

**Hand Composite Employee Benefit Trust
FACETS Funds**

Independent Auditor's Report and Financial Statements

December 31, 2018



Hand Composite Employee Benefit Trust
December 31, 2018

Contents

Independent Auditor's Report 1

Basic Financial Statements

Statements of Assets and Liabilities – Selected Funds 3

Schedules of Investments

 FACETS Target Retirement NOW Fund..... 5

 FACETS Target Retirement 2020 Fund 6

 FACETS Target Retirement 2030 Fund 7

 FACETS Target Retirement 2040 Fund 8

 FACETS Target Retirement 2050 Fund 9

 FACETS Lifestyle Aggressive Fund 10

 FACETS Lifestyle Moderate Fund 11

 FACETS Lifestyle Conservative Fund 12

Statements of Operations – Selected Funds 13

Statements of Changes in Net Assets – Selected Funds 15

Notes to Financial Statements 17

Supplemental Information

Schedules of Investment Purchases and Sales – Selected Funds..... 27

Independent Auditor's Report

Board of Directors
Hand Composite Employee Benefit Trust
Houston, Texas

We have audited the accompanying financial statements of selected funds (FACETS Target Retirement NOW Fund, FACETS Target Retirement 2020 Fund, FACETS Target Retirement 2030 Fund, FACETS Target Retirement 2040 Fund, FACETS Target Retirement 2050 Fund, FACETS Lifestyle Aggressive Fund, FACETS Lifestyle Moderate Fund and FACETS Lifestyle Conservative Fund) [eight funds] included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which statements comprise the statements of assets and liabilities, including the schedules of investments, as of December 31, 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 these selected funds included in the Hand Composite Employee Benefit Trust as of December 31, 2018, and the results of their operations and changes in their net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of investment purchases and sales listed in the table of contents are 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 24, 2019

Hand Composite Employee Benefit Trust
Statements of Assets and Liabilities – Selected Funds
December 31, 2018

	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund
Assets				
Investments, at cost	\$ 1,299,760	\$ 1,899,860	\$ 1,600,342	\$ 1,029,456
Investments, at fair value	\$ 1,300,290	\$ 2,010,161	\$ 1,691,479	\$ 1,067,097
Receivable for:				
Capital shares sold	3,379	1,042	3,369	3,403
Total assets	\$ 1,303,669	\$ 2,011,203	\$ 1,694,848	\$ 1,070,500
Liabilities				
Payable for investment securities purchased	\$ 3,276	\$ 880	\$ 3,239	\$ 3,320
Accounts payable and accrued liabilities	1,735	3,234	2,542	1,507
Total liabilities	\$ 5,011	\$ 4,114	\$ 5,781	\$ 4,827
Net assets held for participants:				
Class R5	\$ 1,298,647	\$ 2,007,078	\$ 1,689,055	\$ 1,065,661
Class R6	11	11	12	12
Total net assets held for participants	\$ 1,298,658	\$ 2,007,089	\$ 1,689,067	\$ 1,065,673
Units outstanding:				
Class R5	118,229	179,581	146,976	91,180
Class R6	1	1	1	1
Total units outstanding	118,230	179,582	146,977	91,181
Net asset value per unit:				
Class R5	\$ 10.98	\$ 11.18	\$ 11.49	\$ 11.69
Class R6	\$ 11.08	\$ 11.27	\$ 11.59	\$ 11.78

Hand Composite Employee Benefit Trust
Statements of Assets and Liabilities – Selected Funds (Continued)
December 31, 2018

	FACETS Target Retirement 2050 Fund	FACETS Lifestyle Aggressive Fund	FACETS Lifestyle Moderate Fund	FACETS Lifestyle Conservative Fund
Assets				
Investments, at cost	\$ 219,856	\$ 5,230,381	\$ 6,047,736	\$ 3,819,991
Investments, at fair value	\$ 210,721	\$ 5,840,931	\$ 6,659,611	\$ 4,037,455
Receivable for:				
Capital shares sold	278	943	1,353	4,842
Total assets	\$ 210,999	\$ 5,841,874	\$ 6,660,964	\$ 4,042,297
Liabilities				
Payable for investment securities purchased	\$ 260	\$ 468	\$ 819	\$ 4,507
Accounts payable and accrued liabilities	350	6,582	8,028	5,064
Total liabilities	\$ 610	\$ 7,050	\$ 8,847	\$ 9,571
Net assets held for participants:				
Class R5	\$ 210,377	\$ 2,646,956	\$ 5,815,962	\$ 3,487,956
Class R6	12	3,187,868	836,155	544,770
Total net assets held for participants	\$ 210,389	\$ 5,834,824	\$ 6,652,117	\$ 4,032,726
Units outstanding:				
Class R5	17,528	190,186	442,676	277,064
Class R6	1	225,581	62,726	42,644
Total units outstanding	17,529	415,767	505,402	319,708
Net asset value per unit:				
Class R5	\$ 12.00	\$ 13.92	\$ 13.14	\$ 12.59
Class R6	\$ 12.08	\$ 14.13	\$ 13.33	\$ 12.77

