

Hand Composite Employee Benefit Trust
Royce Total Return Collective Trust Fund
Independent Auditor's Report and Financial Statements
December 31, 2018



Hand Composite Employee Benefit Trust
December 31, 2018

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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 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, 2018, 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 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, 2018, and the results of its operations and the 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 24, 2019

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Funds
December 31, 2018

	Royce Total Return Collective Trust Fund
Assets	
Investments, at cost	\$ 49,154,740
Investments, at fair value	\$ 67,994,869
Cash denominated in foreign currencies (cost \$5,152)	5,151
Unrealized gain on foreign currency forward exchange contracts	628
Receivable for:	
Investment securities sold	1,458,646
Capital shares sold	5,777
Dividends and interest	155,661
Investment advisor	4,816
Total assets	<u>\$ 69,625,548</u>
Liabilities	
Payable for investment securities purchased	\$ 507,637
Payable for capital shares redeemed	2,807
Accounts payable and accrued liabilities	100,274
Total liabilities	<u>\$ 610,718</u>
Net assets held for participants:	
Class R – INSTL	\$ 59,630,595
Class R – LM	9,384,235
Total net assets held for participants	<u>\$ 69,014,830</u>
Units outstanding:	
Class R – INSTL	6,096,608
Class R – LM	941,530
Total units outstanding	<u>7,038,138</u>
Net asset value per unit:	
Class R – INSTL	<u>\$ 9.78</u>
Class R – LM	<u>\$ 9.97</u>

Hand Composite Employee Benefit Trust
Schedule of Investments
Royce Total Return Collective Trust Fund
December 31, 2018

Number of Shares or Principal Amount		Cost	Fair Value
<u>Short Term Investment</u>			
2,641,532	Dreyfus Treasury & Agency and Cash Mgmt	\$ 2,641,532	\$ 2,641,532
	Total Short Term Investment	3.88% 2,641,532	2,641,532
<u>Corporate Bond</u>			
\$ 123,100	Unit Corp 6.625% 05/15/2021	110,041	112,021
	Total Corporate Bond	0.16% 110,041	112,021
<u>Common Stock</u>			
<u>Consumer Discretionary</u>			
19,015	American Eagle Outfitters Inc	293,775	367,560
7,212	AO Smith Corp	123,403	307,952
3,204	AptarGroup Inc	79,342	301,400
33,405	AVX Corp	361,269	509,426
2,794	Bassett Furniture Industries I	96,505	55,992
587	Bel Fuse Inc	19,798	8,071
13,149	Benchmark Electronics Inc	384,598	278,496
1,092	Big Lots Inc	56,781	31,581
1,161	Brinker International Inc	57,478	51,061
5,323	Buckle Inc	62,677	102,947
9,240	Caleres Inc	290,709	257,149
5,186	Cato Corp	62,649	74,004
7,468	Chase Corp	147,719	747,173
2,587	Cheesecake Factory Inc	110,795	112,560
2,116	Children's Place Inc	195,554	190,630
1,220	Dillard's Inc	64,227	73,578
7,796	DSW Inc	161,870	192,561
20,817	Ethan Allen Interiors Inc	329,543	366,171
5,812	Federal Signal Corp	77,282	115,659
8,922	Gannett Co Inc	72,789	76,105
34,308	Gentex Corp	309,561	693,365

