

**Hand Composite Employee Benefit Trust**  
**Vanguard Managed Trust Funds**  
Independent Auditor's Report and Financial Statements  
December 31, 2016



# Hand Composite Employee Benefit Trust

## December 31, 2016

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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, 2016, 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, 2016, 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  
May 26, 2017

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds**  
**December 31, 2016**

|  | Vanguard 100%<br>Fixed Income<br>Fund | Vanguard 20/80<br>Conservative<br>Fund | Vanguard 40/60<br>Moderate<br>Fund | Vanguard 60/40<br>Moderate<br>Aggressive<br>Fund |
|--|---------------------------------------|--|------------------------------------|--|
| <b>Assets</b>                            |                                       |  |                                    |  |
| Investments, at cost                     | \$ 2,810,892                          | \$ 12,644,800                          | \$ 23,594,744                      | \$ 81,370,312                                    |
| Investments, at fair value               | \$ 2,800,894                          | \$ 12,733,308                          | \$ 24,113,602                      | \$ 85,118,776                                    |
| Receivable for:                          |                                       |  |                                    |  |
| Capital shares sold                      | 2,754                                 | 8,446                                  | 10,235                             | 73,769   |
| Total assets                             | <u>\$ 2,803,648</u>                   | <u>\$ 12,741,754</u>                   | <u>\$ 24,123,837</u>               | <u>\$ 85,192,545</u>                             |
| <b>Liabilities</b>                       |                                       |  |                                    |  |
| Payable for capital shares redeemed      | \$ -                                  | \$ -                                   | \$ 2,246                           | \$ -   |
| Accounts payable and accrued liabilities | 1,642                                 | 7,437                                  | 12,490                             | 46,575   |
| Total liabilities                        | <u>\$ 1,642</u>                       | <u>\$ 7,437</u>                        | <u>\$ 14,736</u>                   | <u>\$ 46,575</u>                                 |
| Net assets held for participants:        |                                       |  |                                    |  |
| Class R                                  | \$ 20,478                             | \$ 2,609,440                           | \$ 4,444,370                       | \$ 8,980,376                                     |
| Class R1                                 | 2,275,778                             | 2,612,233                              | 6,811,874                          | 42,073,225                                       |
| Class R2                                 | 505,717                               | 500,201                                | 1,807,826                          | 4,499,950  |
| Class R3                                 | 11                                    | 2,960,541                              | 5,090,930                          | 12,531,778                                       |
| Class R4                                 | 11                                    | 2,986,531                              | 1,945,404                          | 8,117,729  |
| Class R INST                             | 11                                    | 1,065,371                              | 4,008,697                          | 8,942,912  |
| Total net assets held for participants   | <u>\$ 2,802,006</u>                   | <u>\$ 12,734,317</u>                   | <u>\$ 24,109,101</u>               | <u>\$ 85,145,970</u>                             |
| Units outstanding:                       |                                       |  |                                    |  |
| Class R                                  | 1,936                                 | 229,234                                | 363,222                            | 686,655  |
| Class R1                                 | 218,445                               | 232,854                                | 564,845                            | 3,264,725  |
| Class R2                                 | 48,588                                | 44,804                                 | 150,733                            | 350,969  |
| Class R3                                 | 1                                     | 264,482                                | 423,330                            | 976,862  |
| Class R4                                 | 1                                     | 268,854                                | 162,986                            | 636,281  |
| Class R INST                             | 1                                     | 93,043                                 | 327,681                            | 683,956  |
| Total units outstanding                  | <u>268,972</u>                        | <u>1,133,271</u>                       | <u>1,992,797</u>                   | <u>6,599,448</u>                                 |
| Net asset value per unit:                |                                       |  |                                    |  |
| Class R                                  | \$ 10.58                              | \$ 11.38                               | \$ 12.24                           | \$ 13.08   |
| Class R1                                 | \$ 10.42                              | \$ 11.22                               | \$ 12.06                           | \$ 12.89   |
| Class R2                                 | \$ 10.41                              | \$ 11.16                               | \$ 11.99                           | \$ 12.82   |
| Class R3                                 | \$ 10.58                              | \$ 11.19                               | \$ 12.03                           | \$ 12.83   |
| Class R4                                 | \$ 10.58                              | \$ 11.11                               | \$ 11.94                           | \$ 12.76   |
| Class R INST                             | \$ 10.58                              | \$ 11.45                               | \$ 12.23                           | \$ 13.08   |

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds (Continued)**  
**December 31, 2016**

|  | <b>Vanguard 70/30<br/>Moderate<br/>Aggressive<br/>Growth<br/>Fund</b> | <b>Vanguard 80/20<br/>Aggressive<br/>Fund</b> | <b>Vanguard 100%<br/>Equity Fund</b> |
|--|---|---|--------------------------------------|
| <b>Assets</b>                            |   |   |                                      |
| Investments, at cost                     | \$ 37,445,306   | \$ 62,821,472                                 | \$ 7,625,151                         |
| Investments, at fair value               | \$ 39,598,451   | \$ 67,039,726                                 | \$ 8,201,604                         |
| Receivable for:                          |   |   |                                      |
| Capital shares sold                      | 27,074  | 39,217  | 12,627                               |
| Total assets                             | <u>\$ 39,625,525</u>  | <u>\$ 67,078,943</u>                          | <u>\$ 8,214,231</u>                  |
| <b>Liabilities</b>                       |   |   |                                      |
| Payable for capital shares redeemed      | \$ -  | \$ -  | \$ -                                 |
| Accounts payable and accrued liabilities | 24,748  | 34,234  | 3,072                                |
| Total liabilities                        | <u>\$ 24,748</u>  | <u>\$ 34,234</u>                              | <u>\$ 3,072</u>                      |
| Net assets held for participants:        |   |   |                                      |
| Class R                                  | \$ 3,445,886  | \$ 12,264,160                                 | \$ 4,677,406                         |
| Class R1                                 | 7,800,821   | 7,073,200                                     | 3,507,992                            |
| Class R2                                 | 821,536   | 2,211,638                                     | 25,716                               |
| Class R3                                 | 12,812,955  | 11,970,281                                    | 15                                   |
| Class R4                                 | 10,593,973  | 11,991,678                                    | 15                                   |
| Class R INST                             | 4,125,606   | 21,533,752                                    | 15                                   |
| Total net assets held for participants   | <u>\$ 39,600,777</u>  | <u>\$ 67,044,709</u>                          | <u>\$ 8,211,159</u>                  |
| Units outstanding:                       |   |   |                                      |
| Class R                                  | 255,117   | 882,348                                       | 317,499                              |
| Class R1                                 | 586,528   | 516,810                                       | 241,609                              |
| Class R2                                 | 62,093  | 162,408                                       | 1,778                                |
| Class R3                                 | 965,539   | 876,527                                       | 1                                    |
| Class R4                                 | 803,910   | 884,229                                       | 1                                    |
| Class R INST                             | 305,766   | 1,549,769                                     | 1                                    |
| Total units outstanding                  | <u>2,978,953</u>  | <u>4,872,091</u>                              | <u>560,889</u>                       |
| Net asset value per unit:                |   |   |                                      |
| Class R                                  | <u>\$ 13.51</u>   | <u>\$ 13.90</u>                               | <u>\$ 14.73</u>                      |
| Class R1                                 | <u>\$ 13.30</u>   | <u>\$ 13.69</u>                               | <u>\$ 14.52</u>                      |
| Class R2                                 | <u>\$ 13.23</u>   | <u>\$ 13.62</u>                               | <u>\$ 14.46</u>                      |
| Class R3                                 | <u>\$ 13.27</u>   | <u>\$ 13.66</u>                               | <u>\$ 14.76</u>                      |
| Class R4                                 | <u>\$ 13.18</u>   | <u>\$ 13.56</u>                               | <u>\$ 14.76</u>                      |
| Class R INST                             | <u>\$ 13.49</u>   | <u>\$ 13.89</u>                               | <u>\$ 14.76</u>                      |

