

**Hand Composite Employee Benefit Trust**  
**ClearBridge Large Cap Growth CIF**  
Independent Auditor's Report and Financial Statements  
December 31, 2021



# Hand Composite Employee Benefit Trust

## December 31, 2021

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## Independent Auditor's Report

To the Unitholders and Board of Directors  
Hand Composite Employee Benefit Trust  
Houston, Texas

### ***Opinion***

We have audited the accompanying financial statements of the selected fund, ClearBridge Large Cap Growth CIF, included in the Hand Composite Employee Benefit Trust, which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2021, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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, 2021, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Hand Composite Employee Benefit Trust and the selected fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand Composite Employee Benefit Trust's and the selected fund's ability to continue as going concerns within one year after the date that these financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hand Composite Employee Benefit Trust's and the selected fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand Composite Employee Benefit Trust's and the selected fund's ability to continue as going concerns for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the selected funds' basic financial statements. 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 basic financial statements. Such information is the responsibility of

To the Unitholders and Board of Directors  
Hand Composite Employee Benefit Trust  
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management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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, 2022

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2021**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Assets</b>	
Investments, at cost	\$ 128,260,428
Investments, at fair value	\$ 222,500,184
Receivable for:	
Capital shares sold	13,328
Dividends and interest	22,798
Investment advisor waived fees	4,951
Total assets	\$ 222,541,261
<b>Liabilities</b>	
Payable for capital shares redeemed	\$ 128,665
Management fee payable	85,405
Accounts payable and accrued liabilities	35,723
Total liabilities	\$ 249,793
Net assets held for participants:	
Class R1	\$ 44,158,967
Class R2	171,259,541
Class R3	6,872,960
Total net assets held for participants	\$ 222,291,468
Units outstanding:	
Class R1	1,570,607
Class R2	6,055,043
Class R3	242,456
Total units outstanding	7,868,106
Net asset value per unit:	
Class R1	\$ 28.12
Class R2	\$ 28.28
Class R3	\$ 28.35

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**ClearBridge Large Cap Growth CIF**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
6,829,284	State Street Institutional Investment Trust Treasury Money Market Fund	\$ 6,829,284	\$ 6,829,284
	Total Short Term Investment	3.07% <u>6,829,284</u>	<u>6,829,284</u>
<b><u>Common Stock</u></b>			
<b><u>Consumer Discretionary</u></b>			
13,500	Advance Auto Parts, Inc.	2,067,138	3,238,380
5,624	Amazon.com, Inc.	9,022,510	18,752,328
21,081	Aptiv PLC	1,622,954	3,477,311
1,043	Booking Holdings, Inc.	1,952,021	2,502,397
13,540	Home Depot, Inc.	2,756,968	5,619,236
8,800	Netflix, Inc.	4,816,045	5,301,472
23,100	NIKE, Inc. Class B	3,505,287	3,850,077
14,000	Tractor Supply Co.	2,270,588	3,340,400
9,507	Ulta Beauty, Inc.	2,093,361	3,920,116
19,630	Walt Disney Co.	2,236,257	3,040,491
	Total Consumer Discretionary	23.84% <u>32,343,129</u>	<u>53,042,208</u>
<b><u>Consumer Staples</u></b>			
36,360	Monster Beverage Corp.	2,479,810	3,492,014
	Total Consumer Staples	1.57% <u>2,479,810</u>	<u>3,492,014</u>
<b><u>Health Care</u></b>			
37,640	Alcon, Inc.	2,048,728	3,279,197
18,680	BioMarin Pharmaceutical, Inc.	1,639,475	1,650,378
9,150	Intuitive Surgical, Inc.	2,632,934	3,287,595
10,190	Thermo Fisher Scientific, Inc.	2,311,436	6,799,175
15,420	UnitedHealth Group, Inc.	3,589,253	7,742,999
25,790	Zoetis, Inc.	2,174,514	6,293,534
	Total Health Care	13.06% <u>14,396,340</u>	<u>29,052,878</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**ClearBridge Large Cap Growth CIF (Continued)**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
19,330	Eaton Corp. PLC	\$ 3,018,418	\$ 3,340,611
34,149	IHS Markit Ltd.	1,980,706	4,539,085
35,540	Raytheon Technologies Corp.	2,420,025	3,058,572
77,760	Uber Technologies, Inc.	3,055,369	3,260,477
24,390	United Parcel Service, Inc. Class B	2,713,803	5,227,752
7,970	WW Grainger, Inc.	2,170,825	4,130,373
	Total Industrials	10.59% <u>15,359,146</u>	<u>23,556,870</u>
<i>Information Technology</i>			
12,070	Adobe, Inc.	2,550,013	6,844,414
16,060	Alibaba Group Holding Ltd. ADR	2,994,434	1,907,767
64,840	Apple, Inc.	3,438,518	11,513,639
3,720	ASML Holding N.V.	1,386,258	2,961,641
12,240	Atlassian Corp. PLC Class A	2,569,426	4,666,990
37,430	Facebook, Inc. Class A	6,430,929	12,589,580
20,780	Fidelity National Information Services, Inc.	2,783,896	2,268,137
37,600	Microsoft Corp.	3,744,398	12,645,632
34,040	NVIDIA Corp.	1,561,764	10,011,504
12,210	NXP Semiconductors N.V.	1,450,883	2,781,194
11,670	Palo Alto Networks, Inc.	2,328,489	6,497,389
10,400	PayPal Holdings, Inc.	1,933,287	1,961,232
30,490	Salesforce.com, Inc.	5,868,632	7,748,424
20,685	Splunk, Inc.	2,313,721	2,393,668
30,995	UiPath, Inc. Class A	1,922,167	1,336,814
39,070	Visa, Inc. Class A	5,512,377	8,466,860
15,040	Workday, Inc. Class A	3,678,724	4,108,627
	Total Information Technology	45.26% <u>52,467,916</u>	<u>100,703,512</u>
<i>Real Estate</i>			
3,830	Equinix, Inc. REIT	1,721,665	3,239,567
	Total Real Estate	1.45% <u>1,721,665</u>	<u>3,239,567</u>