Hand Composite Employee Benefit Trust
Schedules of Investments
FACETS Target Retirement NOW Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
626	Vanguard Real Estate Index Fund Adm	\$ 72,796	\$ 66,213
	Total Equity	5.09% <u>72,796</u>	<u>66,213</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
62,085	Blackrock US Debt Index Fund M	688,345	695,294
4,109	Blackrock US Tips Fund M	41,257	41,448
53,301	HB&T Short Term Income Fund	53,301	53,301
	Total Fixed Income	60.76% <u>782,903</u>	<u>790,043</u>
<i>Equity</i>			
7,305	Blackrock EAFE Equity Index Fund T	144,358	137,854
2,472	Blackrock Emerging Markets Index M	29,840	26,936
1,656	Blackrock Midcap Equity Index Fund K	73,616	72,340
876	Blackrock Russell 2000 Index T	33,247	32,789
1,721	Blackrock US Equity Index T	163,000	174,115
	Total Equity	34.15% <u>444,061</u>	<u>444,034</u>
	Total Common Trust Funds	94.91% <u>1,226,964</u>	<u>1,234,077</u>
	Total Investments	100.00% <u>\$ 1,299,760</u>	<u>\$ 1,300,290</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
FACETS Target Retirement 2020 Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
949	Vanguard Real Estate Index Fund Adm	\$ 109,239	\$ 100,294
	Total Equity	4.99% <u>109,239</u>	<u>100,294</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
67,927	Blackrock US Debt Index Fund M	743,232	760,717
7,931	Blackrock US Tips Fund M	79,616	79,999
100,882	HB&T Short Term Income Fund	100,882	100,882
	Total Fixed Income	46.84% <u>923,730</u>	<u>941,598</u>
<i>Equity</i>			
16,070	Blackrock EAFE Equity Index Fund T	305,901	303,262
4,645	Blackrock Emerging Markets Index M	55,306	50,620
3,923	Blackrock Midcap Equity Index Fund K	143,545	171,411
2,296	Blackrock Russell 2000 Index T	71,624	85,976
3,528	Blackrock US Equity Index T	290,515	357,000
	Total Equity	48.17% <u>866,891</u>	<u>968,269</u>
	Total Common Trust Funds	95.01% <u>1,790,621</u>	<u>1,909,867</u>
	Total Investments	100.00% <u>\$ 1,899,860</u>	<u>\$ 2,010,161</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
FACETS Target Retirement 2030 Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
796	Vanguard Real Estate Index Fund Adm	\$ 90,265	\$ 84,172
	Total Equity	4.98% <u>90,265</u>	<u>84,172</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
42,006	Blackrock US Debt Index Fund M	459,252	470,421
1,661	Blackrock US Tips Fund M	16,593	16,756
53,682	HB&T Short Term Income Fund	53,682	53,682
	Total Fixed Income	31.98% <u>529,527</u>	<u>540,859</u>
<i>Equity</i>			
17,443	Blackrock EAFE Equity Index Fund T	339,365	329,160
4,720	Blackrock Emerging Markets Index M	57,421	51,439
4,222	Blackrock Midcap Equity Index Fund K	163,313	184,479
2,255	Blackrock Russell 2000 Index T	71,204	84,422
4,120	Blackrock US Equity Index T	349,247	416,948
	Total Equity	63.05% <u>980,550</u>	<u>1,066,448</u>
	Total Common Trust Funds	95.02% <u>1,510,077</u>	<u>1,607,307</u>
	Total Investments	100.00% <u>\$ 1,600,342</u>	<u>\$ 1,691,479</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
FACETS Target Retirement 2040 Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
482	Vanguard Real Estate Index Fund Adm	\$ 55,136	\$ 50,952
	Total Equity	4.77% <u>55,136</u>	<u>50,952</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
16,136	Blackrock US Debt Index Fund M	177,120	180,707
52,122	HB&T Short Term Income Fund	52,122	52,122
	Total Fixed Income	21.82% <u>229,242</u>	<u>232,829</u>
<i>Equity</i>			
12,695	Blackrock EAFE Equity Index Fund T	244,171	239,557
3,414	Blackrock Emerging Markets Index M	40,096	37,210
3,233	Blackrock Midcap Equity Index Fund K	133,736	141,240
1,717	Blackrock Russell 2000 Index T	61,387	64,274
2,975	Blackrock US Equity Index T	265,688	301,035
	Total Equity	73.41% <u>745,078</u>	<u>783,316</u>
	Total Common Trust Funds	95.23% <u>974,320</u>	<u>1,016,145</u>
	Total Investments	100.00% <u>\$ 1,029,456</u>	<u>\$ 1,067,097</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
