

Hand Composite Employee Benefit Trust
Jensen Quality Growth CIF
Independent Auditor's Report and Financial Statements
December 31, 2020



Hand Composite Employee Benefit Trust
December 31, 2020

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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, 2020, 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 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 Jensen Quality Growth CIF, included in the Hand Composite Employee Benefit Trust, as of December 31, 2020, and the results of its operations and changes in its net assets for the year then ended, 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 27, 2021

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2020

	Jensen Quality Growth CIF
Assets	
Investments, at cost	\$ 36,848,910
Investments, at fair value	\$ 46,040,806
Receivable for:	
Investment advisor	2,749
Dividends and interest	35,423
Total assets	\$ 46,078,978
Liabilities	
Accounts payable and accrued liabilities	\$ 11,391
Class R1 accrued expenses	11,553
Total liabilities	\$ 22,944
Net assets held for participants:	
Class R1	\$ 46,056,008
Class R2	13
Class R3	13
Total net assets held for participants	\$ 46,056,034
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	\$ 12.79
Class R2	\$ 12.84
Class R3	\$ 12.84

Hand Composite Employee Benefit Trust
Schedule of Investments
Jensen Quality Growth CIF
December 31, 2020

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
1,199,707	First American Treasury Obligation Fund V	\$ 1,199,707	\$ 1,199,707
	Total Short Term Investment	2.61% <u>1,199,707</u>	<u>1,199,707</u>
<u>Common Stocks</u>			
<u>Consumer Discretionary</u>			
3,780	Home Depot Inc	1,042,428	1,004,044
14,440	Nike Inc Class B	1,306,891	2,042,827
11,410	Starbucks Corp	900,576	1,220,642
12,940	TJX Companies Inc	685,061	883,673
8,420	VF Corp	741,911	719,152
	Total Consumer Discretionary	12.75% <u>4,676,867</u>	<u>5,870,338</u>
<u>Consumer Staples</u>			
25,190	General Mills Inc	1,380,532	1,481,172
19,860	Pepsico Inc	2,616,660	2,945,238
6,220	Procter & Gamble Co	734,920	865,451
	Total Consumer Staples	11.49% <u>4,732,112</u>	<u>5,291,861</u>
<u>Healthcare</u>			
10,130	Becton Dickinson and Co	2,575,486	2,534,729
16,780	Johnson & Johnson Corporation	2,203,795	2,640,836
43,510	Pfizer Inc	1,502,087	1,601,603
9,020	Stryker Corp	1,827,853	2,210,261
5,460	UnitedHealth Group Inc	1,434,019	1,914,713
	Total Healthcare	23.68% <u>9,543,240</u>	<u>10,902,142</u>
<u>Industrials</u>			
12,880	3M Company	2,221,744	2,251,295
5,380	Equifax Inc	711,964	1,037,479
5,920	United Parcel Service Inc	654,484	996,928
4,930	Waste Management Inc	574,631	581,395
	Total Industrials	10.57% <u>4,162,823</u>	<u>4,867,097</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Jensen Quality Growth CIF
December 31, 2020

Number of Shares		Cost	Fair Value
<i>Information Technology</i>			
1,630	Alphabet Inc	\$ 2,010,657	\$ 2,856,803
16,920	Apple Inc	943,750	2,245,115
6,510	Auto Data Processing Inc.	985,218	1,147,062
7,210	Broadridge Financial Solutions	940,407	1,104,572
19,600	Cognizant Tech Solutions Corp	1,284,132	1,606,220
4,130	Intuit Inc	1,128,221	1,568,781
3,150	Mastercard Inc	888,521	1,124,361
13,970	Microsoft Corporation	2,006,281	3,107,207
5,980	Texas Instruments Inc	735,783	981,497
	Total Information Technology	<u>34.19% 10,922,970</u>	<u>15,741,618</u>
	Total Common Stocks	<u>92.68% 34,038,012</u>	<u>42,673,056</u>
<i>Foreign Stock</i>			
<i>Information Technology</i>			
8,300	Accenture Plc	1,611,191	2,168,043
	Total Information Technology	<u>4.71% 1,611,191</u>	<u>2,168,043</u>
	Total Foreign Stock	<u>4.71% 1,611,191</u>	<u>2,168,043</u>
	Total Investments	<u>100.00% \$ 36,848,910</u>	<u>\$ 46,040,806</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2020

