

Hand Composite Employee Benefit Trust
ClearBridge Small Cap CIF

Independent Auditor's Report and Financial Statements

December 31, 2021



Hand Composite Employee Benefit Trust

December 31, 2021

Contents

Independent Auditor's Report	1
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Basic Financial Statements

Statement of Assets and Liabilities – Selected Fund	4
Schedule of Investments	
ClearBridge Small Cap CIF	5
Statement of Operations – Selected Fund	9
Statement of Changes in Net Assets – Selected Fund	10
Notes to Financial Statements.....	11

Supplemental Information

Schedule of Investment Purchases and Sales – Selected Fund	16
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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 Small Cap 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

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

	ClearBridge Small Cap CIF
Assets	
Investments, at cost	\$ 20,413,117
Investments, at fair value	\$ 25,019,588
Receivable for:	
Capital shares sold	50
Dividends and interest	15,624
Investment advisor waived fees	10,994
Total assets	\$ 25,046,256
Liabilities	
Management fee payable	\$ 6,638
Accounts payable and accrued liabilities	22,425
Total liabilities	\$ 29,063
Net assets held for participants:	
Class R1	\$ 14,632,337
Class R-LM	10,384,856
Total net assets held for participants	\$ 25,017,193
Units outstanding:	
Class R1	895,703
Class R-LM	623,644
Total units outstanding	1,519,347
Net asset value per unit:	
Class R1	\$ 16.34
Class R-LM	\$ 16.65

Hand Composite Employee Benefit Trust
Schedule of Investments
ClearBridge Small Cap CIF
December 31, 2021

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
379,801	State Street Institutional Investment Trust Treasury Money Market Fund	\$ 379,801	\$ 379,801
	Total Short Term Investment	1.52% 379,801	379,801
<u>Common Stocks</u>			
<u>Consumer Discretionary</u>			
8,700	1stdibs.com, Inc.	160,271	108,837
14,590	Acies Acquisition Corp.	145,900	57,630
12,910	Bloomin' Brands, Inc.	280,112	270,852
6,200	Century Communities, Inc.	304,191	507,098
4,990	Frontdoor, Inc.	221,648	182,883
14,680	Goodyear Tire & Rubber Co.	229,838	312,978
19,435	Gray Television, Inc.	259,457	391,810
2,191	Murphy USA, Inc.	173,762	436,535
9,480	Petco Health & Wellness Co. , Inc.	201,183	187,609
6,362	Stride, Inc.	158,473	212,045
10,424	ThredUp, Inc. Class A	162,942	133,010
6,610	Urban Outfitters, Inc.	194,568	194,070
8,140	Vista Outdoor, Inc.	246,529	375,010
2,720	Visteon Corp.	193,796	302,301
	Total Consumer Discretionary	14.68% 2,932,670	3,672,668
<u>Consumer Staples</u>			
16,290	Honest Co., Inc.	209,234	131,786
11,520	Sovos Brands, Inc.	156,819	173,376
12,363	Sprouts Farmers Market, Inc.	258,272	366,934
13,370	Utz Brands, Inc.	221,651	213,252
	Total Consumer Staples	3.54% 845,976	885,348
<u>Consumer, Non-Cyclical</u>			
11,753	Advantage Solutions, Inc.	117,530	94,259
	Total Consumer, Non-Cyclical	0.38% 117,530	94,259

