

**Hand Composite Employee Benefit Trust
Jensen Quality Growth CIF**

Independent Auditor's Report and Financial Statements

December 31, 2019



Hand Composite Employee Benefit Trust

December 31, 2019

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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 a selected fund (Jensen Quality Growth CIF) included in the Hand Composite Employee Benefit Trust ("Trust" or "Fund"), which statements comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2019, and the related statements of operations and changes in net assets for the period July 19, 2019 (inception) to December 31, 2019, 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 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 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 the selected fund included in the Hand Composite Employee Benefit Trust, as of December 31, 2019, and the results of its operations and changes in its net assets for the period July 19, 2019 (inception) to December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investment purchases and sales listed in the table of contents is presented for purposes of additional analysis and is 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 29, 2020

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2019

	Jensen Quality Growth CIF
Assets	
Investments, at cost	\$ 36,394,773
Investments, at fair value	\$ 39,008,712
Receivable for:	
Investment advisor	2,721
Dividends and interest	36,603
Total assets	\$ 39,048,036
Liabilities	
Accounts payable and accrued liabilities	\$ 21,233
Total liabilities	\$ 21,233
Net assets held for participants:	
Class R1	\$ 39,026,781
Class R2	11
Class R3	11
Total net assets held for participants	\$ 39,026,803
Units outstanding:	
Class R1	3,600,000
Class R2	1
Class R3	1
Total units outstanding	3,600,002
Net asset value per unit:	
Class R1	\$ 10.84
Class R2	\$ 10.84
Class R3	\$ 10.84

Hand Composite Employee Benefit Trust
Schedule of Investments
Jensen Quality Growth CIF
December 31, 2019

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
1,349,892	First American Treasury Obligation Fund V	\$ 1,349,892	\$ 1,349,892
	Total Short Term Investment	3.46% 1,349,892	1,349,892
<i>Common Stocks</i>			
<i>Consumer Discretionary</i>			
13,040	Nike Inc Class B	1,157,629	1,321,082
12,900	Omnicom Group Inc	1,024,120	1,045,158
9,140	TJX Companies Inc	498,192	558,088
12,920	VF Corp	1,148,928	1,287,607
	Total Consumer Discretionary	10.80% 3,828,869	4,211,935
<i>Consumer Staples</i>			
19,810	General Mills Inc	1,061,163	1,061,023
18,170	Pepsico Inc	2,379,768	2,483,294
2,390	Procter & Gamble Co	272,924	298,511
	Total Consumer Staples	9.85% 3,713,855	3,842,828
<i>Healthcare</i>			
9,570	Becton Dickinson and Co	2,442,659	2,602,753
15,270	Johnson & Johnson Corporation	1,979,044	2,227,435
34,920	Pfizer Inc	1,442,328	1,368,166
4,730	Stryker Corp	985,914	993,016
5,780	UnitedHealth Group Inc	1,474,034	1,699,204
690	Waters Corporation	151,152	161,219
	Total Healthcare	23.20% 8,475,131	9,051,793
<i>Industrials</i>			
11,640	3M Company	2,024,433	2,053,529
10,860	Emerson Electric Company	717,410	828,184
10,370	United Parcel Service Inc	1,118,534	1,213,912
15,290	United Technologies Corporation	2,047,448	2,289,830
	Total Industrials	16.37% 5,907,825	6,385,455

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Jensen Quality Growth CIF
December 31, 2019

Number of Shares		Cost	Fair Value
<i>Information Technology</i>			
1,280	Alphabet Inc	\$ 1,491,029	\$ 1,714,419
3,260	Amphenol Corp CL A	319,854	352,830
6,090	Apple Inc	1,276,104	1,788,329
6,340	Broadridge Financial Solutions	831,659	783,244
17,860	Cognizant Tech Solutions Corp	1,162,978	1,107,677
3,750	Intuit Inc	1,002,688	982,238
2,390	Mastercard Inc	663,946	713,630
16,550	Microsoft Corporation	2,292,726	2,609,935
23,800	Oracle Corp	1,369,776	1,260,924
5,100	Texas Instruments Inc	620,299	654,279
	Total Information Technology	30.68% <u>11,031,059</u>	<u>11,967,505</u>
<i>Materials</i>			
3,060	Ecolab Inc	608,245	590,549
	Total Materials	1.51% <u>608,245</u>	<u>590,549</u>
	Total Common Stocks	92.42% <u>33,564,984</u>	<u>36,050,065</u>
<i>Foreign Stocks</i>			
<i>Information Technology</i>			
7,640	Accenture Plc	1,479,897	1,608,755
	Total Information Technology	4.12% <u>1,479,897</u>	<u>1,608,755</u>
	Total Foreign Stocks	4.12% <u>1,479,897</u>	<u>1,608,755</u>
	Total Investments	100.00% <u>\$ 36,394,773</u>	<u>\$ 39,008,712</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
For the Period July 19, 2019 (Inception) to December 31, 2019

