

**Hand Composite Employee Benefit Trust
River and Mercantile Long Credit Fund**
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 the selected fund, River and Mercantile Long Credit Fund, 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 River and Mercantile Long Credit Fund, 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 audit 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
Year Ended December 31, 2020

	River and Mercantile Long Credit Fund
Assets	
Investments, at cost	\$ 333,179,020
Investments, at fair value	\$ 364,054,771
Cash	1,798,936
Unrealized gain on foreign currency forward exchange contracts	16,188
Cash collateral for open futures contracts, at value (cost - \$32,000)	32,000
Deposits with brokers for OTC swap contracts	174,000
OTC swaps, at value (net premiums paid - \$82,624)	104,008
Receivable for dividends and interest	180,030
Total assets	\$ 366,359,933
Liabilities	
Payable for investment securities purchased	\$ 2,286,293
OTC swaps, at value (net premiums received - \$0)	371
Payable to broker- variation margin on open futures contracts	2,250
Payable to broker- variation margin on OTC swap contracts	100,749
Accounts payable and accrued liabilities	105,289
Total liabilities	\$ 2,494,952
Net assets held for participants - Class R	\$ 363,864,981
Units outstanding - Class R	19,871,838
Net asset value per unit - Class R	\$ 18.31

Hand Composite Employee Benefit Trust

Schedule of Investments

River and Mercantile Long Credit Fund

December 31, 2020

Number of Shares or Principal Amount		Cost	Fair Value
<u>Short Term Investment</u>			
939,412	BlackRock Liq Treas Tr Instl Var RT 12/31/2049 dd 01/31/12	\$ 939,412	\$ 939,412
	Total Short Term Investment	0.26% 939,412	939,412
<u>U.S. Government Obligations</u>			
\$ 4,475,000	U S Treasury Bd Prin Strip 0.000% 02/15/2049 Dd 02/15/19	2,786,205	2,793,843
640,000	U S Treasury Bond 1.250% 05/15/2050 Dd 05/15/20	574,536	580,600
1,190,000	U S Treasury Bond 1.375% 08/15/2050 Dd 08/15/20	1,108,767	1,114,509
600,000	U S Treasury Bond 1.375% 11/15/2040 Dd 11/15/20	594,115	593,250
210,000	U S Treasury Bond 1.625% 11/15/2050 Dd 11/15/20	204,440	209,213
	Total U.S. Government Obligations	1.45% 5,268,063	5,291,415
<u>Municipal</u>			
100,000	Florida St Brd of Admin Fin Co 2.154% 07/01/2030 Dd 09/16/20	100,000	105,222
	Total Municipal	0.03% 100,000	105,222
<u>Corporate Bonds</u>			
<u>Consumer Discretionary</u>			
100,000	Hyatt Hotels Corp Var Rt 09/01/2022 Dd 09/01/20	100,000	101,134
100,000	NVR Inc 3.000% 05/15/2030 Dd 05/04/20	108,093	109,444
	Total Consumer Discretionary	0.06% 208,093	210,578
<u>Consumer Staples</u>			
100,000	Bat Capital Corp 2.726% 03/25/2031 Dd 09/25/20	100,000	103,574
	Total Consumer Staples	0.03% 100,000	103,574
<u>Energy</u>			
100,000	BP Capital Markets America Inc 2.939% 06/04/2051 Dd 12/04/20	100,000	102,153
100,000	Eqt Corp 5.000% 01/15/2029 Dd 11/16/20	100,000	105,432
	Total Energy	0.06% 200,000	207,585

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Schedule of Investments (Continued)
River and Mercantile Long Credit Fund (Continued)
Year Ended December 31, 2020

