

**Hand Composite Employee Benefit Trust  
FACETS Funds**

Independent Auditor's Report and Financial Statements

December 31, 2020



# Hand Composite Employee Benefit Trust

## December 31, 2020

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## 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, 2020, 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, 2020, 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 27, 2021

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds**  
**December 31, 2020**

	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund
<b>Assets</b>				
Investments, at cost	\$ 4,141	\$ 1,451,745	\$ 28	\$ 33,484
Investments, at fair value	\$ 4,141	\$ 1,859,853	\$ 28	\$ 39,718
Cash	20	-	-	-
Receivable for:				
Capital shares sold	-	-	-	-
Total assets	<u>\$ 4,161</u>	<u>\$ 1,859,853</u>	<u>\$ 28</u>	<u>\$ 39,718</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 1,813	\$ -	\$ 35
Total liabilities	<u>\$ 0</u>	<u>\$ 1,813</u>	<u>\$ 0</u>	<u>\$ 35</u>
Net assets held for participants:				
Class R5	\$ 4,147	\$ 1,858,025	\$ 14	\$ 39,667
Class R6	<u>14</u>	<u>15</u>	<u>14</u>	<u>16</u>
Total net assets held for participants	<u>\$ 4,161</u>	<u>\$ 1,858,040</u>	<u>\$ 28</u>	<u>\$ 39,683</u>
Units outstanding:				
Class R5	327	128,101	1	2,486
Class R6	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total units outstanding	<u>328</u>	<u>128,102</u>	<u>2</u>	<u>2,487</u>
Net asset value per unit:				
Class R5	\$ 12.67	\$ 14.50	\$ 14.21	\$ 15.95
Class R6	<u>\$ 13.58</u>	<u>\$ 14.69</u>	<u>\$ 14.25</u>	<u>\$ 16.16</u>

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds (Continued)**  
**December 31, 2020**

	FACETS Target Retirement 2050 Fund	FACETS Lifestyle Aggressive Fund	FACETS Lifestyle Moderate Fund	FACETS Lifestyle Conservative Fund
<b>Assets</b>				
Investments, at cost	\$ 37,969	\$ 1,531,840	\$ 3,016,169	\$ 2,927,915
Investments, at fair value	\$ 45,317	\$ 2,123,703	\$ 3,932,845	\$ 3,633,903
Cash	-	-	-	-
Receivable for:				
Capital shares sold	-	567	334	267
Total assets	<u>\$ 45,317</u>	<u>\$ 2,124,270</u>	<u>\$ 3,933,179</u>	<u>\$ 3,634,170</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 40	\$ 2,170	\$ 4,079	\$ 3,724
Total liabilities	<u>\$ 40</u>	<u>\$ 2,170</u>	<u>\$ 4,079</u>	<u>\$ 3,724</u>
Net assets held for participants:				
Class R5	\$ 45,260	\$ 2,094,060	\$ 3,565,208	\$ 3,032,850
Class R6	17	28,040	363,892	597,596
Total net assets held for participants	<u>\$ 45,277</u>	<u>\$ 2,122,100</u>	<u>\$ 3,929,100</u>	<u>\$ 3,630,446</u>
Units outstanding:				
Class R5	2,719	108,298	204,744	191,499
Class R6	1	1,433	20,501	37,058
Total units outstanding	<u>2,720</u>	<u>109,731</u>	<u>225,245</u>	<u>228,557</u>
Net asset value per unit:				
Class R5	\$ 16.64	\$ 19.34	\$ 17.41	\$ 15.84
Class R6	\$ 16.82	\$ 19.58	\$ 17.76	\$ 16.13

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**FACETS Target Retirement NOW Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
4,141	HB&T Short Term Income Fund	\$ 4,141	\$ 4,141
	Total Fixed Income	100.00% <u>4,141</u>	<u>4,141</u>
	Total Common Trust Fund	100.00% <u>4,141</u>	<u>4,141</u>
	Total Investments	100.00% <u>\$ 4,141</u>	<u>\$ 4,141</u>

