0.78%	0.22%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2014

#### Note 4: Participant Unit Transactions

	Vanguard 100% Fixed Income Fund		Vanguard 20/80 Conservative Fund		Vanguard 40/60 Moderate Fund	
	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R:</b>						
Proceeds from sales of units	225	\$ 2,256	166,192	\$ 1,741,329	79,955	\$ 903,624
Cost of units redeemed	(36)	(345)	(72,472)	(760,088)	(30,121)	(339,257)
Net change in Class R from participant transactions	<u>189</u>	<u>1,911</u>	<u>93,720</u>	<u>981,241</u>	<u>49,834</u>	<u>564,367</u>
<b>Class R1:</b>						
Proceeds from sales of units	88,140	880,890	349,308	3,723,377	632,327	7,169,954
Cost of units redeemed	(95,147)	(947,246)	(310,910)	(3,311,331)	(481,244)	(5,454,019)
Net change in Class R1 from participant transactions	<u>(7,007)</u>	<u>(66,356)</u>	<u>38,398</u>	<u>412,046</u>	<u>151,083</u>	<u>1,715,935</u>
<b>Class R2:</b>						
Proceeds from sales of units	16,618	165,775	67,409	710,433	56,198	632,279
Cost of units redeemed	(15,840)	(158,513)	(30,417)	(316,180)	(79,119)	(881,521)
Net change in Class R2 from participant transactions	<u>778</u>	<u>7,262</u>	<u>36,992</u>	<u>394,253</u>	<u>(22,921)</u>	<u>(249,242)</u>
<b>Class R3:</b>						
Proceeds from sales of units	-	-	176,565	1,859,321	189,851	2,140,704
Cost of units redeemed	-	-	(109,322)	(1,158,895)	(149,022)	(1,671,993)
Net change in Class R3 from participant transactions	<u>0</u>	<u>0</u>	<u>67,243</u>	<u>700,426</u>	<u>40,829</u>	<u>468,711</u>
<b>Class R4:</b>						
Proceeds from sales of units	-	-	97,680	1,030,535	38,265	428,513
Cost of units redeemed	-	-	(69,466)	(736,600)	(18,093)	(199,418)
Net change in Class R4 from participant transactions	<u>0</u>	<u>0</u>	<u>28,214</u>	<u>293,935</u>	<u>20,172</u>	<u>229,095</u>
<b>Class R INST:</b>						
Proceeds from sales of units	-	-	22,435	239,374	54,869	614,191
Cost of units redeemed	-	-	(9,714)	(105,659)	(20,817)	(231,192)
Net change in Class R INST from participant transactions	<u>0</u>	<u>0</u>	<u>12,721</u>	<u>133,715</u>	<u>34,052</u>	<u>382,999</u>
Net change in net assets from participant transactions		<u>\$ (57,183)</u>		<u>\$ 2,915,616</u>		<u>\$ 3,111,865</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

