

**Hand Composite Employee Benefit Trust**  
**Advice Portfolios**  
**Tactical Core Stable Value Fund**  
Independent Auditor's Report and Financial Statements  
December 31, 2017



# Hand Composite Employee Benefit Trust

## December 31, 2017

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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 (Advice Portfolios - High Growth Fund, Advice Portfolios - Growth Fund, Advice Portfolios - Moderate Growth Fund, Advice Portfolios - Moderate Conservative Fund, Advice Portfolios - Moderate Fund and Tactical Core Stable Value Fund) [six 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, 2017, 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, 2017, and the results of their operations and 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 25, 2018

# Hand Composite Employee Benefit Trust

## Statements of Assets and Liabilities – Selected Funds

### December 31, 2017

	Advice Portfolios - High Growth Fund	Advice Portfolios - Growth Fund	Advice Portfolios - Moderate Growth Fund	Advice Portfolios - Moderate Conservative Fund	Advice Portfolios - Moderate Fund
<b>Assets</b>					
Investments, at cost	\$ 16,789,946	\$ 14,097,581	\$ 11,983,490	\$ 2,864,918	\$ 4,356,706
Investments, at fair value	\$ 21,580,508	\$ 17,516,719	\$ 14,181,511	\$ 3,127,809	\$ 4,915,529
Receivable for:					
Capital shares sold	1,170	1,262	335	-	49
Total assets	<u>\$ 21,581,678</u>	<u>\$ 17,517,981</u>	<u>\$ 14,181,846</u>	<u>\$ 3,127,809</u>	<u>\$ 4,915,578</u>
<b>Liabilities</b>					
Payable for capital shares redeemed	\$ 61	\$ 47	\$ 41	\$ 8	\$ 13
Accounts payable and accrued liabilities	15,085	12,337	9,870	2,257	3,459
Total liabilities	<u>\$ 15,146</u>	<u>\$ 12,384</u>	<u>\$ 9,911</u>	<u>\$ 2,265</u>	<u>\$ 3,472</u>
Net assets held for participants:					
Class R	\$ 21,098,560	\$ 16,740,011	\$ 13,954,091	\$ 3,125,512	\$ 4,870,450
Class R2	363,091	691,611	177,889	18	41,638
Class R3	104,881	73,975	39,955	14	18
Total net assets held for participants	<u>\$ 21,566,532</u>	<u>\$ 17,505,597</u>	<u>\$ 14,171,935</u>	<u>\$ 3,125,544</u>	<u>\$ 4,912,106</u>
Units outstanding:					
Class R	673,721	590,336	608,053	202,857	250,073
Class R2	20,993	41,788	12,265	1	3,185
Class R3	3,614	2,812	1,880	1	1
Total units outstanding	<u>698,328</u>	<u>634,936</u>	<u>622,198</u>	<u>202,859</u>	<u>253,259</u>
Net asset value per unit:					
Class R	<u>\$ 31.32</u>	<u>\$ 28.36</u>	<u>\$ 22.95</u>	<u>\$ 15.41</u>	<u>\$ 19.48</u>
Class R2	<u>\$ 17.30</u>	<u>\$ 16.55</u>	<u>\$ 14.50</u>	<u>\$ 18.10</u>	<u>\$ 13.07</u>
Class R3	<u>\$ 29.02</u>	<u>\$ 26.31</u>	<u>\$ 21.25</u>	<u>\$ 14.37</u>	<u>\$ 18.18</u>

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds (Continued)**  
**December 31, 2017**

	<b>Tactical Core Stable Value Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 2,181,273
Investments, at fair value	\$ 2,297,927
Wrapper contracts at fair value	20,351
Total assets	\$ 2,318,278
<b>Liabilities</b>	
Payable for capital shares redeemed	\$ 12
Accounts payable and accrued liabilities	1,736
Total liabilities	\$ 1,748
Net assets held for participants, reflecting all investments at fair value:	
Class R	\$ 2,302,222
Class R2	14,308
Total net assets held for participants, reflecting all investments at fair value	2,316,530
Adjustment from fair value to contract value for fully benefit-responsive contracts:	
Class R	(30,127)
Class R2	(187)
Total adjustment from fair value to contract value for fully benefit-responsive contracts	(30,314)
Net assets held for participants:	
Class R	2,272,095
Class R2	14,121
Total net assets held for participants	\$ 2,286,216
Units outstanding:	
Class R	194,689
Class R2	1,272
Total units outstanding	195,961
Net asset value per unit:	
Class R	\$ 11.67
Class R2	\$ 11.10

