

**Hand Composite Employee Benefit Trust**  
**ClearBridge Large Cap Growth CIF**  
Independent Auditor's Report and Financial Statements  
December 31, 2020



**Hand Composite Employee Benefit Trust**  
**December 31, 2020**

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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, ClearBridge Large Cap 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, 2020, and the related statements of operations and changes in net assets for the year 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 ClearBridge Large Cap Growth CIF, included in the Hand Composite Employee Benefit Trust, as of December 31, 2020, and the results of its operations and the changes in its net assets for the year 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 27, 2021

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2020**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Assets</b>	
Investments, at cost	\$ 164,607,296
Investments, at fair value	\$ 256,509,976
Receivable for:	
Capital shares sold	405,459
Dividends and interest	22,949
Investment advisor waived fees	4,950
Total assets	\$ 256,943,334
<b>Liabilities</b>	
Payable for capital shares redeemed	\$ 319,661
Management fee payable	97,606
Accounts payable and accrued liabilities	19,138
Total liabilities	\$ 436,405
Net assets held for participants:	
Class R1	\$ 41,424,864
Class R2	207,816,059
Class R3	7,266,006
Total net assets held for participants	\$ 256,506,929
Units outstanding:	
Class R1	1,796,267
Class R2	8,961,849
Class R3	312,805
Total units outstanding	11,070,921
Net asset value per unit:	
Class R1	\$ 23.06
Class R2	\$ 23.19
Class R3	\$ 23.23

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**ClearBridge Large Cap Growth CIF**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
4,253,111	State Street Institutional Investment Trust Treasury Money Market Fund	\$ 4,253,111	\$ 4,253,111
	Total Short Term Investment	1.66% <u>4,253,111</u>	<u>4,253,111</u>
<b><u>Common Stock</u></b>			
<b><u>Consumer Discretionary</u></b>			
22,070	Advance Auto Parts, Inc.	3,379,388	3,476,246
7,142	Amazon.com, Inc.	10,806,749	23,260,994
28,591	Aptiv PLC	2,191,941	3,725,122
1,578	Booking Holdings, Inc.	2,953,297	3,514,632
85,200	Comcast Corp. Class A	3,356,248	4,464,480
16,900	Home Depot, Inc.	3,182,552	4,488,978
15,707	Ulta Beauty, Inc.	3,458,550	4,510,422
28,140	Walt Disney Co.	3,205,719	5,098,405
	Total Consumer Discretionary	20.48% <u>32,534,444</u>	<u>52,539,279</u>
<b><u>Consumer Staples</u></b>			
36,030	Anheuser-Busch InBev S.A. ADR	3,411,284	2,518,857
11,114	Costco Wholesale Corp.	2,392,670	4,187,533
42,690	Monster Beverage Corp.	2,737,497	3,947,971
	Total Consumer Staples	4.15% <u>8,541,451</u>	<u>10,654,361</u>
<b><u>Health Care</u></b>			
46,070	Alcon, Inc.	2,452,279	3,039,699
27,550	Alexion Pharmaceuticals, Inc.	3,291,116	4,304,412
23,240	Amgen, Inc.	4,974,297	5,343,341
26,590	BioMarin Pharmaceutical, Inc.	2,333,706	2,331,677
15,240	Thermo Fisher Scientific, Inc.	3,456,946	7,098,487
24,600	UnitedHealth Group, Inc.	5,726,046	8,626,728
38,990	Zoetis, Inc.	3,287,488	6,452,845
	Total Health Care	14.50% <u>25,521,878</u>	<u>37,197,189</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**ClearBridge Large Cap Growth CIF (Continued)**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
48,609	IHS Markit Ltd.	\$ 2,819,413	\$ 4,366,546
50,780	Raytheon Technologies Corp.	3,457,762	3,631,278
100,920	Uber Technologies, Inc.	3,935,233	5,146,920
36,780	United Parcel Service, Inc. Class B	4,092,402	6,193,752
11,170	WW Grainger, Inc.	3,042,424	4,561,158
	Total Industrials	9.32% <u>17,347,234</u>	<u>23,899,654</u>
<i>Information Technology</i>			
16,750	Adobe, Inc.	3,538,750	8,377,010
36,511	Akamai Technologies, Inc.	2,602,288	3,833,290
15,070	Alibaba Group Holding Ltd. ADR	2,581,313	3,507,241
101,490	Apple, Inc.	5,382,098	13,466,708
5,500	ASML Holding N.V.	2,043,828	2,682,460
6,610	Atlassian Corp. PLC Class A	1,228,624	1,545,881
53,180	Facebook, Inc. Class A	9,136,970	14,526,649
29,450	Fidelity National Information Services, Inc.	3,945,416	4,165,997
56,040	Microsoft Corp.	5,580,747	12,464,417
58,350	Nutanix, Inc. Class A	2,117,299	1,859,614
12,700	NVIDIA Corp.	2,330,717	6,631,940
18,800	NXP Semiconductors N.V.	2,233,956	2,989,388
15,740	Palo Alto Networks, Inc.	3,140,567	5,593,839
48,160	QUALCOMM, Inc.	3,160,231	7,336,694
29,370	salesforce.com, Inc.	5,088,600	6,535,706
28,065	Splunk, Inc.	3,139,211	4,767,963
20,740	Texas Instruments, Inc.	2,044,684	3,404,056
55,010	Visa, Inc. Class A	7,761,348	12,032,337
22,370	VMware, Inc. Class A	2,980,520	3,137,616
5,680	Workday, Inc. Class A	1,240,852	1,360,985
	Total Information Technology	46.87% <u>71,278,019</u>	<u>120,219,791</u>
<i>Materials</i>			
16,560	Ecolab, Inc.	2,510,452	3,582,922
	Total Materials	1.40% <u>2,510,452</u>	<u>3,582,922</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**ClearBridge Large Cap Growth CIF (Continued)**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i>Real Estate</i>			
5,830	Equinix, Inc. REIT	\$ 2,620,707	\$ 4,163,669
	Total Real Estate	<u>1.62%</u> <u>2,620,707</u>	<u>4,163,669</u>
	Total Common Stock	<u>98.34%</u> <u>160,354,185</u>	<u>252,256,865</u>
	Total Investments	<u>100.00%</u> <u>\$ 164,607,296</u>	<u>\$ 256,509,976</u>

