

**Hand Composite Employee Benefit Trust
Horizon Risk Assist 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 (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, 2018, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of these selected funds included in the Hand Composite Employee Benefit Trust as of December 31, 2018, and the results of their operations and 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 24, 2019

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

	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Assets					
Investments, at cost	\$ 3,739,193	\$ 7,791,166	\$ 487,723	\$ 176,204	\$ 4,135,946
Investments, at fair value	\$ 3,556,908	\$ 7,506,386	\$ 470,082	\$ 170,925	\$ 3,941,113
Cash	-	-	-	-	-
Receivable for:					
Investment securities sold	-	1,123	-	41,635	-
Capital shares sold	3,545	543	120	7	2,530
Dividends and interest	5,022	6,750	425	172	5,005
Total assets	<u>\$ 3,565,475</u>	<u>\$ 7,514,802</u>	<u>\$ 470,627</u>	<u>\$ 212,739</u>	<u>\$ 3,948,648</u>
Liabilities					
Payable for investment securities purchased	\$ 1,879	\$ -	\$ 61	\$ 4,623	\$ 2,018
Withdrawals in excess of cash balances	-	-	-	38,200	-
Accounts payable and accrued liabilities	4,576	6,427	521	371	3,913
Total liabilities	<u>\$ 6,455</u>	<u>\$ 6,427</u>	<u>\$ 582</u>	<u>\$ 43,194</u>	<u>\$ 5,931</u>
Net assets held for participants:					
Class R1	\$ 1,438,420	\$ 7,026,909	\$ 426,641	\$ 57,745	\$ 3,176,928
Class R2	14	13	12	10	13
Class R3	1,782,614	2,082	42,808	28,069	487,966
Class R4	337,972	479,371	584	83,721	277,810
Total net assets held for participants	<u>\$ 3,559,020</u>	<u>\$ 7,508,375</u>	<u>\$ 470,045</u>	<u>\$ 169,545</u>	<u>\$ 3,942,717</u>
Units outstanding:					
Class R1	100,249	543,594	35,741	5,615	242,470
Class R2	1	1	1	1	1
Class R3	127,470	170	3,634	2,808	38,156
Class R4	24,388	38,389	49	8,610	22,000
Total units outstanding	<u>252,108</u>	<u>582,154</u>	<u>39,425</u>	<u>17,034</u>	<u>302,627</u>
Net asset value per unit:					
Class R1	<u>\$ 14.35</u>	<u>\$ 12.93</u>	<u>\$ 11.94</u>	<u>\$ 10.28</u>	<u>\$ 13.10</u>
Class R2	<u>\$ 14.36</u>	<u>\$ 12.97</u>	<u>\$ 12.04</u>	<u>\$ 10.27</u>	<u>\$ 12.85</u>
Class R3	<u>\$ 13.98</u>	<u>\$ 12.21</u>	<u>\$ 11.78</u>	<u>\$ 10.00</u>	<u>\$ 12.79</u>
Class R4	<u>\$ 13.86</u>	<u>\$ 12.49</u>	<u>\$ 11.79</u>	<u>\$ 9.72</u>	<u>\$ 12.63</u>

