

**Hand Composite Employee Benefit Trust**  
**Royce Total Return Collective Trust Fund**  
Independent Auditor's Report and Financial Statements  
December 31, 2017

**Hand Composite Employee Benefit Trust**  
**December 31, 2017**

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## Independent Auditor's Report

Board of Directors  
Hand Composite Employee Benefit Trust  
Houston, Texas

We have audited the accompanying financial statements of Royce Total Return Collective Trust Fund ("Fund"), included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2017, and the related statements of operations and changes in net assets for the period June 2, 2017 (inception) to December 31, 2017, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Royce Total Return Collective Trust Fund, included in the Hand Composite Employee Benefit Trust, as of December 31, 2017, and the results of its operations and the changes in its net assets for the period June 2, 2017 (inception) to December 31, 2017, 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 25, 2018

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2017**

	<b>Royce Total Return Collective Trust Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 44,156,007
Investments, at fair value	\$ 84,564,719
Cash denominated in foreign currencies (cost \$4,419)	4,389
Receivable for:	
Investment securities sold	149,943
Capital shares sold	107,279
Foreign currency forward exchange contracts	4,389
Dividends and interest	104,199
Total assets	\$ 84,934,918
<b>Liabilities</b>	
Withdrawals in excess of cash balances	\$ 6,288
Payable for investment securities purchased	269,742
Accounts payable and accrued liabilities	128,412
Total liabilities	\$ 404,442
Net assets held for participants:	
Class R – INSTL	\$ 72,595,453
Class R – LM	11,935,023
Total net assets held for participants	\$ 84,530,476
Units outstanding:	
Class R – INSTL	6,550,798
Class R – LM	1,062,859
Total units outstanding	7,613,657
Net asset value per unit:	
Class R – INSTL	\$ 11.08
Class R – LM	\$ 11.23

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**Royce Total Return Collective Trust Fund**  
**December 31, 2017**

Number of Shares or Principal Amount		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
2,074,063	Dreyfus Treas & Agy Csh Csh Mg	\$ 2,074,063	\$ 2,074,063
	Total Short Term Investment	2.45% <u>2,074,063</u>	<u>2,074,063</u>
<b><u>Corporate Bond</u></b>			
\$ 123,100	Unit Corp 6.625% 05/15/2021	105,512	124,023
	Total Corporate Bond	0.15% <u>105,512</u>	<u>124,023</u>
<b><u>Common Stock</u></b>			
<b><u>Consumer Discretionary</u></b>			
32,828	American Eagle Outfitters Inc	350,458	617,166
2,522	Bassett Furniture Industries I	80,041	94,827
1,092	Big Lots Inc	56,781	61,316
1,161	Brinker International Inc	57,478	45,093
5,323	Buckle Inc/the	62,677	126,421
1,750	Caleres Inc	47,428	58,590
5,186	Cato Corp/the	62,649	82,561
6,796	Cheesecake Factory Inc/the	294,155	327,431
1,220	Children's Place Inc/the	68,898	177,327
1,533	Cooper Tire & Rubber Co	55,402	54,192
1,220	Dillard's Inc	64,227	73,261
22,675	DSW Inc	463,823	485,472
20,817	Ethan Allen Interiors Inc	329,543	595,366
3,548	Flexsteel Industries Inc	117,199	165,975
2,481	Gamestop Corp	41,032	44,534
8,922	Gannett Co Inc	72,789	103,406
1,649	HSN Inc	60,293	66,537
34	JG Boswell Co	20,500	24,242
13,235	La-Z-Boy Inc	351,852	412,932
528	LCI Industries	58,362	68,640
8,417	Meredith Corp	289,383	555,943