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

Number of Shares		Cost	Fair Value
<i>Energy</i>			
10,910	Brigham Minerals, Inc. Class A	\$ 174,641	\$ 230,092
17,110	CNX Resources Corp.	192,143	235,262
6,060	Helmerich & Payne, Inc.	119,935	143,622
14,919	International Seaways, Inc.	302,882	219,011
12,240	Magnolia Oil & Gas Corp. Class A	223,181	230,969
	Total Energy	4.23% <u>1,012,782</u>	<u>1,058,956</u>
<i>Financials</i>			
6,332	Assured Guaranty Ltd.	247,719	317,866
7,734	Bank OZK	210,968	359,863
7,380	BRP Group, Inc. Class A	102,425	266,492
9,412	Cadence Bank	284,849	280,383
13,690	Conx Corp. UNIT	137,030	136,216
9,670	Deerfield Healthcare Technology Acquisitions Corp.	96,700	74,266
11,850	East Resources Acquisition Co. UNIT	118,509	119,567
6,617	Encore Capital Group, Inc.	261,691	410,982
13,970	NMI Holdings, Inc. Class A	318,905	305,244
8,829	Oportun Financial Corp.	133,449	178,787
5,722	PROG Holdings, Inc.	205,454	258,119
6,950	Veritex Holdings, Inc.	283,708	276,471
12,991	Washington Federal, Inc.	407,153	433,640
8,011	WesBanco, Inc.	286,288	280,305
4,837	Wintrust Financial Corp.	295,565	439,296
	Total Financials	16.54% <u>3,390,413</u>	<u>4,137,497</u>
<i>Health Care</i>			
5,626	Acadia Healthcare Co., Inc.	162,707	341,498
71,892	Amarin Corp. PLC ADR	479,376	242,276
10,290	CareMax, Inc.	82,120	79,027
9,630	Covetrus, Inc.	160,336	192,311
5,546	Health Catalyst, Inc.	183,812	219,733
6,749	HealthEquity, Inc.	348,379	298,576
5,371	Intra- Cellular Therapies, Inc.	98,136	281,118
9,710	Lantheus Holdings, Inc.	132,397	280,522
3,680	NanoString Technologies, Inc.	166,065	155,406
1,600	Omniceil, Inc.	113,102	288,704
61,649	Quotient Ltd.	312,880	159,671

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

Number of Shares		Cost	Fair Value
<i>Health Care (Continued)</i>			
17,829	R1 RCM, Inc.	\$ 223,347	\$ 454,461
2,813	Syneos Health, Inc.	133,773	288,839
	Total Health Care	13.12% <u>2,596,430</u>	<u>3,282,142</u>
<i>Industrials</i>			
5,220	Altra Industrial Motion Corp.	252,697	269,195
10,110	Custom Truck One Source, Inc.	111,580	80,880
3,110	EnerSys	231,199	245,877
2,581	GATX Corp.	171,459	268,914
25,600	Hillman Solutions Corp.	279,273	275,200
2,515	ICF International, Inc.	149,015	257,913
3,650	Korn Ferry	153,092	276,415
12,480	Marten Transport Ltd.	156,319	214,157
2,610	Masonite International Corp.	269,333	307,850
19,443	Nesco Holdings, Inc.	97,215	155,544
13,340	Primoris Services Corp.	445,998	319,893
5,085	Rush Enterprises, Inc. Class A	139,378	282,930
5,860	Shoals Technologies Group, Inc. Class A	147,908	142,398
5,590	SkyWest, Inc.	269,847	219,687
8,706	Sterling Check Corp.	208,839	178,560
11,416	Textainer Group Holdings Ltd.	185,736	407,665
	Total Industrials	15.59% <u>3,268,888</u>	<u>3,903,078</u>
<i>Information Technology</i>			
11,053	2U, Inc.	401,627	221,834
2,684	Advanced Energy Industries, Inc.	164,930	244,405
5,930	CommVault Systems, Inc.	280,563	408,696
4,010	CSG Systems International, Inc.	167,522	231,056
9,179	Everi Holdings, Inc.	89,047	195,972
8,630	NCR Corp.	275,644	346,926
6,155	nLight, Inc.	154,053	147,412
1,932	Rapid7, Inc.	57,795	227,377
2,837	Semtech Corp.	129,275	252,294
5,340	SMART Global Holdings, Inc.	251,285	379,087
15,270	Solo Brands, Inc. Class A	287,338	238,670
8,480	Switch, Inc. Class A	128,552	242,867
5,170	Thoughtworks Holding, Inc.	134,231	138,608
9,570	WalkMe Ltd.	284,127	187,859
	Total Information Technology	13.83% <u>2,805,989</u>	<u>3,463,063</u>