Hand Composite Employee Benefit Trust
Schedules of Investments
Horizon Focused With Risk Assist Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
10,740	Federated Government Obligations Fund CS	\$ 10,740	\$ 10,740
	Total Short Term Investment	0.30% <u>10,740</u>	<u>10,740</u>
<u>Exchange-traded Funds</u>			
<u>Fixed Income</u>			
12,334	iShares Barclays 1-3 year Treasury Bond Idx	1,029,177	1,031,369
6,224	iShares Barclays Short Treasury Bond Fd	686,702	686,507
	Total Fixed Income	48.30% <u>1,715,879</u>	<u>1,717,876</u>
<u>Equity</u>			
995	Invesco S&P 500 Equal Weight ETF	103,592	90,942
2,385	iShares Edge MSCI USA Quality Factor	204,416	183,073
2,337	iShares Emerging Markets Dividend ETF	90,642	87,474
1,746	iShares MSCI Japan ETF	101,065	88,505
3,345	SPDR Portfolio Developed World EX-US	98,283	88,475
8,154	SPDR Portfolio Emerging Markets	273,010	263,863
11,313	SPDR Portfolio S&P 500 Growth	408,530	367,673
16,760	SPDR Portfolio S&P 500 Value	503,465	455,202
6,909	SPDR Portfolio Small Cap ETF	208,607	182,121
	Total Equity	50.81% <u>1,991,610</u>	<u>1,807,328</u>
	Total Exchange-traded Funds	99.11% <u>3,707,489</u>	<u>3,525,204</u>
<u>Common Trust Fund</u>			
<u>Fixed Income</u>			
20,964	HB&T Short Term Income Fund	20,964	20,964
	Total Fixed Income	0.59% <u>20,964</u>	<u>20,964</u>
	Total Common Trust Fund	0.59% <u>20,964</u>	<u>20,964</u>
	Total Investments	100.00% <u>\$ 3,739,193</u>	<u>\$ 3,556,908</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Moderate With Risk Assist Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
4,113	Federated Government Obligations Fund CS	\$ 4,113	\$ 4,113
	Total Short Term Investment	0.05% 4,113	4,113
<i>Exchange-traded Funds</i>			
<i>Fixed Income</i>			
2,985	DB X-Trackers USD Shrt Dur High Yield Corp Bond ETF	147,624	140,451
1,366	DB X-Trackers USD High Yield Corp Bond	67,559	63,915
4,255	First Trust Tactical High Yield ETF	200,782	190,837
3,729	Invesco Financial Preferred Portfolio	67,946	64,735
26,218	iShares Barclays 1-3 Year Treasury Bond Idx	2,186,550	2,192,349
13,219	iShares Barclays Short Treasury Bond Fd	1,459,312	1,458,056
4,270	SPDR Blackstone/GSO Senior Loan ETF	199,888	190,869
6,533	SPDR Doubleline Total Return Tactical ETF	309,217	309,468
3,536	Vanguard Total International Bond ETF	192,936	191,827
	Total Fixed Income	63.98% 4,831,814	4,802,507
<i>Equity</i>			
1,314	Invesco S&P 500 Equal Weight ETF	137,788	120,100
3,187	iShares Edge MSCI USA Quality Factor	122,852	119,289
3,147	iShares Emerging Markets Dividend ETF	266,432	241,564
2,366	iShares MSCI Japan ETF	138,865	119,933
4,513	SPDR Portfolio Developed World EX-US	134,235	119,369
11,053	SPDR Portfolio Emerging Markets	366,779	357,675
3,883	SPDR Portfolio Intermediate	129,011	128,294
14,925	SPDR Portfolio S&P 500 Growth	537,629	485,063
22,150	SPDR Portfolio S&P 500 Value	672,414	601,594
9,119	SPDR Portfolio Small Cap ETF	282,726	240,377
	Total Equity	33.75% 2,788,731	2,533,258
	Total Exchange-traded Funds	97.73% 7,620,545	7,335,765

