

**Hand Composite Employee Benefit Trust
BrandywineGLOBAL - Global Investment
Grade Fixed Income CIF**

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 the selected fund, BrandywineGLOBAL – Global Investment Grade Fixed Income 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, 2019, and the related statements of operations, 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 – Global Investment Grade Fixed Income CIF, as of December 31, 2019, 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 15, 2020

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

	BrandywineGLOBAL - Global Investment Grade Fixed Income CIF
Assets	
Investments, at cost	\$ 192,357,970
Investments, at fair value	\$ 184,257,094
Cash denominated in foreign currencies (Cost - \$2)	2
Unrealized gain on foreign currency forward exchange contracts	2,849,455
Deposits with brokers for foreign currency forward exchange contracts	20,000
Receivable for:	
Capital shares sold	184,947
Dividends and interest	1,281,026
Investment advisor waived fees	19,466
Total assets	\$ 188,611,990
Liabilities	
Payable for investment securities purchased	\$ 3,276,932
Payable for capital shares redeemed	50,166
Management fee payable	67,172
Unrealized loss on foreign currency forward exchange contracts	867,165
Accounts payable and accrued liabilities	40,176
Total liabilities	\$ 4,301,611
Net assets held for participants:	
Class R1	\$ 157,457,601
Class R3	22,092,011
Class R-INT	4,760,767
Total net assets held for participants	\$ 184,310,379
Units outstanding:	
Class R1	12,399,226
Class R3	1,742,853
Class R-INT	373,392
Total units outstanding	14,515,471
Net asset value per unit:	
Class R1	\$ 12.70
Class R3	\$ 12.68
Class R-INT	\$ 12.75

Hand Composite Employee Benefit Trust
Schedule of Investments
BrandywineGLOBAL – Global Investment Grade Fixed Income CIF
December 31, 2019

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
5,133,959	State Street Institutional U.S. Government Money Market Fund, Premier Class 1.53%	\$ 5,133,959	\$ 5,133,959
Total Short Term Investment		2.79%	5,133,959
<hr/>			
Principal Amount†		Cost	Fair Value
<u>Corporate Bonds</u>			
<u>Communications</u>			
\$ 3,510,000	NBCUniversal Enterprise, Inc. Company Guarantee 144A 2.31% 04/01/2021	3,510,000	3,518,777
Total Communications		1.91%	3,510,000
<u>Consumer, Cyclical</u>			
1,975,000	BMW US Capital LLC Company Guarantee 144A 2.42% 04/06/2020	1,975,496	1,976,303
2,700,000	Daimler Finance North America LLC Company Guarantee 144A 2.35% 02/22/2021	2,700,000	2,701,046
3,375,000	Ford Motor Credit Co. LLC Sr Unsecured 2.85% 04/05/2021	3,375,000	3,359,264
3,540,000	General Motors Financial Co., Inc. Company Guarantee 2.92% 04/13/2020	3,540,996	3,545,545
Total Consumer, Cyclical		6.28%	11,591,492
<u>Energy</u>			
2,840,000	Petroleos Mexicanos 144A 7.69% 01/23/2050	2,961,932	3,099,405
510,000	Petroleos Mexicanos Company Guarantee 6.75% 09/21/2047	491,064	510,959
Total Energy		1.96%	3,452,996
<u>Financials</u>			
1,600,000	American Express Co. Sr Unsecured 2.49% 11/05/2021	1,600,000	1,606,935
2,820,000	Canadian Imperial Bank of Commerce Sr Unsecured 2.34% 03/17/2023	2,820,000	2,829,192
5,335,000	Goldman Sachs Group, Inc. Sr Unsecured 2.66% 02/23/2023	5,335,000	5,364,885
2,170,000	National Australia Bank Ltd. Sr Unsecured 144A 2.41% 05/22/2020	2,170,425	2,173,814
2,700,000	Wells Fargo & Co. Sr Unsecured 2.96% 07/26/2021	2,705,318	2,731,428
Total Financials		7.98%	14,630,743
<u>Industrials</u>			
2,870,000	Caterpillar Financial Services Corp. Sr Unsecured MTN 2.12% 03/15/2021	2,869,531	2,870,845
Total Industrials		1.56%	2,869,531
Total Corporate Bonds		19.69%	36,054,762
<u>Foreign Government</u>			
<u>Australia</u>			
AUD 4,435,000	Australia Government Bond Sr Unsecured REGS 5.75% 07/15/2022	3,378,635	3,488,273
AUD 1,460,000	New South Wales Treasury Corp. Local Government Guarantee REGS 4.00% 04/08/2021	1,050,478	1,062,693
AUD 2,725,000	Queensland Treasury Corp. Local Government Guarantee REGS 5.50% 06/21/2021	2,014,573	2,035,851
AUD 2,445,000	Western Australian Treasury Corp. Local Government Guarantee 7.00% 07/15/2021	1,875,935	1,869,819
Total Australia		4.59%	8,319,621