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**Vanguard 100% Fixed Income Managed Trust Fund**  
**December 31, 2016**

| Number of<br>Shares                 |  | Cost                 | Fair Value   |
|-------------------------------------|--|----------------------|--------------|
| <i><u>Short Term Investment</u></i> |  |                      |              |
| 7,164                               | DWS Govt & Agency Securities Port Service Shares | \$ 7,164             | \$ 7,164     |
|                                     | Total Short Term Investment                      | 0.26% 7,164          | 7,164        |
| <i><u>Exchange-traded Funds</u></i> |  |                      |              |
| <i>Fixed Income</i>                 |  |                      |              |
| 4,818                               | Vanguard Intermediate Term Bond ETF              | 409,004              | 400,231      |
| 3,636                               | Vanguard Long-term Bond ETF                      | 330,109              | 324,077      |
| 7,806                               | Vanguard Mortgage Backed Securities ETF          | 414,939              | 408,176      |
| 9,676                               | Vanguard Short-term Bond ETF                     | 776,083              | 768,758      |
| 14,971                              | Vanguard Total International Bond ETF            | 793,881              | 812,776      |
|                                     | Total Fixed Income                               | 96.90% 2,724,016     | 2,714,018    |
|                                     | Total Exchange-traded Funds                      | 96.90% 2,724,016     | 2,714,018    |
| <i><u>Common Trust Fund</u></i>     |  |                      |              |
| <i>Fixed Income</i>                 |  |                      |              |
| 79,712                              | HB&T Short Term Income Fund                      | 79,712               | 79,712       |
|                                     | Total Fixed Income                               | 2.84% 79,712         | 79,712       |
|                                     | Total Common Trust Fund                          | 2.84% 79,712         | 79,712       |
|                                     | Total Investments                                | 100.00% \$ 2,810,892 | \$ 2,800,894 |

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 20/80 Conservative Managed Trust Fund**  
**December 31, 2016**

| Number of<br>Shares                 |  | Cost                  | Fair Value    |
|-------------------------------------|--|-----------------------|---------------|
| <b><u>Short Term Investment</u></b> |  |                       |               |
| 5                                   | DWS Govt & Agency Securities Port Service Shares | \$ 5                  | \$ 5          |
|                                     | Total Short Term Investment                      | 0.00% 5               | 5             |
| <b><u>Exchange-traded Funds</u></b> |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 17,452                              | Vanguard Intermediate Term Bond ETF              | 1,488,886             | 1,449,738     |
| 13,461                              | Vanguard Long-term Bond ETF                      | 1,243,819             | 1,199,779     |
| 28,182                              | Vanguard Mortgage Backed Securities ETF          | 1,492,867             | 1,473,637     |
| 35,051                              | Vanguard Short-term Bond ETF                     | 2,815,314             | 2,784,802     |
| 54,281                              | Vanguard Total International Bond ETF            | 2,879,762             | 2,946,915     |
|                                     | Total Fixed Income                               | 77.39% 9,920,648      | 9,854,871     |
| <b><i>Equity</i></b>                |  |                       |               |
| 21,621                              | Vanguard FTSE Developed Markets ETF              | 786,114               | 790,031       |
| 5,364                               | Vanguard FTSE Emerging Markets ETF               | 200,248               | 191,924       |
| 5,228                               | Vanguard Growth ETF                              | 539,285               | 582,818       |
| 1,537                               | Vanguard Small Cap ETF                           | 176,934               | 198,212       |
| 7,326                               | Vanguard Value ETF                               | 587,510               | 681,391       |
|                                     | Total Equity                                     | 19.20% 2,290,091      | 2,444,376     |
|                                     | Total Exchange-traded Funds                      | 96.59% 12,210,739     | 12,299,247    |
| <b><u>Common Trust Fund</u></b>     |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 434,056                             | HB&T Short Term Income Fund                      | 434,056               | 434,056       |
|                                     | Total Fixed Income                               | 3.41% 434,056         | 434,056       |
|                                     | Total Common Trust Fund                          | 3.41% 434,056         | 434,056       |
|                                     | Total Investments                                | 100.00% \$ 12,644,800 | \$ 12,733,308 |



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 40/60 Moderate Managed Trust Fund**  
**December 31, 2016**

| Number of<br>Shares                 |  | Cost                  | Fair Value    |
|-------------------------------------|--|-----------------------|---------------|
| <b><u>Short Term Investment</u></b> |  |                       |               |
| 37,330                              | DWS Govt & Agency Securities Port Service Shares | \$ 37,330             | \$ 37,330     |
|                                     | Total Short Term Investment                      | 0.15% 37,330          | 37,330        |
| <b><u>Exchange-traded Funds</u></b> |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 24,920                              | Vanguard Intermediate Term Bond ETF              | 2,119,264             | 2,070,104     |
| 19,350                              | Vanguard Long-term Bond ETF                      | 1,804,896             | 1,724,666     |
| 40,221                              | Vanguard Mortgage Backed Securities ETF          | 2,118,592             | 2,103,156     |
| 50,113                              | Vanguard Short-term Bond ETF                     | 4,023,328             | 3,981,478     |
| 77,621                              | Vanguard Total International Bond ETF            | 4,125,483             | 4,214,043     |
|                                     | Total Fixed Income                               | 58.45% 14,191,563     | 14,093,447    |
| <b><i>Equity</i></b>                |  |                       |               |
| 81,905                              | Vanguard FTSE Developed Markets ETF              | 2,987,840             | 2,992,809     |
| 21,892                              | Vanguard FTSE Emerging Markets ETF               | 782,827               | 783,296       |
| 20,040                              | Vanguard Growth ETF                              | 2,050,510             | 2,234,059     |
| 6,008                               | Vanguard Small Cap ETF                           | 673,772               | 774,792       |
| 27,623                              | Vanguard Value ETF                               | 2,242,248             | 2,569,215     |
|                                     | Total Equity                                     | 38.79% 8,737,197      | 9,354,171     |
|                                     | Total Exchange-traded Funds                      | 97.24% 22,928,760     | 23,447,618    |
| <b><u>Common Trust Fund</u></b>     |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 628,654                             | HB&T Short Term Income Fund                      | 628,654               | 628,654       |
|                                     | Total Fixed Income                               | 2.61% 628,654         | 628,654       |
|                                     | Total Common Trust Fund                          | 2.61% 628,654         | 628,654       |
|                                     | Total Investments                                | 100.00% \$ 23,594,744 | \$ 24,113,602 |

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 60/40 Moderate Aggressive Managed Trust Fund**  
**December 31, 2016**

| Number of<br>Shares                 |  | Cost                  | Fair Value    |
|-------------------------------------|--|-----------------------|---------------|
| <b><u>Short Term Investment</u></b> |  |                       |               |
| 3                                   | DWS Govt & Agency Securities Port Service Shares | \$ 3                  | \$ 3          |
|                                     | Total Short Term Investment                      | 0.00% 3               | 3             |
| <b><u>Exchange-traded Funds</u></b> |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 59,465                              | Vanguard Intermediate Term Bond ETF              | 5,032,362             | 4,939,758     |
| 45,080                              | Vanguard Long-term Bond ETF                      | 4,165,629             | 4,017,980     |
| 95,604                              | Vanguard Mortgage Backed Securities ETF          | 4,996,945             | 4,999,133     |
| 118,088                             | Vanguard Short-term Bond ETF                     | 9,470,498             | 9,382,092     |
| 184,136                             | Vanguard Total International Bond ETF            | 9,705,617             | 9,996,743     |
|                                     | Total Fixed Income                               | 39.16% 33,371,051     | 33,335,706    |
| <b><i>Equity</i></b>                |  |                       |               |
| 435,860                             | Vanguard FTSE Developed Markets ETF              | 16,278,533            | 15,926,324    |
| 113,405                             | Vanguard FTSE Emerging Markets ETF               | 4,309,116             | 4,057,631     |
| 106,662                             | Vanguard Growth ETF                              | 10,342,129            | 11,890,680    |
| 30,160                              | Vanguard Small Cap ETF                           | 3,330,571             | 3,889,434     |
| 147,647                             | Vanguard Value ETF                               | 11,452,558            | 13,732,647    |
|                                     | Total Equity                                     | 58.15% 45,712,907     | 49,496,716    |
|                                     | Total Exchange-traded Funds                      | 97.31% 79,083,958     | 82,832,422    |
| <b><u>Common Trust Fund</u></b>     |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 2,286,351                           | HB&T Short Term Income Fund                      | 2,286,351             | 2,286,351     |
|                                     | Total Fixed Income                               | 2.69% 2,286,351       | 2,286,351     |
|                                     | Total Common Trust Fund                          | 2.69% 2,286,351       | 2,286,351     |
|                                     | Total Investments                                | 100.00% \$ 81,370,312 | \$ 85,118,776 |