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Consumer Discretionary (Continued)</i>			
9,012	Haynes International Inc	\$ 266,135	\$ 237,917
10,539	Herman Miller Inc	339,400	318,805
768	Hillenbrand Inc	28,747	29,130
11,953	HNI Corp	314,585	423,495
34	JG Boswell Co	20,500	18,700
41,718	Kimball International Inc	456,043	591,978
16,377	La-Z-Boy Inc	445,120	453,807
1,668	Maximus Inc	28,114	108,570
15,376	Meredith Corp	653,927	798,629
27,463	Methode Electronics Inc	591,311	639,613
13,297	Miller Industries Inc/tn	220,595	359,019
2,337	Movado Group Inc	55,647	73,896
8,416	National Instruments Corp	255,784	381,918
1,002	Nu Skin Enterprises Inc	32,778	61,453
15,963	PC Connection Inc	422,767	474,580
3,600	Penske Automotive Group Inc	160,992	145,152
16,970	Raven Industries Inc	132,169	614,144
6,449	Saga Communications Inc	211,607	214,300
4,364	Shoe Carnival Inc	102,315	146,238
10,508	Sonoco Products Co	299,832	558,290
2,959	Standard Motor Products Inc	55,287	143,304
1,417	Standex International Corp	42,210	95,194
4,738	Steven Madden Ltd	49,356	143,372
6,871	Systemax Inc	79,439	164,148
19,087	Trinity Industries Inc	116,458	393,001
678	Unifirst Corp/ma	28,285	97,001
34,154	Vishay Intertechnology Inc	508,837	615,114
33,917	Wabash National Corp	561,601	443,634
526	WD-40 Co	22,985	96,395
8,558	Weyco Group Inc	233,003	249,637
5,690	Woodward Inc	159,898	422,710
	Total Consumer Discretionary	21.22% <u>10,254,051</u>	<u>14,426,585</u>
<i>Consumer Staples</i>			
3,567	Flowers Foods Inc	95,592	188,135
10,186	Hershey Creamery Co	44,633	87,515
23	Lancaster Colony Corp	321,085	676,490
3,825	Tootsie Roll Industries Inc	478,868	747,492
1,190	Village Super Market Inc	615,377	658,339

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Consumer Staples (Continued)</i>			
2,626	Domtar Corp	\$ 125,329	\$ 125,309
1,112	Neenah Inc	64,620	70,115
22,380	Resolute Forest Products Inc	31,581	20,824
24,620	Schweitzer-Mauduit International	28,064	27,856
	Total Consumer Staples	3.83% <u>1,805,149</u>	<u>2,602,075</u>
<i>Energy</i>			
7,098	Futurefuel Corp	79,185	112,574
8,218	Helmerich & Payne Inc	215,786	393,971
2,359	PBF Energy Inc	56,821	77,069
24,021	Permian Basin Royalty Trust	152,531	141,724
255	Sabine Royalty Trust	9,023	9,506
12,854	San Juan Basin Royalty Trust	61,702	61,699
15,604	Star Group LP	154,934	145,741
	Total Energy	1.39% <u>729,982</u>	<u>942,284</u>
<i>Financials</i>			
4,700	Air Lease Corp	153,880	141,987
9,033	Ames National Corp	161,870	229,619
50,437	Ares Management Corp	959,570	896,770
7,300	Artisan Partners Asset Management	241,918	161,403
14,982	Associated Banc-corp	237,802	296,494
6,202	Associated Capital Group Inc	108,423	218,496
11,063	Bank of Hawaii Corp	313,772	744,761
3,159	Bank OZK	84,662	72,120
5,254	Bar Harbor Bankshares	158,629	117,847
3,840	BlackRock TCP Capital Corp	53,671	50,074
11,690	BOK Financial Corp	482,830	857,228
7,141	Camden National Corp	173,691	256,862
4,402	City Holding Co	141,888	297,531
9,855	CNP Financial Corp/PA	181,565	226,172
1,263	Codorus Valley Bancorp Inc	21,449	26,839
12,403	Cohen & Steers Inc	261,180	425,671
15	Farmers & Merchants Bank Of Long Beach	67,848	115,500
13,551	Federated Investors Inc	236,850	359,779
5,474	Financial Institutions Inc	167,896	140,682
2,639	First Citizens Bancshares Inc	540,201	995,035
950	First National Bank Alaska	134,961	239,400

