

**Hand Composite Employee Benefit Trust**  
**Beaumont Capital Management Funds**  
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 (BCM Decathlon Growth Tactics Fund, BCM U.S. Sector Rotation Fund, BCM DynamicBelay™ Fund 2020 QDIA, BCM DynamicBelay™ Fund 2030 QDIA, BCM DynamicBelay™ Fund 2040 QDIA, BCM DynamicBelay™ Fund 2050 QDIA, and BCM DynamicBelay™ Fund 2060 QDIA) [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, 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**

	<b>BCM Decathlon Growth Tactics Fund</b>	<b>BCM U.S. Sector Rotation Fund</b>	<b>BCM DynamicBelay™ 2020 QDIA</b>	<b>BCM DynamicBelay™ 2030 QDIA</b>
<b>Assets</b>				
Investments, at cost	\$ 156,838	\$ 12,271,029	\$ 38,449	\$ 957,763
Investments, at fair value	\$ 163,113	\$ 12,560,644	\$ 38,450	\$ 976,250
Receivable for:				
Capital shares sold	1,480	764	-	-
Investment advisor	55	4,246	7	165
Total assets	<u>\$ 164,648</u>	<u>\$ 12,565,654</u>	<u>\$ 38,457</u>	<u>\$ 976,415</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 134	\$ 6,462	\$ 62	\$ 572
Total liabilities	<u>\$ 134</u>	<u>\$ 6,462</u>	<u>\$ 62</u>	<u>\$ 572</u>
Net assets held for participants:				
Class R	\$ 14	\$ 13	\$ 11	\$ 12
Class R1	164,486	12,559,166	38,373	975,819
Class R2	14	13	11	12
Total net assets held for participants	<u>\$ 164,514</u>	<u>\$ 12,559,192</u>	<u>\$ 38,395</u>	<u>\$ 975,843</u>
Units outstanding:				
Class R	1	1	1	1
Class R1	12,314	978,997	3,361	80,930
Class R2	1	1	1	1
Total units outstanding	<u>12,316</u>	<u>978,999</u>	<u>3,363</u>	<u>80,932</u>
Net asset value per unit:				
Class R	\$ 13.38	\$ 12.83	\$ 11.42	\$ 12.05
Class R1	<u>\$ 13.36</u>	<u>\$ 12.83</u>	<u>\$ 11.42</u>	<u>\$ 12.06</u>
Class R2	<u>\$ 13.38</u>	<u>\$ 12.83</u>	<u>\$ 11.42</u>	<u>\$ 12.05</u>

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

	<b>BCM DynamicBelay™ 2040 QDIA</b>	<b>BCM DynamicBelay™ 2050 QDIA</b>	<b>BCM DynamicBelay™ 2060 QDIA</b>
<b>Assets</b>			
Investments, at cost	\$ 56,658	\$ 332,904	\$ 94,012
Investments, at fair value	\$ 57,899	\$ 335,209	\$ 96,994
Receivable for:			
Capital shares sold	-	1,226	691
Investment advisor	10	15	17
Total assets	<u>\$ 57,909</u>	<u>\$ 336,450</u>	<u>\$ 97,702</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 63	\$ 133,063	\$ 73
Total liabilities	<u>\$ 63</u>	<u>\$ 133,063</u>	<u>\$ 73</u>
Net assets held for participants:			
Class R	\$ 12	\$ 13	\$ 13
Class R1	57,822	203,361	97,603
Class R2	12	13	13
Total net assets held for participants	<u>\$ 57,846</u>	<u>\$ 203,387</u>	<u>\$ 97,629</u>
Units outstanding:			
Class R	1	1	1
Class R1	4,793	15,806	7,631
Class R2	1	1	1
Total units outstanding	<u>4,795</u>	<u>15,808</u>	<u>7,633</u>
Net asset value per unit:			
Class R	<u>\$ 12.07</u>	<u>\$ 12.87</u>	<u>\$ 12.79</u>
Class R1	<u>\$ 12.06</u>	<u>\$ 12.87</u>	<u>\$ 12.79</u>
Class R2	<u>\$ 12.07</u>	<u>\$ 12.87</u>	<u>\$ 12.79</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**BCM Decathlon Growth Tactics Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
3,496	TD Bank USA FDIC Insured Deposit Fund	\$ 3,496	\$ 3,496
	Total Short Term Investment	2.14% 3,496	3,496
<b><u>Exchange-traded Funds</u></b>			
<b><i>Equity</i></b>			
145	First Trust DJ Internet Index ETF	13,210	15,933
121	iShares DJ US Utilities Sect Idx Fd	15,970	16,077
98	iShares DJ US Technology Sector Index Fd	16,017	15,951
432	iShares India 50 ETF	15,422	16,036
634	iShares MSCI Hong Kong ETF	15,949	16,116
93	iShares Phlx Sox Semicond Sector Index	15,904	15,793
218	iShares South Korea Index Fund	15,972	16,335
84	iShares US Aerospace & Defense	15,078	15,801
91	iShares US Medical Devices ETF	13,887	15,789
186	SPDR S&P Biotech ETF	15,933	15,786
	Total Equity	97.86% 153,342	159,617
	Total Exchange-traded Funds	97.86% 153,342	159,617
	Total Investments	100.00% \$ 156,838	\$ 163,113

