

Hand Composite Employee Benefit Trust
ClearBridge Aggressive Growth CIF
Independent Auditor's Report and Financial Statements
December 31, 2017



Hand Composite Employee Benefit Trust
December 31, 2017

Contents

Independent Auditor's Report 1

Basic Financial Statements

Statement of Assets and Liabilities - Selected Fund..... 3

Schedule of Investments

 ClearBridge Aggressive Growth CIF..... 4

Statement of Operations - Selected Fund..... 7

Statement of Changes in Net Assets - Selected Fund 8

Notes to Financial Statements..... 9

Supplemental Information

Schedule of Investment Purchases and Sales - Selected Fund..... 14

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, ClearBridge Aggressive Growth 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 period from January 13, 2017 (inception) to December 31, 2017, 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, ClearBridge Aggressive Growth CIF, as of December 31, 2017, and the results of its operations and the changes in its net assets for the period then ended (January 13, 2017 [inception] to December 31, 2017), 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

	ClearBridge Aggressive Growth CIF
Assets	
Investments, at cost	\$ 32,881,749
Investments, at fair value	\$ 36,386,631
Receivable for:	
Dividends and interest	29,341
Total assets	\$ 36,415,972
Liabilities	
Accounts payable and accrued liabilities	\$ 11,295
Total liabilities	\$ 11,295
Net assets held for participants:	
Class R-INT	\$ 3,569,519
Class R-LM	32,835,158
Total net assets held for participants	\$ 36,404,677
Units outstanding:	
Class R-INT	320,263
Class R-LM	2,935,027
Total units outstanding	3,255,290
Net asset value per unit:	
Class R-INT	\$ 11.15
Class R-LM	\$ 11.19

Hand Composite Employee Benefit Trust
Schedule of Investments
ClearBridge Aggressive Growth CIF
December 31, 2017

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
1,570,482	State Street Institutional Trust Treasury Money Market Fund, Premier Class 1.157%	\$ 1,570,481	\$ 1,570,481
Total Short Term Investment		4.32%	1,570,481
<u>Common Stocks</u>			
<u>Consumer Discretionary</u>			
1,762	Adient PLC	109,344	138,669
11,027	AMC Networks, Inc. Class A	619,762	596,340
221	Ascent Capital Group, Inc. Class A	3,632	2,539
2,249	CBS Corp. Class B	140,493	132,691
54,594	Comcast Corp. Class A	1,991,351	2,186,490
23,231	Discovery Communications, Inc. Class A	637,331	519,910
8,262	Discovery Communications, Inc. Class C	221,784	174,906
3,332	Liberty Broadband Corp. Class A	255,695	283,387
4,738	Liberty Broadband Corp. Class C	369,979	403,488
1,086	Liberty Expedia Holdings, Inc. Class A	47,228	48,142
1,827	Liberty Global PLC Class A	63,862	65,480
5,533	Liberty Global PLC Class C	185,968	187,237
319	Liberty Global PLC LiLAC Class A	7,221	6,428
967	Liberty Global PLC LiLAC Class C	21,127	19,234
11,215	Liberty Interactive Corp. QVC Group Class A	218,314	273,870
471	Liberty Media Corp-Liberty Braves Class A	9,627	10,385
844	Liberty Media Corp-Liberty Braves Class C	17,257	18,754
1,177	Liberty Media Corp-Liberty Formula One Class A	35,470	38,511
2,110	Liberty Media Corp-Liberty Formula One Class C	63,562	72,078
4,707	Liberty Media Corp-Liberty SiriusXM Class A	169,870	186,680
8,438	Liberty Media Corp-Liberty SiriusXM Class C	299,773	334,651
1,121	Liberty TripAdvisor Holdings, Inc. Class A	19,837	10,565
1,629	Liberty Ventures Series A	67,282	88,357
3,970	Lions Gate Entertainment Corp. Class B	104,330	126,008
2,269	Madison Square Garden Co. Class A	395,858	478,419
6,806	MSG Networks, Inc. Class A	149,871	137,821
2,054	Viacom, Inc. Class B	80,212	63,284
2,850	World Wrestling Entertainment, Inc. Class A	55,707	87,153
Total Consumer Discretionary		18.39%	6,361,747
<u>Energy</u>			
25,405	Anadarko Petroleum Corp.	1,756,838	1,362,724
7,939	Core Laboratories N.V.	958,063	869,717
341	Frank's International N.V.	4,331	2,268
9,407	National Oilwell Varco, Inc.	351,472	338,840
17,499	Newfield Exploration Co.	718,835	551,744
56,353	Weatherford International PLC	298,488	234,992
Total Energy		9.23%	4,088,027
<u>Financials</u>			
3,854	Cohen & Steers, Inc.	137,976	182,256
10,659	New York Community Bancorp, Inc.	165,218	138,780
9,946	Sterling Bancorp	212,889	244,672
Total Financials		1.55%	516,083