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Consumer Discretionary (continued)</i>			
13,297	Miller Industries Inc/tn	\$ 220,595	\$ 343,063
2,337	Movado Group Inc	55,647	75,251
1,002	Nu Skin Enterprises Inc	32,778	68,366
18,687	PC Connection Inc	494,425	489,786
6,449	Saga Communications Inc	211,607	260,862
15,195	Shoe Carnival Inc	306,127	406,466
2,959	Standard Motor Products Inc	55,287	132,889
5,216	Steven Madden Ltd	71,174	243,587
6,871	Systemax Inc	79,439	228,598
7,903	Thor Industries Inc	345,184	1,191,140
678	Unifirst Corp/ma	28,285	111,802
24,242	Wabash National Corp	400,512	526,051
8,558	Weyco Group Inc	233,003	254,344
	Total Consumer Discretionary	10.14% <u>5,539,033</u>	<u>8,573,437</u>
<i>Consumer Staples</i>			
10,186	Flowers Foods Inc	95,592	196,692
23	Hershey Creamery Co	44,633	85,100
3,825	Lancaster Colony Corp	321,085	494,228
19,592	Tootsie Roll Industries Inc	404,307	713,149
18,359	Village Super Market Inc	457,191	420,972
526	WD-40 Co	22,985	62,068
	Total Consumer Staples	2.33% <u>1,345,793</u>	<u>1,972,209</u>
<i>Energy</i>			
3,484	Carbo Ceramics Inc	38,042	35,467
5,055	Diamond Offshore Drilling Inc	98,130	93,972
7,185	Helmerich & Payne Inc	151,800	464,438
2,112	Oceaneering International Inc	59,093	44,648
2,359	PBF Energy Inc	56,821	83,627
24,021	Permian Basin Royalty Trust	152,531	213,066
255	Sabine Royalty Trust	9,023	11,373
12,854	San Juan Basin Royalty Trust	61,702	105,917
13,993	Seacor Holdings Inc	317,748	646,756
19,669	Star Group Lp	188,115	211,442
	Total Energy	2.26% <u>1,133,005</u>	<u>1,910,706</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Financials</i>			
1,583	Alleghany Corp	\$ 347,946	\$ 943,610
3,413	American Financial Group Inc/o	106,076	370,447
10,946	Ames National Corp	192,546	304,846
4,116	Arthur J Gallagher & Co	122,221	260,460
14,982	Associated Banc-corp	237,802	380,543
6,202	Associated Capital Group Inc	108,423	211,488
8,443	Baldwin & Lyons Inc	144,831	202,210
9,825	Bank Of Hawaii Corp	233,674	842,003
10,538	Bok Financial Corp	390,990	972,868
7,141	Camden National Corp	173,691	300,850
4,402	City Holding Co	141,888	297,003
9,855	Cnb Financial Corp/pa	181,565	258,595
1,203	Codorus Valley Bancorp Inc	21,451	33,119
10,178	Cohen & Steers Inc	167,400	481,318
2,468	Employers Holdings Inc	51,906	109,579
11,181	Erie Indemnity Co	435,270	1,362,293
15	Farmers & Merchants Bank Of Lo	67,848	117,900
21,036	Federated Investors Inc	353,291	758,979
2,576	First American Financial Corp	34,644	144,359
2,280	First Citizens Bancshares Inc/	398,370	918,840
95	First National Bank Alaska	134,961	196,175
7,098	Futurefuel Corp	79,185	100,011
8,182	Gamco Investors Inc	158,804	242,596
552	Horace Mann Educators Corp	16,800	24,343
3,809	Houlihan Lokey Inc	94,383	173,043
7,718	Kingstone Cos Inc	98,873	145,098
868	Landmark Bancorp Inc/manhattan	23,145	25,172
4,300	Leucadia National Corp	93,052	113,907
3,671	Mercury General Corp	138,620	196,178
6,951	Midwestone Financial Group Inc	198,741	233,067
6,141	Moelis & Co	171,085	297,839



