

**Hand Composite Employee Benefit Trust  
HB&T BlackRock CIFs**

Independent Auditor's Report and Financial Statements

December 31, 2021



# Hand Composite Employee Benefit Trust

## December 31, 2021

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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 accompanying financial statements of the selected funds, HB&T BlackRock Large Cap Equity Index, HB&T BlackRock Mid Cap Equity Index, HB&T BlackRock MSCI ACWI ex-US Index, HB&T BlackRock Short Term Bond Index, HB&T BlackRock Small Cap Equity Index and HB&T BlackRock US Aggregate Bond Index [six funds], included in the Hand Composite Employee Benefit Trust (Trust), which comprise the statements of assets and liabilities, including the schedules of investments, as of December 31, 2021, 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 funds, included in the Hand Composite Employee Benefit Trust, as of December 31, 2021, and the results of their operations and the changes in their 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 audits 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 the Trust and the selected funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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 the Trust's and the selected funds' ability to continue as going concerns 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 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 the Trust's and the selected funds' 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 the Trust's and the selected funds' ability to continue as going concerns 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the selected funds' basic financial statements. 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 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 financial statements as a whole.

*BKD, LLP*

Houston, Texas  
May 25, 2022

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds**  
**December 31, 2021**

	<b>HB&amp;T BlackRock Large Cap Equity Index</b>	<b>HB&amp;T BlackRock Mid Cap Equity Index</b>	<b>HB&amp;T BlackRock MSCI ACWI ex-US Index</b>
<b>Assets</b>			
Investments, at cost	\$ 60,634,836	\$ 19,078,759	\$ 9,577,946
Investments, at fair value	\$ 102,854,305	\$ 28,427,544	\$ 11,739,363
Receivable for capital shares sold	5,827	2,060	1,601
Total assets	<u>\$ 102,860,132</u>	<u>\$ 28,429,604</u>	<u>\$ 11,740,964</u>
<b>Liabilities</b>			
Payable for capital shares redeemed	\$ 34,549	\$ 9,724	\$ 37
Accounts payable and accrued liabilities	574	1,012	195
Total liabilities	<u>\$ 35,123</u>	<u>\$ 10,736</u>	<u>\$ 232</u>
Net assets held for participants:			
Class R	<u>\$ 102,825,009</u>	<u>\$ 28,418,868</u>	<u>\$ 11,740,732</u>
Units outstanding:			
Class R	<u>5,658,486</u>	<u>1,793,204</u>	<u>853,717</u>
Net asset value per unit:			
Class R	<u>\$ 18.17</u>	<u>\$ 15.85</u>	<u>\$ 13.75</u>

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds (Continued)**  
**December 31, 2021**

	HB&T BlackRock Short Term Bond Index	HB&T BlackRock Small Cap Equity Index	HB&T BlackRock US Aggregate Bond Index
<b>Assets</b>			
Investments, at cost	\$ 3,274,535	\$ 10,906,814	\$ 24,242,065
Investments, at fair value	\$ 3,401,031	\$ 16,449,058	\$ 25,400,133
Receivable for capital shares sold	2,795	1,913	13,626
Total assets	\$ 3,403,826	\$ 16,450,971	\$ 25,413,759
<b>Liabilities</b>			
Payable for capital shares redeemed	\$ -	\$ 2,735	\$ -
Accounts payable and accrued liabilities	166	589	280
Total liabilities	\$ 166	\$ 3,324	\$ 280
Net assets held for participants:			
Class R	\$ 3,403,660	\$ 16,447,647	\$ 25,413,479
Units outstanding:			
Class R	317,651	1,108,589	2,170,903
Net asset value per unit:			
Class R	\$ 10.72	\$ 14.84	\$ 11.71