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
BrandywineGLOBAL – Global Investment Grade Fixed Income CIF (Continued)
December 31, 2019

Principal Amount†		Cost	Fair Value
<u>Foreign Government (Continued)</u>			
<i>Brazil</i>			
BRL	1,575,000 Brazil Notas do Tesouro Nacional 10.00% 01/01/2021	\$ 661,655	\$ 411,570
BRL	11,540,000 Brazil Notas do Tesouro Nacional 10.00% 01/01/2023	4,647,107	3,188,008
	Total Brazil	1.95% 5,308,762	3,599,578
<i>Malaysia</i>			
MYR	8,015,000 Malaysia Government Bond Sr Unsecured 3.48% 03/15/2023	2,143,237	1,981,387
MYR	3,625,000 Malaysia Government Bond Sr Unsecured 3.66% 10/15/2020	888,003	891,422
MYR	4,210,000 Malaysia Government Bond Sr Unsecured 3.88% 03/10/2022	1,008,989	1,048,254
MYR	6,205,000 Malaysia Government Bond Sr Unsecured 3.90% 11/16/2027	1,441,485	1,572,167
MYR	3,455,000 Malaysia Government Bond Sr Unsecured 3.96% 09/15/2025	795,281	874,685
MYR	6,840,000 Malaysia Government Bond Sr Unsecured 4.05% 09/30/2021	1,898,775	1,701,115
	Total Malaysia	4.38% 8,175,770	8,069,030
<i>Mexico</i>			
MXN	38,500,000 Mexican Bonos 8.00% 11/07/2047	2,204,168	2,229,854
MXN	29,600,000 Mexican Bonos Sr Unsecured 7.75% 11/23/2034	1,484,327	1,676,214
MXN	119,000,000 Mexican Bonos Sr Unsecured 7.75% 11/13/2042	8,651,264	6,674,511
MXN	89,200,000 Mexican Bonos Sr Unsecured 8.50% 05/31/2029	7,005,097	5,250,947
MXN	92,500,000 Mexican Bonos Sr Unsecured 8.50% 11/18/2038	6,981,413	5,578,277
MXN	2,100,000 Mexican Bonos Sr Unsecured 8.50% 11/18/2038	117,913	126,642
	Total Mexico	11.69% 26,444,182	21,536,445
<i>Poland</i>			
PLN	8,690,000 Poland Government Bond 1.50% 04/25/2020	2,563,939	2,293,148
PLN	7,025,000 Poland Government Bond 2.00% 04/25/2021	1,881,571	1,865,544
PLN	5,995,000 Poland Government Bond 5.25% 10/25/2020	1,652,759	1,633,316
	Total Poland	3.14% 6,098,269	5,792,008
<i>South Africa</i>			
ZAR	64,200,000 South Africa Government International Bond 6.50% 02/28/2041	4,558,003	3,187,895
ZAR	66,275,000 South Africa Government International Bond 8.75% 02/28/2048	4,615,919	4,172,598
	Total South Africa	4.00% 9,173,922	7,360,493
	Total Foreign Government	29.75%	63,520,526
	Total Foreign Government	63,520,526	54,814,190
<u>U.S. Government & Agency Obligations</u>			
\$	3,775,000 United States Treasury Bond 2.88% 05/15/2049	4,358,200	4,172,112
	5,305,000 United States Treasury Bond 3.00% 02/15/2049	5,447,052	6,000,453
	43,725,000 United States Treasury Note 1.67% 04/30/2021	43,710,951	43,701,009
	24,550,000 United States Treasury Note 1.75% 07/31/2021	24,544,732	24,560,895
	9,570,000 United States Treasury Note 1.83% 10/31/2021	9,587,788	9,586,078
	Total U.S. Government & Agency Obligations	47.77%	87,648,723
	Total U.S. Government & Agency Obligations	87,648,723	88,020,547
	Total Investments	100.00%	\$ 192,357,970
	Total Investments	\$ 192,357,970	\$ 184,257,094