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Moderate With Risk Assist Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
166,508	HB&T Short Term Income Fund	\$ 166,508	\$ 166,508
	Total Fixed Income	2.22% <u>166,508</u>	<u>166,508</u>
	Total Common Trust Fund	2.22% <u>166,508</u>	<u>166,508</u>
	Total Investments	100.00% <u>\$ 7,791,166</u>	<u>\$ 7,506,386</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Conservative With Risk Assist Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
1,405	Federated Government Obligations Fund CS	\$ 1,405	\$ 1,405
	Total Short Term Investment	0.30% <u>1,405</u>	<u>1,405</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
384	DB X-Trackers USD Shrt Dur High Yield Corp Bond ETF	19,061	18,068
176	DB X-Trackers USD High Yield Corp Bond	8,744	8,235
547	First Trust Tactical High Yield ETF	25,855	24,533
476	Invesco Financial Preferred Portfolio	8,718	8,263
1,081	iShares Barclays 1-3 Year Treasury Bond Idx	90,194	90,394
818	iShares Barclays Short Treasury Bond Fd	90,297	90,225
547	SPDR Blackstone/GSO Senior Loan ETF	25,667	24,451
830	SPDR Doubleline Total Return Tactical ETF	39,382	39,317
449	Vanguard Total International Bond ETF	24,513	24,358
	Total Fixed Income	69.74% <u>332,431</u>	<u>327,844</u>
<i>Equity</i>			
62	Invesco S&P 500 Equal Weight ETF	6,623	5,667
150	iShares Edge MSCI USA Quality Factor	12,600	11,514
147	iShares Emerging Markets Dividend ETF	5,676	5,502
110	iShares MSCI Japan ETF	6,516	5,576
211	SPDR Portfolio Developed World EX-US	6,355	5,581
514	SPDR Portfolio Emerging Markets	17,089	16,633
494	SPDR Portfolio Intermediate	16,428	16,322
714	SPDR Portfolio S&P 500 Growth	26,048	23,206
1,057	SPDR Portfolio S&P 500 Value	32,305	28,708
436	SPDR Portfolio Small Cap ETF	13,616	11,493
	Total Equity	27.70% <u>143,256</u>	<u>130,202</u>
	Total Exchange-traded Funds	97.44% <u>475,687</u>	<u>458,046</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Conservative With Risk Assist Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
10,631	HB&T Short Term Income Fund	\$ 10,631	\$ 10,631
	Total Fixed Income	2.26% <u>10,631</u>	<u>10,631</u>
	Total Common Trust Fund	2.26% <u>10,631</u>	<u>10,631</u>
	Total Investments	100.00% <u>\$ 487,723</u>	<u>\$ 470,082</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Conservation Plus With Risk Assist Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
1,062	Federated Government Obligations Fund CS	\$ 1,062	\$ 1,062
	Total Short Term Investment	0.62% <u>1,062</u>	<u>1,062</u>
<u>Exchange-traded Funds</u>			
<u>Fixed Income</u>			
215	DB X-Trackers USD Shrt Dur High Yield Corp Bond ETF	10,647	10,116
99	DB X-Trackers USD High Yield Corp Bond	4,918	4,632
310	First Trust Tactical High Yield ETF	14,653	13,904
271	Invesco Financial Preferred Portfolio	4,952	4,705
197	iShares Barclays 1-3 Year Treasury Bond Idx	16,453	16,473
299	iShares Barclays Short Treasury Bond Fd	33,019	32,980
309	SPDR Blackstone/GSO Senior Loan ETF	14,497	13,812
472	SPDR Doubleline Total Return Tactical ETF	22,398	22,359