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**HB&T BlackRock Large Cap Equity Index**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
2,066,626	HB&T Short Term Income Fund	\$ 2,066,626	\$ 2,066,626
	Total Fixed Income	<u>2,066,626</u>	<u>2,066,626</u>
<i>Equity</i>			
2,435,579	Blackrock Equity Index Fund M	58,568,210	100,787,679
	Total Equity	<u>58,568,210</u>	<u>100,787,679</u>
	Total Common Trust Funds	<u>60,634,836</u>	<u>102,854,305</u>
	Total Investments	<u>\$ 60,634,836</u>	<u>\$ 102,854,305</u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock Mid Cap Equity Index**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<u><b>Common Trust Funds</b></u>			
<i>Fixed Income</i>			
288,050	HB&T Short Term Income Fund	\$ 288,050	\$ 288,050
	Total Fixed Income	<u>288,050</u>	<u>288,050</u>
<i>Equity</i>			
199,529	BlackRock Mid Cap EQ Index Fund F	18,790,709	28,139,494
	Total Equity	<u>18,790,709</u>	<u>28,139,494</u>
	Total Common Trust Funds	<u>19,078,759</u>	<u>28,427,544</u>
	Total Investments	<u>\$ 19,078,759</u>	<u>\$ 28,427,544</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock MSCI ACWI ex-US Index**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
157,042	HB&T Short Term Income Fund	\$ 157,042	\$ 157,042
	Total Fixed Income	<u>157,042</u>	<u>157,042</u>
<i>Equity</i>			
766,447	BlackRock MSCI ACWI Ex US Index Fund M	9,420,904	11,582,321
	Total Equity	<u>9,420,904</u>	<u>11,582,321</u>
	Total Common Trust Funds	<u>9,577,946</u>	<u>11,739,363</u>
	Total Investments	<u>\$ 9,577,946</u>	<u>\$ 11,739,363</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock Short Term Bond Index**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<u>Common Trust Funds</u>			
<i>Fixed Income</i>			
160,299	HB&T Short Term Income Fund	\$ 160,299	\$ 160,299
277,902	BlackRock 1-3 Year Govrmt Cred Bnd Indx F	3,114,236	3,240,732
	Total Fixed Income	<u>100.00%</u> 3,274,535	<u>3,401,031</u>
	Total Common Trust Funds	<u>100.00%</u> 3,274,535	<u>3,401,031</u>
	Total Investments	<u>100.00%</u> \$ 3,274,535	<u>\$ 3,401,031</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock Small Cap Equity Index**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<u><b>Common Trust Funds</b></u>			
<i>Fixed Income</i>			
248,093	HB&T Short Term Income Fund	\$ 248,093	\$ 248,093
	Total Fixed Income	<u>248,093</u>	<u>248,093</u>
		<i>1.51%</i>	
<i>Equity</i>			
226,033	BlackRock Russell 2000 Index Fund F	10,658,721	16,200,965
	Total Equity	<u>10,658,721</u>	<u>16,200,965</u>
		<i>98.49%</i>	
	Total Common Trust Funds	<u>10,906,814</u>	<u>16,449,058</u>
		<i>100.00%</i>	
	Total Investments	<u>\$ 10,906,814</u>	<u>\$ 16,449,058</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock US Aggregate Bond Index**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<u><b>Common Trust Funds</b></u>			
<i>Fixed Income</i>			
3,824,305	HB&T Short Term Income Fund	\$ 3,824,305	\$ 3,824,305
1,673,375	BlackRock US Debt Index Fund M	20,417,760	21,575,828
	Total Fixed Income	<u>24,242,065</u>	<u>25,400,133</u>
		<i>100.00%</i>	
	Total Common Trust Funds	<u>24,242,065</u>	<u>25,400,133</u>
		<i>100.00%</i>	
	Total Investments	<u>\$ 24,242,065</u>	<u>\$ 25,400,133</u>

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds**  
**Year Ended December 31, 2021**

