

**Hand Composite Employee Benefit Trust
Bowen, Hanes Total Return Fund**

Independent Auditor's Report and Financial Statements

December 31, 2019



Hand Composite Employee Benefit Trust
December 31, 2019

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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 a selected fund (Bowen, Hanes Total Return Fund) included in the Hand Composite Employee Benefit Trust ("Trust" or "Fund"), which statements comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2019, and the related statements of operations and changes in net assets for the period May 31, 2019 (inception) to December 31, 2019, 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 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 the selected fund included in the Hand Composite Employee Benefit Trust, as of December 31, 2019, and the results of its operations and changes in its net assets for the period May 31, 2019 (inception) to December 31, 2019, 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 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 29, 2020

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2019

	Bowen, Hanes Total Return Fund
Assets	
Investments, at cost	<u>\$ 3,285,622</u>
Investments, at fair value	\$ 4,935,594
Receivable for:	
Investment advisor	723
Dividends and interest	<u>4,540</u>
Total assets	<u>\$ 4,940,857</u>
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 459</u>
Total liabilities	<u>\$ 459</u>
Net assets held for participants:	
Class R	\$ 4,940,387
Class R1	<u>11</u>
Total net assets held for participants	<u>\$ 4,940,398</u>
Units outstanding:	
Class R	433,399
Class R1	<u>1</u>
Total units outstanding	<u>433,400</u>
Net asset value per unit:	
Class R	<u>\$ 11.40</u>
Class R1	<u>\$ 11.40</u>

Hand Composite Employee Benefit Trust
Schedule of Investments
Bowen, Hanes Total Return Fund
December 31, 2019

Number of Shares/ Principal Amount		Cost	Fair Value
<u>Short Term Investment</u>			
559,702	First American Treasury Obligation Fund V	\$ 559,702	\$ 559,702
	Total Short Term Investment	11.34% 559,702	559,702
<u>Corporate Bonds</u>			
<u>Consumer Discretionary</u>			
\$ 50,000	Campbell Soup Co 2.5% 08/02/2022	49,628	50,612
	Total Consumer Discretionary	1.03% 49,628	50,612
<u>Healthcare</u>			
50,000	CVS Health Corp 2.125% 06/01/2021	49,791	50,086
	Total Healthcare	1.01% 49,791	50,086
<u>Industrials</u>			
50,000	VMware Inc 2.3% 08/21/2020	39,931	39,058
	Total Industrials	0.79% 39,931	39,058
<u>Information Technology</u>			
40,000	Ford Motor Credit Co Llc 2.6% 09/20/2021	49,922	50,071
	Total Information Technology	1.01% 49,922	50,071
	Total Corporate Bonds	3.85% 189,272	189,827
<u>Common Stocks</u>			
<u>Consumer Discretionary</u>			
735	Home Depot Inc	72,202	160,509
1,295	Walt Disney	42,088	187,296
	Total Consumer Discretionary	7.05% 114,290	347,805

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Bowen, Hanes Total Return Fund (Continued)
December 31, 2019

Number of Shares/ Principal Amount		Cost	Fair Value
<i>Consumer Staples</i>			
1,085	Mccormick & Co	\$ 78,749	\$ 184,157
1,250	Procter & Gamble Co	155,256	156,125
	Total Consumer Staples	6.89% <u>234,005</u>	<u>340,282</u>
<i>Financials</i>			
1,675	American Express Co Company	130,465	208,521
1,500	JP Morgan Chase & Co	170,533	209,100
690	S&P Global Inc	60,747	188,405
3,000	Schwab Charles Corporation	147,353	142,679
	Total Financials	15.17% <u>509,098</u>	<u>748,705</u>
<i>Healthcare</i>			
1,245	Johnson & Johnson Corporation	73,231	181,608
	Total Healthcare	3.68% <u>73,231</u>	<u>181,608</u>
<i>Industrials</i>			
505	Boeing Co	171,959	164,509
1,090	Honeywell International	105,314	192,930
515	Lockheed Martin Corporation	101,991	200,531
590	Teledyne Technologies Inc	29,401	204,458
	Total Industrials	15.45% <u>408,665</u>	<u>762,428</u>
<i>Information Technology</i>			
700	Apple Inc	32,060	205,555
995	Auto Data Processing Inc	75,043	169,648
3,700	Cisco Systems Inc	167,082	177,452
5,515	Corning Inc	84,683	160,542
1,295	Microsoft Corporation	139,290	204,222
1,575	Texas Instruments Inc	80,827	202,056
	Total Information Technology	22.68% <u>578,985</u>	<u>1,119,475</u>
	Total Common Stocks	70.92% <u>1,918,274</u>	<u>3,500,303</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Bowen, Hanes Total Return Fund (Continued)
December 31, 2019

Number of Shares/ Principal Amount		Cost	Fair Value
<u>Foreign Stocks</u>			
<i>Financials</i>			
4,000	Brookfield Property Partners LP	\$ 76,646	\$ 73,120
	Total Financials	1.48% <u>76,646</u>	<u>73,120</u>
<i>Healthcare</i>			
3,900	Roche Holdings Ltd Spons ADR	151,164	158,574
	Total Healthcare	3.21% <u>151,164</u>	<u>158,574</u>
<i>Industrials</i>			
745	Canadian Pacific Railway Ltd	164,028	189,938
	Total Industrials	3.85% <u>164,028</u>	<u>189,938</u>
<i>Utilities</i>			
1,750	Brookfield Infrastructure PA	74,348	87,483
2,200	Brookfield Renewable Partners LP	76,837	102,586
	Total Utilities	3.85% <u>151,185</u>	<u>190,069</u>
	Total Foreign Stocks	12.39% <u>543,023</u>	<u>611,701</u>
<u>Partnership</u>			
2,630	Enterprise Products Partners	75,351	74,061
	Total Partnership	1.50% <u>75,351</u>	<u>74,061</u>
	Total Investments	100.00% <u>\$ 3,285,622</u>	<u>\$ 4,935,594</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
For the Period May 31, 2019 (Inception) to December 31, 2019