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 70/30 Moderate Aggressive Growth Managed Trust Fund**  
**December 31, 2016**

| Number of<br>Shares                 |  | Cost                  | Fair Value    |
|-------------------------------------|--|-----------------------|---------------|
| <b><u>Short Term Investment</u></b> |  |                       |               |
| 4                                   | DWS Govt & Agency Securities Port Service Shares | \$ 4                  | \$ 4          |
|                                     | Total Short Term Investment                      | 0.00% 4               | 4             |
| <b><u>Exchange-traded Funds</u></b> |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 20,484                              | Vanguard Intermediate Term Bond ETF              | 1,727,562             | 1,701,606     |
| 16,233                              | Vanguard Long-term Bond ETF                      | 1,508,849             | 1,446,847     |
| 33,376                              | Vanguard Mortgage Backed Securities ETF          | 1,745,355             | 1,745,231     |
| 41,336                              | Vanguard Short-term Bond ETF                     | 3,315,624             | 3,284,145     |
| 64,044                              | Vanguard Total International Bond ETF            | 3,377,095             | 3,476,949     |
|                                     | Total Fixed Income                               | 29.43% 11,674,485     | 11,654,778    |
| <b><i>Equity</i></b>                |  |                       |               |
| 236,897                             | Vanguard FTSE Developed Markets ETF              | 8,886,978             | 8,656,216     |
| 61,918                              | Vanguard FTSE Emerging Markets ETF               | 2,261,873             | 2,215,426     |
| 58,179                              | Vanguard Growth ETF                              | 5,605,310             | 6,485,795     |
| 16,631                              | Vanguard Small Cap ETF                           | 1,841,837             | 2,144,734     |
| 80,220                              | Vanguard Value ETF                               | 6,194,583             | 7,461,262     |
|                                     | Total Equity                                     | 68.09% 24,790,581     | 26,963,433    |
|                                     | Total Exchange-traded Funds                      | 97.52% 36,465,066     | 38,618,211    |
| <b><u>Common Trust Fund</u></b>     |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 980,236                             | HB&T Short Term Income Fund                      | 980,236               | 980,236       |
|                                     | Total Fixed Income                               | 2.48% 980,236         | 980,236       |
|                                     | Total Common Trust Fund                          | 2.48% 980,236         | 980,236       |
|                                     | Total Investments                                | 100.00% \$ 37,445,306 | \$ 39,598,451 |

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 80/20 Aggressive Managed Trust Fund**  
**December 31, 2016**

| Number of<br>Shares                 |  | Cost                  | Fair Value    |
|-------------------------------------|--|-----------------------|---------------|
| <b><u>Short Term Investment</u></b> |  |                       |               |
| 1                                   | DWS Govt & Agency Securities Port Service Shares | \$ 1                  | \$ 1          |
|                                     | Total Short Term Investment                      | 0.00% 1               | 1             |
| <b><u>Exchange-traded Funds</u></b> |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 23,550                              | Vanguard Intermediate Term Bond ETF              | 1,991,014             | 1,956,299     |
| 17,744                              | Vanguard Long-term Bond ETF                      | 1,646,731             | 1,581,523     |
| 36,654                              | Vanguard Mortgage Backed Securities ETF          | 1,919,964             | 1,916,638     |
| 47,324                              | Vanguard Short-term Bond ETF                     | 3,798,157             | 3,759,892     |
| 72,861                              | Vanguard Total International Bond ETF            | 3,831,368             | 3,955,624     |
|                                     | Total Fixed Income                               | 19.65% 13,187,234     | 13,169,976    |
| <b><i>Equity</i></b>                |  |                       |               |
| 455,803                             | Vanguard FTSE Developed Markets ETF              | 17,256,487            | 16,655,042    |
| 119,643                             | Vanguard FTSE Emerging Markets ETF               | 4,477,420             | 4,280,827     |
| 111,866                             | Vanguard Growth ETF                              | 10,497,833            | 12,470,822    |
| 32,323                              | Vanguard Small Cap ETF                           | 3,587,364             | 4,168,374     |
| 154,413                             | Vanguard Value ETF                               | 11,882,400            | 14,361,951    |
|                                     | Total Equity                                     | 77.47% 47,701,504     | 51,937,016    |
|                                     | Total Exchange-traded Funds                      | 97.12% 60,888,738     | 65,106,992    |
| <b><u>Common Trust Fund</u></b>     |  |                       |               |
| <b><i>Fixed Income</i></b>          |  |                       |               |
| 1,932,733                           | HB&T Short Term Income Fund                      | 1,932,733             | 1,932,733     |
|                                     | Total Fixed Income                               | 2.88% 1,932,733       | 1,932,733     |
|                                     | Total Common Trust Fund                          | 2.88% 1,932,733       | 1,932,733     |
|                                     | Total Investments                                | 100.00% \$ 62,821,472 | \$ 67,039,726 |

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Vanguard 100% Equity Managed Trust Fund**  
**December 31, 2016**

| Number of<br>Shares                 |  | Cost                 | Fair Value   |
|-------------------------------------|--|----------------------|--------------|
| <i><u>Short Term Investment</u></i> |  |                      |              |
| 4                                   | DWS Govt & Agency Securities Port Service Shares | \$ 4                 | \$ 4         |
|                                     | Total Short Term Investment                      | 0.00% 4              | 4            |
| <i><u>Exchange-traded Funds</u></i> |  |                      |              |
| <i>Equity</i>                       |  |                      |              |
| 69,873                              | Vanguard FTSE Developed Markets ETF              | 2,631,534            | 2,553,158    |
| 18,352                              | Vanguard FTSE Emerging Markets ETF               | 678,445              | 656,635      |
| 17,140                              | Vanguard Growth ETF                              | 1,663,455            | 1,910,767    |
| 4,878                               | Vanguard Small Cap ETF                           | 542,393              | 629,067      |
| 23,665                              | Vanguard Value ETF                               | 1,858,429            | 2,201,082    |
|                                     | Total Equity                                     | 96.94% 7,374,256     | 7,950,709    |
|                                     | Total Exchange-traded Funds                      | 96.94% 7,374,256     | 7,950,709    |
| <i><u>Common Trust Fund</u></i>     |  |                      |              |
| <i>Fixed Income</i>                 |  |                      |              |
| 250,891                             | HB&T Short Term Income Fund                      | 250,891              | 250,891      |
|                                     | Total Fixed Income                               | 3.06% 250,891        | 250,891      |
|                                     | Total Common Trust Fund                          | 3.06% 250,891        | 250,891      |
|                                     | Total Investments                                | 100.00% \$ 7,625,151 | \$ 8,201,604 |

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds**  
**Year Ended December 31, 2016**

|   | Vanguard 100%<br>Fixed Income<br>Fund | Vanguard 20/80<br>Conservative<br>Fund | Vanguard 40/60<br>Moderate<br>Fund | Vanguard 60/40<br>Moderate<br>Aggressive<br>Fund |
|---|---------------------------------------|--|------------------------------------|--|
| <b>Income</b>   |                                       |  |                                    |  |
| Interest  | \$ -                                  | \$ 2                                   | \$ 4                               | \$ 5   |
| Dividends   | 55,220                                | 301,372                                | 576,121                            | 1,972,139  |
| Total income  | 55,220                                | 301,374                                | 576,125                            | 1,972,144  |
| <b>Expenses</b>   |                                       |  |                                    |  |
| Investment management and administrative                              | 6,804                                 | 36,678                                 | 68,060                             | 226,755  |
| Class R expenses  | 3                                     | 1,264                                  | 1,939                              | 4,400  |
| Class R1 expenses   | 8,852                                 | 15,180                                 | 40,350                             | 195,947  |
| Class R2 expenses   | 2,734                                 | 2,985                                  | 9,891                              | 23,914   |
| Class R3 expenses   | -                                     | 18,577                                 | 29,072                             | 69,909   |
| Class R4 expenses   | -                                     | 24,059                                 | 15,903                             | 56,841   |
| Class R INST expenses   | -                                     | 706                                    | 2,385                              | 4,805  |
| Other   | 60                                    | 412                                    | 657                                | 583  |
| Total expenses  | 18,453                                | 99,861                                 | 168,257                            | 583,154  |
| <b>Net Investment Income</b>  | 36,767                                | 201,513                                | 407,868                            | 1,388,990  |
| <b>Net Realized and Unrealized Gains<br/>on Investments</b>           |                                       |  |                                    |  |
| Net realized gains on investments                                     | 3,463                                 | 303,510                                | 863,858                            | 2,585,165  |
| Net change in unrealized appreciation/<br>depreciation on investments | 15,029                                | 53,399                                 | 142,594                            | 1,594,661  |
| Net realized and unrealized gains                                     | 18,492                                | 356,909                                | 1,006,452                          | 4,179,826  |
| <b>Net Increase in Net Assets<br/>Resulting From Operations</b>       | \$ 55,259                             | \$ 558,422                             | \$ 1,414,320                       | \$ 5,568,816                                     |