FACETS Target Retirement 2050 Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
97 Vanguard Real Estate Index Fund Adm		\$ 11,066	\$ 10,240
Total Equity	4.86%	<u>11,066</u>	<u>10,240</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
1,720 Blackrock US Debt Index Fund M		19,148	19,266
7,058 HB&T Short Term Income Fund		7,058	7,058
Total Fixed Income	12.49%	<u>26,206</u>	<u>26,324</u>
<i>Equity</i>			
2,771 Blackrock EAFE Equity Index Fund T		57,830	52,290
785 Blackrock Emerging Markets Index M		9,579	8,552
723 Blackrock Midcap Equity Index Fund K		33,127	31,593
383 Blackrock Russell 2000 Index T		15,025	14,357
666 Blackrock US Equity Index T		67,023	67,365
Total Equity	82.65%	<u>182,584</u>	<u>174,157</u>
Total Common Trust Funds	95.14%	<u>208,790</u>	<u>200,481</u>
Total Investments	100.00%	<u>\$ 219,856</u>	<u>\$ 210,721</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
FACETS Lifestyle Aggressive Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
2,751	Vanguard Real Estate Index Fund Adm	\$ 314,535	\$ 290,863
	Total Equity	4.98% <u>314,535</u>	<u>290,863</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
62,183	Blackrock US Debt Index Fund M	676,237	696,387
177,206	HB&T Short Term Income Fund	176,386	176,386
	Total Fixed Income	14.94% <u>852,623</u>	<u>872,773</u>
<i>Equity</i>			
74,535	Blackrock EAFE Equity Index Fund T	1,337,750	1,406,528
21,560	Blackrock Emerging Markets Index M	220,596	234,948
19,667	Blackrock Midcap Equity Index Fund K	715,950	859,261
10,331	Blackrock Russell 2000 Index T	324,873	386,820
17,686	Blackrock US Equity Index T	1,464,054	1,789,738
	Total Equity	80.08% <u>4,063,223</u>	<u>4,677,295</u>
	Total Common Trust Funds	95.02% <u>4,915,846</u>	<u>5,550,068</u>
	Total Investments	100.00% <u>\$ 5,230,381</u>	<u>\$ 5,840,931</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
FACETS Lifestyle Moderate Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
3,112	Vanguard Real Estate Index Fund Adm	\$ 337,212	\$ 328,994
	Total Equity	4.94% <u>337,212</u>	<u>328,994</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
195,267	Blackrock US Debt Index Fund M	2,110,224	2,186,787
19,689	Blackrock US Tips Fund M	196,325	198,604
269,909	HB&T Short Term Income Fund	269,909	269,909
	Total Fixed Income	39.87% <u>2,576,458</u>	<u>2,655,300</u>
<i>Equity</i>			
60,300	Blackrock EAFE Equity Index Fund T	1,077,866	1,137,908
15,941	Blackrock Emerging Markets Index M	149,397	173,720
14,457	Blackrock Midcap Equity Index Fund K	500,863	631,622
8,566	Blackrock Russell 2000 Index T	256,439	320,724
13,947	Blackrock US Equity Index T	1,149,501	1,411,343
	Total Equity	55.19% <u>3,134,066</u>	<u>3,675,317</u>
	Total Common Trust Funds	95.06% <u>5,710,524</u>	<u>6,330,617</u>
	Total Investments	100.00% <u>\$ 6,047,736</u>	<u>\$ 6,659,611</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
FACETS Lifestyle Conservative Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Mutual Funds</u></i>			
<i>Equity</i>			
1,905	Vanguard Real Estate Index Fund Adm	\$ 211,565	\$ 201,346
	Total Equity	4.99% <u>211,565</u>	<u>201,346</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
168,622	Blackrock US Debt Index Fund M	1,842,943	1,888,396
35,810	Blackrock US Tips Fund M	359,023	361,226
250,584	HB&T Short Term Income Fund	250,584	250,584
	Total Fixed Income	61.93% <u>2,452,550</u>	<u>2,500,206</u>
<i>Equity</i>			
21,504	Blackrock EAFE Equity Index Fund T	376,541	405,799
7,739	Blackrock Emerging Markets Index M	86,687	84,340
5,040	Blackrock Midcap Equity Index Fund K	178,417	220,219
2,623	Blackrock Russell 2000 Index T	81,053	98,200
5,211	Blackrock US Equity Index T	433,178	527,345
	Total Equity	33.09% <u>1,155,876</u>	<u>1,335,903</u>
	Total Common Trust Funds	95.01% <u>3,608,426</u>	<u>3,836,109</u>
	Total Investments	100.00% <u>\$ 3,819,991</u>	<u>\$ 4,037,455</u>