256	Vanguard Total International Bond ETF	13,977	13,888
	Total Fixed Income	77.74% <u>135,514</u>	<u>132,869</u>
<u>Equity</u>			
12	Invesco S&P 500 Equal Weight ETF	1,282	1,097
30	iShares Edge MSCI USA Quality Factor	2,514	2,302
31	iShares Emerging Markets Dividend ETF	1,198	1,160
22	iShares MSCI Japan ETF	1,303	1,115
44	SPDR Portfolio Developed World EX-US	1,325	1,164
107	SPDR Portfolio Emerging Markets	3,558	3,463
281	SPDR Portfolio Intermediate	9,347	9,284
143	SPDR Portfolio S&P 500 Growth	5,212	4,648
214	SPDR Portfolio S&P 500 Value	6,528	5,812
88	SPDR Portfolio Small Cap ETF	2,732	2,320
	Total Equity	18.93% <u>34,999</u>	<u>32,365</u>
	Total Exchange-traded Funds	96.67% <u>170,513</u>	<u>165,234</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Conservation Plus With Risk Assist Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
4,629	HB&T Short Term Income Fund	\$ 4,629	\$ 4,629
	Total Fixed Income	2.71% <u>4,629</u>	<u>4,629</u>
	Total Common Trust Fund	2.71% <u>4,629</u>	<u>4,629</u>
	Total Investments	100.00% <u>\$ 176,204</u>	<u>\$ 170,925</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Growth With Risk Assist Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
19,957	Federated Government Obligations Fund CS	\$ 19,957	\$ 19,957
	Total Short Term Investment	0.51% <u>19,957</u>	<u>19,957</u>
<i>Exchange-traded Funds</i>			
<i>Fixed Income</i>			
670	DB X-Trackers USD Shrt Dur High Yield Corp Bond ETF	33,287	31,525
307	DB X-Trackers USD High Yield Corp Bond	15,247	14,365
954	First Trust Tactical High Yield ETF	45,080	42,787
830	Invesco Financial Preferred Portfolio	15,223	14,409
13,576	iShares Barclays 1-3 Year Treasury Bond Idx	1,132,814	1,135,224
6,851	iShares Barclays Short Treasury Bond Fd	756,534	755,665
955	SPDR Blackstone/GSO Senior Loan ETF	44,782	42,689
1,447	SPDR Doubleline Total Return Tactical ETF	68,606	68,544
784	Vanguard Total International Bond ETF	42,800	42,532
	Total Fixed Income	54.50% <u>2,154,373</u>	<u>2,147,740</u>
<i>Equity</i>			
931	Invesco S&P 500 Equal Weight ETF	99,295	85,093
2,232	iShares Edge MSCI USA Quality Factor	191,994	171,328
2,186	iShares Emerging Markets Dividend ETF	84,384	81,822
1,633	iShares MSCI Japan ETF	96,738	82,777
3,130	SPDR Portfolio Developed World EX-US	94,275	82,789
7,628	SPDR Portfolio Emerging Markets	253,403	246,842
861	SPDR Portfolio Intermediate	28,641	28,447
10,584	SPDR Portfolio S&P 500 Growth	384,555	343,980
15,680	SPDR Portfolio S&P 500 Value	474,930	425,869
6,464	SPDR Portfolio Small Cap ETF	199,323	170,391
	Total Equity	43.62% <u>1,907,538</u>	<u>1,719,338</u>
	Total Exchange-traded Funds	98.12% <u>4,061,911</u>	<u>3,867,078</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Horizon Growth With Risk Assist Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
54,078	HB&T Short Term Income Fund	\$ 54,078	\$ 54,078
	Total Fixed Income	<i>1.37%</i> <u>54,078</u>	<u>54,078</u>
	Total Common Trust Fund	<i>1.37%</i> <u>54,078</u>	<u>54,078</u>
	Total Investments	<i>100.00%</i> <u>\$ 4,135,946</u>	<u>\$ 3,941,113</u>