**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Financials (continued)</i>			
14,415	MVC Capital Inc	\$ 156,059	\$ 152,222
6,113	National Bankshares Inc	186,071	277,836
250	National Western Life Group Inc	45,410	82,755
1,328	Nelnet Inc	54,067	72,748
7,353	Northrim Bancorp Inc	192,092	248,899
8,255	Oaktree Specialty Lending Corp	52,106	40,367
17,875	Old Republic International Cor	204,979	382,168
3,440	Oppenheimer Holdings Inc	59,960	92,192
16,807	Peapack Gladstone Financial Co	319,980	588,581
5,838	Proassurance Corp	266,110	333,642
1,545	Reinsurance Group Of America I	44,621	240,912
4,291	RLI Corp	60,497	260,292
773	Selective Insurance Group Inc	22,077	45,375
601	Southern Missouri Bancorp Inc	12,003	22,592
5,674	State Auto Financial Corp	79,026	165,227
33	Teton Advisors Inc	93	1,716
1,845	Timberland Bancorp Inc/wa	30,046	48,985
34,903	Trustco Bank Corp Ny	179,097	321,108
812	United Fire Group Inc	12,976	37,011
1,878	Unity Bancorp Inc	21,749	37,091
2,784	Universal Insurance Holdings I	35,915	76,142
3,762	Virtu Financial Inc	69,293	68,845
2,922	Waddell & Reed Financial Inc	32,058	65,277
2,614	Westwood Holdings Group Inc	102,271	173,073
	Total Financials	17.57% <u>7,358,038</u>	<u>14,853,795</u>
<i>Healthcare</i>			
4,606	Analogic Corp	200,385	385,753
292	Atrion Corp	101,793	184,135
657	Chemed Corp	24,855	159,664
4,258	Ensign Group Inc/the	88,781	94,528
9,509	Hill-rom Holdings Inc	320,057	801,514
4,509	Meridian Bioscience Inc	57,835	63,126
408	Patterson Cos Inc	18,226	14,741
4,161	Teleflex Inc	211,425	1,035,340
	Total Healthcare	3.24% <u>1,023,357</u>	<u>2,738,801</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
1,109	Aaron's Inc	\$ 27,711	\$ 44,194
15,517	Abm Industries Inc	223,484	585,301
1,017	Alamo Group Inc	31,711	114,789
2,856	Allegiant Travel Co	390,146	441,966
7,120	American Railcar Industries In	77,116	296,477
10,836	AO Smith Corp	137,772	664,030
5,115	Apogee Enterprises Inc	216,064	233,909
1,517	Applied Industrial Technologies	38,128	103,308
3,504	Aptargroup Inc	83,570	302,325
979	Ash Grove Cement Co	114,254	504,185
983	Capella Education Co	54,447	76,084
8,303	Chase Corp	151,880	1,000,512
8,092	Comfort Systems Usa Inc	92,374	353,216
985	Deluxe Corp	52,672	75,687
1,806	Emcor Group Inc	57,773	147,641
4,983	Enersys	337,525	346,966
5,755	Ennis Inc	99,256	119,416
11,176	Expeditors International Of Wa	267,524	722,975
1,994	Exponent Inc	68,585	141,773
5,812	Federal Signal Corp	77,282	116,763
1,180	Forrester Research Inc	32,164	52,156
20,739	Franklin Electric Co Inc	253,193	951,920
14,465	Gorman-rupp Co/the	143,402	451,453
1,479	Greenbrier Cos Inc/the	36,230	78,831
7,878	Hawaiian Holdings Inc	312,636	313,938
8,551	Heico Corp	120,465	806,787
14,913	Heidrick & Struggles Internati	274,367	366,114
7,975	Herman Miller Inc	255,013	319,399
768	Hillenbrand Inc	28,747	34,330
11,953	Hni Corp	314,585	461,027
7,372	Hubbell Inc	356,855	997,726
1,670	Insperty Inc	56,413	95,775
723	Kadant Inc	28,962	72,589