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**Advice Portfolios – High Growth Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Mutual Funds</u></b>			
<b><i>Fixed Income</i></b>			
9,736	Vanguard Total International Bond IDX ADM	\$ 211,259	\$ 211,289
	Total Equity	0.98% <u>211,259</u>	<u>211,289</u>
<b><i>Equity</i></b>			
1,801	Vanguard REIT Index Fund ADM	0.98% 225,406	211,749
	Total Fixed Income	<u>225,406</u>	<u>211,749</u>
	Total Mutual Funds	1.96% <u>436,665</u>	<u>423,038</u>
<b><u>Common Trust Funds</u></b>			
<b><i>Fixed Income</i></b>			
37,893	Blackrock US Debt Index Fund M	415,321	424,209
521,228	HB&T Short Term Income Fund	521,229	521,228
	Total Fixed Income	4.38% <u>936,550</u>	<u>945,437</u>
<b><i>Equity</i></b>			
40,405	Blackrock Russell 2000 Index T	1,273,284	1,697,788
71,368	Blackrock Midcap Equity Index Fund K	2,587,596	3,506,747
70,974	Blackrock Equity Index Fund H	5,977,451	7,510,156
232,644	Blackrock EAFE Equity Index Fund T	3,936,356	5,075,160
189,648	Blackrock Emerging Markets Index M	1,642,044	2,422,182
	Total Equity	93.66% <u>15,416,731</u>	<u>20,212,033</u>
	Total Common Trust Funds	98.04% <u>16,353,281</u>	<u>21,157,470</u>
	Total Investments	100.00% <u>\$ 16,789,946</u>	<u>\$ 21,580,508</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Advice Portfolios - Growth Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Fixed Income</i>			
23,251	Vanguard Total International BOND IDX ADM	\$ 504,464	\$ 504,543
	Total Fixed Income	2.88% <u>504,464</u>	<u>504,543</u>
<i>Equity</i>			
1,426	Vanguard REIT Index Fund ADM	177,834	167,678
	Total Equity	0.96% <u>177,834</u>	<u>167,678</u>
	Total Mutual Funds	3.84% <u>682,298</u>	<u>672,221</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
231,234	Blackrock US Debt Index Fund M	2,476,002	2,588,676
412,526	HB&T Short Term Income Fund	412,526	412,526
	Total Fixed Income	17.13% <u>2,888,528</u>	<u>3,001,202</u>
<i>Equity</i>			
23,100	Blackrock Russell 2000 Index T	708,870	970,636
51,657	Blackrock Midcap Equity Index Fund K	1,856,652	2,538,216
48,904	Blackrock US Equity Index T	4,091,968	5,174,802
156,086	Blackrock EAFE Equity Index Fund T	2,641,794	3,405,043
137,379	Blackrock Emerging Markets Index M	1,227,471	1,754,599
	Total Equity	79.03% <u>10,526,755</u>	<u>13,843,296</u>
	Total Common Trust Funds	96.16% <u>13,415,283</u>	<u>16,844,498</u>
	Total Investments	100.00% <u>\$ 14,097,581</u>	<u>\$ 17,516,719</u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Advice Portfolios – Moderate Growth Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Fixed Income</i>			
32,170	Vanguard Total International Bond IDX ADM	\$ 693,776	\$ 698,089
	Total Fixed Income	4.92% <u>693,776</u>	<u>698,089</u>
<i>Equity</i>			
1,114	Vanguard REIT Index Fund ADM	<u>139,728</u>	<u>130,917</u>
	Total Equity	0.92% <u>139,728</u>	<u>130,917</u>
	Total Mutual Funds	5.85% <u>833,504</u>	<u>829,006</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
25,559	Blackrock US Tips Fund M	244,046	260,823
386,751	Blackrock US Debt Index Fund M	4,147,039	4,329,688
380,168	HB&T Short Term Income Fund	380,168	380,168
	Total Fixed Income	35.05% <u>4,771,253</u>	<u>4,970,679</u>
<i>Equity</i>			
12,180	Blackrock Russell 2000 Index T	373,610	511,800
31,336	Blackrock Midcap Equity Index Fund K	1,122,398	1,539,747
