

**Hand Composite Employee Benefit Trust**  
**BrandywineGLOBAL - Alternative Credit CIF**  
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 the selected fund, BrandywineGLOBAL – Alternative Credit CIF, included in the Hand Composite Employee Benefit Trust ("Trust" or "Fund"), which comprise the statement of assets and liabilities, including the schedule 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 the selected fund, BrandywineGLOBAL – Alternative Credit CIF, as of December 31, 2017, and the results of its operations and the changes in its net assets for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investment purchases and sales listed in the table of contents is presented for purposes of additional analysis and is 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 audit 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**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2017**

	<b>BrandywineGLOBAL Alternative Credit CIF</b>
<b>Assets</b>	
Investments, at cost	\$ 57,442,013
Investments, at fair value	\$ 58,705,435
Cash denominated in foreign currencies (Cost - \$33,836)	33,836
Receivable from broker - variation margin on open futures contracts	24,764
Receivable from broker - variation margin on centrally cleared swap contracts	218,732
Unrealized gain on foreign currency forward exchange contracts	13,950
Deposits with brokers for open futures contracts	79,515
Deposits with brokers for centrally cleared swap contracts	859,715
OTC swaps, at value (net premiums paid - \$473,718)	718,700
Receivable for open OTC swap contracts	11,753
Receivable for:	
Dividends and interest	239,807
Investment advisor waived fees	24,277
Principal paydown	231
Total assets	\$ 60,930,715
<b>Liabilities</b>	
Payable for investment securities purchased	\$ 3,533,483
Management fee payable	44,318
OTC swaps, at value (premiums received - \$453,286)	325,558
Accrued foreign capital gains tax	481
Unrealized loss on foreign currency forward exchange contracts	118,812
Payable for open OTC swap contracts	788
Deposits from brokers for OTC derivatives	240,000
Accounts payable and accrued liabilities	24,058
Total liabilities	\$ 4,287,498
Net assets held for participants:	
Class R	\$ 56,643,217
Total net assets held for participants	\$ 56,643,217
Units outstanding:	
Class R	4,839,922
Total units outstanding	4,839,922
Net asset value per unit:	
Class R	\$ 11.70

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**BrandywineGLOBAL – Alternative Credit CIF**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
4,379,135	State Street Institutional U.S. Government Money Market Fund, Premier Class 1.219%	\$ 4,379,135	\$ 4,379,135
<b>Total Short Term Investment</b>		<b>7.46%</b>	<b>4,379,135</b>
<hr/>			
Principal Amount†		Cost	Fair Value
<b><u>Corporate Bonds</u></b>			
<b><u>Consumer Staples</u></b>			
\$ 465,000	Marfrig Holdings Europe BV Company Guarantee 144A 8.00% 06/08/2023	470,146	484,762
<b>Total Consumer Staples</b>		<b>0.83%</b>	<b>470,146</b>
<b><u>Energy</u></b>			
109,000	Chesapeake Energy Corp. Company Guarantee 6.125% 02/15/2021	107,314	110,362
696,000	Chesapeake Energy Corp. Secured 144A 8.00% 12/15/2022	705,813	750,810
630,000	Dell International LLC / EMC Corp. Sr Secured 144A 6.02% 06/15/2026	629,734	694,650
275,000	Petrobras Global Finance BV Company Guarantee 5.375% 01/27/2021	251,111	286,000
850,000	Petrobras Global Finance BV Company Guarantee 5.75% 01/20/2020	802,859	885,836
980,000	Petrobras Global Finance BV Company Guarantee 8.75% 05/23/2026	1,039,272	1,171,100
<b>Total Energy</b>		<b>6.64%</b>	<b>3,536,103</b>
<b><u>Financials</u></b>			
ARS 580,000	Banco do Brasil SA Jr Subordinated REGS 9.00% 06/18/2024	594,477	622,775
8,290,000	Banco Hipotecario SA Unsecured 144A 25.938% 11/07/2022	469,186	440,285
<b>Total Financials</b>		<b>1.81%</b>	<b>1,063,663</b>
<b><u>Health Care</u></b>			
275,000	Valeant Pharmaceuticals International, Inc. Company Guarantee 144A 5.375% 03/15/2020	275,678	275,344
<b>Total Health Care</b>		<b>0.47%</b>	<b>275,678</b>
<b><u>Industrials</u></b>			
595,000	Digicel Group Ltd. Sr Unsecured 144A 7.125% 04/01/2022	510,461	550,976
540,000	Digicel Group Ltd. Sr Unsecured 144A 8.25% 09/30/2020	500,097	531,247
<b>Total Industrials</b>		<b>1.84%</b>	<b>1,010,558</b>
<b><u>Materials</u></b>			
1,205,000	Hexion, Inc. Sr Secured 6.625% 04/15/2020	1,093,016	1,081,487
<b>Total Materials</b>		<b>1.84%</b>	<b>1,093,016</b>
<b>Total Corporate Bonds</b>		<b>13.43%</b>	<b>7,449,164</b>
<hr/>			
<b><u>Floating Rate Loan</u></b>			
<b><u>Energy</u></b>			
1,120,000	Chesapeake Energy Corp. Term Loan 8.954% 08/23/2021	1,151,791	1,190,000
<b>Total Energy</b>		<b>2.03%</b>	<b>1,151,791</b>
<b>Total Floating Rate Loan</b>		<b>2.03%</b>	<b>1,151,791</b>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**BrandywineGLOBAL – Alternative Credit CIF**  
**December 31, 2017**