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds (Continued)**  
**Year Ended December 31, 2016**

|  | <b>Vanguard 70/30<br/>Moderate<br/>Aggressive<br/>Growth<br/>Fund</b> | <b>Vanguard 80/20<br/>Aggressive<br/>Fund</b> | <b>Vanguard 100%<br/>Equity Fund</b> |
|--|---|---|--------------------------------------|
| <b>Income</b>  |   |   |                                      |
| Interest   | \$ 2  | \$ 4  | \$ 1                                 |
| Dividends  | 963,090   | 1,566,834                                     | 182,287                              |
| <b>Total income</b>  | <b>963,092</b>  | <b>1,566,838</b>                              | <b>182,288</b>                       |
| <b>Expenses</b>  |   |   |                                      |
| Investment management and administrative                             | 108,484   | 171,861                                       | 19,287                               |
| Class R expenses   | 1,592   | 6,053   | 2,136                                |
| Class R1 expenses  | 41,439  | 37,378  | 13,607                               |
| Class R2 expenses  | 5,322   | 13,561  | 175                                  |
| Class R3 expenses  | 79,883  | 69,915  | -                                    |
| Class R4 expenses  | 76,824  | 84,025  | -                                    |
| Class R INST expenses  | 2,381   | 12,464  | -                                    |
| Other  | 423   | 410   | 90                                   |
| <b>Total expenses</b>  | <b>316,348</b>  | <b>395,667</b>                                | <b>35,295</b>                        |
| <b>Net Investment Income</b>   | <b>646,744</b>  | <b>1,171,171</b>                              | <b>146,993</b>                       |
| <b>Net Realized and Unrealized Gains<br/>on Investments</b>          |   |   |                                      |
| Net realized gains on investments                                    | 1,302,238   | 1,412,484                                     | 87,460                               |
| Net change in unrealized appreciation/depreciation<br>on investments | 814,570   | 2,328,836                                     | 466,729                              |
| <b>Net realized and unrealized gains</b>                             | <b>2,116,808</b>  | <b>3,741,320</b>                              | <b>554,189</b>                       |
| <b>Net Increase in Net Assets<br/>Resulting From Operations</b>      | <b>\$ 2,763,552</b>   | <b>\$ 4,912,491</b>                           | <b>\$ 701,182</b>                    |

**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds**  
**Year Ended December 31, 2016**

|  | <b>Vanguard 100%<br/>Fixed Income<br/>Fund</b> | <b>Vanguard 20/80<br/>Conservative<br/>Fund</b> | <b>Vanguard 40/60<br/>Moderate<br/>Fund</b> | <b>Vanguard 60/40<br/>Moderate<br/>Aggressive<br/>Fund</b> |
|--|--|---|---|--|
| <b>Operations</b>  |  |   |   |  |
| Net investment income  | \$ 36,767                                      | \$ 201,513                                      | \$ 407,868                                  | \$ 1,388,990   |
| Net realized gains   | 3,463  | 303,510   | 863,858                                     | 2,585,165  |
| Change in unrealized appreciation/<br>depreciation                             | 15,029   | 53,399  | 142,594                                     | 1,594,661  |
| Net increase in net assets<br>from operations                                  | 55,259   | 558,422   | 1,414,320                                   | 5,568,816  |
| <b>Net Increase (Decrease) in Net Assets<br/>From Participant Transactions</b> | 373,561  | (4,326,918)                                     | (7,884,311)                                 | (20,199,417)   |
| <b>Increase (Decrease) in Net Assets</b>                                       | 428,820  | (3,768,496)                                     | (6,469,991)                                 | (14,630,601)   |
| <b>Net Assets</b>  |  |   |   |  |
| Beginning of year  | 2,373,186                                      | 16,502,813                                      | 30,579,092                                  | 99,776,571   |
| End of year  | \$ 2,802,006                                   | \$ 12,734,317                                   | \$ 24,109,101                               | \$ 85,145,970  |



**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds (Continued)**  
**Year Ended December 31, 2016**

|  | <b>Vanguard 70/30<br/>Moderate<br/>Aggressive<br/>Growth<br/>Fund</b> | <b>Vanguard 80/20<br/>Aggressive<br/>Fund</b> | <b>Vanguard 100%<br/>Equity Fund</b> |
|--|---|---|--------------------------------------|
| <b>Operations</b>  |   |   |                                      |
| Net investment income  | \$ 646,744  | \$ 1,171,171                                  | \$ 146,993                           |
| Net realized gains   | 1,302,238   | 1,412,484                                     | 87,460                               |
| Change in unrealized appreciation/<br>depreciation                             | 814,570   | 2,328,836                                     | 466,729                              |
| Net increase in net assets<br>from operations                                  | 2,763,552   | 4,912,491                                     | 701,182                              |
| <b>Net Increase (Decrease) in Net Assets<br/>From Participant Transactions</b> | <u>(14,272,066)</u>   | <u>(10,649,861)</u>                           | <u>339,821</u>                       |
| <b>Increase (Decrease) in Net Assets</b>                                       | (11,508,514)  | (5,737,370)                                   | 1,041,003                            |
| <b>Net Assets</b>  |   |   |                                      |
| Beginning of year  | <u>51,109,291</u>   | <u>72,782,079</u>                             | <u>7,170,156</u>                     |
| End of year  | <u>\$ 39,600,777</u>  | <u>\$ 67,044,709</u>                          | <u>\$ 8,211,159</u>                  |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### ***Nature of Operations***

Hand Composite Employee Benefit Trust ("HB&T" or "the Trust") was created in order to provide broad and uniform diversification programs for pension and profit sharing plans which, having complied with the requirements of the Internal Revenue Code (the IRC), are exempt from taxation under the provisions of the IRC. The Trust is comprised of 103 portfolios (the Funds); the financial statements of 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, 2016

### **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<br/>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            |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

### 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 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.

| <b>Fund</b>        | <b>Administrative Fees</b> | <b>Investment Advisory Fees</b> | <b>Service Fees</b> | <b>Other Fees</b> | <b>Total Fees</b> |
|--------------------|----------------------------|---------------------------------|---------------------|-------------------|-------------------|
| 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, 2016

### Note 3: Financial Highlights

|   | Class R                                  |   |                                       |   |   |   |                                 |
|---|--|---|---------------------------------------|---|---|---|---------------------------------|
|   | Vanguard<br>100% Fixed<br>Income<br>Fund | Vanguard<br>20/80<br>Conservative<br>Fund | Vanguard<br>40/60<br>Moderate<br>Fund | Vanguard<br>60/40<br>Moderate<br>Aggressive<br>Fund | Vanguard<br>70/30<br>Moderate<br>Aggressive<br>Growth<br>Fund | Vanguard<br>80/20<br>Aggressive<br>Fund | Vanguard<br>100% Equity<br>Fund |
| Net asset value, beginning of year      | \$ 10.27                                 | \$ 10.94                                  | \$ 11.62                              | \$ 12.26  | \$ 12.58  | \$ 12.89                                | \$ 13.49                        |
| Net investment income                   | 0.18                                     | 0.20                                      | 0.22                                  | 0.24  | 0.25  | 0.26                                    | 0.28                            |
| Net realized and unrealized gains       | 0.13                                     | 0.24                                      | 0.40                                  | 0.58  | 0.68  | 0.75                                    | 0.96                            |
| Net increase from investment operations | 0.31                                     | 0.44                                      | 0.62                                  | 0.82  | 0.93  | 1.01                                    | 1.24                            |
| Net asset value, end of year            | \$ 10.58                                 | \$ 11.38                                  | \$ 12.24                              | \$ 13.08  | \$ 13.51  | \$ 13.90                                | \$ 14.73                        |
| Total return                            | 3.02%                                    | 4.02%                                     | 5.34%                                 | 6.69%   | 7.39%   | 7.84%                                   | 9.19%                           |
| Ratio to average net assets:            |  |   |                                       |   |   |   |                                 |
| Net investment income                   | 1.74%                                    | 1.75%                                     | 1.81%                                 | 1.86%   | 1.90%   | 1.96%                                   | 2.03%                           |
| Expenses                                | 0.28%                                    | 0.30%                                     | 0.30%                                 | 0.30%   | 0.30%   | 0.30%                                   | 0.30%                           |