Hand Composite Employee Benefit Trust
Statements of Operations – Selected Funds
Year Ended December 31, 2018

	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund
Income				
Dividends	\$ 6,465	\$ 9,911	\$ 7,131	\$ 4,021
Expenses				
Investment management and administrative	1,579	3,052	2,389	1,396
Class R5 expenses	3,503	6,762	5,290	3,092
Audit	1,404	2,713	2,124	1,241
Other fees	29	107	56	87
Total expenses	<u>6,515</u>	<u>12,634</u>	<u>9,859</u>	<u>5,816</u>
Net Investment Loss	<u>(50)</u>	<u>(2,723)</u>	<u>(2,728)</u>	<u>(1,795)</u>
Net Realized and Unrealized Gains (Losses)				
on Investments				
Net realized gains on investments	79,724	451,792	544,429	267,510
Net change in unrealized appreciation/ depreciation on investments	<u>(130,739)</u>	<u>(579,978)</u>	<u>(679,175)</u>	<u>(351,586)</u>
Net realized and unrealized losses	<u>(51,015)</u>	<u>(128,186)</u>	<u>(134,746)</u>	<u>(84,076)</u>
Net Decrease in Net Assets Resulting From Operations	<u>\$ (51,065)</u>	<u>\$ (130,909)</u>	<u>\$ (137,474)</u>	<u>\$ (85,871)</u>

Hand Composite Employee Benefit Trust
Statements of Operations – Selected Funds (Continued)
Year Ended December 31, 2018

	FACETS Target Retirement 2050 Fund	FACETS Lifestyle Aggressive Fund	FACETS Lifestyle Moderate Fund	FACETS Lifestyle Conservative Fund
Income				
Dividends	\$ 904	\$ 19,141	\$ 22,103	\$ 19,085
Expenses				
Investment management and administrative	329	6,301	7,260	4,589
Class R5 expenses	718	10,414	14,899	9,357
Audit	293	5,601	6,453	4,079
Other fees	49	9	23	21
Total expenses	<u>1,389</u>	<u>22,325</u>	<u>28,635</u>	<u>18,046</u>
Net Investment Gain (Loss)	<u>(485)</u>	<u>(3,184)</u>	<u>(6,532)</u>	<u>1,039</u>
Net Realized and Unrealized Gains (Losses)				
on Investments				
Net realized gains on investments	155,756	303,582	301,958	314,304
Net change in unrealized appreciation/ depreciation on investments	<u>(157,625)</u>	<u>(808,282)</u>	<u>(730,277)</u>	<u>(468,101)</u>
Net realized and unrealized losses	<u>(1,869)</u>	<u>(504,700)</u>	<u>(428,319)</u>	<u>(153,797)</u>
Net Decrease in Net Assets Resulting From Operations	<u>\$ (2,354)</u>	<u>\$ (507,884)</u>	<u>\$ (434,851)</u>	<u>\$ (152,758)</u>