	Jensen Quality Growth CIF
Income	
Interest	\$ 3,850
Dividends	719,738
Total income	723,588
Expenses	
Investment management and administrative	31,585
Custody fees	8,105
Class R1 expenses	118,839
Audit	7,500
Total expenses before reimbursement of fees	166,029
Reimbursement of fees	(27,479)
Net expenses	138,550
Net Investment Income	585,038
Net Realized and Unrealized Gains (Losses) on Investments	
Net realized losses	(133,872)
Change in unrealized appreciation	6,578,065
Net realized and unrealized gains on investments	6,444,193
Net Increase in Net Assets Resulting From Operations	\$ 7,029,231

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Year Ended December 31, 2020

	Jensen Quality Growth CIF
Operations	
Net investment income	\$ 585,038
Net realized losses	(133,872)
Change in unrealized appreciation	6,578,065
Net increase in net assets from operations	7,029,231
Net Assets	
Beginning of year	39,026,803
End of year	\$ 46,056,034

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2020

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

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 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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2020

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

Subsequent events have been evaluated through May 27, 2021, 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 year ended December 31, 2020, the investment advisor voluntarily reimbursed the Fund for a portion of its expenses.

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%

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2020

Note 3: Financial Highlights

	Jensen Quality Growth CIF		
	Class R1	Class R2	Class R3
Net asset value, beginning of year	\$ 10.84	\$ 10.84	\$ 10.84
Net investment income	0.19	0.19	0.19
Net realized and unrealized gains	1.76	1.81	1.81
Net increase from investment operations	1.95	2.00	2.00
Net asset value, end of year	\$ 12.79	\$ 12.84	\$ 12.84
Total return	17.99%	18.45%	18.45%
Ratio to average net assets:			
Net investment income	1.73 %	1.73 %	1.73 %
Expenses without reimbursements	0.12 %	0.12 %	0.12 %
Expenses with reimbursements	0.11 %	0.11 %	0.11 %

Note 4: Participant Unit Transactions

There were no purchases or sales of units during the year ended December 31, 2020.

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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2020

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 year ended December 31, 2020.

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.

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, 2020:

	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)
Jensen Quality Growth CIF				
Short Term Investment	\$ 1,199,707	\$ 1,199,707	\$ -	\$ -
Common Stocks	42,673,056	42,673,056	-	-
Foreign Stock	2,168,043	2,168,043	-	-
Total	\$ 46,040,806	\$ 46,040,806	\$ 0	\$ 0

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2020

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.

Since January 2020, the COVID-19 pandemic created outbreaks of infectious illnesses, and countries throughout the globe were subject to other public health threats, infectious illnesses, diseases, or similar issues. Any spread of an infectious illness, public health threat or similar issue could alter consumer demand or economic output, result in market closures, travel restrictions or quarantines, and have a significant impact on the global economy, which in turn could adversely affect the Fund's investments and could result in increases or decreases in the Fund's net asset value.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
Jensen Quality Growth CIF
Year Ended December 31, 2020

Purchases	
Investment Class	Cost
Common Stocks	\$ 10,236,373
Foreign Stocks	<u>156,485</u>
Total Investments Purchased	<u><u>\$ 10,392,858</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Common Stocks	\$ 9,622,256	\$ 9,763,343	\$ (141,087)
Foreign Stocks	<u>32,406</u>	<u>25,191</u>	<u>7,215</u>
Total Investments Sold	<u><u>\$ 9,654,662</u></u>	<u><u>\$ 9,788,534</u></u>	<u><u>\$ (133,872)</u></u>