

**Hand Composite Employee Benefit Trust
Sage Funds**

Independent Auditor's Report and Financial Statements

December 31, 2020



Hand Composite Employee Benefit Trust
December 31, 2020

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Independent Auditor's Report

Board of Directors
Hand Composite Employee Benefit Trust
Houston, Texas

We have audited the accompanying financial statements of selected funds (Sage Cash Balance Conservative Fund, Sage Cash Balance Growth Fund and Sage Cash Balance Moderate Fund) [three funds] included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which statements comprise the statements of assets and liabilities, including the schedules of investments, as of December 31, 2020, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal controls 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of these selected funds, included in the Hand Composite Employee Benefit Trust, as of December 31, 2020, and the results of their operations and changes in their net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of investment purchases and sales listed in the table of contents are presented for purposes of additional analysis and are 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Houston, Texas
May 27, 2021

Hand Composite Employee Benefit Trust
Statements of Assets and Liabilities – Selected Funds
December 31, 2020

	Sage Cash Balance Conservative Fund	Sage Cash Balance Growth Fund	Sage Cash Balance Moderate Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Investments, at cost	\$ 512,325	\$ 10,889,463	\$ 19,317,147
Investments, at fair value	\$ 514,413	\$ 11,126,948	\$ 19,723,630
Receivable for:			
Dividends	760	7,260	23,632
Capital shares sold	<u> -</u>	<u> -</u>	<u>316,506</u>
Total assets	<u>\$ 515,173</u>	<u>\$ 11,134,208</u>	<u>\$ 20,063,768</u>
Liabilities			
Payable for investment securities purchased	\$ -	\$ -	\$ 224,615
Accounts payable and accrued liabilities	<u>162</u>	<u>3,400</u>	<u>6,637</u>
Total liabilities	<u>\$ 162</u>	<u>\$ 3,400</u>	<u>\$ 231,252</u>
Net assets held for participants:			
Class R1	<u>\$ 515,011</u>	<u>\$ 11,130,808</u>	<u>\$ 19,832,516</u>
Units outstanding:			
Class R1	<u>48,092</u>	<u>997,100</u>	<u>1,751,192</u>
Net asset value per unit:			
Class R1	<u>\$ 10.71</u>	<u>\$ 11.16</u>	<u>\$ 11.32</u>

Hand Composite Employee Benefit Trust
Schedules of Investments
Sage Cash Balance Conservative Fund
December 31, 2020

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
8,651	First American Treasury Obligation Fund V	\$ 8,651	\$ 8,651
	Total Short Term Investment	1.68% <u>8,651</u>	<u>8,651</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
1,871	iShares Short-Term Corporate Bond ETF	102,915	103,224
1,848	iShares Short-Term Maturity Bond ETF	91,598	92,714
1,924	Janus Henderson Mortgage-Backed SEC ETF	102,167	102,857
4,056	JPM Ultra-Short Income ETF	206,031	206,004
	Total Fixed Income	98.13% <u>502,711</u>	<u>504,799</u>
	Total Exchange-traded Funds	98.13% <u>502,711</u>	<u>504,799</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
963	HB&T Short Term Income Fund	963	963
	Total Fixed Income	0.19% <u>963</u>	<u>963</u>
	Total Common Trust Fund	0.19% <u>963</u>	<u>963</u>
	Total Investments	100.00% <u>\$ 512,325</u>	<u>\$ 514,413</u>

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Sage Cash Balance Growth Fund
December 31, 2020

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
279,775	First American Treasury Obligation Fund V	\$ 279,775	\$ 279,775
	Total Short Term Investment	2.51% 279,775	279,775
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
48,688	iShares 0-5 Year High Yield Corp ETF	2,196,700	2,212,383
20,824	iShares JP Morgan Em Corp Bond ETF	1,028,964	1,105,754
19,865	iShares Short-Term Corporate Bond ETF	1,077,847	1,095,952
20,515	Janus Henderson Mortgage-Backed SEC ETF	1,098,782	1,096,731
21,595	JPM Ultra-Short Income ETF	1,096,594	1,096,810
43,846	SPDR Blackstone/GSO Senior Loan ETF	1,969,460	2,001,570
25,065	SPDR Wells Fargo Preferred Stock	1,079,743	1,113,137
22,161	X Trackers USD High Yield Corp Bond	1,046,806	1,110,044
	Total Fixed Income	97.35% 10,594,896	10,832,381
	Total Exchange-traded Funds	97.35% 10,594,896	10,832,381
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
14,792	HB&T Short Term Income Fund	14,792	14,792
	Total Fixed Income	0.14% 14,792	14,792
	Total Common Trust Fund	0.14% 14,792	14,792
	Total Investments	100.00% \$ 10,889,463	\$ 11,126,948