30,715	Blackrock Equity Index Fund T	2,548,731	3,250,144
94,978	Blackrock EAFE Equity Index T	1,634,827	2,071,954
78,937	Blackrock Emerging Markets Index M	699,167	1,008,181
	Total Equity	59.10% <u>6,378,733</u>	<u>8,381,826</u>
	Total Common Trust Funds	94.15% <u>11,149,986</u>	<u>13,352,505</u>
	Total Investments	100.00% <u>\$ 11,983,490</u>	<u>\$ 14,181,511</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Advice Portfolios – Moderate Conservative Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i><u>Mutual Fund</u></i>			
<i>Fixed Income</i>			
14,308	Vanguard International Bond IDX ADM	\$ 306,686	\$ 310,486
	Total Fixed Income	9.93% <u>306,686</u>	<u>310,486</u>
	Total Mutual Fund	9.93% <u>306,686</u>	<u>310,486</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
15,350	Blackrock US Tips Fund M	145,217	156,645
175,401	Blackrock US Debt Index Fund M	1,869,301	1,963,617
65,327	HB&T Short Term Income Fund	65,327	65,327
	Total Fixed Income	69.87% <u>2,079,845</u>	<u>2,185,589</u>
<i>Equity</i>			
742	Blackrock Russell 2000 Index T	22,125	31,189
1,907	Blackrock Midcap Equity Index Fund K	67,155	93,698
2,682	Blackrock US Equity Index T	221,641	283,795
7,274	Blackrock EAFE Equity Index Fund T	122,312	158,685
5,040	Blackrock Emerging Markets Index M	45,154	64,367
	Total Equity	20.20% <u>478,387</u>	<u>631,734</u>
	Total Common Trust Funds	90.07% <u>2,558,232</u>	<u>2,817,323</u>
	Total Investments	100.00% <u>\$ 2,864,918</u>	<u>\$ 3,127,809</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Advice Portfolios – Moderate Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i><u>Mutual Fund</u></i>			
<i>Fixed Income</i>			
13,386	Vanguard International Bond IDX ADM	\$ 287,968	\$ 290,482
	Total Fixed Income	5.91% <u>287,968</u>	<u>290,482</u>
	Total Mutual Fund	5.91% <u>287,968</u>	<u>290,482</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
19,055	Blackrock US Tips Fund M	184,086	194,452
211,855	Blackrock US Debt Index Fund M	2,280,463	2,371,719
46,377	HB&T Short Term Income Fund	46,377	46,377
	Total Fixed Income	53.15% <u>2,510,926</u>	<u>2,612,548</u>
<i>Equity</i>			
3,628	Blackrock Russell 2000 Index T	112,709	152,449
6,702	Blackrock Midcap Equity Index Fund K	245,960	329,292
8,041	Blackrock US Equity Index T	677,067	850,889
20,742	Blackrock EAFE Equity Index Fund T	356,269	452,487
17,803	Blackrock Emerging Markets Index M	165,807	227,382
	Total Equity	40.94% <u>1,557,812</u>	<u>2,012,499</u>
	Total Common Trust Funds	94.09% <u>4,068,738</u>	<u>4,625,047</u>
	Total Investments	100.00% <u>\$ 4,356,706</u>	<u>\$ 4,915,529</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Tactical Core Stable Value Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Guaranteed Investment Contract</u></b>			
176,077	Metlife Stable Value Contract #29551 (Average yield earned - 2.35%; Average yield credited to participants - 2.07%)	94.91% \$ 2,063,281	\$ 2,200,286
	Total Guaranteed Investment Contract	94.91% 2,063,281	2,200,286
<b><u>Common Trust Fund</u></b>			
<b><i>Fixed Income</i></b>			
117,992	HB&T Short Term Income Fund	117,992	117,992
	Total Fixed Income	5.09% 117,992	117,992
	Total Common Trust Fund	5.09% 117,992	117,992
	Total Investments at Fair Value	100.00% \$ 2,181,273	\$ 2,318,278

