

**Hand Composite Employee Benefit Trust  
Hand Benefits & Trust Funds**

Independent Auditor's Report and Financial Statements

December 31, 2018



# Hand Composite Employee Benefit Trust

## December 31, 2018

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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 (HB&T Large Cap 500 Index Fund, 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) [seven funds] included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which 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 for the HB&T Large Cap 500 Index Fund and for the period from October 11, 2018 (inception) to December 31, 2018 for the 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 funds, 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 for the HB&T Large Cap 500 Index Fund and for the period from October 11, 2018 (inception) to December 31, 2018, for the 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 funds 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 audit 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

	HB&T Large Cap 500 Index Fund	HB&T BlackRock Large Cap Equity Index	HB&T BlackRock Mid Cap Equity Index	HB&T BlackRock MSCI ACWI ex-US Index
<b>Assets</b>				
Investments, at cost	\$ 8,302,786	\$ 66,962,808	\$ 16,594,766	\$ 7,727,422
Investments, at fair value	\$ 7,710,592	\$ 63,078,320	\$ 15,426,009	\$ 7,419,402
Receivable for:				
Investment securities sold	3,994	-	-	-
Capital shares sold	6	246,849	20,020	8,317
<b>Total assets</b>	<b>\$ 7,714,592</b>	<b>\$ 63,325,169</b>	<b>\$ 15,446,029</b>	<b>\$ 7,427,719</b>
<b>Liabilities</b>				
Payable for investment securities purchased	\$ -	\$ 246,430	\$ 19,878	\$ 8,199
Payable for capital shares redeemed	600	131	2	-
Accounts payable and accrued liabilities	5,110	288	140	117
<b>Total liabilities</b>	<b>\$ 5,710</b>	<b>\$ 246,849</b>	<b>\$ 20,020</b>	<b>\$ 8,316</b>
Net assets held for participants:				
Class R1	\$ 5,956,022	\$ -	\$ -	\$ -
Class R2	-	-	-	-
Class R3	1,752,860	-	-	-
Class R-INT	-	63,078,320	15,426,009	7,419,403
<b>Total net assets held for participants</b>	<b>\$ 7,708,882</b>	<b>\$ 63,078,320</b>	<b>\$ 15,426,009</b>	<b>\$ 7,419,403</b>
Units outstanding:				
Class R1	170,223	-	-	-
Class R3	64,563	-	-	-
Class R-INT	-	6,926,599	1,734,760	785,786
<b>Total units outstanding</b>	<b>234,786</b>	<b>6,926,599</b>	<b>1,734,760</b>	<b>785,786</b>
Net asset value per unit:				
Class R1	\$ 34.99	\$ 0	\$ 0	\$ 0
Class R3	\$ 27.15	\$ 0	\$ 0	\$ 0
Class R-INT	\$ 0	\$ 9.11	\$ 8.89	\$ 9.44

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

	<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>Assets</b>			
Investments, at cost	\$ 4,745,312	\$ 13,345,972	\$ 13,538,842
Investments, at fair value	\$ 4,782,141	\$ 12,148,627	\$ 13,776,196
Receivable for:			
Investment securities sold	85	-	38,879
Capital shares sold	-	14,719	1,391
<b>Total assets</b>	<b>\$ 4,782,226</b>	<b>\$ 12,163,346</b>	<b>\$ 13,816,466</b>
<b>Liabilities</b>			
Payable for investment securities purchased	\$ -	\$ 14,636	\$ -
Payable for capital shares redeemed	-	7	40,121
Accounts payable and accrued liabilities	85	76	148
<b>Total liabilities</b>	<b>\$ 85</b>	<b>\$ 14,719</b>	<b>\$ 40,269</b>
Net assets held for participants:			
Class R-INT	\$ 4,782,141	\$ 12,148,627	\$ 13,776,197
Units outstanding:			
Class R-INT	476,778	1,414,033	1,353,318
Net asset value per unit:			
Class R-INT	\$ 10.03	\$ 8.59	\$ 10.18