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

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
BrandywineGLOBAL – Global Investment Grade Fixed Income CIF (Continued)
December 31, 2019

Abbreviations used in this table:

AUD	Australian Dollar
BRL	Brazilian Real
MXN	Mexican Peso
MYR	Malaysian Ringgit
PLN	Polish Zloty
ZAR	South African Rand

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2019

	BrandywineGLOBAL - Global Investment Grade Fixed Income CIF
Income	
Interest (net of foreign withholding taxes of \$45,830)	\$ 6,488,405
Total income	6,488,405
Expenses	
Trustee and administrative	199,859
Class R1 expenses	703,886
Class R3 expenses	87,344
Total expenses before reimbursement	991,089
Reimbursement of fees	(147,880)
Net expenses	843,209
Net Investment Income	5,645,196
Net Realized Gains (Losses) on Investments and Foreign Currency	
Net realized gains on investments	2,918,241
Net realized gains on foreign currency transactions	17,334
Net realized losses on foreign currency forward exchange contracts	(6,089,493)
Net realized losses	(3,153,918)
Change in Net Unrealized Depreciation	
Investments	7,794,954
Foreign currencies	19,909
Foreign currency forward exchange contracts	2,455,614
Change in net unrealized depreciation	10,270,477
Net realized and unrealized gains on investments and foreign currency	7,116,559
Net Increase in Net Assets Resulting From Operations	\$ 12,761,755

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Year Ended December 31, 2019

	BrandywineGLOBAL - Global Investment Grade Fixed Income CIF
Operations	
Net investment income	\$ 5,645,196
Net realized losses	(3,153,918)
Change in net unrealized depreciation	<u>10,270,477</u>
Net increase in net assets from operations	12,761,755
Net Decrease in Net Assets From Participant Unit Transactions	<u>(675,877)</u>
Increase in Net Assets	12,085,878
Net Assets	
Beginning of year	<u>172,224,501</u>
End of year	<u><u>\$ 184,310,379</u></u>

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 portfolios (the Funds); the financial statements of one of those funds, the BrandywineGLOBAL - Global Investment Grade Fixed Income 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.

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.

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Notes to Financial Statements

December 31, 2019

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, 2019, resulting from changes in the exchange rates.

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.

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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

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 15, 2020, 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: Foreign Currency Forward Exchange Contracts

At December 31, 2019, the Fund had the following open foreign currency forward exchange contracts:

	Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)	
CZK	\$ 75,700,000	USD	\$ 3,222,415	JPMORGAN CHASE BANK N.A	1/10/2020	\$ 116,866
KRW	7,779,000,000	USD	6,515,894	CITIBANK N.A	1/13/2020	212,377
CLP	2,070,000,000	USD	2,854,818	HSBC BANK USA	1/14/2020	(101,469)
PLN	8,890,000	USD	2,306,311	CITIBANK N.A	1/16/2020	36,990
NZD	5,080,000	USD	3,194,634	HSBC BANK USA	1/17/2020	225,729
NOK	23,500,000	USD	2,625,405	HSBC BANK USA	1/17/2020	51,533
NOK	3,600,000	USD	396,493	BARCLAYS BANK PLC WHOLESALE	1/17/2020	13,591
SEK	44,900,000	USD	4,685,576	HSBC BANK USA	1/17/2020	111,556
GBP	8,320,000	USD	10,452,333	CITIBANK N.A	1/24/2020	574,999
USD	2,525,197	GBP	1,950,000	HSBC BANK USA	1/24/2020	(59,334)
USD	1,107,584	GBP	860,000	HSBC BANK USA	1/24/2020	(32,260)
AUD	3,750,000	USD	2,581,088	MORGAN STANLEY CAPITAL SERVICES INC	1/31/2020	52,340
CLP	1,410,000,000	USD	1,947,971	HSBC BANK USA	1/31/2020	(72,148)
USD	5,564,449	ZAR	84,120,000	HSBC BANK USA	2/13/2020	(409,065)
CLP	1,900,000,000	USD	2,569,026	HSBC BANK USA	2/14/2020	(40,994)
MXN	8,100,000	USD	415,732	CITIBANK N.A	2/18/2020	9,747
MXN	9,500,000	USD	480,672	CITIBANK N.A	2/18/2020	18,347
USD	2,921,144	MXN	57,300,000	CITIBANK N.A	2/18/2020	(88,728)
NOK	49,600,000	USD	5,425,538	HSBC BANK USA	2/19/2020	225,125
SEK	39,800,000	USD	4,078,120	HSBC BANK USA	2/21/2020	181,174
GBP	8,400,000	USD	10,949,820	HSBC BANK USA	2/24/2020	192,934
AUD	9,930,000	USD	6,797,383	MORGAN STANLEY CAPITAL SERVICES INC	2/28/2020	180,650
NZD	5,600,000	USD	3,650,360	HSBC BANK USA	3/5/2020	122,807
NOK	61,600,000	USD	6,706,262	GOLDMAN SACHS BANK USA	3/6/2020	311,729
USD	1,302,716	ZAR	19,300,000	BARCLAYS BANK PLC WHOLESALE	3/10/2020	(63,167)
GBP	5,230,000	USD	6,922,375	BARCLAYS BANK PLC WHOLESALE	3/12/2020	18,457
GBP	3,640,000	USD	4,802,252	BARCLAYS BANK PLC WHOLESALE	3/12/2020	28,461
CLP	2,410,000,000	USD	3,102,472	HSBC BANK USA	3/13/2020	105,067
KRW	4,627,000,000	USD	3,980,455	CITIBANK N.A	3/19/2020	28,091
CLP	1,046,000,000	USD	1,367,463	HSBC BANK USA	4/3/2020	25,077
CLP	374,000,000	USD	492,099	HSBC BANK USA	4/3/2020	5,808
Total						<u>\$ 1,982,290</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