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds**  
**Year Ended December 31, 2017**

	Advice Portfolios - High Growth Fund	Advice Portfolios - Growth Fund	Advice Portfolios - Moderate Growth Fund	Advice Portfolios - Moderate Conservative Fund	Advice Portfolios - Moderate Fund	Tactical Core Stable Value Fund
<b>Income</b>						
Dividends	\$ 15,839	\$ 18,866	\$ 20,713	\$ 6,876	\$ 6,898	\$ 1,058
<b>Expenses</b>						
Investment management and administrative	54,380	44,121	35,700	8,354	12,566	6,553
Other fees	10,066	8,157	6,604	1,554	2,329	1,210
Class R2 expenses	1,101	2,230	575	-	137	49
Class R3 expenses	157	105	75	-	-	-
Total expenses	65,704	54,613	42,954	9,908	15,032	7,812
<b>Net Investment Loss</b>	(49,865)	(35,747)	(22,241)	(3,032)	(8,134)	(6,754)
<b>Net Realized and Unrealized Gains on Investments</b>						
Net realized gains on investments	457,938	350,730	238,859	39,449	51,039	44,891
Net change in unrealized appreciation/depreciation on investments	3,433,104	2,401,847	1,536,413	165,926	414,838	3,131
Net realized and unrealized gains	3,891,042	2,752,577	1,775,272	205,375	465,877	48,022
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 3,841,177	\$ 2,716,830	\$ 1,753,031	\$ 202,343	\$ 457,743	\$ 41,268

**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds**  
**Year Ended December 31, 2017**

	Advice Portfolios - High Growth Fund	Advice Portfolios - Growth Fund	Advice Portfolios - Moderate Growth Fund	Advice Portfolios - Moderate Conservative Fund	Advice Portfolios - Moderate Fund	Tactical Core Stable Value Fund
<b>Operations</b>						
Net investment loss	\$ (49,865)	\$ (35,747)	\$ (22,241)	\$ (3,032)	\$ (8,134)	\$ (6,754)
Net realized gains	457,938	350,730	238,859	39,449	51,039	44,891
Change in unrealized appreciation/ depreciation	3,433,104	2,401,847	1,536,413	165,926	414,838	3,131
Net increase in net assets from operations	3,841,177	2,716,830	1,753,031	202,343	457,743	41,268
<b>Net Increase (Decrease) in Net Assets From Participant Transactions</b>	(302,294)	(94,750)	(413,155)	(281,989)	483,599	(311,457)
<b>Increase (Decrease) in Net Assets</b>	3,538,883	2,622,080	1,339,876	(79,646)	941,342	(270,189)
<b>Net Assets</b>						
Beginning of year	18,027,649	14,883,517	12,832,059	3,205,190	3,970,764	2,556,405
End of year	\$ 21,566,532	\$ 17,505,597	\$ 14,171,935	\$ 3,125,544	\$ 4,912,106	\$ 2,286,216

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### 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 105 portfolios (the Funds); the financial statements of six 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

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

until units owned are redeemed, at which time the market value of redeemed units is distributed. Investment income and realized gains (if any) earned by the Funds are reinvested, thereby increasing the respective unit values.

### ***Valuation of Participants' Interest***

Units of participation may be purchased or redeemed on the valuation dates at the fair value per unit on such valuation dates. 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 May 25, 2018, which is the date the financial statements were available to be issued.

### ***Investment Management Advisors***

The investment management advisors for each fund are as follows:

<b>Fund</b>	<b>Investment Management Advisor</b>
Advice Portfolios - High Growth Fund	Hand Benefits & Trust Company
Advice Portfolios - Growth Fund	Hand Benefits & Trust Company
Advice Portfolios - Moderate Growth Fund	Hand Benefits & Trust Company
Advice Portfolios - Moderate Conservative Fund	Hand Benefits & Trust Company
Advice Portfolios - Moderate Fund	Hand Benefits & Trust Company
Tactical Core Stable Value Fund	Hand Benefits & Trust Company

### **Note 2: Fully Benefit-responsive Investment Contracts**

The Tactical Core Stable Value Fund holds a traditional guaranteed investment contract (GIC), which is deemed fully benefit-responsive. The statements of assets and liabilities present the GIC at fair value. Since this contract is fully benefit-responsive, a line item is presented in the statements of assets and liabilities reporting an adjustment from fair value to contract value.



