

Hand Composite Employee Benefit Trust
Compass Capital High Quality Equity 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

Basic Financial Statements

Statement of Assets and Liabilities – Selected Fund 4

Schedule of Investments

 Compass Capital High Quality Equity CIF 5

Statement of Operations – Selected Fund 7

Statement of Changes in Net Assets – Selected Fund 8

Notes to Financial Statements..... 9

Supplemental Information

Schedule of Investment Purchases and Sales – Selected Fund 14

Independent Auditor's Report

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, Compass Capital High Quality Equity 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 period from June 7, 2021 (inception) to December 31, 2021, 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 period from June 7, 2021 (inception) to December 31, 2021, 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 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.

BKD, LLP

Houston, Texas
May 25, 2022

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

	Compass Capital High Quality Equity CIF
Assets	
Investments, at cost	\$ <u>1,993,332</u>
Investments, at fair value	\$ 2,056,846
Receivable for:	
Capital shares sold	55,650
Dividends and interest	<u>748</u>
Total assets	\$ <u><u>2,113,244</u></u>
Liabilities	
Payable for capital shares redeemed	519
Accounts payable and accrued liabilities	<u>946</u>
Total liabilities	\$ <u><u>1,465</u></u>
Net assets held for participants:	
Class R1	\$ <u>2,111,779</u>
Total net assets held for participants	\$ <u><u>2,111,779</u></u>
Units outstanding:	
Class R1	<u>189,136</u>
Total units outstanding	<u><u>189,136</u></u>
Net asset value per unit:	
Class R1	\$ <u><u>11.17</u></u>

Hand Composite Employee Benefit Trust
Schedule of Investments
Compass Capital High Quality Equity CIF
December 31, 2021

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
	Schwab Adv Cash Reserves Premium	\$ 46	\$ 46
	Total Short Term Investment	0.00% 46	46
<i>Common Stock</i>			
<i>Consumer Discretionary</i>			
524	Disney Walt	80,184	81,162
	Total Consumer Discretionary	3.95% 80,184	81,162
<i>Consumer Staples</i>			
790	CVS Health Corp	78,713	81,496
805	Church & Dwight Co Inc	78,803	82,513
569	Wal-Mart Stores Inc	79,446	82,329
	Total Consumer Staples	11.98% 236,962	246,338
<i>Financials</i>			
590	Intercontinental Exchange Inc	78,594	80,694
	Total Financials	3.92% 78,594	80,694
<i>Healthcare</i>			
476	Johnson & Johnson Corporation	79,404	81,429
308	Stryker Corp	79,382	82,365
122	Thermo Fisher Scientific Inc	77,266	81,403
	Total Healthcare	11.92% 236,052	245,197
<i>Industrials</i>			
249	Danaher Corp	78,025	81,923
622	Expeditors Intl Wash Inc	79,536	83,528
1,286	Fastenal Company	78,918	82,381
317	Fedex Corporation	80,580	81,989
335	Illinois Tool Works Inc	79,366	82,678
168	Roper Industries Inc	79,292	82,632
	Total Industrials	24.07% 475,717	495,131

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Compass Capital High Quality Equity CIF (Continued)
December 31, 2021

Number of Shares		Cost	Fair Value
<i>Information Technology</i>			
28	Alphabet Inc	\$ 80,314	\$ 81,117
927	Cognizant Tech Solutions Corp	78,395	82,243
751	Fiserv Inc	79,825	77,946
241	Microsoft Corporation	78,235	81,053
445	Qualcomm Inc	78,462	81,377
367	Visa Inc Cl A	80,013	79,533
	Total Information Technology	23.50% <u>475,244</u>	<u>483,269</u>
<i>Materials</i>			
350	Ecolab Inc	79,089	82,107
237	Sherwin-Williams Company	78,808	83,462
	Total Materials	8.05% <u>157,897</u>	<u>165,569</u>
	Total Common Stock	87.39% <u>1,740,650</u>	<u>1,797,360</u>
<u><i>Foreign Stock</i></u>			
<i>Healthcare</i>			
784	Medtronic PLC	80,427	81,105
	Total Healthcare	3.94% <u>80,427</u>	<u>81,105</u>
<i>Information Technology</i>			
200	Accenture PLC	77,934	82,910
691	Check Point Software Tech Ltd	79,394	80,543
	Total Information Technology	7.95% <u>157,328</u>	<u>163,453</u>
	Total Foreign Stock	11.89% <u>237,755</u>	<u>244,558</u>
<u><i>Common Trust Fund</i></u>			
<i>Fixed Income</i>			
14,880	HB&T Short Term Income Fund	14,881	14,882
	Total Fixed Income	0.72% <u>14,881</u>	<u>14,882</u>
	Total Common Trust Fund	0.72% <u>14,881</u>	<u>14,882</u>
	Total Investments	100.00% <u>\$ 1,993,332</u>	<u>\$ 2,056,846</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Period From June 7, 2021 (Inception) to December 31, 2021