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Industrials (continued)</i>			
13,354	KBR Inc	\$ 173,146	\$ 264,810
39,298	Kimball International Inc	410,236	733,694
5,222	Korn/ferry International	132,906	216,086
15,357	Liberty Tax Inc	167,096	168,927
4,985	Lincoln Electric Holdings Inc	96,787	456,526
5,058	Lindsay Corp	148,965	446,116
15,460	LS Starrett Co/the	205,819	132,956
30,331	LSI Industries Inc	214,212	208,677
10,966	Manpowergroup Inc	512,219	1,382,922
9,723	McGrath Rentcorp	231,541	456,787
956	Morningstar Inc	61,812	92,703
5,199	MSA Safety Inc	161,986	403,026
5,233	Nordson Corp	144,295	766,111
3,064	Paul Mueller Co	92,931	119,496
3,576	Pitney Bowes Inc	57,748	39,980
16,970	Raven Industries Inc	132,169	582,920
153	Resources Connection Inc	1,655	2,364
2,861	Robert Half International Inc	109,543	158,900
9,052	Seacor Marine Holdings Inc	132,912	105,908
1,417	Standex International Corp	42,210	144,321
15,520	Tennant Co	334,037	1,127,528
655	Tetra Tech Inc	28,665	31,538
19,087	Trinity Industries Inc	163,754	714,999
6,338	Werner Enterprises Inc	168,312	244,964
	Total Industrials	24.12% <u>8,737,262</u>	<u>20,395,821</u>
<i>Information Technology</i>			
4,463	Adtran Inc	74,817	86,359
6,323	Atn International Inc	180,904	349,409
28,515	AVX Corp	287,482	493,310
587	Bel Fuse Inc	19,798	12,814
10,130	Convergys Corp	227,726	238,055
21,558	Diebold Nixdorf Inc	616,710	352,473
1,642	Ebix Inc	29,716	130,129

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Information Technology (continued)</i>			
1,479	Fair Isaac Corp	\$ 40,041	\$ 226,583
34,308	Gentex Corp	309,561	718,753
1,668	Maximus Inc	28,114	119,395
18,019	Methode Electronics Inc	278,276	722,562
12,441	MKS Instruments Inc	539,781	1,175,675
8,416	National Instruments Corp	255,784	350,358
7,122	Preformed Line Products Co	143,361	506,018
16,059	Telephone & Data Systems Inc	337,879	446,440
3,632	Tessco Technologies Inc	47,589	73,185
29,983	Vishay Intertechnology Inc	383,991	622,147
14,875	Woodward Inc	186,879	1,138,533
1,779	Xperi Corp	52,070	43,408
	Total Information Technology	9.23% <u>4,040,479</u>	<u>7,805,606</u>
<i>Materials</i>			
1,313	Aceto Corp	22,528	13,563
7,735	Albemarle Corp	227,551	989,229
7,382	Allegheny Technologies Inc	110,377	178,201
4,138	Ampco-pittsburgh Corp	104,052	51,311
10,784	Balchem Corp	146,796	869,190
11,033	Cabot Corp	313,569	679,522
4,223	Carpenter Technology Corp	92,160	215,331
7,447	Compass Minerals International	488,281	538,046
4,916	Deltic Timber Corp	161,287	450,060
3,567	Domtar Corp	125,329	176,638
7,400	Greif Inc	283,479	448,292
9,012	Haynes International Inc	266,135	288,835
898	Innospec Inc	39,899	63,399
11,759	Mueller Industries Inc	177,106	416,621
1,190	Neenah Inc	64,620	107,874
10,858	Quaker Chemical Corp	406,750	1,637,278
837	Reliance Steel & Aluminum Co	29,438	71,806
2,626	Resolute Forest Products Inc	31,581	29,017
552	Royal Gold Inc	25,008	45,330

