

**Hand Composite Employee Benefit Trust**  
**Royce Total Return Collective Trust Fund**  
Independent Auditor's Report and Financial Statements  
December 31, 2021



**Hand Composite Employee Benefit Trust**  
**December 31, 2021**

**Contents**

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

**Basic Financial Statements**

Statement of Assets and Liabilities – Selected Fund ..... 4

Schedule of Investments

    Royce Total Return Collective Trust Fund ..... 5

Statement of Operations – Selected Fund ..... 10

Statement of Changes in Net Assets – Selected Fund ..... 11

Notes to Financial Statements..... 12

**Supplemental Information**

Schedule of Investment Purchases and Sales – Selected Fund ..... 19

## Independent Auditor's Report

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

### ***Opinion***

We have audited the accompanying financial statements of the selected fund, Royce Total Return Collective Trust Fund, included in the Hand Composite Employee Benefit Trust (Trust), which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2021, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the selected fund, included in the Hand Composite Employee Benefit Trust, as of December 31, 2021, 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.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's and the selected fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's and the selected fund's ability to continue as going concerns for a reasonable period of time.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the selected fund's basic financial statements. The schedule of investment purchases and sales listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*BKD, LLP*

Houston, Texas  
May 27, 2022

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2021**

	<b>Royce Total Return Collective Trust Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 6,817,921
Investments, at fair value	\$ 7,230,123
Cash denominated in foreign currencies (cost - \$681)	681
Receivable for:	
Capital shares sold	238
Dividends and interest	59,771
Investment advisor	5,796
Total assets	\$ 7,296,609
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ (100,695)
Payable to unitholder transition account	(213,558)
Total liabilities	\$ (314,253)
Net assets held for participants:	
Class R – INSTL	\$ 2,743,634
Class R – LM	4,238,722
Total net assets held for participants	\$ 6,982,356
Units outstanding:	
Class R – INSTL	171,252
Class R – LM	253,160
Total units outstanding	424,412
Net asset value per unit:	
Class R – INSTL	\$ 16.02
Class R – LM	\$ 16.74

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**Royce Total Return Collective Trust Fund**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
172,214	Dreyfus Treasury & Agency Cash Management	\$ 172,214	\$ 172,214
	Total Short Term Investment	2.38% 172,214	172,214
<b><u>Common Stock</u></b>			
<b><i>Consumer Discretionary</i></b>			
6,405	Denny's Corp	97,257	102,480
2,298	Douglas Dynamics Inc	85,084	89,760
2,515	Franchise Group Inc	93,073	131,182
768	Gentex Corp	27,079	26,765
1,170	Global Industrial Co	39,288	47,853
273	Hyatt Hotels Corp	21,828	26,181
3,032	Levi Strauss & Co	76,837	75,891
1,160	MSC Industrial Direct Co Inc	107,018	97,510
982	PC Connection Inc	47,835	42,354
707	Ralph Lauren Corp	85,228	84,034
3,020	Reynolds Consumer Products Inc	83,993	94,828
1,129	Spectrum Brands Holdings Inc	107,174	114,842
98	Watsco Inc	15,994	30,662
	Total Consumer Discretionary	13.34% 887,688	964,342
<b><i>Consumer Staples</i></b>			
2,000	Healthcare Services Group Inc	64,972	35,580
	Total Consumer Staples	0.49% 64,972	35,580
<b><i>Energy</i></b>			
2,773	Championx Corp	75,946	56,042
1,033	Helmerich & Payne Inc	21,947	24,482
1,897	Oceaneering International Inc	21,211	21,455
	Total Energy	1.41% 119,104	101,979
<b><i>Financials</i></b>			
1,124	Amerisafe Inc	68,361	60,505
366	Ares Management Corp	8,566	29,745

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<i>Financials (Continued)</i>			
1,452	Artisan Partners Asset Management	\$ 73,353	\$ 69,173
2,057	BankUnited Inc	97,565	87,032
872	BOK Financial Corp	83,249	91,987
400	Capstar Financial Holdings Inc	7,294	8,412
321	CBTX Inc	10,375	9,309
3,693	Compass Diversified Holdings	96,939	112,932
901	Equitable Holdings Inc	25,093	29,544
1,094	First American Financial Corp	56,395	85,584
1,857	First Bancshares Inc	70,731	71,717
68	First Citizens Bancshares Inc	28,334	56,429
2,355	First Hawaiian Inc	65,208	64,362
2,075	HBT Financial Inc	32,186	38,865
1,090	Heritage Commerce Corp	13,395	13,015
4,606	Home Bancshares Inc	108,666	112,156
298	Hometrust Bancshares Inc	7,710	9,232
1,808	Independent Bank Group Inc	130,130	130,447
857	Moelis & Co	50,052	53,571
2,952	Newtek Business Services Corp	90,620	81,564
683	Oceanfirst Financial Corp	11,676	15,163
1,862	Old Republic International Corp	41,765	45,768
1,861	Origin Bancorp Inc	82,222	79,874
357	Preferred Bank	23,673	25,629
932	Primis Financial Corp	14,282	14,017
3,871	Proassurance Corp	95,585	97,936
650	QCR Holdings Inc	32,662	36,400
295	Southern First Bancshares Inc	14,877	18,435
1,299	Stewart Information Services Co	72,415	103,569
1,543	Towne Bank	48,509	48,743
13,455	Trean Insurance Group Inc	133,160	119,884
515	Triumph Bancorp Inc	41,874	61,326
626	UMB Financial Corp	59,169	66,425
5,533	Valley National Bancorp	73,172	76,077
	Total Financials	28.00% <u>1,869,263</u>	<u>2,024,827</u>
<i>Healthcare</i>			
1,544	Patterson Cos Inc	46,906	45,316
	Total Healthcare	0.63% <u>46,906</u>	<u>45,316</u>