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

Number of Shares		Cost	Fair Value
<u><i>Mutual Fund</i></u>			
<i>Equity</i>			
764	Vanguard Real Estate Index Fund Adm	\$ 86,544	\$ 91,951
	Total Equity	4.94% <u>86,544</u>	<u>91,951</u>
	Total Mutual Fund	4.94% <u>86,544</u>	<u>91,951</u>
<u><i>Common Trust Funds</i></u>			
<i>Fixed Income</i>			
54,352	Blackrock US Debt Index Fund M	613,100	712,251
7,557	Blackrock US Tips Fund M	78,682	91,941
97,361	HB&T Short Term Income Fund	97,361	97,361
	Total Fixed Income	48.48% <u>789,143</u>	<u>901,553</u>
<i>Equity</i>			
10,817	Blackrock EAFE Equity Index Fund T	221,906	270,450
3,138	Blackrock Emerging Markets Index M	37,777	47,756
2,437	Blackrock Midcap Equity Index Fund K	95,929	152,807
1,384	Blackrock Russell 2000 Index T	46,599	78,093
2,012	Blackrock US Equity Index T	173,847	317,243
	Total Equity	46.58% <u>576,058</u>	<u>866,349</u>
	Total Common Trust Funds	95.06% <u>1,365,201</u>	<u>1,767,902</u>
	Total Investments	100.00% <u>\$ 1,451,745</u>	<u>\$ 1,859,853</u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**FACETS Target Retirement 2030 Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
28 HB&T Short Term Income Fund		\$ 28	\$ 28
Total Fixed Income	100.00%	<u>28</u>	<u>28</u>
Total Common Trust Fund	100.00%	<u>28</u>	<u>28</u>
Total Investments	100.00%	<u>\$ 28</u>	<u>\$ 28</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**FACETS Target Retirement 2040 Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<b><u>Mutual Fund</u></b>			
<b><i>Equity</i></b>			
15	Vanguard Real Estate Index Fund Adm	\$ 1,891	\$ 1,835
	Total Equity	4.62% <u>1,891</u>	<u>1,835</u>
	Total Mutual Fund	4.62% <u>1,891</u>	<u>1,835</u>
<b><u>Common Trust Funds</u></b>			
<b><i>Fixed Income</i></b>			
503	Blackrock US Debt Index Fund M	6,060	6,592
2,287	HB&T Short Term Income Fund	2,287	2,287
	Total Fixed Income	22.36% <u>8,347</u>	<u>8,879</u>
<b><i>Equity</i></b>			
347	Blackrock EAFE Equity Index Fund T	7,430	8,687
94	Blackrock Emerging Markets Index M	1,113	1,435
86	Blackrock Midcap Equity Index Fund K	4,383	5,371
46	Blackrock Russell 2000 Index T	1,999	2,603
69	Blackrock US Equity Index T	8,321	10,908
	Total Equity	73.02% <u>23,246</u>	<u>29,004</u>
	Total Common Trust Funds	95.38% <u>31,593</u>	<u>37,883</u>
	Total Investments	100.00% <u>\$ 33,484</u>	<u>\$ 39,718</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**FACETS Target Retirement 2050 Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<b><u>Mutual Fund</u></b>			
<i>Equity</i>			
18 Vanguard Real Estate Index Fund Adm		\$ 2,163	\$ 2,114
Total Equity	4.66%	<u>2,163</u>	<u>2,114</u>
Total Mutual Fund	4.66%	<u>2,163</u>	<u>2,114</u>
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
275 Blackrock US Debt Index Fund M		3,348	3,597
1,623 HB&T Short Term Income Fund		1,623	1,623
Total Fixed Income	11.52%	<u>4,971</u>	<u>5,220</u>
<i>Equity</i>			
446 Blackrock EAFE Equity Index Fund T		9,623	11,153
124 Blackrock Emerging Markets Index M		1,479	1,889
114 Blackrock Midcap Equity Index Fund K		5,908	7,152
61 Blackrock Russell 2000 Index T		2,694	3,447
91 Blackrock US Equity Index T		11,131	14,342
Total Equity	83.82%	<u>30,835</u>	<u>37,983</u>
Total Common Trust Funds	95.34%	<u>35,806</u>	<u>43,203</u>