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**BCM U.S. Sector Rotation Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
299,736	TD Bank USA FDIC Insured Deposit Fund	\$ 299,736	\$ 299,736
	Total Short Term Investment	2.39% 299,736	299,736
<b><u>Exchange-traded Funds</u></b>			
<b><i>Equity</i></b>			
31,590	Fidelity MSCI Consumer Discretionary ETF	1,145,770	1,235,801
35,519	Fidelity MSCI Consumer Staples ETF	1,212,974	1,218,657
63,099	Fidelity MSCI Energy Index ETF	1,198,309	1,265,135
29,764	Fidelity MSCI Financials Index ETF	1,165,558	1,213,478
30,592	Fidelity MSCI Healthcare Index ETF	1,200,808	1,223,374
32,157	Fidelity MSCI Industrials ETF	1,188,841	1,244,476
24,801	Fidelity MSCI Info Tech Index ETF	1,231,771	1,239,306
35,335	Fidelity MSCI Materials Index ETF	1,205,724	1,237,785
49,301	Fidelity MSCI Real Estate ETF	1,206,023	1,217,735
33,763	Fidelity US Utilities ETF	1,215,515	1,165,161
	Total Equity	97.61% 11,971,293	12,260,908
	Total Exchange-traded Funds	97.61% 11,971,293	12,260,908
	Total Investments	100.00% \$ 12,271,029	\$ 12,560,644



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**BCM DynamicBelay™ 2020 QDIA**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
1,093	TD Bank USA FDIC Insured Deposit Fund	\$ 1,093	\$ 1,093
	Total Short Term Investment	2.84% 1,093	1,093
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
43	iShares Barclays 0-5 Year Tips ETF	4,325	4,294
74	iShares Barclays Aggregate Bond Fund	8,212	8,090
39	iShares Intermediate Govt/cdt Bond ETF	4,363	4,281
89	SPDR Doubleline Ttl Rtn Tactical ETF	4,426	4,329
	Total Fixed Income	54.60% 21,326	20,994
<b><i>Equity</i></b>			
42	Fidelity MSCI Consumer Discretionary ETF	1,523	1,643
48	Fidelity MSCI Consumer Staples ETF	1,635	1,647
84	Fidelity MSCI Energy Index ETF	1,630	1,684
40	Fidelity MSCI Financials Index ETF	1,543	1,631
41	Fidelity MSCI Healthcare Index ETF	1,610	1,640
43	Fidelity MSCI Industrials ETF	1,588	1,664
33	Fidelity MSCI Info Tech Index ETF	1,653	1,649
47	Fidelity MSCI Materials Index ETF	1,597	1,646
65	Fidelity MSCI Real Estate ETF	1,622	1,606
45	Fidelity US Utilities ETF	1,629	1,553
	Total Equity	42.56% 16,030	16,363
	Total Exchange-traded Funds	97.16% 37,356	37,357
	Total Investments	100.00% \$ 38,449	\$ 38,450

