

Hand Composite Employee Benefit Trust
Vanguard Managed Trust Funds
Independent Auditor's Report and Financial Statements
December 31, 2015



Hand Composite Employee Benefit Trust

December 31, 2015

Contents

Independent Auditor's Report	1
---	----------

Basic Financial Statements

Statements of Assets and Liabilities – Selected Funds	3
Schedules of Investments	
Vanguard 100% Fixed Income Managed Trust Fund	5
Vanguard 20/80 Conservative Managed Trust Fund	6
Vanguard 40/60 Moderate Managed Trust Fund	7
Vanguard 60/40 Moderate Aggressive Managed Trust Fund	8
Vanguard 70/30 Moderate Aggressive Growth Managed Trust Fund	9
Vanguard 80/20 Aggressive Managed Trust Fund	10
Vanguard 100% Equity Managed Trust Fund	11
Statements of Operations – Selected Funds	12
Statements of Changes in Net Assets – Selected Funds	14
Notes to Financial Statements	16

Supplemental Information

Schedules of Investment Purchases and Sales – Selected Funds	31
--	----

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, 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 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, 2015, 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 7, 2016

Hand Composite Employee Benefit Trust
Statements of Assets and Liabilities – Selected Funds
December 31, 2015

	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund
Assets				
Investments, at cost	\$ 2,399,868	\$ 16,477,468	\$ 30,219,736	\$ 97,679,066
Investments, at fair value	\$ 2,374,841	\$ 16,512,577	\$ 30,596,000	\$ 99,832,869
Receivable for:				
Capital shares sold	867	22,312	40,606	72,762
Total assets	<u>\$ 2,375,708</u>	<u>\$ 16,534,889</u>	<u>\$ 30,636,606</u>	<u>\$ 99,905,631</u>
Liabilities				
Payable for investment securities purchased	\$ 867	\$ 22,251	\$ 40,606	\$ 72,762
Payable for capital shares redeemed	-	61	-	-
Accounts payable and accrued liabilities	1,655	9,764	16,908	56,298
Total liabilities	<u>\$ 2,522</u>	<u>\$ 32,076</u>	<u>\$ 57,514</u>	<u>\$ 129,060</u>
Net assets held for participants:				
Class R	\$ 3,585	\$ 2,353,595	\$ 3,798,966	\$ 8,482,275
Class R1	1,914,622	4,547,088	12,638,907	56,427,909
Class R2	454,949	584,175	1,563,478	4,291,850
Class R3	10	6,067,225	7,964,598	18,187,780
Class R4	10	2,168,517	1,670,835	6,282,170
Class R INST	10	782,213	2,942,308	6,104,587
Total net assets held for participants	<u>\$ 2,373,186</u>	<u>\$ 16,502,813</u>	<u>\$ 30,579,092</u>	<u>\$ 99,776,571</u>
Units outstanding:				
Class R	349	215,066	327,043	691,768
Class R1	188,142	420,258	1,100,335	4,653,911
Class R2	44,679	54,157	136,631	355,270
Class R3	1	561,088	694,229	1,504,394
Class R4	1	201,641	146,441	521,599
Class R INST	1	71,048	253,356	497,930
Total units outstanding	<u>233,173</u>	<u>1,523,258</u>	<u>2,658,035</u>	<u>8,224,872</u>
Net asset value per unit:				
Class R	\$ 10.27	\$ 10.94	\$ 11.62	\$ 12.26
Class R1	<u>\$ 10.18</u>	<u>\$ 10.82</u>	<u>\$ 11.49</u>	<u>\$ 12.12</u>
Class R2	<u>\$ 10.18</u>	<u>\$ 10.79</u>	<u>\$ 11.44</u>	<u>\$ 12.08</u>
Class R3	<u>\$ 10.30</u>	<u>\$ 10.81</u>	<u>\$ 11.47</u>	<u>\$ 12.09</u>
Class R4	<u>\$ 10.30</u>	<u>\$ 10.75</u>	<u>\$ 11.41</u>	<u>\$ 12.04</u>
Class R INST	<u>\$ 10.30</u>	<u>\$ 11.01</u>	<u>\$ 11.61</u>	<u>\$ 12.26</u>

Hand Composite Employee Benefit Trust
Statements of Assets and Liabilities – Selected Funds (Continued)
December 31, 2015

	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Assets			
Investments, at cost	\$ 49,802,821	\$ 70,931,512	\$ 7,063,132
Investments, at fair value	\$ 51,141,396	\$ 72,820,930	\$ 7,172,856
Receivable for:			
Capital shares sold	78,159	112,273	4,100
Total assets	<u>\$ 51,219,555</u>	<u>\$ 72,933,203</u>	<u>\$ 7,176,956</u>
Liabilities			
Payable for investment securities purchased	\$ 78,159	\$ 111,642	\$ 3,074
Payable for capital shares redeemed	-	631	1,027
Accounts payable and accrued liabilities	32,105	38,851	2,699
Total liabilities	<u>\$ 110,264</u>	<u>\$ 151,124</u>	<u>\$ 6,800</u>
Net assets held for participants:			
Class R	\$ 2,745,194	\$ 11,637,393	\$ 4,198,770
Class R1	12,421,531	10,887,651	2,941,378
Class R2	939,453	2,430,255	29,966
Class R3	21,284,419	17,181,730	14
Class R4	10,005,825	11,527,790	14
Class R INST	3,712,869	19,117,260	14
Total net assets held for participants	<u>\$ 51,109,291</u>	<u>\$ 72,782,079</u>	<u>\$ 7,170,156</u>
Units outstanding:			
Class R	218,147	902,613	311,147
Class R1	999,087	854,563	220,382
Class R2	75,823	191,425	2,252
Class R3	1,712,919	1,349,789	1
Class R4	809,319	910,027	1
Class R INST	295,330	1,483,111	1
Total units outstanding	<u>4,110,625</u>	<u>5,691,528</u>	<u>533,784</u>
Net asset value per unit:			
Class R	\$ 12.58	\$ 12.89	\$ 13.49
Class R1	\$ 12.43	\$ 12.74	\$ 13.35
Class R2	\$ 12.39	\$ 12.70	\$ 13.31
Class R3	\$ 12.43	\$ 12.73	\$ 13.51
Class R4	\$ 12.36	\$ 12.67	\$ 13.51
Class R INST	\$ 12.57	\$ 12.89	\$ 13.51