Hand Composite Employee Benefit Trust
Statements of Changes in Net Assets – Selected Funds
Year Ended December 31, 2018

	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund
Operations				
Net investment loss	\$ (50)	\$ (2,723)	\$ (2,728)	\$ (1,795)
Net realized gains	79,724	451,792	544,429	267,510
Change in unrealized appreciation/depreciation	<u>(130,739)</u>	<u>(579,978)</u>	<u>(679,175)</u>	<u>(351,586)</u>
Net decrease in net assets from operations	(51,065)	(130,909)	(137,474)	(85,871)
Net Decrease in Net Assets From Participant Transactions	<u>(809,270)</u>	<u>(3,128,709)</u>	<u>(3,083,747)</u>	<u>(1,188,123)</u>
Decrease in Net Assets	(860,335)	(3,259,618)	(3,221,221)	(1,273,994)
Net Assets				
Beginning of year	<u>2,158,993</u>	<u>5,266,707</u>	<u>4,910,288</u>	<u>2,339,667</u>
End of year	<u>\$ 1,298,658</u>	<u>\$ 2,007,089</u>	<u>\$ 1,689,067</u>	<u>\$ 1,065,673</u>

Hand Composite Employee Benefit Trust
Statements of Changes in Net Assets – Selected Funds (Continued)
Year Ended December 31, 2018

	FACETS Target Retirement 2050 Fund	FACETS Lifestyle Aggressive Fund	FACETS Lifestyle Moderate Fund	FACETS Lifestyle Conservative Fund
Operations				
Net investment gain (loss)	\$ (485)	\$ (3,184)	\$ (6,532)	\$ 1,039
Net realized gains	155,756	303,582	301,958	314,304
Change in unrealized appreciation/depreciation	<u>(157,625)</u>	<u>(808,282)</u>	<u>(730,277)</u>	<u>(468,101)</u>
Net decrease in net assets from operations	(2,354)	(507,884)	(434,851)	(152,758)
Net Decrease in Net Assets From Participant Transactions	<u>(750,800)</u>	<u>(1,209,687)</u>	<u>(1,942,432)</u>	<u>(2,293,082)</u>
Decrease in Net Assets	(753,154)	(1,717,571)	(2,377,283)	(2,445,840)
Net Assets				
Beginning of year	<u>963,543</u>	<u>7,552,395</u>	<u>9,029,400</u>	<u>6,478,566</u>
End of year	<u>\$ 210,389</u>	<u>\$ 5,834,824</u>	<u>\$ 6,652,117</u>	<u>\$ 4,032,726</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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 92 funds (the Funds); the financial statements of eight 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.

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 Funds

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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 Funds are 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. All Funds are valued daily.

Federal Income Taxes

The Funds comply with the requirements under Section 501(a) of the IRC and apportion 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 24, 2019, which is the date the financial statements were available to be issued.

Investment Management Advisors

The investment management advisors for each Fund are as follows:

Fund	Investment Management Advisors
FACETS Target Retirement NOW Fund	Hand Benefits and Trust Company
FACETS Target Retirement 2020 Fund	Hand Benefits and Trust Company
FACETS Target Retirement 2030 Fund	Hand Benefits and Trust Company
FACETS Target Retirement 2040 Fund	Hand Benefits and Trust Company
FACETS Target Retirement 2050 Fund	Hand Benefits and Trust Company
FACETS Lifestyle Aggressive Fund	Hand Benefits and Trust Company
FACETS Lifestyle Moderate Fund	Hand Benefits and Trust Company
FACETS Lifestyle Conservative Fund	Hand Benefits and Trust Company

Note 2: Investment Advisory Fees and Other Transactions With Affiliates

The Funds are charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Funds have 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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

The following table indicates the fees charged each of the Funds and the various classes of units within the Funds (as a percentage of net assets). These charges are calculated using each Fund's average daily net assets:

Fund	Administrative Fees	Investment Advisory Fees	Service Fees	Other Fees	Total Fees
All FACETS Funds					
Class R5	0.09%	0.00%	0.20%	0.08%	0.37%
Class R6	0.09%	0.00%	0.00%	0.08%	0.17%