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

|   | <b>Class R1</b>                                    |   |   |  |   |   |  |
|---|--|---|---|--|---|---|--|
|   | <b>Vanguard<br/>100% Fixed<br/>Income<br/>Fund</b> | <b>Vanguard<br/>20/80<br/>Conservative<br/>Fund</b> | <b>Vanguard<br/>40/60<br/>Moderate<br/>Fund</b> | <b>Vanguard<br/>60/40<br/>Moderate<br/>Aggressive<br/>Fund</b> | <b>Vanguard<br/>70/30<br/>Moderate<br/>Aggressive<br/>Growth<br/>Fund</b> | <b>Vanguard<br/>80/20<br/>Aggressive<br/>Fund</b> | <b>Vanguard<br/>100% Equity<br/>Fund</b> |
| Net asset value, beginning of year      | \$ 10.18   | \$ 10.82  | \$ 11.49  | \$ 12.12   | \$ 12.43  | \$ 12.74  | \$ 13.35                                 |
| Net investment income                   | 0.15   | 0.16  | 0.18  | 0.19   | 0.20  | 0.21  | 0.24                                     |
| Net realized and unrealized gains       | 0.09   | 0.24  | 0.39  | 0.58   | 0.67  | 0.74  | 0.93                                     |
| Net increase from investment operations | 0.24   | 0.40  | 0.57  | 0.77   | 0.87  | 0.95  | 1.17                                     |
| Net asset value, end of year            | \$ 10.42   | \$ 11.22  | \$ 12.06  | \$ 12.89   | \$ 13.30  | \$ 13.69  | \$ 14.52                                 |
| Total return                            | 2.36%  | 3.70%   | 4.96%   | 6.35%  | 7.00%   | 7.46%   | 8.76%                                    |
| Ratio to average net assets:            |  |   |   |  |   |   |  |
| Net investment income                   | 1.38%  | 1.42%   | 1.48%   | 1.54%  | 1.59%   | 1.65%   | 1.72%                                    |
| Expenses                                | 0.65%  | 0.67%   | 0.67%   | 0.66%  | 0.66%   | 0.66%   | 0.65%                                    |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

|   | Class R2                                 |   |                                       |   |   |   |                                 |
|---|--|---|---------------------------------------|---|---|---|---------------------------------|
|   | Vanguard<br>100% Fixed<br>Income<br>Fund | Vanguard<br>20/80<br>Conservative<br>Fund | Vanguard<br>40/60<br>Moderate<br>Fund | Vanguard<br>60/40<br>Moderate<br>Aggressive<br>Fund | Vanguard<br>70/30<br>Moderate<br>Aggressive<br>Growth<br>Fund | Vanguard<br>80/20<br>Aggressive<br>Fund | Vanguard<br>100% Equity<br>Fund |
| Net asset value, beginning of year      | \$ 10.18                                 | \$ 10.79                                  | \$ 11.44                              | \$ 12.08  | \$ 12.39  | \$ 12.70                                | \$ 13.31                        |
| Net investment income                   | 0.13                                     | 0.14                                      | 0.16                                  | 0.17  | 0.18  | 0.20                                    | 0.22                            |
| Net realized and unrealized gains       | 0.10                                     | 0.23                                      | 0.39                                  | 0.57  | 0.66  | 0.72                                    | 0.93                            |
| Net increase from investment operations | 0.23                                     | 0.37                                      | 0.55                                  | 0.74  | 0.84  | 0.92                                    | 1.15                            |
| Net asset value, end of year            | \$ 10.41                                 | \$ 11.16                                  | \$ 11.99                              | \$ 12.82  | \$ 13.23  | \$ 13.62                                | \$ 14.46                        |
| Total return                            | 2.26%                                    | 3.43%                                     | 4.81%                                 | 6.13%   | 6.78%   | 7.24%                                   | 8.64%                           |
| Ratio to average net assets:            |  |   |                                       |   |   |   |                                 |
| Net investment income                   | 1.23%                                    | 1.28%                                     | 1.35%                                 | 1.39%   | 1.44%   | 1.49%                                   | 1.57%                           |
| Expenses                                | 0.80%                                    | 0.81%                                     | 0.80%                                 | 0.80%   | 0.81%   | 0.81%                                   | 0.80%                           |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

|  | Class R3                                 |   |                                       |   |   |   |                                 |
|--|--|---|---------------------------------------|---|---|---|---------------------------------|
|  | Vanguard<br>100% Fixed<br>Income<br>Fund | Vanguard<br>20/80<br>Conservative<br>Fund | Vanguard<br>40/60<br>Moderate<br>Fund | Vanguard<br>60/40<br>Moderate<br>Aggressive<br>Fund | Vanguard<br>70/30<br>Moderate<br>Aggressive<br>Growth<br>Fund | Vanguard<br>80/20<br>Aggressive<br>Fund | Vanguard<br>100% Equity<br>Fund |
| Net asset value, beginning of year         | \$ 10.30                                 | \$ 10.81                                  | \$ 11.47                              | \$ 12.09  | \$ 12.43  | \$ 12.73                                | \$ 13.51                        |
| Net investment income                      | 0.19                                     | 0.14                                      | 0.16                                  | 0.17  | 0.18  | 0.20                                    | 0.29                            |
| Net realized and unrealized gains          | 0.09                                     | 0.24                                      | 0.40                                  | 0.57  | 0.66  | 0.73                                    | 0.96                            |
| Net increase from<br>investment operations | 0.28                                     | 0.38                                      | 0.56                                  | 0.74  | 0.84  | 0.93                                    | 1.25                            |
| Net asset value, end of year               | \$ 10.58                                 | \$ 11.19                                  | \$ 12.03                              | \$ 12.83  | \$ 13.27  | \$ 13.66                                | \$ 14.76                        |
| Total return                               | 2.72%                                    | 3.52%                                     | 4.88%                                 | 6.12%   | 6.76%   | 7.31%                                   | 9.25%                           |
| Ratio to average net assets:               |  |   |                                       |   |   |   |                                 |
| Net investment income                      | 1.87%                                    | 1.27%                                     | 1.34%                                 | 1.40%   | 1.44%   | 1.50%                                   | 2.90%                           |
| Expenses                                   | 0.27%                                    | 0.82%                                     | 0.81%                                 | 0.80%   | 0.81%   | 0.81%                                   | 0.35%                           |



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

|  | <b>Class R4</b>                                    |   |   |  |   |   |  |
|--|--|---|---|--|---|---|--|
|  | <b>Vanguard<br/>100% Fixed<br/>Income<br/>Fund</b> | <b>Vanguard<br/>20/80<br/>Conservative<br/>Fund</b> | <b>Vanguard<br/>40/60<br/>Moderate<br/>Fund</b> | <b>Vanguard<br/>60/40<br/>Moderate<br/>Aggressive<br/>Fund</b> | <b>Vanguard<br/>70/30<br/>Moderate<br/>Aggressive<br/>Growth<br/>Fund</b> | <b>Vanguard<br/>80/20<br/>Aggressive<br/>Fund</b> | <b>Vanguard<br/>100% Equity<br/>Fund</b> |
| Net asset value, beginning of year         | \$ 10.30   | \$ 10.75  | \$ 11.41  | \$ 12.04   | \$ 12.36  | \$ 12.67  | \$ 13.51                                 |
| Net investment income                      | 0.19   | 0.12  | 0.14  | 0.15   | 0.16  | 0.17  | 0.29                                     |
| Net realized and unrealized gains          | 0.09   | 0.24  | 0.39  | 0.57   | 0.66  | 0.72  | 0.96                                     |
| Net increase from<br>investment operations | 0.28   | 0.36  | 0.53  | 0.72   | 0.82  | 0.89  | 1.25                                     |
| Net asset value, end of year               | \$ 10.58   | \$ 11.11  | \$ 11.94  | \$ 12.76   | \$ 13.18  | \$ 13.56  | \$ 14.76                                 |
| Total return                               | 2.72%  | 3.35%   | 4.65%   | 5.98%  | 6.63%   | 7.02%   | 9.25%                                    |
| Ratio to average net assets:               |  |   |   |  |   |   |  |
| Net investment income                      | 1.87%  | 1.09%   | 1.16%   | 1.21%  | 1.25%   | 1.31%   | 2.90%                                    |
| Expenses                                   | 0.27%  | 0.97%   | 1.00%   | 1.00%  | 1.00%   | 1.00%   | 0.35%                                    |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