Hand Composite Employee Benefit Trust
Schedules of Investments
Vanguard 100% Fixed Income Managed Trust Fund
December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
8	DWS Govt & Agency Securities Port Service Shares	\$ 8	\$ 8
	Total Short Term Investment	0.00% <u>8</u>	<u>8</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
4,096	Vanguard Intermediate Term Bond ETF	347,257	340,214
3,082	Vanguard Long-term Bond ETF	280,483	267,548
6,540	Vanguard Mortgage Backed Securities ETF	347,155	344,789
8,351	Vanguard Short-term Bond ETF	669,876	664,489
13,116	Vanguard Total International Bond ETF	690,870	693,574
	Total Fixed Income	97.30% <u>2,335,641</u>	<u>2,310,614</u>
	Total Exchange-traded Funds	97.30% <u>2,335,641</u>	<u>2,310,614</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
64,219	HB&T Short Term Income Fund	64,219	64,219
	Total Fixed Income	2.70% <u>64,219</u>	<u>64,219</u>
	Total Common Trust Fund	2.70% <u>64,219</u>	<u>64,219</u>
	Total Investments	100.00% <u>\$ 2,399,868</u>	<u>\$ 2,374,841</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Vanguard 20/80 Conservative Managed Trust Fund
December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
6	DWS Govt & Agency Securities Port Service Shares	\$ 6	\$ 6
	Total Short Term Investment	0.00% <u>6</u>	<u>6</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
22,579	Vanguard Intermediate Term Bond ETF	1,908,590	1,875,412
16,980	Vanguard Long-term Bond ETF	1,516,792	1,474,034
36,234	Vanguard Mortgage Backed Securities ETF	1,889,867	1,910,256
46,285	Vanguard Short-term Bond ETF	3,713,247	3,682,897
72,502	Vanguard Total International Bond ETF	3,740,434	3,833,906
	Total Fixed Income	77.37% <u>12,768,930</u>	<u>12,776,505</u>
<i>Equity</i>			
6,266	Vanguard Emerging Markets ETF	245,865	204,961
7,474	Vanguard Growth ETF	717,252	795,159
25,017	Vanguard MSCI EAFE ETF	956,575	918,625
2,161	Vanguard Small Cap ETF	241,396	239,093
10,681	Vanguard Value ETF	832,232	870,715
1,399	Vanguard World Ex US Small Cap	137,624	129,925
	Total Equity	19.13% <u>3,130,944</u>	<u>3,158,478</u>
	Total Exchange-traded Funds	96.50% <u>15,899,874</u>	<u>15,934,983</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
577,588	HB&T Short Term Income Fund	577,588	577,588
	Total Fixed Income	3.50% <u>577,588</u>	<u>577,588</u>
	Total Common Trust Fund	3.50% <u>577,588</u>	<u>577,588</u>
	Total Investments	100.00% <u>\$ 16,477,468</u>	<u>\$ 16,512,577</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Vanguard 40/60 Moderate Managed Trust Fund
December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
4	DWS Govt & Agency Securities Port Service Shares	\$ 4	\$ 4
	Total Short Term Investment	0.00% <u>4</u>	<u>4</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
32,220	Vanguard Intermediate Term Bond ETF	2,704,578	2,676,193
24,206	Vanguard Long-term Bond ETF	2,161,031	2,101,323
50,465	Vanguard Mortgage Backed Securities ETF	2,610,683	2,660,515
64,758	Vanguard Short-term Bond ETF	5,191,558	5,152,794
102,014	Vanguard Total International Bond ETF	5,234,837	5,394,500
	Total Fixed Income	58.78% <u>17,902,687</u>	<u>17,985,325</u>
<i>Equity</i>			
24,196	Vanguard Emerging Markets ETF	936,715	791,451
27,682	Vanguard Growth ETF	2,552,099	2,945,089
94,821	Vanguard MSCI EAFE ETF	3,650,386	3,481,827
8,171	Vanguard Small Cap ETF	867,514	904,039
40,085	Vanguard Value ETF	3,066,523	3,267,729
5,451	Vanguard World Ex US Small Cap	529,506	506,234
	Total Equity	38.89% <u>11,602,743</u>	<u>11,896,369</u>
	Total Exchange-traded Funds	97.67% <u>29,505,430</u>	<u>29,881,694</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
714,302	HB&T Short Term Income Fund	714,302	714,302
	Total Fixed Income	2.33% <u>714,302</u>	<u>714,302</u>
	Total Common Trust Fund	2.33% <u>714,302</u>	<u>714,302</u>
	Total Investments	100.00% <u>\$ 30,219,736</u>	<u>\$ 30,596,000</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Vanguard 60/40 Moderate Aggressive Managed Trust Fund
December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
10	DWS Govt & Agency Securities Port Service Shares	\$ 10	\$ 10
	Total Short Term Investment	0.00% <u>10</u>	<u>10</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