Abbreviations used in this table:

ADR      American Depository Receipt  
REIT      Real Estate Investment Trust



**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Year Ended December 31, 2020**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Income</b>	
Interest	\$ 14,401
Dividends (net of foreign withholding taxes of \$9,308)	1,797,131
Total income	1,811,532
<b>Expenses</b>	
Trustee and administrative	160,576
Class R1 expenses	180,914
Class R2 expenses	787,354
Class R3 expenses	24,026
Total expenses	1,152,870
<b>Net Investment Income</b>	658,662
<b>Net Realized Gains on Investments</b>	10,374,272
<b>Change in Net Unrealized Appreciation</b>	
Investments	50,064,117
Net realized and unrealized gains on investments	60,438,389
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 61,097,051

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Year Ended December 31, 2020**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Operations</b>	
Net investment income	\$ 658,662
Net realized gains	10,374,272
Change in net unrealized appreciation	50,064,117
Net increase in net assets from operations	61,097,051
<b>Net Decrease in Net Assets From Participant Unit Transactions</b>	<b>(9,307,894)</b>
<b>Increase in Net Assets</b>	51,789,157
<b>Net Assets</b>	
Beginning of year	204,717,772
End of year	\$ 256,506,929

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2020

### 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 80 portfolios (the Funds); the financial statements of one of those funds, the ClearBridge Large Cap 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.

#### ***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 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, 2020

### **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 27, 2021, 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 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.

The following table indicates the fees charged to the Fund and 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.

<b>Fund</b>	<b>Trustee/ Administrative Fees</b>	<b>Investment Management Fees</b>	<b>Other Fees</b>	<b>Total Fees</b>
ClearBridge Large Cap Growth CIF:				
Class R1	0.04%	0.50%	0.03%	0.57%
Class R2	0.04%	0.45%	0.03%	0.52%
Class R3	0.04%	0.40%	0.03%	0.47%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2020

### Note 3: Financial Highlights

	ClearBridge Large Cap Growth CIF		
	Class R1	Class R2	Class R3
Net asset value, beginning of year	\$ 17.61	\$ 17.69	\$ 17.72
Net investment income	0.05	0.06	0.07
Net realized and unrealized gains	5.40	5.44	5.44
Net increase from investment operations	5.45	5.50	5.51
Net asset value, end of year	\$ 23.06	\$ 23.19	\$ 23.23
Total return	30.95%	31.09%	31.09%
Ratio to average net assets:			
Net investment income	0.26%	0.31%	0.37%
Expenses	0.57%	0.52%	0.47%

### Note 4: Participant Unit Transactions

	ClearBridge Large Cap Growth CIF	
	Units	Dollars
<b>Class R1:</b>		
Proceeds from sales of units	233,254	\$ 4,335,478
Cost of units redeemed	(439,834)	(8,200,685)
Net change in Class R1 from participant transactions	(206,580)	(3,865,207)
<b>Class R2:</b>		
Proceeds from sales of units	3,879,177	74,133,650
Cost of units redeemed	(4,262,644)	(81,150,161)
Net change in Class R2 from participant transactions	(383,467)	(7,016,511)
<b>Class R3:</b>		
Proceeds from sales of units	178,994	3,387,896
Cost of units redeemed	(97,221)	(1,814,072)
Net change in Class R3 from participant transactions	81,773	1,573,824
Net increase in net assets from participant unit transactions		\$ (9,307,894)

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2020

#### 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 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 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 year ended December 31, 2020.

**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.** 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, 2020:

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2020**

	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>ClearBridge Large Cap Growth CIF</b>				
Short Term Investment	\$ 4,253,111	\$ 4,253,111	\$ -	\$ -
Common Stocks	252,256,865	252,256,865	-	-
Total	\$ 256,509,976	\$ 256,509,976	\$ 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.

Since January 2020, the COVID-19 pandemic created outbreaks of infectious illnesses, and countries throughout the globe were subject to other public health threats, infectious illnesses, diseases, or similar issues. Any spread of an infectious illness, public health threat or similar issue could alter consumer demand or economic output, result in market closures, travel restrictions or quarantines, and have a significant impact on the global economy, which in turn could adversely affect the Fund's investments and could result in increases or decreases in the Fund's net asset value.

## **Supplemental Information**



**Hand Composite Employee Benefit Trust**  
**Schedule of Investment Purchases and Sales**  
**ClearBridge Large Cap Growth CIF**  
**Year Ended December 31, 2020**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Stocks	<u>\$ 61,058,438</u>
Total Investments Purchased	<u><u>\$ 61,058,438</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Stocks	<u>\$ 67,934,627</u>	<u>\$ 57,560,355</u>	<u>\$ 10,374,272</u>
Total Investments Sold	<u><u>\$ 67,934,627</u></u>	<u><u>\$ 57,560,355</u></u>	<u><u>\$ 10,374,272</u></u>