

**Hand Composite Employee  
Benefit Trust  
Retirement Right  
Stable Value Fund**

**Independent Auditor's Report  
and Financial Statements**

**December 31, 2022**



**Hand Composite Employee Benefit Trust**  
**December 31, 2022**

**Contents**

**Independent Auditor's Report..... 1**

**Basic Financial Statements**

Statement of Assets and Liabilities – Selected Fund ..... 3

Schedule of Investments

    Retirement Right Stable Value Fund..... 4

Statement of Operations – Selected Fund ..... 5

Statement of Changes in Net Assets – Selected Fund ..... 6

Notes to Financial Statements..... 7

**Supplemental Information**

Schedule of Investment Purchases and Sales – Selected Fund..... 14



2700 Post Oak Boulevard, Suite 1500 / Houston, TX 77056

P 713.499.4600 / F 713.499.4699

[forvis.com](http://forvis.com)

## Independent Auditor's Report

To the Unitholders and Board of Directors  
Hand Composite Employee Benefit Trust  
Houston, Texas

### ***Opinion***

We have audited the financial statements of the selected fund, Retirement Right Stable Value Fund, included in the Hand Composite Employee Benefit Trust, which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2022, and the related statements of operations and changes in net assets for the period April 18, 2022 (inception) to December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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, 2022, and the results of its operations and the changes in its net assets for the period April 18, 2022 (inception) to December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Hand Composite Employee Benefit Trust and the selected fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand Composite Employee Benefit Trust's and the selected fund's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will

always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hand Composite Employee Benefit Trust's and the selected fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand Composite Employee Benefit Trust's and the selected fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the selected fund's basic financial statements. 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

**FORVIS, LLP**

Houston, Texas  
May 26, 2023

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2022**

	<b>Retirement Right Stable Value Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 109,634,781
Investments, at fair value	\$ 101,996,626
Total assets	\$ 101,996,626
<b>Liabilities</b>	
Total liabilities	\$ 0
Net assets held for participants, at fair value:	
Class II	\$ 101,996,626
Adjustment for benefit responsive contracts:	
Class II	9,308,100
Net assets held for participants:	
Class II	\$ 111,304,726
Units outstanding:	
Class II	10,930,743
Net asset value per unit:	
Class II	\$ 10.18

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**Retirement Right Stable Value Fund**  
**December 31, 2022**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
5,661,193	State Street INSTL US Government Money Market Fund Pr	\$ 5,661,193	\$ 5,661,193
	Total Short Term Investment	5.55% <u>5,661,193</u>	<u>5,661,193</u>
<b><u>Guaranteed Investment Contract</u></b>			
1,036,748	United of Omaha Group Annuity Contract #29974 (Average yield earned and credited to participants - 2.71%)	<u>103,973,588</u>	<u>96,335,433</u>
	Total Guaranteed Investment Contract	94.45% <u>103,973,588</u>	<u>96,335,433</u>
	Total Investments	100.00% <u>\$ 109,634,781</u>	<u>\$ 101,996,626</u>

**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**For the Period April 18, 2022 (Inception) to December 31, 2022**

	<b>Retirement Right Stable Value Fund</b>
<b>Income</b>	
Interest	\$ 63,540
Total income	63,540
<b>Net Investment Income</b>	63,540
<b>Net Realized and Unrealized Gains on Investments</b>	
Net realized gains	22,106
Change in unrealized appreciation/depreciation	1,661,870
Net realized and unrealized gains	1,683,976
<b>Net Increase in Net Assets Resulting from Operations</b>	\$ 1,747,516

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**For the Period April 18, 2022 (Inception) to December 31, 2022**

	<b>Retirement Right Stable Value Fund</b>
<b>Operations</b>	
Net investment income	\$ 63,540
Net realized gains	22,106
Change in unrealized appreciation/depreciation	1,661,870
	1,747,516
<b>Net Increase in Net Assets From Participant Unit Transactions</b>	109,557,210
<b>Increase in Net Assets</b>	111,304,726
<b>Net Assets Held for Participants</b>	
Beginning of period	-
End of period	\$ 111,304,726



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2022

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

The Retirement Right Stable Value Fund had an inception date of April 18, 2022.

