

**Hand Composite Employee  
Benefit Trust  
DSM US Large-Cap  
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, DSM US Large-Cap 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's 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'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 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**

	<b>DSM US Large-Cap Growth Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 93,851,978
Investments, at fair value	\$ 105,016,723
Receivable for:	
Capital shares sold	38,748
Dividends and interest	11,875
Investment advisor	3,522
Total assets	<u>\$ 105,070,868</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 14,749
Class R1 accrued expenses	41,019
Total liabilities	<u>\$ 55,768</u>
Net assets held for participants:	
Class R1	<u>\$ 105,015,100</u>
Total net assets held for participants	<u>\$ 105,015,100</u>
Units outstanding:	
Class R1	<u>5,021,676</u>
Total units outstanding	<u>5,021,676</u>
Net asset value per unit:	
Class R1	<u>\$ 20.91</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**DSM US Large-Cap Growth Fund**  
**December 31, 2022**

Number of Shares		Cost	Fair Value
<b><i>Short Term Investment</i></b>			
985,894	First American Treasury Obligation Fund V	\$ 985,894	\$ 985,894
	Total Short Term Investment	0.94% 985,894	985,894
<b><i>Common Stock</i></b>			
<b><i>Consumer Discretionary</i></b>			
66,200	Amazon.com Inc	7,428,127	5,560,797
11,883	Burlington Stores Inc	1,965,283	2,409,397
1,900	O'Reilly Automotive Inc	1,265,300	1,603,657
	Total Consumer Discretionary	9.12% 10,658,710	9,573,851
<b><i>Consumer Staples</i></b>			
32,185	Keurig Dr Pepper Inc	1,168,996	1,147,717
31,000	Monster Beverage Corp	2,725,762	3,147,430
	Total Consumer Staples	4.09% 3,894,758	4,295,147
<b><i>Financials</i></b>			
7,450	AON Plc	1,527,247	2,236,043
53,700	Schwab Charles Corporation	3,984,533	4,471,062
	Total Financials	6.39% 5,511,780	6,707,105
<b><i>Healthcare</i></b>			
95,925	Boston Scientific Corp.	3,782,382	4,438,450
24,715	Unitedhealth Group Inc	2,299,581	2,951,960
6,125	Zoetis Inc	2,400,528	3,247,353
	Total Healthcare	10.13% 8,482,491	10,637,763

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**DSM US Large-Cap Growth Fund (Continued)**  
**December 31, 2022**

Number of Shares		Cost	Fair Value
<i>Information Technology</i>			
13,200	Adobe Systems Inc	\$ 3,533,584	\$ 4,442,196
91,750	Alphabet Inc	5,926,746	8,095,103
12,900	Autodesk Inc	2,800,466	2,410,623
9,500	Auto Data Processing Inc.	1,727,960	2,269,170
15,425	Entegris Inc	1,296,457	1,011,726
13,675	Epam Systems Inc	4,995,232	4,481,845
27,600	Fiserv Inc	2,946,078	2,789,532
16,125	Fleetcor Technologies Inc	3,998,825	2,961,840
11,500	Intuit Inc	3,895,190	4,476,030
6,175	Mastercard Inc	2,105,248	2,147,233
47,350	Microsoft Corporation	5,688,256	11,355,477
14,175	Nvidia Corp	2,162,431	2,071,535
47,450	Paypal Holdings Inc	5,125,747	3,379,389
9,125	Solaredge Technologies Com	2,421,259	2,584,839
27,200	Visa Inc CL A	2,979,484	5,651,072
	Total Information Technology	57.25% <u>51,602,963</u>	<u>60,127,610</u>
	Total Common Stock	86.98% <u>80,150,702</u>	<u>91,341,476</u>
<i>Foreign Stock</i>			
<i>Healthcare</i>			
41,950	Astrazeneca Plc Spons Adr	2,769,470	2,844,210
	Total Healthcare	2.71% <u>2,769,470</u>	<u>2,844,210</u>
<i>Information Technology</i>			
15,950	Accenture Plc	4,706,719	4,256,098
5,325	Asml Holding NV NY Reg Shrs	2,702,501	2,909,580
	Total Information Technology	6.82% <u>7,409,220</u>	<u>7,165,678</u>
<i>Materials</i>			
7,450	Linde Plc	2,287,268	2,430,041
	Total Materials	2.31% <u>2,287,268</u>	<u>2,430,041</u>
	Total Foreign Stock	11.84% <u>12,465,958</u>	<u>12,439,929</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**DSM US Large-Cap Growth Fund (Continued)**  
**December 31, 2022**