	Bowen, Hanes Total Return Fund
Income	
Interest	\$ 8,384
Dividends	45,822
Total income	54,206
Expenses	
Investment management and administrative	1,925
Custody	5,859
Total expenses before reimbursement of fees	7,784
Reimbursements of fees	(5,074)
Net expenses	2,710
Net Investment Income	51,496
Net Realized and Unrealized Gains on Investments	
Net realized gains	250,235
Net change in unrealized appreciation	297,327
Net realized and unrealized gains on investments	547,562
Net Increase in Net Assets Resulting From Operations	\$ 599,058

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
For the Period May 31, 2019 (Inception) to December 31, 2019

	Bowen, Hanes Total Return Fund
Operations	
Net investment income	\$ 51,496
Net realized gains	250,235
Change in unrealized appreciation	297,327
Net increase in net assets from operations	599,058
Net Increase in Net Assets From Participant Transactions	4,341,340
Increase in Net Assets	4,940,398
Net Assets	
Beginning of period	-
End of period	\$ 4,940,398

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

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 76 Funds (the Funds); the financial statements of one of those funds are included in this report.

The Fund's inception date was May 31, 2019.

Each class of units 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 year ending date.

Investment Transactions

Investment transactions are recorded on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation on investments are determined using the identified cost basis.

Investment Income and Distribution of Income

Dividend income less foreign taxes withheld, if any, is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Investment income is allocated ratably on the valuation dates among all participants. No distributions are made to participants in the 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.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2019

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 their taxable income to their participants. Therefore, no federal income tax provision is required.

Subsequent Events

As a result of the spread of the COVID-19 coronavirus in 2020, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Fund. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through May 29, 2020, which is the date the financial statements were available to be issued.

Investment Management Advisors

The investment management advisor for the Fund is Bowen, Hanes & Company.

Note 2: 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 period ended December 31, 2019, 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 average daily net assets.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Total Fees
Bowen, Hanes Total Return Fund:				
Class R	0.08%	0.00%	0.03%	0.11%
Class R1	0.08%	0.55%	0.03%	0.66%

Note 3: Financial Highlights

	Bowen, Hanes Total Return Fund*	
	Class R	Class R1
Net asset value, beginning of period	\$ 10.02	\$ 10.02
Net investment income	0.12	0.12
Net realized and unrealized gains	1.26	1.26
Net increase from investment operations	1.38	1.38
Net asset value, end of period	<u>\$ 11.40</u>	<u>\$ 11.40</u>
Total return	13.81%	13.81%
Ratio to average net assets:		
Net investment income**	0.10%	0.63%
Expenses without reimbursements**	0.10%	0.09%
Expenses with reimbursements**	0.03%	0.03%

*For the period May 31, 2019 (inception) to December 31, 2019

**Annualized

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2019

Note 4: Participant Unit Transactions

	Bowen, Hanes Total Return Fund	
	Units	Dollars
Class R:		
Proceeds from sales of units	433,399	\$ 4,341,340
Cost of units redeemed	-	-
	433,399	4,341,340
Net increase in Class R from participant transactions	433,399	4,341,340
Net increase in total net assets from participant transactions		\$ 4,341,340

Note 5: Disclosures About Fair Value of Financial Instruments

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

- Level 1:** Quoted prices in active markets for identical assets or liabilities that the 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 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 pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended December 31, 2019.

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, 2019

Common and Foreign Stocks, and Partnerships: 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. Certain foreign securities may be fair valued using a pricing service that considers the correlation of trading patterns of the foreign security to the intraday in the U.S. markets for investments, such as American Depository Receipts and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as Level 1 in the hierarchy. For those foreign securities where additional foreign market activities are taken into consideration by the pricing service, those securities are categorized as Level 2 in the hierarchy.

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. These securities are categorized as Level 2 in the hierarchy.

The following table presents the fair value measurements of assets 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, 2019:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bowen, Hanes Total Return Fund				
Short Term Investment	\$ 559,702	\$ 559,702	\$ -	\$ -
Corporate Bonds	189,827	-	189,827	-
Common Stocks	3,500,303	3,500,303	-	-
Foreign Stocks	611,701	611,701	-	-
Partnership	74,061	74,061	-	-
Total	\$ 4,935,594	\$ 4,745,767	\$ 189,827	\$ 0

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

Note 6: Risk Factors

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.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
Bowen, Hanes Total Return Fund
For the Period May 31, 2019 (Inception) to December 31, 2019

Purchases	
Investment Class	Cost
Corporate Bonds	\$ 239,198
Common Stocks	838,655
Foreign Stocks	328,966
Partnerships	25,703
Total Investments Purchases	\$ 1,432,522

Sales			
Investment Class	Proceeds	Cost	Gain
Corporate Bonds	\$ 50,039	\$ 49,926	\$ 113
Common Stocks	687,903	462,070	225,833
Foreign Stocks	176,320	152,031	24,289
Total Investments Sold	\$ 914,262	\$ 664,027	\$ 250,235