69,839	Vanguard Intermediate Term Bond ETF	5,855,282	5,800,827
50,981	Vanguard Long-term Bond ETF	4,543,541	4,425,661
110,192	Vanguard Mortgage Backed Securities ETF	5,705,604	5,809,322
141,030	Vanguard Short-term Bond ETF	11,302,806	11,221,757
223,330	Vanguard Total International Bond ETF	11,472,346	11,809,690
	Total Fixed Income	39.13% <u>38,879,579</u>	<u>39,067,257</u>
<i>Equity</i>			
113,026	Vanguard Emerging Markets ETF	4,453,068	3,697,080
136,715	Vanguard Growth ETF	12,457,721	14,545,109
462,285	Vanguard MSCI EAFE ETF	17,650,186	16,975,105
40,165	Vanguard Small Cap ETF	4,276,339	4,443,856
197,210	Vanguard Value ETF	14,807,037	16,076,560
27,863	Vanguard World Ex US Small Cap	2,714,871	2,587,637
	Total Equity	58.43% <u>56,359,222</u>	<u>58,325,347</u>
	Total Exchange-traded Funds	97.56% <u>95,238,801</u>	<u>97,392,604</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
2,440,255	HB&T Short Term Income Fund	2,440,255	2,440,255
	Total Fixed Income	2.44% <u>2,440,255</u>	<u>2,440,255</u>
	Total Common Trust Fund	2.44% <u>2,440,255</u>	<u>2,440,255</u>
	Total Investments	100.00% <u>\$ 97,679,066</u>	<u>\$ 99,832,869</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Vanguard 70/30 Moderate Aggressive Growth Managed Trust Fund
December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
3	DWS Govt & Agency Securities Port Service Shares	\$ 3	\$ 3
	Total Short Term Investment	0.00% <u>3</u>	<u>3</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
26,634	Vanguard Intermediate Term Bond ETF	2,234,054	2,212,220
19,720	Vanguard Long-term Bond ETF	1,744,513	1,711,893
42,914	Vanguard Mortgage Backed Securities ETF	2,217,881	2,262,426
54,825	Vanguard Short-term Bond ETF	4,397,063	4,362,425
85,502	Vanguard Total International Bond ETF	4,381,411	4,521,346
	Total Fixed Income	29.47% <u>14,974,922</u>	<u>15,070,310</u>
<i>Equity</i>			
67,753	Vanguard Emerging Markets ETF	2,664,836	2,216,201
81,820	Vanguard Growth ETF	7,376,897	8,704,830
276,704	Vanguard MSCI EAFE ETF	10,622,814	10,160,571
24,236	Vanguard Small Cap ETF	2,569,874	2,681,471
117,529	Vanguard Value ETF	8,792,601	9,580,964
16,553	Vanguard World Ex US Small Cap	1,611,105	1,537,277
	Total Equity	68.20% <u>33,638,127</u>	<u>34,881,314</u>
	Total Exchange-traded Funds	97.67% <u>48,613,049</u>	<u>49,951,624</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
1,189,769	HB&T Short Term Income Fund	1,189,769	1,189,769
	Total Fixed Income	2.33% <u>1,189,769</u>	<u>1,189,769</u>
	Total Common Trust Fund	2.33% <u>1,189,769</u>	<u>1,189,769</u>
	Total Investments	100.00% <u>\$ 49,802,821</u>	<u>\$ 51,141,396</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Vanguard 80/20 Aggressive Managed Trust Fund
December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
3	DWS Govt & Agency Securities Port Service Shares	\$ 3	\$ 3
	Total Short Term Investment	0.00% <u>3</u>	<u>3</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
25,352	Vanguard Intermediate Term Bond ETF	2,129,232	2,105,737
19,227	Vanguard Long-term Bond ETF	1,728,622	1,669,096
40,372	Vanguard Mortgage Backed Securities ETF	2,097,065	2,128,412
51,409	Vanguard Short-term Bond ETF	4,127,924	4,090,614
82,170	Vanguard Total International Bond ETF	4,222,980	4,345,150
	Total Fixed Income	19.69% <u>14,305,823</u>	<u>14,339,009</u>
<i>Equity</i>			
111,009	Vanguard Emerging Markets ETF	4,396,863	3,631,104
133,712	Vanguard Growth ETF	11,935,579	14,225,620
450,740	Vanguard MSCI EAFE ETF	17,410,618	16,551,172
38,928	Vanguard Small Cap ETF	4,197,706	4,306,994
189,804	Vanguard Value ETF	14,253,403	15,472,822
27,231	Vanguard World Ex US Small Cap	2,666,254	2,528,943
	Total Equity	77.89% <u>54,860,423</u>	<u>56,716,655</u>
	Total Exchange-traded Funds	97.58% <u>69,166,246</u>	<u>71,055,664</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
1,765,263	HB&T Short Term Income Fund	1,765,263	1,765,263
	Total Fixed Income	2.42% <u>1,765,263</u>	<u>1,765,263</u>
	Total Common Trust Fund	2.42% <u>1,765,263</u>	<u>1,765,263</u>
	Total Investments	100.00% <u>\$ 70,931,512</u>	<u>\$ 72,820,930</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Vanguard 100% Equity Managed Trust Fund
December 31, 2015