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Materials (continued)</i>			
5,089	Schnitzer Steel Industries Inc	\$ 76,918	\$ 170,482
1,112	Schweitzer-mauduit Internation	28,064	50,440
9,940	Sonoco Products Co	243,891	528,212
5,138	Sun Hydraulics Corp	44,254	332,377
787	Timken Co/the	27,264	38,681
414	Valmont Industries Inc	44,461	68,662
11,370	Worthington Industries Inc	408,372	500,962
	Total Materials	10.59% <u>3,989,170</u>	<u>8,959,359</u>
<i>Real Estate</i>			
9,534	CBL & Associates Properties In	77,760	53,962
485	Colony Northstar Inc	5,911	5,534
11,118	Lexington Realty Trust	46,082	107,289
6,289	New York Reit Inc	34,415	24,716
999	Seritage Growth Properties	43,738	40,420
	Total Real Estate	0.27% <u>207,906</u>	<u>231,921</u>
<i>Utilities</i>			
5,025	Allete Inc	195,123	373,659
15,275	Aqua America Inc	221,127	599,238
11,909	SJW Group	225,964	760,151
5,058	York Water Co/the	109,628	171,465
	Total Utilities	2.25% <u>751,842</u>	<u>1,904,513</u>
	Total Common Stock	82.00% <u>34,125,885</u>	<u>69,346,168</u>
<i>Foreign Stock</i>			
<i>Consumer Discretionary</i>			
3,667	Imvescor Restaurant Group Inc	10,640	12,673
5,221	Nokian Renkaat OYJ	140,379	236,982
	Total Consumer Discretionary	0.30% <u>151,019</u>	<u>249,655</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Materials (continued)</i>			
5,089	Schnitzer Steel Industries Inc	\$ 76,918	\$ 170,482
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	Total Utilities	<u>2.25%</u> <u>751,842</u>	<u>1,904,513</u>
	Total Common Stock	<u>82.00%</u> <u>34,125,885</u>	<u>69,346,168</u>
<i>Foreign Stock</i>			
<i>Consumer Discretionary</i>			
3,667	Imvescor Restaurant Group Inc	10,640	12,673
5,221	Nokian Renkaat OYJ	140,379	236,982
	Total Consumer Discretionary	<u>0.30%</u> <u>151,019</u>	<u>249,655</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Consumer Staples</i>			
3,789	Cia Cervecerias Unidas Sa ADR	\$ 70,559	\$ 112,079
19,428	First Pacific Co Ltd/hong Kong	12,206	13,172
7,113	Fresh Del Monte Produce Inc	208,323	339,077
	Total Consumer Staples	0.55% <u>291,088</u>	<u>464,328</u>
<i>Energy</i>			
32,571	Pason Systems Inc	422,055	472,857
16,449	TGS Nopec Geophysical Co Asa	317,223	390,544
	Total Energy	1.02% <u>739,278</u>	<u>863,401</u>
<i>Financials</i>			
93,923	Ashmore Group Plc	381,727	514,697
9,430	Assured Guaranty Ltd	133,624	319,394
7,934	Blom Bank Sal Gdr	66,204	92,352
176,971	Bolsa Mexicana De Valores Sab	290,257	305,813
19,728	Canadian Western Bank	191,007	618,001
15,020	Coronation Fund Managers Ltd	47,963	89,659
7	Edmond De Rothschild Suisse Sa	107,201	132,889
2,185	E-I Financial Corp Ltd	742,870	1,398,595
18,999	Genworth Mi Canada Inc	366,391	659,609
5,539	James River Group Holdings Ltd	220,782	221,615
7,585	Popular Inc	272,690	269,192
2,627	Rit Capital Partners Plc	49,447	69,723
17,651	Rothschild & Co	384,496	647,199
10,621	TMX Group Ltd	320,372	597,105
352,540	Value Partners Group Ltd	260,955	374,309
2,285	Vontobel Holding Ag	57,716	144,205
70	White Mountains Insurance Grou	33,818	59,590
	Total Financials	7.70% <u>3,927,520</u>	<u>6,513,947</u>
<i>Healthcare</i>			
3,338	Recordati Spa	60,604	148,547
	Total Healthcare	0.18% <u>60,604</u>	<u>148,547</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
23,812	Clarkson Plc	\$ 620,162	\$ 921,576
22,594	Ritchie Bros Auctioneers Inc	156,697	676,238
1,012	Trinseo Sa	52,988	73,471
	Total Industrials	1.98% <u>829,847</u>	<u>1,671,285</u>
<i>Information Technology</i>			
3,148	Silicon Motion Technology Corp ADR	136,200	166,718
	Total Information Technology	0.20% <u>136,200</u>	<u>166,718</u>
<i>Materials</i>			
2,002	Agnico Eagle Mines Ltd	51,953	92,452
6,605	Alamos Gold Inc New	16,935	43,174
17,293	Ferroglobe PLC	149,574	280,147
2,422	Franco-nevada Corp	95,406	193,639
45,150	Gold Fields Ltd Adr	155,018	194,145
1,820	Mayr Melnhof Karton Ag	197,426	267,718
6,588	Umicore Sa	148,057	312,123
	Total Materials	1.63% <u>814,369</u>	<u>1,383,398</u>
	Total Foreign Stock	13.56% <u>6,949,925</u>	<u>11,461,279</u>
<u><i>Limited Partnerships</i></u>			
<i>Public Equity</i>			
13,143	Alliancebernstein Holding LP	171,982	329,232
8,956	Apollo Global Management LLC	134,530	299,757
13,431	Ares Management LP	170,050	268,620
5,257	Boardwalk Pipeline Partners LP	50,375	67,868
7,917	Dorchester Minerals LP	75,366	120,338
18,988	KKR & Co LP	217,352	399,887
18,715	Och-ziff Capital Management Gr	54,428	46,788
383	Pope Resources A Delaware LP	26,539	26,696
	Total Public Equity	1.84% <u>900,622</u>	<u>1,559,186</u>
	Total Limited Partnerships	1.84% <u>900,622</u>	<u>1,559,186</u>
	Total Investments	100.00% <u>\$ 44,156,007</u>	<u>\$ 84,564,719</u>