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

Metlife deposits participating plan contributions in Metlife group annuity contract (GAC No. 29551) in separate accounts to provide competitive total returns. The contract simulates the performance of the GIC through the guarantee of a specific interest rate and a portfolio of financial instruments that are owned by Metlife. The participating plans' assets are the unit ownership interests in the contract. The separate account investments are owned by Metlife. The contract provides that the Tactical Core Stable Value Fund execute transactions at contract value.

Metlife guarantees the contract value, which represents contributions, plus interest, less participant-initiated withdrawals or transfers. This is the contract's guaranteed value. The contract's fair value equals the contract's proportionate share of the fair value of the separate account.

The contract provides fixed interest rates for fixed periods (every three months) that will apply to the entire guaranteed value. The interest rates are reset every quarter as determined by Metlife with consideration of the market value of the underlying investments, the anticipated market yields-to-maturity of benchmark indices of underlying investments, expected payments into and out of the contract, amortization of the difference, if any, between the market value of the underlying investments and the guaranteed value of the contract and the fees allowed under the contract. Metlife guarantees that the rates will never be less than zero. Metlife's estimated value of the guarantee is presented in the statements of assets and liabilities as a wrapper.

The adjustment to contract value is calculated as follows:

	<b>Major Credit Ratings</b>	<b>Investments at Fair Value</b>	<b>Wrapper Contracts at Fair Value</b>	<b>Adjustment to Contract Value</b>
Metlife Managed GIC	Aa3/AA	\$ 2,179,935	\$ -	\$ (30,314)
Wrapper		-	20,351	-
Short term investments		<u>117,992</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 2,297,927</u>	<u>\$ 20,351</u>	<u>\$ (30,314)</u>

If withdrawal is made from the contract as a result of an employer or plan sponsor-initiated event or if the withdrawal is requested due to a complete or partial termination of a participating plan in the contract before the contract's end, and the contract's fair value equals or exceeds the guaranteed value, payment is made from the fair value in an amount equal to the amount of the guaranteed value, which is attributable to the participating plan. If the contract's fair value is less than its guaranteed value, the amount paid is equal to the guaranteed value reduced by the amount of market value deficit allocable to the participating plan.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

#### **Sensitivity Analysis**

The following table illustrates the effect on the weighted-average, interest-crediting rate calculated as of the end of the next four quarterly periods, where there is an immediate hypothetical increase or decrease in market yields, equal to one-quarter of the current yield, with no change to the duration of the underlying investment portfolio and no contributions or withdrawals.

Scenario	Actual	Quarter 1 Projected	Quarter 2 Projected	Quarter 3 Projected	Quarter 4 Projected
	December 31, 2017				
Increase of 50%	2.30%	2.36%	2.41%	2.45%	2.50%
Increase of 25%	2.30%	2.33%	2.35%	2.37%	2.39%
Decrease of 50%	2.30%	2.24%	2.18%	2.13%	2.07%
Decrease of 25%	2.30%	2.27%	2.24%	2.21%	2.18%

The table below illustrates the effect on the weighted-average interest-crediting rate, calculated as of the date of the next four quarterly reset periods, where there is an immediate hypothetical increase or decrease in market yields, equal to one-quarter and one-half of the current yield, combined with an immediate one-time, hypothetical 10 percent decrease in the net assets of the contract due to participant transfers, with no change to the duration of the portfolio.

Scenario	Actual	Quarter 1 Projected	Quarter 2 Projected	Quarter 3 Projected	Quarter 4 Projected
	December 31, 2017				
Increase of 50%	2.30%	2.24%	2.30%	2.35%	2.41%
Increase of 25%	2.30%	2.28%	2.30%	2.33%	2.35%
Decrease of 50%	2.30%	2.36%	2.30%	2.24%	2.18%
Decrease of 25%	2.30%	2.33%	2.30%	2.27%	2.24%

#### **Note 3: 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.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
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Fund	Administrative Fees	Investment Advisory Fees	Service Fees	Audit Fees	Total Fees
<b>All Advice Portfolios:</b>					
Class R	0.17%	0.10%	0.00%	0.05%	0.32%
Class R2	0.17%	0.10%	0.35%	0.05%	0.67%
Class R3	0.17%	0.10%	0.20%	0.05%	0.52%
<b>Tactical Core Stable Value Fund:</b>					
Class R	0.17%	0.10%	0.00%	0.05%	0.32%
Class R2	0.17%	0.10%	0.35%	0.05%	0.67%