|  | Class R INST                             |   |                                       |   |   |   |                                 |
|--|--|---|---------------------------------------|---|---|---|---------------------------------|
|  | Vanguard<br>100% Fixed<br>Income<br>Fund | Vanguard<br>20/80<br>Conservative<br>Fund | Vanguard<br>40/60<br>Moderate<br>Fund | Vanguard<br>60/40<br>Moderate<br>Aggressive<br>Fund | Vanguard<br>70/30<br>Moderate<br>Aggressive<br>Growth<br>Fund | Vanguard<br>80/20<br>Aggressive<br>Fund | Vanguard<br>100% Equity<br>Fund |
| Net asset value, beginning of year         | \$ 10.30                                 | \$ 11.01                                  | \$ 11.61                              | \$ 12.26  | \$ 12.57  | \$ 12.89                                | \$ 13.51                        |
| Net investment income                      | 0.19                                     | 0.20                                      | 0.22                                  | 0.23  | 0.25  | 0.26                                    | 0.29                            |
| Net realized and unrealized gains          | 0.09                                     | 0.24                                      | 0.40                                  | 0.59  | 0.67  | 0.74                                    | 0.96                            |
| Net increase from<br>investment operations | 0.28                                     | 0.44                                      | 0.62                                  | 0.82  | 0.92  | 1.00                                    | 1.25                            |
| Net asset value, end of year               | \$ 10.58                                 | \$ 11.45                                  | \$ 12.23                              | \$ 13.08  | \$ 13.49  | \$ 13.89                                | \$ 14.76                        |
| Total return                               | 2.72%                                    | 4.00%                                     | 5.34%                                 | 6.69%   | 7.32%   | 7.76%                                   | 9.25%                           |
| Ratio to average net assets:               |  |   |                                       |   |   |   |                                 |
| Net investment income                      | 1.87%                                    | 1.73%                                     | 1.80%                                 | 1.85%   | 1.90%   | 1.95%                                   | 2.90%                           |
| Expenses                                   | 0.27%                                    | 0.31%                                     | 0.31%                                 | 0.31%   | 0.31%   | 0.31%                                   | 0.35%                           |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2016

#### Note 4: Participant Unit Transactions

|  | Vanguard 100%<br>Fixed Income Fund |                   | Vanguard 20/80<br>Conservative Fund |                       | Vanguard 40/60<br>Moderate Fund |                       |
|--|------------------------------------|-------------------|-------------------------------------|-----------------------|---------------------------------|-----------------------|
|  | Units                              | Dollars           | Units                               | Dollars               | Units                           | Dollars               |
| <b>Class R:</b>  |                                    |                   |                                     |                       |                                 |                       |
| Proceeds from sales of units                             | 3,871                              | \$ 41,724         | 30,377                              | \$ 340,356            | 89,584                          | \$ 1,089,274          |
| Cost of units redeemed                                   | (2,284)                            | (24,183)          | (16,210)                            | (181,741)             | (53,404)                        | (632,447)             |
| Net change in Class R from participant transactions      | <u>1,587</u>                       | <u>17,541</u>     | <u>14,167</u>                       | <u>158,615</u>        | <u>36,180</u>                   | <u>456,827</u>        |
| <b>Class R1:</b>   |                                    |                   |                                     |                       |                                 |                       |
| Proceeds from sales of units                             | 101,462                            | 1,063,224         | 92,202                              | 1,027,450             | 192,954                         | 2,281,227             |
| Cost of units redeemed                                   | (71,160)                           | (749,772)         | (279,605)                           | (3,139,689)           | (728,444)                       | (8,656,683)           |
| Net change in Class R1 from participant transactions     | <u>30,302</u>                      | <u>313,452</u>    | <u>(187,403)</u>                    | <u>(2,112,239)</u>    | <u>(535,490)</u>                | <u>(6,375,456)</u>    |
| <b>Class R2:</b>   |                                    |                   |                                     |                       |                                 |                       |
| Proceeds from sales of units                             | 13,909                             | 147,626           | 9,686                               | 108,290               | 39,501                          | 461,166               |
| Cost of units redeemed                                   | (10,000)                           | (105,058)         | (19,039)                            | (212,764)             | (25,399)                        | (305,088)             |
| Net change in Class R2 from participant transactions     | <u>3,909</u>                       | <u>42,568</u>     | <u>(9,353)</u>                      | <u>(104,474)</u>      | <u>14,102</u>                   | <u>156,078</u>        |
| <b>Class R3:</b>   |                                    |                   |                                     |                       |                                 |                       |
| Proceeds from sales of units                             | -                                  | -                 | 158,593                             | 1,765,388             | 197,152                         | 2,315,398             |
| Cost of units redeemed                                   | -                                  | -                 | (455,199)                           | (4,982,729)           | (468,051)                       | (5,434,240)           |
| Net change in Class R3 from participant transactions     | <u>0</u>                           | <u>0</u>          | <u>(296,606)</u>                    | <u>(3,217,341)</u>    | <u>(270,899)</u>                | <u>(3,118,842)</u>    |
| <b>Class R4:</b>   |                                    |                   |                                     |                       |                                 |                       |
| Proceeds from sales of units                             | -                                  | -                 | 142,368                             | 1,558,127             | 100,915                         | 1,145,670             |
| Cost of units redeemed                                   | -                                  | -                 | (75,154)                            | (843,295)             | (84,370)                        | (996,947)             |
| Net change in Class R4 from participant transactions     | <u>0</u>                           | <u>0</u>          | <u>67,214</u>                       | <u>714,832</u>        | <u>16,545</u>                   | <u>148,723</u>        |
| <b>Class R INST:</b>                                     |                                    |                   |                                     |                       |                                 |                       |
| Proceeds from sales of units                             | -                                  | -                 | 92,396                              | 1,036,278             | 225,909                         | 2,698,493             |
| Cost of units redeemed                                   | -                                  | -                 | (70,400)                            | (802,589)             | (151,584)                       | (1,850,134)           |
| Net change in Class R INST from participant transactions | <u>0</u>                           | <u>0</u>          | <u>21,996</u>                       | <u>233,689</u>        | <u>74,325</u>                   | <u>848,359</u>        |
| Net change in net assets from participant transactions   |                                    | <u>\$ 373,561</u> |                                     | <u>\$ (4,326,918)</u> |                                 | <u>\$ (7,884,311)</u> |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2016

|  | Vanguard 60/40<br>Moderate Aggressive<br>Fund |                        | Vanguard 70/30<br>Moderate Aggressive<br>Growth Fund |                        |
|--|---|------------------------|--|------------------------|
|  | Units   | Dollars                | Units  | Dollars                |
| <b>Class R:</b>  |   |                        |  |                        |
| Proceeds from sales of units                             | 87,725  | \$ 1,103,389           | 46,999   | \$ 588,742             |
| Cost of units redeemed                                   | (92,839)                                      | (1,173,201)            | (10,029)   | (129,874)              |
| Net change in Class R from participant transactions      | <u>(5,114)</u>                                | <u>(69,812)</u>        | <u>36,970</u>  | <u>458,868</u>         |
| <b>Class R1:</b>   |   |                        |  |                        |
| Proceeds from sales of units                             | 696,982                                       | 8,593,043              | 173,838  | 2,175,822              |
| Cost of units redeemed                                   | (2,086,169)                                   | (25,972,803)           | (586,398)  | (7,442,181)            |
| Net change in Class R1 from participant transactions     | <u>(1,389,187)</u>                            | <u>(17,379,760)</u>    | <u>(412,560)</u>                                     | <u>(5,266,359)</u>     |
| <b>Class R2:</b>   |   |                        |  |                        |
| Proceeds from sales of units                             | 43,620  | 542,899                | 20,773   | 255,168                |
| Cost of units redeemed                                   | (47,921)                                      | (597,227)              | (34,504)   | (432,531)              |
| Net change in Class R2 from participant transactions     | <u>(4,301)</u>                                | <u>(54,328)</u>        | <u>(13,731)</u>                                      | <u>(177,363)</u>       |
| <b>Class R3:</b>   |   |                        |  |                        |
| Proceeds from sales of units                             | 249,056                                       | 3,084,081              | 239,349  | 3,007,844              |
| Cost of units redeemed                                   | (776,588)                                     | (9,444,230)            | (986,729)  | (12,358,578)           |
| Net change in Class R3 from participant transactions     | <u>(527,532)</u>                              | <u>(6,360,149)</u>     | <u>(747,380)</u>                                     | <u>(9,350,734)</u>     |
| <b>Class R4:</b>   |   |                        |  |                        |
| Proceeds from sales of units                             | 204,749                                       | 2,458,028              | 86,502   | 1,091,422              |
| Cost of units redeemed                                   | (90,066)                                      | (1,088,456)            | (91,911)   | (1,161,387)            |
| Net change in Class R4 from participant transactions     | <u>114,683</u>                                | <u>1,369,572</u>       | <u>(5,409)</u>                                       | <u>(69,965)</u>        |
| <b>Class R INST:</b>                                     |   |                        |  |                        |
| Proceeds from sales of units                             | 319,361                                       | 3,923,151              | 40,512   | 524,915                |
| Cost of units redeemed                                   | (133,335)                                     | (1,628,091)            | (30,076)   | (391,428)              |
| Net change in Class R INST from participant transactions | <u>186,026</u>                                | <u>2,295,060</u>       | <u>10,436</u>  | <u>133,487</u>         |
| Net change in net assets from participant transactions   |   | <u>\$ (20,199,417)</u> |  | <u>\$ (14,272,066)</u> |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