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**BCM DynamicBelay™ 2030 QDIA**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
26,891	TD Bank USA FDIC Insured Deposit Fund	\$ 26,891	\$ 26,891
	Total Short Term Investment	2.76% 26,891	26,891
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
829	iShares Barclays 0-5 Year Tips ETF	83,489	82,792
1,623	iShares Barclays Aggregate Bond Fund	175,625	177,443
753	iShares Intermediate Govt/cdt Bond ETF	82,771	82,649
1,698	SPDR Doubleline Ttl Rtn Tactical ETF	82,356	82,591
	Total Fixed Income	43.58% 424,241	425,475
<b><i>Equity</i></b>			
1,102	Fidelity MSCI Consumer Discretionary ETF	39,962	43,110
1,251	Fidelity MSCI Consumer Staples ETF	42,612	42,922
2,201	Fidelity MSCI Energy Index ETF	42,733	44,130
1,038	Fidelity MSCI Financials Index ETF	39,997	42,319
1,067	Fidelity MSCI Healthcare Index ETF	41,905	42,669
1,122	Fidelity MSCI Industrials ETF	41,431	43,421
865	Fidelity MSCI Info Tech Index ETF	43,324	43,224
1,233	Fidelity MSCI Materials Index ETF	41,901	43,192
1,720	Fidelity MSCI Real Estate ETF	42,907	42,484
1,178	Fidelity US Utilities ETF	42,674	40,653
308	iShares S&P Small Cap 600 Index	21,207	23,657
645	Vanguard Total World Stock ETF	46,735	47,898
203	Vanguard World Ex US Small Cap	19,243	24,205
	Total Equity	53.66% 506,631	523,884
	Total Exchange-traded Funds	97.24% 930,872	949,359
	Total Investments	100.00% \$ 957,763	\$ 976,250

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**BCM DynamicBelay™ 2040 QDIA**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
1,695	TD Bank USA FDIC Insured Deposit Fund	\$ 1,695	\$ 1,695
	Total Short Term Investment	2.93% 1,695	1,695
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
40	iShares Barclays 0-5 Year Tips ETF	4,023	3,995
62	iShares Barclays Aggregate Bond Fund	6,846	6,778
36	iShares Intermediate Govt/cdt Bond ETF	4,013	3,951
82	SPDR Doubleline Ttl Rtn Tactical ETF	4,059	3,988
	Total Fixed Income	32.32% 18,941	18,712
<b><i>Equity</i></b>			
67	Fidelity MSCI Consumer Discretionary ETF	2,428	2,621
76	Fidelity MSCI Consumer Staples ETF	2,588	2,608
134	Fidelity MSCI Energy Index ETF	2,602	2,687
63	Fidelity MSCI Financials Index ETF	2,430	2,569
65	Fidelity MSCI Healthcare Index ETF	2,553	2,599
68	Fidelity MSCI Industrials ETF	2,511	2,632
53	Fidelity MSCI Info Tech Index ETF	2,655	2,648
75	Fidelity MSCI Materials Index ETF	2,549	2,627
105	Fidelity MSCI Real Estate ETF	2,622	2,594
72	Fidelity US Utilities ETF	2,607	2,485
37	iShares S&P Small Cap 600 Index	2,404	2,842
77	Vanguard Total World Stock ETF	5,581	5,718
24	Vanguard World Ex Us Small Cap	2,492	2,862
	Total Equity	64.75% 36,022	37,492
	Total Exchange-traded Funds	97.07% 54,963	56,204
	Total Investments	100.00% \$ 56,658	\$ 57,899