	Vanguard 60/40 Moderate Aggressive Fund		Vanguard 70/30 Moderate Aggressive Growth Fund	
	Units	Dollars	Units	Dollars
<b>Class R:</b>				
Proceeds from sales of units	307,706	\$ 3,634,153	40,317	\$ 471,923
Cost of units redeemed	(224,473)	(2,651,015)	(64,234)	(748,744)
Net change in Class R from participant transactions	<u>83,233</u>	<u>983,138</u>	<u>(23,917)</u>	<u>(276,821)</u>
<b>Class R1:</b>				
Proceeds from sales of units	2,214,995	26,499,817	583,512	7,112,361
Cost of units redeemed	(1,431,687)	(17,216,966)	(349,856)	(4,319,974)
Net change in Class R1 from participant transactions	<u>783,308</u>	<u>9,282,851</u>	<u>233,656</u>	<u>2,792,387</u>
<b>Class R2:</b>				
Proceeds from sales of units	62,264	732,147	74,497	902,289
Cost of units redeemed	(83,300)	(1,006,440)	(16,948)	(210,273)
Net change in Class R2 from participant transactions	<u>(21,036)</u>	<u>(274,293)</u>	<u>57,549</u>	<u>692,016</u>
<b>Class R3:</b>				
Proceeds from sales of units	400,788	4,787,088	355,410	4,365,003
Cost of units redeemed	(183,446)	(2,193,737)	(285,432)	(3,501,919)
Net change in Class R3 from participant transactions	<u>217,342</u>	<u>2,593,351</u>	<u>69,978</u>	<u>863,084</u>
<b>Class R4:</b>				
Proceeds from sales of units	89,720	1,055,686	110,724	1,342,960
Cost of units redeemed	(116,422)	(1,386,528)	(251,772)	(3,102,243)
Net change in Class R4 from participant transactions	<u>(26,702)</u>	<u>(330,842)</u>	<u>(141,048)</u>	<u>(1,759,283)</u>
<b>Class R INST:</b>				
Proceeds from sales of units	92,789	1,098,836	16,765	204,600
Cost of units redeemed	(47,774)	(576,819)	(30,957)	(380,570)
Net change in Class R INST from participant transactions	<u>45,015</u>	<u>522,017</u>	<u>(14,192)</u>	<u>(175,970)</u>
Net change in net assets from participant transactions		<u>\$ 12,776,222</u>		<u>\$ 2,135,413</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2014

	Vanguard 80/20 Aggressive Fund		Vanguard 100% Equity Fund	
	Units	Dollars	Units	Dollars
<b>Class R:</b>				
Proceeds from sales of units	288,564	\$ 3,637,245	45,577	\$ 593,520
Cost of units redeemed	(109,813)	(1,360,161)	(31,419)	(411,937)
Net change in Class R from participant transactions	<u>178,751</u>	<u>2,277,084</u>	<u>14,158</u>	<u>181,583</u>
<b>Class R1:</b>				
Proceeds from sales of units	342,146	4,283,092	138,924	1,821,513
Cost of units redeemed	(190,214)	(2,411,641)	(27,055)	(353,339)
Net change in Class R1 from participant transactions	<u>151,932</u>	<u>1,871,451</u>	<u>111,869</u>	<u>1,468,174</u>
<b>Class R2:</b>				
Proceeds from sales of units	60,328	750,340	22,882	305,502
Cost of units redeemed	(10,818)	(138,028)	(14,846)	(198,440)
Net change in Class R2 from participant transactions	<u>49,510</u>	<u>612,312</u>	<u>8,036</u>	<u>107,062</u>
<b>Class R3:</b>				
Proceeds from sales of units	328,951	4,123,531	-	-
Cost of units redeemed	(178,004)	(2,254,580)	-	-
Net change in Class R3 from participant transactions	<u>150,947</u>	<u>1,868,951</u>	<u>0</u>	<u>0</u>
<b>Class R4:</b>				
Proceeds from sales of units	169,066	2,107,985	-	-
Cost of units redeemed	(225,034)	(2,857,106)	-	-
Net change in Class R4 from participant transactions	<u>(55,968)</u>	<u>(749,121)</u>	<u>0</u>	<u>0</u>
<b>Class R INST:</b>				
Proceeds from sales of units	263,084	3,262,984	1	-
Cost of units redeemed	(115,459)	(1,426,662)	(1)	-
Net change in Class R INST from participant transactions	<u>147,625</u>	<u>1,836,322</u>	<u>0</u>	<u>0</u>
Net change in net assets from participant transactions		<u>\$ 7,716,999</u>		<u>\$ 1,756,819</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2014

### 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 year 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.

**Exchange-traded Funds.** Exchange-traded funds 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.

**Common Trust Funds.** Common trust fund investments are valued using net asset value of those funds and are included as Level 2 in the hierarchy.