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Financials (Continued)</i>			
8,182	Gamco Investors Inc	\$ 158,804	\$ 138,194
5,398	Houlihan Lokey Inc	162,430	198,646
4,300	Jefferies Financial Group Inc	93,052	74,648
33,912	Kennedy-Wilson Holdings Inc	655,205	616,181
911	Landmark Bancorp Inc/manhattan	23,135	20,866
9,780	Midwestone Financial Group Inc	292,342	242,837
4,697	Moelis & Co	169,088	161,483
4,730	National Bankshares Inc	146,283	172,314
9,021	New York Community Bancorp Inc	94,667	84,888
4,824	Northrim Bancorp Inc	129,249	158,565
16,807	Peapack Gladstone Financial Co	319,980	423,200
5,785	Pzena Investment Management Inc	55,022	50,040
4,290	Southern Missouri Bancorp Inc	145,397	145,431
1,471	State Bank Financial Corp	47,583	31,759
5,878	Timberland Bancorp Inc/WA	134,350	131,079
45,338	Trustco Bank Corp NY	248,632	311,019
1,878	Unity Bancorp Inc	21,749	38,987
15,418	Virtu Financial Inc	314,897	397,168
2,922	Waddell & Reed Financial Inc	32,058	52,830
2,934	Westwood Holdings Group Inc	165,275	99,756
3,104	WSFS Financial Corp	114,127	117,673
	Total Financials	<u>15.50% 8,407,881</u>	<u>10,537,834</u>
<i>Healthcare</i>			
292	Atrion Corp	101,793	216,395
657	Chemed Corp	24,855	186,115
4,404	Ensign Group Inc	100,287	170,831
4,754	Hill-Rom Holdings Inc	189,601	420,967
4,509	Meridian Bioscience Inc	57,835	78,276
	Total Healthcare	<u>1.58% 474,371</u>	<u>1,072,584</u>
<i>Industrials</i>			
1,109	Aaron's Inc	27,711	46,633
16,778	ABM Industries Inc	273,566	538,742
3,028	Alamo Group Inc	204,568	234,125
1,583	Alleghany Corp	347,946	986,716
2,797	Allegiant Travel Co	369,374	280,315
1,517	Applied Industrial Technologies	38,128	81,827
6,362	Arcosa Inc	47,294	176,164

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Industrials (Continued)</i>			
6,963	Argan Inc	\$ 290,227	\$ 263,480
5,722	Comfort Systems USA Inc	67,999	249,937
985	Deluxe Corp	52,672	37,863
1,806	Emcor Group Inc	57,773	107,800
2,468	Employers Holdings Inc	51,906	103,582
3,103	Energys	210,569	240,824
5,755	Ennis Inc	99,256	110,784
9,169	Erie Indemnity Co	469,010	1,222,321
3,988	Exponent Inc	68,585	202,231
2,576	First American Financial Corp	34,644	114,993
1,180	Forrester Research Inc	32,164	52,746
16,839	Franklin Electric Co Inc	223,577	722,056
11,254	Gorman-Rupp Co	122,358	364,742
3,459	Greenbrier Cos Inc	125,730	136,769
13,099	Hawaiian Holdings Inc	508,769	345,945
7,608	Heico Corp	111,940	589,468
5,769	Heidrick & Struggles International	155,198	179,935
552	Horace Mann Educators Corp	16,800	20,672
7,108	Hubbell Inc	382,572	706,109
723	Kadant Inc	28,962	58,896
18,741	KBR Inc	250,611	284,488
2,847	KForce Inc	82,855	88,029
4,143	Kingstone Cos Inc	56,115	73,290
4,704	Korn Ferry	165,479	185,996
4,861	LCI Industries	413,879	324,715
4,985	Lincoln Electric Holdings Inc	96,787	393,067
5,833	Lindsay Corp	223,888	561,426
15,460	LS Starrett Co	205,819	80,856
11,265	ManpowerGroup Inc	592,544	729,972
3,671	Mercury General Corp	138,620	189,827
956	Morningstar Inc	61,812	105,007
5,199	MSA Safety Inc	161,986	490,110
175	National Western Life Group Inc	33,195	52,623
1,753	Nordson Corp	106,093	209,221
16,540	Proassurance Corp	702,517	670,862
4,010	Protective Insurance Corp	71,846	66,767
3,577	Reinsurance Group Of America Inc	346,661	501,603