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**BCM DynamicBelay™ 2050 QDIA**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
137,056	TD Bank USA FDIC Insured Deposit Fund	\$ 137,056	\$ 137,056
	Total Short Term Investment	40.89% 137,056	137,056
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
60	iShares Barclays 0-5 Year Tips ETF	6,002	5,992
145	iShares Barclays Aggregate Bond Fund	15,883	15,853
54	iShares Intermediate Govt/Cdt Bond ETF	5,953	5,927
123	SPDR Doubleline Ttl Rtn Tactical ETF	6,012	5,983
	Total Fixed Income	10.07% 33,850	33,755
<b><i>Equity</i></b>			
268	Fidelity MSCI Consumer Discretionary ETF	10,264	10,484
307	Fidelity MSCI Consumer Staples ETF	10,492	10,533
523	Fidelity MSCI Energy Index ETF	10,396	10,486
257	Fidelity MSCI Financials Index ETF	10,327	10,478
261	Fidelity MSCI Healthcare Index ETF	10,423	10,437
271	Fidelity MSCI Industrials ETF	10,336	10,488
209	Fidelity MSCI Info Tech Index ETF	10,484	10,444
300	Fidelity MSCI Materials Index ETF	10,415	10,509
427	Fidelity MSCI Real Estate ETF	10,571	10,547
306	Fidelity US Utilities ETF	10,700	10,560
193	iShares S&P Small Cap 600 Index	14,047	14,824
400	Vanguard Total World Stock ETF	29,474	29,704
125	Vanguard World Ex US Small Cap	14,069	14,904
	Total Equity	49.04% 161,998	164,398
	Total Exchange-traded Funds	59.11% 195,848	198,153
	Total Investments	100.00% \$ 332,904	\$ 335,209

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**BCM DynamicBelay™ 2060 QDIA**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
2,942	TD Bank USA FDIC Insured Deposit Fund	\$ 2,942	\$ 2,942
	Total Short Term Investment	3.03% 2,942	2,942
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
43	iShares Barclays Aggregate Bond Fund	4,726	4,701
	Total Fixed Income	4.85% 4,726	4,701
<b><i>Equity</i></b>			
132	Fidelity MSCI Consumer Discretionary ETF	4,789	5,163
150	Fidelity MSCI Consumer Staples ETF	5,108	5,147
267	Fidelity MSCI Energy Index ETF	5,184	5,353
127	Fidelity MSCI Financials Index ETF	4,898	5,178
128	Fidelity MSCI Healthcare Index ETF	5,027	5,119
135	Fidelity MSCI Industrials ETF	4,985	5,225
102	Fidelity MSCI Info Tech Index ETF	5,110	5,097
150	Fidelity MSCI Materials Index ETF	5,096	5,255
205	Fidelity MSCI Real Estate ETF	5,118	5,064
142	Fidelity US Utilities ETF	5,143	4,900
124	iShares S&P Small Cap 600 Index	8,731	9,524
253	Vanguard Total World Stock ETF	18,334	18,788
80	Vanguard World Ex US Small Cap	8,821	9,538
	Total Equity	92.12% 86,344	89,351
	Total Exchange-traded Funds	96.97% 91,070	94,052
	Total Investments	100.00% \$ 94,012	\$ 96,994

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

	<b>BCM Decathlon Growth Tactics Fund</b>	<b>BCM U.S. Sector Rotation Fund</b>	<b>BCM DynamicBelay™ 2020 QDIA</b>	<b>BCM DynamicBelay™ 2030 QDIA</b>
<b>Income</b>				
Interest	\$ 2	\$ 179	\$ -	\$ 9
Dividends	1,445	61,422	720	26,239
Total income	<u>1,447</u>	<u>61,601</u>	<u>720</u>	<u>26,248</u>
<b>Expenses</b>				
Investment management and administrative	119	1,734	27	1,046
Custody	260	1,367	100	1,662
Other	841	867	223	406
Class R1 expenses	681	8,774	124	4,909
Total expenses before expense reimbursement	1,901	12,742	474	8,023
Expense reimbursement	<u>(681)</u>	<u>(8,774)</u>	<u>(124)</u>	<u>(4,909)</u>
Total expenses	<u>1,220</u>	<u>3,968</u>	<u>350</u>	<u>3,114</u>
<b>Net Investment Income</b>	<u>227</u>	<u>57,633</u>	<u>370</u>	<u>23,134</u>
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>				
Net realized gains on investments	38,438	73,972	2,784	95,532
Net change in unrealized appreciation/depreciation on investments	<u>(1,183)</u>	<u>282,945</u>	<u>(508)</u>	<u>17,121</u>
Net realized and unrealized gains	<u>37,255</u>	<u>356,917</u>	<u>2,276</u>	<u>112,653</u>
<b>Net Increase in Net Assets Resulting From Operations</b>	<u>\$ 37,482</u>	<u>\$ 414,550</u>	<u>\$ 2,646</u>	<u>\$ 135,787</u>

