

**Hand Composite Employee Benefit Trust  
Horizon Risk Assist Funds**

Independent Auditor's Report and Financial Statements

December 31, 2017



**Hand Composite Employee Benefit Trust**  
**December 31, 2017**

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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 (Horizon Focused with Risk Assist Fund, Horizon Moderate with Risk Assist Fund, Horizon Conservative with Risk Assist Fund, Horizon Conservation Plus with Risk Assist Fund and Horizon Growth with Risk Assist Fund) [five 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, 2017, 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, 2017, 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.

***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 25, 2018

**Hand Composite Employee Benefit Trust**  
**Statements of Assets and Liabilities – Selected Funds**  
**December 31, 2017**

	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
<b>Assets</b>					
Investments, at cost	\$ 8,670,008	6,664,184	\$ 1,388,388	\$ 1,419,486	\$ 5,133,103
Investments, at fair value	\$ 9,212,425	\$ 6,914,148	\$ 1,420,811	\$ 1,434,696	\$ 5,397,906
Receivable for:					
Capital shares sold	6,512	1,034	1,816	1,000	4,241
Dividends and interest	-	1,437	508	682	469
<b>Total assets</b>	<b>\$ 9,218,937</b>	<b>\$ 6,916,619</b>	<b>\$ 1,423,135</b>	<b>\$ 1,436,378</b>	<b>\$ 5,402,616</b>
<b>Liabilities</b>					
Payable for capital shares redeemed	\$ 21	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	8,890	6,321	1,297	1,435	5,092
<b>Total liabilities</b>	<b>\$ 8,911</b>	<b>\$ 6,321</b>	<b>\$ 1,297</b>	<b>\$ 1,435</b>	<b>\$ 5,092</b>
Net assets held for participants:					
Class R1	\$ 6,650,686	\$ 6,394,934	\$ 1,354,005	\$ 1,097,757	\$ 4,691,130
Class R2	16	14	13	11	14
Class R3	1,718,473	13	67,807	62,618	362,447
Class R4	840,851	515,337	13	274,557	343,933
<b>Total net assets held for participants</b>	<b>\$ 9,210,026</b>	<b>\$ 6,910,298</b>	<b>\$ 1,421,838</b>	<b>\$ 1,434,943</b>	<b>\$ 5,397,524</b>
Units outstanding:					
Class R1	419,554	462,357	107,589	102,047	330,126
Class R2	1	1	1	1	1
Class R3	110,883	1	5,435	5,958	26,026
Class R4	54,567	38,265	1	26,748	24,921
<b>Total units outstanding</b>	<b>585,005</b>	<b>500,624</b>	<b>113,026</b>	<b>134,754</b>	<b>381,074</b>
Net asset value per unit:					
Class R1	\$ 15.85	\$ 13.83	\$ 12.58	\$ 10.76	\$ 14.21
Class R2	\$ 15.86	\$ 13.89	\$ 12.72	\$ 10.75	\$ 13.94
Class R3	\$ 15.50	\$ 13.10	\$ 12.48	\$ 10.51	\$ 13.93
Class R4	\$ 15.41	\$ 13.47	\$ 12.59	\$ 10.26	\$ 13.80

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments**  
**Horizon Focused With Risk Assist Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
64,028	DWS Govt & Agency Securities Port Service Shares	\$ 64,028	\$ 64,028
	Total Short Term Investment	0.70% 64,028	64,028
<b><u>Exchange-traded Funds</u></b>			
<b><i>Equity</i></b>			
2,440	iShares US Aerospace & Defense	414,170	458,989
16,072	iShares Core MSCI Emerging Market Index	851,299	914,497
21,717	Spdr Euro STOXX 50 Fund	796,634	884,099
13,294	Spdr Portfolio Mid Cap ETF	446,147	443,488
5,245	Vanguard High Dividend Yield	434,553	449,129
15,474	Vanguard Growth ETF	2,032,644	2,176,418
24,558	Vanguard Value ETF	2,477,998	2,611,007
3,035	Vanguard Small CAP ETF	407,526	448,573
10,853	Wisdomtree Japan Hedged Equity Fund	626,720	643,908
	Total Equity	98.02% 8,487,691	9,030,108
	Total Exchange-traded Funds	98.02% 8,487,691	9,030,108
<b><u>Common Trust Fund</u></b>			
<b><i>Fixed Income</i></b>			
118,289	HB&T Short Term Income Fund	118,289	118,289
	Total Fixed Income	1.28% 118,289	118,289
	Total Common Trust Fund	1.28% 118,289	118,289
	Total Investments	100.00% \$ 8,670,008	\$ 9,212,425