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

	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Income					
Interest	\$ 105	\$ 180	\$ 13	\$ 11	\$ 39
Dividends	103,536	190,385	30,039	25,585	103,156
Total income	103,641	190,565	30,052	25,596	103,195
Expenses					
Investment management and administrative	46,864	55,387	7,844	6,006	37,313
Audit	1,250	1,477	209	160	995
Other fees	744	275	221	247	321
Class R3 expenses	7,554	10	117	270	1,770
Class R4 expenses	4,831	4,194	246	960	3,234
Total expenses	61,243	61,343	8,637	7,643	43,633
Net Investment Income	42,398	129,222	21,415	17,953	59,562
Net Realized and Unrealized Gains (Losses)					
on Investments					
Net realized gains (losses) on investments	495,131	(80,226)	7,495	(23,142)	64,151
Net change in unrealized appreciation/ depreciation on investments	(724,702)	(534,744)	(50,064)	(20,489)	(459,636)
Net realized and unrealized losses	(229,571)	(614,970)	(42,569)	(43,631)	(395,485)
Net Decrease in Net Assets Resulting From Operations	\$ (187,173)	\$ (485,748)	\$ (21,154)	\$ (25,678)	\$ (335,923)

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

	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Operations					
Net investment income	\$ 42,398	\$ 129,222	\$ 21,415	\$ 17,953	\$ 59,562
Net realized gains (losses)	495,131	(80,226)	7,495	(23,142)	64,151
Change in unrealized appreciation/ depreciation	(724,702)	(534,744)	(50,064)	(20,489)	(459,636)
Net decrease in net assets from operations	(187,173)	(485,748)	(21,154)	(25,678)	(335,923)
Net Increase (Decrease) in Net Assets From Participant Transactions	(5,463,833)	1,083,825	(930,639)	(1,239,720)	(1,118,884)
Increase (Decrease) in Net Assets	(5,651,006)	598,077	(951,793)	(1,265,398)	(1,454,807)
Net Assets					
Beginning of year	9,210,026	6,910,298	1,421,838	1,434,943	5,397,524
End of year	<u>\$ 3,559,020</u>	<u>\$ 7,508,375</u>	<u>\$ 470,045</u>	<u>\$ 169,545</u>	<u>\$ 3,942,717</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 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, 2018

are redeemed, at which time the market value of redeemed units is distributed. Investment income and realized gains (if any) earned by the Funds are reinvested, thereby increasing the respective unit values.

Valuation of Participants' Interest

Units of participation may be purchased or redeemed on the valuation dates at the fair value per unit on such valuation dates. All funds are valued daily.

Federal Income Taxes

The Funds comply with the requirements under Section 501(a) of the IRC and apportion all of their taxable income to their participants. Therefore, no federal income tax provision is required.

Subsequent Events

Subsequent events have been evaluated through May 24, 2019, which is the date the financial statements were available to be issued.

Investment Management Advisors

The investment management advisors for each Fund are as follows:

Fund	Investment Management Advisor
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, 2018

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	\$ 15.85	\$ 13.83	\$ 12.58	\$ 10.76	\$ 14.21
Net investment income	0.15	0.25	0.28	0.28	0.19
Net realized and unrealized losses	(1.65)	(1.15)	(0.92)	(0.76)	(1.30)
Net decrease from investment operations	(1.50)	(0.90)	(0.64)	(0.48)	(1.11)
Net asset value, end of year	\$ 14.35	\$ 12.93	\$ 11.94	\$ 10.28	\$ 13.10
Total return	-9.46%	-6.51%	-5.09%	-4.46%	-7.81%
Ratio to average net assets:					
Net investment income	0.92%	1.81%	2.21%	2.60%	1.31%
Expenses	0.82%	0.77%	0.84%	0.87%	0.79%
	Class R2				
	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Net asset value, beginning of year	\$ 15.86	\$ 13.89	\$ 12.72	\$ 10.75	\$ 13.94
Net investment income	0.15	0.25	0.28	0.28	0.19
Net realized and unrealized losses	(1.65)	(1.17)	(0.96)	(0.76)	(1.28)
Net decrease from investment operations	(1.50)	(0.92)	(0.68)	(0.48)	(1.09)
Net asset value, end of year	\$ 14.36	\$ 12.97	\$ 12.04	\$ 10.27	\$ 12.85
Total return	-9.46%	-6.62%	-5.35%	-4.47%	-7.82%
Ratio to average net assets:					
Net investment income	0.92%	1.80%	2.19%	2.61%	1.34%
Expenses	0.82%	0.77%	0.83%	0.87%	0.80%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

	Class R3				
	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Net asset value, beginning of year	\$ 15.50	\$ 13.10	\$ 12.48	\$ 10.51	\$ 13.93
Net investment income	0.08	0.20	0.23	0.23	0.13
Net realized and unrealized losses	(1.60)	(1.08)	(0.93)	(0.74)	(1.27)
Net decrease from investment operations	(1.52)	(0.88)	(0.70)	(0.51)	(1.14)
Net asset value, end of year	\$ 13.98	\$ 12.22	\$ 11.78	\$ 10.00	\$ 12.79
Total return	-9.81%	-6.72%	-5.61%	-4.85%	-8.18%
Ratio to average net assets:					
Net investment income	0.54%	1.60%	1.91%	2.25%	0.95%
Expenses	1.24%	1.18%	1.18%	1.31%	1.21%