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Industrials (Continued)</i>			
4,291	RLI Corp	\$ 60,497	\$ 296,036
2,861	Robert Half International Inc	109,543	163,649
9,052	Seacor Marine Holdings Inc	132,912	106,452
773	Selective Insurance Group Inc	22,077	47,107
5,674	State Auto Financial Corp	79,026	193,143
860	Strategic Education Inc	54,439	97,541
10,119	Tennant Co	243,969	527,301
655	Tetra Tech Inc	28,665	33,909
5,582	Thor Industries Inc	283,085	290,264
2,784	Universal Insurance Holdings Inc	35,915	105,569
4,507	Werner Enterprises Inc	136,680	133,137
	Total Industrials	22.32% <u>9,316,813</u>	<u>15,177,642</u>
<i>Information Technology</i>			
9,798	Cohu Inc	216,249	157,454
1,642	Ebix Inc	29,716	69,884
2,500	J2 Global Inc	178,704	173,450
22,367	Kulicke & Soffa Industries Inc	514,786	453,379
4,489	MKS Instruments Inc	435,877	290,034
1,779	Xperi Corp	52,070	32,716
	Total Information Technology	1.73% <u>1,427,402</u>	<u>1,176,917</u>
<i>Materials</i>			
7,631	Apogee Enterprises Inc	329,252	227,785
3,878	Albemarle Corp	184,163	298,877
4,584	Balchem Corp	125,172	359,156
12,613	Cabot Corp	381,486	541,602
898	Innospec Inc	39,899	55,460
6,800	Minerals Technologies Inc	406,347	349,112
6,820	Quaker Chemical Corp	370,214	1,211,982
11,759	Mueller Industries Inc	177,106	274,690
5,138	Sun Hydraulics Corp	44,254	170,530
11,370	Worthington Industries Inc	408,372	396,131

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Materials (Continued)</i>			
552	Royal Gold Inc	\$ 25,008	\$ 47,279
4,223	Carpenter Technology Corp	92,160	150,381
837	Reliance Steel & Aluminum Co	29,438	59,569
5,089	Schnitzer Steel Industries Inc	76,918	109,668
	Total Materials	6.25% <u>2,689,789</u>	<u>4,252,222</u>
<i>Real Estate</i>			
9,534	CBL & Associates Properties In	77,760	18,305
3,500	Kite Realty Group Trust	55,171	49,315
11,118	Lexington Realty Trust	46,082	91,279
9,723	McGrath Rentcorp	231,541	500,540
9,445	Potlatchdeltic Corp	183,293	298,840
	Total Real Estate	1.41% <u>593,847</u>	<u>958,279</u>
<i>Telecommunication Services</i>			
4,463	ADTRAN Inc	74,817	47,933
6,323	ATN International Inc	180,904	452,284
7,122	Preformed Line Products Co	143,361	386,369
9,922	Telephone & Data Systems Inc	214,952	322,862
3,632	Tessco Technologies Inc	47,589	43,584
	Total Telecommunication Services	1.84% <u>661,623</u>	<u>1,253,032</u>
<i>Utilities</i>			
5,025	Allete Inc	195,123	383,006
15,275	Aqua America Inc	221,127	522,252
13,130	SJW Group	293,078	730,291
5,058	York Water Co	109,642	162,159
	Total Utilities	2.64% <u>818,970</u>	<u>1,797,708</u>
	Total Common Stock	79.71% <u>37,179,878</u>	<u>54,197,162</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Foreign Stock</u></i>			
<i>Consumer Discretionary</i>			
18,234	AutCanada Inc	\$ 213,758	\$ 151,527
1,820	Mayr Melnhof Karton Ag	197,426	228,859
5,221	Nokian Renkaat Oyj	140,379	160,072
1,012	Trinseo Sa	52,988	46,329
	Total Consumer Discretionary	0.86% <u>604,551</u>	<u>586,787</u>
<i>Consumer Staples</i>			
3,789	Cia Cervecerias Unidas SA ADR	70,559	95,218
19,428	First Pacific Co Ltd	12,206	7,494
7,113	Fresh Del Monte Produce Inc	208,323	201,085
	Total Consumer Staples	0.45% <u>291,088</u>	<u>303,797</u>
<i>Energy</i>			
35,978	Pason Systems Inc	479,433	481,796
22,713	TGS Nopec Geophysical Co ASA	496,765	547,684
	Total Energy	1.51% <u>976,198</u>	<u>1,029,480</u>
<i>Financials</i>			
93,923	Ashmore Group PLC	381,727	437,332
1,700	Bank of NT Butterfield & Son Ltd	78,088	53,295
7,934	Blom Bank SAL GDR	66,204	74,976
176,971	Bolsa Mexicana de Valores Sab	290,257	301,036
19,728	Canadian Western Bank	191,007	376,129
15,020	Coronation Fund Managers Ltd	47,963	43,175
7	Edmond De Rothschild Suisse Sa	107,201	106,512
8,980	Popular Inc	342,769	424,036
6,501	Rothschild & Co	167,794	229,265
131,109	Sprott Inc	350,059	246,705
10,621	TMX Group Ltd	320,372	550,024
352,540	Value Partners Group Ltd	260,955	244,502
2,285	Vontobel Holding Ag	57,716	116,823
	Total Financials	4.71% <u>2,662,112</u>	<u>3,203,810</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
10,400	Assured Guaranty Ltd	\$ 168,773	\$ 398,112
22,136	Clarkson PLC	601,791	535,656
1,790	E-I Financial Corp Ltd	706,369	964,592
18,999	Genworth MI Canada Inc	366,391	559,203
8,086	James River Group Holdings Ltd	315,296	295,462
5,142	Magellan Aerospace Corp	73,938	56,397
22,594	Ritchie Bros Auctioneers Inc	156,697	739,276
70	White Mountains Insurance Grou	33,818	60,038
	Total Industrials	5.31% <u>2,423,073</u>	<u>3,608,736</u>
<i>Information Technology</i>			
32,396	Computer Modelling Group Ltd	250,255	144,451
4,575	Silicon Motion Technology Corp ADR	207,530	157,838
	Total Information Technology	0.44% <u>457,785</u>	<u>302,289</u>
<i>Materials</i>			
33,424	Alamos Gold Inc New CL A	157,618	120,158
2,422	Franco-Nevada Corp	95,406	169,952
45,150	Gold Fields Ltd ADR	155,018	158,928
1,480	Umicore SA	47,684	58,978
	Total Materials	0.75% <u>455,726</u>	<u>508,016</u>
	Total Foreign Stock	14.03% <u>7,870,533</u>	<u>9,542,915</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Royce Total Return Collective Trust Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Limited Partnerships</u></i>			
<i>Public Equity</i>			
16,227	AllianceBernstein Holding LP	\$ 226,794	\$ 443,322
9,528	Dorchester Minerals LP	86,552	139,490
18,202	Oaktree Capital Group LLC	753,631	723,530
18,715	Och-Ziff Capital Management GR	51,995	17,218
383	Pope Resources A Delaware LP	25,619	24,412
	Total Public Equity	<u>1.98% 1,144,591</u>	<u>1,347,972</u>
	Total Limited Partnerships	<u>1.98% 1,144,591</u>	<u>1,347,972</u>
<i>Real Estate Investment Trusts</i>			
14,415	MVC Capital Inc	156,059	118,347
8,255	Oaktree Specialty Lending Corp	52,106	34,920
	Total Real Estate Investment Trusts	<u>0.24% 208,165</u>	<u>153,267</u>
	Total Investments	<u>100.00% \$ 49,154,740</u>	<u>\$ 67,994,869</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Funds
Year Ended December 31, 2018