Principal Amount†		Cost	Fair Value
<b><u>Foreign Government</u></b>			
<b><i>Indonesia</i></b>			
IDR \$7,680,000,000	Indonesia Treasury Bond Sr Unsecured 7.00% 05/15/2027	\$ 591,115	\$ 593,230
	Total Indonesia	1.01% 591,115	593,230
<b><i>Peru</i></b>			
PEN 3,505,000	Peru Government Bond 144A, REGS 6.15% 08/12/2032	1,138,875	1,149,658
	Total Peru	1.96% 1,138,875	1,149,658
	<b>Total Foreign Government</b>	<b>2.97% 1,729,990</b>	<b>1,742,888</b>
<b><u>Asset-Backed Securities</u></b>			
528,675	Applebee's Funding LLC / IHOP Funding LLC Series 2014-1, Class A2, 144A 4.277% 09/05/2044	519,982	514,385
1,153,176	SLM Private Education Loan Trust Series 2011-B, Class A2, 144A 3.74% 02/15/2029	1,168,491	1,168,055
1,137,103	SoFi Professional Loan Program LLC Series 2015-D, Class A2, 144A 2.72% 10/27/2036	1,143,143	1,136,451
1,525,000	Towd Point Mortgage Trust Series 2015-3, Class B1, 144A 4.272% 03/25/2054	1,521,254	1,562,258
725,773	Towd Point Mortgage Trust Series 2017-6, Class A1, 144A 2.75% 10/25/2057	727,849	727,644
	<b>Total Asset-Backed Securities</b>	<b>8.70% 5,080,719</b>	<b>5,108,793</b>
<b><u>Collateralized Mortgage Obligations</u></b>			
EUR 1,300,000	Bancaja 10 FTA Series 10, Class C, REGS .171% 05/22/2050	906,727	1,072,911
2,040,000	Federal Home Loan Mortgage Corp. Series 2015-DNA2, Class M3 5.452% 12/25/2027	2,247,205	2,273,059
350,000	Federal Home Loan Mortgage Corp. Series 2017-DNA2, Class B1 6.702% 10/25/2029	356,174	389,917
1,115,000	Federal National Mortgage Association Series 2016-C03, Class 2M2 7.452% 10/25/2028	1,280,882	1,293,734
1,275,975	Newgate Funding PLC Series 2006-3X, Class MB, REGS .001% 12/01/2050	1,209,565	1,432,730
EUR 1,065,681	RMAC Securities No 1 PLC Series 2006-NS1X, Class M2C, REGS .144% 06/12/2044	997,300	1,182,974
868,579	RMAC Securities No 1 PLC Series 2006-NS4X, Class M1A, REGS .792% 06/12/2044	1,184,165	1,098,638
	<b>Total Collateralized Mortgage Obligations</b>	<b>14.89% 8,182,018</b>	<b>8,743,963</b>
<b><u>Mortgage-Backed Securities</u></b>			
8,557,205	Banc of America Commercial Mortgage Trust Series 2017-BNK3, Class XA, IO 1.144% 02/15/2050	651,348	658,175
33,205,755	Freddie Mac Multifamily Structured Pass-Through Certificates Series K063, Class X1, IO .293% 01/25/2027	750,550	777,901
20,522,050	Freddie Mac Multifamily Structured Pass-Through Certificates Series K723, Class X1, IO .956% 08/25/2023	925,416	913,705
1,000,000	FREMF Mortgage Trust Series 2013-K24, Class C, 144A 3.501% 11/25/2045	949,829	984,381
835,000	FREMF Mortgage Trust Series 2014-K717, Class C, 144A 3.629% 11/25/2047	821,429	829,860
1,435,000	FREMF Mortgage Trust Series 2015-K48, Class B, 144A 3.637% 08/25/2048	1,429,730	1,450,681
1,090,000	FREMF Mortgage Trust Series 2017-K64, Class B, 144A 3.981% 03/25/2027	1,090,537	1,102,163
680,000	FREMF Mortgage Trust Series 2017-K66, Class C, 144A 4.034% 07/25/2027	665,262	656,992
500,000	FREMF Mortgage Trust Series 2017-K724, Class B, 144A 3.487% 11/25/2023	475,991	498,932
838,000	JPMBB Commercial Mortgage Securities Trust Series 2014-C21, Class D, 144A 4.662% 08/15/2047	693,229	715,606
1,390,000	JPMCC Re-REMIC Trust Series 2014-FRR1, Class B707, REMIC, 144A 2.01% 01/27/2047	1,287,068	1,338,672
872,231	Wachovia Bank Commercial Mortgage Trust Series 2007-C31, Class AJ 5.66% 04/15/2047	886,556	885,568
	<b>Total Mortgage-Backed Securities</b>	<b>18.42% 10,626,945</b>	<b>10,812,636</b>
<b><u>U.S. Government &amp; Agency Obligations</u></b>			
15,325,000	U.S. Treasury Bill 1.249%, 02/01/2018	15,308,768	15,308,903
3,545,000	U.S. Treasury Bill 1.383%, 03/29/2018	3,533,483	3,533,483
	<b>Total U.S. Government &amp; Agency Obligations</b>	<b>32.10% 18,842,251</b>	<b>18,842,386</b>
	<b>Total Investments</b>	<b>100.00% \$ 57,442,013</b>	<b>\$ 58,705,435</b>