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2018

Note 3: Financial Highlights

	Class R5							
	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund	FACETS Target Retirement 2050 Fund	FACETS Lifestyle Aggressive Fund	FACETS Lifestyle Moderate Fund	FACETS Lifestyle Conservative Fund
Net asset value, beginning of year	\$ 11.36	\$ 11.79	\$ 12.25	\$ 12.60	\$ 12.99	\$ 15.07	\$ 13.94	\$ 12.98
Net investment loss	-	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.01)	-
Net realized and unrealized losses	(0.38)	(0.60)	(0.75)	(0.89)	(0.97)	(1.13)	(0.79)	(0.39)
Net decrease from investment operations	(0.38)	(0.61)	(0.76)	(0.91)	(0.99)	(1.15)	(0.80)	(0.39)
Net asset value, end of year	<u>\$ 10.98</u>	<u>\$ 11.18</u>	<u>\$ 11.49</u>	<u>\$ 11.69</u>	<u>\$ 12.00</u>	<u>\$ 13.92</u>	<u>\$ 13.14</u>	<u>\$ 12.59</u>
Total return	-3.35%	-5.17%	-6.20%	-7.22%	-7.62%	-7.63%	-5.74%	-3.00%
Ratio to average net assets:								
Net investment loss	0.00%	-0.08%	-0.11%	-0.12%	-0.15%	-0.14%	-0.10%	-0.01%
Expenses	0.38%	0.39%	0.40%	0.39%	0.43%	0.31%	0.37%	0.37%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

	Class R6							
	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund	FACETS Target Retirement 2050 Fund	FACETS Lifestyle Aggressive Fund	FACETS Lifestyle Moderate Fund	FACETS Lifestyle Conservative Fund
Net asset value, beginning of year	\$ 11.44	\$ 11.87	\$ 12.33	\$ 12.68	\$ 13.12	\$ 15.27	\$ 14.11	\$ 13.14
Net investment income	-	-	-	-	-	0.03	0.02	0.04
Net realized and unrealized losses	(0.36)	(0.60)	(0.74)	(0.90)	(1.04)	(1.17)	(0.80)	(0.41)
Net decrease from investment operations	(0.36)	(0.60)	(0.74)	(0.90)	(1.04)	(1.14)	(0.78)	(0.37)
Net asset value, end of year	\$ 11.08	\$ 11.27	\$ 11.59	\$ 11.78	\$ 12.08	\$ 14.13	\$ 13.33	\$ 12.77
Total return	-3.15%	-5.05%	-6.00%	-7.10%	-7.93%	-7.47%	-5.53%	-2.82%
Ratio to average net assets:								
Net investment income	0.00%	0.00%	0.00%	0.00%	0.00%	0.21%	0.16%	0.33%
Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.35%	0.27%	0.28%

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2018

Note 4: Participant Unit Transactions

	FACETS Target Retirement NOW Fund		FACETS Target Retirement 2020 Fund		FACETS Target Retirement 2030 Fund		FACETS Target Retirement 2040 Fund	
	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars
Class R5:								
Proceeds from sales of units	18,395	\$ 206,918	14,443	\$ 170,554	35,789	\$ 436,539	33,700	\$ 423,563
Cost of units redeemed	<u>(90,137)</u>	<u>(1,016,210)</u>	<u>(281,513)</u>	<u>(3,299,338)</u>	<u>(289,738)</u>	<u>(3,520,351)</u>	<u>(128,141)</u>	<u>(1,611,669)</u>
Net change in Class R5 from participant transactions	<u>(71,742)</u>	<u>(809,292)</u>	<u>(267,070)</u>	<u>(3,128,784)</u>	<u>(253,949)</u>	<u>(3,083,812)</u>	<u>(94,441)</u>	<u>(1,188,106)</u>
Class R6:								
Proceeds from sales of units	222	2,501	530	6,200	369	4,480	471	5,854
Cost of units redeemed	<u>(222)</u>	<u>(2,479)</u>	<u>(530)</u>	<u>(6,125)</u>	<u>(369)</u>	<u>(4,415)</u>	<u>(471)</u>	<u>(5,871)</u>
Net change in Class R6 from participant transactions	<u>0</u>	<u>22</u>	<u>0</u>	<u>75</u>	<u>0</u>	<u>65</u>	<u>0</u>	<u>(17)</u>
Net change in total net assets from participant transactions		<u>\$ (809,270)</u>		<u>\$ (3,128,709)</u>		<u>\$ (3,083,747)</u>		<u>\$ (1,188,123)</u>