**Note 4: Financial Highlights**

	Class R					
	Advice Portfolios - High Growth Fund	Advice Portfolios - Growth Fund	Advice Portfolios - Moderate Growth Fund	Advice Portfolios - Moderate Conservative Fund	Advice Portfolios - Moderate Fund	Tactical Core Stable Value Fund
Net asset value, beginning of year	\$ 25.87	\$ 24.00	\$ 20.10	\$ 14.43	\$ 17.64	\$ 11.47
Net investment loss	(0.07)	(0.05)	(0.04)	(0.01)	(0.03)	(0.03)
Net realized and unrealized gains	5.52	4.41	2.89	0.99	1.87	0.23
Net increase from investment operations	5.45	4.36	2.85	0.98	1.84	0.20
Net asset value, end of year	\$ 31.32	\$ 28.36	\$ 22.95	\$ 15.41	\$ 19.48	\$ 11.67
Total return	21.07%	18.17%	14.18%	6.79%	10.43%	1.74%
Ratio to average net assets:						
Net investment loss	(0.24)%	(0.20)%	(0.16)%	(0.10)%	(0.17)%	(0.28)%
Expenses	0.31%	0.31%	0.32%	0.32%	0.32%	0.32%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

	Class R2					
	Advice Portfolios - High Growth Fund	Advice Portfolios - Growth Fund	Advice Portfolios - Moderate Growth Fund	Advice Portfolios - Moderate Conservative Fund	Advice Portfolios - Moderate Fund	Tactical Core Stable Value Fund
Net asset value, beginning of year	\$ 14.34	\$ 14.05	\$ 12.75	\$ 16.95	\$ 11.88	\$ 10.95
Net investment loss	(0.13)	(0.11)	(0.08)	(0.01)	(0.08)	(0.07)
Net realized and unrealized gains	3.09	2.61	1.83	1.16	1.27	0.22
Net increase from investment operations	2.96	2.50	1.75	1.15	1.19	0.15
Net asset value, end of year	\$ 17.30	\$ 16.55	\$ 14.50	\$ 18.10	\$ 13.07	\$ 11.10
Total return	20.64%	17.79%	13.73%	6.78%	10.02%	1.37%
Ratio to average net assets:						
Net investment loss	(0.80)%	(0.69)%	(0.61)%	(0.08)%	(0.60)%	(0.66)%
Expenses	0.95%	0.88%	0.85%	0.28%	0.82%	0.71%

	Class R3				
	Advice Portfolios - High Growth Fund	Advice Portfolios - Growth Fund	Advice Portfolios - Moderate Growth Fund	Advice Portfolios - Moderate Conservative Fund	Advice Portfolios - Moderate Fund
Net asset value, beginning of year	\$ 24.02	\$ 22.31	\$ 18.65	\$ 13.46	\$ 16.46
Net investment loss	(0.14)	(0.12)	(0.07)	(0.01)	(0.03)
Net realized and unrealized gains	5.14	4.12	2.67	0.92	1.75
Net increase from investment operations	5.00	4.00	2.60	0.91	1.72
Net asset value, end of year	\$ 29.02	\$ 26.31	\$ 21.25	\$ 14.37	\$ 18.18
Total return	20.82%	17.93%	13.94%	6.76%	10.45%
Ratio to average net assets:					
Net investment loss	(0.51)%	(0.47)%	(0.37)%	(0.11)%	(0.18)%
Expenses	0.61%	0.63%	0.54%	0.35%	0.34%