†Principal amount denominated in U.S. dollars, unless otherwise noted.

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**BrandywineGLOBAL – Alternative Credit CIF**  
**December 31, 2017**

**Abbreviations used in this table:**

ARS	Argentine Peso
EUR	Euro
IDR	Indonesian Rupiah
PEN	Peruvian Nuevo Sol



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

	<b>BrandywineGLOBAL Alternative Credit CIF</b>
<b>Income</b>	
Interest (net of foreign withholding taxes of \$5,394)	\$ 2,508,279
Total income	2,508,279
<b>Expenses</b>	
Trustee and administrative	94,708
Class R expenses	521,692
Total expenses before reimbursement	616,400
Reimbursement of fees	(66,270)
Net expenses	550,130
<b>Net Investment Income</b>	1,958,149
<b>Net Realized Gains (Losses) on Investments, Futures Contracts, Swap Contracts and Foreign Currency</b>	
Net realized gains on investments	1,156,918
Net realized losses on futures contracts	(366,373)
Net realized gains on swap contracts	756,571
Net realized gains on foreign currency transactions	4,200
Net realized losses on foreign currency forward exchange contracts	(150,055)
Net realized gains	1,401,261
<b>Change in Net Unrealized Appreciation (Depreciation)</b>	
Investments	1,346,516
Deferred foreign capital gains tax	(481)
Futures contracts	24,742
Swap contracts	333,816
Foreign currencies	472
Foreign currency forward exchange contracts	(427,245)
Change in net unrealized appreciation (depreciation)	1,277,820
Net realized and unrealized gains on investments, futures contracts, swap contracts and foreign currency	2,679,081
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 4,637,230

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

	<b>BrandywineGLOBAL - Alternative Credit CIF</b>
<b>Operations</b>	
Net investment income	\$ 1,958,149
Net realized gains	1,401,261
Change in net unrealized appreciation (depreciation)	1,277,820
Net increase in net assets from operations	4,637,230
 <b>Net Decrease in Net Assets From Participant Unit Transactions</b>	 (3,030,000)
<b>Increase in Net Assets</b>	1,607,230
<b>Net Assets</b>	
Beginning of year	55,035,987
End of year	\$ 56,643,217

# 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 one of those funds, the BrandywineGLOBAL - Alternative Credit CIF (formerly BW Alternative Credit CIF) (the Fund), are included in this report.