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
ClearBridge Aggressive Growth CIF (Continued)
December 31, 2017

Number of Shares		Cost	Fair Value
<u>Common Stocks (Continued)</u>			
Health Care			
367	Aduro Biotech, Inc.	\$ 4,349	\$ 2,753
3,094	Agios Pharmaceuticals, Inc.	130,341	176,884
2,756	Alkermes PLC	153,177	150,836
7,042	Allergan PLC	1,519,145	1,151,930
11,564	Amgen, Inc.	1,801,519	2,010,980
8,469	Biogen, Inc.	2,209,117	2,697,969
4,636	Bioverativ, Inc.	216,629	249,973
343	ImmunoGen, Inc.	833	2,199
8,125	Ionis Pharmaceuticals, Inc.	386,930	408,687
819	Mallinckrodt PLC	40,617	18,477
6,527	Medtronic PLC	489,962	527,055
771	ProQR Therapeutics N.V.	3,562	2,486
1,157	Spark Therapeutics, Inc.	65,478	59,493
16,803	UnitedHealth Group, Inc.	2,706,601	3,704,389
4,027	Valeant Pharmaceuticals International, Inc.	61,179	83,681
6,737	Vertex Pharmaceuticals, Inc.	580,951	1,009,607
974	Wright Medical Group N.V.	24,498	21,623
	Total Health Care	33.75% 10,394,888	12,279,022
Industrials			
735	Engility Holdings, Inc.	23,358	20,852
11,748	Fluor Corp.	623,719	606,784
17,614	Johnson Controls International PLC	765,951	671,270
4,366	L3 Technologies, Inc.	659,444	863,813
1,598	NOW, Inc.	33,199	17,626
2,129	Pentair PLC	125,038	150,350
	Total Industrials	6.41% 2,230,709	2,330,695
Information Technology			
2,945	ARRIS International PLC	87,239	75,657
9,376	Autodesk, Inc.	788,545	982,886
8,431	Broadcom Ltd.	1,541,964	2,165,924
9,139	Citrix Systems, Inc.	678,682	804,232
12,023	Cree, Inc.	328,984	446,534
2,436	Dolby Laboratories, Inc. Class A	119,097	151,032
1,545	Facebook, Inc. Class A	200,995	272,631
635	Fitbit, Inc. Class A	4,561	3,626
8,032	Intel Corp.	295,228	370,757
1,569	LogMeIn, Inc.	169,632	179,651
25,574	Nuance Communications, Inc.	405,358	418,135
26,780	Seagate Technology PLC	985,536	1,120,475
9,066	TE Connectivity Ltd.	631,730	861,633
18,016	Twitter, Inc.	309,736	432,564
8,042	Western Digital Corp.	587,347	639,580
	Total Information Technology	24.53% 7,134,634	8,925,317
Materials			
18,966	Freeport-McMoRan, Inc.	283,188	359,595
2,579	Nucor Corp.	155,537	163,973
	Total Materials	1.44% 438,725	523,568

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
ClearBridge Aggressive Growth CIF (Continued)
December 31, 2017

Number of Shares		Cost	Fair Value
<u>Common Stocks (Continued)</u>			
<i>Telecommunication Services</i>			
3,455	AT&T, Inc.	\$ 141,169	\$ 134,330
	Total Telecommunication Services	0.37% 141,169	134,330
	Total Common Stocks	95.67% 31,305,982	34,810,402
<u>Rights</u>			
3,807	Wright Medical Group N.V.	5,286	5,748
	Total Rights	0.01% 5,286	5,748
	Total Investments	100.00% \$ 32,881,749	\$ 36,386,631