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
10	DWS Govt & Agency Securities Port Service Shares	\$ 10	\$ 10
	Total Short Term Investment	0.00% <u>10</u>	<u>10</u>
<u>Exchange-traded Funds</u>			
<i>Equity</i>			
13,648	Vanguard Emerging Markets ETF	543,007	446,426
16,481	Vanguard Growth ETF	1,530,738	1,753,414
55,666	Vanguard MSCI EAFE ETF	2,158,639	2,044,055
4,902	Vanguard Small Cap ETF	532,421	542,357
23,511	Vanguard Value ETF	1,808,750	1,916,617
3,340	Vanguard World Ex US Small Cap	329,776	310,186
	Total Equity	97.77% <u>6,903,331</u>	<u>7,013,055</u>
	Total Exchange-traded Funds	97.77% <u>6,903,331</u>	<u>7,013,055</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
159,791	HB&T Short Term Income Fund	159,791	159,791
	Total Fixed Income	2.23% <u>159,791</u>	<u>159,791</u>
	Total Common Trust Fund	2.23% <u>159,791</u>	<u>159,791</u>
	Total Investments	100.00% <u>\$ 7,063,132</u>	<u>\$ 7,172,856</u>

Hand Composite Employee Benefit Trust
Statements of Operations – Selected Funds
Year Ended December 31, 2015

	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund
Income				
Interest	\$ 2	\$ 3	\$ 3	\$ 8
Dividends	48,318	313,447	608,502	2,009,656
Total income	48,320	313,450	608,505	2,009,664
Expenses				
Investment management and administrative	6,292	40,168	76,140	245,637
Class R expenses	11	1,344	2,064	4,407
Class R1 expenses	8,454	18,998	51,427	223,476
Class R2 expenses	2,106	3,674	8,983	21,546
Class R3 expenses	-	30,263	40,837	99,791
Class R4 expenses	-	14,580	15,485	43,960
Class R INST expenses	-	308	1,420	3,434
Other	157	324	232	213
Total expenses	17,020	109,659	196,588	642,464
Net Investment Income	31,300	203,791	411,917	1,367,200
Net Realized and Unrealized Gains (Losses)				
on Investments				
Net realized gains on investments	19,839	424,113	757,303	2,666,499
Net change in unrealized appreciation/ depreciation on investments	(55,066)	(689,589)	(1,397,113)	(5,044,521)
Net realized and unrealized losses	(35,227)	(265,476)	(639,810)	(2,378,022)
Net Decrease in Net Assets Resulting From Operations	\$ (3,927)	\$ (61,685)	\$ (227,893)	\$ (1,010,822)

Hand Composite Employee Benefit Trust
Statements of Operations – Selected Funds (Continued)
Year Ended December 31, 2015

	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Income			
Interest	\$ 4	\$ 6	\$ 1
Dividends	1,061,181	1,498,357	150,213
Total income	<u>1,061,185</u>	<u>1,498,363</u>	<u>150,214</u>
Expenses			
Investment management and administrative	129,227	180,321	17,930
Class R expenses	1,393	5,822	2,134
Class R1 expenses	50,917	40,648	11,129
Class R2 expenses	7,071	13,863	667
Class R3 expenses	111,999	89,297	-
Class R4 expenses	79,602	89,374	-
Class R INST expenses	2,347	11,787	-
Other	271	142	48
Total expenses	<u>382,827</u>	<u>431,254</u>	<u>31,908</u>
Net Investment Income	<u>678,358</u>	<u>1,067,109</u>	<u>118,306</u>
Net Realized and Unrealized Gains (Losses)			
on Investments			
Net realized gains on investments	1,848,625	2,316,370	293,900
Net change in unrealized appreciation/depreciation on investments	(3,167,664)	(4,428,093)	(549,488)
Net realized and unrealized losses	<u>(1,319,039)</u>	<u>(2,111,723)</u>	<u>(255,588)</u>
Net Decrease in Net Assets			
Resulting From Operations	<u>\$ (640,681)</u>	<u>\$ (1,044,614)</u>	<u>\$ (137,282)</u>

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

	Vanguard 100% Fixed Income Fund	Vanguard 20/80 Conservative Fund	Vanguard 40/60 Moderate Fund	Vanguard 60/40 Moderate Aggressive Fund
Operations				
Net investment income	\$ 31,300	\$ 203,791	\$ 411,917	\$ 1,367,200
Net realized gains	19,839	424,113	757,303	2,666,499
Change in unrealized appreciation/ depreciation	(55,066)	(689,589)	(1,397,113)	(5,044,521)
Net decrease in net assets from operations	(3,927)	(61,685)	(227,893)	(1,010,822)
Net Increase in Net Assets From Participant Transactions	724,644	1,286,161	3,028,996	10,368,908
Increase in Net Assets	720,717	1,224,476	2,801,103	9,358,086
Net Assets				
Beginning of year	1,652,469	15,278,337	27,777,989	90,418,485
End of year	<u>\$ 2,373,186</u>	<u>\$ 16,502,813</u>	<u>\$ 30,579,092</u>	<u>\$ 99,776,571</u>