Each class of the Fund 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 and foreign currency 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 of investments are reported on the identified cost basis.

#### ***Foreign Currency***

Investment securities and other assets and liabilities denominated in, or expected to settle in, foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

The Fund isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Reported net realized foreign exchange gains or losses arise from sales of portfolio securities, sales and maturities of short term securities, sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, including investments in securities at December 31, 2017, resulting from changes in the exchange rates.

### ***Futures Contracts***

The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the "initial margin" and subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. The daily changes in contract value are recorded as unrealized gains or losses in the statement of operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

### ***Foreign Currency Forward Exchange Contracts***

The Fund may enter into foreign currency forward exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The Fund's net equity therein, representing unrealized gain or loss on the contracts, as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. These instruments involve market risk, credit risk or both kinds of risks in excess of the amount recognized in the statement of assets and liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and movement in currency and securities values and interest rates.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

#### ***Swap Agreements***

The Fund invests in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with other portfolio transactions. Swap agreements are privately negotiated in the over-the-counter market ("OTC Swaps") or may be executed on a registered exchange ("Centrally Cleared Swaps"). Unlike Centrally Cleared Swaps, the Fund has credit exposure to the counterparties of OTC Swaps.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of Centrally Cleared Swaps, if any, is recorded as a receivable or payable for variation margin on the statement of assets and liabilities. Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the schedule of investments and restricted cash, if any, is identified on the statement of assets and liabilities. Risks may exceed amounts recorded in the statement of assets and liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, and the possible lack of liquidity with respect to the swap agreements.

OTC swap payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the statement of assets and liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the statement of operations. Net periodic payments received or paid by the Fund are recognized as a realized gain or loss in the statement of operations.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of December 31, 2017, the total notional value of all credit default swaps to sell protection was \$29,370,000. This amount would be offset by the value of the swap's reference entity, upfront premiums received on the swap and any amounts received from the settlement of a credit default swap where the Fund bought protection for the same referenced security/entity for a notional value of \$810,000.

For average notional amounts of swaps held during the year ended December 31, 2017, see Note 4.

#### ***Credit Default Swaps***

The Fund enters into credit default swap ("CDS") contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (i.e., to reduce risk where the Fund has exposure to an issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the notes to financial statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

The Fund's maximum risk of loss from counterparty risk, as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). As the protection seller, the Fund's maximum risk is the notional amount of the contract. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the statement of assets and liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

#### ***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 Fund 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 Fund 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. The Fund is valued daily.

#### ***Federal Income Taxes***

The Fund complies with the requirements under Section 501(a) of the IRC and apportion all of its taxable income to its 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 advisor for the Fund is Brandywine Global Investment Management, LLC.

#### **Note 2: Futures Contracts**

At December 31, 2017, the Fund had the following open futures contracts:

	<b>Number of Contracts</b>	<b>Expiration Date</b>	<b>Basis Value</b>	<b>Market Value</b>	<b>Unrealized Appreciation</b>
<b>Contracts to sell:</b>					
Euro-Bond	13	3/18	\$ 3,128,608	\$ 3,103,866	\$ 24,742
Net unrealized appreciation on open futures contracts					<u>\$ 24,742</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

#### Note 3: Foreign Currency Forward Exchange Contracts

At December 31, 2017, the Fund had the following open futures contracts:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
EUR	\$ 990,000	USD	\$ 1,177,463	Barclays Bank PLC	02/09/18	\$ 12,918
USD	3,572,574	EUR	3,070,000	JPMorgan Chase Bank, N.A.	02/09/18	(118,812)
GBP	90,000	USD	120,764	Citibank, N.A.	03/15/18	1,032
Total						\$ (104,862)

**Abbreviations used in this table:**

EUR Euro  
 GBP British Pound  
 USD United States Dollar

#### Note 4: Swap Contracts

At December 31, 2017, the Fund had the following swap contracts:

Centrally Cleared Credit Default Swaps on Credit Indices - Sell Protection <sup>(1)</sup>						
Central Swap Counterparty (Reference Entity)	Notional Amount <sup>(2)</sup>	Termination Date	Periodic Payments Received by the Fund <sup>†</sup>	Market Value	Upfront Premiums Paid	Unrealized Appreciation
InterContinental Exchange (Market CDX.NA.HY.29 Index)	\$ 18,965,000	12/20/22	5.000% quarterly	\$ 1,571,155	\$ 1,485,580	\$ 85,575
Total	\$ 18,965,000			\$ 1,571,155	\$ 1,485,580	\$ 85,575

OTC Credit Default Swaps on Corporate Issues - Sell Protection <sup>(1)</sup>							
Swap Counterparty (Reference Entity)	Notional Amount <sup>(2)</sup>	Termination Date	Implied Credit Spread at December 31, 2017 <sup>(3)</sup>	Periodic Payments Received by the Fund <sup>†</sup>	Market Value	Upfront Premiums Received	Unrealized Appreciation
Citigroup Global Markets Inc. (Chesapeake Energy Corp., 6.625%, due 8/15/20)	\$ 755,000	12/20/21	6.15%	5.000% quarterly	\$ (29,611)	\$ (94,805)	\$ 65,194
Morgan Stanley & Co. Inc. (Chesapeake Energy Corp.)	605,000	12/20/21	6.15%	5.000% quarterly	(23,728)	(76,545)	52,817
Total	\$ 1,360,000				\$ (53,339)	\$ (171,350)	\$ 118,011



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

#### OTC Credit Default Swaps on Credit Indices - Sell Protection <sup>(1)</sup>

Swap Counterparty (Reference Entity)	Notional Amount <sup>(2)</sup>	Termination Date	Implied Credit Spread at December 31, 2017 <sup>(3)</sup>	Periodic Payments Received by the Fund†	Market Value	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
Morgan Stanley & Co. Inc. (Argentine Republic, 7.500% due 4/22/26)	\$ 1,090,000	06/20/22	2.17%	5.0000% quarterly	\$ 127,558	\$ 61,916	\$ 65,642
Morgan Stanley & Co. Inc. (Argentine Republic, 7.500% due 4/22/26)	1,060,000	06/20/22	2.17%	5.0000% quarterly	124,048	56,266	67,782
Morgan Stanley & Co. Inc. (Argentine Republic, 7.500% due 4/22/26)	1,300,000	12/20/22	2.38%	5.0000% quarterly	154,153	149,534	4,619
Morgan Stanley & Co. Inc. (Argentine Republic, 7.500% due 4/22/26)	1,015,000	12/20/22	2.38%	5.0000% quarterly	120,358	112,402	7,956
Morgan Stanley & Co. Inc. (Dell, Inc. 7.100% due 4/15/28)	550,000	06/20/22	1.87%	1.0000% quarterly	(19,883)	(37,342)	17,459
Morgan Stanley & Co. Inc. (Federative Republic of Brazil, 4.250% due 1/7/25)	3,220,000	06/20/22	1.44%	1.0000% quarterly	(59,753)	(189,114)	129,361
Morgan Stanley & Co. Inc. (Market CMBX.NA.BB.6 Index)	<u>810,000</u>	05/11/63	0.03%	5.000% monthly	<u>(192,583)</u>	<u>(55,479)</u>	<u>(137,104)</u>
Total	<u>\$ 9,045,000</u>				<u>\$ 253,898</u>	<u>\$ 98,183</u>	<u>\$ 155,715</u>

#### OTC Credit Default Swaps on Corporate Issues - Buy Protection <sup>(1)</sup>

Swap Counterparty (Reference Entity)	Notional Amount <sup>(2)</sup>	Termination Date	Implied Credit Spread at December 31, 2017 <sup>(3)</sup>	Periodic Payments Received by the Fund†	Market Value	Upfront Premiums Paid	Unrealized Appreciation
JPMorgan Securities Inc. (CMBX.NA.BB.6 Index)	\$ 810,000	05/11/63	0.03%	5.000% monthly	192,583	93,600	98,983
Total	<u>\$ 810,000</u>				<u>\$ 192,583</u>	<u>\$ 93,600</u>	<u>\$ 98,983</u>

<sup>(1)</sup> If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

<sup>(2)</sup> The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

<sup>(3)</sup> The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative had the notional amount of the swap agreement been closed/sold as of the period end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

<sup>(4)</sup> If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or the underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or the underlying securities comprising the referenced index.

