



Hand Composite Employee Benefit Trust ClearBridge Small Cap CIF

**Independent Auditor's Report and
Financial Statements**

December 31, 2023



Hand Composite Employee Benefit Trust

December 31, 2023

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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, 2023, 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, 2023, 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 and the selected fund's ability to continue as a going concern 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 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 and the selected fund's ability to continue as a going concern 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 fund's 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.

FORVIS,LLP

Houston, Texas
May 31, 2024

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2023

	ClearBridge Small Cap CIF
Assets	
Investments, at cost	\$ 10,602,955
Investments, at fair value	\$ 12,315,147
Receivable for:	
Dividends and interest	12,555
Investment advisor waived fees	7,138
Total assets	\$ 12,334,840
Liabilities	
Management fee payable	\$ 5,530
Accounts payable and accrued liabilities	28,842
Total liabilities	\$ 34,372
Net assets held for participants:	
Class R1	\$ 12,300,468
Total net assets held for participants	\$ 12,300,468
Units outstanding:	
Class R1	807,301
Total units outstanding	807,301
Net asset value per unit:	
Class R1	\$ 15.24

Hand Composite Employee Benefit Trust
Schedule of Investments
ClearBridge Small Cap CIF
December 31, 2023

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
106,890	State Street Institutional Investment Trust Treasury Money Market Fund, Institutional 5.28%	\$ 106,890	\$ 106,890
Total Short Term Investment		0.87%	106,890
<i>Common Stocks</i>			
<i>Consumer Discretionary</i>			
1,730	Academy Sports & Outdoors, Inc.	95,581	114,180
4,850	Bloomin' Brands, Inc.	105,576	136,528
2,510	Century Communities, Inc.	130,754	228,761
12,834	Everi Holdings, Inc.	167,776	144,639
540	Group 1 Automotive, Inc.	90,214	164,560
611	Murphy USA, Inc.	74,564	217,858
1,230	Oxford Industries, Inc.	124,831	123,000
2,102	Stride, Inc.	59,895	124,796
720	Visteon Corp.	56,169	89,928
Total Consumer Discretionary		10.93%	905,360
<i>Consumer Staples</i>			
2,560	Oddity Tech Ltd. Class A	75,860	119,117
7,440	Utz Brands, Inc.	123,321	120,825
Total Consumer Staples		1.95%	199,181
<i>Energy</i>			
5,890	Atlas Energy Solutions, Inc.	105,827	101,426
5,370	CNX Resources Corp.	63,136	107,400
3,020	Helmerich & Payne, Inc.	77,165	109,384
3,040	HF Sinclair Corp.	121,028	168,933
8,760	Magnolia Oil & Gas Corp. Class A	172,413	186,501
3,400	Matador Resources Co.	178,953	193,324
2,190	Valaris Ltd.	152,500	150,168
Total Energy		8.27%	871,022
<i>Financials</i>			
14,590	Acies Acquisition Corp. II	145,900	39,539
2,182	Assured Guaranty Ltd.	89,688	163,279
4,374	Bank OZK	133,323	217,956
2,867	Encore Capital Group, Inc.	125,803	145,500
2,300	Essent Group Ltd.	117,805	121,302
1,820	Euronet Worldwide, Inc.	187,473	184,712
7,690	Home BancShares, Inc.	170,107	194,788
2,650	Independent Bank Corp.	142,342	174,397
2,935	NCR Atleos Corp.	66,581	71,291
3,700	OneMain Holdings, Inc.	140,691	182,040
3,702	PROG Holdings, Inc.	105,386	114,429
15,160	Redwood Trust, Inc. REIT	129,989	112,336
2,170	Texas Capital Bancshares, Inc.	130,817	140,247
5,121	WaFd, Inc.	157,658	168,788
2,327	Wintrust Financial Corp.	153,884	215,829
Total Financials		18.26%	1,997,447

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
ClearBridge Small Cap CIF (Continued)
December 31, 2023