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Horizon Moderate With Risk Assist Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
34,433	DWS Govt & Agency Securities Port Service Shares	\$ 34,433	\$ 34,433
	Total Short Term Investment	0.50% <u>34,433</u>	<u>34,433</u>
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
6,565	DB X-Trackers USD High Yield Corp Bond	335,618	331,073
3,319	iShares Iboxx\$ Inv Grade Corp Bd Fd	403,458	403,458
3,348	iShares Barclays 7-10 Year Treasury Bond	355,888	353,448
3,273	iShares JP Morgan Emerging Bond Fund	375,960	379,995
1,353	iShares Barclays 3-7 Year Treasury Bond	168,067	165,283
9,999	Powershares Financial Preferred Portfolio	182,139	188,681
6,313	Spdr Doubleline Total Return Tactical ETF	310,945	307,064
2,702	Vanguard Intermediate Term Corp Bond ETF	239,520	236,128
	Total Fixed Income	34.21% <u>2,371,595</u>	<u>2,365,130</u>
<b><i>Equity</i></b>			
7,853	iShares Core MSCI Emerging Market Index	415,167	446,836
1,187	iShares US Aerospace & Defense	201,421	223,287
10,713	Spdr Euro Stoxx 50 Fund	395,944	436,126
6,590	Spdr Portfolio Mid Cap ETF	221,060	219,842
7,512	Vanguard Growth ETF	986,404	1,056,563
2,561	Vanguard High Dividend Yield	212,424	219,298
1,500	Vanguard Small Cap ETF	201,599	221,700
12,016	Vanguard Value ETF	1,219,058	1,277,541
5,250	Wisdomtree Japan Hedged Equity Fund	303,170	311,483
	Total Equity	63.82% <u>4,156,247</u>	<u>4,412,676</u>
	Total Exchange-traded Funds	98.03% <u>6,527,842</u>	<u>6,777,806</u>
<b><u>Common Trust Fund</u></b>			
<b><i>Fixed Income</i></b>			
101,909	HB&T Short Term Income Fund	101,909	101,909
	Total Fixed Income	1.47% <u>101,909</u>	<u>101,909</u>
	Total Common Trust Fund	1.47% <u>101,909</u>	<u>101,909</u>
	Total Investments	100.00% <u>\$ 6,664,184</u>	<u>\$ 6,914,148</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Horizon Conservative With Risk Assist Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
5,942	DWS Govt & Agency Securities Port Service Shares	\$ 5,942	\$ 5,942
	Total Short Term Investment	0.42% <u>5,942</u>	<u>5,942</u>
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
2,323	DB X-Trackers USD High Yield Corp Bond	118,747	117,149
479	iShares Barclays 3-7 Year Treasury Bond	59,518	58,514
1,188	iShares Barclays 7-10 Year Treasury Bond	126,377	125,417
1,179	iShares Iboxx\$ Inv Grade Corp Bd Fd	143,693	143,319
1,162	iShares JP Morgan Emerging Bond Fund	133,447	134,908
3,525	Powershares Financial Preferred Portfolio	63,531	66,517
2,236	Spdr Doubleline Total Return Tactical ETF	110,183	108,759
960	Vanguard Intermediate Term Corp Bond ETF	85,102	83,893
	Total Fixed Income	59.01% <u>840,598</u>	<u>838,476</u>
<b><i>Equity</i></b>			
152	iShares US Aerospace & Defense	25,786	28,593
1,005	iShares Core MSCI Emerging	53,062	57,185
1,358	Spdr Euro Stoxx 50 Fund	49,978	55,284
832	Spdr Portfolio Mid Cap ETF	27,922	27,756
967	Vanguard Growth ETF	126,852	136,009
328	Vanguard High Dividend Yield	27,186	28,087
189	Vanguard Small Cap ETF	25,363	27,934
1,536	Vanguard Value ETF	154,542	163,308
679	Wisdomtree Japan Hedged Equity Fund	39,205	40,285
	Total Equity	39.73% <u>529,896</u>	<u>564,441</u>
	Total Exchange-traded Funds	98.74% <u>1,370,494</u>	<u>1,402,917</u>
<b><u>Common Trust Fund</u></b>			
<b><i>Fixed Income</i></b>			
11,952	HB&T Short Term Income Fund	11,952	11,952
	Total Fixed Income	0.84% <u>11,952</u>	<u>11,952</u>
	Total Common Trust Fund	0.84% <u>11,952</u>	<u>11,952</u>
	Total Investments	100.00% <u>\$ 1,388,388</u>	<u>\$ 1,420,811</u>