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

	BCM DynamicBelay™ 2040 QDIA	BCM DynamicBelay™ 2050 QDIA	BCM DynamicBelay™ 2060 QDIA
<b>Income</b>			
Interest	\$ 1	\$ 3	\$ 5
Dividends	829	1,088	1,208
Total income	<u>830</u>	<u>1,091</u>	<u>1,213</u>
<b>Expenses</b>			
Investment management and administrative	33	45	50
Custody	100	125	112
Other	328	374	624
Class R1 expenses	145	199	213
Total expenses before expense reimbursement	606	743	999
Expense reimbursement	<u>(145)</u>	<u>(199)</u>	<u>(213)</u>
Total expenses	<u>461</u>	<u>544</u>	<u>786</u>
<b>Net Investment Income</b>	<u>369</u>	<u>547</u>	<u>427</u>
<b>Net Realized and Unrealized Gains on Investments</b>			
Net realized gains on investments	3,794	6,332	7,159
Net change in unrealized appreciation/depreciation on investments	290	530	1,102
Net realized and unrealized gains	<u>4,084</u>	<u>6,862</u>	<u>8,261</u>
<b>Net Increase in Net Assets Resulting From Operations</b>	<u>\$ 4,453</u>	<u>\$ 7,409</u>	<u>\$ 8,688</u>

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

	BCM Decathlon Growth Tactics Fund	BCM U.S. Sector Rotation Fund	BCM DynamicBelay™ 2020 QDIA	BCM DynamicBelay™ 2030 QDIA
<b>Operations</b>				
Net investment income	\$ 227	\$ 57,633	\$ 370	\$ 23,134
Net realized gains	38,438	73,972	2,784	95,532
Change in unrealized appreciation/ depreciation	(1,183)	282,945	(508)	17,121
Net increase in net assets from operations	37,482	414,550	2,646	135,787
<b>Net Increase (Decrease) in Net Assets From Participant Transactions</b>	(59,666)	12,044,484	4,128	(516,814)
<b>Increase (Decrease) in Net Assets Held For Participants</b>	(22,184)	12,459,034	6,774	(381,027)
<b>Net Assets Held For Participants</b>				
Beginning of year	186,698	100,158	31,621	1,356,870
End of year	\$ 164,514	\$ 12,559,192	\$ 38,395	\$ 975,843



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

	BCM DynamicBelay™ 2040 QDIA	BCM DynamicBelay™ 2050 QDIA	BCM DynamicBelay™ 2060 QDIA
<b>Operations</b>			
Net investment income	\$ 369	\$ 547	\$ 427
Net realized gains	3,794	6,332	7,159
Change in unrealized appreciation/ depreciation	290	530	1,102
Net increase in net assets from operations	4,453	7,409	8,688
<b>Net Increase in Net Assets From Participant Transactions</b>	21,318	151,994	50,792
<b>Increase in Net Assets Held For Participants</b>	25,771	159,403	59,480
<b>Net Assets Held For Participants</b>			
Beginning of year	32,075	43,984	38,149
End of year	\$ 57,846	\$ 203,387	\$ 97,629

# 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 seven of these 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, 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, 2017

