

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

Independent Auditor's Report and Financial Statements

December 31, 2017



Hand Composite Employee Benefit Trust
December 31, 2017

Contents

Independent Auditor's Report 1

Basic Financial Statements

Statement of Assets and Liabilities – Selected Fund 3

Schedule of Investments

 The DGI Growth Fund 4

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

Board of Directors
Hand Composite Employee Benefit Trust
Houston, Texas

We have audited the accompanying financial statements of the selected fund (The DGI Growth Fund) included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2017, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above 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, 2017, and the results of its operations and changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investment purchases and sales listed in the table of contents is presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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, 2018

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2017

	<u>The DGI Growth Fund</u>
Assets	
Investments, at cost	\$ 35,649,318
Investments, at fair value	\$ 47,411,610
Receivable for:	
Capital shares sold	50
Dividends and interest	24,321
Total assets	<u>\$ 47,435,981</u>
Liabilities	
Capital shares redeemed	\$ 5,295
Accounts payable and accrued liabilities	31,608
Total liabilities	<u>\$ 36,903</u>
Net assets held for participants - Class R1	<u>\$ 47,399,078</u>
Units outstanding - Class R1	<u>3,642,335</u>
Net asset value per unit - Class R1	<u>\$ 13.01</u>

Hand Composite Employee Benefit Trust
Schedule of Investments
The DGI Growth Fund
December 31, 2017

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
618,192	First American Treasury Obligation Fund Instl	\$ 618,192	\$ 618,192
	Total Short Term Investment	1.30% <u>618,192</u>	<u>618,192</u>
<u>Common Stock</u>			
<u>Consumer Discretionary</u>			
7,125	Cheesecake Factory	337,201	343,282
21,875	Ethan Allan Interiors Inc	558,572	625,625
47,650	Gentex Corp	746,628	998,267
11,800	Gentherm Inc	419,559	374,650
21,750	L Brands Inc	1,295,584	1,309,785
15,300	Nordstrom Inc	642,959	724,914
4,350	Ralph Lauren Corp	478,822	451,051
11,625	Royal Caribbean Cruises Ltd	772,482	1,386,630
27,950	Sleep Number Corp	723,180	1,050,640
26,600	TJX Companies Inc	1,464,753	2,033,836
5,300	Tripadvisor Inc	303,267	182,638
24,700	Under Armour Inc	430,570	356,421
10,225	Urban Outfitters Inc	315,842	358,488
	Total Consumer Discretionary	21.51% <u>8,489,419</u>	<u>10,196,227</u>
<u>Energy</u>			
74,875	Southwestern Energy Co	536,118	417,802
	Total Energy	0.88% <u>536,118</u>	<u>417,802</u>
<u>Financials</u>			
6,875	FactSet Research System Inc	1,076,128	1,325,225
19,925	TCF Financial Corp	309,488	408,462
	Total Financials	3.66% <u>1,385,616</u>	<u>1,733,687</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
The DGI Growth Fund (Continued)
December 31, 2017

Number of Shares		Cost	Fair Value
<i>Healthcare</i>			
9,090	Align Technology Inc	\$ 578,671	\$ 2,019,707
23,475	Edwards Lifesciences Corp	1,790,898	2,645,867
4,821	Intuitive Surgical Inc	891,605	1,759,376
3,602	Medidata Solutions Inc	179,993	228,259
15,150	Myriad Genetics Inc	420,280	520,327
8,650	Varian Medical Systems Inc	621,728	961,447
	Total Healthcare	17.16% <u>4,483,175</u>	<u>8,134,983</u>
<i>Industrials</i>			
15,525	Graco Inc	366,883	702,041
54,075	Jetblue Airways Corp	999,723	1,208,036
10,400	Landstar Systems Inc	669,283	1,082,640
15,050	Middleby Corp	1,698,728	2,030,998
8,975	Proto Labs Inc	433,565	924,425
	Total Industrials	12.55% <u>4,168,182</u>	<u>5,948,140</u>
<i>Information Technology</i>			
18,025	Akamai Technologies Inc	1,136,124	1,172,346
13,150	Autodesk Inc	901,831	1,378,514
5,400	Cognex Corporation	215,851	330,264
8,100	Dolby Laboratories Inc	323,859	502,200
12,725	Intuit Inc	1,263,470	2,007,751
10,000	Manhattan Associates	438,308	495,400
10,425	Microchip Technology Inc	527,473	916,149
6,800	Paychex Inc	324,936	462,944
17,125	Plantronics Inc	802,347	862,758
27,675	Plexus Corp	1,158,246	1,680,426
10,950	Power Integrations Inc	587,900	805,372
17,200	Realpage Inc	376,777	761,960
19,850	Super Micro Computer Inc	539,015	415,361
6,350	Synaptics Inc	467,559	253,619
17,650	Ubiquiti Networks Inc	745,871	1,253,503
10,550	Viasat Inc	690,978	789,668
	Total Information Technology	29.71% <u>10,500,545</u>	<u>14,088,235</u>
	Total Common Stock	85.47% <u>29,563,055</u>	<u>40,519,074</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
The DGI Growth Fund (Continued)
December 31, 2017