**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Horizon Conservation Plus With Risk Assist Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
11,241	DWS Govt & Agency Securities Port Service Shares	\$ 11,241	\$ 11,241
	Total Short Term Investment	0.78% <u>11,241</u>	<u>11,241</u>
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
3,116	Db X-Trackers USD High Yield Corp Bond	159,285	157,140
1,581	iShares Iboxx\$ Inv Grade Corp Bd Fd	192,117	192,186
1,593	iShares Barclays 7-10 Year Treasury Bond	169,288	168,173
1,558	iShares JP Morgan Emerging Bond Fund	178,852	180,884
643	iShares Barclays 3-7 Year Treasury Bond	79,879	78,549
4,728	Powershares Financial Preferred Portfolio	85,216	89,217
2,999	Spdr Doubleline Total Return Tactical ETF	147,722	145,871
1,287	Vanguard Intermediate Term Corp Bond ETF	114,071	112,471
	Total Fixed Income	78.38% <u>1,126,430</u>	<u>1,124,491</u>
<b><i>Equity</i></b>			
76	iShares US Aerospace & Defense	12,875	14,296
505	iShares Core MSCI Emerging Markets Fund	26,682	28,736
683	Spdr Euro Stoxx 50 Fund	24,830	27,805
418	Spdr Portfolio Mid Cap ETF	14,028	13,944
165	Vanguard High Dividend Yield	13,674	14,129
486	Vanguard Growth ETF	63,684	68,356
773	Vanguard Value ETF	78,381	82,185
95	Vanguard Small Cap ETF	12,732	14,041
341	Wisdomtree Japan Hedged Equity Fund	19,689	20,232
	Total Equity	19.78% <u>266,575</u>	<u>283,724</u>
	Total Exchange-traded Funds	98.16% <u>1,393,005</u>	<u>1,408,215</u>
<b><u>Common Trust Fund</u></b>			
<b><i>Fixed Income</i></b>			
15,240	HB&T Short Term Income Fund	15,240	15,240
	Total Fixed Income	1.06% <u>15,240</u>	<u>15,240</u>
	Total Common Trust Fund	1.06% <u>15,240</u>	<u>15,240</u>
	Total Investments	100.00% <u>\$ 1,419,486</u>	<u>\$ 1,434,696</u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investments (Continued)**  
**Horizon Growth With Risk Assist Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
31,943	DWS Govt & Agency Securities Port Service Shares	\$ 31,943	\$ 31,943
	Total Short Term Investment	0.59% <u>31,943</u>	<u>31,943</u>
<b><u>Exchange-traded Funds</u></b>			
<b><i>Fixed Income</i></b>			
2,145	DB X-Trackers USD High Yield Corp Bond	109,707	108,172
1,089	iShares Iboxx\$ Inv Grade Corp BD FD	133,307	132,379
1,097	iShares Barclays 7-10 Year Treasury Bond	116,743	115,810
1,073	iShares JP Morgan Emerging Bond Fund	123,246	124,575
443	iShares Barclays 3-7 Year Treasury Bond	55,043	54,117
3,255	Powershares Financial Preferred Portfolio	59,044	61,422
2,065	Spdr Doubleline Ttl Rtn Tactical ETF	101,802	100,442
886	Vanguard Intermediate Term Corp Bond ETF	78,552	77,428
	Total Fixed Income	14.35% <u>777,444</u>	<u>774,345</u>
<b><i>Equity</i></b>			
1,198	iShares US Aerospace & Defense	203,046	225,356
7,891	iShares Core MSCI Emerging	416,665	448,998
10,663	Spdr Euro Stoxx 50 Fund	392,964	434,091
6,528	Spdr Portfolio Mid Cap ETF	219,080	217,774
2,575	Vanguard High Dvd Yield	213,441	220,497
7,597	Vanguard Growth ETF	996,584	1,068,518
12,058	Vanguard Value ETF	1,216,542	1,282,006
1,490	Vanguard Small Cap EFT	199,691	220,222
5,329	Wisdomtree Japan Hedged Equity Fund	307,717	316,170
	Total Equity	82.13% <u>4,165,730</u>	<u>4,433,632</u>
	Total Exchange-traded Funds	96.48% <u>4,943,174</u>	<u>5,207,977</u>
<b><u>Common Trust Fund</u></b>			
<b><i>Fixed Income</i></b>			
157,986	HB&T Short Term Income Fund	157,986	157,986
	Total Fixed Income	2.93% <u>157,986</u>	<u>157,986</u>
	Total Common Trust Fund	2.93% <u>157,986</u>	<u>157,986</u>
	Total Investments	100.00% <u>\$ 5,133,103</u>	<u>\$ 5,397,906</u>

