

**Hand Composite Employee
Benefit Trust
The DGI Growth Fund**

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

December 31, 2022



Hand Composite Employee Benefit Trust
December 31, 2022

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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 financial statements of the selected fund, The DGI Growth Fund, 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, 2022, 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, 2022, 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 the 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 basic financial statements as a whole.

FORVIS,LLP

Houston, Texas
May 26, 2023

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2022

	<u>The DGI Growth Fund</u>
Assets	
Investments, at cost	\$ <u>16,209,101</u>
Investments, at fair value	\$ 18,119,972
Receivable for:	
Capital shares sold	1,551
Investment securities sold	<u>18,589</u>
Total assets	<u>\$ 18,140,112</u>
Liabilities	
Payable for investment securities purchased	\$ 26,384
Accounts payable and accrued liabilities	<u>20,098</u>
Total liabilities	<u>\$ 46,482</u>
Net assets held for participants - Class R1	<u>\$ 18,093,630</u>
Units outstanding - Class R1	<u>973,928</u>
Net asset value per unit - Class R1	<u>\$ 18.58</u>

Hand Composite Employee Benefit Trust
Schedule of Investments
The DGI Growth Fund
December 31, 2022

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
85,440	First American Treasury Obligation Fund V	\$ 85,440	\$ 85,440
	Total Short Term Investment	0.47% <u>85,440</u>	<u>85,440</u>
<i>Common Stock</i>			
<i>Consumer Discretionary</i>			
2,433	Floor And Decor Holdings Inc	192,106	169,410
1,026	Generac Holdings Inc	156,340	103,277
29,010	Gentex Corp	914,954	791,103
3,536	Gentherm Inc	125,713	230,865
2,909	LGI Homes Inc	430,171	269,373
6,298	Nordstrom Inc	208,397	101,650
5,261	Royal Caribbean Cruises Ltd	413,825	260,051
7,764	Sleep Number Corp	186,223	201,709
9,527	Stitch Fix Inc Cl A	337,416	29,629
2,347	Strategic Education Inc	208,952	183,817
1,389	TJX Companies Inc	54,220	110,564
35,425	Under Armour Inc - Class C Cl A	449,333	359,918
	Total Consumer Discretionary	15.52% <u>3,677,650</u>	<u>2,811,366</u>
<i>Energy</i>			
29,329	Coterra Energy Inc	493,099	720,614
113,871	Southwestern Energy Co	494,167	666,145
	Total Energy	7.65% <u>987,266</u>	<u>1,386,759</u>
<i>Healthcare</i>			
2,293	Align Technology Inc	535,064	483,594
1,567	Intuitive Surgical Inc	127,898	415,803
9,433	Myriad Genetics Inc	313,243	136,873
	Total Healthcare	5.73% <u>976,205</u>	<u>1,036,270</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
The DGI Growth Fund (Continued)
December 31, 2022

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
3,323	Graco Inc	\$ 102,738	\$ 223,505
3,037	Landstar Systems Inc	259,985	494,727
1,937	Msc Industrial Direct Co - A	161,042	158,253
8,759	Proto Labs Inc	682,550	223,617
2,640	Snap-on Inc	570,634	603,214
	Total Industrials	9.40% <u>1,776,949</u>	<u>1,703,316</u>
<i>Information Technology</i>			
9,609	Akamai Technolgies Inc	868,844	810,039
9,723	Alarm.com Holdings Inc	589,451	481,094
4,797	Arista Networks Inc	342,391	582,116
2,932	Autodesk Inc	249,976	547,903
14,080	Cognex Corporation	657,380	663,309
8,944	Dolby Laboratories Inc	631,115	630,910
1,488	IPG Photonics Inc	187,394	140,869
3,561	Interdigital Inc	230,573	176,198
1,414	Intuit Inc	176,593	550,357
12,089	Microchip Technology Inc	805,917	849,252
10,999	Plexus Corp	708,530	1,132,127
11,709	Power Integrations Inc	557,603	839,769
21,607	Pure Storage Inc-class A	357,098	578,203
3,324	Semtech Corp	179,199	95,366
20,306	Super Micro Computer Inc	653,759	1,667,123
819	Take-Two Interactive Software	132,973	85,282
12,909	Viasat Inc	492,093	408,570
	Total Information Technology	56.50% <u>7,820,889</u>	<u>10,238,487</u>
	Total Common Stock	94.80% <u>15,238,959</u>	<u>17,176,198</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
The DGI Growth Fund (Continued)
December 31, 2022