	<b>HB&amp;T BlackRock Large Cap Equity Index</b>	<b>HB&amp;T BlackRock Mid Cap Equity Index</b>	<b>HB&amp;T BlackRock MSCI ACWI ex-US Index</b>
<b>Income</b>			
Dividends	\$ 1,461	\$ 327	\$ 183
<b>Expenses</b>			
Investment management and administrative	6,165	3,731	2,358
Other fees	711	8,520	9
Total expenses	<u>6,876</u>	<u>12,251</u>	<u>2,367</u>
<b>Net Investment Loss</b>	<u>(5,415)</u>	<u>(11,924)</u>	<u>(2,184)</u>
<b>Net Realized and Unrealized Gains on Investments</b>			
Net realized gains on investments	5,886,890	1,760,149	695,297
Change in unrealized appreciation/depreciation on investments	<u>17,080,576</u>	<u>4,162,193</u>	<u>205,749</u>
Net realized and unrealized gains	<u>22,967,466</u>	<u>5,922,342</u>	<u>901,046</u>
<b>Net Increase in Net Assets Resulting From Operations</b>	<u>\$ 22,962,051</u>	<u>\$ 5,910,418</u>	<u>\$ 898,862</u>

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds (Continued)**  
**Year Ended December 31, 2021**

	HB&T BlackRock Short Term Bond Index	HB&T BlackRock Small Cap Equity Index	HB&T BlackRock US Aggregate Bond Index
<b>Income</b>			
Dividends	\$ 46	\$ 239	\$ 395
<b>Expenses</b>			
Investment management and administrative	981	1,460	3,269
Other fees	969	6,317	716
Total expenses	1,950	7,777	3,985
<b>Net Investment Loss</b>	(1,904)	(7,538)	(3,590)
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>			
Net realized gains on investments	82,844	1,422,145	879,250
Change in unrealized appreciation/depreciation on investments	(96,745)	955,092	(1,202,794)
Net realized and unrealized gains (losses)	(13,901)	2,377,237	(323,544)
<b>Net Increase (Decrease) in Net Assets Resulting From Operations</b>	\$ (15,805)	\$ 2,369,699	\$ (327,134)

**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds**  
**Year Ended December 31, 2021**

	<b>HB&amp;T BlackRock Large Cap Equity Index</b>	<b>HB&amp;T BlackRock Mid Cap Equity Index</b>	<b>HB&amp;T BlackRock MSCI ACWI ex-US Index</b>
<b>Operations</b>			
Net investment loss	\$ (5,415)	\$ (11,924)	\$ (2,184)
Net realized gains	5,886,890	1,760,149	695,297
Change in unrealized appreciation/depreciation	<u>17,080,576</u>	<u>4,162,193</u>	<u>205,749</u>
Net increase in net assets from operations	22,962,051	5,910,418	898,862
<b>Net Decrease in Net Assets From Participant Unit Transactions</b>	<u>(5,230,563)</u>	<u>(2,749,010)</u>	<u>(792,996)</u>
<b>Increase in Net Assets</b>	17,731,488	3,161,408	105,866
<b>Net Assets Held for Participants</b>			
Beginning of year	<u>85,093,521</u>	<u>25,257,460</u>	<u>11,634,866</u>
End of year	<u>\$ 102,825,009</u>	<u>\$ 28,418,868</u>	<u>\$ 11,740,732</u>



**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds (Continued)**  
**Year Ended December 31, 2021**

	<b>HB&amp;T BlackRock Short Term Bond Index</b>	<b>HB&amp;T BlackRock Small Cap Equity Index</b>	<b>HB&amp;T BlackRock US Aggregate Bond Index</b>
<b>Operations</b>			
Net investment loss	\$ (1,904)	\$ (7,538)	\$ (3,590)
Net realized gains	82,844	1,422,145	879,250
Change in unrealized appreciation/depreciation	<u>(96,745)</u>	<u>955,092</u>	<u>(1,202,794)</u>
Net increase (decrease) in net assets from operations	(15,805)	2,369,699	(327,134)
<b>Net Increase (Decrease) in Net Assets From Participant Unit Transactions</b>	<u>65,816</u>	<u>(2,493,831)</u>	<u>6,683,626</u>
<b>Increase (Decrease) in Net Assets</b>	50,011	(124,132)	6,356,492
<b>Net Assets Held for Participants</b>			
Beginning of year	<u>3,353,649</u>	<u>16,571,779</u>	<u>19,056,987</u>
End of year	<u>\$ 3,403,660</u>	<u>\$ 16,447,647</u>	<u>\$ 25,413,479</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2021