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

Number of Shares		Cost	Fair Value
<i>Materials</i>			
5,920	Avient Corp.	\$ 193,575	\$ 331,224
9,067	Commercial Metals Co.	157,139	329,042
11,510	Constellium SE	196,008	206,144
5,210	MP Materials Corp.	95,142	236,638
6,770	Silgan Holdings, Inc.	194,972	389,410
	Total Materials	5.97% <u>836,836</u>	<u>1,492,458</u>
<i>Real Estate</i>			
9,660	Corporate Office Properties Trust REIT	260,283	270,190
13,275	Kite Realty Group Trust REIT	207,312	289,129
20,380	Lexington Realty Trust REIT	197,048	318,336
14,887	Physicians Realty Trust REIT	281,931	280,322
14,920	RLJ Lodging Trust REIT	139,531	207,836
	Total Real Estate	5.46% <u>1,086,105</u>	<u>1,365,813</u>
<i>Telecommunication Services</i>			
17,380	Advantage Solutions, Inc	167,947	139,388
3,790	Anterix, Inc.	148,560	222,700
9,240	Integral Ad Science Holding Corp.	197,922	205,220
8,940	Playstudios, Inc.	39,878	35,313
	Total Telecommunication Services	2.41% <u>554,307</u>	<u>602,621</u>
<i>Utilities</i>			
6,213	Black Hills Corp.	370,866	438,451
4,600	NextEra Energy Partners L.P.	214,524	243,433
	Total Utilities	2.73% <u>585,390</u>	<u>681,884</u>
	Total Common Stocks	98.48% <u>20,033,316</u>	<u>24,639,787</u>
	Total Investments	100.00% <u>\$ 20,413,117</u>	<u>\$ 25,019,588</u>

Abbreviations used in this table:

ADR American Depositary Receipt

REIT Real Estate Investment Trust

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2021

	ClearBridge Small Cap CIF
Income	
Interest	\$ 33
Dividends	523,174
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Total income	523,207
	<hr/>
Expenses	
Trustee and administrative	85,231
Class R1 expenses	78,143
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Total expenses before reimbursement	163,374
Reimbursement of fees	(14,336)
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Net expense	149,038
	<hr/>
Net Investment Income	374,169
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Net Realized Gains on Investments	13,641,191
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Change in Net Unrealized Appreciation/Depreciation on Investments	(4,322,506)
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Net realized and unrealized gains on investments	9,318,685
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Net Increase in Net Assets Resulting From Operations	\$ 9,692,854
	<hr/> <hr/>

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

	ClearBridge Small Cap CIF
Operations	
Net investment income	\$ 374,169
Net realized gains	13,641,191
Change in net unrealized appreciation/depreciation	<u>(4,322,506)</u>
Net increase in net assets from operations	9,692,854
Net Decrease in Net Assets From Participant Unit Transactions	<u>(38,118,525)</u>
Decrease in Net Assets	(28,425,671)
Net Assets	
Beginning of year	<u>53,442,864</u>
End of year	<u><u>\$ 25,017,193</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 Small Cap 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.

During the year ended December 31, 2021, 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 total net assets.

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
ClearBridge Small Cap CIF:				
Class R1	0.04%	0.55%	0.16%	0.75%
Class R-LM	0.04%	0.00%	0.12%	0.16%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2021

Note 3: Financial Highlights

	ClearBridge Small Cap CIF	
	Class R1	Class R-LM
Net asset value, beginning of year	\$ 13.78	\$ 13.98
Net investment income	0.07	0.14
Net realized and unrealized gains	2.49	2.53
Net increase from investment operations	2.56	2.67
Net asset value, end of year	\$ 16.34	\$ 16.65
Total return	18.58%	19.10%
Ratio to average net assets:		
Net investment income	0.42%	0.87%
Expenses without reimbursement	0.75%	0.16%
Expenses with reimbursement	0.65%	0.16%

Note 4: Participant Unit Transactions

	ClearBridge Small Cap CIF	
	Units	Dollars
Class R-LM:		
Proceeds from sales of units	76,302	\$ 1,229,436
Cost of units redeemed	(2,392,195)	(39,347,961)
Net change in Class R-LM from participant transactions	(2,315,893)	(38,118,525)
Net decrease in net assets from participant unit transactions		\$ (38,118,525)

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 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 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 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)
ClearBridge Small Cap CIF				
Short Term Investment	\$ 379,801	\$ 379,801	\$ -	\$ -
Common Stocks	24,639,787	24,639,787	-	-
Total	<u>\$ 25,019,588</u>	<u>\$ 25,019,588</u>	<u>\$ 0</u>	<u>\$ 0</u>

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
ClearBridge Small Cap CIF
Year Ended December 31, 2021

Purchases	
Investment Class	Cost
Common Stocks	<u>\$ 26,542,699</u>
Total Investments Purchased	<u><u>\$ 26,542,699</u></u>

Sales			
Investment Class	Proceeds	Cost	Gains
Common Stocks	<u>\$ 57,440,679</u>	<u>\$ 43,799,488</u>	<u>\$ 13,641,191</u>
Total Investments Sold	<u><u>\$ 57,440,679</u></u>	<u><u>\$ 43,799,488</u></u>	<u><u>\$ 13,641,191</u></u>