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2018

	FACETS Target Retirement 2050 Fund		FACETS Lifestyle Aggressive Fund		FACETS Lifestyle Moderate Fund		FACETS Lifestyle Conservative Fund	
	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars
Class R5:								
Proceeds from sales of units	7,417	\$ 96,116	38,807	\$ 589,816	43,710	\$ 607,987	39,028	\$ 502,440
Cost of units redeemed	<u>(63,710)</u>	<u>(843,111)</u>	<u>(334,633)</u>	<u>(5,104,537)</u>	<u>(234,380)</u>	<u>(3,249,300)</u>	<u>(237,097)</u>	<u>(3,047,178)</u>
Net change in Class R5 from participant transactions	<u>(56,293)</u>	<u>(746,995)</u>	<u>(295,826)</u>	<u>(4,514,721)</u>	<u>(190,670)</u>	<u>(2,641,313)</u>	<u>(198,069)</u>	<u>(2,544,738)</u>
Class R6:								
Proceeds from sales of units	2,007	26,030	227,903	3,578,444	69,669	996,324	22,459	297,083
Cost of units redeemed	<u>(2,332)</u>	<u>(29,835)</u>	<u>(17,410)</u>	<u>(273,410)</u>	<u>(21,338)</u>	<u>(297,443)</u>	<u>(3,536)</u>	<u>(45,427)</u>
Net change in Class R6 from participant transactions	<u>(325)</u>	<u>(3,805)</u>	<u>210,493</u>	<u>3,305,034</u>	<u>48,331</u>	<u>698,881</u>	<u>18,923</u>	<u>251,656</u>
Net change in total net assets from participant transactions		<u>\$ (750,800)</u>		<u>\$ (1,209,687)</u>		<u>\$ (1,942,432)</u>		<u>\$ (2,293,082)</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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 Funds 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 statements 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, 2018.

Mutual Funds. Funds 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.

The following tables present the fair value measurements of assets recognized in the accompanying statements 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, 2018:

	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)
FACETS Target Retirement NOW Fund				
Mutual Fund - Equity	\$ 66,213	\$ 66,213	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	790,043			
Common Trust Funds - Equity (A)	444,034			
Total	<u>\$ 1,300,290</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 amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets and liabilities.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

	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)
FACETS Target Retirement 2020 Fund				
Mutual Fund - Equity	\$ 100,294	\$ 100,294	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	941,598			
Common Trust Funds - Equity (A)	<u>968,269</u>			
Total	<u>\$ 2,010,161</u>			
FACETS Target Retirement 2030 Fund				
Mutual Fund - Equity	\$ 84,172	\$ 84,172	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	540,859			
Common Trust Funds - Equity (A)	<u>1,066,448</u>			
Total	<u>\$ 1,691,479</u>			
FACETS Target Retirement 2040 Fund				
Mutual Fund - Equity	\$ 50,952	\$ 50,952	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	232,829			
Common Trust Funds - Equity (A)	<u>783,316</u>			
Total	<u>\$ 1,067,097</u>			
FACETS Target Retirement 2050 Fund				
Mutual Fund - Equity	\$ 10,240	\$ 10,240	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	26,324			
Common Trust Funds - Equity (A)	<u>174,157</u>			
Total	<u>\$ 210,721</u>			
FACETS Lifestyle Aggressive Fund				
Mutual Fund - Equity	\$ 290,863	\$ 290,863	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	872,774			
Common Trust Funds - Equity (A)	<u>4,677,294</u>			
Total	<u>\$ 5,840,931</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 amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets and liabilities.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2018

	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)
FACETS Lifestyle Moderate Fund				
Mutual Fund - Equity	\$ 328,994	\$ 328,994	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	2,655,300			
Common Trust Funds - Equity (A)	<u>3,675,317</u>			
Total	<u>\$ 6,659,611</u>			
FACETS Lifestyle Conservative Fund				
Mutual Fund - Equity	\$ 201,346	\$ 201,346	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	2,500,206			
Common Trust Funds - Equity (A)	<u>1,335,903</u>			
Total	<u>\$ 4,037,455</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 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 Funds invest 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 statements of assets and liabilities.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds
FACETS Target Retirement NOW Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 3,646
Common Trust Funds - Fixed Income	525,085
Common Trust Funds - Equity	44,127
Total Investments Purchased	\$ 572,858