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Sage Cash Balance Moderate Fund
December 31, 2020

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
613,087	First American Treasury Obligation Fund V	\$ 613,087	\$ 613,087
	Total Short Term Investment	3.11% <u>613,087</u>	<u>613,087</u>
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
42,510	iShares 0-5 Year High Yield Corp ETF	1,946,111	1,931,654
31,076	iShares Short-Term Maturity Bond ETF	1,558,348	1,559,083
57,499	JPM Ultra-Short Income ETF	2,909,687	2,920,374
54,476	Janus Henderson Mortgage-Backed SEC ETF	2,876,170	2,912,287
64,222	SPDR Blackstone/GSO Senior Loan ETF	2,895,263	2,931,734
43,595	SPDR Wells Fargo Preferred Stock	1,860,107	1,936,054
41,199	Vaneck Vectors Emerging Mkts Hy Bonds	962,635	984,656
38,408	X Trackers Low Beta High Yield Bond ETF	1,844,150	1,953,440
38,766	X Trackers USD High Yield Corp Bond	1,812,117	1,941,789
	Total Fixed Income	96.69% <u>18,664,588</u>	<u>19,071,071</u>
	Total Exchange-traded Funds	96.69% <u>18,664,588</u>	<u>19,071,071</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
39,472	HB&T Short Term Income Fund	39,472	39,472
	Total Fixed Income	0.20% <u>39,472</u>	<u>39,472</u>
	Total Common Trust Fund	0.20% <u>39,472</u>	<u>39,472</u>
	Total Investments	100.00% <u>\$ 19,317,147</u>	<u>\$ 19,723,630</u>

Hand Composite Employee Benefit Trust
Statements of Operations – Selected Funds
Year Ended December 31, 2020

	Sage Cash Balance Conservative Fund	Sage Cash Balance Growth Fund	Sage Cash Balance Moderate Fund
	<u> </u>	<u> </u>	<u> </u>
Income			
Interest	\$ 207	\$ 374	\$ 1,309
Dividends	<u>22,578</u>	<u>295,438</u>	<u>635,201</u>
Total income	<u>22,785</u>	<u>295,812</u>	<u>636,510</u>
Expenses			
Investment management and administrative	4,619	26,020	65,795
Custody fees	251	1,406	3,634
Other	<u>171</u>	<u>113</u>	<u>116</u>
Total expenses	<u>5,041</u>	<u>27,539</u>	<u>69,545</u>
Net Investment Income	<u>17,744</u>	<u>268,273</u>	<u>566,965</u>
Net Realized and Unrealized Gains (Losses) on Investments			
Net realized gains	25,233	107,589	75,570
Change in unrealized appreciation	<u>(10,627)</u>	<u>186,557</u>	<u>303,230</u>
Net realized and unrealized gains on investments	<u>14,606</u>	<u>294,146</u>	<u>378,800</u>
Net Increase in Net Assets Resulting From Operations	<u>\$ 32,350</u>	<u>\$ 562,419</u>	<u>\$ 945,765</u>

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

	Sage Cash Balance Conservative Fund	Sage Cash Balance Growth Fund	Sage Cash Balance Moderate Fund
Operations			
Net investment income	\$ 17,744	\$ 268,273	\$ 566,965
Net realized gains	25,233	107,589	75,570
Change in unrealized appreciation	<u>(10,627)</u>	<u>186,557</u>	<u>303,230</u>
Net increase in net assets from operations	32,350	562,419	945,765
Net Increase (Decrease) in Net Assets From Participant Transactions	<u>(1,315,444)</u>	<u>4,466,925</u>	<u>1,460,201</u>
Increase (Decrease) in Net Assets	(1,283,094)	5,029,344	2,405,966
Net Assets			
Beginning of year	<u>1,798,105</u>	<u>6,101,464</u>	<u>17,426,550</u>
End of year	<u>\$ 515,011</u>	<u>\$ 11,130,808</u>	<u>\$ 19,832,516</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2020