Number of Shares		Cost	Fair Value
<i>Foreign Stock</i>			
<i>Consumer Discretionary</i>			
6,971	Garmin Ltd	\$ 583,575	\$ 643,354
	Total Consumer Discretionary	3.55% <u>583,575</u>	<u>643,354</u>
<i>Energy</i>			
2,541	Core Laboratories NV	124,078	51,506
	Total Energy	0.28% <u>124,078</u>	<u>51,506</u>
<i>Information Technology</i>			
3,408	Open Text Corp	114,588	101,013
	Total Information Technology	0.56% <u>114,588</u>	<u>101,013</u>
	Total Foreign Stock	4.39% <u>822,241</u>	<u>795,873</u>
<i>Common Trust Fund</i>			
<i>Fixed Income</i>			
62,461	HB&T Short Term Income Fund	62,461	62,461
	Total Fixed Income	0.34% <u>62,461</u>	<u>62,461</u>
	Total Common Trust Fund	0.34% <u>62,461</u>	<u>62,461</u>
	Total Investments	100.00% <u>\$ 16,209,101</u>	<u>\$ 18,119,972</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2022

	The DGI Growth Fund
Income	
Interest	\$ 6,026
Dividends (net of \$1,126 in foreign taxes paid)	333,209
Total income	339,235
Expenses	
Investment management and administrative	15,159
Custody	9,133
Audit	7,500
Other	729
Class R1 expenses	215,207
Total expenses	247,728
Net Investment Income	91,507
Net Realized and Unrealized Gains (Losses) on Investments	
Net realized gains on investments	3,833,897
Net change in unrealized appreciation/depreciation on investments	(13,839,079)
Net realized and unrealized losses	(10,005,182)
Net Decrease in Net Assets Resulting From Operations	\$ (9,913,675)

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Year Ended December 31, 2022

	The DGI Growth Fund
Operations	
Net investment income	\$ 91,507
Net realized gains	3,833,897
Change in unrealized appreciation/depreciation	(13,839,079)
Net decrease in net assets from operations	(9,913,675)
Net Decrease in Net Assets From Participant Transactions	(18,213,586)
Decrease in Net Assets	(28,127,261)
Net Assets	
Beginning of year	46,220,891
End of year	\$ 18,093,630

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2022

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

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 on 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 is reinvested, thereby increasing the respective unit values.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2022

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 apportions all of their taxable income to their participants. Therefore, no federal income tax provision is required.

Subsequent Events

Subsequent events have been evaluated through May 26, 2023, which is the date the financial statements were available to be issued.

Investment Management Advisor

The investment management advisor for the Fund is Disciplined Growth Investors.

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 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 average daily net assets.

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Other Fees	Total Fees
The DGI Growth Fund: Class R1	0.05%	0.71%	0.03%	0.00%	0.79%

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2022

Note 3: Financial Highlights

	The DGI Growth Fund
Net asset value, beginning of year	\$ 23.75
Net investment income	0.06
Net realized and unrealized losses	(5.23)
Net decrease from investment operations	(5.17)
Net asset value, end of year	\$ 18.58
Total return	(21.77)%
Ratio to average net assets:	
Net investment income	0.31%
Expenses	0.84%

Note 4: Participant Unit Transactions

	The DGI Growth Fund	
	Units	Dollars
Class R1:		
Proceeds from sales of units	65,792	\$ 1,374,081
Cost of units redeemed	(1,037,833)	(19,587,667)
Net decrease in total net assets from participant transactions	(972,041)	\$ (18,213,586)

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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2022

- 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 year ended December 31, 2022.

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 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 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, 2022.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2022

	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)
The DGI Growth Fund			
Short Term Investment	\$ 85,440	\$ 85,440	\$ -
Common Stock	17,176,198	17,176,198	-
Foreign Stock	795,873	795,873	-
Common Trust Fund - Fixed Income (A)	62,461		
Total	\$ 18,119,972		

(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 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
The DGI Growth Fund
Year Ended December 31, 2022

Purchases	
Investment Class	Cost
Common Stock	\$ 3,101,122
Common Trust Fund - Fixed Income	<u>1,017,268</u>
Total Investments Purchased	<u><u>\$ 4,118,390</u></u>

Sales			
Investment Class	Proceeds	Cost	Gains
Common Stock	\$ 9,658,346	\$ 6,072,060	\$ 3,586,286
Foreign Stock	730,213	482,602	247,611
Common Trust Fund - Fixed Income	<u>1,115,671</u>	<u>1,115,671</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 11,504,230</u></u>	<u><u>\$ 7,670,333</u></u>	<u><u>\$ 3,833,897</u></u>