	Royce Total Return Collective Trust Fund
Income	
Interest	\$ 65,939
Dividends	2,032,047
Total income	2,097,986
Expenses	
Investment management and administrative	609,875
Custody fees	42,195
Audit	5,000
Other	139
Total expenses before reimbursement of fees	657,209
Reimbursement of fees	(33,882)
Net expenses	623,327
Net Investment Income	1,474,659
Net Realized Gains (Losses) on Investments and Foreign Currency	
Net realized gains on investments	11,059,051
Net realized losses on foreign currency transactions	(87,011)
Net realized losses on foreign currency forward exchange contracts	(2,296)
Net realized gains on investments and foreign currency	10,969,744
Change in Unrealized Appreciation/Depreciation on Investments and Foreign Currency	
Net change in unrealized appreciation/depreciation on investments	(21,010,394)
Translation of assets and liabilities in foreign currencies	(558,160)
Change in unrealized appreciation/depreciation on investments and foreign currency	(21,568,554)
Net realized and unrealized losses on investments and foreign currency	(10,598,810)
Net Decrease in Net Assets Resulting From Operations	\$ (9,124,151)

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Funds
Year Ended December 31, 2018

	Royce Total Return Collective Trust Fund
Operations	
Net investment income	\$ 1,474,659
Net realized gains	10,969,744
Change in unrealized appreciation/depreciation	<u>(21,568,554)</u>
Net decrease in net assets from operations	(9,124,151)
Net Decrease in Net Assets From Participant Transactions	<u>(6,391,495)</u>
Decrease in Net Assets	(15,515,646)
Net Assets	
Beginning of year	<u>84,530,476</u>
End of year	<u><u>\$ 69,014,830</u></u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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 92 portfolios (the Funds); the financial statement of one of these funds are included in this report.