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

Nature of Operations

Hand Composite Employee Benefit Trust ("HB&T" or "the Trust") was created in order to provide broad and uniform diversification programs for pension and profit sharing plans which, having complied with the requirements of the Internal Revenue Code (the IRC), are exempt from taxation under the provisions of the IRC. The Trust is comprised of 80 funds (the Funds); the financial statements of three of those funds are included in this report.

Each class 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 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 recorded on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation on investments are determined using the identified cost basis.

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 Funds

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2020

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 Funds are reinvested, thereby increasing the respective unit values.

Valuation of Participants' Interest

Units of participation may be purchased or redeemed on the valuation dates at the fair value per unit on such valuation dates. All Funds are valued daily.

Federal Income Taxes

The Funds comply with the requirements under Section 501(a) of the IRC and apportion all of their taxable income to their participants. Therefore, no federal income tax provision is required.

Subsequent Events

Subsequent events have been evaluated through May 27, 2021, which is the date the financial statements were available to be issued.

Investment Management Advisors

The investment management advisors for each Fund are as follows:

Fund	Investment Management Advisors
Sage Cash Balance Conservative Fund	Sage Advisory Services, Ltd. Co.
Sage Cash Balance Growth Fund	Sage Advisory Services, Ltd. Co.
Sage Cash Balance Moderate Fund	Sage Advisory Services, Ltd. Co.

Note 2: Investment Advisory Fees and Other Transactions With Affiliates

The Funds are charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Funds have also entered into investment advisory and service agreements with various third-party advisors. These fees compensate the advisors for the services they provide and for expenses borne by the advisors under the various agreements.

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

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2020

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Total Fees
Sage Cash Balance Conservative Fund:				
Class R1	0.10%	0.25%	0.02%	0.37%
Sage Cash Balance Growth Fund:				
Class R1	0.10%	0.25%	0.02%	0.37%
Sage Cash Balance Moderate Fund:				
Class R1	0.10%	0.25%	0.02%	0.37%

Note 3: Financial Highlights

	Class R1		
	Sage Cash Balance Conservative Fund	Sage Cash Balance Growth Fund	Sage Cash Balance Moderate Fund
Net asset value, beginning of year	\$ 10.51	\$ 10.63	\$ 10.81
Net investment income	0.15	0.37	0.33
Net realized and unrealized gains	0.05	0.16	0.18
Net increase from investment operations	0.20	0.53	0.51
Net asset value, end of year	\$ 10.71	\$ 11.16	\$ 11.32
Total return	1.90%	4.99%	4.90%
Ratio to average net assets:			
Net investment income	1.39%	3.49%	3.02%
Expenses	0.40%	0.36%	0.37%

Note 4: Participant Unit Transactions

	Sage Cash Balance Conservative Fund		Sage Cash Balance Growth Fund		Sage Cash Balance Moderate Fund	
	Units	Dollars	Units	Dollars	Units	Dollars
Class R1:						
Proceeds from sales of units	43,714	\$ 455,998	499,949	\$ 5,250,672	472,136	\$ 5,090,973
Cost of units redeemed	(166,653)	(1,771,442)	(77,102)	(783,747)	(332,989)	(3,630,772)
Net change in Class R1 from participant transactions	(122,939)	(1,315,444)	422,847	4,466,925	139,147	1,460,201
Net change in total net assets from participant transactions		\$ (1,315,444)		\$ 4,466,925		\$ 1,460,201

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2020

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

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of assets and liabilities, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2020.

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

Exchange-traded Funds. Securities traded on a national securities exchange (or reported on the NASDAQ national market) are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy.