Number of Shares		Cost	Fair Value
<u>Foreign Stock</u>			
<i>Consumer Discretionary</i>			
16,475	Garmin Ltd	\$ 740,155	\$ 981,416
	Total Consumer Discretionary	2.07% <u>740,155</u>	<u>981,416</u>
<i>Industrials</i>			
9,245	IHS Markit LTD	328,963	417,412
	Total Industrials	0.88% <u>328,963</u>	<u>417,412</u>
<i>Energy</i>			
3,750	Core Laboratories NV	974,348	660,900
72,947	Ultra Petroleum Corp	419,027	410,813
33,549	Ultra Petroleum Corp Backstop Shares	404,739	273,559
	Total Energy	2.84% <u>1,798,114</u>	<u>1,345,272</u>
<i>Information Technology</i>			
49,050	Open Text Corp	1,136,961	1,749,614
24,081	Seagate Technology Plc	932,737	1,007,549
	Total Information Technology	5.81% <u>2,069,698</u>	<u>2,757,163</u>
	Total Foreign Stock	11.60% <u>4,936,930</u>	<u>5,501,263</u>
<u>Exchange-trade Funds</u>			
9,448	Altaba Inc	418,003	659,943
	Total Exchange-trade Funds	1.39% <u>418,003</u>	<u>659,943</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
113,138	HB&T Short Term Income Fund	113,138	113,138
	Total Fixed Income	0.24% <u>113,138</u>	<u>113,138</u>
	Total Common Trust Fund	0.24% <u>113,138</u>	<u>113,138</u>
	Total Investments	100.00% <u>\$ 35,649,318</u>	<u>\$ 47,411,610</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2017

	The DGI Growth Fund
Income	
Interest	\$ 11,094
Dividends	589,919
Total income	601,013
Expenses	
Investment management and administrative	21,223
Custody	12,371
Other	437
Class R1 expenses	301,370
Total expenses	335,401
Net Investment Income	265,612
Net Realized and Unrealized Gains on Investments	
Net realized gains on investments	3,756,098
Net change in unrealized appreciation on investments	3,504,804
Net realized and unrealized gains	7,260,902
Net Increase in Net Assets Resulting From Operations	\$ 7,526,514

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Year Ended December 31, 2017

	The DGI Growth Fund
Operations	
Net investment income	\$ 265,612
Net realized gains	3,756,098
Change in unrealized appreciation	3,504,804
Net increase in net assets from operations	7,526,514
Net Increase in Net Assets From Participant Transactions	13,744,561
Increase in Net Assets	21,271,075
Net Assets	
Beginning of year	26,128,003
End of year	\$ 47,399,078

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

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 105 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, 2017

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 25, 2018, 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	Total Fees
The DGI Growth Fund				
Class R1	0.05%	0.71%	0.03%	0.79%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 3: Financial Highlights

	<u>The DGI Growth Fund</u>	
Net asset value, beginning of year	\$	<u>10.88</u>
Net investment income		0.07
Net realized and unrealized gains		<u>2.06</u>
Net increase from investment operations		<u>2.13</u>
Net asset value, end of year	\$	<u><u>13.01</u></u>
Total return		19.58%
Ratio to average net assets:		
Net investment income		0.61%
Expenses		0.77%

Note 4: Participant Unit Transactions

	<u>The DGI Growth Fund</u>	
	<u>Units</u>	<u>Dollars</u>
Class R1:		
Proceeds from sales of units	2,174,505	\$ 24,417,541
Cost of units redeemed	<u>(933,282)</u>	<u>(10,672,980)</u>
Net increase in total net assets from participant transactions	<u>1,241,223</u>	<u>\$ 13,744,561</u>

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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

- 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, 2017.

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, 2017.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2017

	Fair Value	Fair Value Measurements Using		
		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	\$ 618,192	\$ 618,192	\$ -	\$ -
Common Stock	40,519,074	40,519,074	-	-
Foreign Stock	6,161,206	6,161,206	-	-
Common Trust Fund - Fixed Income (A)	113,138			
Total	\$ 47,411,610			

(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 statements 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, 2017

Purchases	
Investment Class	Cost
Common Stock	\$ 16,131,783
Foreign Stock	2,258,946
Common Trust Fund - Fixed Income	2,795,095
Right and Warrants	519,389
Total Investments Purchased	\$ 21,705,213

Sales			
Investment Class	Proceeds	Cost	Gain
Common Stock	\$ 7,430,424	\$ 4,335,036	\$ 3,095,388
Foreign Stock	286,378	132,586	153,792
Mutual Funds - Fixed Income	932,864	425,946	506,918
Common Trust Fund - Fixed Income	2,716,886	2,716,886	-
Rights and Warrants	519,389	519,389	-
Total Investments Sold	\$ 11,885,941	\$ 8,129,843	\$ 3,756,098