|  | Vanguard 80/20<br>Aggressive Fund |                        | Vanguard 100%<br>Equity Fund |                   |
|--|-----------------------------------|------------------------|------------------------------|-------------------|
|  | Units                             | Dollars                | Units                        | Dollars           |
| <b>Class R:</b>  |                                   |                        |                              |                   |
| Proceeds from sales of units                             | 87,518                            | \$ 1,153,339           | 42,793                       | \$ 591,872        |
| Cost of units redeemed                                   | (107,784)                         | (1,441,134)            | (36,442)                     | (482,352)         |
| Net change in Class R from participant transactions      | <u>(20,266)</u>                   | <u>(287,795)</u>       | <u>6,351</u>                 | <u>109,520</u>    |
| <b>Class R1:</b>   |                                   |                        |                              |                   |
| Proceeds from sales of units                             | 216,026                           | 2,731,783              | 107,969                      | 1,414,672         |
| Cost of units redeemed                                   | (553,779)                         | (7,152,827)            | (86,742)                     | (1,177,446)       |
| Net change in Class R1 from participant transactions     | <u>(337,753)</u>                  | <u>(4,421,044)</u>     | <u>21,227</u>                | <u>237,226</u>    |
| <b>Class R2:</b>   |                                   |                        |                              |                   |
| Proceeds from sales of units                             | 31,047                            | 405,921                | 1,842                        | 24,532            |
| Cost of units redeemed                                   | (60,064)                          | (793,683)              | (2,316)                      | (31,457)          |
| Net change in Class R2 from participant transactions     | <u>(29,017)</u>                   | <u>(387,762)</u>       | <u>(474)</u>                 | <u>(6,925)</u>    |
| <b>Class R3:</b>   |                                   |                        |                              |                   |
| Proceeds from sales of units                             | 275,749                           | 3,528,768              | -                            | -                 |
| Cost of units redeemed                                   | (749,011)                         | (9,553,729)            | -                            | -                 |
| Net change in Class R3 from participant transactions     | <u>(473,262)</u>                  | <u>(6,024,961)</u>     | <u>0</u>                     | <u>0</u>          |
| <b>Class R4:</b>   |                                   |                        |                              |                   |
| Proceeds from sales of units                             | 157,928                           | 2,042,400              | -                            | -                 |
| Cost of units redeemed                                   | (183,726)                         | (2,333,588)            | -                            | -                 |
| Net change in Class R4 from participant transactions     | <u>(25,798)</u>                   | <u>(291,188)</u>       | <u>0</u>                     | <u>0</u>          |
| <b>Class R INST:</b>                                     |                                   |                        |                              |                   |
| Proceeds from sales of units                             | 284,526                           | 3,629,635              | -                            | -                 |
| Cost of units redeemed                                   | (217,868)                         | (2,866,746)            | -                            | -                 |
| Net change in Class R INST from participant transactions | <u>66,658</u>                     | <u>762,889</u>         | <u>0</u>                     | <u>0</u>          |
| Net change in net assets from participant transactions   |                                   | <u>\$ (10,649,861)</u> |                              | <u>\$ 339,821</u> |

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2016

### Note 5: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1:** Quoted prices in active markets for identical assets or liabilities that the Funds can access at the measurement date.
- Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying 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, 2016.

**Short Term Investments.** Short term investments, including money market funds, for which market quotations are readily available, are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy.

**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, 2016.

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

|  | Fair Value           | Fair Value Measurements Using                                  |   |   |
|--|----------------------|--|---|---|
|  |                      | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>Vanguard 100% Fixed Income Fund</b>         |                      |  |   |   |
| Short Term Investment                          | \$ 7,164             | \$ 7,164   | \$ -  | \$ -                                      |
| Exchange-traded Funds - Fixed Income           | 2,714,018            | 2,714,018  | -   | -   |
| Common Trust Fund - Fixed Income (A)           | <u>79,712</u>        |  |   |   |
| Total  | <u>\$ 2,800,894</u>  |  |   |   |
| <b>Vanguard 20/80 Conservative Fund</b>        |                      |  |   |   |
| Short Term Investment                          | \$ 5                 | \$ 5   | \$ -  | \$ -                                      |
| Exchange-traded Funds - Fixed Income           | 9,854,871            | 9,854,871  | -   | -   |
| Exchange-traded Funds - Equity                 | 2,444,376            | 2,444,376  | -   | -   |
| Common Trust Fund - Fixed Income (A)           | <u>434,056</u>       |  |   |   |
| Total  | <u>\$ 12,733,308</u> |  |   |   |
| <b>Vanguard 40/60 Moderate Fund</b>            |                      |  |   |   |
| Short Term Investment                          | \$ 37,330            | \$ 37,330  | \$ -  | \$ -                                      |
| Exchange-traded Funds - Fixed Income           | 14,093,447           | 14,093,447   | -   | -   |
| Exchange-traded Funds - Equity                 | 9,354,171            | 9,354,171  | -   | -   |
| Common Trust Fund - Fixed Income (A)           | <u>628,654</u>       |  |   |   |
| Total  | <u>\$ 24,113,602</u> |  |   |   |
| <b>Vanguard 60/40 Moderate Aggressive Fund</b> |                      |  |   |   |
| Short Term Investment                          | \$ 3                 | \$ 3   | \$ -  | \$ -                                      |
| Exchange-traded Funds - Fixed Income           | 33,335,706           | 33,335,706   | -   | -   |
| Exchange-traded Funds - Equity                 | 49,496,716           | 49,496,716   | -   | -   |
| Common Trust Fund - Fixed Income (A)           | <u>2,286,351</u>     |  |   |   |
| Total  | <u>\$ 85,118,776</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, 2016**

|   | <u>Fair Value Measurements Using</u> |   |  |  |
|---|--------------------------------------|---|--|--|
|   | <u>Fair Value</u>                    | <u>Quoted<br/>Prices in<br/>Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
| <b>Vanguard 70/30 Moderate Aggressive Growth Fund</b> |                                      |   |  |  |
| Short Term Investment                                 | \$ 4                                 | \$ 4  | \$ -   | \$ -   |
| Exchange-traded Funds - Fixed Income                  | 11,654,778                           | 11,654,778  | -  | -  |
| Exchange-traded Funds - Equity                        | 26,963,433                           | 26,963,433  | -  | -  |
| Common Trust Fund - Fixed Income (A)                  | <u>980,236</u>                       |   |  |  |
| Total   | <u>\$ 39,598,451</u>                 |   |  |  |
| <b>Vanguard 80/20 Aggressive Fund</b>                 |                                      |   |  |  |
| Short Term Investment                                 | \$ 1                                 | \$ 1  | \$ -   | \$ -   |
| Exchange-traded Funds - Fixed Income                  | 13,169,976                           | 13,169,976  | -  | -  |
| Exchange-traded Funds - Equity                        | 51,937,016                           | 51,937,016  | -  | -  |
| Common Trust Fund - Fixed Income (A)                  | <u>1,932,733</u>                     |   |  |  |
| Total   | <u>\$ 67,039,726</u>                 |   |  |  |
| <b>Vanguard 100% Equity Fund</b>                      |                                      |   |  |  |
| Short Term Investment                                 | \$ 4                                 | \$ 4  | \$ -   | \$ -   |
| Exchange-traded Funds - Equity                        | 7,950,709                            | 7,950,709   | -  | -  |
| Common Trust Fund - Fixed Income (A)                  | <u>250,891</u>                       |   |  |  |
| Total   | <u>\$ 8,201,604</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, 2016**