Principal Amount			Cost	Fair Value
<i>Financial</i>				
\$ 100,000	American International Group I 4.500% 07/16/2044 Dd 07/16/14		\$ 121,850	\$ 128,138
200,000	Bank of America Corp Var Rt 03/20/2051 Dd 03/20/20		250,596	252,574
400,000	Charles Schwab Corp/the Var Rt 12/31/2049 Dd 12/11/20		400,849	421,000
200,000	Mizuho Financial Group Inc Var Rt 09/08/2031 Dd 09/08/20		200,000	203,554
200,000	Morgan Stanley Var Rt 02/13/2032 Dd 11/13/20		200,000	201,430
	Total Financial	0.33%	<u>1,173,295</u>	<u>1,206,696</u>
<i>Healthcare</i>				
100,000	Gilead Sciences Inc 1.650% 10/01/2030 Dd 09/30/20		99,767	100,344
100,000	Integrus Baptist Medical Cente 3.875% 08/15/2050 Dd 10/13/20		100,000	117,329
	Total Healthcare	0.06%	<u>199,767</u>	<u>217,673</u>
<i>Industrials</i>				
200,000	Boeing Co/The 3.625% 02/01/2031 Dd 11/02/20		199,868	218,876
	Total Industrials	0.06%	<u>199,868</u>	<u>218,876</u>
<i>Materials</i>				
300,000	Teck Resources Ltd 6.250% 07/15/2041 Dd 07/05/11		349,583	383,544
	Total Materials	0.11%	<u>349,583</u>	<u>383,544</u>
<i>Real Estate</i>				
100,000	Host Hotels & Resorts Lp 3.500% 09/15/2030 Dd 08/20/20		99,607	105,354
200,000	Mpt Operating Partnership Lp / 3.500% 03/15/2031 Dd 12/04/20		200,000	206,500
100,000	Piedmont Operating Partnership 3.150% 08/15/2030 Dd 08/12/20		98,617	102,394
100,000	Rexford Industrial Realty Lp 2.125% 12/01/2030 Dd 11/16/20		99,220	100,131
	Total Real Estate	0.14%	<u>497,444</u>	<u>514,379</u>
<i>Utilities</i>				
100,000	Entergy Arkansas LLC 2.650% 06/15/2051 Dd 09/11/20		99,605	102,524
100,000	Entergy Louisiana LLC 2.900% 03/15/2051 Dd 03/06/20		104,401	106,762

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Schedule of Investments (Continued)

River and Mercantile Long Credit Fund (Continued)

Year Ended December 31, 2020

Number of Shares or Principal Amount			Cost	Fair Value
<i>Utilities (Continued)</i>				
\$ 200,000	Virginia Electric And Power Co 2.450% 12/15/2050 Dd 12/15/20		\$ 196,819	\$ 201,260
200,000	Vodafone Group Plc 4.250% 09/17/2050 Dd 09/17/19		238,477	247,713
100,000	Washington Gas Light Co 3.650% 09/15/2049 Dd 09/13/19		116,583	120,042
	Total Utilities	0.21%	755,885	778,301
	Total Corporate Bonds	1.06%	3,683,935	3,841,206
<i><u>Private Placements</u></i>				
100,000	Abu Dhabi Government Inte 144a 2.700% 09/02/2070 Dd 09/02/20		100,000	93,266
100,000	Arches Buyer Inc 144a 4.250% 06/01/2028 Dd 12/04/20		100,000	101,270
100,000	Nutrition & Biosciences I 144a 3.268% 11/15/2040 Dd 09/16/20		99,996	107,460
200,000	Prosus Nv 144a 3.832% 02/08/2051 Dd 12/08/20		199,986	196,266
200,000	Saudi Arabian Oil Co 144a 3.250% 11/24/2050 Dd 11/24/20		198,108	202,814
100,000	Seagate Hdd Cayman 144a 3.375% 07/15/2031 Dd 12/08/20		100,000	100,541
100,000	T-mobile Usa Inc 144a 3.300% 02/15/2051 Dd 10/06/20		99,792	102,883
100,000	T-mobile Usa Inc 144a 3.600% 11/15/2060 Dd 10/28/20		99,746	106,144
200,000	Tsmc Global Ltd 144a 1.375% 09/28/2030 Dd 09/28/20		198,211	196,344
	Total Private Placements	0.33%	1,195,839	1,206,988
<i><u>Mutual Funds</u></i>				
<i>Fixed Income</i>				
3,586,207	Vanguard L/t Inv Gr-adm		38,967,184	42,281,383
	Total Fixed Income	11.61%	38,967,184	42,281,383
	Total Mutual Funds	11.61%	38,967,184	42,281,383
<i><u>Private Mutual Funds</u></i>				
<i>Fixed Income</i>				
7,205,278	Paps Long Duration Credit Bond Portfolio		98,484,729	97,775,622
11,013	Pimco Fds Short Term Fltg Nav Port Ii		110,286	110,286
	Total Fixed Income	26.89%	98,595,015	97,885,908
	Total Private Mutual Funds	26.89%	98,595,015	97,885,908