Total Investments	100.00%	<u>\$ 37,969</u>	<u>\$ 45,317</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**FACETS Lifestyle Aggressive Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i><u>Mutual Fund</u></i>			
<i>Equity</i>			
866	Vanguard Real Estate Index Fund Adm	\$ 99,114	\$ 104,241
	Total Equity	4.91% <u>99,114</u>	<u>104,241</u>
	Total Mutual Fund	4.91% <u>99,114</u>	<u>104,241</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
18,895	Blackrock US Debt Index Fund M	217,810	247,603
70,637	HB&T Short Term Income Fund	70,637	70,637
	Total Fixed Income	14.99% <u>288,447</u>	<u>318,240</u>
<i>Equity</i>			
20,233	Blackrock EAFE Equity Index Fund T	423,463	505,884
5,639	Blackrock Emerging Markets Index M	65,620	85,813
5,057	Blackrock Midcap Equity Index Fund K	212,421	317,039
2,576	Blackrock Russell 2000 Index T	96,373	145,204
4,106	Blackrock US Equity Index T	346,402	647,282
	Total Equity	80.10% <u>1,144,279</u>	<u>1,701,222</u>
	Total Common Trust Funds	95.09% <u>1,432,726</u>	<u>2,019,462</u>
	Total Investments	100.00% <u>\$ 1,531,840</u>	<u>\$ 2,123,703</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**FACETS Lifestyle Moderate Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i><u>Mutual Fund</u></i>			
<i>Equity</i>			
1,610	Vanguard Real Estate Index Fund Adm	\$ 185,182	\$ 193,805
	Total Equity	4.93% <u>185,182</u>	<u>193,805</u>
	Total Mutual Fund	4.93% <u>185,182</u>	<u>193,805</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
91,047	Blackrock US Debt Index Fund M	1,039,126	1,193,117
9,045	Blackrock US Tips Fund M	93,180	110,049
183,126	HB&T Short Term Income Fund	183,126	183,126
	Total Fixed Income	37.79% <u>1,315,432</u>	<u>1,486,292</u>
<i>Equity</i>			
28,123	Blackrock EAFE Equity Index Fund T	569,742	703,152
6,689	Blackrock Emerging Markets Index M	76,181	101,801
6,376	Blackrock Midcap Equity Index Fund K	247,287	399,738
3,760	Blackrock Russell 2000 Index T	132,820	212,177
5,302	Blackrock US Equity Index T	489,525	835,880
	Total Equity	57.28% <u>1,515,555</u>	<u>2,252,748</u>
	Total Common Trust Funds	95.07% <u>2,830,987</u>	<u>3,739,040</u>
	Total Investments	100.00% <u>\$ 3,016,169</u>	<u>\$ 3,932,845</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**FACETS Lifestyle Conservative Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i><u>Mutual Fund</u></i>			
<i>Equity</i>			
1,512	Vanguard Real Estate Index Fund Adm	\$ 174,129	\$ 181,959
	Total Equity	5.01% <u>174,129</u>	<u>181,959</u>
	Total Mutual Fund	5.01% <u>174,129</u>	<u>181,959</u>
<i><u>Common Trust Funds</u></i>			
<i>Fixed Income</i>			
126,254	Blackrock US Debt Index Fund M	1,424,540	1,654,478
26,464	Blackrock US Tips Fund M	271,833	321,981
225,015	HB&T Short Term Income Fund	225,015	225,015
	Total Fixed Income	60.58% <u>1,921,388</u>	<u>2,201,474</u>
<i>Equity</i>			
15,238	Blackrock EAFE Equity Index Fund T	292,922	380,978
4,955	Blackrock Emerging Markets Index M	57,709	75,408
3,395	Blackrock Midcap Equity Index Fund K	141,167	212,834
1,794	Blackrock Russell 2000 Index T	64,770	101,257
3,044	Blackrock US Equity Index T	275,830	479,993
	Total Equity	34.41% <u>832,398</u>	<u>1,250,470</u>
	Total Common Trust Funds	94.99% <u>2,753,786</u>	<u>3,451,944</u>
	Total Investments	100.00% <u>\$ 2,927,915</u>	<u>\$ 3,633,903</u>