† Percentage shown is an annual percentage rate.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 5: Investment Advisory Fees and Other Transactions With Affiliates

The Fund is charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Fund has also entered into investment advisory and service agreements with a third party advisor. These fees compensate the advisor for the services it provides and for expenses borne by the advisor under the agreement.

During the year ended December 31, 2017, the investment advisor voluntarily reimbursed the Fund for a portion of its expenses.

The following table indicates the fees charged to the Fund and the various classes of units within the Fund (as a percentage of net assets). These charges are calculated using the Fund's prior day's total net assets.

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
BW Alternative Credit CIF: Class R	0.04%	0.90%	0.08%	1.02%

### Note 6: Financial Highlights

	<b>BrandywineGLOBAL - Alternative Credit CIF</b>
	<b>Class R1</b>
Net asset value, beginning of year	\$ 10.79
Net investment income	0.39
Net realized and unrealized gains	0.52
Net increase from investment operations	0.91
Net asset value, end of year	\$ 11.70
Total return	8.43%
Ratio to average net assets:	
Net investment income	3.38%
Expenses without reimbursement	1.06%
Expenses with reimbursement	0.95%

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

**Note 7: Participant Unit Transactions**

	<b>BrandwineGLOBAL - Alternative Credit CIF</b>	
	<b>Units</b>	<b>Dollars</b>
<b>Class R</b>		
Cost of units redeemed	(260,078)	\$ (3,030,000)
Net change in Class R from participant transactions	(260,078)	(3,030,000)
Net decrease in net assets from participant transactions		\$ (3,030,000)

**Note 8: 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 Fund 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 and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of assets and liabilities, as well as the general classification of such assets and liabilities 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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

**Corporate Bonds.** The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Corporate bonds are categorized as Level 2 in the hierarchy.

**Floating Rate Loans.** The fair value of floating rate loans is generally valued using recently executed transactions, market price quotations (where observable), bid/ask quotes received by brokers specializing in floating rate loans and market observable credit default swap levels. Floating rate loans are categorized as Level 2 in the hierarchy.

**Foreign Government Obligations.** Foreign Government obligations are valued using models that incorporate market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. Certain securities are valued principally using dealer quotations. These securities are categorized as Level 2 in the hierarchy.

**Asset-Backed Securities, Collateralized Mortgage Obligations and Mortgage-Backed Securities.** These securities are valued using models that incorporate observable data, such as prepayments, delinquencies, yields, bids, offers, collateral seasoning and other factors. Deal specific scenarios are derived from historical performance information and loan level details. These securities are categorized as Level 2 in the hierarchy.

**U.S. Government and Agency Obligations.** U.S. Government obligations are valued using a model that incorporates market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. Certain securities are valued principally using dealer quotations. U.S. Government obligations are categorized as Level 2 in the hierarchy.

**Futures Contracts.** Futures contracts are marked-to-market on the daily fluctuations between the contract price and the market value of the underlying asset, as reported on a recognized exchange. Futures contracts are categorized as Level 1 in the hierarchy.

**Foreign Currency Contracts.** These contracts are valued at the prevailing forward exchange rate of the underlying currencies on the reporting date and unrealized gains or losses recorded daily. Foreign currency contracts are generally categorized as Level 2 in the hierarchy.