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Schedule of Investments (Continued)

River and Mercantile Long Credit Fund (Continued)

Year Ended December 31, 2020

Number of Shares		Cost	Fair Value
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
12,358	iShares Long-term Corporate	\$ 902,134	\$ 902,381
8,169	Vanguard Long-term Corp Bond	906,514	907,331
	Total Fixed Income	0.50% 1,808,648	1,809,712
	Total Exchange-traded Funds	0.50% 1,808,648	1,809,712
<u>Common Trust Funds</u>			
<i>Fixed Income</i>			
6,741,237	Western Asset Long Duration Credit R2	89,700,908	105,298,128
9,077,984	Wilmington Tr Collective Invt Slc Mgmt U S Long Cr Fd Fee Cl	92,920,016	105,395,397
	Total Fixed Income	57.87% 182,620,924	210,693,525
	Total Common Trust Funds	57.87% 182,620,924	210,693,525
	Total Investments	100.00% \$ 333,179,020	\$ 364,054,771

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

	River and Mercantile Long Credit Fund
Income	
Interest	\$ 107,488
Dividends	7,138,020
Total income	<u>7,245,508</u>
Expenses	
Investment management and administrative	339,393
Audit	8,000
Custody fees	65,759
Total expenses	<u>413,152</u>
Net Investment Income	<u>6,832,356</u>
Net Realized and Unrealized Gains (Losses) on Investments, Futures Contracts, Swap Contracts and Foreign Currency	
Net realized gains on investments	16,394,440
Net realized gains on futures contracts	27,746
Net realized loss on foreign currency	(3,283)
Net realized gains	<u>16,418,903</u>
Change in Net Unrealized Appreciation (Depreciation)	
Investments	24,379,244
Future contracts	(16,875)
Swap contracts	21,088
Foreign currency exchange contracts	16,188
Net change in unrealized appreciation	<u>24,399,645</u>
Net realized and unrealized gains on investments	<u>40,818,548</u>
Net Increase in Net Assets Resulting From Operations	<u><u>\$ 47,650,904</u></u>

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

	River and Mercantile Long Credit Fund
Operations	
Net investment income	\$ 6,832,356
Net realized gains	16,418,903
Change in unrealized appreciation	<u>24,399,645</u>
Net increase in net assets from operations	47,650,904
Net Increase in Net Assets From Participant Transactions	<u>108,805,803</u>
Increase in Net Assets Held for Participants	156,456,707
Net Assets Held for Participants	
Beginning of year	<u>207,408,274</u>
End of year	<u><u>\$ 363,864,981</u></u>

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

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 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.

Foreign Currency

Investment securities and other assets and liabilities denominated in, or expected to settle in, foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held.

Reported net realized foreign exchange gains or losses arise from sales of portfolio securities, sales and maturities of short term securities, sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's

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December 31, 2020

books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, including investments in securities at December 31, 2020, resulting from changes in the exchange rates.

Futures Contracts

The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the "initial margin" and subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. The daily changes in contract value are recorded as unrealized gains or losses in the statement of operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Foreign Currency Forward Exchange Contracts

The Fund may enter into foreign currency forward exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar denominated investment securities. When entering into a forward currency contract, the Fund agrees to receive or deliver a fixed quantity of foreign currency for an agreed-upon price on an agreed future date. The Fund's net equity therein, representing unrealized gain or loss on the contracts, as measured by the difference between the forward foreign exchange rates at the dates of entry into the contracts and the forward rates at the reporting date, is included in the statement of assets and liabilities. Realized and unrealized gains and losses are included in the statement of operations. These instruments involve market risk, credit risk or both kinds of risks in excess of the amount recognized in the statement of assets and liabilities. Risks arise from the possible inability of counterparties to meet the terms of their contracts and movement in currency and securities values and interest rates.