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**HB&T Large Cap 500 Index Fund**  
**December 31, 2018**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
96,256 HB&T Short Term Income Fund		\$ 96,256	\$ 96,256
Total Fixed Income	1.25%	<u>96,256</u>	<u>96,256</u>
<i>Equity</i>			
27,285 BNY Mellon Stock Index Fund INSTL		8,206,530	7,614,336
Total Equity	98.75%	<u>8,206,530</u>	<u>7,614,336</u>
Total Common Trust Funds	100.00%	<u>8,302,786</u>	<u>7,710,592</u>
Total Investments	100.00%	<u>\$ 8,302,786</u>	<u>\$ 7,710,592</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock Large Cap Equity Index**  
**December 31, 2018**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
577,765	HB&T Short Term Income Fund	\$ 577,765	\$ 577,765
	Total Fixed Income	0.92% <u>577,765</u>	<u>577,765</u>
<i>Equity</i>			
3,029,331	BlackRock Large Cap Equity Index Fund M	66,385,043	62,500,555
	Total Equity	99.08% <u>66,385,043</u>	<u>62,500,555</u>
	Total Common Trust Funds	100.00% <u>66,962,808</u>	<u>63,078,320</u>
	Total Investments	100.00% <u>\$ 66,962,808</u>	<u>\$ 63,078,320</u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock Mid Cap Equity Index**  
**December 31, 2018**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
244,644	HB&T Short Term Income Fund	\$ 244,644	\$ 244,644
	Total Fixed Income	<u>244,644</u>	<u>244,644</u>
		<i>1.59%</i>	
<i>Equity</i>			
192,888	BlackRock Mid Cap Eq Index Fund F	16,350,122	15,181,365
	Total Equity	<u>16,350,122</u>	<u>15,181,365</u>
		<i>98.41%</i>	
	Total Common Trust Funds	<u>16,594,766</u>	<u>15,426,009</u>
		<i>100.00%</i>	
	Total Investments	<u>\$ 16,594,766</u>	<u>\$ 15,426,009</u>
		<i>100.00%</i>	

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock MSCI ACWI ex-US Index**  
**December 31, 2018**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
144,933	HB&T Short Term Income Fund	\$ 144,933	\$ 144,933
	Total Fixed Income	1.95% 144,933	144,933
<i>Equity</i>			
702,521	BlackRock MSCI ACWI Ex US Index Fund M	7,582,489	7,274,469
	Total Equity	98.05% 7,582,489	7,274,469
	Total Common Trust Funds	100.00% 7,727,422	7,419,402
	Total Investments	100.00% \$ 7,727,422	\$ 7,419,402

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock Short Term Bond Index**  
**December 31, 2018**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
89,663	HB&T Short Term Income Fund	\$ 89,663	\$ 89,663
430,763	BlackRock 1-3 Year Govrnmt Cred Bnd Indx F	4,655,649	4,692,478
	Total Fixed Income	<u>100.00%</u> 4,745,312	<u>4,782,141</u>
	Total Common Trust Funds	<u>100.00%</u> 4,745,312	<u>4,782,141</u>
	Total Investments	<u>100.00%</u> \$ 4,745,312	<u>\$ 4,782,141</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock Small Cap Equity Index**  
**December 31, 2018**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
163,611	HB&T Short Term Income Fund	\$ 163,611	\$ 163,611
	Total Fixed Income	<u>163,611</u>	<u>163,611</u>
		<i>1.35%</i>	
<i>Equity</i>			
289,855	BlackRock Russell 2000 Index Fund F	13,182,361	11,985,016
	Total Equity	<u>13,182,361</u>	<u>11,985,016</u>
		<i>98.65%</i>	
	Total Common Trust Funds	<u>13,345,972</u>	<u>12,148,627</u>
		<i>100.00%</i>	
	Total Investments	<u>\$ 13,345,972</u>	<u>\$ 12,148,627</u>
		<i>100.00%</i>	