### ***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>
BCM Decathlon Growth Tactics Fund	Beaumont Capital Management
BCM U.S. Sector Rotation Fund	Beaumont Capital Management
BCM DynamicBelay™ Fund 2020	Beaumont Capital Management
BCM DynamicBelay™ Fund 2030	Beaumont Capital Management
BCM DynamicBelay™ Fund 2040	Beaumont Capital Management
BCM DynamicBelay™ Fund 2050	Beaumont Capital Management
BCM DynamicBelay™ Fund 2060	Beaumont Capital Management

### **Note 2: Investment Advisory Fees and Other Transactions With Affiliates**

The Funds are charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Funds have also entered into investment advisory and service agreements with various third-party advisors. These fees compensate the advisors for the services they provide and for expenses borne by the advisors under the various agreements.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

During the year ended December 31, 2017, the investment advisor voluntarily reimbursed the Funds for investment advisor fees.

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

Fund	Trustee/ Administrative Fees	Investment Advisory Fees	Other Fees	Total Fees
<b>BCM Decathlon Growth Tactics Fund:</b>				
Class R	0.080%	0.000%	0.070%	0.150%
Class R1	0.080%	0.400%	0.070%	0.550%
Class R2	0.080%	0.400%	0.445%	0.925%
<b>BCM U.S. Sector Rotation Fund:</b>				
Class R	0.080%	0.000%	0.070%	0.150%
Class R1	0.080%	0.400%	0.070%	0.550%
Class R2	0.080%	0.400%	0.445%	0.925%
<b>BCM DynamicBelay™ 2020:</b>				
Class R	0.080%	0.000%	0.070%	0.150%
Class R1	0.080%	0.200%	0.070%	0.350%
Class R2	0.080%	0.200%	0.445%	0.725%
<b>BCM DynamicBelay™ 2030:</b>				
Class R	0.080%	0.000%	0.070%	0.150%
Class R1	0.080%	0.200%	0.070%	0.350%
Class R2	0.080%	0.200%	0.445%	0.725%
<b>BCM DynamicBelay™ 2040:</b>				
Class R	0.080%	0.000%	0.070%	0.150%
Class R1	0.080%	0.200%	0.070%	0.350%
Class R2	0.080%	0.200%	0.445%	0.725%
<b>BCM DynamicBelay™ 2050:</b>				
Class R	0.080%	0.000%	0.070%	0.150%
Class R1	0.080%	0.200%	0.070%	0.350%
Class R2	0.080%	0.200%	0.445%	0.725%
<b>BCM DynamicBelay™ 2060:</b>				
Class R	0.080%	0.000%	0.070%	0.150%
Class R1	0.080%	0.200%	0.070%	0.350%
Class R2	0.080%	0.200%	0.445%	0.725%

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

**Note 3: Financial Highlights**

	Class R1						
	BCM Decathlon Growth Tactics Fund	BCM U.S. Sector Rotation Fund	BCM DynamicBelay™ 2020 QDIA	BCM DynamicBelay™ 2030 QDIA	BCM DynamicBelay™ 2040 QDIA	BCM DynamicBelay™ 2050 QDIA	BCM DynamicBelay™ 2060 QDIA
Net asset value, beginning of year	\$ 10.26	\$ 11.02	\$ 10.57	\$ 10.83	\$ 10.81	\$ 11.23	\$ 11.07
Net investment income (loss)	(0.04)	0.19	0.08	0.16	0.06	0.06	0.04
Net realized and unrealized gains	3.14	1.62	0.76	1.07	1.19	1.58	1.68
Net increase from investment operations	3.10	1.81	0.84	1.23	1.25	1.64	1.72
Net asset value, end of year	<u>\$ 13.36</u>	<u>\$ 12.83</u>	<u>\$ 11.41</u>	<u>\$ 12.06</u>	<u>\$ 12.06</u>	<u>\$ 12.87</u>	<u>\$ 12.79</u>
Total return	30.21%	16.42%	7.95%	11.36%	11.56%	14.60%	15.54%
Ratio to average net assets:							
Net investment income (loss)	(0.32%)	1.48%	0.70%	1.41%	0.53%	0.52%	0.34%
Expenses without expense reimbursement	1.35%	0.39%	1.35%	0.62%	1.44%	1.11%	1.57%
Expenses with expense reimbursement	1.35%	0.39%	1.35%	0.62%	1.44%	1.11%	1.57%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