Swap Agreements

The Fund invests in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with other portfolio transactions. Swap agreements are privately negotiated in the

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December 31, 2020

over-the-counter market (OTC Swaps) or may be executed on a registered exchange (Centrally Cleared Swaps). Unlike Centrally Cleared Swaps, the Fund has credit exposure to the counterparties of OTC Swaps.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of Centrally Cleared Swaps, if any, is recorded as a receivable or payable for variation margin on the statement of assets and liabilities. Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the schedule of investments and restricted cash, if any, is identified on the statement of assets and liabilities. Risks may exceed amounts recorded in the statement of assets and liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, and the possible lack of liquidity with respect to the swap agreements.

OTC swap payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the statement of assets and liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the statement of operations. Net periodic payments received or paid by the Fund are recognized as a realized gain or loss in the statement of operations.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of December 31, 2020, the total notional value of all credit default swaps to sell protection was \$3,300,000. This amount would be offset by the value of the swap's reference entity, upfront premiums received on the swap and any amounts received from the settlement of a credit default swap where the Fund bought protection for the same referenced security/entity for a notional value of \$1,300,000.

For average notional amounts of swaps held during the year ended December 31, 2020, see Note 10.

Credit Default Swaps

The Fund enters into credit default swap (CDS) contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (*i.e.*, to reduce risk where the Fund has exposure to an issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to

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make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the notes to financial statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

The Fund's maximum risk of loss from counterparty risk, as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). As the protection seller, the Fund's maximum risk is the notional amount of the contract. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the statement of assets and liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

Interest Rate Swaps

The Fund enters into interest rate swap contracts to manage its exposure to interest rate risk. Interest rate swaps are agreements between two parties to exchange cash flows based on a notional principal amount. The Fund may elect to pay a fixed rate and receive a floating rate, or

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receive a fixed rate and pay a floating rate, on a notional principal amount. Interest rate swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as an unrealized gain or loss in the statement of operations. When a swap contract is terminated early, the Fund records a realized gain or loss equal to the difference between the original cost and the settlement amount of the closing transaction.

The risks of interest rate swaps include changes in market conditions that will affect the value of the contract or changes in the present value of the future cash flow streams and the possible inability of the counterparty to fulfill its obligations under the agreement. The Fund's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that that amount is positive. This risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty.

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. 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 these other 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. 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 Advisor

The investment management advisor for the Fund is River and Mercantile Group PLC.

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Notes to Financial Statements

December 31, 2020

Note 2: Futures Contracts

At December 31, 2020, the Fund has the following open futures contract:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Depreciation
Contracts to Sell:					
U.S. Treasury 5-Year Notes	48	03/21	\$ 46,625	\$ 29,750	<u><u>\$ (16,875)</u></u>

Note 3: Foreign Currency Forward Exchange Contracts

At December 31, 2020, the Fund had the following open forward foreign currency contract:

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation
USD \$ 247,827	AUD \$ 342,000	BPS Capital	02/19/2021	<u><u>\$ 16,188</u></u>

Abbreviations used in the above table:

AUD Australian Dollar

USD United States Dollar

Note 4: Swap Contracts

At December 31, 2020, the Fund had the following open swap contracts:

OTC Credit Default Swaps on Credit Indices - Buy Protection ⁴						
Swap Counterparty	Notional Amount ²	Termination Date	Periodic Payments Made by the Fund [†]	Market Value ³	Upfront Premiums Paid	Unrealized Appreciation
ICE Trust	\$ 1,300,000	06/20/2025	1.00% quarterly	<u><u>\$ 21,171</u></u>	<u><u>\$ (8,549)</u></u>	<u><u>\$ 12,622</u></u>
OTC Credit Default Swaps on Credit Indices - Sell Protection ¹						
Swap Counterparty	Notional Amount ²	Termination Date	Periodic Payments Made by the Fund [†]	Market Value ³	Upfront Premiums Paid	Unrealized Appreciation
ICE Trust	\$ 3,300,000	12/20/2025	1.00% quarterly	<u><u>\$ 80,744</u></u>	<u><u>\$ (74,075)</u></u>	<u><u>\$ 6,669</u></u>