Number of Shares		Cost	Fair Value
<i>Common Stocks (continued)</i>			
<i>Health Care (continued)</i>			
1,876	Acadia Healthcare Co., Inc.	\$ 80,630	\$ 145,878
1,500	AMN Healthcare Services, Inc.	111,123	112,320
2,779	HealthEquity, Inc.	146,261	184,248
2,051	Intra-Cellular Therapies, Inc.	60,304	146,893
1,830	Lantheus Holdings, Inc.	66,063	113,460
7,410	Maravai LifeSciences Holdings, Inc. Class A	134,409	48,535
2,410	Prestige Consumer Healthcare, Inc.	146,036	147,540
1,320	QuidelOrtho Corp.	112,702	97,284
9,419	R1 RCM, Inc.	116,416	99,559
2,590	Replimune Group, Inc.	35,550	21,834
870	Rhythm Pharmaceuticals, Inc.	21,473	39,994
1,530	Ultragenyx Pharmaceutical, Inc.	85,117	73,164
2,370	Verona Pharma PLC ADR	39,624	47,115
	Total Health Care	10.39% 1,155,708	1,277,824
<i>Industrials</i>			
15,983	Custom Truck One Source, Inc.	105,950	98,775
1,430	EnerSys	106,749	144,373
1,750	Forward Air Corp.	114,127	110,022
1,241	GATX Corp.	89,293	149,193
18,460	Hillman Solutions Corp.	188,575	170,017
1,175	ICF International, Inc.	76,749	157,556
10,620	Janus International Group, Inc.	118,658	138,591
2,260	Korn Ferry	98,071	134,131
5,700	Marten Transport Ltd.	75,439	119,586
4,470	Primoris Services Corp.	143,690	148,449
3,717	Rush Enterprises, Inc. Class A	76,583	186,965
2,580	SkyWest, Inc.	103,776	134,676
6,986	Sterling Check Corp.	152,985	97,245
3,440	Tecnoglass, Inc.	160,972	157,242
2,980	Terex Corp.	113,941	171,231
4,270	Wabash National Corp.	89,172	109,397
	Total Industrials	18.11% 1,814,730	2,227,449
<i>Information Technology</i>			
914	Advanced Energy Industries, Inc.	59,075	99,553
12,320	BigCommerce Holdings, Inc. Series 1	124,794	119,874
2,010	CommVault Systems, Inc.	100,086	160,498
1,850	Crane NXT Co.	76,382	105,209
5,580	Extreme Networks, Inc.	75,192	98,431
15,360	indie Semiconductor, Inc. Class A	111,151	124,570
2,290	Itron, Inc.	132,726	172,918
5,870	NCR Voyix Corp.	105,170	99,262
5,395	nLight, Inc.	104,676	72,832
4,610	Photonics, Inc.	89,239	144,616
1,782	Rapid7, Inc.	73,954	101,752
7,400	SMART Global Holdings, Inc.	171,944	140,082
6,610	WalkMe Ltd.	152,571	70,529
	Total Information Technology	12.28% 1,376,960	1,510,126

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
ClearBridge Small Cap CIF (Continued)
December 31, 2023

Number of Shares		Cost	Fair Value
<i>Common Stocks (continued)</i>			
<i>Materials</i>			
2,650	Avient Corp.	\$ 88,294	\$ 110,161
1,827	Commercial Metals Co.	41,887	91,423
7,200	Constellium SE	119,686	143,712
850	Eagle Materials, Inc.	117,524	172,414
6,240	MP Materials Corp.	139,337	123,864
3,160	Olin Corp.	99,064	170,482
	Total Materials	6.60% <u>605,792</u>	<u>812,056</u>
<i>Real Estate</i>			
3,720	Alexander & Baldwin, Inc. REIT	69,872	70,754
6,860	COPT Defense Properties REIT	183,180	175,822
6,505	Kite Realty Group Trust REIT	107,659	148,704
11,130	LXP Industrial Trust REIT	108,821	110,410
2,980	PotlatchDeltic Corp. REIT	129,246	146,318
10,870	RLJ Lodging Trust REIT	112,693	127,396
	Total Real Estate	6.34% <u>711,471</u>	<u>779,404</u>
<i>Telecommunication Services</i>			
2,650	Anterix, Inc.	102,943	88,298
6,910	Gambling.com Group Ltd.	64,598	67,372
10,985	Gray Television, Inc.	145,863	98,426
8,716	Integral Ad Science Holding Corp.	137,153	125,423
1,920	Playstudios, Inc.	8,158	5,203
14,900	Vivid Seats, Inc. Class A	96,845	94,168
	Total Telecommunication Services	3.89% <u>555,560</u>	<u>478,890</u>
<i>Utilities</i>			
1,870	ONE Gas, Inc.	133,332	119,156
3,590	Portland General Electric Co.	169,502	155,591
	Total Utilities	2.23% <u>302,834</u>	<u>274,747</u>
	Total Common Stocks	99.25% <u>10,496,065</u>	<u>12,208,257</u>
	Total Investments	100.12% \$ <u>10,602,955</u>	\$ <u>12,315,147</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, 2023