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2017**

**Note 5: Participant Unit Transactions**

	Advice Portfolios - High Growth Fund		Advice Portfolios - Growth Fund		Advice Portfolios - Moderate Growth Fund		Advice Portfolios - Moderate Conservative Fund		Advice Portfolios - Moderate Fund	
	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R:</b>										
Proceeds from sales of units	87,228	\$ 2,480,525	81,390	\$ 2,120,887	81,961	\$ 1,778,546	24,804	\$ 369,303	64,927	\$ 1,197,141
Cost of units redeemed	(97,768)	(2,850,126)	(85,108)	(2,240,693)	(103,093)	(2,197,163)	(44,065)	(651,292)	(37,895)	(714,608)
Net change in Class R from participant transactions	<u>(10,540)</u>	<u>(369,601)</u>	<u>(3,718)</u>	<u>(119,806)</u>	<u>(21,132)</u>	<u>(418,617)</u>	<u>(19,261)</u>	<u>(281,989)</u>	<u>27,032</u>	<u>482,533</u>
<b>Class R2:</b>										
Proceeds from sales of units	3,212	49,791	1,132	17,365	489	6,691			101	1,267
Cost of units redeemed	(101)	(1,589)	(1,058)	(15,904)	(62)	(840)			(16)	(201)
Net change in Class R2 from participant transactions	<u>3,111</u>	<u>48,202</u>	<u>74</u>	<u>1,461</u>	<u>427</u>	<u>5,851</u>			<u>85</u>	<u>1,066</u>
<b>Class R3:</b>										
Proceeds from sales of units	698	20,129	968	24,179	-	-				
Cost of units redeemed	(40)	(1,024)	(24)	(584)	(20)	(389)				
Net change in Class R3 from participant transactions	<u>658</u>	<u>19,105</u>	<u>944</u>	<u>23,595</u>	<u>(20)</u>	<u>(389)</u>				
Net increase (decrease) in total net assets from participant transactions		<u>\$ (302,294)</u>		<u>\$ (94,750)</u>		<u>\$ (413,155)</u>		<u>\$ (281,989)</u>		<u>\$ 483,599</u>

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2017**

	<b>Tactical Core Stable Value Fund</b>	
	<b>Units</b>	<b>Dollars</b>
<b>Class R:</b>		
Proceeds from sales of units	59,168	\$ 683,244
Cost of units redeemed	(86,076)	(994,611)
Net change in Class R from participant transactions	(26,908)	(311,367)
<b>Class R2:</b>		
Proceeds from sales of units	4	47
Cost of units redeemed	(12)	(137)
Net change in Class R2 from participant transactions	(8)	(90)
Net decrease in total net assets from participant transactions		\$ (311,457)

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 6: 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 on 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, 2017.

**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.

**Metlife Fully Benefit-Responsive GIC.** Fair value of the annuity contract and the wrapper is determined by Metlife based on quoted market prices of the underlying investments owned by Metlife in the separate account. This GIC is categorized as Level 2 within the valuation hierarchy.

**Mutual Funds.** 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, 2017.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2017**

	<u>Fair Value Measurements Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Advice Portfolios - High Growth Fund</b>				
Mutual Funds - Fixed Income	\$ 211,289	\$ 211,289	\$ -	\$ -
Mutual Fund - Equity	211,749	211,749	-	-
Common Trust Funds - Fixed Income (A)	945,437			
Common Trust Funds - Equity (A)	<u>20,212,033</u>			
Total	<u>\$ 21,580,508</u>			
<b>Advice Portfolios - Growth Fund</b>				
Mutual Funds - Fixed Income	\$ 504,543	\$ 504,543	\$ -	\$ -
Mutual Fund - Equity	167,678	167,678	-	-
Common Trust Funds - Fixed Income (A)	3,001,202			
Common Trust Funds - Equity (A)	<u>13,843,296</u>			
Total	<u>\$ 17,516,719</u>			
<b>Advice Portfolios - Moderate Growth Fund</b>				
Mutual Fund - Fixed Income	\$ 698,089	\$ 698,089	\$ -	\$ -
Mutual Fund - Equity	130,917	130,917	-	-
Common Trust Funds - Fixed Income (A)	4,970,679			
Common Trust Funds - Equity (A)	<u>8,381,826</u>			
Total	<u>\$ 14,181,511</u>			
<b>Advice Portfolios - Moderate Conservative Fund</b>				
Mutual Fund - Fixed Income	\$ 310,486	\$ 310,486	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	2,185,589			
Common Trust Funds - Equity (A)	<u>631,734</u>			
Total	<u>\$ 3,127,809</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, 2017**