Abbreviations used in this table:

AUD	Australian Dollar
CLP	Chilean Peso
CZK	Czech Republic Koruna
GBP	British Pound
KRW	South Korean Won
MXN	Mexican Peso
NOK	Norwegian Krone
NZD	New Zealand Dollar
PLN	Polish Zloty
SEK	Swedish Krona
USD	United States Dollar
ZAR	South African Rand

Note 3: Investment Advisory Fees and Other Transactions With Affiliates

The Fund is charged a fee by HB&T for trustee/administrative services and other fees which include fund accounting services, transfer agency services, custody 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, 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 prior day's total net assets:

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
BW Global Investment Grade				
Fixed Income CIF:				
Class R1	0.04%	0.47%	0.08%	0.59%
Class R3	0.04%	0.42%	0.08%	0.54%
Class R-INT	0.04%	0.00%	0.08%	0.12%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

Note 4: Financial Highlights

	BrandywineGLOBAL - Global Investment Grade Fixed Income CIF		
	Class R1	Class R3	Class R-INT
Net asset value, beginning of period	\$ 11.80	\$ 11.78	\$ 11.80
Net investment income	0.40	0.39	0.44
Net realized and unrealized gains	0.50	0.51	0.51
Net increase from investment operations	0.90	0.90	0.95
Net asset value, end of period	\$ 12.70	\$ 12.68	\$ 12.75
Total return	7.63%	7.64%	8.05%
Ratio to average net assets:			
Net investment income	3.24%	3.21%	3.60%
Expenses without reimbursement	0.58%	0.53%	0.11%
Expenses with reimbursement	0.49%	0.51%	0.09%

Note 5: Participant Unit Transactions

	BrandywineGLOBAL - Global Investment Grade Fixed Income CIF	
	Units	Dollars
Class R1:		
Proceeds from sales of units	1,651,373	\$ 20,269,346
Cost of units redeemed	(2,046,384)	(24,751,467)
Net change in Class R1 from participant transactions	(395,011)	(4,482,121)
Class R3:		
Proceeds from sales of units	467,963	5,701,505
Cost of units redeemed	(337,643)	(4,124,787)
Net change in Class R3 from participant transactions	130,320	1,576,718

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Notes to Financial Statements
December 31, 2019

	BrandywineGLOBAL - Global Investment Grade Fixed Income CIF	
	Units	Dollars
Class R-INT:		
Proceeds from sales of units	224,360	\$ 2,744,845
Cost of units redeemed	<u>(41,705)</u>	<u>(515,319)</u>
Net change in Class R-INT from participant transactions	<u>182,655</u>	<u>2,229,526</u>
Net decrease in net assets from participant unit transactions		<u>\$ (675,877)</u>

Note 6: Disclosures About Fair Value of Financial Instruments

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

- Level 1:** Quoted prices in active markets for identical assets or liabilities that the 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 that the entity can access at the measurement date; 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, 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.