**Credit Default Swaps.** Credit default swaps are traded on the over-the-counter (OTC) market. Fair value for credit default swaps is based on models which take into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Other than the contract terms, valuation is heavily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. As the underlying debt on credit default swaps held by the Fund are liquid and the OTC market for the current spread is active, credit default swaps are categorized as Level 2 in the hierarchy.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement 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>BrandywineGLOBAL - Alternative Credit CIF</b>				
Financial Instruments - Assets:				
Short Term Investment	\$ 4,379,135	\$ 4,379,135	\$ -	\$ -
Corporate Bonds	7,885,634	-	7,885,634	-
Floating Rate Loan	1,190,000	-	1,190,000	-
Foreign government	1,742,888	-	1,742,888	-
Asset-backed Securities	5,108,793	-	5,108,793	-
Collateralized Mortgage Obligations	8,743,963	-	8,743,963	-
Mortgage-backed Securities	10,812,636	-	10,812,636	-
U.S. Government and Agency Obligations	18,842,386	-	18,842,386	-
Total Financial Instruments - Assets	<u>\$ 58,705,435</u>	<u>\$ 4,379,135</u>	<u>\$ 54,326,300</u>	<u>\$ 0</u>
Derivative Instruments - Assets:				
Future Contracts	\$ 24,742	\$ 24,742	\$ -	\$ -
Foreign Currency Exchange Contracts	13,950	-	13,950	-
Centrally Cleared Credit Default Swaps on Credit Indices - Sell Protection	85,575	-	85,575	-
OTC Credit Default Swaps on Credit Indices - Buy Protection	192,583	-	192,583	-
OTC Credit Default Swaps on Credit Indices - Sell Protection	526,117	-	526,117	-
Total Derivative Instruments - Assets	<u>\$ 842,967</u>	<u>\$ 24,742</u>	<u>\$ 818,225</u>	<u>\$ 0</u>
Derivative Instruments - Liabilities:				
Foreign Currency Exchange Contracts	\$ 118,812	\$ -	\$ 118,812	\$ -
OTC Credit Default Swaps on Corporate Issues - Sell Protection	53,339	-	53,339	-
OTC Credit Default Swaps on Credit Indices - Sell Protection	272,219	-	272,219	-
Total Derivative Instruments - Liabilities	<u>\$ 444,370</u>	<u>\$ 0</u>	<u>\$ 444,370</u>	<u>\$ 0</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 9: Risk Factors

#### ***Investment Securities Risk***

The Fund invests 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 statement of assets and liabilities.

#### ***Foreign Securities Risk***

Securities traded in foreign markets have often (though not always) performed differently from securities traded in the United States. However, such investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. In particular, the Fund is subject to the risk that because there may be fewer investors on foreign exchanges and a smaller number of securities traded each day, it may be more difficult for the Fund to buy and sell securities on those exchanges. In addition, prices of foreign securities may go up and down more than prices of securities traded in the United States.

#### ***Currency Risk***

Securities and other instruments in which the Fund invests may be denominated or quoted in currencies other than the U.S. Dollar. Changes in foreign currency exchange rates may affect the value of the Fund's portfolio. Because the Fund's assets are primarily invested in securities of foreign countries, the U.S. dollar equivalent of the Fund's net assets would be adversely affected by reductions in the value of the foreign currencies relative to the U.S. dollar. For this reason, changes in foreign currency exchange rates can affect the value of the Fund's portfolio. Generally, when the U.S. dollar rises in value against a foreign currency, a security denominated in that currency loses value because the currency is worth fewer U.S. dollars. Conversely, when the U.S. dollar decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more U.S. dollars. This risk, generally known as "currency risk," means that a strong U.S. dollar may reduce returns for U.S. investors in foreign stocks while a weak U.S. dollar may increase those returns.

### Note 10: Derivative Instruments and Hedging Activities

Below is a table, grouped by derivative type that provides information about the fair value and the location of derivatives within the statement of assets and liabilities at December 31, 2017.

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

<b>Asset Derivatives <sup>(1)</sup></b>				
	<b>Foreign Exchange Risk</b>	<b>Foreign Exchange Risk</b>	<b>Credit Risk</b>	<b>Total</b>
Futures contracts <sup>(2)</sup>	\$ 24,742	\$ -	\$ -	\$ 24,742
OTC swap contracts <sup>(3)</sup>	-	-	718,700	718,700
Centrally cleared swap contracts <sup>(4)</sup>	-	-	85,575	85,575
Forward foreign currency contracts	-	13,950	-	13,950
Total	\$ 24,742	\$ 13,950	\$ 804,275	\$ 842,967
<b>Liability Derivatives <sup>(1)</sup></b>				
	<b>Interest Rate Risk</b>	<b>Foreign Exchange Risk</b>	<b>Credit Risk</b>	<b>Total</b>
OTC swap contracts <sup>(3)</sup>	\$ -	\$ -	\$ 325,558	\$ 325,558
Forward foreign currency contracts	-	118,812	-	118,812
Total	\$ 0	\$ 118,812	\$ 325,558	\$ 444,370

<sup>(1)</sup> Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payable/net unrealized appreciation (depreciation).

<sup>(2)</sup> Includes cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only variation margin is reported within the receivable and/or payables on the Statement of Assets and Liabilities.