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**HB&T BlackRock US Aggregate Bond Index**  
**December 31, 2018**

Number of Shares		Cost	Fair Value
<b><u>Common Trust Funds</u></b>			
<i>Fixed Income</i>			
199,483	HB&T Short Term Income Fund	\$ 199,483	\$ 199,483
1,212,318	BlackRock US Debt Index Fund M	13,339,359	13,576,713
	Total Fixed Income	<u>100.00%</u> 13,538,842	<u>13,776,196</u>
	Total Common Trust Funds	<u>100.00%</u> 13,538,842	<u>13,776,196</u>
	Total Investments	<u>100.00%</u> <u>\$ 13,538,842</u>	<u>\$ 13,776,196</u>

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

	HB&T Large Cap 500 Index Fund	HB&T BlackRock Large Cap Equity Index*	HB&T BlackRock Mid Cap Equity Index*	HB&T BlackRock MSCI ACWI ex-US Index*
<b>Income</b>				
Dividends	\$ 1,139	\$ 5,186	\$ 1,460	\$ 862
Total income	<u>1,139</u>	<u>5,186</u>	<u>1,460</u>	<u>862</u>
<b>Expenses</b>				
Investment management and administrative	-	566	262	240
Class R1 expenses	18,439	-	-	-
Class R3 expenses	2,891	-	-	-
Other fees	30	-	-	-
Audit	3,400	-	-	-
Total expenses	<u>24,760</u>	<u>566</u>	<u>262</u>	<u>240</u>
<b>Net Investment Income (Loss)</b>	<u>(23,621)</u>	<u>4,620</u>	<u>1,198</u>	<u>622</u>
<b>Net Realized and Unrealized Gains (Losses)</b>				
<b>on Investments</b>				
Net realized gains (losses) on investments	2,030,871	-	(148)	-
Net change in unrealized appreciation/ depreciation on investments	<u>(2,366,948)</u>	<u>(3,884,488)</u>	<u>(1,168,757)</u>	<u>(308,020)</u>
Net realized and unrealized losses	<u>(336,077)</u>	<u>(3,884,488)</u>	<u>(1,168,905)</u>	<u>(308,020)</u>
<b>Net Decrease in Net Assets Resulting From Operations</b>	<u>\$ (359,698)</u>	<u>\$ (3,879,868)</u>	<u>\$ (1,167,707)</u>	<u>\$ (307,398)</u>

\*For the period October 11, 2018 (inception) to December 31, 2018

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

	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	\$ 315	\$ 1,198	\$ 1,210
Total income	<u>315</u>	<u>1,198</u>	<u>1,210</u>
<b>Expenses</b>			
Investment management and administrative	<u>208</u>	<u>147</u>	<u>307</u>
Total expenses	<u>208</u>	<u>147</u>	<u>307</u>
<b>Net Investment Income</b>	<u>107</u>	<u>1,051</u>	<u>903</u>
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>			
Net realized gains (losses) on investments	26	(23,175)	-
Net change in unrealized appreciation/ depreciation on investments	<u>36,829</u>	<u>(1,197,345)</u>	<u>237,354</u>
Net realized and unrealized gains (losses)	<u>36,855</u>	<u>(1,220,520)</u>	<u>237,354</u>
<b>Net Increase (Decrease) in Net Assets Resulting From Operations</b>	<u>\$ 36,962</u>	<u>\$ (1,219,469)</u>	<u>\$ 238,257</u>