| <b>Purchases</b>                     |              |
|--------------------------------------|--------------|
| <b>Investment Class</b>              | <b>Cost</b>  |
| Common Trust Funds - Fixed Income    | \$ 1,294,787 |
| Exchange-traded Funds - Fixed Income | 831,837      |
| Total Investments Purchased          | \$ 2,126,624 |

| <b>Sales</b>                         |                 |              |             |
|--------------------------------------|-----------------|--------------|-------------|
| <b>Investment Class</b>              | <b>Proceeds</b> | <b>Cost</b>  | <b>Gain</b> |
| Common Trust Funds - Fixed Income    | \$ 1,279,295    | \$ 1,279,295 | \$ -        |
| Exchange-traded Funds - Fixed Income | 446,925         | 443,462      | 3,463       |
| Total Investments Sold               | \$ 1,726,220    | \$ 1,722,757 | \$ 3,463    |

**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, 2016**

| <b>Purchases</b>                     |                      |
|--------------------------------------|----------------------|
| <b>Investment Class</b>              | <b>Cost</b>          |
| Common Trust Funds - Fixed Income    | \$ 7,509,715         |
| Exchange-traded Funds - Equity       | 666,065              |
| Exchange-traded Funds - Fixed Income | <u>2,455,020</u>     |
| Total Investments Purchased          | <u>\$ 10,630,800</u> |

| <b>Sales</b>                         |                      |                      |                   |
|--------------------------------------|----------------------|----------------------|-------------------|
| <b>Investment Class</b>              | <b>Proceeds</b>      | <b>Cost</b>          | <b>Gain</b>       |
| Common Trust Funds - Fixed Income    | \$ 7,653,246         | \$ 7,653,246         | \$ -              |
| Exchange-traded Funds - Equity       | 1,569,739            | 1,506,918            | 62,821            |
| Exchange-traded Funds - Fixed Income | <u>5,543,991</u>     | <u>5,303,302</u>     | <u>240,689</u>    |
| Total Investments Sold               | <u>\$ 14,766,976</u> | <u>\$ 14,463,466</u> | <u>\$ 303,510</u> |

**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, 2016**

| <b>Purchases</b>                     |                      |
|--------------------------------------|----------------------|
| <b>Investment Class</b>              | <b>Cost</b>          |
| Common Trust Funds - Fixed Income    | \$ 14,551,604        |
| Exchange-traded Funds - Equity       | 3,171,234            |
| Exchange-traded Funds - Fixed Income | <u>4,132,916</u>     |
| Total Investments Purchased          | <u>\$ 21,855,754</u> |

| <b>Sales</b>                         |                      |                      |                   |
|--------------------------------------|----------------------|----------------------|-------------------|
| <b>Investment Class</b>              | <b>Proceeds</b>      | <b>Cost</b>          | <b>Gain</b>       |
| Common Trust Funds - Fixed Income    | \$ 14,637,252        | \$ 14,637,252        | \$ -              |
| Exchange-traded Funds - Equity       | 6,425,286            | 6,036,780            | 388,506           |
| Exchange-traded Funds - Fixed Income | <u>8,319,393</u>     | <u>7,844,041</u>     | <u>475,352</u>    |
| Total Investments Sold               | <u>\$ 29,381,931</u> | <u>\$ 28,518,073</u> | <u>\$ 863,858</u> |

**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, 2016**

| <b>Purchases</b>                     |               |
|--------------------------------------|---------------|
| <b>Investment Class</b>              | <b>Cost</b>   |
| Common Trust Funds - Fixed Income    | \$ 27,935,768 |
| Exchange-traded Funds - Equity       | 9,010,663     |
| Exchange-traded Funds - Fixed Income | 6,998,516     |
| Total Investments Purchased          | \$ 43,944,947 |

| <b>Sales</b>                         |                 |               |              |
|--------------------------------------|-----------------|---------------|--------------|
| <b>Investment Class</b>              | <b>Proceeds</b> | <b>Cost</b>   | <b>Gain</b>  |
| Common Trust Funds - Fixed Income    | \$ 28,089,672   | \$ 28,089,672 | \$ -         |
| Exchange-traded Funds - Equity       | 21,483,632      | 19,656,977    | 1,826,655    |
| Exchange-traded Funds - Fixed Income | 13,265,554      | 12,507,044    | 758,510      |
| Total Investments Sold               | \$ 62,838,858   | \$ 60,253,693 | \$ 2,585,165 |

**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, 2016**

| <b>Purchases</b>                     |                      |
|--------------------------------------|----------------------|
| <b>Investment Class</b>              | <b>Cost</b>          |
| Common Trust Funds - Fixed Income    | \$ 17,336,290        |
| Exchange-traded Funds - Equity       | 5,154,248            |
| Exchange-traded Funds - Fixed Income | <u>2,476,918</u>     |
| Total Investments Purchased          | <u>\$ 24,967,456</u> |

| <b>Sales</b>                         |                      |                      |                     |
|--------------------------------------|----------------------|----------------------|---------------------|
| <b>Investment Class</b>              | <b>Proceeds</b>      | <b>Cost</b>          | <b>Gain</b>         |
| Common Trust Funds - Fixed Income    | \$ 17,545,823        | \$ 17,545,823        | \$ -                |
| Exchange-traded Funds - Equity       | 14,966,148           | 14,001,793           | 964,355             |
| Exchange-traded Funds - Fixed Income | <u>6,115,239</u>     | <u>5,777,356</u>     | <u>337,883</u>      |
| Total Investments Sold               | <u>\$ 38,627,210</u> | <u>\$ 37,324,972</u> | <u>\$ 1,302,238</u> |

**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, 2016**

| <b>Purchases</b>                     |                      |
|--------------------------------------|----------------------|
| <b>Investment Class</b>              | <b>Cost</b>          |
| Common Trust Funds - Fixed Income    | \$ 20,872,549        |
| Exchange-traded Funds - Equity       | 9,764,189            |
| Exchange-traded Funds - Fixed Income | <u>2,779,809</u>     |
| Total Investments Purchased          | <u>\$ 33,416,547</u> |

| <b>Sales</b>                         |                      |                      |                     |
|--------------------------------------|----------------------|----------------------|---------------------|
| <b>Investment Class</b>              | <b>Proceeds</b>      | <b>Cost</b>          | <b>Gain</b>         |
| Common Trust Funds - Fixed Income    | \$ 20,705,079        | \$ 20,705,079        | \$ -                |
| Exchange-traded Funds - Equity       | 18,111,487           | 16,923,110           | 1,188,377           |
| Exchange-traded Funds - Fixed Income | <u>4,122,504</u>     | <u>3,898,397</u>     | <u>224,107</u>      |
| Total Investments Sold               | <u>\$ 42,939,070</u> | <u>\$ 41,526,586</u> | <u>\$ 1,412,484</u> |

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Vanguard 100% Equity Managed Trust Fund**  
**Year Ended December 31, 2016**

| <b>Purchases</b>                  |              |
|-----------------------------------|--------------|
| <b>Investment Class</b>           | <b>Cost</b>  |
| Common Trust Funds - Fixed Income | \$ 2,338,715 |
| Exchange-traded Funds - Equity    | 1,939,447    |
| Total Investments Purchased       | \$ 4,278,162 |

| <b>Sales</b>                      |                 |              |             |
|-----------------------------------|-----------------|--------------|-------------|
| <b>Investment Class</b>           | <b>Proceeds</b> | <b>Cost</b>  | <b>Gain</b> |
| Common Trust Funds - Fixed Income | \$ 2,247,614    | \$ 2,247,614 | \$ -        |
| Exchange-traded Funds - Equity    | 1,555,981       | 1,468,521    | 87,460      |
| Total Investments Sold            | \$ 3,803,595    | \$ 3,716,135 | \$ 87,460   |