Each class of the Fund has equal rights as to earnings and assets except that each class bears different distribution, shareholder servicing and transfer agent expenses. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments and foreign currency are allocated to each class of units based on its relative net assets.

Use of Estimates

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

Investment Valuation

All investments in securities are recorded at their estimated fair value. Transfers in and out of Level 1 (quoted market prices), Level 2 (significant other observable inputs) and Level 3 (significant unobservable inputs) are recognized on the 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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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 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, 2018, 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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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.

Subsequent Events

Subsequent events have been evaluated through May 24, 2019, 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, LLC.

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 year ended December 31, 2018, the investment advisor voluntarily reimbursed the Fund for a portion of its expenses.

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

Fund	Trustee/ Administrative Fees	Investment Management Fees	Custody Fees	Other Fees	Total Fees
Royce Total Return Collective Trust Fund:					
Class R-INSTL	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, 2018

Note 3: Financial Highlights

	<u>Class R-INSTL</u>	<u>Class R-LM</u>
	Royce Total Return Collective Trust Fund	Royce Total Return Collective Trust Fund
Net asset value, beginning of year	\$ 11.08	\$ 11.23
Net investment income	0.20	0.21
Net realized and unrealized losses	(1.50)	(1.47)
Net decrease from investment operations	(1.30)	(1.26)
Net asset value, end of year	<u>\$ 9.78</u>	<u>\$ 9.97</u>
Total return	(11.73%)	(11.22%)
Ratio to average net assets:		
Net investment income	1.84%	1.86%
Expenses without reimbursements	0.82%	0.83%
Expenses with reimbursements	0.78%	0.78%

Note 4: Participant Unit Transactions

	<u>Royce Total Return Collective Trust Fund</u>	
	<u>Units</u>	<u>Dollars</u>
Class R-INSTL:		
Proceeds from sales of units	371,168	\$ 4,138,555
Cost of units redeemed	(825,357)	(9,099,622)
Net change in Class R-INSTL from participant transactions	<u>(454,190)</u>	<u>(4,961,067)</u>
Class R-LM:		
Proceeds from sales of units	117,241	1,222,110
Cost of units redeemed	(238,569)	(2,652,538)
Net change in Class R-LM from participant transactions	<u>(121,328)</u>	<u>(1,430,428)</u>
Net decrease in net assets from participant transactions		<u>\$ (6,391,495)</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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, 2018.

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, Limited Partnerships and Real Estate Investment Trusts. 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 Depositary 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.

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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, 2018:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Royce Total Return				
Financial Instruments - Assets:				
Short Term Investment	\$ 2,641,532	\$ 2,641,532	\$ -	\$ -
Corporate Bond	112,021	-	112,021	-
Common Stock	54,197,162	54,197,162	-	-
Foreign Stock	9,542,915	9,542,915	-	-
Limited Partnerships – Public Equity	1,347,972	1,347,972	-	-
Real Estate Investment Trusts	153,267	153,267	-	-
	<u>\$ 67,994,869</u>	<u>\$ 67,882,848</u>	<u>\$ 112,021</u>	<u>\$ 0</u>
Derivative Instruments - Assets:				
Foreign currency forward exchange contracts	\$ 628	\$ 0	\$ 628	\$ 0
	<u>\$ 628</u>	<u>\$ 0</u>	<u>\$ 628</u>	<u>\$ 0</u>

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

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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.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Funds
Royce Total Return Collective Trust Fund
Year Ended December 31, 2018

Purchases	
Investment Class	Cost
Common Stock	\$ 11,999,486
Foreign Stock	2,129,316
Limited Partnerships – Public Equity	1,674,411
Total Investments Purchased	\$ 15,803,213

Sales			
Investment Class	Proceeds	Cost	Gain
Common Stock	\$ 20,587,097	\$ 10,161,908	\$ 10,425,189
Foreign Stock	1,428,432	869,635	558,797
Limited Partnerships – Public Equity	292,748	217,683	75,065
Total Investments Sold	\$ 22,308,277	\$ 11,249,226	\$ 11,059,051