Hand Composite Employee Benefit Trust
Statements of Changes in Net Assets – Selected Funds (Continued)
Year Ended December 31, 2015

	Vanguard 70/30 Moderate Aggressive Growth Fund	Vanguard 80/20 Aggressive Fund	Vanguard 100% Equity Fund
Operations			
Net investment income	\$ 678,358	\$ 1,067,109	\$ 118,306
Net realized gains	1,848,625	2,316,370	293,900
Change in unrealized appreciation/ depreciation	(3,167,664)	(4,428,093)	(549,488)
Net decrease in net assets from operations	(640,681)	(1,044,614)	(137,282)
Net Increase in Net Assets From Participant Transactions	<u>2,660,036</u>	<u>6,335,736</u>	<u>767,264</u>
Increase in Net Assets	2,019,355	5,291,122	629,982
Net Assets			
Beginning of year	<u>49,089,936</u>	<u>67,490,957</u>	<u>6,540,174</u>
End of year	<u>\$ 51,109,291</u>	<u>\$ 72,782,079</u>	<u>\$ 7,170,156</u>

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 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, 2015

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:

Fund	Investment Management Advisor
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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

The following table 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.

Fund	Administrative Fees	Investment Advisory Fees	Service Fees	Other Fees	Total Fees
All Vanguard Funds					
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, 2015

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	\$ 10.27	\$ 10.94	\$ 11.65	\$ 12.34	\$ 12.69	\$ 13.03	\$ 13.71
Net investment income	0.03	0.15	0.18	0.20	0.22	0.23	0.24
Net realized and unrealized losses	(0.03)	(0.15)	(0.21)	(0.28)	(0.33)	(0.37)	(0.46)
Net decrease from investment operations	0	0	(0.03)	(0.08)	(0.11)	(0.14)	(0.22)
Net asset value, end of year	\$ 10.27	\$ 10.94	\$ 11.62	\$ 12.26	\$ 12.58	\$ 12.89	\$ 13.49
Total return	0.00%	0.00%	(0.26)%	(0.65)%	(0.87)%	(1.07)%	(1.60)%
Ratio to average net assets:							
Net investment income	0.25%	1.40%	1.54%	1.64%	1.72%	1.75%	1.77%
Expenses	0.10%	0.27%	0.28%	0.29%	0.30%	0.30%	0.30%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

	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	\$ 10.20	\$ 10.86	\$ 11.56	\$ 12.25	\$ 12.58	\$ 12.92	\$ 13.60
Net investment income	0.12	0.13	0.15	0.17	0.17	0.20	0.21
Net realized and unrealized losses	(0.14)	(0.17)	(0.22)	(0.30)	(0.32)	(0.38)	(0.46)
Net decrease from investment operations	(0.02)	(0.04)	(0.07)	(0.13)	(0.15)	(0.18)	(0.25)
Net asset value, end of year	\$ 10.18	\$ 10.82	\$ 11.49	\$ 12.12	\$ 12.43	\$ 12.74	\$ 13.35
Total return	(0.20)%	(0.37)%	(0.61)%	(1.06)%	(1.19)%	(1.39)%	(1.84)%
Ratio to average net assets:							
Net investment income	1.19%	1.18%	1.32%	1.38%	1.38%	1.54%	1.55%
Expenses	0.64%	0.63%	0.65%	0.65%	0.65%	0.67%	0.66%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

	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	\$ 10.22	\$ 10.84	\$ 11.53	\$ 12.22	\$ 12.56	\$ 12.89	\$ 13.59
Net investment income (loss)	0.16	0.10	0.13	0.17	0.10	0.16	(0.01)
Net realized and unrealized losses	(0.20)	(0.15)	(0.22)	(0.31)	(0.27)	(0.35)	(0.27)
Net decrease from investment operations	(0.04)	(0.05)	(0.09)	(0.14)	(0.17)	(0.19)	(0.28)
Net asset value, end of year	\$ 10.18	\$ 10.79	\$ 11.44	\$ 12.08	\$ 12.39	\$ 12.70	\$ 13.31
Total return	(0.39)%	(0.46)%	(0.78)%	(1.15)%	(1.35)%	(1.47)%	(2.06)%
Ratio to average net assets:							
Net investment income (loss)	1.54%	0.92%	1.13%	1.39%	0.80%	1.22%	(0.10)%
Expenses	0.87%	0.78%	0.79%	0.82%	0.75%	0.80%	0.65%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

	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	\$ 10.28	\$ 10.87	\$ 11.56	\$ 12.23	\$ 12.59	\$ 12.93	\$ 13.72
Net investment income	0.18	0.14	0.15	0.15	0.17	0.18	0.25
Net realized and unrealized losses	(0.16)	(0.20)	(0.24)	(0.29)	(0.33)	(0.38)	(0.46)
Net increase (decrease) from investment operations	0.02	(0.06)	(0.09)	(0.14)	(0.16)	(0.20)	(0.21)
Net asset value, end of year	\$ 10.30	\$ 10.81	\$ 11.47	\$ 12.09	\$ 12.43	\$ 12.73	\$ 13.51
Total return	0.19%	(0.55)%	(0.78)%	(1.14)%	(1.27)%	(1.55)%	(1.53)%
Ratio to average net assets:							
Net investment income	1.80%	1.26%	1.32%	1.23%	1.35%	1.37%	2.48%
Expenses	0.28%	0.81%	0.80%	0.80%	0.81%	0.81%	0.34%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