#### Note 4: Participant Unit Transactions

	BCM Decathlon Growth Tactics Fund		BCM U.S. Sector Rotation Fund		BCM DynamicBelay™ 2020 QDIA	
	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R1:</b>						
Proceeds from sales of units	54,113	\$ 651,298	982,934	\$ 12,202,340	3,485	\$ 39,013
Cost of units redeemed	(59,995)	(710,964)	(13,025)	(157,856)	(3,113)	(34,885)
Net increase (decrease) from participant transactions		<u>\$ (59,666)</u>		<u>\$ 12,044,484</u>		<u>\$ 4,128</u>
	BCM DynamicBelay™ 2030 QDIA		BCM DynamicBelay™ 2040 QDIA		BCM DynamicBelay™ 2050 QDIA	
	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R1:</b>						
Proceeds from sales of units	15,672	\$ 178,218	5,171	\$ 60,435	16,596	\$ 209,874
Cost of units redeemed	(60,010)	(695,032)	(3,343)	(39,117)	(4,703)	(57,880)
Net increase (decrease) from participant transactions		<u>\$ (516,814)</u>		<u>\$ 21,318</u>		<u>\$ 151,994</u>
	BCM DynamicBelay™ 2060 QDIA					
	Units	Dollars				
<b>Class R1:</b>						
Proceeds from sales of units	9,815	\$ 120,476				
Cost of units redeemed	(5,630)	(69,684)				
Net increase from participant transactions		<u>\$ 50,792</u>				

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

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

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

- 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, 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.

**Exchange-traded Funds.** Securities traded on a national securities exchange (or reported on the NASDAQ national market) are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy.

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.

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>BCM Decathlon Growth Tactics Fund</b>				
Short Term Investment	\$ 3,496	\$ 3,496	\$ -	\$ -
Exchange-traded Funds - Equity	159,617	159,617	-	-
Total	\$ 163,113	\$ 163,113	\$ 0	\$ 0

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>BCM U.S. Sector Rotation Fund</b>				
Short Term Investment	\$ 299,736	\$ 299,736	\$ -	\$ -
Exchange-traded Funds - Equity	12,260,908	12,260,908	-	-
Total	<u>\$ 12,560,644</u>	<u>\$ 12,560,644</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>BCM DynamicBelay™ 2020 QDIA</b>				
Short Term Investment	\$ 1,093	\$ 1,093	\$ -	\$ -
Exchange-traded Funds - Fixed Income	20,994	20,994	-	-
Exchange-traded Funds - Equity	16,363	16,363	-	-
Total	<u>\$ 38,450</u>	<u>\$ 38,450</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>BCM DynamicBelay™ 2030 QDIA</b>				
Short Term Investment	\$ 26,891	\$ 26,891	\$ -	\$ -
Exchange-traded Funds - Fixed Income	425,475	425,475	-	-
Exchange-traded Funds - Equity	523,884	523,884	-	-
Total	<u>\$ 976,250</u>	<u>\$ 976,250</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>BCM DynamicBelay™ 2040 QDIA</b>				
Short Term Investment	\$ 1,695	\$ 1,695	\$ -	\$ -
Exchange-traded Funds - Fixed Income	18,712	18,712	-	-
Exchange-traded Funds - Equity	37,492	37,492	-	-
Total	<u>\$ 57,899</u>	<u>\$ 57,899</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>BCM DynamicBelay™ 2050 QDIA</b>				
Short Term Investment	\$ 137,056	\$ 137,056	\$ -	\$ -
Exchange-traded Funds - Fixed Income	33,755	33,755	-	-
Exchange-traded Funds - Equity	164,398	164,398	-	-
Total	<u>\$ 335,209</u>	<u>\$ 335,209</u>	<u>\$ 0</u>	<u>\$ 0</u>