**Hand Composite Employee Benefit Trust**  
**Statements of Operations – Selected Funds**  
**Year Ended December 31, 2017**

	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
<b>Income</b>					
Interest	\$ 13	\$ 9	\$ 2	\$ 2	\$ 8
Dividends	169,467	192,576	51,436	51,558	126,287
Total income	169,480	192,585	51,438	51,560	126,295
<b>Expenses</b>					
Investment management and administrative	71,697	60,129	13,688	11,801	50,255
Audit	1,911	1,603	365	314	1,340
Other fees	531	624	325	161	926
Class R2 expenses	-	9	152	-	2
Class R3 expenses	6,218	-	150	225	1,173
Class R4 expenses	5,220	4,645	217	2,098	3,938
Total expenses	85,577	67,010	14,897	14,599	57,634
<b>Net Investment Income</b>	83,903	125,575	36,541	36,961	68,661
<b>Net Realized and Unrealized Gains on Investments</b>					
Net realized gains on investments	1,561,535	905,697	140,640	56,616	1,051,740
Net change in unrealized appreciation/ depreciation on investments	286,306	158,464	28,084	26,479	98,914
Net realized and unrealized gains	1,847,841	1,064,161	168,724	83,095	1,150,654
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 1,931,744	\$ 1,189,736	\$ 205,265	\$ 120,056	\$ 1,219,315

**Hand Composite Employee Benefit Trust**  
**Statements of Changes in Net Assets – Selected Funds**  
**Year Ended December 31, 2017**

	<b>Horizon Focused Fund</b>	<b>Horizon Moderate Fund</b>	<b>Horizon Conservative Fund</b>	<b>Horizon Conservation Plus Fund</b>	<b>Horizon Growth Fund</b>
<b>Operations</b>					
Net investment income	\$ 83,903	\$ 125,575	\$ 36,541	\$ 36,961	\$ 68,661
Net realized gains	1,561,535	905,697	140,640	56,616	1,051,740
Change in unrealized appreciation/ depreciation	286,306	158,464	28,084	26,479	98,914
Net increase in net assets from operations	1,931,744	1,189,736	205,265	120,056	1,219,315
<b>Net Decrease in Net Assets From Participant Transactions</b>	<b>(3,585,890)</b>	<b>(3,728,498)</b>	<b>(1,566,646)</b>	<b>(611,328)</b>	<b>(5,997,058)</b>
<b>Decrease in Net Assets</b>	<b>(1,654,146)</b>	<b>(2,538,762)</b>	<b>(1,361,381)</b>	<b>(491,272)</b>	<b>(4,777,743)</b>
<b>Net Assets</b>					
Beginning of year	10,864,172	9,449,060	2,783,219	1,926,215	10,175,267
End of year	<u>\$ 9,210,026</u>	<u>\$ 6,910,298</u>	<u>\$ 1,421,838</u>	<u>\$ 1,434,943</u>	<u>\$ 5,397,524</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### 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 105 portfolios (the Funds); the financial statements of five 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 accounted for on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation on investments are reported on the identified cost basis.