\*For the period October 11, 2018 (inception) to December 31, 2018

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

	HB&T Large Cap 500 Index Fund	HB&T BlackRock Large Cap Equity Index	HB&T BlackRock Mid Cap Equity Index	HB&T BlackRock MSCI ACWI ex-US Index
<b>Operations</b>				
Net investment income (loss)	\$ (23,621)	\$ 4,620	\$ 1,198	\$ 622
Net realized gains (losses)	2,030,871	-	(148)	-
Change in unrealized appreciation/depreciation	<u>(2,366,948)</u>	<u>(3,884,488)</u>	<u>(1,168,757)</u>	<u>(308,020)</u>
Net decrease in net assets from operations	(359,698)	(3,879,868)	(1,167,707)	(307,398)
<b>Distributions</b>				
Net investment income	-	-	-	-
<b>Net Increase (Decrease) in Net Assets From Participant Unit Transactions</b>	<u>(575,742)</u>	<u>66,958,188</u>	<u>16,593,716</u>	<u>7,726,801</u>
<b>Increase (Decrease) in Net Assets</b>	(935,440)	63,078,320	15,426,009	7,419,403
<b>Net Assets Held for Participants</b>				
Beginning of period	<u>8,644,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of period	<u>\$ 7,708,882</u>	<u>\$ 63,078,320</u>	<u>\$ 15,426,009</u>	<u>\$ 7,419,403</u>



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

	<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 income	\$ 107	\$ 1,051	\$ 903
Net realized gains (losses)	26	(23,175)	-
Change in unrealized appreciation/depreciation	<u>36,829</u>	<u>(1,197,345)</u>	<u>237,354</u>
Net increase (decrease) in net assets from operations	36,962	(1,219,469)	238,257
<b>Distributions</b>			
Net investment income	-	-	-
<b>Net Increase in Net Assets From Participant Unit Transactions</b>	<u>4,745,179</u>	<u>13,368,096</u>	<u>13,537,940</u>
<b>Increase in Net Assets</b>	4,782,141	12,148,627	13,776,197
<b>Net Assets Held for Participants</b>			
Beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
End of period	<u>\$ 4,782,141</u>	<u>\$ 12,148,627</u>	<u>\$ 13,776,197</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 portfolios (the Funds); the financial statements of seven 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.

The 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 funds had an inception date of October 11, 2018. The HB&T Large Cap Value Index Fund was closed on February 28, 2018.

#### *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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2018

### ***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 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 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:

<b>Fund</b>	<b>Investment Management Advisors</b>
HB&T Large Cap 500 Index Fund	HB&T
HB&T BlackRock Large Cap Equity Index	HB&T
HB&T BlackRock Mid Cap Equity Index	HB&T
HB&T BlackRock MSCI ACWI ex-US Index	HB&T
HB&T BlackRock Short Term Bond Index	HB&T
HB&T BlackRock Small Cap Equity Index	HB&T
HB&T BlackRock US Aggregate Bond Index	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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2018

The following tables indicate 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
HB&T Large Cap 500 Index Fund:					
Class R1	0.10%	0.05%	0.10%	0.05%	0.30%
Class R3	0.05%	0.02%	0.25%	0.05%	0.37%
HB&T BlackRock Large Cap Equity Index	0.67%	0.00%	0.00%	0.00%	0.67%
HB&T BlackRock Mid Cap Equity Index	1.34%	0.00%	0.00%	0.00%	1.34%
HB&T BlackRock MSCI ACWI ex-US Index	2.00%	0.00%	0.00%	0.00%	2.00%
HB&T BlackRock Short Term Bond Index	3.01%	0.00%	0.00%	0.00%	3.01%
HB&T BlackRock Small Cap Equity Index	0.85%	0.00%	0.00%	0.00%	0.85%
HB&T BlackRock US Aggregate Bond Index	1.50%	0.00%	0.00%	0.00%	1.50%