Sales			
Investment Class	Proceeds	Cost	Gain
Mutual Funds - Equity	\$ 35,514	\$ 34,265	\$ 1,249
Common Trust Funds - Fixed Income	1,065,238	1,059,642	5,596
Common Trust Funds - Equity	279,464	206,585	72,879
Total Investments Sold	\$ 1,380,216	\$ 1,300,492	\$ 79,724

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
FACETS Target Retirement 2020 Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 11,855
Common Trust Funds - Fixed Income	1,702,752
Common Trust Funds - Equity	30,644
Total Investments Purchased	\$ 1,745,251

Sales			
Investment Class	Proceeds	Cost	Gain
Mutual Funds - Equity	\$ 147,525	\$ 139,379	\$ 8,146
Common Trust Funds - Fixed Income	3,105,391	3,073,629	31,762
Common Trust Funds - Equity	1,624,574	1,212,690	411,884
Total Investments Sold	\$ 4,877,490	\$ 4,425,698	\$ 451,792

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
FACETS Target Retirement 2030 Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 9,605
Common Trust Funds - Fixed Income	737,244
Common Trust Funds - Equity	106,039
Total Investments Purchased	\$ 852,888

Sales			
Investment Class	Proceeds	Cost	Gain
Mutual Funds - Equity	\$ 140,693	\$ 138,003	\$ 2,690
Common Trust Funds - Fixed Income	1,698,843	1,678,640	20,203
Common Trust Funds - Equity	2,098,463	1,576,927	521,536
Total Investments Sold	\$ 3,937,999	\$ 3,393,570	\$ 544,429

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
FACETS Target Retirement 2040 Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 7,940
Common Trust Funds - Fixed Income	657,562
Common Trust Funds - Equity	155,489
Total Investments Purchased	\$ 820,991

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Mutual Funds - Equity	\$ 63,631	\$ 65,023	\$ (1,392)
Common Trust Funds - Fixed Income	887,510	882,329	5,181
Common Trust Funds - Equity	1,055,611	791,890	263,721
Total Investments Sold	\$ 2,006,752	\$ 1,739,242	\$ 267,510

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
FACETS Target Retirement 2050 Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 3,674
Common Trust Funds - Fixed Income	231,084
Common Trust Funds - Equity	67,549
Total Investments Purchased	\$ 302,307

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Mutual Funds - Equity	\$ 39,081	\$ 41,343	\$ (2,262)
Common Trust Funds - Fixed Income	319,855	319,169	686
Common Trust Funds - Equity	695,046	537,714	157,332
Total Investments Sold	\$ 1,053,982	\$ 898,226	\$ 155,756

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
FACETS Lifestyle Aggressive Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 47,863
Common Trust Funds - Fixed Income	1,768,554
Common Trust Funds - Equity	165,261
Total Investments Purchased	\$ 1,981,678

Sales			
Investment Class	Proceeds	Cost	Gain
Mutual Funds - Equity	\$ 101,867	\$ 96,524	\$ 5,343
Common Trust Funds - Fixed Income	2,036,566	2,023,868	12,698
Common Trust Funds - Equity	1,108,728	823,187	285,541
Total Investments Sold	\$ 3,247,161	\$ 2,943,579	\$ 303,582

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
FACETS Lifestyle Moderate Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 45,967
Common Trust Funds - Fixed Income	2,167,380
Common Trust Funds - Equity	74,823
Total Investments Purchased	\$ 2,288,170

Sales			
Investment Class	Proceeds	Cost	Gain
Mutual Funds - Equity	\$ 126,261	\$ 116,732	\$ 9,529
Common Trust Funds - Fixed Income	3,144,469	3,104,149	40,320
Common Trust Funds - Equity	1,041,276	789,167	252,109
Total Investments Sold	\$ 4,312,006	\$ 4,010,048	\$ 301,958

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
FACETS Lifestyle Conservative Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Mutual Funds - Equity	\$ 21,490
Common Trust Funds - Fixed Income	2,614,708
Common Trust Funds - Equity	100,156
Total Investments Purchased	\$ 2,736,354

Sales			
Investment Class	Proceeds	Cost	Gain
Mutual Funds - Equity	\$ 111,157	\$ 101,740	\$ 9,417
Common Trust Funds - Fixed Income	4,112,141	4,053,914	58,227
Common Trust Funds - Equity	804,927	558,267	246,660
Total Investments Sold	\$ 5,028,225	\$ 4,713,921	\$ 314,304