#### ***Investment Income and Distribution of Income***

Dividend income less foreign taxes, if any, is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Investment income is allocated ratably on the valuation dates among all participants. No distributions are made to participants in the Funds until units owned

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

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 25, 2018, 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 Advisor</b>
Horizon Focused with Risk Assist Fund	Horizon Investments, LLC
Horizon Moderate with Risk Assist Fund	Horizon Investments, LLC
Horizon Conservative with Risk Assist Fund	Horizon Investments, LLC
Horizon Conservation Plus with Risk Assist Fund	Horizon Investments, LLC
Horizon Growth with Risk Assist Fund	Horizon Investments, LLC

## **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.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2017**

Fund	Administrative Fees	Investment Advisory Fees	Service Fees	Other Fees	Total Fees
All Horizon Funds					
Class R1	0.15%	0.60%	0.00%	0.02%	0.77%
Class R2	0.15%	0.60%	0.25%	0.02%	1.02%
Class R3	0.15%	0.60%	0.40%	0.02%	1.17%
Class R4	0.15%	0.60%	0.80%	0.02%	1.57%

**Note 3: Financial Highlights**

	Class R1				
	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Net asset value, beginning of year	\$ 12.99	\$ 11.96	\$ 11.32	\$ 9.98	\$ 11.91
Net investment income	0.15	0.21	0.22	0.26	0.15
Net realized and unrealized gains	2.71	1.66	1.04	0.52	2.15
Net increase from investment operations	2.86	1.87	1.26	0.78	2.30
Net asset value, end of year	<u>\$ 15.85</u>	<u>\$ 13.83</u>	<u>\$ 12.58</u>	<u>\$ 10.76</u>	<u>\$ 14.21</u>
Total return	22.02%	15.64%	11.13%	7.82%	19.31%
Ratio to average net assets:					
Net investment income	1.01%	1.65%	1.83%	2.53%	1.14%
Expenses	0.78%	0.79%	0.71%	0.79%	0.81%

	Class R2				
	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Net asset value, beginning of year	\$ 12.99	\$ 11.93	\$ 11.30	\$ 9.97	\$ 11.83
Net investment income	0.15	0.21	0.22	0.26	0.14
Net realized and unrealized gains	2.72	1.75	1.20	0.52	1.97
Net increase from investment operations	2.87	1.96	1.42	0.78	2.11
Net asset value, end of year	<u>\$ 15.86</u>	<u>\$ 13.89</u>	<u>\$ 12.72</u>	<u>\$ 10.75</u>	<u>\$ 13.94</u>
Total return	22.09%	16.43%	12.57%	7.82%	17.84%
Ratio to average net assets:					
Net investment income	1.00%	1.69%	1.85%	2.53%	1.16%
Expenses	0.77%	0.88%	0.79%	0.79%	0.93%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

	<b>Class R3</b>				
	<b>Horizon Focused Fund</b>	<b>Horizon Moderate Fund</b>	<b>Horizon Conservative Fund</b>	<b>Horizon Conservation Plus Fund</b>	<b>Horizon Growth Fund</b>
Net asset value, beginning of year	\$ 12.75	\$ 11.33	\$ 11.26	\$ 9.79	\$ 11.72
Net investment income	0.09	0.21	0.18	0.22	0.10
Net realized and unrealized gains	2.66	1.56	1.04	0.50	2.11
Net increase from investment operations	2.75	1.77	1.22	0.72	2.21
Net asset value, end of year	<u>\$ 15.50</u>	<u>\$ 13.10</u>	<u>\$ 12.48</u>	<u>\$ 10.51</u>	<u>\$ 13.93</u>
Total return	21.57%	15.62%	10.83%	7.35%	18.86%
Ratio to average net assets:					
Net investment income	0.62%	1.73%	1.42%	2.18%	0.75%
Expenses	1.19%	0.83%	1.09%	1.20%	1.21%

	<b>Class R4</b>				
	<b>Horizon Focused Fund</b>	<b>Horizon Moderate Fund</b>	<b>Horizon Conservative Fund</b>	<b>Horizon Conservation Plus Fund</b>	<b>Horizon Growth Fund</b>
Net asset value, beginning of year	\$ 12.71	\$ 11.74	\$ 11.14	\$ 9.60	\$ 11.66
Net investment income	0.05	0.11	0.13	0.19	0.05
Net realized and unrealized gains	2.65	1.62	1.32	0.47	2.09
Net increase from investment operations	2.70	1.73	1.45	0.66	2.14
Net asset value, end of year	<u>\$ 15.41</u>	<u>\$ 13.47</u>	<u>\$ 12.59</u>	<u>\$ 10.26</u>	<u>\$ 13.80</u>
Total return	21.24%	14.74%	13.02%	6.88%	18.35%
Ratio to average net assets:					
Net investment income	0.33%	0.87%	1.14%	1.84%	0.40%
Expenses	1.49%	1.61%	1.59%	1.62%	1.63%