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Notes to Financial Statements

December 31, 2020

OTC Interest Rate Swaps						
Swap Counterparty	Notional Amount*	Termination Date	Payments Made by the Fund†	Payments Received by the Fund†	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
ICAP Corporation LCH	\$ 210,000	12/16/2025	7 Day China Fixed Repo Rate - quarterly	2.67125% quarterly	\$ -	\$ 33
ICAP Corporation LCH	430,000	12/16/2025	7 Day China Fixed Repo Rate - quarterly	2.5875% quarterly	-	(194)
					<u>\$ 0</u>	<u>\$ (161)</u>

- (1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (2) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- (3) The quoted market prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative had the notional amount of the swap agreement been closed /sold as of year end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (4) If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or the underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or the underlying securities comprising the referenced index.

† Percentage shown is an annual percentage rate.

* Notional amount denominated in U.S. dollars, unless otherwise noted.

Note 5: 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 an investment advisory and service agreement 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.

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.

Hand Composite Employee Benefit Trust

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Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Total Fees
River and Mercantile Long Credit Fund: Class R	0.07%	0.00%	0.02%	0.09%

Note 6: Financial Highlights

	River and Mercantile Long Credit Fund
Net asset value, beginning of year	\$ 15.89
Net investment income	0.36
Net realized and unrealized gains	2.06
Net increase from investment operations	2.42
Net asset value, end of year	\$ 18.31
Total return	15.23%
Ratio to average net assets:	
Net investment income	2.09%
Expenses	0.13%

Note 7: Participant Unit Transactions

	River and Mercantile Long Credit Fund	
	Units	Dollars
Class R:		
Proceeds from sales of units	10,686,006	\$ 177,021,393
Cost of units redeemed	(3,870,477)	(68,215,590)
Net increase in Class R from participant transactions	6,815,529	\$ 108,805,803

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Note 8: 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 and liabilities 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 and liabilities 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.

U.S. Government Obligations. U.S. Government obligations are valued using models that incorporate market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. Certain securities are valued principally using dealer quotations. These securities are categorized as Level 2 in the hierarchy.

Corporate Bonds and Municipals. The fair value of these bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. These securities are categorized as Level 2 in the hierarchy.

Private Placements. Private placements are primarily determined using discounted cash flow models. These models primarily use observable inputs that include Treasury or similar base rates plus estimated credit spreads to value each security. The credit spreads are obtained through a survey of private market intermediaries who are active in both primary and secondary transactions, and consider, among other factors, the credit quality and industry sector of the issuer and the reduced liquidity associated with private placements. Since most private placements are

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valued using standard market observable inputs and inputs derived from, or corroborated by, market observable data including observed prices and spreads for similar publicly traded or privately traded issues, they have been reflected within Level 2 of the hierarchy.

Mutual Funds and Exchange-traded Funds. 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.

Futures Contracts. Futures contracts are marked-to-market on the daily fluctuations between the contract price and the market value of the underlying, as reported on a recognized exchange. Futures contracts are categorized as Level 1 in the hierarchy.

Foreign Currency Forward Exchange Contracts. These contracts are valued at the prevailing forward exchange rate of the underlying currencies on the reporting date and unrealized gains or losses recorded daily. Foreign currency contracts are generally categorized as Level 2 in the hierarchy.

Credit Default Swaps. Credit default swaps are traded on the over-the-counter (OTC) market. Fair value for credit default swaps is based on models which take into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Other than the contract terms, valuation is heavily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. As the underlying debt on credit default swaps held by the Fund are liquid and the OTC market for the current spread is active, credit default swaps are categorized as Level 2 in the hierarchy.

Interest Rate and Zero Coupon Swaps. The Fund enters into interest rate swap and zero coupon contracts to manage its exposure to interest rate risk. Interest rate swaps are agreements between two parties to exchange cash flows based on a notional principal amount. The Fund may elect to pay a fixed rate and receive a floating rate or receive a fixed rate and pay a floating rate, on a notional principal amount. Interest rate and zero coupon swaps are categorized as Level 2 in the hierarchy.