**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Period Ended December 31, 2017**

	<b>Royce Total Return Collective Trust Fund</b>
<b>Income</b>	
Interest	\$ 17,553
Dividends	803,269
Total income	820,822
<b>Expenses</b>	
Investment management and administrative	350,829
Custody fees	37,924
Audit	5,000
Other	21
Total expenses before reimbursement of fees	393,774
Reimbursement of fees	(80,090)
Net expenses	313,684
<b>Net Investment Income</b>	507,138
<b>Net Realized Gains (Losses) on Investments and Foreign Currency</b>	
Net realized gains on investments	4,757,521
Net realized losses on foreign currency transactions	(5,144)
Net realized losses on foreign currency forward exchange contracts	(2,698)
Net realized gains on investments and foreign currency	4,749,679
<b>Change in Unrealized Appreciation on Investments and Foreign Currency</b>	
Net change in unrealized appreciation on investments	2,840,353
Translation of assets and liabilities in foreign currencies	(30)
Change in unrealized appreciation/depreciation on investments and foreign currency	2,840,323
Net realized and unrealized gains on investments and foreign currency	7,590,002
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 8,097,140

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Period Ended December 31, 2017**

	<b>Royce Total Return Collective Trust Fund</b>
<b>Operations</b>	
Net investment income	\$ 507,138
Net realized gains	4,749,679
Change in unrealized appreciation	2,840,323
Net increase in net assets from operations	8,097,140
<b>Net Increase in Net Assets From Participant Transactions</b>	<b>76,433,336</b>
<b>Increase in Net Assets</b>	<b>84,530,476</b>
<b>Net Assets</b>	
Beginning of period	-
End of period	<b>\$ 84,530,476</b>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### ***Nature of Operations***

Hand Composite Employee Benefit Trust (“HB&T” or “the Trust”) was created in order to provide broad and uniform diversification programs for pension and profit sharing plans which, having complied with the requirements of the Internal Revenue Code (the IRC), are exempt from taxation under the provisions of the IRC. The Trust is comprised of 105 portfolios (the Funds); the financial statements of one of those funds, the Royce Total Return Collective Trust Fund (the Fund), are included in this report.

The reporting period is June 2, 2017 (inception) to December 31, 2017.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of investment income and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Investment 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 accounted for on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are reported on 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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

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 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, 2017, resulting from changes in the exchange rates.

### ***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.

### ***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.

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

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### **Subsequent Events**

Subsequent events have been evaluated through May 25, 2018, which is the date the financial statements were available to be issued.