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 4: Participant Unit Transactions

	Horizon Focused Fund		Horizon Moderate Fund		Horizon Conservative Fund		Horizon Conservation Plus Fund		Horizon Growth Fund	
	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars	Units	Dollars
<b>Class R1:</b>										
Proceeds from sales of units	115,277	\$ 1,679,480	162,876	\$ 2,077,636	30,102	\$ 358,454	17,171	\$ 179,008	139,168	\$ 1,800,081
Cost of units redeemed	(377,960)	(5,377,252)	(419,373)	(5,389,441)	(112,993)	(1,350,794)	(80,071)	(826,275)	(564,311)	(7,184,693)
Net change in Class R1 from participant transactions	<u>(262,683)</u>	<u>(3,697,772)</u>	<u>(256,497)</u>	<u>(3,311,805)</u>	<u>(82,891)</u>	<u>(992,340)</u>	<u>(62,900)</u>	<u>(647,267)</u>	<u>(425,143)</u>	<u>(5,384,612)</u>
<b>Class R2:</b>										
Proceeds from sales of units	-	-	1	1	3,567	41,661	-	-	-	-
Cost of units redeemed	-	-	(1,519)	(18,837)	(28,500)	(331,005)	-	-	(258)	(3,227)
Net change in Class R2 from participant transactions	<u>0</u>	<u>0</u>	<u>(1,518)</u>	<u>(18,836)</u>	<u>(24,933)</u>	<u>(289,344)</u>	<u>0</u>	<u>0</u>	<u>(258)</u>	<u>(3,227)</u>
<b>Class R3:</b>										
Proceeds from sales of units	19,126	268,536	-	-	4,993	59,583	1,094	11,150	10,784	137,875
Cost of units redeemed	(14,039)	(198,511)	-	-	-	-	-	-	(3,079)	(38,893)
Net change in Class R3 from participant transactions	<u>5,087</u>	<u>70,025</u>	<u>0</u>	<u>0</u>	<u>4,993</u>	<u>59,583</u>	<u>1,094</u>	<u>11,150</u>	<u>7,705</u>	<u>98,982</u>
<b>Class R4:</b>										
Proceeds from sales of units	20,102	278,897	4,492	57,577	1	-	3,119	31,114	13,155	165,293
Cost of units redeemed	(17,132)	(237,040)	(37,036)	(455,434)	(30,518)	(344,545)	(620)	(6,325)	(70,473)	(873,494)
Net change in Class R4 from participant transactions	<u>2,970</u>	<u>41,857</u>	<u>(32,544)</u>	<u>(397,857)</u>	<u>(30,517)</u>	<u>(344,545)</u>	<u>2,499</u>	<u>24,789</u>	<u>(57,318)</u>	<u>(708,201)</u>
Net change in net assets from participant transactions		<u>\$ (3,585,890)</u>		<u>\$ (3,728,498)</u>		<u>\$ (1,566,646)</u>		<u>\$ (611,328)</u>		<u>\$ (5,997,058)</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### 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, 2017.

**Short Term Investments.** Short term investments, including money market funds, for which market quotations are readily available, are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy.

**Exchange-traded Funds.** Exchange-traded 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, 2017.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2017**

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Horizon Focused Fund</b>				
Short Term Investment	\$ 64,028	\$ 64,028	\$ -	\$ -
Exchange-traded Funds - Equity	9,030,108	9,030,108	-	-
Common Trust Fund - Fixed Income (A)	<u>118,289</u>			
Total	<u>\$ 9,212,425</u>			
<b>Horizon Moderate Fund</b>				
Short Term Investment	\$ 34,433	\$ 34,433	\$ -	\$ -
Exchange-traded Funds - Fixed Income	2,365,130	2,365,130	-	-
Exchange-traded Funds - Equity	4,412,676	4,412,676	-	-
Common Trust Fund - Fixed Income (A)	<u>101,909</u>			
Total	<u>\$ 6,914,148</u>			
<b>Horizon Conservative Fund</b>				
Short Term Investment	\$ 5,942	\$ 5,942	\$ -	\$ -
Exchange-traded Funds - Fixed Income	838,476	838,476	-	-
Exchange-traded Funds - Equity	564,441	564,441	-	-
Common Trust Fund - Fixed Income (A)	<u>11,952</u>			
Total	<u>\$ 1,420,811</u>			
<b>Horizon Conservation Plus Fund</b>				
Short Term Investment	\$ 11,241	\$ 11,241	\$ -	\$ -
Exchange-traded Funds - Fixed Income	1,124,491	1,124,491	-	-
Exchange-traded Funds - Equity	283,724	283,724	-	-
Common Trust Fund - Fixed Income (A)	<u>15,240</u>			
Total	<u>\$ 1,434,696</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, 2017**