	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>Advice Portfolios - Moderate Fund</b>				
Mutual Fund - Fixed Income	\$ 290,482	\$ 290,482	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	2,612,548			
Common Trust Funds - Equity (A)	<u>2,012,499</u>			
Total	<u>\$ 4,915,529</u>			
<b>Tactical Core Stable Value Fund</b>				
Guaranteed Investment Contract	\$ 2,169,972	\$ 2,169,972	\$ -	\$ -
Common Trust Fund - Fixed Income (A)	<u>117,992</u>			
Total	<u>\$ 2,287,964</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 7: 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**  
**Advice Portfolios - High Growth Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
Investment Class	Cost
Common Trust Funds - Equity	\$ 1,529,692
Common Trust Funds - Fixed Income	3,552,724
Mutual Funds - Equity	34,918
Mutual Funds - Fixed Income	219,615
Total Investments Purchased	\$ 5,336,949

<b>Sales</b>			
Investment Class	Proceeds	Cost	Gain (Loss)
Common Trust Funds - Fixed Income	\$ 3,585,164	\$ 3,574,793	\$ 10,371
Common Trust Funds - Equity	2,011,256	1,563,268	447,988
Mutual Funds - Equity	7,785	8,320	(535)
Mutual Funds - Fixed Income	8,470	8,356	114
Total Investments Sold	\$ 5,612,675	\$ 5,154,737	\$ 457,938

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Advice Portfolios - Growth Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Equity	\$ 994,458
Common Trust Funds - Fixed Income	3,428,260
Mutual Funds - Equity	20,797
Mutual Funds - Fixed Income	<u>524,918</u>
Total Investments Purchased	<u>\$ 4,968,433</u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Common Trust Funds - Fixed Income	\$ 3,456,358	\$ 3,430,462	\$ 25,896
Common Trust Funds - Equity	1,592,995	1,267,910	325,085
Mutual Funds - Equity	6,466	6,890	(424)
Mutual Funds - Fixed Income	<u>20,627</u>	<u>20,454</u>	<u>173</u>
Total Investments Sold	<u>\$ 5,076,446</u>	<u>\$ 4,725,716</u>	<u>\$ 350,730</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Advice Portfolios - Moderate Growth Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Equity	\$ 377,014
Common Trust Funds - Fixed Income	2,966,883
Mutual Funds - Equity	5,517
Mutual Funds - Fixed Income	450,948
	<hr/>
Total Investments Purchased	<u>\$ 3,800,362</u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Common Trust Funds - Equity	\$ 1,164,804	\$ 954,766	\$ 210,038
Common Trust Funds - Fixed Income	3,033,903	3,004,405	29,498
Mutual Funds - Equity	9,048	9,882	(834)
Mutual Funds - Fixed Income	4,792	4,635	157
	<hr/>	<hr/>	<hr/>
Total Investments Sold	<u>\$ 4,212,547</u>	<u>\$ 3,973,688</u>	<u>\$ 238,859</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Advice Portfolios - Moderate Conservative Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
Investment Class	Cost
Common Trust Funds - Fixed Income	\$ 655,728
Common Trust Funds - Equity	6,187
Mutual Funds - Fixed Income	140,416
Total Investments Purchased	\$ 802,331

<b>Sales</b>			
Investment Class	Proceeds	Cost	Gain
Common Trust Funds - Equity	\$ 138,125	\$ 115,553	\$ 22,572
Common Trust Funds - Fixed Income	923,511	907,060	16,451
Mutual Funds - Fixed Income	21,761	21,335	426
Total Investments Sold	\$ 1,083,397	\$ 1,043,948	\$ 39,449

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Advice Portfolios - Moderate Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 1,854,690
Common Trust Funds - Equity	237,897
Mutual Funds - Fixed Income	145,652
Total Investments Purchased	\$ 2,238,239

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Equity	\$ 193,752	\$ 155,403	\$ 38,349
Common Trust Funds - Fixed Income	1,547,629	1,535,253	12,376
Mutual Funds - Fixed Income	9,909	9,595	314
Total Investments Sold	\$ 1,751,290	\$ 1,700,251	\$ 51,039

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Tactical Core Stable Value Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 1,067,563
Insurance Policies/Annuities	286,803
Total Investments Purchased	\$ 1,354,366

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 1,103,830	\$ 1,103,830	\$ -
Guaranteed Investment Contract	563,445	518,554	44,891
Total Investments Sold	\$ 1,667,275	\$ 1,622,384	\$ 44,891