	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	\$ 10.28	\$ 10.83	\$ 11.52	\$ 12.21	\$ 12.55	\$ 12.89	\$ 13.72
Net investment income	0.18	0.12	0.08	0.14	0.12	0.13	0.25
Net realized and unrealized losses	(0.16)	(0.20)	(0.19)	(0.31)	(0.31)	(0.35)	(0.46)
Net increase (decrease) from investment operations	0.02	(0.08)	(0.11)	(0.17)	(0.19)	(0.22)	(0.21)
Net asset value, end of year	\$ 10.30	\$ 10.75	\$ 11.41	\$ 12.04	\$ 12.36	\$ 12.67	\$ 13.51
Total return	0.19%	(0.74)%	(0.95)%	(1.39)%	(1.51)%	(1.71)%	(1.53)%
Ratio to average net assets:							
Net investment income	1.80%	1.09%	0.68%	1.15%	0.98%	1.02%	2.48%
Expenses	0.28%	1.01%	0.97%	1.01%	1.00%	0.99%	0.34%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

	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	\$ 10.28	\$ 11.01	\$ 11.65	\$ 12.34	\$ 12.68	\$ 13.02	\$ 13.23
Net investment income	0.18	0.27	0.24	0.22	0.21	0.22	0.25
Net realized and unrealized gains (losses)	(0.16)	(0.27)	(0.28)	(0.30)	(0.32)	(0.35)	0.03
Net increase (decrease) from investment operations	0.02	0	(0.04)	(0.08)	(0.11)	(0.13)	0.28
Net asset value, end of year	\$ 10.30	\$ 11.01	\$ 11.61	\$ 12.26	\$ 12.57	\$ 12.89	\$ 13.51
Total return	0.19%	0.00%	(0.34)%	(0.65)%	(0.87)%	(1.00)%	2.12%
Ratio to average net assets:							
Net investment income	1.80%	2.40%	2.08%	1.80%	1.65%	1.69%	2.48%
Expenses	0.28%	0.42%	0.37%	0.32%	0.30%	0.30%	0.34%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

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
Class R:						
Proceeds from sales of units	508	\$ 2,040	108,140	\$ 302,685	102,311	\$ 216,140
Cost of units redeemed	(3,343)	(31,239)	(174,598)	(1,037,944)	(135,521)	(603,028)
Net change in Class R from participant transactions	<u>(2,835)</u>	<u>(29,199)</u>	<u>(66,458)</u>	<u>(735,259)</u>	<u>(33,210)</u>	<u>(386,888)</u>
Class R1:						
Proceeds from sales of units	183,524	1,873,242	163,785	1,787,812	285,845	3,313,261
Cost of units redeemed	(122,658)	(1,254,608)	(122,959)	(1,337,992)	(220,535)	(2,559,015)
Net change in Class R1 from participant transactions	<u>60,866</u>	<u>618,634</u>	<u>40,826</u>	<u>449,820</u>	<u>65,310</u>	<u>754,246</u>
Class R2:						
Proceeds from sales of units	17,979	183,724	19,012	207,106	24,158	280,236
Cost of units redeemed	(4,802)	(48,515)	(46,290)	(504,626)	(25,651)	(296,297)
Net change in Class R2 from participant transactions	<u>13,177</u>	<u>135,209</u>	<u>(27,278)</u>	<u>(297,520)</u>	<u>(1,493)</u>	<u>(16,061)</u>
Class R3:						
Proceeds from sales of units	-	-	323,559	3,536,061	406,481	4,725,709
Cost of units redeemed	-	-	(260,453)	(2,848,699)	(287,863)	(3,342,987)
Net change in Class R3 from participant transactions	<u>0</u>	<u>0</u>	<u>63,106</u>	<u>687,362</u>	<u>118,618</u>	<u>1,382,722</u>
Class R4:						
Proceeds from sales of units	-	-	124,698	1,344,744	37,111	428,746
Cost of units redeemed	-	-	(74,557)	(809,765)	(73,476)	(851,839)
Net change in Class R4 from participant transactions	<u>0</u>	<u>0</u>	<u>50,141</u>	<u>534,979</u>	<u>(36,365)</u>	<u>(423,093)</u>
Class R INST:						
Proceeds from sales of units	-	-	66,215	738,151	174,002	2,059,013
Cost of units redeemed	-	-	(8,263)	(91,372)	(28,982)	(340,943)
Net change in Class R INST from participant transactions	<u>0</u>	<u>0</u>	<u>57,952</u>	<u>646,779</u>	<u>145,020</u>	<u>1,718,070</u>
Net change in net assets from participant transactions		<u>\$ 724,644</u>		<u>\$ 1,286,161</u>		<u>\$ 3,028,996</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