The following table presents the fair value measurements of assets and liabilities 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.

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	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)
	Fair Value			
River and Mercantile Long Credit Fund				
Financial Instruments - Assets:				
Short Term Investment	\$ 939,412	\$ 939,412	\$ -	\$ -
U.S. Government Obligations	5,291,415	-	5,291,415	-
Corporate Bonds	3,841,206	-	3,841,206	-
Private Placements	1,206,988	-	1,206,988	-
Municipal	105,222	-	105,222	-
Mutual Fund - Fixed Income	42,281,383	42,281,383	-	-
Private Mutual Funds - Fixed Income (A)	97,885,908	-	-	-
Exchange-traded Funds - Fixed Income	1,809,712	1,809,712	-	-
Common Trust Funds - Fixed Income (A)	210,693,525			
	<u>\$ 364,054,771</u>			
Total Financial Instruments- Assets				
	<u>\$ 364,054,771</u>			
Derivative Instruments - Assets:				
Foreign Currency Exchange Contracts	\$ 16,188	\$ -	\$ 16,188	\$ -
OTC Credit Default Swaps	101,915	-	101,915	-
OTC Zero Coupon Swaps	2,060	-	2,060	-
OTC Interest Rate Swaps	33	-	33	-
	<u>\$ 120,196</u>			
Total Derivative Instruments - Assets				
	<u>\$ 120,196</u>			
Derivative Instruments - Liabilities:				
Futures Contracts	\$ 16,875	\$ 16,875	\$ -	\$ -
OTC Zero Coupon Swaps	177	-	177	-
OTC Interest Rate Swaps	194	-	194	-
	<u>\$ 17,246</u>			
Total Derivative Instruments - Liabilities				

(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 statement of assets and liabilities.

Note 9: Risk Factors

Investment Securities Risk

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.

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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.

Foreign Securities Risk

Securities traded in foreign markets have often (though not always) performed differently from securities traded in the United States. However, such investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. In particular, the Fund is subject to the risk that because there may be fewer investors on foreign exchanges and a smaller number of securities traded each day, it may be more difficult for the Fund to buy and sell securities on those exchanges. In addition, prices of foreign securities may go up and down more than prices of securities traded in the United States.

Currency Risk

Securities and other instruments in which the Fund invests may be denominated or quoted in currencies other than the U.S. dollar. Changes in foreign currency exchange rates may affect the value of the Fund's portfolio. Because the Fund's assets are primarily invested in securities of foreign countries, the U.S. dollar equivalent of the Fund's net assets would be adversely affected by reductions in the value of the foreign currencies relative to the U.S. dollar. For this reason, changes in foreign currency exchange rates can affect the value of the Fund's portfolio. Generally, when the U.S. dollar rises in value against a foreign currency, a security denominated in that currency loses value because the currency is worth fewer U.S. dollars. Conversely, when the U.S. dollar decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more U.S. dollars. This risk, generally known as "currency risk," means that a strong U.S. dollar may reduce returns for U.S. investors in foreign stocks while a weak U.S. dollar may increase those returns.

Note 10: Derivative Instruments and Hedging Activities

The following table, grouped by derivative type, provides information about the fair value and the location of derivatives within the statement of assets and liabilities at December 31, 2020.

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Notes to Financial Statements

December 31, 2020

Asset Derivatives ⁽¹⁾				
	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Foreign currency exchange contracts	\$ -	\$ 16,188	\$ -	\$ 16,188
OTC swap contracts ⁽³⁾	2,093	-	101,915	104,008
Total	\$ 2,093	\$ 16,188	\$ 101,915	\$ 120,196

Liability Derivatives ⁽¹⁾				
	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Futures contracts ⁽²⁾	\$ 16,875	\$ -	\$ -	\$ 16,875
OTC swap contracts ⁽³⁾	371	-	-	371
Total	\$ 17,246	\$ 0	\$ 0	\$ 17,246

- (1) Generally, the statement of assets and liabilities location for asset derivatives is receivables/net unrealized appreciation and for liability derivatives is payables/net unrealized depreciation.
- (2) Includes cumulative unrealized appreciation (depreciation) of futures contracts as reported in Note 2. Only variation margin is reported within the receivables and/or payables on the statement of assets and liabilities.
- (3) Values include premiums paid (received) on swap contracts which are shown separately in the statement of assets and liabilities

The following tables provide information about the effect of derivatives and hedging activities on the Fund's statement of operations for the year ended December 31, 2020. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the year. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the year.

