

Hand Composite Employee Benefit Trust
DSM US Large Cap Growth Fund
Independent Auditor's Report and Financial Statements
December 31, 2017



Hand Composite Employee Benefit Trust

December 31, 2017

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Independent Auditor's Report

Board of Directors
Hand Composite Employee Benefit Trust
Houston, Texas

We have audited the accompanying statement of assets and liabilities of a selected fund (DSM US Large Cap Growth Fund) included in the Hand Composite Employee Benefit Trust ("Trust" or "Fund"), 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 this statement of assets and liabilities 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 the statement of assets and liabilities that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this statement of assets and liabilities 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 statement of assets and liabilities is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of assets and liabilities. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of assets and liabilities, 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 statement of assets and liabilities 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 statement of assets and liabilities.

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 audits 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

	DSM US Large Cap Growth Fund
Assets	
Investments, at cost	\$ 54,684,619
Investments, at fair value	\$ 72,038,016
Receivable for:	
Capital shares sold	62,383
Dividends and interest	21,625
Total assets	\$ 72,122,024
Liabilities	
Accounts payable and accrued liabilities	\$ 39,246
Total liabilities	\$ 39,246
Net assets held for participants:	
Class R1	\$ 72,082,750
Class R2	14
Class R3	14
Total net assets held for participants	\$ 72,082,778
Units outstanding:	
Class R1	5,248,055
Class R2	1
Class R3	1
Total units outstanding	5,248,057
Net asset value per unit:	
Class R1	13.74
Class R2	13.80
Class R3	13.80

Hand Composite Employee Benefit Trust
Schedule of Investments
DSM US Large Cap Growth Fund
December 31, 2017

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
82,676	First American Treasury Obligation Fund V	\$ 82,676	\$ 82,676
	Total Short Term Investment	0.11% <u>82,676</u>	<u>82,676</u>
<i>Common Stock</i>			
<i>Consumer Discretionary</i>			
26,075	Dollar Tree Inc	2,300,259	2,798,107
34,925	Norwegian Cruise Line Holdings	1,912,251	1,859,756
1,575	Priceline.com Inc	2,324,097	2,736,941
23,225	Royal Caribbean Cruises Ltd	1,999,933	2,770,278
19,475	Starbucks Corp	1,084,693	1,118,449
9,050	Wynn Resorts Ltd	975,230	1,525,740
	Total Consumer Discretionary	17.78% <u>10,596,463</u>	<u>12,809,271</u>
<i>Consumer Staples</i>			
57,600	Monster Beverage Corp	2,757,069	3,645,504
	Total Consumer Staples	5.06% <u>2,757,069</u>	<u>3,645,504</u>
<i>Financials</i>			
78,275	Schwab Charles Corporation	3,325,108	4,020,987
	Total Financials	5.58% <u>3,325,108</u>	<u>4,020,987</u>
<i>Healthcare</i>			
36,875	Abbott Laboratories	1,768,237	2,104,456
10,775	Alexion Pharmaceuticals Inc	1,339,854	1,288,582
7,500	Becton Dickinson And Co	1,461,930	1,605,450
9,875	Regeneron Pharmaceuticals	3,855,179	3,712,605
1,775	Thermo Fisher Scientific Inc	328,718	337,037
55,475	Zoetis Inc	3,048,684	3,996,419
	Total Healthcare	18.11% <u>11,802,602</u>	<u>13,044,549</u>
<i>Industrials</i>			
13,775	Kansas City Southern Ord	1,258,564	1,449,406
	Total Industrials	2.01% <u>1,258,564</u>	<u>1,449,406</u>
<i>Information Technology</i>			
21,275	Adobe Systems Inc	2,201,757	3,728,231
4,238	Alphabet Inc	3,424,927	4,464,309
30,950	Facebook Inc	3,722,151	5,461,437

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
DSM US Large Cap Growth Fund (Continued)
December 31, 2017