Corporate Bonds. The fair value of corporate and municipal 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

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Corporate and municipal bonds 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.

U.S. Government & Agency Obligations. U.S. Government & Agency 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 & Agency obligations are categorized as Level 2 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.

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, 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)
BrandywineGLOBAL - Global Investment				
Grade Fixed Income CIF				
Financial Instruments - Assets:				
Short Term Investment	\$ 5,133,959	\$ 5,133,959	\$ -	\$ -
Corporate Bonds	36,288,398	-	36,288,398	-
Foreign Government	54,814,190	-	54,814,190	-
U.S. Government & Agency Obligations	88,020,547	-	88,020,547	-
Total Financial Instruments - Assets	<u>\$ 184,257,094</u>	<u>\$ 5,133,959</u>	<u>\$ 179,123,135</u>	<u>\$ 0</u>
Derivative Instruments - Assets:				
Foreign Currency Exchange Contracts	<u>\$ 2,849,455</u>	<u>\$ 0</u>	<u>\$ 2,849,455</u>	<u>\$ 0</u>
Derivative Instruments - Liabilities:				
Foreign Currency Exchange Contracts	<u>\$ 867,165</u>	<u>\$ 0</u>	<u>\$ 867,165</u>	<u>\$ 0</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

Note 7: 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 8: Derivative Instruments and Hedging Activities

The following table, grouped by derivative type, provides information about the fair value and the location of derivatives within the statement of assets and liabilities at December 31, 2019.

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

	Asset Derivatives ⁽¹⁾	
	Foreign Exchange Risk	Total
Foreign currency forward exchange contracts	\$ 2,849,455	\$ 2,849,455
Total	\$ 2,849,455	\$ 2,849,455
	Liability Derivatives ⁽¹⁾	
	Foreign Exchange Risk	Total
Foreign currency forward exchange contracts	\$ 867,165	\$ 867,165
Total	\$ 867,165	\$ 867,165

⁽¹⁾ Generally, the statement of assets and liabilities location for asset derivatives is receivables/net unrealized appreciation and for liability derivatives is payables/net unrealized depreciation.

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, 2019. The first table provides additional detail about the amounts and sources of losses realized on derivatives during the year. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the year:

	Amount of Realized Losses on Derivatives Recognized	
	Foreign Exchange Risk	Total
Forward foreign currency contracts	\$ (6,089,493)	\$ (6,089,493)
Total	\$ (6,089,493)	\$ (6,089,493)
	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized	
	Foreign Exchange Risk	Total
Forward foreign currency contracts	\$ 2,455,614	\$ 2,455,614
Total	\$ 2,455,614	\$ 2,455,614

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Notes to Financial Statements

December 31, 2019

During the year ended December 31, 2019, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Forward foreign currency contracts (to buy)	\$ 89,199,998
Forward foreign currency contracts (to sell)	13,483,535

The following table presents, by financial instrument, the Fund's derivative assets net of the related collateral received by the Fund at December 31, 2019:

	Gross Amount of Derivative Assets in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Received	Net Amount
Foreign currency forward exchange contracts	\$ 2,849,455	\$ -	\$ 2,849,455
Total	\$ 2,849,455	\$ 0	\$ 2,849,455

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

The following table presents, by financial instrument, the Fund's derivative liabilities net of the related collateral pledged by the Fund at December 31, 2019:

	Gross Amount of Derivative Liabilities in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Pledged	Net Amount
Foreign currency forward exchange contracts	\$ 867,165	\$ -	\$ 867,165
Total	\$ 867,165	\$ 0	\$ 867,165

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

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
BrandywineGLOBAL – Global Investment Grade Fixed Income CIF
Year Ended December 31, 2019

Purchases	
Investment Class	Cost
Corporate Bonds	\$ 6,273,209
Foreign Government	12,695,707
U.S. Government & Agency Obligations	31,596,316
Total Investments Purchased	\$ 50,565,232

Sales			
Investment Class	Proceeds	Cost	Gain
Corporate Bonds	\$ 8,264,709	\$ 8,264,122	\$ 587
Foreign Government	36,290,145	35,936,449	353,696
U.S. Government & Agency Obligations	41,909,182	39,011,998	2,897,184
Total Investments Sold	\$ 86,464,036	\$ 83,212,569	\$ 3,251,467