Amount of Realized Gain (Loss) on Derivatives Recognized				
	Interest Rate Risk	Exchange Risk	Credit Risk	Total
Futures contracts	\$ 27,746	\$ -	\$ -	\$ 27,746
Foreign currency exchange contracts	-	(3,283)	-	(3,283)
Total	\$ 27,746	\$ (3,283)	\$ 0	\$ 24,463

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Notes to Financial Statements

December 31, 2020

Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized				
	Interest Rate Risk	Exchange Risk	Credit Risk	Total
Futures Contracts	\$ (16,875)	\$ -	\$ -	\$ (16,875)
OTC swap contracts	1,797	-	19,291	21,088
Foreign currency exchange contracts	-	16,188	-	16,188
Total	<u>\$ (15,078)</u>	<u>\$ 16,188</u>	<u>\$ 19,291</u>	<u>\$ 20,401</u>

During the year ended December 31, 2020, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Futures contracts (to buy)	\$ 6,023,625
Futures contracts (to sell)	6,045,188
Foreign currency exchange contracts (to buy)	338,756
Foreign currency exchange contracts (to sell)	348,796

	Average Notional Balance
Credit default swap contracts (to buy protection)	\$ 269,231
Credit default swap contracts (to sell protection)	578,571
Interest rate swaps (to buy protection)	388,000
Zero coupon swaps (to buy protection)	2,500,000
Zero coupon swaps (to sell protection)	2,500,000

The following tables present, by financial instrument, the Fund's derivative assets and liabilities net of the related collateral received and pledged by the Fund at December 31, 2020:

	Gross Amount of Derivative Assets in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Received	Net Amount
Foreign currency exchange contracts	\$ 16,188	\$ -	\$ 16,188
OTC swap contracts	<u>104,008</u>	<u>-</u>	<u>104,008</u>
	<u>\$ 120,196</u>	<u>\$ 0</u>	<u>\$ 120,196</u>

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	Gross Amount of Derivative Liabilities in the Statement of Assets and Liabilities⁽¹⁾	Collateral Pledged	Net Amount
Futures contracts ⁽²⁾	\$ 2,250	\$ -	\$ 2,250
OTC swap contracts - variation margin ⁽²⁾	100,749	-	100,749
OTC swap contracts	371	-	371
	<u>\$ 103,370</u>	<u>\$ 0</u>	<u>\$ 103,370</u>

- (1) Absent an event of default or early termination, derivative assets and liabilities are presented gross and not offset in the statement of assets and liabilities.
- (2) Amount represents the current day's variation margin as reported in the statement of assets and liabilities. It differs from the cumulative appreciation (depreciation) presented in the previous table.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
River and Mercantile Long Credit Fund
Year Ended December 31, 2020

Purchases	
Investment Class	Cost
U.S. Government Obligations	\$ 77,778,685
Corporate Bonds	3,884,739
Municipal Bonds	100,000
Mutual Funds - Fixed Income	156,062,457
Exchange-traded Funds - Fixed Income	29,369,253
Private Placements	1,295,786
Common Trust Funds	93,780,000
	<hr/>
Total Investments Purchased	<u><u>\$ 362,270,920</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
U.S. Government Obligations	\$ 77,000,870	\$ 76,477,326	\$ 523,544
Corporate Bonds	196,936	200,000	(3,064)
Mutual Funds - Fixed Income	116,307,628	104,180,410	12,127,218
Exchange-traded Funds - Fixed Income	49,718,875	45,975,633	3,743,242
Private Placements	103,500	100,000	3,500
	<hr/>	<hr/>	<hr/>
Total Investments Sold	<u><u>\$ 243,327,809</u></u>	<u><u>\$ 226,933,369</u></u>	<u><u>\$ 16,394,440</u></u>