### Note 3: Financial Highlights

	Class R1 HB&T Large Cap 500 Index Fund	Class R3 HB&T Large Cap 500 Index Fund
Net asset value, beginning of year	\$ 36.64	\$ 28.40
Net investment loss	(0.11)	(0.09)
Net realized and unrealized gains (losses)	(1.54)	(1.16)
Net increase from operations	(1.65)	(1.25)
Net asset value, end of year	\$ 34.99	\$ 27.15
Total return	(4.50)%	(4.40)%
Ratio to average net assets:		
Net investment loss	(0.29)%	(0.31)%
Expenses	0.33%	0.41%

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

	<b>Class R-INST</b>		
	<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>
Net asset value, beginning of period	\$ 10.00	\$ 10.00	\$ 10.00
Net investment income	-	-	-
Net realized and unrealized losses	(0.89)	(1.11)	(0.56)
Net decrease from operations	(0.89)	(1.11)	(0.56)
Net asset value, end of period	<u>\$ 9.11</u>	<u>\$ 8.89</u>	<u>\$ 9.44</u>
Total return*	(7.04)%	(7.88)%	(3.38)%
Ratio to average net assets:**			
Net investment loss	0.05%	0.05%	0.05%
Expenses	0.01%	0.01%	0.02%

*\*For the period October 11, 2018 (inception) to December 31, 2018*

*\*\*Annualized*

	<b>Class R-INST</b>		
	<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>
Net asset value, beginning of period	\$ 10.00	\$ 10.00	\$ 10.00
Net investment income	-	-	-
Net realized and unrealized losses	0.03	(1.41)	0.18
Net increase (decrease) from operations	0.03	(1.41)	0.18
Net asset value, end of period	<u>\$ 10.03</u>	<u>\$ 8.59</u>	<u>\$ 10.18</u>
Total return*	1.01%	(10.24)%	2.31%
Ratio to average net assets:**			
Net investment loss	0.01%	0.05%	0.04%
Expenses	0.03%	0.01%	0.01%

*\*For the period October 11, 2018 (inception) to December 31, 2018*

*\*\*Annualized*

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2018

#### Note 4: Participant Unit Transactions

	HB&T Large Cap 500 Index Fund		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	Units	Dollars
<b>Class R1:</b>								
Proceeds from sales of units	15,786	\$ 597,865	-	\$ -	-	\$ -	-	\$ -
Cost of units redeemed	(81,474)	(3,091,264)	-	-	-	-	-	-
Net change in Class R1 from participant transactions	(65,688)	(2,493,399)	0	0	0	0	0	0
<b>Class R3:</b>								
Proceeds from sales of units	67,416	2,005,226	-	-	-	-	-	-
Cost of units redeemed	(2,853)	(87,569)	-	-	-	-	-	-
Net change in Class R3 from participant transactions	64,563	1,917,657	0	0	0	0	0	0
<b>Class R - INST:</b>								
Proceeds from sales of units	-	-	7,103,196	68,614,020	1,781,212	17,017,266	803,365	7,897,429
Cost of units redeemed	-	-	(176,597)	(1,655,832)	(46,452)	(423,550)	(17,579)	(170,628)
Net change in Class R - INSTL from participant transactions	0	0	6,926,599	66,958,188	1,734,760	16,593,716	785,786	7,726,801
Net increase (decrease) in net assets from participant transactions		\$ (575,742)		\$ 66,958,188		\$ 16,593,716		\$ 7,726,801
<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>								
	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R1:</b>								
Proceeds from sales of units	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Cost of units redeemed	-	-	-	-	-	-	-	-
Net change in Class R1 from participant transactions	0	0	0	0	0	0	0	0
<b>Class R3:</b>								
Proceeds from sales of units	-	-	-	-	-	-	-	-
Cost of units redeemed	-	-	-	-	-	-	-	-
Net change in Class R3 from participant transactions	0	0	0	0	0	0	0	0
<b>Class R - INST:</b>								
Proceeds from sales of units			480,028	4,777,520	1,464,221	13,808,050	1,375,622	13,762,710
Cost of units redeemed			(3,251)	(32,341)	(50,189)	(439,954)	(22,303)	(224,770)
Net change in Class R - INSTL from participant transactions			476,777	4,745,179	1,414,032	13,368,096	1,353,319	13,537,940
Net increase in net assets from participant transactions				\$ 4,745,179		\$ 13,368,096		\$ 13,537,940

# 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.

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 2018 that were classified using the fair value hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2018.