	Jensen Quality Growth CIF
Income	
Interest	\$ 12,801
Dividends	316,563
Total income	329,364
Expenses	
Investment management and administrative	13,431
Custody fees	4,975
Class R1 expenses	34,877
Audit	7,500
Total expenses before reimbursement of fees	60,783
Reimbursement of fees	(2,766)
Net expenses	58,017
Net Investment Income	271,347
Net Realized and Unrealized Gains on Investments	
Net realized gains	141,517
Net change in unrealized appreciation	2,613,939
Net realized and unrealized gains on investments	2,755,456
Net Increase in Net Assets Resulting From Operations	\$ 3,026,803

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
For the Period July 19, 2019 (Inception) to December 31, 2019

	Jensen Quality Growth CIF
Operations	
Net investment gains	\$ 271,347
Net realized gains	141,517
Change in unrealized appreciation	2,613,939
Net increase in net assets from operations	3,026,803
Net Increase in Net Assets From Participant Transactions	36,000,000
Increase in Net Assets	39,026,803
Net Assets	
Beginning of period	-
End of period	\$ 39,026,803

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

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 76 Funds (the Funds); the financial statements of one of those funds are included in this report.

The Fund's inception date was July 19, 2019.

Each class of units 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 year ending date.

Investment Transactions

Investment transactions are recorded on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation on investments are determined using the identified cost basis.

Investment Income and Distribution of Income

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

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2019

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 Fund 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. The Fund is valued daily.

Federal Income Taxes

The Fund complies 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

As a result of the spread of the COVID-19 coronavirus in 2020, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Fund. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through May 29, 2020, which is the date the financial statements were available to be issued.

Investment Management Advisors

The investment management advisor for the Fund is Jensen Investment Management, Inc.

Note 2: Investment Advisory Fees and Other Transactions With Affiliates

The Fund is charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Fund has also entered into investment advisory and service agreements with a third-party advisor. These fees compensate the advisor for the services it provides and for expenses borne by the advisor under the agreement.

During the period ended December 31, 2019, the investment advisor voluntarily reimbursed the Fund for a portion of its expenses.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

The following table indicates the fees charged to the Fund and the various classes of units within the Fund (as a percentage of net assets). These charges are calculated using the Fund's average daily net assets.

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Other Fees	Total Fees
Jensen Quality Growth CIF:					
Class R1	0.08%	0.30%	0.01%	0.05%	0.44%
Class R2	0.08%	0.40%	0.01%	0.05%	0.54%
Class R3	0.08%	0.35%	0.01%	0.05%	0.49%

Note 3: Financial Highlights

	Jensen Quality Growth CIF*		
	Class R1	Class R2	Class R3
Net asset value, beginning of period	\$ 10.00	\$ 10.00	\$ 10.00
Net investment income	0.08	0.09	0.09
Net realized and unrealized gains	0.76	0.75	0.75
Net increase from investment operations	0.84	0.84	0.84
Net asset value, end of period	\$ 10.84	\$ 10.84	\$ 10.84
Total return	8.40%	8.40%	8.40%
Ratio to average net assets:			
Net investment income**	0.34 %	0.38 %	0.38 %
Expenses without reimbursements**	0.09 %	0.03 %	0.03 %
Expenses with reimbursements**	0.07 %	0.03 %	0.03 %

*For the period July 19, 2019 (inception) to December 31, 2019

**Annualized

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2019

Note 4: Participant Unit Transactions

	Jensen Quality Growth CIF	
	Units	Dollars
Class R1:		
Proceeds from sales of units	3,600,000	\$ 36,000,000
Cost of units redeemed	-	-
	3,600,000	36,000,000
Net increase in Class R1 from participant transactions	3,600,000	36,000,000
Net increase in total net assets from participant transactions		\$ 36,000,000

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 Fund 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 statement 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 period ended December 31, 2019.

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.

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Notes to Financial Statements
December 31, 2019

Common and Foreign Stocks. Securities 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. Certain foreign securities may be fair valued using a pricing service that considers the correlation of trading patterns of the foreign security to the intraday in the U.S. markets for investments, such as American Depository Receipts and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as Level 1 in the hierarchy. For those foreign securities where additional foreign market activities are taken into consideration by the pricing service, those securities are categorized as Level 2 in the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying statement 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, 2019:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Jensen Quality Growth CIF				
Short Term Investment	\$ 1,349,892	\$ 1,349,892	\$ -	\$ -
Common Stocks	36,050,065	36,050,065	-	-
Foreign Stocks	1,608,755	1,608,755	-	-
Total	<u>\$ 39,008,712</u>	<u>\$ 39,008,712</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note 6: Risk Factors

The Fund invests 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 statement of assets and liabilities.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
Jensen Quality Growth CIF
For the Period July 19, 2019 (Inception) to December 31, 2019

Purchases	
Investment Class	Cost
Common Stocks	\$ 38,776,507
Foreign Stocks	<u>1,532,217</u>
Total Investments Purchased	<u><u>\$ 40,308,724</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain
Common Stocks	\$ 5,352,720	\$ 5,211,523	\$ 141,197
Foreign Stocks	<u>52,639</u>	<u>52,319</u>	<u>320</u>
Total Investments Sold	<u><u>\$ 5,405,359</u></u>	<u><u>\$ 5,263,842</u></u>	<u><u>\$ 141,517</u></u>