**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**ClearBridge Large Cap Growth CIF (Continued)**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
	<i>Telecommunicatoin Services</i>		
11,550	Sea Ltd. ADR	\$ 2,663,138	\$ 2,583,851
	Total Telecommunication Services	1.16% <u>2,663,138</u>	<u>2,583,851</u>
	Total Common Stock	96.93% <u>121,431,144</u>	<u>215,670,900</u>
	Total Investments	100.00% <u>\$ 128,260,428</u>	<u>\$ 222,500,184</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, 2021**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Income</b>	
Interest	\$ 194
Dividends (net of foreign withholding taxes of \$23,105)	1,414,299
Total income	1,414,493
<b>Expenses</b>	
Trustee and administrative	185,250
Class R1 expenses	208,482
Class R2 expenses	913,288
Class R3 expenses	29,555
Total expenses	1,336,575
<b>Net Investment Income</b>	77,918
<b>Net Realized Gains on Investments</b>	48,310,692
<b>Change in Net Unrealized Appreciation/Depreciation on Investments</b>	2,337,076
Net realized and unrealized gains on investments	50,647,768
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 50,725,686

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Year Ended December 31, 2021**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Operations</b>	
Net investment income	\$ 77,918
Net realized gains	48,310,692
Change in net unrealized appreciation/depreciation	<u>2,337,076</u>
Net increase in net assets from operations	50,725,686
<b>Net Decrease in Net Assets From Participant Unit Transactions</b>	<u>(84,941,147)</u>
<b>Decrease in Net Assets</b>	(34,215,461)
<b>Net Assets</b>	
Beginning of year	<u>256,506,929</u>
End of year	<u><u>\$ 222,291,468</u></u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2021

### 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 63 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, 2021

#### ***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, 2022, which is the date the financial statements were available to be issued.

#### ***Investment Management Advisor***

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 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 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, 2021

### Note 3: Financial Highlights

	ClearBridge Large Cap Growth CIF		
	Class R1	Class R2	Class R3
Net asset value, beginning of year	\$ 23.06	\$ 23.19	\$ 23.23
Net investment income	-	0.01	0.02
Net realized and unrealized gains	5.06	5.08	5.10
Net increase from investment operations	5.06	5.09	5.12
Net asset value, end of year	\$ 28.12	\$ 28.28	\$ 28.35
Total return	21.94%	21.95%	22.04%
Ratio to average net assets:			
Net investment income	0.00%	0.04%	0.09%
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	116,323	\$ 2,948,359
Cost of units redeemed	(341,983)	(8,439,545)
Net change in Class R1 from participant transactions	(225,660)	(5,491,186)
<b>Class R2:</b>		
Proceeds from sales of units	1,216,307	29,930,304
Cost of units redeemed	(4,123,113)	(107,453,057)
Net change in Class R2 from participant transactions	(2,906,806)	(77,522,753)
<b>Class R3:</b>		
Proceeds from sales of units	58,363	1,399,464
Cost of units redeemed	(128,712)	(3,326,672)
Net change in Class R3 from participant transactions	(70,349)	(1,927,208)
Net decrease in net assets from participant unit transactions		\$ (84,941,147)

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2021

#### 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 Fund 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, 2021.

**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, 2021.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2021**

	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	\$ 6,829,284	\$ 6,829,284	\$ -	\$ -
Common Stocks	215,670,900	215,670,900	-	-
	\$ 222,500,184	\$ 222,500,184	\$ 0	\$ 0
Total	\$ 222,500,184	\$ 222,500,184	\$ 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**  
**ClearBridge Large Cap Growth CIF**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Stocks	<u>\$ 38,174,383</u>
Total Investments Purchased	<u><u>\$ 38,174,383</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Common Stocks	<u>\$ 125,408,116</u>	<u>\$ 77,097,424</u>	<u>\$ 48,310,692</u>
Total Investments Sold	<u><u>\$ 125,408,116</u></u>	<u><u>\$ 77,097,424</u></u>	<u><u>\$ 48,310,692</u></u>