#### *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, except fully benefit-responsive investment contracts (which are reported at contract value), 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.

Contract value is the relevant measure for the portion of net assets attributable to fully benefit-responsive guaranteed investment contracts. The contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan. Fully benefit-responsive guaranteed investment contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less and participant withdrawals and administration expenses.

#### *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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2022

#### ***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 and includes accretion of discounts and amortization of premiums. Investment income is allocated ratably on the valuation dates among all participants.

Fixed annuity contracts have a guaranteed minimum interest rate of 0.25 percent.

#### ***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 its taxable income to their participants. Therefore, no federal income tax provision is required.

#### ***Subsequent Events***

Subsequent events have been evaluated through May 26, 2023, which is the date the financial statements were available to be issued.

#### ***Investment Management Advisor***

The investment management advisor for the Fund is HB&T.

#### **Note 2: Fully Benefit-responsive Investment Contracts**

The Retirement Right Stable Value Fund guaranteed investment contract (GIC) is deemed fully benefit responsive as of December 31, 2022. The statement of assets and liabilities present the GIC at fair value. Since the contract is fully benefit responsive, a line item is presented in the statement of assets and liabilities, reporting an adjustment from fair value to contract value.

The United of Omaha contract simulates the performance of a traditional GIC through the guarantee of a specific interest rate. The participating plan's assets are the unit ownership interests in the contract. The contract provides that the Retirement Right Stable Value Fund executes transactions at contract value. United of Omaha guarantees the contract value, which represent contributions, plus interest, less fees, and less participant-initiated withdrawals or transfers. This is the contract's guaranteed value. The contract's fair value is estimated by discounting the cash flows of the guaranteed interest account using a discount rate that represents the interest rate that would be credited on accounts of similar duration as of the valuation date.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2022

The contract provides fixed interest rates for fixed periods (every three months) that will apply to the entire guaranteed value. The interest rates are reset every quarter as determined by United of Omaha. Interest compounds and is credit to the deposit account daily. United of Omaha guarantees that the interest rate will be no less than 0.25 percent.

The adjustment to contract values is calculated as follows:

	<b>Major Credit Ratings</b>	<b>Investments at Fair Value</b>
Mutual of Omaha Group Annuity Contract	A1/A+	\$ 96,335,433
Short Term Investment		5,661,193
Total		\$ 101,996,626
		<b>Adjustments to Contract Value</b>
Mutual of Omaha Group Annuity Contract		\$ 9,308,100

If a withdrawal is made from the contract as a result of an employer or plan sponsor-initiated event or if the withdrawal is requested due to a complete or partial termination of a participating plan in the contract before the contract's end, and the contract's fair value equals or exceeds the guaranteed value, payment is made from the fair value in an amount equal to the amount of the guaranteed value, which is attributable to the participating plan. If the contract's fair value is less than their guaranteed value, the amount paid is equal to the guaranteed value reduced by the amount of market value deficit allocable to the participating plan.

### ***Sensitivity Analysis***

The table below illustrates the effect on the weighted-average interest crediting rate, calculated as of the end of the next four quarterly periods, where there is an immediate hypothetical increase or decrease in market yields, equal to one-quarter and one-half of the current yield, with no change to the duration of the underlying investment portfolio and no contributions or withdrawals.

<b>Retirement Right Stable Value Fund</b>					
	<b>Actual</b>				
<b>Scenario</b>	<b>December 31, 2022</b>	<b>Quarter 1 Projected</b>	<b>Quarter 2 Projected</b>	<b>Quarter 3 Projected</b>	<b>Quarter 4 Projected</b>
Increase of 50%	2.79%	3.11%	3.42%	3.74%	4.06%
Increase of 25%	2.79%	3.01%	3.24%	3.46%	3.69%
Decrease of 50%	2.79%	2.74%	2.69%	2.64%	2.59%
Decrease of 25%	2.79%	2.83%	2.87%	2.92%	2.96%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2022

The following table illustrates the effect on the weighted-average interest crediting rate, calculated as of the date of the next four quarterly reset periods, where there is an immediate hypothetical increase or decrease in market yields, equal to one-quarter and one-half of the current yield, combined with an immediate, one-time, hypothetical 10 percent decrease in the net assets of the contracts due to participant transfers, with no change to the duration of the portfolio.