<sup>(3)</sup> Values include premiums paid (received) on swap contracts which are shown separately in the Statement of Assets and Liabilities.

<sup>(4)</sup> Includes cumulative appreciation (depreciation) of centrally cleared swap contracts as reported in the Schedule of Investments. Only variation margin is reported within the receivables and/or payables on the Statement of Assets and Liabilities.

The following tables provide information about the effect of derivatives and hedging activities on the Fund's statement of operations for the year ended December 31, 2017. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the period.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

	Amount of Realized Gain (Loss) on Derivatives Recognized				
	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Equity Risk	Total
Futures contracts	\$ (366,373)	\$ -	\$ -	\$ -	\$ (366,373)
Swap contracts	-	-	756,571	-	756,571
Forward foreign currency contracts	-	(150,055)	-	-	(150,055)
<b>Total</b>	<b>\$ (366,373)</b>	<b>\$ (150,055)</b>	<b>\$ 756,571</b>	<b>\$ 0</b>	<b>\$ 240,143</b>

	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized			
	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Futures contracts	\$ 24,742	\$ -	\$ -	\$ 24,742
Swap contracts	-	-	333,816	333,816
Forward foreign currency contracts	-	(427,245)	-	(427,245)
<b>Total</b>	<b>\$ 24,742</b>	<b>\$ (427,245)</b>	<b>\$ 333,816</b>	<b>\$ (68,687)</b>

During the year ended December 31, 2017, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Futures contracts (to buy)†	\$ 444,188
Futures contracts (to sell)†	3,062,808
Forward foreign currency contracts (to buy)	2,543,636
Forward foreign currency contracts (to sell)	7,221,381
	<b>Average Notional Balance</b>
Credit default swap contracts (to buy protection)	\$ 810,000
Credit default swap contracts (to sell protection)	14,755,639

† At December 31, 2017, there were no open positions held in this derivative.



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2017

The following table presents, by financial instrument, the Fund's derivative assets net of the related collateral received by the Fund at December 31, 2017:

	<b>Gross Amount of Derivative Assets in the Statement of Assets and Liabilities <sup>(1)</sup></b>	<b>Collateral Received</b>	<b>Net Amount</b>
OTC swap contracts	\$ 718,700	\$ -	\$ 718,700
Futures contracts <sup>(2)</sup>	24,764	-	24,764
Centrally cleared swap contracts <sup>(2)</sup>	218,732	-	218,732
Forward foreign currency contracts	13,950	-	13,950
Total	<u>\$ 976,146</u>	<u>\$ 0</u>	<u>\$ 976,146</u>

The following table presents, by financial instrument, the Fund's derivative liabilities net of the related collateral pledged by the Fund at December 31, 2017:

	<b>Gross Amount of Derivative Liabilities in the Statement of Assets and Liabilities <sup>(1)</sup></b>	<b>Collateral Pledged</b>	<b>Net Amount</b>
OTC swap contracts	\$ 325,558	\$ -	\$ 325,558
Forward foreign currency contracts	118,812	-	118,812
Total	<u>\$ 444,370</u>	<u>\$ 0</u>	<u>\$ 444,370</u>

<sup>(1)</sup> Absent an event of default or early termination, derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

<sup>(2)</sup> Amount represents the current day's variation margin as reported in the Statement of Assets and Liabilities. It differs from the cumulative appreciation (depreciation) presented in the previous table.

## **Supplemental Information**

**Hand Composite Employee Benefit Trust**  
**Schedule of Investment Purchases and Sales**  
**December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Asset-backed Securities	\$ 9,383,617
Collateralized Mortgage Obligations	34,124,070
Corporate Bonds	1,710,776
Floating Rate Loans	6,976,015
Foreign Government	<u>14,124,381</u>
Total Investments Purchased	<u><u>\$ 66,318,859</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Asset-backed Securities	\$ 11,480,557	\$ 11,249,723	\$ 230,834
Collateralized Mortgage Obligations	36,547,837	35,523,864	1,023,973
Corporate Bonds	4,532,685	4,335,312	197,373
Floating Rate Loans	10,882,633	10,890,477	(7,844)
Foreign Government	<u>13,431,065</u>	<u>13,301,222</u>	<u>129,843</u>
Total Investments Sold	<u><u>\$ 76,874,777</u></u>	<u><u>\$ 75,300,598</u></u>	<u><u>\$ 1,574,179</u></u>