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds**  
**Year Ended December 31, 2020**

	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund
<b>Income</b>				
Dividends	\$ 18	\$ 3,918	\$ -	\$ 71
Other income	115	-	-	-
Total income	133	3,918	0	71
<b>Expenses</b>				
Investment management and administrative	-	1,532	-	29
Class R5 expenses	10	3,391	-	63
Audit	-	1,362	-	25
Other fees	13	7	-	-
Total expenses	23	6,292	0	117
<b>Net Investment Income (Loss)</b>	110	(2,374)	0	(46)
<b>Net Realized and Unrealized Gains on Investments</b>				
Net realized gains on investments	1,434	106,898	-	-
Net change in unrealized appreciation/ depreciation on investments	-	76,076	-	4,014
Net realized and unrealized gains	1,434	182,974	0	4,014
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 1,544	\$ 180,600	\$ 0	\$ 3,968

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds (Continued)**  
**Year Ended December 31, 2020**

	FACETS Target Retirement 2050 Fund	FACETS Lifestyle Aggressive Fund	FACETS Lifestyle Moderate Fund	FACETS Lifestyle Conservative Fund
<b>Income</b>				
Dividends	\$ 81	\$ 4,350	\$ 8,624	\$ 8,400
Other income	-	-	-	-
Total income	<u>81</u>	<u>4,350</u>	<u>8,624</u>	<u>8,400</u>
<b>Expenses</b>				
Investment management and administrative	33	1,870	3,586	3,311
Class R5 expenses	72	4,012	7,310	6,316
Audit	29	1,662	3,188	2,943
Other fees	-	31	11	34
Total expenses	<u>134</u>	<u>7,575</u>	<u>14,095</u>	<u>12,604</u>
<b>Net Investment Loss</b>	<u>(53)</u>	<u>(3,225)</u>	<u>(5,471)</u>	<u>(4,204)</u>
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>				
Net realized gains (losses) on investments	(193)	303,774	258,657	312,127
Net change in unrealized appreciation/ depreciation on investments	<u>4,569</u>	<u>(54,903)</u>	<u>125,096</u>	<u>41,331</u>
Net realized and unrealized gains	<u>4,376</u>	<u>248,871</u>	<u>383,753</u>	<u>353,458</u>
<b>Net Increase in Net Assets Resulting From Operations</b>	<u>\$ 4,323</u>	<u>\$ 245,646</u>	<u>\$ 378,282</u>	<u>\$ 349,254</u>



**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds**  
**Year Ended December 31, 2020**

	FACETS Target Retirement NOW Fund	FACETS Target Retirement 2020 Fund	FACETS Target Retirement 2030 Fund	FACETS Target Retirement 2040 Fund
<b>Operations</b>				
Net investment income (loss)	\$ 110	\$ (2,374)	\$ -	\$ (46)
Net realized gains	1,434	106,898	-	-
Change in unrealized appreciation/depreciation	-	76,076	-	4,014
Net increase in net assets from operations	1,544	180,600	-	3,968
<b>Net Increase (Decrease) in Net Assets</b>				
<b>From Participant Transactions</b>	(2,033)	(188,282)	(2)	8,254
<b>Increase (Decrease) in Net Assets</b>	(489)	(7,682)	(2)	12,222
<b>Net Assets</b>				
Beginning of year	4,650	1,865,722	30	27,461
End of year	\$ 4,161	\$ 1,858,040	\$ 28	\$ 39,683

