

**Hand Composite Employee Benefit Trust
IFC Target Date 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 statements of assets and liabilities of selected funds (IFC Target Date 2020 Fund and IFC Target Date 2050 Fund) included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which comprise the statements of assets and liabilities, as of December 31, 2017, and the related statements of operations and changes in net assets for the periods then ended (IFC Target Date 2020 Fund – May 1, 2017 [inception] to September 15, 2017 and IFC Target Date 2050 Fund – November 1, 2017 [inception] to November 15, 2017), 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 this statement of assets and liabilities 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 the statement of assets and liabilities that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of assets and liabilities. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of assets and liabilities, 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 statement of assets and liabilities 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 statement of assets and liabilities.

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 the selected funds included in the Hand Composite Employee Benefit Trust as of December 31, 2017, and the results of their operations and changes in their net assets for the periods 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

	IFC Target Date 2020 Fund	IFC Target Date 2050 Fund
Net assets held for participants:		
Class R1	<u>\$ 0</u>	<u>\$ 0</u>
Units outstanding:		
Class R1	<u>0</u>	<u>0</u>
Net asset value per unit:		
Class R1	<u>\$ 0</u>	<u>\$ 0</u>

Hand Composite Employee Benefit Trust

Statements of Operations – Selected Funds

	Period May 1, 2017 (Inception) to September 15, 2017	Period November 1, 2017 (Inception) to November 15, 2017
	IFC Target Date 2020 Fund	IFC Target Date 2050 Fund
Income		
Dividends	\$ 163	\$ -
Other	168	51
Total income	331	51
Expenses		
Class R1 expenses	27	-
Total expenses	27	0
Net Investment Income	304	51
Net Realized Gains (Losses) on Investments		
Net realized gains (losses) on investments	798	(48)
Net realized gains (losses)	798	(48)
Net Increase in Net Assets Resulting From Operations	\$ 1,102	\$ 3

Hand Composite Employee Benefit Trust

Statements of Changes in Net Assets – Selected Funds

	Period May 1, 2017 (Inception) to September 15, 2017	Period November 1, 2017 (Inception) to November 15, 2017
	IFC Target Date 2020 Fund	IFC Target Date 2050 Fund
Operations		
Net investment income	\$ 304	\$ 51
Net realized gains (losses)	798	(48)
Net increase in net assets from operations	1,102	3
Net Decrease in Net Assets From Participant Transactions	(1,102)	(3)
Change in Net Assets	-	-
Net Assets		
Beginning of period	-	-
End of period	\$ 0	\$ 0

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 two of those funds is included in this report.

The IFC Target Date 2020 Fund period was May 1, 2017 (inception) to September 15, 2017. The IFC Target Date 2050 Fund period was November 1, 2017 (inception) to November 15, 2017.

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

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. The Funds are valued daily.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Federal Income Taxes

The Fund complies with the requirements under Section 501(a) of the IRC and apportion all of its taxable income to its 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 Advisor

The investment management advisor for the Fund is Index Fund Advisors, Inc.

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 to the Funds and the various classes of units within the Funds (as a percentage of net assets). These charges are calculated using the Funds' average daily net assets.

Fund	Administrative Fees	Investment Advisory Fees	Total Fees
IFC Target Date Funds			
Class R	0.08%	0.00%	0.08%
Class R1	0.08%	0.20%	0.28%
Class R2	0.07%	0.13%	0.20%

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

Note 3: Financial Highlights

	Class R1	
	IFC Target Date 2020 Fund*	IFC Target Date 2050 Fund**
Net asset value, beginning of period	\$ 10.00	\$ 10.00
Net investment income	0.10	1.00
Distributions	(10.10)	(11.00)
Net increase from investment operations	(10.00)	(10.00)
Net asset value, end of period	\$ 0	\$ 0
Total return	0.00%	0.00%
Ratio to average net assets***:		
Net investment income	3.78%	0.83%
Expenses	0.02%	0.00%

*For the period May 1, 2017 (inception) to September 15, 2017

**For the period November 1, 2017 (inception) to November 15, 2017

***Annualized

Note 4: Participant Unit Transactions

	IFC Target Date 2020		IFC Target Date 2050	
	Units	Dollars	Units	Dollars
Class R1:				
Proceeds from sales of units	3,165	\$ 31,632	51	\$ 500
Cost of units redeemed	(3,164)	(32,734)	(50)	(503)
Net decrease in total net assets from participant transactions		\$ (1,102)		\$ (3)

Note 5: 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
IFC Target Date 2020 Fund
Period May 1, 2017 (Inception) to September 15, 2017

Purchases	
Investment Class	Cost
Mutual Funds - Fixed Income	\$ 12,589
Mutual Funds - Equity	19,205
Common Trust Funds	91
Total Investments Purchased	\$ 31,885

Sales			
Investment Class	Proceeds	Cost	Gain
Mutual Funds - Fixed Income	\$ 12,697	\$ 12,590	\$ 107
Mutual Funds - Equity	19,895	19,204	691
Common Trust Funds	91	91	-
Total Investments Sold	\$ 32,683	\$ 31,885	\$ 798

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales – Selected Funds (Continued)
IFC Target Date 2050 Fund
Period November 1, 2017 (Inception) to November 15, 2017

Purchases	
Investment Class	Cost
Mutual Funds - Fixed Income	\$ 198
Mutual Funds - Equity	<u>302</u>
Total Investments Purchased	<u><u>\$ 500</u></u>

Sales			
Investment Class	Proceeds	Cost	Loss
Mutual Funds - Fixed Income	\$ 189	\$ 198	\$ (9)
Mutual Funds - Equity	<u>263</u>	<u>302</u>	<u>(39)</u>
Total Investments Sold	<u><u>\$ 452</u></u>	<u><u>\$ 500</u></u>	<u><u>\$ (48)</u></u>