Number of Shares		Cost	Fair Value
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
249,424 HB&T Short Term Income Fund		\$ 249,424	\$ 249,424
Total Fixed Income	0.24%	<u>249,424</u>	<u>249,424</u>
Total Common Trust Fund	0.24%	<u>249,424</u>	<u>249,424</u>
Total Investments	100.00%	<u>\$ 93,851,978</u>	<u>\$ 105,016,723</u>



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

	<b>DSM US Large-Cap Growth Fund</b>
<b>Income</b>	
Interest	\$ 24,402
Dividends	615,941
Total income	640,343
<b>Expenses</b>	
Investment management and administrative	84,167
Audit	5,000
Custody	31,084
Other	700
Class R1 expenses	482,957
Total expenses before reimbursement of fees	603,908
Reimbursement of fees	(41,975)
Net expenses	561,933
<b>Net Investment Income</b>	78,410
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>	
Net realized gains	5,445,381
Net change in unrealized appreciation/depreciation	(39,251,069)
Net realized and unrealized losses on investments	(33,805,688)
<b>Net Decrease in Net Assets Resulting From Operations</b>	\$ (33,727,278)

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

	<b>DSM US Large-Cap Growth Fund</b>
<b>Operations</b>	
Net investment income	\$ 78,410
Net realized gains	5,445,381
Change in unrealized appreciation/depreciation	(39,251,069)
Net decrease in net assets from operations	(33,727,278)
<b>Net Increase in Net Assets From Participant Transactions</b>	<b>13,546,187</b>
<b>Decrease in Net Assets</b>	<b>(20,181,091)</b>
<b>Net Assets</b>	
Beginning of year	125,196,191
End of year	\$ 105,015,100

# 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 those funds are included in this report.

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, 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 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 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 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.

During the year ended December 31, 2022, the investment advisor 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 average daily net assets.

<b>Fund</b>	<b>Administrative Fees</b>	<b>Investment Advisory Fees</b>	<b>Custody Fees</b>	<b>Total Fees</b>
DSM US Large-Cap Growth Fund: Class R1	0.08%	0.45%	0.03%	0.56%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2022

### Note 3: Financial Highlights

	<b>DSM US Large-Cap Growth Fund Class R1</b>
Net asset value, beginning of year	\$ 28.66
Net investment income	0.02
Net realized and unrealized losses	<u>(7.77)</u>
Net decrease from investment operations	<u>(7.75)</u>
Net asset value, end of year	<u>\$ 20.91</u>
Total return	(27.04)%
Ratio to average net assets:	
Net investment income	0.07%
Expenses without reimbursements	0.57 %
Expenses with reimbursements	0.53 %

### Note 4: Participant Unit Transactions

	<b>DSM US Large-Cap Growth Fund</b>	
	<b>Units</b>	<b>Dollars</b>
<b>Class R1:</b>		
Proceeds from sales of units	1,121,047	\$ 24,258,745
Cost of units redeemed	<u>(467,721)</u>	<u>(10,712,558)</u>
Net change in Class R1 from participant transactions	<u>653,326</u>	<u>13,546,187</u>
Net increase in net assets from participant transactions		<u>\$ 13,546,187</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, 2022

- 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, 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 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 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, 2022.

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

	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)
<b>DSM US Large-Cap Growth Fund</b>				
Short Term Investment	\$ 985,894	\$ 985,894	\$ -	\$ -
Common Stock	91,341,476	91,341,476	-	-
Foreign Stock	12,439,929	12,439,929	-	-
Common Trust Fund - Fixed Income (A)	249,424			
Total	<u>\$ 105,016,723</u>			

(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 amount included above is intended to permit reconciliation of the fair value hierarchy to the amount 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**  
**DSM US Large-Cap Growth Fund**  
**Year Ended December 31, 2022**

**Purchases**

<b>Investment Class</b>	<b>Cost</b>
Common Stock	\$ 43,223,593
Foreign Stock	11,122,520
Common Trust Fund - Fixed Income	<u>5,953,160</u>
 Total Investments Purchased	 <u><u>\$ 60,299,273</u></u>

**Sales**

<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains (Losses)</b>
Common Stock	\$ 38,849,679	\$ 33,254,089	\$ 5,595,590
Foreign Stock	1,097,953	1,248,162	(150,209)
Common Trust Fund - Fixed Income	<u>6,101,275</u>	<u>6,101,275</u>	<u>-</u>
 Total Investments Sold	 <u><u>\$ 46,048,907</u></u>	 <u><u>\$ 40,603,526</u></u>	 <u><u>\$ 5,445,381</u></u>