The tables on the following pages present 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.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2014**

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Vanguard 100% Fixed Income Fund</b>				
Short Term Investment	\$ 5,490	\$ 5,490	\$ -	\$ -
Exchange-traded Funds - Fixed Income	1,545,101	1,545,101	-	-
Common Trust Fund - Fixed Income	102,819	-	102,819	-
Total	<u>\$ 1,653,410</u>	<u>\$ 1,550,591</u>	<u>\$ 102,819</u>	<u>\$ 0</u>
<b>Vanguard 20/80 Conservative Fund</b>				
Short Term Investment	\$ 61,093	\$ 61,093	\$ -	\$ -
Exchange-traded Funds - Fixed Income	11,825,055	11,825,055	-	-
Exchange-traded Funds - Equity	2,991,379	2,991,379	-	-
Common Trust Fund - Fixed Income	398,332	-	398,332	-
Total	<u>\$ 15,275,859</u>	<u>\$ 14,877,527</u>	<u>\$ 398,332</u>	<u>\$ 0</u>
<b>Vanguard 40/60 Moderate Fund</b>				
Short Term Investment	\$ 126,593	\$ 126,593	\$ -	\$ -
Exchange-traded Funds - Fixed Income	15,961,406	15,961,406	-	-
Exchange-traded Funds - Equity	10,941,669	10,941,669	-	-
Common Trust Fund - Fixed Income	751,522	-	751,522	-
Total	<u>\$ 27,781,190</u>	<u>\$ 27,029,668</u>	<u>\$ 751,522</u>	<u>\$ 0</u>
<b>Vanguard 60/40 Moderate Aggressive Fund</b>				
Short Term Investment	\$ 465,217	\$ 465,217	\$ -	\$ -
Exchange-traded Funds - Fixed Income	35,009,853	35,009,853	-	-
Exchange-traded Funds - Equity	53,318,607	53,318,607	-	-
Common Trust Fund - Fixed Income	1,606,841	-	1,606,841	-
Total	<u>\$ 90,400,518</u>	<u>\$ 88,793,677</u>	<u>\$ 1,606,841</u>	<u>\$ 0</u>

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2014**

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Vanguard 70/30 Moderate Aggressive Growth Fund</b>				
Short Term Investment	\$ 270,566	\$ 270,566	\$ -	\$ -
Exchange-traded Funds - Fixed Income	14,331,575	14,331,575	-	-
Exchange-traded Funds - Equity	34,364,958	34,364,958	-	-
Common Trust Fund - Fixed Income	1,069,365	-	1,069,365	-
Total	<u>\$ 50,036,464</u>	<u>\$ 48,967,099</u>	<u>\$ 1,069,365</u>	<u>\$ 0</u>
<b>Vanguard 80/20 Aggressive Fund</b>				
Short Term Investment	\$ 391,042	\$ 391,042	\$ -	\$ -
Exchange-traded Funds - Fixed Income	13,025,926	13,025,926	-	-
Exchange-traded Funds - Equity	53,736,555	53,736,555	-	-
Common Trust Fund - Fixed Income	1,531,613	-	1,531,613	-
Total	<u>\$ 68,685,136</u>	<u>\$ 67,153,523</u>	<u>\$ 1,531,613</u>	<u>\$ 0</u>
<b>Vanguard 100% Equity Fund</b>				
Short Term Investment	\$ 40,228	\$ 40,228	\$ -	\$ -
Exchange-traded Funds - Equity	6,269,657	6,269,657	-	-
Common Trust Fund - Fixed Income	229,029	-	229,029	-
Total	<u>\$ 6,538,914</u>	<u>\$ 6,309,885</u>	<u>\$ 229,029</u>	<u>\$ 0</u>

**Note 6: Risk Factors**

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.