**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds (Continued)**  
**Year Ended December 31, 2020**

	<b>FACETS Target Retirement 2050 Fund</b>	<b>FACETS Lifestyle Aggressive Fund</b>	<b>FACETS Lifestyle Moderate Fund</b>	<b>FACETS Lifestyle Conservative Fund</b>
<b>Operations</b>				
Net investment loss	\$ (53)	\$ (3,225)	\$ (5,471)	\$ (4,204)
Net realized gains (losses)	(193)	303,774	258,657	312,127
Change in unrealized appreciation/depreciation	<u>4,569</u>	<u>(54,903)</u>	<u>125,096</u>	<u>41,331</u>
Net increase in net assets from operations	4,323	245,646	378,282	349,254
<b>Net Increase (Decrease) in Net Assets</b>				
<b>From Participant Transactions</b>	<u>6,709</u>	<u>(987,936)</u>	<u>(820,915)</u>	<u>(1,020,805)</u>
<b>Increase (Decrease) in Net Assets</b>	11,032	(742,290)	(442,633)	(671,551)
<b>Net Assets</b>				
Beginning of year	<u>34,245</u>	<u>2,864,390</u>	<u>4,371,733</u>	<u>4,301,997</u>
End of year	<u>\$ 45,277</u>	<u>\$ 2,122,100</u>	<u>\$ 3,929,100</u>	<u>\$ 3,630,446</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2020

### 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 80 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, 2020

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 27, 2021, 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:

<b>Fund</b>	<b>Investment Management Advisors</b>
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, 2020

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:

<b>Fund</b>	<b>Administrative Fees</b>	<b>Investment Advisory Fees</b>	<b>Service Fees</b>	<b>Other Fees</b>	<b>Total Fees</b>
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**  
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**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	\$ 12.78	\$ 13.10	\$ 13.11	\$ 14.40	\$ 14.89	\$ 17.22	\$ 15.62	\$ 14.43
Net investment income (loss)	0.32	(0.02)	-	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)
Net realized and unrealized gains (losses)	(0.43)	1.42	1.10	1.57	1.77	2.15	1.81	1.43
Net increase (decrease) from investment operations	(0.11)	1.40	1.10	1.55	1.75	2.12	1.79	1.41
Net asset value, end of year	\$ 12.67	\$ 14.50	\$ 14.21	\$ 15.95	\$ 16.64	\$ 19.34	\$ 17.41	\$ 15.84
Total return	(0.86)%	10.69%	8.39%	10.76%	11.75%	12.31%	11.46%	9.77%
Ratio to average net assets:								
Net investment income (loss)	2.53%	(0.14)%	0.00%	(0.15)%	(0.15)%	(0.17)%	(0.15)%	(0.14)%
Expenses	0.52%	0.37%	0.00%	0.37%	0.37%	0.38%	0.37%	0.38%

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
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**Class R6**

	<b>FACETS Target Retirement NOW Fund</b>	<b>FACETS Target Retirement 2020 Fund</b>	<b>FACETS Target Retirement 2030 Fund</b>	<b>FACETS Target Retirement 2040 Fund</b>	<b>FACETS Target Retirement 2050 Fund</b>	<b>FACETS Lifestyle Aggressive Fund</b>	<b>FACETS Lifestyle Moderate Fund</b>	<b>FACETS Lifestyle Conservative Fund</b>
Net asset value, beginning of year	\$ 12.95	\$ 13.24	\$ 13.10	\$ 14.56	\$ 15.01	\$ 17.39	\$ 15.90	\$ 14.67
Net investment income	0.35	0.01	-	0.01	0.01	0.01	0.01	0.01
Net realized and unrealized gains	0.28	1.44	1.15	1.59	1.80	2.18	1.85	1.45
Net increase from investment operations	0.63	1.45	1.15	1.60	1.81	2.19	1.86	1.46
Net asset value, end of year	\$ 13.58	\$ 14.69	\$ 14.25	\$ 16.16	\$ 16.82	\$ 19.58	\$ 17.76	\$ 16.13
Total return	4.86%	10.95%	8.78%	10.99%	12.06%	12.59%	11.70%	9.95%
Ratio to average net assets:								
Net investment income	2.59%	0.06%	0.00%	0.05%	0.05%	0.04%	0.05%	0.06%
Expenses	0.28%	0.17%	0.00%	0.17%	0.17%	0.17%	0.17%	0.17%