### **Investment Management Advisor**

The investment management advisor for the Fund is Royce & Associates, LP.

### **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 also entered into investment advisory and service agreements with a third-party advisor. These fees compensate the advisor for the services it provides and for expenses borne by the advisor under the agreement.

During the period ended December 31, 2017, 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.

<b>Fund</b>	<b>Trustee/ Administrative Fees</b>	<b>Investment Management Fees</b>	<b>Custody Fees</b>	<b>Other Fees</b>	<b>Total Fees</b>
<b>Royce Total Return Collective Trust Fund</b>					
Class R-INST	0.06%	0.80%	0.07%	0.01%	0.94%
Class R-LM	0.06%	0.00%	0.07%	0.01%	0.14%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 3: Financial Highlights

	Royce Total Return Collective Trust Fund	
	Class R-INSTL*	Class R-LM**
Net asset value, beginning of period	\$ 10.00	\$ 10.11
Net investment income	0.07	0.07
Net realized and unrealized gains	1.01	1.05
Net increase from investment operations	1.08	1.12
Net asset value, end of period	\$ 11.08	\$ 11.23
Total return	10.80%	11.08%
Ratio to average net assets ***:		
Net investment income	0.31%	2.38%
Expenses without reimbursements	0.28%	1.59%
Expenses with reimbursements	0.23%	0.20%

\*For the period June 2, 2017 (inception) to December 31, 2017

\*\*For the period June 28, 2017 (inception) to December 31, 2017

\*\*\*Annualized

### Note 4: Participant Unit Transactions

	Royce Total Return Collective Trust Fund	
	Units	Dollars
<b>Class R-INSTL:</b>		
Proceeds from sales of units	7,033,265	\$ 70,644,184
Cost of units redeemed	(482,467)	(5,031,309)
Net increase in Class R-INSTL from participant transactions	6,550,798	65,612,875
<b>Class R-LM:</b>		
Proceeds from sales of units	1,324,920	13,653,850
Cost of units redeemed	(262,062)	(2,833,389)
Net increase in Class R-LM from participant transactions	1,062,859	10,820,461
Net increase in net assets from participant transactions		\$ 76,433,336

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 5: Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

- Level 1:** Quoted prices in active markets for identical assets or liabilities that the Fund can access at the measurement date.
- Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of assets and liabilities, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the period ended December 31, 2017.

**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.

**Corporate Bonds.** The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer, 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.

**Common Stock, Foreign Stock and Limited Partnerships.** 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 the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments, such as American Depository Receipts and the movement of certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as either Level 1 or 2 of the hierarchy.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

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, 2017.

	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>Royce Total Return</b>				
Short Term Investment	\$ 2,074,063	\$ 2,074,063	\$ -	\$ -
Corporate Bond	124,023	-	124,023	-
Common Stock	69,346,168	69,346,168	-	-
Foreign Stock	11,461,279	11,461,279	-	-
Limited Partnerships – Public Equity	1,559,186	1,559,186	-	-
Total	\$ 84,564,719	\$ 84,440,696	\$ 124,023	\$ -

### Note 6: 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 changes could materially affect the amounts reported in the accompanying statement of assets and liabilities.

#### ***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.



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### ***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.

## **Supplemental Information**

**Hand Composite Employee Benefit Trust**  
**Schedule of Investment Purchases and Sales – Selected Fund**  
**Royce Total Return Collective Trust Fund**  
**Period Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Short Term Investments	\$ 16,563,289
Foreign Stock	1,495,007
Limited Partnerships – Public Equity	<u>136,416</u>
Total Investments Purchased	<u>\$ 18,194,712</u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Short Term Investments	\$ 14,489,225	\$ 14,489,225	\$ -
Common Stock	9,364,008	4,987,797	4,376,211
Foreign Stock	525,290	423,022	102,268
Limited Partnerships – Public Equity	<u>543,840</u>	<u>264,798</u>	<u>279,042</u>
Total Investments Sold	<u>\$ 24,922,363</u>	<u>\$ 20,164,842</u>	<u>\$ 4,757,521</u>