**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
1,039	Applied Industrial Technologies	\$ 102,423	\$ 106,705
777	Barrett Business Services Inc	60,275	53,660
2,087	Cactus Inc	79,195	79,577
275	Carlisle Cos Inc	43,923	68,233
992	Crane Co	95,297	100,916
2,271	Deluxe Corp	89,044	72,922
9,861	Graftech International Ltd	124,019	116,656
973	Hackett Group Inc	20,935	19,976
288	Lawson Products Inc	17,557	15,768
190	LCI Industries	22,873	29,615
432	Lincoln Electric Holdings Inc	52,256	60,251
1,966	Timken Co	140,149	136,224
726	Werner Enterprises Inc	30,452	34,601
	Total Industrials	12.38% <u>878,398</u>	<u>895,104</u>
<i>Information Technology</i>			
1,042	Avnet Inc	41,295	42,962
3,266	CDK Global Inc	131,548	136,323
2,035	KBR Inc	65,207	96,907
1,366	Kulicke & Soffa Industries Inc	75,626	82,698
278	MKS Instruments Inc	44,222	48,419
2,427	Teradata Corp	107,049	103,075
5,737	Vontier Corp	190,080	176,298
	Total Information Technology	9.50% <u>655,027</u>	<u>686,682</u>
<i>Materials</i>			
6,357	Element Solutions Inc	142,008	154,348
612	Fortune Brands Home & Security	53,876	65,423
6,219	Graphic Packaging Holding Co	112,697	121,271
1,133	Innospec Inc	94,466	102,355
1,836	Minerals Technologies Inc	126,714	134,303
2,817	Silgan Holdings Inc	114,149	120,680
1,761	Trimas Corp	55,190	65,157
1,117	UFP Industries Inc	80,690	102,775
	Total Materials	11.98% <u>779,790</u>	<u>866,312</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
<i><b>Real Estate</b></i>			
3,230	Cushman & Wakefield PLC	\$ 67,307	\$ 71,835
4,841	Kennedy-Wilson Holdings Inc	99,330	115,603
	Total Real Estate	2.59% <u>166,637</u>	<u>187,438</u>
<i><b>Telecommunication Services</b></i>			
729	ATN International Inc	33,342	29,124
1,947	World Wrestling Entertainment	108,750	96,065
	Total Telecommunication Services	1.73% <u>142,092</u>	<u>125,189</u>
	Total Common Stock	82.05% <u>5,609,877</u>	<u>5,932,769</u>
<i><b>Foreign Stock</b></i>			
<i><b>Energy</b></i>			
8,667	Pason Systems Inc	79,515	79,181
	Total Energy	1.10% <u>79,515</u>	<u>79,181</u>
<i><b>Financials</b></i>			
573	Assured Guaranty Ltd	24,004	28,765
2,336	AXIS Capital Holdings Ltd	114,005	127,242
3,605	Bank Of NT Butterfield & Son Ltd	123,059	137,387
7,676	International General Insurance	64,531	62,176
4,846	James River Group Holdings Ltd	126,787	139,613
807	RenaissanceRe Holdings Ltd	122,307	136,649
585	TMX Group Ltd	61,834	59,396
	Total Financials	9.56% <u>636,527</u>	<u>691,228</u>
<i><b>Industrials</b></i>			
1,361	Evertec Inc	59,102	68,023
	Total Industrials	0.94% <u>59,102</u>	<u>68,023</u>
<i><b>Information Technology</b></i>			
2,623	nVent Electric PLC	82,063	99,674
	Total Information Technology	1.38% <u>82,063</u>	<u>99,674</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Royce Total Return Collective Trust Fund (Continued)**  
**December 31, 2021**

Number of Shares		Cost	Fair Value
	<i>Materials</i>		
4,358	Intertape Polymer Group Inc	\$ 86,904	\$ 90,807
	Total Materials	1.26% <u>86,904</u>	<u>90,807</u>
	Total Foreign Stock	14.24% <u>944,111</u>	<u>1,028,913</u>
	<i>Preferred Stock</i>		
	<i>Convertible Preferred Stock</i>		
340	II-VI Inc	91,719	96,227
	Total Convertible Preferred Stock	1.33% <u>91,719</u>	<u>96,227</u>
	Total Preferred Stock	1.33% <u>91,719</u>	<u>96,227</u>
	Total Investments	100.00% <u>\$ 6,817,921</u>	<u>\$ 7,230,123</u>