	ClearBridge Small Cap CIF
Income	
Interest	\$ 15,205
Dividends	259,446
Total income	274,651
Expenses	
Trustee and administrative	62,583
Class R1 expenses	65,379
Total expenses before reimbursement	127,962
Reimbursement of fees	(34,834)
Net expense	93,128
Net Investment Income	181,523
Net Realized Gains	503,191
Change in Net Unrealized Appreciation/Depreciation	1,812,415
Net Realized and Unrealized Gains on Investments	2,315,606
Net Increase in Net Assets Resulting From Operations	\$ 2,497,129

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Year Ended December 31, 2023

	ClearBridge Small Cap CIF
Operations	
Net investment income	\$ 181,523
Net realized gains	503,191
Change in net unrealized appreciation/depreciation	1,812,415
Net increase in net assets from operations	2,497,129
Net Decrease in Net Assets From Participant Unit Transactions	(10,080,370)
Decrease in Net Assets	(7,583,241)
Net Assets	
Beginning of year	19,883,709
End of year	\$ 12,300,468

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Hand Composite Employee Benefit Trust (“HB&T” or “the Trust”) was created in order to provide broad and uniform diversification programs for pension and profit sharing plans which, having complied with the requirements of the Internal Revenue Code (the IRC), are exempt from taxation under the provisions of the IRC. The Trust is comprised of 76 portfolios (the Funds); the financial statements of one of those funds, the 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.

The R-LM class was liquidated during 2023.

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, 2023

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 31, 2024, 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, 2023, 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%	0.32%	0.91%
Class R-LM	0.04%	0.00%	0.27%	0.31%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2023

Note 3: Financial Highlights

	ClearBridge Small Cap CIF
	Class R1
Net asset value, beginning of year	\$ 13.01
Net investment income	0.12
Net realized and unrealized gains	2.11
Net increase from investment operations	2.23
Net asset value, end of year	\$ 15.24
Total return	17.14%
Ratio to average net assets:	
Net investment income	0.86%
Expenses without reimbursement	0.91%
Expenses with reimbursement	0.65%

Note 4: Participant Unit Transactions

	ClearBridge Small Cap CIF	
	Units	Dollars
Class R1:		
Proceeds from sales of units	-	\$ -
Cost of units redeemed	(88,402)	(1,250,000)
Net change in Class R1 from participant transactions	(88,402)	(1,250,000)
Class R-LM⁽¹⁾:		
Proceeds from sales of units	11,717	168,315
Cost of units redeemed	(629,692)	(8,998,685)
Net change in Class R-LM from participant transactions	(617,975)	(8,830,370)
Net decrease in net assets from participant unit transactions		\$ (10,080,370)

⁽¹⁾ This class was liquidated during 2023.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2023

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, 2023.

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, 2023.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2023

	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	\$ 106,890	\$ 106,890	\$ -	\$ -
Common Stocks	12,208,257	12,208,257	-	-
Total	\$ 12,315,147	\$ 12,315,147	\$ 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
ClearBridge Small Cap CIF
Year Ended December 31, 2023

Purchases

Investment Class	Cost
Common Stocks	\$ 6,657,924
Total Investments Purchased	\$ 6,657,924

Sales

Investment Class	Proceeds	Cost	Gains
Common Stocks	\$ 16,567,736	\$ 16,064,545	\$ 503,191
Total Investments Sold	\$ 16,567,736	\$ 16,064,545	\$ 503,191