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2020**

**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
<b>Class R5:</b>								
Proceeds from sales of units	15,447	\$ 192,212	5,669	\$ 75,527	-	\$ (2)	658	\$ 9,247
Cost of units redeemed	(15,483)	(194,245)	(19,984)	(263,809)	-	-	(76)	(993)
Net change in Class R5 from participant transactions	(36)	(2,033)	(14,315)	(188,282)	0	(2)	582	8,254
Net change in total net assets from participant transactions		\$ (2,033)		\$ (188,282)		\$ (2)		\$ 8,254
	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
<b>Class R5:</b>								
Proceeds from sales of units	747	\$ 11,028	10,592	\$ 171,764	18,614	\$ 284,351	25,498	\$ 373,057
Cost of units redeemed	(327)	(4,319)	(65,389)	(1,123,067)	(74,058)	(1,122,993)	(100,294)	(1,481,154)
Net change in Class R5 from participant transactions	420	6,709	(54,797)	(951,303)	(55,444)	(838,642)	(74,796)	(1,108,097)
<b>Class R6:</b>								
Proceeds from sales of units	-	-	1,641	27,403	2,881	45,054	5,841	87,292
Cost of units redeemed	-	-	(3,367)	(64,036)	(1,696)	(27,327)	-	-
Net change in Class R6 from participant transactions	0	0	(1,726)	(36,633)	1,185	17,727	5,841	87,292
Net change in total net assets from participant transactions		\$ 6,709		\$ (987,936)		\$ (820,915)		\$ (1,020,805)



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2020

#### 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, 2020.

**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, 2020:

	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)
	Fair Value		
<b>FACETS Target Retirement NOW Fund</b>			
Common Trust Fund - Fixed Income (A)	\$ 4,141		
Total	\$ 4,141		

(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, 2020

	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)
<b>FACETS Target Retirement 2020 Fund</b>				
Mutual Fund - Equity	\$ 91,951	\$ 91,951	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	901,553			
Common Trust Funds - Equity (A)	866,349			
Total	<u>\$ 1,859,853</u>			
<b>FACETS Target Retirement 2030 Fund</b>				
Common Trust Fund - Fixed Income (A)	\$ 28			
Total	<u>\$ 28</u>			
<b>FACETS Target Retirement 2040 Fund</b>				
Mutual Fund - Equity	\$ 1,835	\$ 1,835	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	8,879			
Common Trust Funds - Equity (A)	29,004			
Total	<u>\$ 39,718</u>			
<b>FACETS Target Retirement 2050 Fund</b>				
Mutual Fund - Equity	\$ 2,114	\$ 2,114	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	5,220			
Common Trust Funds - Equity (A)	37,983			
Total	<u>\$ 45,317</u>			
<b>FACETS Lifestyle Aggressive Fund</b>				
Mutual Fund - Equity	\$ 104,241	\$ 104,241	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	318,240			
Common Trust Funds - Equity (A)	1,701,222			
Total	<u>\$ 2,123,703</u>			
<b>FACETS Lifestyle Moderate Fund</b>				
Mutual Fund - Equity	\$ 193,805	\$ 193,805	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	1,486,292			
Common Trust Funds - Equity (A)	2,252,748			
Total	<u>\$ 3,932,845</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, 2020**

	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)
<b>FACETS Lifestyle Conservative Fund</b>				
Mutual Fund - Equity	\$ 181,959	\$ 181,959	\$ -	\$ -
Common Trust Funds - Fixed Income (A)	2,201,474			
Common Trust Funds - Equity (A)	1,250,470			
Total	\$ 3,633,903			

(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.