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>BCM DynamicBelay™ 2060 QDIA</b>				
Short Term Investment	\$ 2,942	\$ 2,942	\$ -	\$ -
Exchange-traded Funds - Fixed Income	4,701	4,701	-	-
Exchange-traded Funds - Equity	89,351	89,351	-	-
Total	\$ 96,994	\$ 96,994	\$ 0	\$ 0

### 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**  
**BCM Decathlon Growth Tactics Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Exchange-traded Funds - Fixed Income	\$ 34,094
Exchange-traded Funds - Equity	740,810
Total Investments Purchased	\$ 774,904

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Exchange-traded Funds - Fixed Income	\$ 34,910	\$ 34,094	\$ 816
Exchange-traded Funds - Equity	794,077	756,455	37,622
Total Investments Sold	\$ 828,987	\$ 790,549	\$ 38,438

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**BCM U.S. Sector Rotation Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Exchange-traded Funds - Equity	<u>\$ 13,351,575</u>
Total Investments Purchased	<u><u>\$ 13,351,575</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Exchange-traded Funds - Equity	<u>\$ 1,542,373</u>	<u>\$ 1,468,401</u>	<u>\$ 73,972</u>
Total Investments Sold	<u><u>\$ 1,542,373</u></u>	<u><u>\$ 1,468,401</u></u>	<u><u>\$ 73,972</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**BCM DynamicBelay™ 2020 QDIA**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Exchange-traded Funds - Fixed Income	\$ 4,582
Exchange-traded Funds - Equity	<u>27,433</u>
Total Investments Purchased	<u><u>\$ 32,015</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Exchange-traded Funds - Equity	<u>\$ 26,801</u>	<u>\$ 24,017</u>	<u>\$ 2,784</u>
Total Investment Sales	<u><u>\$ 26,801</u></u>	<u><u>\$ 24,017</u></u>	<u><u>\$ 2,784</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**BCM DynamicBelay™ 2030 QDIA**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Exchange-traded Funds - Fixed Income	\$ 84,525
Exchange-traded Funds - Equity	954,231
Total Investments Purchased	\$ 1,038,756

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Exchange-traded Funds - Fixed Income	\$ 261,450	\$ 258,635	\$ 2,815
Exchange-traded Funds - Equity	1,269,738	1,177,021	92,717
Total Investment Sales	\$ 1,531,188	\$ 1,435,656	\$ 95,532

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**BCM DynamicBelay™ 2040 QDIA**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Exchange-traded Funds - Fixed Income	\$ 8,945
Exchange-traded Funds - Equity	50,373
Total Investments Purchased	\$ 59,318

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Exchange-traded Funds - Equity	\$ 37,751	\$ 33,957	\$ 3,794
Total Investment Sales	\$ 37,751	\$ 33,957	\$ 3,794

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**BCM DynamicBelay™ 2050 QDIA**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Exchange-traded Funds - Fixed Income	\$ 27,029
Exchange-traded Funds - Equity	<u>181,676</u>
Total Investments Purchased	<u><u>\$ 208,705</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Exchange-traded Funds - Equity	<u>\$ 58,996</u>	<u>\$ 52,664</u>	<u>\$ 6,332</u>
Total Investment Sales	<u><u>\$ 58,996</u></u>	<u><u>\$ 52,664</u></u>	<u><u>\$ 6,332</u></u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**BCM DynamicBelay™ 2060 QDIA**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Exchange-traded Funds - Fixed Income	\$ 3,611
Exchange-traded Funds - Equity	<u>154,261</u>
Total Investments Purchased	<u><u>\$ 157,872</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Exchange-traded Funds - Fixed Income	\$ 657	\$ 666	\$ (9)
Exchange-traded Funds - Equity	<u>108,377</u>	<u>101,209</u>	<u>7,168</u>
Total Investment Sales	<u><u>\$ 109,034</u></u>	<u><u>\$ 101,875</u></u>	<u><u>\$ 7,159</u></u>