## **Supplemental Information**

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds**  
**Vanguard 100% Fixed Income Managed Trust Fund**  
**Year Ended December 31, 2014**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 1,030,354
Exchange-traded Funds - Fixed Income	<u>778,950</u>
Total Investments Purchased	<u><u>\$ 1,809,304</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Common Trust Funds - Fixed Income	\$ 883,809	\$ 888,777	\$ (4,968)
Exchange-traded Funds - Fixed Income	<u>968,247</u>	<u>965,194</u>	<u>3,053</u>
Total Investments Sold	<u><u>\$ 1,852,056</u></u>	<u><u>\$ 1,853,971</u></u>	<u><u>\$ (1,915)</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Vanguard 20/80 Conservative Managed Trust Fund**  
**Year Ended December 31, 2014**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 8,748,850
Exchange-traded Funds - Equity	795,730
Exchange-traded Funds - Fixed Income	4,038,391
Total Investments Purchased	\$ 13,582,971

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 8,577,933	\$ 8,577,933	\$ -
Exchange-traded Funds - Equity	284,852	208,485	76,367
Exchange-traded Funds - Fixed Income	1,691,518	1,639,049	52,469
Total Investments Sold	\$ 10,554,303	\$ 10,425,467	\$ 128,836

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Vanguard 40/60 Moderate Managed Trust Fund**  
**Year Ended December 31, 2014**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 9,804,930
Exchange-traded Funds - Equity	2,736,437
Exchange-traded Funds - Fixed Income	3,390,107
Total Investments Purchased	\$ 15,931,474

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Common Trust Funds - Fixed Income	\$ 9,727,413	\$ 9,727,413	\$ -
Exchange-traded Funds - Equity	1,509,888	1,191,439	318,449
Exchange-traded Funds - Fixed Income	1,393,128	1,409,828	(16,700)
Total Investments Sold	\$ 12,630,429	\$ 12,328,680	\$ 301,749

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Vanguard 60/40 Moderate Aggressive Managed Trust Fund**  
**Year Ended December 31, 2014**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 24,675,739
Exchange-traded Funds - Equity	13,666,606
Exchange-traded Funds - Fixed Income	8,988,373
Total Investments Purchased	\$ 47,330,718

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 25,342,234	\$ 25,342,234	\$ -
Exchange-traded Funds - Equity	5,733,745	4,535,845	1,197,900
Exchange-traded Funds - Fixed Income	2,835,164	2,799,142	36,022
Total Investments Sold	\$ 33,911,143	\$ 32,677,221	\$ 1,233,922

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Vanguard 70/30 Moderate Aggressive Growth Managed Trust Fund**  
**Year Ended December 31, 2014**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 13,297,802
Exchange-traded Funds - Equity	7,474,997
Exchange-traded Funds - Fixed Income	2,838,572
Total Investments Purchased	\$ 23,611,371

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 13,480,858	\$ 13,480,858	\$ -
Exchange-traded Funds - Equity	5,058,529	4,189,573	868,956
Exchange-traded Funds - Fixed Income	1,647,120	1,587,473	59,647
Total Investments Sold	\$ 20,186,507	\$ 19,257,904	\$ 928,603

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Vanguard 80/20 Aggressive Managed Trust Fund**  
**Year Ended December 31, 2014**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 13,682,412
Exchange-traded Funds - Equity	10,848,978
Exchange-traded Funds - Fixed Income	3,315,445
Total Investments Purchased	\$ 27,846,835

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 13,858,224	\$ 13,858,224	\$ -
Exchange-traded Funds - Equity	3,031,864	2,454,193	577,671
Exchange-traded Funds - Fixed Income	1,369,375	1,303,394	65,981
Total Investments Sold	\$ 18,259,463	\$ 17,615,811	\$ 643,652

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Vanguard 100% Equity Managed Trust Fund**  
**Year Ended December 31, 2014**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 2,131,002
Exchange-traded Funds - Equity	<u>1,999,999</u>
Total Investments Purchased	<u><u>\$ 4,131,001</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 2,012,612	\$ 2,012,612	\$ -
Exchange-traded Funds - Equity	<u>296,819</u>	<u>242,011</u>	<u>54,808</u>
Total Investments Sold	<u><u>\$ 2,309,431</u></u>	<u><u>\$ 2,254,623</u></u>	<u><u>\$ 54,808</u></u>