	Vanguard 60/40 Moderate Aggressive Fund		Vanguard 70/30 Moderate Aggressive Growth Fund	
	Units	Dollars	Units	Dollars
Class R:				
Proceeds from sales of units	494,502	\$ 1,033,375	125,091	\$ 485,220
Cost of units redeemed	(526,211)	(1,443,170)	(110,779)	(306,782)
Net change in Class R from participant transactions	<u>(31,709)</u>	<u>(409,795)</u>	<u>14,312</u>	<u>178,438</u>
Class R1:				
Proceeds from sales of units	1,368,741	16,903,164	383,498	4,830,486
Cost of units redeemed	(715,255)	(8,813,942)	(293,014)	(3,702,916)
Net change in Class R1 from participant transactions	<u>653,486</u>	<u>8,089,222</u>	<u>90,484</u>	<u>1,127,570</u>
Class R2:				
Proceeds from sales of units	114,469	1,406,477	39,699	507,823
Cost of units redeemed	(51,323)	(641,407)	(70,356)	(901,068)
Net change in Class R2 from participant transactions	<u>63,146</u>	<u>765,070</u>	<u>(30,657)</u>	<u>(393,245)</u>
Class R3:				
Proceeds from sales of units	470,962	5,800,837	553,336	7,023,224
Cost of units redeemed	(445,267)	(5,543,113)	(377,406)	(4,839,688)
Net change in Class R3 from participant transactions	<u>25,695</u>	<u>257,724</u>	<u>175,930</u>	<u>2,183,536</u>
Class R4:				
Proceeds from sales of units	121,361	1,497,916	119,740	1,521,423
Cost of units redeemed	(52,522)	(651,375)	(144,466)	(1,795,752)
Net change in Class R4 from participant transactions	<u>68,839</u>	<u>846,541</u>	<u>(24,726)</u>	<u>(274,329)</u>
Class R INST:				
Proceeds from sales of units	188,597	2,350,118	22,907	293,855
Cost of units redeemed	(122,144)	(1,529,972)	(36,076)	(455,789)
Net change in Class R INST from participant transactions	<u>66,453</u>	<u>820,146</u>	<u>(13,169)</u>	<u>(161,934)</u>
Net change in net assets from participant transactions		<u>\$ 10,368,908</u>		<u>\$ 2,660,036</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

	Vanguard 80/20 Aggressive Fund		Vanguard 100% Equity Fund	
	Units	Dollars	Units	Dollars
Class R:				
Proceeds from sales of units	500,869	\$ 1,435,410	286,956	\$ 642,162
Cost of units redeemed	(489,583)	(1,299,074)	(281,208)	(560,543)
Net change in Class R from participant transactions	<u>11,286</u>	<u>136,336</u>	<u>5,748</u>	<u>81,619</u>
Class R1:				
Proceeds from sales of units	276,949	3,611,984	98,577	1,359,670
Cost of units redeemed	(65,602)	(865,992)	(29,593)	(403,709)
Net change in Class R1 from participant transactions	<u>211,347</u>	<u>2,745,992</u>	<u>68,984</u>	<u>955,961</u>
Class R2:				
Proceeds from sales of units	58,606	774,200	3,356	45,973
Cost of units redeemed	(90,251)	(1,188,136)	(22,746)	(316,289)
Net change in Class R2 from participant transactions	<u>(31,645)</u>	<u>(413,936)</u>	<u>(19,390)</u>	<u>(270,316)</u>
Class R3:				
Proceeds from sales of units	501,157	6,523,449	-	-
Cost of units redeemed	(363,949)	(4,779,115)	-	-
Net change in Class R3 from participant transactions	<u>137,208</u>	<u>1,744,334</u>	<u>0</u>	<u>0</u>
Class R4:				
Proceeds from sales of units	199,690	2,606,048	-	-
Cost of units redeemed	(160,190)	(2,074,917)	-	-
Net change in Class R4 from participant transactions	<u>39,500</u>	<u>531,131</u>	<u>0</u>	<u>0</u>
Class R INST:				
Proceeds from sales of units	229,324	3,980,946	-	-
Cost of units redeemed	(183,099)	(2,389,067)	-	-
Net change in Class R INST from participant transactions	<u>46,225</u>	<u>1,591,879</u>	<u>0</u>	<u>0</u>
Net change in net assets from participant transactions		<u>\$ 6,335,736</u>		<u>\$ 767,264</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2015

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, 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.

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.

The following tables 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, 2015.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2015

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Vanguard 100% Fixed Income Fund				
Short Term Investment	\$ 8	\$ 8	\$ -	\$ -
Exchange-traded Funds - Fixed Income	2,310,614	2,310,614	-	-
Common Trust Fund - Fixed Income (A)	64,219	-	-	-
Total	<u>\$ 2,374,841</u>			
Vanguard 20/80 Conservative Fund				
Short Term Investment	\$ 6	\$ 6	\$ -	\$ -
Exchange-traded Funds - Fixed Income	12,776,505	12,776,505	-	-
Exchange-traded Funds - Equity	3,158,478	3,158,478	-	-
Common Trust Fund - Fixed Income (A)	577,588	-	-	-
Total	<u>\$ 16,512,577</u>			
Vanguard 40/60 Moderate Fund				
Short Term Investment	\$ 4	\$ 4	\$ -	\$ -
Exchange-traded Funds - Fixed Income	17,985,325	17,985,325	-	-
Exchange-traded Funds - Equity	11,896,369	11,896,369	-	-
Common Trust Fund - Fixed Income (A)	714,302	-	-	-
Total	<u>\$ 30,596,000</u>			
Vanguard 60/40 Moderate Aggressive Fund				
Short Term Investment	\$ 10	\$ 10	\$ -	\$ -
Exchange-traded Funds - Fixed Income	39,067,257	39,067,257	-	-
Exchange-traded Funds - Equity	58,325,347	58,325,347	-	-
Common Trust Fund - Fixed Income (A)	2,440,255	-	-	-
Total	<u>\$ 99,832,869</u>			