**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Year Ended December 31, 2021**

	<b>Royce Total Return Collective Trust Fund</b>
<b>Income</b>	
Dividends (net of foreign taxes \$3,794)	\$ 1,895,815
<b>Expenses</b>	
Investment management and administrative	680,095
Custody fees	54,126
Audit fees	5,000
Other	702
Total expenses before reimbursement of fees	739,923
Reimbursement of fees	(44,952)
Net expenses	694,971
<b>Net Investment Income</b>	1,200,844
<b>Net Realized Gains (Losses) on Investments and Foreign Currency</b>	
Net realized gains on investments	34,245,421
Net realized gains on foreign currency transactions	55,774
Net realized losses on foreign currency forward exchange contracts	(8,413)
Net realized gains on investments and foreign currency	34,292,782
<b>Change in Unrealized Appreciation/Depreciation on Investments and Foreign Currency</b>	
Net change in unrealized appreciation/depreciation on investments	(18,760,079)
Translation of assets and liabilities in foreign currencies	41,488
Change in unrealized appreciation/depreciation on investments and foreign currency	(18,718,591)
Net realized and unrealized gains on investments and foreign currency	15,574,191
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 16,775,035

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Year Ended December 31, 2021**

	<b>Royce Total Return Collective Trust Fund</b>
<b>Operations</b>	
Net investment income	\$ 1,200,844
Net realized gains	34,292,782
Change in unrealized appreciation/depreciation	(18,718,591)
	16,775,035
<b>Net Decrease in Net Assets From Participant Transactions</b>	(85,417,075)
<b>Decrease in Net Assets Held for Participants</b>	(68,642,040)
<b>Net Assets Held for Participants</b>	
Beginning of year	75,624,396
End of year	\$ 6,982,356

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2021

### 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 63 portfolios (the Funds); the financial statements 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, 2021

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, 2021, 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, 2021

### **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 27, 2022, 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, 2021, the investment advisor voluntarily reimbursed class R-INSTL 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>
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, 2021

### Note 3: Financial Highlights

	Royce Total Return Collective Trust Fund	
	Class R-INSTL	Class R-LM
Net asset value, beginning of year	\$ 12.65	\$ 13.11
Net investment income	0.21	0.20
Net realized and unrealized gains	3.16	3.43
Net increase from investment operations	3.37	3.63
Net asset value, end of year	\$ 16.02	\$ 16.74
Total return	26.64%	27.69%
Ratio to average net assets:		
Net investment income	1.43%	1.32%
Expenses without reimbursements	0.96%	0.13%
Expenses with reimbursements	0.90%	0.13%

### Note 4: Participant Unit Transactions

	Royce Total Return Collective Trust Fund	
	Units	Dollars
<b>Class R-INSTL:</b>		
Proceeds from sales of units	1,280,091	\$ 19,131,287
Cost of units redeemed	(6,276,151)	(96,418,399)
Net change in Class R-INSTL from participant transactions	(4,996,060)	(77,287,112)
<b>Class R-LM:</b>		
Proceeds from sales of units	101,069	1,570,148
Cost of units redeemed	(630,200)	(9,700,111)
Net change in Class R-LM from participant transactions	(529,131)	(8,129,963)
Net decrease in net assets from participant transactions		\$ (85,417,075)

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2021

#### 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 year ended December 31, 2021.

**Short Term Investments.** Short term investments, including money market funds, for which market quotations are readily available, are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy.

**Common Stock, Foreign Stock, and Preferred Stock.** 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.

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, 2021.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2021**

	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)
<b>Royce Total Return Collective Trust Fund</b>				
Short Term Investment	\$ 172,214	\$ 172,214	\$ -	\$ -
Common Stock	5,932,769	5,932,769	-	-
Foreign Stock	1,028,913	1,028,913	-	-
Preferred Stock	96,227	96,227	-	-
Total	<u>\$ 7,230,123</u>	<u>\$ 7,230,123</u>	<u>\$ 0</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 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,

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2021

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**  
**Year Ended December 31, 2021**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Stock	\$ 49,691,043
Foreign Stock	8,169,990
Preferred Stock	1,167,092
Total Investments Purchased	\$ 59,028,125

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains (Losses)</b>
Common Stock	\$ 121,768,266	\$ 90,069,961	\$ 31,698,305
Foreign Stock	17,510,118	15,323,107	2,187,011
Exchange-traded Funds – Fixed Income	37,703	48,568	(10,865)
Limited Partnerships – Public Equity	497,632	232,965	264,667
Preferred Stock	1,181,676	1,075,373	106,303
Total Investments Sold	\$ 140,995,395	\$ 106,749,974	\$ 34,245,421