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

	ClearBridge Aggressive Growth CIF*
Income	
Interest	\$ 16,493
Dividends (net of foreign withholding taxes of \$26,237)	<u>379,782</u>
Total income	<u>396,275</u>
Expenses	
Trustee and administrative	<u>50,758</u>
Total expenses	<u>50,758</u>
Net Investment Income	<u>345,517</u>
Net Realized Losses on Investments	(18,791)
Change in Net Unrealized Appreciation (Depreciation)	
Investments	<u>3,504,882</u>
Net realized and unrealized gains on investments	<u>3,486,091</u>
Net Increase in Net Assets Resulting From Operations	<u><u>\$ 3,831,608</u></u>

**For the period January 13, 2017 (inception date) to December 31, 2017*

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

	ClearBridge Aggressive Growth CIF*
Operations	
Net investment income	\$ 345,517
Net realized losses	(18,791)
Change in net unrealized appreciation (depreciation)	<u>3,504,882</u>
Net increase in net assets from operations	3,831,608
Net Increase in Net Assets From Participant Unit Transactions	<u>32,573,069</u>
Increase in Net Assets	36,404,677
Net Assets	
Beginning of year	<u>-</u>
End of year	<u><u>\$ 36,404,677</u></u>

**For the period January 13, 2017 (inception date) to December 31, 2017*

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 ClearBridge Aggressive Growth 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.

The ClearBridge Aggressive Growth CIF's inception date was January 13, 2017.

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.

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

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

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 ClearBridge Investments, LLC.

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.

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 total net assets.

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
ClearBridge Aggressive Growth CIF:				
Class R-INT	0.04%	0.00%	0.07%	0.11%
Class R-LM	0.04%	0.00%	0.07%	0.11%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 3: Financial Highlights

	ClearBridge Aggressive Growth CIF	
	Class R-INT ⁽¹⁾	Class R-LM ⁽²⁾
Net asset value, beginning of period	\$ 10.22	\$ 10.00
Net investment income	0.10	0.10
Net realized and unrealized gains	0.83	1.09
Net increase from investment operations	0.93	1.19
Net asset value, end of period	\$ 11.15	\$ 11.19
Total return	9.10%	11.90%
Ratio to average net assets ⁽³⁾ :		
Net investment income	1.07%	1.03%
Expenses	0.15%	0.15%

¹ For the period February 1, 2017 (inception date) to December 31, 2017.

² For the period January 13, 2017 (inception date) to December 31, 2017.

³ Annualized

Note 4: Participant Unit Transactions

	ClearBridge Aggressive Growth CIF	
	Units	Dollars
Class R-INT⁽¹⁾:		
Proceeds from sales of units	332,884	\$ 3,419,000
Cost of units redeemed	(12,621)	(134,000)
Net increase in Class R-INT from participant transactions	320,263	3,285,000
Class R-LM⁽²⁾:		
Proceeds from sales of units	3,482,240	35,076,958
Cost of units redeemed	(547,213)	(5,788,889)
Net increase in Class R-LM from participant transactions	2,935,027	29,288,069
Net increase in net assets from participant unit transactions		\$ 32,573,069

¹ For the period February 1, 2017 (inception date) to December 31, 2017.

² For the period January 13, 2017 (inception date) to December 31, 2017.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

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, 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.

Common Stocks and Rights. 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 the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments, such as American Depositary Receipts and the movement of certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as either Level 1 or 2 of 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, 2017.

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

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ClearBridge Aggressive Growth Fund				
Financial Instruments - Assets:				
Short Term Investment	\$ 1,570,481	\$ 1,570,481	\$ -	\$ -
Common Stocks	34,810,402	34,810,402	-	-
Rights	5,748	5,748	-	-
 Total Financial Instruments - Assets	 \$ 36,386,631	 \$ 36,386,631	 \$ 0	 \$ 0

Note 6: 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.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales - Selected Fund
Period Ended December 31, 2017

Purchases	
Investment Class	Cost
Common Stocks	\$ 31,721,692
Rights	5,286
Total Investments Purchased	\$ 31,726,978

Sales			
Investment Class	Proceeds	Cost	Loss
Common Stocks	\$ 396,919	\$ 415,710	\$ (18,791)