	Class R4				
	Horizon Focused Fund	Horizon Moderate Fund	Horizon Conservative Fund	Horizon Conservation Plus Fund	Horizon Growth Fund
Net asset value, beginning of year	\$ 15.41	\$ 13.47	\$ 12.59	\$ 10.26	\$ 13.80
Net investment income	0.04	0.14	0.18	0.19	0.08
Net realized and unrealized losses	(1.59)	(1.12)	(0.97)	(0.73)	(1.25)
Net decrease from investment operations	(1.55)	(0.98)	(0.79)	(0.54)	(1.17)
Net asset value, end of year	\$ 13.86	\$ 12.49	\$ 11.80	\$ 9.72	\$ 12.63
Total return	-10.06%	-7.28%	-6.27%	-5.26%	-8.48%
Ratio to average net assets:					
Net investment income	0.25%	1.07%	1.43%	1.92%	0.60%
Expenses	1.54%	1.59%	1.62%	1.73%	1.57%

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

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
Class R1:										
Proceeds from sales of units	55,321	\$ 885,451	312,838	\$ 4,281,698	21,220	\$ 264,071	13,618	\$ 144,490	81,036	\$ 1,161,407
Cost of units redeemed	(374,626)	(6,144,983)	(231,600)	(3,202,305)	(93,068)	(1,173,807)	(110,050)	(1,172,156)	(168,691)	(2,415,284)
Net change in Class R1 from participant transactions	<u>(319,305)</u>	<u>(5,259,532)</u>	<u>81,238</u>	<u>1,079,393</u>	<u>(71,848)</u>	<u>(909,736)</u>	<u>(96,432)</u>	<u>(1,027,666)</u>	<u>(87,655)</u>	<u>(1,253,877)</u>
Class R3:										
Proceeds from sales of units	25,757	402,359	883	11,367	4,846	59,726	1,129	11,691	15,864	222,188
Cost of units redeemed	(9,121)	(136,882)	(713)	(9,016)	(6,648)	(81,793)	(4,278)	(42,656)	(3,734)	(51,744)
Net change in Class R3 from participant transactions	<u>16,636</u>	<u>265,477</u>	<u>170</u>	<u>2,351</u>	<u>(1,802)</u>	<u>(22,067)</u>	<u>(3,149)</u>	<u>(30,965)</u>	<u>12,130</u>	<u>170,444</u>
Class R4:										
Proceeds from sales of units	15,499	242,252	10,573	141,774	4,312	54,706	4,660	47,539	10,623	147,490
Cost of units redeemed	(45,677)	(712,030)	(10,448)	(139,693)	(4,263)	(53,542)	(22,798)	(228,628)	(13,545)	(182,941)
Net change in Class R4 from participant transactions	<u>(30,178)</u>	<u>(469,778)</u>	<u>125</u>	<u>2,081</u>	<u>49</u>	<u>1,164</u>	<u>(18,138)</u>	<u>(181,089)</u>	<u>(2,922)</u>	<u>(35,451)</u>
Net change in net assets from participant transactions		<u>\$ (5,463,833)</u>		<u>\$ 1,083,825</u>		<u>\$ (930,639)</u>		<u>\$ (1,239,720)</u>		<u>\$ (1,118,884)</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

Note 5: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1:** Quoted prices in active markets for identical assets or liabilities that the Funds can access at the measurement date.
- Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of assets and liabilities, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2018.

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, 2018.

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December 31, 2018

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Horizon Focused Fund				
Short Term Investment	\$ 10,740	\$ 10,740	\$ -	\$ -
Exchange-traded Funds - Fixed Income	1,717,876	1,717,876	-	-
Exchange-traded Funds - Equity	1,807,328	1,807,328	-	-
Common Trust Fund - Fixed Income (A)	<u>20,964</u>			
Total	<u>\$ 3,556,908</u>			
Horizon Moderate Fund				
Short Term Investment	\$ 4,113	\$ 4,113	\$ -	\$ -
Exchange-traded Funds - Fixed Income	4,802,507	4,802,507	-	-
Exchange-traded Funds - Equity	2,533,258	2,533,258	-	-
Common Trust Fund - Fixed Income (A)	<u>166,508</u>			
Total	<u>\$ 7,506,386</u>			
Horizon Conservative Fund				
Short Term Investment	\$ 1,405	\$ 1,405	\$ -	\$ -
Exchange-traded Funds - Fixed Income	327,844	327,844	-	-
Exchange-traded Funds - Equity	130,202	130,202	-	-
Common Trust Fund - Fixed Income (A)	<u>10,631</u>			
Total	<u>\$ 470,082</u>			
Horizon Conservation Plus Fund				
Short Term Investment	\$ 1,062	\$ 1,062	\$ -	\$ -
Exchange-traded Funds - Fixed Income	132,869	132,869	-	-
Exchange-traded Funds - Equity	32,365	32,365	-	-
Common Trust Fund - Fixed Income (A)	<u>4,629</u>			
Total	<u>\$ 170,925</u>			