### 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 Large Cap 500 Index Fund**  
**Year Ended December 31, 2018**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 889,692
Common Trust Funds - Equity	<u>8,423,730</u>
Total Investments Purchased	<u><u>\$ 9,313,422</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 899,984	\$ 899,984	\$ -
Common Trust Funds - Equity	<u>9,007,977</u>	<u>6,977,106</u>	<u>2,030,871</u>
Total Investments Sold	<u><u>\$ 9,907,961</u></u>	<u><u>\$ 7,877,090</u></u>	<u><u>\$ 2,030,871</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock Large Cap Equity Index**  
**Period from October 11, 2018 to December 31, 2018**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Equity	\$ 66,385,043
Common Trust Funds - Fixed Income	25,282,859
Total Investments Purchased	\$ 91,667,902

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 24,705,094	\$ 24,705,094	\$ -
Total Investments Sold	\$ 24,705,094	\$ 24,705,094	\$ 0

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock Mid Cap Equity Index**  
**Period from October 11, 2018 to December 31, 2018**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Equity	\$ 16,406,270
Common Trust Funds - Fixed Income	<u>7,621,528</u>
Total Investments Purchased	<u><u>\$ 24,027,798</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Loss</b>
Common Trust Funds - Equity	\$ 56,000	\$ 56,148	\$ (148)
Common Trust Funds - Fixed Income	<u>7,376,884</u>	<u>7,376,884</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 7,432,884</u></u>	<u><u>\$ 7,433,032</u></u>	<u><u>\$ (148)</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock MSCI ACWI ex-US Index**  
**Period from October 11, 2018 to December 31, 2018**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Equity	\$ 7,582,489
Common Trust Funds - Fixed Income	3,491,330
Total Investments Purchased	\$ 11,073,819

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	\$ 3,346,397	\$ 3,346,397	\$ -
Total Investments Sold	\$ 3,346,397	\$ 3,346,397	\$ 0

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock Short Term Bond Index**  
**Period from October 11, 2018 to December 31, 2018**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	\$ 4,664,623
Common Trust Funds - Equity	<u>1,714,773</u>
Total Investments Purchased	<u><u>\$ 6,379,396</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Fixed Income	\$ 9,000	\$ 8,974	\$ 26
Common Trust Funds - Fixed Income	<u>1,625,110</u>	<u>1,625,110</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 1,634,110</u></u>	<u><u>\$ 1,634,084</u></u>	<u><u>\$ 26</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock Small Cap Equity Index**  
**Period from October 11, 2018 to December 31, 2018**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Equity	\$ 13,325,536
Common Trust Funds - Fixed Income	<u>5,446,280</u>
Total Investments Purchased	<u><u>\$ 18,771,816</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Loss</b>
Common Trust Funds - Equity	\$ 120,000	\$ 143,175	\$ (23,175)
Common Trust Funds - Fixed Income	<u>5,282,669</u>	<u>5,282,669</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 5,402,669</u></u>	<u><u>\$ 5,425,844</u></u>	<u><u>\$ (23,175)</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**HB&T BlackRock US Aggregate Bond Index**  
**Period from October 11, 2018 to December 31, 2018**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Funds - Fixed Income	<u>\$ 19,383,601</u>
Total Investments Purchased	<u><u>\$ 19,383,601</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Trust Funds - Fixed Income	<u>\$ 5,844,759</u>	<u>\$ 5,844,759</u>	<u>\$ -</u>
Total Investments Sold	<u><u>\$ 5,844,759</u></u>	<u><u>\$ 5,844,759</u></u>	<u><u>\$ 0</u></u>