	<u>Fair Value Measurements Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Horizon Growth Fund</b>				
Short Term Investment	\$ 31,943	\$ 31,943	\$ -	\$ -
Exchange-traded Funds - Fixed Income	774,345	774,345	-	-
Exchange-traded Funds - Equity	4,433,632	4,433,632	-	-
Common Trust Fund - Fixed Income (A)	<u>157,986</u>			
Total	<u>\$ 5,397,906</u>			

(A) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets and liabilities.

**Note 6: Risk Factors**

The Funds invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such 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**  
**Horizon Focused With Risk Assist Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>			
<b>Investment Class</b>	<b>Cost</b>		
Mutual Funds - Equity	\$	14,915,247	
Common Trust Funds - Fixed Income		<u>2,804,938</u>	
Total Investments Purchased	\$	<u><u>17,720,185</u></u>	
<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Equity	\$ 18,412,141	\$ 16,850,606	\$ 1,561,535
Common Trust Funds - Fixed Income	<u>2,799,809</u>	<u>2,799,809</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 21,211,950</u></u>	<u><u>\$ 19,650,415</u></u>	<u><u>\$ 1,561,535</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Horizon Moderate With Risk Assist Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>			
<b>Investment Class</b>	<b>Cost</b>		
Mutual Funds - Fixed Income	\$	3,107,895	
Mutual Funds - Equity		8,108,155	
Common Trust Funds		2,844,400	
Total Investments Purchased	\$	14,060,450	
<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Fixed Income	\$ 4,061,585	\$ 4,044,285	\$ 17,300
Mutual Funds - Equity	10,672,485	9,784,088	888,397
Common Trust Funds	2,914,691	2,914,691	-
Total Investments Sold	\$ 17,648,761	\$ 16,743,064	\$ 905,697

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Horizon Conservative With Risk Assist Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>			
<b>Investment Class</b>	<b>Cost</b>		
Mutual Funds - Fixed Income	\$	1,059,660	
Mutual Funds - Equity		1,104,438	
Common Trust Funds - Fixed Income		677,252	
Total Investments Purchased	\$	2,841,350	
<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Fixed Income	\$ 1,876,095	\$ 1,871,315	\$ 4,780
Mutual Funds - Equity	1,756,959	1,621,099	135,860
Common Trust Funds - Fixed Income	732,722	732,722	-
Total Investments Sold	\$ 4,365,776	\$ 4,225,136	\$ 140,640



**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Horizon Conservation Plus With Risk Assist Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Fixed Income	\$ 1,202,542
Mutual Funds - Equity	477,757
Common Trust Funds - Fixed Income	<u>327,418</u>
Total Investments Purchased	<u><u>\$ 2,007,717</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Fixed Income	\$ 1,603,557	\$ 1,597,326	\$ 6,231
Mutual Funds - Equity	625,258	574,873	50,385
Common Trust Funds - Fixed Income	<u>357,659</u>	<u>357,659</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 2,586,474</u></u>	<u><u>\$ 2,529,858</u></u>	<u><u>\$ 56,616</u></u>

**Hand Composite Employee Benefit Trust**  
**Schedules of Investment Purchases and Sales – Selected Funds (Continued)**  
**Horizon Growth With Risk Assist Fund**  
**Year Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Mutual Funds - Fixed Income	\$ 921,661
Mutual Funds - Equity	8,708,023
Common Trust Funds - Fixed Income	2,335,902
Total Investments Purchased	\$ 11,965,586

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Mutual Funds - Fixed Income	\$ 1,656,226	\$ 1,655,157	\$ 1,069
Mutual Funds - Equity	13,728,005	12,677,334	1,050,671
Common Trust Funds - Fixed Income	2,422,120	2,422,120	-
Total Investments Sold	\$ 17,806,351	\$ 16,754,611	\$ 1,051,740