(A) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets and liabilities.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2015

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Vanguard 70/30 Moderate Aggressive Growth Fund				
Short Term Investment	\$ 3	\$ 3	\$ -	\$ -
Exchange-traded Funds - Fixed Income	15,070,310	15,070,310	-	-
Exchange-traded Funds - Equity	34,881,314	34,881,314	-	-
Common Trust Fund - Fixed Income (A)	1,189,769	-	-	-
Total	<u>\$ 51,141,396</u>			
Vanguard 80/20 Aggressive Fund				
Short Term Investment	\$ 3	\$ 3	\$ -	\$ -
Exchange-traded Funds - Fixed Income	14,339,009	14,339,009	-	-
Exchange-traded Funds - Equity	56,716,655	56,716,655	-	-
Common Trust Fund - Fixed Income (A)	1,765,263	-	-	-
Total	<u>\$ 72,820,930</u>			
Vanguard 100% Equity Fund				
Short Term Investment	\$ 10	\$ 10	\$ -	\$ -
Exchange-traded Funds - Equity	7,013,055	7,013,055	-	-
Common Trust Fund - Fixed Income (A)	159,791	-	-	-
Total	<u>\$ 7,172,856</u>			

(A) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets and liabilities.

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, 2015

Purchases	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 2,137,246
Exchange-traded Funds - Fixed Income	<u>2,084,021</u>
Total Investments Purchased	<u><u>\$ 4,221,267</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 2,175,846	\$ 2,175,846	\$ -
Exchange-traded Funds - Fixed Income	<u>1,283,282</u>	<u>1,263,443</u>	<u>19,839</u>
Total Investments Sold	<u><u>\$ 3,459,128</u></u>	<u><u>\$ 3,439,289</u></u>	<u><u>\$ 19,839</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, 2015

Purchases	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 8,987,391
Exchange-traded Funds - Equity	1,696,868
Exchange-traded Funds - Fixed Income	5,353,740
Total Investments Purchased	\$ 16,037,999

Sales			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 8,808,134	\$ 8,808,134	\$ -
Exchange-traded Funds - Equity	1,483,660	1,187,109	296,551
Exchange-traded Funds - Fixed Income	4,182,922	4,055,360	127,562
Total Investments Sold	\$ 14,474,716	\$ 14,050,603	\$ 424,113

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, 2015

Purchases	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 10,321,929
Exchange-traded Funds - Equity	4,791,116
Exchange-traded Funds - Fixed Income	6,440,435
Total Investments Purchased	\$ 21,553,480

Sales			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 10,359,149	\$ 10,359,149	\$ -
Exchange-traded Funds - Equity	3,507,052	2,809,518	697,534
Exchange-traded Funds - Fixed Income	4,106,069	4,046,300	59,769
Total Investments Sold	\$ 17,972,270	\$ 17,214,967	\$ 757,303

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, 2015

Purchases	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 26,326,564
Exchange-traded Funds - Equity	19,935,992
Exchange-traded Funds - Fixed Income	13,300,409
Total Investments Purchased	\$ 59,562,965

Sales			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 25,493,150	\$ 25,493,150	\$ -
Exchange-traded Funds - Equity	13,137,053	10,725,176	2,411,877
Exchange-traded Funds - Fixed Income	8,657,182	8,402,560	254,622
Total Investments Sold	\$ 47,287,385	\$ 44,620,886	\$ 2,666,499

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, 2015

Purchases	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 13,642,997
Exchange-traded Funds - Equity	11,196,640
Exchange-traded Funds - Fixed Income	5,345,611
Total Investments Purchased	\$ 30,185,248

Sales			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 13,522,593	\$ 13,522,593	\$ -
Exchange-traded Funds - Equity	9,583,431	7,905,509	1,677,922
Exchange-traded Funds - Fixed Income	4,384,691	4,213,988	170,703
Total Investments Sold	\$ 27,490,715	\$ 25,642,090	\$ 1,848,625

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, 2015

Purchases	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 15,941,141
Exchange-traded Funds - Equity	15,987,108
Exchange-traded Funds - Fixed Income	5,549,552
Total Investments Purchased	\$ 37,477,801

Sales			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 15,707,490	\$ 15,707,490	\$ -
Exchange-traded Funds - Equity	11,113,633	8,956,495	2,157,138
Exchange-traded Funds - Fixed Income	4,018,120	3,858,888	159,232
Total Investments Sold	\$ 30,839,243	\$ 28,522,873	\$ 2,316,370

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
Vanguard 100% Equity Managed Trust Fund
Year Ended December 31, 2015

Purchases	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 2,621,584
Exchange-traded Funds - Equity	<u>1,909,105</u>
Total Investments Purchased	<u><u>\$ 4,530,689</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 1,978,342	\$ 1,978,342	\$ -
Exchange-traded Funds - Equity	<u>1,622,597</u>	<u>1,328,697</u>	<u>293,900</u>
Total Investments Sold	<u><u>\$ 3,600,939</u></u>	<u><u>\$ 3,307,039</u></u>	<u><u>\$ 293,900</u></u>