Retirement Right Stable Value Fund					
Scenario	Actual	Quarter 1 Projected	Quarter 2 Projected	Quarter 3 Projected	Quarter 4 Projected
	December 31, 2022				
Increase of 50%	2.79%	3.11%	3.42%	3.74%	4.06%
Increase of 25%	2.79%	3.01%	3.24%	3.46%	3.69%
Decrease of 50%	2.79%	2.74%	2.69%	2.64%	2.59%
Decrease of 25%	2.79%	2.83%	2.87%	2.92%	2.96%

### Note 3: Investment Advisory Fees and Other Transactions with Affiliates

All expenses of the Fund for the year ended December 31, 2022, were paid by Mutual of Omaha Life Insurance Company. Such expenses included an administrative fee for HB&T for trustee/administrative services (fund accounting services, transfer-agency services, trustee services, etc.).

### Note 4: Financial Highlights

	<u>Class II</u>
Net asset value, beginning of period	\$ 10.00
Net investment income	0.01
Net realized and unrealized gains	0.17
Net increase from operations	0.18
Net asset value, end of period	<u>\$ 10.18</u>
Total return	1.80%
Ratio to average net assets:	
Net investment income**	0.10%
Expenses**	0.00%

\*For the period April 18, 2022 (inception) to December 31, 2022

\*\* Annualized

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2022

#### Note 5: Participant Unit Transactions

	Retirement Right Stable Value Fund*	
	Units	Dollars
<b>Class II:</b>		
Proceeds from sales of units	12,405,028	\$ 124,398,912
Cost of units redeemed	(1,474,285)	(14,841,702)
	10,930,743	109,557,210
Net change in net assets from participant transactions		\$ 109,557,210

\*For the period April 18, 2022 (inception) to December 31, 2022

#### Note 6: 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 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 period ended December 31, 2022.

**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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2022

**United of Omaha Fully Benefit-responsive Group Annuity Contract.** United of Omaha deposits participating plan contributions in a group fixed annuity contract (Contract No. 29974) in a deposit account (Guaranteed Account) which is deposits are held as part of the general asset account. The contract provides that the Retirement Right Stable Value Fund execute transactions at contract value. United of Omaha guarantees the contract values, which represent contributions, plus interest, less any fees due under the contract and participant-initiated withdrawals or transfers. This is the contract's guaranteed value.

The Guaranteed Account valuation is categorized as Level 3 within the valuation hierarchy as there is no observable market price for these types of contracts. United of Omaha calculates the fair value by projecting contract balances, at the valuation date, forward to expected lapse dates using the current contract interest rate net of management fees and then discounting this value back using the current new money declared interest rates for each appropriate maturity term. In cases where the remaining term does not fall on a declared rate term, United of Omaha will linearly interpolate the rate from the nearest two maturity term rates.

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, 2022:

	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>Retirement Right Stable Value Fund</b>				
Short Term Investment	\$ 5,661,193	\$ 5,661,193	\$ -	\$ -
Guaranteed Investment Contract	96,335,433	-	-	96,335,433
Total	\$ 101,996,626	\$ 5,661,193	\$ -	\$ 96,335,433

### ***Unobservable (Level 3) Inputs***

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2022:

	Fair Value at 12/31/22	Valuation Technique	Unobservable Inputs
<b>Retirement Right Stable Value Fund</b>			
Guaranteed Investment Contract	\$ 96,335,433	Discounted cash flows	Discount rates

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2022

### **Note 7: 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**  
**Retirement Right Stable Value Fund**  
**For the Period April 18, 2022 (Inception) to December 31, 2022**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Group Annuity Contract	\$ 112,330,030
Total Investments Purchased	\$ 112,330,030

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Group Annuity Contract	\$ 8,378,548	\$ 8,356,442	\$ 22,106
Total Investments Sold	\$ 8,378,548	\$ 8,356,442	\$ 22,106