	Compass Capital High Quality Equity CIF
Income	
Dividends	\$ 1,470
Expenses	
Investment management and administrative	776
Custody fees	613
Total expenses	1,389
Net Investment Income	81
Net Realized and Unrealized Gains on Investments	
Net realized gains on investments	1,459
Net change in unrealized appreciation/depreciation on investments	63,514
Net realized and unrealized gains	64,973
Net Increase in Net Assets Resulting From Operations	\$ 65,054

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Period From June 7, 2021 (Inception) to December 31, 2021

	Compass Capital High Quality Equity CIF
Operations	
Net investment income	\$ 81
Net realized gains	1,459
Change in unrealized appreciation/depreciation	63,514
	65,054
Net increase in net assets from operations	65,054
Net Increase in Net Assets From Participant Transactions	2,046,725
Increase in Net Assets	2,111,779
Net Assets	
Beginning of period	-
End of period	\$ 2,111,779

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 funds (the Funds); the financial statements of one of those funds are included in this report.

For those funds with more than one class of units, each class 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 are allocated to each class of units based on its relative net assets.

The reporting period for the Compass Capital High Quality Equity CIF is June 7, 2021 to December 31, 2021.

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 recorded on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation on investments are determined using 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

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2021

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 is 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 Funds is valued daily.

Federal Income Taxes

The Fund complies with the requirements under Section 501(a) of the IRC and apportions 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 Hand Benefits and Trust Company.

Note 2: Investment Advisory Fees and Other Transactions With Affiliates

The Fund is charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Fund has also entered into investment advisory and service agreements with various third-party advisors. These fees compensate the advisors for the services they provide and for expenses borne by the advisors under the various agreements.

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 average daily net assets:

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Other Fees	Total Fees
Compass Capital High Quality Equity CIF: Class R1	0.08%	0.50%	0.03%	0.08%	0.69%

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

Note 3: Financial Highlights

	Class R1
	Compass Capital High Quality Equity CIF
Net asset value, beginning of period	\$ 10.00
Net investment income	-
Net realized and unrealized gains	1.17
Net increase from investment operations	1.17
Net asset value, end of period	\$ 11.17
Total return*	11.70%
Ratio to average net assets**:	
Net investment income	0.04%
Expenses	0.60%

*For the period from June 7, 2021 (inception) to December 31, 2021

**Annualized

Note 4: Participant Unit Transactions

	Compass Capital High Quality Equity CIF	
	Units	Dollars
Class R1:		
Proceeds from sales of units	189,484	\$ 2,050,547
Cost of units redeemed	(349)	(3,822)
Net change in Class R1 from participant transactions	189,135	2,046,725
Net change in total net assets from participant transactions		\$ 2,046,725

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; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of assets and liabilities, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended December 31, 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 Stock and Foreign Stock. 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 Depository Receipts and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as Level 1 in the hierarchy. For those foreign securities where additional foreign market activities are taken into consideration by the pricing service, those securities are categorized as Level 2 in 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)
Compass Capital High Quality Equity CIF				
Short Term Investment	\$ 46	\$ 46	\$ -	\$ -
Common Stock	1,797,360	1,797,360	-	-
Foreign Stock	244,558	244,558	-	-
Common Trust Fund - Fixed Income (A)	14,882			
Total	\$ 2,056,846			

(A) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of assets and liabilities.

Note 6: Risk Factors

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 changes 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
Compass Capital High Quality Equity CIF
Period From June 7, 2021 (Inception) to December 31, 2021

Purchases	
Investment Class	Cost
Common Stock	\$ 1,752,638
Common Trust Funds - Fixed Income	21,660
Foreign Stock	238,961
Total Investments Purchased	\$ 2,013,259

Sales			
Investment Class	Proceeds	Cost	Gains
Common Stock	\$ 13,218	\$ 11,987	\$ 1,231
Common Trust Funds - Fixed Income	6,780	6,780	-
Foreign Stock	1,434	1,206	228
Total Investments Sold	\$ 21,432	\$ 19,973	\$ 1,459