### 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 63 portfolios (the Funds); the financial statements of six 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 and includes accretion of discounts and amortization of premiums. Investment income is allocated ratably on the valuation dates among all participants. No distributions are made to participants in these funds until units owned are

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2021

redeemed, at which time the market value of redeemed units is distributed. Investment income and realized gains (if any) earned by these other 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 25, 2022, which is the date the financial statements were available to be issued.

### **Investment Management Advisor**

The investment management advisor for the Funds is HB&T.

## **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.

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>
HB&T BlackRock CIFs:	
HB&T BlackRock Large Cap Equity Index	0.0067%
HB&T BlackRock Mid Cap Equity Index	0.0134%
HB&T BlackRock MSCI ACWI ex-US Index	0.0200%
HB&T BlackRock Short Term Bond Index	0.0301%
HB&T BlackRock Small Cap Equity Index	0.0085%
HB&T BlackRock US Aggregate Bond Index	0.0150%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2021

#### Note 3: Financial Highlights

	Class R		
	HB&T BlackRock Large Cap Equity Index	HB&T BlackRock Mid Cap Equity Index	HB&T BlackRock MSCI ACWI ex-US Index
Net asset value, beginning of year	\$ 14.15	\$ 12.72	\$ 12.75
Net investment loss	-	(0.01)	-
Net realized and unrealized gains	4.02	3.14	1.00
Net increase from operations	4.02	3.13	1.00
Net asset value, end of year	<u>\$ 18.17</u>	<u>\$ 15.85</u>	<u>\$ 13.75</u>
Total return	28.41%	24.61%	7.84%
Ratio to average net assets:			
Net investment loss	(0.01)%	(0.04)%	(0.02)%
Expenses	0.01%	0.04%	0.02%

	Class R		
	HB&T BlackRock Short Term Bond Index	HB&T BlackRock Small Cap Equity Index	HB&T BlackRock US Aggregate Bond Index
Net asset value, beginning of year	\$ 10.77	\$ 12.91	\$ 11.90
Net investment loss	(0.01)	(0.01)	-
Net realized and unrealized gains (losses)	(0.04)	1.94	(0.19)
Net increase (decrease) from operations	(0.05)	1.93	(0.19)
Net asset value, end of year	<u>\$ 10.72</u>	<u>\$ 14.84</u>	<u>\$ 11.71</u>
Total return	(0.46)%	14.95%	(1.60)%
Ratio to average net assets:			
Net investment loss	(0.06)%	(0.04)%	(0.02)%
Expenses	0.06%	0.05%	0.02%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2021