Since January 2020, the COVID-19 pandemic created outbreaks of infectious illnesses, and countries throughout the globe were subject to other public health threats, infectious illnesses, diseases, or similar issues. Any spread of an infectious illness, public health threat or similar issue could alter consumer demand or economic output, result in market closures, travel restrictions or quarantines, and have a significant impact on the global economy, which in turn could adversely affect the Funds' investments and could result in increases or decreases in the Funds' net asset value.

## **Supplemental Information**

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

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Equity	\$ 8,742
Common Trust Funds - Fixed Income	289,903
Common Trust Funds - Equity	57,696
Total Investments Purchased	\$ 356,341

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Equity	\$ 9,140	\$ 8,742	\$ 398
Common Trust Funds - Fixed Income	291,037	290,559	478
Common Trust Funds - Equity	58,254	57,696	558
Total Investments Sold	\$ 358,431	\$ 356,997	\$ 1,434

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

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Equity	\$ 15,331
Common Trust Funds - Fixed Income	322,463
Common Trust Funds - Equity	88,863
Total Investments Purchased	\$ 426,657

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Equity	\$ 7,768	\$ 6,519	\$ 1,249
Common Trust Funds - Fixed Income	324,470	310,303	14,167
Common Trust Funds - Equity	285,264	193,782	91,482
Total Investments Sold	\$ 617,502	\$ 510,604	\$ 106,898

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**FACETS Target Retirement 2030 Fund**  
**Year Ended December 31, 2020**

Investment Class	Sales		
	Proceeds	Cost	Gain
Common Trust Funds - Fixed Income	\$ 415	\$ 415	\$ -
Total Investments Sold	\$ 415	\$ 415	\$ 0

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**FACETS Target Retirement 2040 Fund**  
**Year Ended December 31, 2020**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Equity	\$ 633
Common Trust Funds - Fixed Income	10,741
Common Trust Funds - Equity	4,254
Total Investments Purchased	\$ 15,628

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 7,664	\$ 7,664	\$ -
Total Investments Sold	\$ 7,664	\$ 7,664	\$ 0



**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**FACETS Target Retirement 2050 Fund**  
**Year Ended December 31, 2020**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Equity	\$ 919
Common Trust Funds - Fixed Income	13,317
Common Trust Funds - Equity	7,038
Total Investments Purchased	\$ 21,274

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Mutual Funds - Equity	\$ 262	\$ 277	\$ (15)
Common Trust Funds - Fixed Income	12,088	12,010	78
Common Trust Funds - Equity	2,376	2,632	(256)
Total Investments Sold	\$ 14,726	\$ 14,919	\$ (193)

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

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Equity	\$ 16,477
Common Trust Funds - Fixed Income	690,750
Common Trust Funds - Equity	48,818
Total Investments Purchased	\$ 756,045

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Equity	\$ 45,534	\$ 39,918	\$ 5,616
Common Trust Funds - Fixed Income	828,745	813,371	15,374
Common Trust Funds - Equity	876,002	593,218	282,784
Total Investments Sold	\$ 1,750,281	\$ 1,446,507	\$ 303,774

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

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Equity	\$ 24,987
Common Trust Funds - Fixed Income	796,341
Common Trust Funds - Equity	109,409
Total Investments Purchased	\$ 930,737

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Mutual Funds - Equity	\$ 31,862	\$ 32,332	\$ (470)
Common Trust Funds - Fixed Income	1,112,708	1,057,307	55,401
Common Trust Funds - Equity	614,095	410,369	203,726
Total Investments Sold	\$ 1,758,665	\$ 1,500,008	\$ 258,657

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

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Equity	\$ 40,323
Common Trust Funds - Fixed Income	1,271,793
Common Trust Funds - Equity	151,386
Total Investments Purchased	\$ 1,463,502

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Equity	\$ 61,797	\$ 51,357	\$ 10,440
Common Trust Funds - Fixed Income	1,865,168	1,761,663	103,505
Common Trust Funds - Equity	561,308	363,126	198,182
Total Investments Sold	\$ 2,488,273	\$ 2,176,146	\$ 312,127