Number of Shares		Cost	Fair Value
<i>Information Technology (Continued)</i>			
48,575	Microsoft Corporation	\$ 3,600,131	\$ 4,155,106
22,975	Paypal Holdings Inc	1,031,988	1,691,420
36,200	Visa Inc Cl A	2,914,991	4,127,524
	Total Information Technology	32.80% <u>16,895,945</u>	<u>23,628,027</u>
	Total Common Stock	81.34% <u>46,635,751</u>	<u>58,597,744</u>
<u>Foreign Stock</u>			
<i>Financials</i>			
31,225	Toronto-Dominion Bank	1,726,422	1,829,161
	Total Financials	2.54% <u>1,726,422</u>	<u>1,829,161</u>
<i>Industrials</i>			
5,600	Canadian Pacific Railway Ltd	984,050	1,023,456
	Total Industrials	1.42% <u>984,050</u>	<u>1,023,456</u>
<i>Information Technology</i>			
31,550	Alibaba Group Holding Limited Spons Adr	2,800,532	5,440,167
95,125	Tencent Holdings Ltd Unsponsored Adr	2,329,265	4,938,889
	Total Information Technology	14.42% <u>5,129,797</u>	<u>10,379,056</u>
	Total Foreign Stock	18.38% <u>7,840,269</u>	<u>13,231,673</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
125,923	HB&T Short Term Income Fund	125,923	125,923
	Total Fixed Income	0.17% <u>125,923</u>	<u>125,923</u>
	Total Common Trust Fund	0.17% <u>125,923</u>	<u>125,923</u>
	Total Investments	100.00% <u>\$ 54,684,619</u>	<u>\$ 72,038,016</u>

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

	DSM US Large Cap Growth Fund
Income	
Interest	\$ 2,390
Dividends	324,562
Total income	326,952
Expenses	
Investment management and administrative	52,099
Audit	6,500
Custody	19,421
Other	1,205
Class R1 expenses	293,519
Total expenses	372,744
Net Investment Income	(45,792)
Net Realized and Unrealized Gains on Investments	
Net realized gains on investments	2,765,864
Net change in unrealized appreciation on investments	17,353,397
Net realized and unrealized gains	20,119,261
Net Increase in Net Assets Resulting From Operations	\$ 20,073,469

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

	DSM US Large Cap Growth Fund
Operations	
Net investment income	\$ (45,792)
Net realized gains	2,765,864
Change in unrealized appreciation	<u>17,353,397</u>
Net increase in net assets from operations	20,073,469
Net Decrease in Net Assets From Participant Transactions	<u>(4,098,065)</u>
Increase in Net Assets	15,975,404
Net Assets	
Beginning of year	<u>56,107,374</u>
End of year	<u><u>\$ 72,082,778</u></u>

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 those funds is 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.

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, 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 value.

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 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, 2018, which is the date the financial statements were available to be issued.

Investment Management Advisor

The investment management advisor for the Fund is DSM Capital Partners, LLC.

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
The DSM US Large Cap Growth Fund					
Class R1	0.80%	0.45%	0.03%	0.00%	1.28%
Class R2	0.80%	0.55%	0.03%	0.00%	1.38%
Class R3	0.80%	0.45%	0.03%	0.00%	1.28%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 3: Financial Highlights

	<u>Class R1</u>
	<u>DSM US Large Cap Growth Fund</u>
Net asset value, beginning of year	\$ 10.00
Net investment loss	(0.01)
Net realized and unrealized gains	3.75
Net increase from investment operations	3.74
Net asset value, end of year	<u>\$ 13.74</u>
Total return	37.4%
Ratio to average net assets:	
Net investment income	(0.07)%
Expenses	0.57 %

Note 4: Participant Unit Transactions

	<u>The DSM US Large Cap Growth Fund</u>	
	<u>Units</u>	<u>Dollars</u>
Class R1:		
Proceeds from sales of units	275,926	\$ 3,325,015
Cost of units redeemed	<u>(638,608)</u>	<u>(7,423,080)</u>
Net decrease in Class R1 from participant transactions	<u>(362,682)</u>	<u>\$ (4,098,065)</u>
Net decrease in total net assets from participant transactions		<u>\$ (4,098,065)</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, as shown below.

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 year 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 Depositary 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, 2017.

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

		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 DSM US Large Cap Growth Fund				
Short Term Investment	\$ 82,676	\$ 82,676	\$ -	\$ -
Common Stock	58,597,744	58,597,744	-	-
Foreign Stock	13,231,673	13,231,673	-	-
Common Trust Fund - Fixed Income (A)	125,923			
Total	\$ 72,038,016			

(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 & Sales – Selected Fund
Year Ended December 31, 2017

Purchases	
Investment Class	Cost
Common Stock	\$ 70,086,054
Foreign Stock	17,779,478
Common Trust Funds	4,553,825
Total Investments Purchased	\$ 92,419,357

Sales			
Investment Class	Proceeds	Cost	Gain
Common Stock	\$ 25,714,049	\$ 23,450,303	\$ 2,263,746
Foreign Stock	10,441,327	9,939,209	502,118
Total Investments Sold	\$ 36,155,376	\$ 33,389,512	\$ 2,765,864