#### Note 4: Participant Unit Transactions

	HB&T BlackRock Large Cap Equity Index		HB&T BlackRock Mid Cap Equity Index		HB&T BlackRock MSCI ACWI ex-US Index	
	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R:</b>						
Proceeds from sales of units	1,119,090	\$ 18,345,568	218,191	\$ 3,250,265	135,112	\$ 1,843,025
Cost of units redeemed	(1,475,843)	(23,576,131)	(411,309)	(5,999,275)	(194,065)	(2,636,021)
Net change in Class R from participant transactions	<u>\$ (356,753)</u>	<u>(5,230,563)</u>	<u>\$ (193,118)</u>	<u>(2,749,010)</u>	<u>\$ (58,953)</u>	<u>(792,996)</u>
Net decrease in net assets from participant transactions		<u>\$ (5,230,563)</u>		<u>\$ (2,749,010)</u>		<u>\$ (792,996)</u>
	HB&T BlackRock Short Term Bond Index		HB&T BlackRock Small Cap Equity Index		HB&T BlackRock US Aggregate Bond Index	
	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R:</b>						
Proceeds from sales of units	94,675	\$ 1,029,472	206,800	\$ 3,039,258	1,074,626	\$ 12,607,597
Cost of units redeemed	(89,488)	(963,656)	(381,400)	(5,533,089)	(505,407)	(5,923,971)
Net change in Class R from participant transactions	<u>\$ 5,187</u>	<u>65,816</u>	<u>\$ (174,600)</u>	<u>(2,493,831)</u>	<u>\$ 569,219</u>	<u>6,683,626</u>
Net increase (decrease) in net assets from participant transactions		<u>\$ 65,816</u>		<u>\$ (2,493,831)</u>		<u>\$ 6,683,626</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:

- 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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2021

Investments in common trust funds are measured at fair value using net asset value per share (or its equivalent) practical expedient. These investments are not classified in the fair value hierarchy. There were no investments held during 2021 that were classified using the fair value hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2021.

### **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 change 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**  
**HB&T BlackRock Large Cap Equity Index**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 24,111,241
Common Trust Funds - Equity	<u>8,322,253</u>
Total Investments Purchased	<u><u>\$ 32,433,494</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Common Trust Funds - Fixed Income	\$ 22,449,213	\$ 22,449,213	\$ -
Common Trust Funds - Equity	<u>15,681,058</u>	<u>9,794,168</u>	<u>5,886,890</u>
Total Investments Sold	<u><u>\$ 38,130,271</u></u>	<u><u>\$ 32,243,381</u></u>	<u><u>\$ 5,886,890</u></u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock Mid Cap Equity Index**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 5,969,670
Common Trust Funds - Equity	<u>2,284,892</u>
Total Investments Purchased	<u><u>\$ 8,254,562</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Common Trust Funds - Fixed Income	\$ 5,797,648	\$ 5,797,648	\$ -
Common Trust Funds - Equity	<u>5,472,924</u>	<u>3,712,775</u>	<u>1,760,149</u>
Total Investments Sold	<u><u>\$ 11,270,572</u></u>	<u><u>\$ 9,510,423</u></u>	<u><u>\$ 1,760,149</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock MSCI ACWI ex-US Index**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 2,787,326
Common Trust Funds - Equity	<u>1,645,006</u>
Total Investments Purchased	<u><u>\$ 4,432,332</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Common Trust Funds - Fixed Income	\$ 2,668,947	\$ 2,668,947	\$ -
Common Trust Funds - Equity	<u>2,558,415</u>	<u>1,863,118</u>	<u>695,297</u>
Total Investments Sold	<u><u>\$ 5,227,362</u></u>	<u><u>\$ 4,532,065</u></u>	<u><u>\$ 695,297</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock Short Term Bond Index**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 2,407,874
Total Investments Purchased	\$ 2,407,874

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 2,131,743	\$ 2,048,899	\$ 82,844
Total Investments Sold	\$ 2,131,743	\$ 2,048,899	\$ 82,844

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock Small Cap Equity Index**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 4,193,999
Common Trust Funds - Equity	1,360,605
Total Investments Purchased	\$ 5,554,604

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Common Trust Funds - Fixed Income	\$ 4,042,471	\$ 4,042,471	\$ -
Common Trust Funds - Equity	4,353,413	2,931,268	1,422,145
Total Investments Sold	\$ 8,395,884	\$ 6,973,739	\$ 1,422,145

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock US Aggregate Bond Index**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 23,071,429
Total Investments Purchased	\$ 23,071,429

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 15,918,885	\$ 15,039,635	\$ 879,250
Total Investments Sold	\$ 15,918,885	\$ 15,039,635	\$ 879,250