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

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

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Horizon Growth Fund				
Short Term Investment	\$ 19,957	\$ 19,957	\$ -	\$ -
Exchange-traded Funds - Fixed Income	2,147,740	2,147,740	-	-
Exchange-traded Funds - Equity	1,719,338	1,719,338	-	-
Common Trust Fund - Fixed Income (A)	<u>54,078</u>			
Total	<u>\$ 3,941,113</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, 2018

Purchases	
Investment Class	Cost
Exchange-traded Funds - Fixed Income	\$ 2,948,033
Exchange-traded Funds - Equity	15,477,101
Common Trust Funds - Fixed Income	<u>1,669,584</u>
Total Investments Purchased	<u>\$ 20,094,718</u>

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Exchange-traded Funds - Fixed Income	\$ 1,231,263	\$ 1,232,155	\$ (892)
Exchange-traded Funds - Equity	22,469,203	21,973,180	496,023
Common Trust Funds - Fixed Income	<u>1,766,908</u>	<u>1,766,908</u>	<u>-</u>
Total Investments Sold	<u>\$ 25,467,374</u>	<u>\$ 24,972,243</u>	<u>\$ 495,131</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, 2018

Purchases			
Investment Class	Cost		
Exchange-traded Funds - Fixed Income	\$	8,682,720	
Exchange-traded Funds - Equity		12,006,854	
Common Trust Funds		4,508,843	
Total Investments Purchased	\$	25,198,417	

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Exchange-traded Funds - Fixed Income	\$ 6,068,911	\$ 6,222,499	\$ (153,588)
Exchange-traded Funds - Equity	13,447,734	13,374,372	73,362
Common Trust Funds	4,444,245	4,444,245	-
Total Investments Sold	\$ 23,960,890	\$ 24,041,116	\$ (80,226)

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

Purchases			
Investment Class	Cost		
Exchange-traded Funds - Fixed Income	\$	1,166,050	
Exchange-traded Funds - Equity		1,104,849	
Common Trust Funds - Fixed Income		432,531	
Total Investments Purchased	\$	2,703,430	
Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Exchange-traded Funds - Fixed Income	\$	1,635,576	\$
Exchange-traded Funds - Equity		1,537,626	1,674,217
Common Trust Funds - Fixed Income		433,852	433,852
Total Investments Sold	\$	3,607,054	\$
		3,599,559	7,495

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, 2018

Purchases			
Investment Class	Cost		
Exchange-traded Funds - Fixed Income	\$	1,045,101	
Exchange-traded Funds - Equity		540,460	
Common Trust Funds - Fixed Income		293,278	
Total Investments Purchased	\$	1,878,839	
Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Exchange-traded Funds - Fixed Income	\$ 1,990,361	\$ 2,036,016	\$ (45,655)
Exchange-traded Funds - Equity	794,551	772,038	22,513
Common Trust Funds - Fixed Income	303,889	303,889	-
Total Investments Sold	\$ 3,088,801	\$ 3,111,943	\$ (23,142)

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
Horizon Growth With Risk Assist Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Exchange-traded Funds - Fixed Income	\$ 3,714,862
Exchange-traded Funds - Equity	10,402,269
Common Trust Funds - Fixed Income	1,944,019
Total Investments Purchased	\$ 16,061,150

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Exchange-traded Funds - Fixed Income	\$ 2,289,158	\$ 2,337,933	\$ (48,775)
Exchange-traded Funds - Equity	12,773,386	12,660,460	112,926
Common Trust Funds - Fixed Income	2,047,926	2,047,926	-
Total Investments Sold	\$ 17,110,470	\$ 17,046,319	\$ 64,151