The following tables present the fair value measurements of assets recognized in the accompanying statements of assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2020

	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)
Sage Cash Balance Conservative Fund				
Short Term Investment	\$ 8,651	\$ 8,651	\$ -	\$ -
Exchange-traded Funds - Fixed Income	504,799	504,799	-	-
Common Trust Fund - Fixed Income (A)	963			
Total	<u>\$ 514,413</u>			
Sage Cash Balance Growth Fund				
Short Term Investment	\$ 279,775	\$ 279,775	\$ -	\$ -
Exchange-traded Funds - Fixed Income	10,832,381	10,832,381	-	-
Common Trust Fund - Fixed Income (A)	14,792			
Total	<u>\$ 11,126,948</u>			
Sage Cash Balance Moderate Fund				
Short Term Investment	\$ 613,087	\$ 613,087	\$ -	\$ -
Exchange-traded Funds - Fixed Income	19,071,071	19,071,071	-	-
Common Trust Fund - Fixed Income (A)	39,472			
Total	<u>\$ 19,723,630</u>			

(A) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of assets and liabilities.

Note 6: Risk Factors

The Funds invest in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of assets and liabilities.

Since January 2020, the COVID-19 pandemic created outbreaks of infectious illnesses, and countries throughout the globe were subject to other public health threats, infectious illnesses, diseases, or similar issues. Any spread of an infectious illness, public health threat or similar issue could alter consumer demand or economic output, result in market closures, travel restrictions or quarantines, and have a significant impact on the global economy, which in turn could adversely affect the Funds' investments and could result in increases or decreases in the Funds' net asset values.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales
Sage Cash Balance Conservative Fund
Year Ended December 31, 2020

Purchases

Investment Class	Cost
Exchange-traded Funds - Fixed Income	\$ 2,099,619
Common Trust Funds - Fixed Income	<u>296,813</u>
Total Investments Purchased	<u><u>\$ 2,396,432</u></u>

Sales

Investment Class	Proceeds	Cost	Gain
Exchange-traded Funds - Fixed Income	\$ 3,330,407	\$ 3,305,174	\$ 25,233
Common Trust Funds - Fixed Income	<u>301,684</u>	<u>301,684</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 3,632,091</u></u>	<u><u>\$ 3,606,858</u></u>	<u><u>\$ 25,233</u></u>

Hand Composite Employee Benefit Trust

Schedules of Investment Purchases and Sales

Sage Cash Balance Growth Fund

Year Ended December 31, 2020

Purchases			
Investment Class	Cost		
Exchange-traded Funds - Fixed Income	\$	14,310,550	
Exchange-traded Funds - Equity		1,531,832	
Common Trust Funds - Fixed Income		<u>277,853</u>	
Total Investments Purchased	\$	<u>16,120,235</u>	

Sales			
Investment Class	Proceeds	Cost	Gain
Exchange-traded Funds - Fixed Income	\$ 9,561,492	\$ 9,513,302	\$ 48,190
Exchange-traded Funds - Equity	1,591,231	1,531,832	59,399
Common Trust Funds - Fixed Income	<u>267,001</u>	<u>267,001</u>	<u>-</u>
Total Investments Sold	<u>\$ 11,419,724</u>	<u>\$ 11,312,135</u>	<u>\$ 107,589</u>

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales
Sage Cash Balance Moderate Fund
Year Ended December 31, 2020

Purchases

Investment Class	Cost
Exchange-traded Funds - Fixed Income	\$ 23,095,887
Exchange-traded Funds - Equity	1,342,054
Common Trust Funds - Fixed Income	<u>982,759</u>
Total Investments Purchased	<u><u>\$ 25,420,700</u></u>

Sales

Investment Class	Proceeds	Cost	Gain (Loss)
Exchange-traded Funds - Fixed Income	\$ 21,203,403	\$ 21,063,295	\$ 140,108
Exchange-traded Funds - Equity	1,277,545	1,342,083	(64,538)
Common Trust Funds - Fixed Income	<u>995,877</u>	<u>995,877</u>	<u>-</u>
Total Investments Sold	<u><u>\$ 23,476,825</u></u>	<u><u>\$ 23,401,255</u></u>	<u><u>\$ 75,570</u></u>