

**Hand Composite Employee Benefit Trust
Sage Funds**

Independent Auditor's Report and Financial Statements

December 31, 2021



Hand Composite Employee Benefit Trust

December 31, 2021

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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 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 (the Trust), which comprise the statements of assets and liabilities, including the schedules 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 funds, included in the Hand Composite Employee Benefit Trust, as of December 31, 2021, and the results of their operations and the changes in their 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 audits 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 funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 funds' 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 funds' 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 funds' 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the selected funds' basic financial statements. The schedules 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

To the Unitholders and Board of Directors
Hand Composite Employee Benefit Trust
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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 25, 2022

Hand Composite Employee Benefit Trust
Statements of Assets and Liabilities – Selected Funds
December 31, 2021

	Sage Cash Balance Conservative Fund	Sage Cash Balance Growth Fund	Sage Cash Balance Moderate Fund
Assets			
Investments, at cost	\$ 823,945	\$ 21,755,195	\$ 22,995,714
Investments, at fair value	\$ 818,436	\$ 21,983,322	\$ 23,238,283
Receivable for dividends	151	11,446	10,495
Total assets	<u>\$ 818,587</u>	<u>\$ 21,994,768</u>	<u>\$ 23,248,778</u>
Liabilities			
Payable for investment securities purchased	\$ -	\$ -	\$ 89,648
Accounts payable and accrued liabilities	259	6,808	7,190
Total liabilities	<u>\$ 259</u>	<u>\$ 6,808</u>	<u>\$ 96,838</u>
Net assets held for participants:			
Class R1	<u>\$ 818,328</u>	<u>\$ 21,987,960</u>	<u>\$ 23,151,940</u>
Units outstanding:			
Class R1	<u>76,602</u>	<u>1,912,889</u>	<u>1,999,967</u>
Net asset value per unit:			
Class R1	<u>\$ 10.68</u>	<u>\$ 11.49</u>	<u>\$ 11.58</u>

Hand Composite Employee Benefit Trust
Schedules of Investments
Sage Cash Balance Conservative Fund
December 31, 2021

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
14,608	First American Treasury Obligation Fund V	\$ 14,608	\$ 14,608
	Total Short Term Investment	1.78% 14,608	14,608
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
3,006	iShares Short-Term Corporate Bond ETF	165,041	161,963
2,135	iShares Short-Term Maturity Bond ETF	106,878	106,643
4,077	Janus Henderson Mortgage-Backed SEC ETF	205,630	205,399
6,494	JPM Ultra-Short Income ETF	329,782	327,817
	Total Fixed Income	97.97% 807,331	801,822
	Total Exchange-traded Funds	97.97% 807,331	801,822
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
2,006	HB&T Short Term Income Fund	2,006	2,006
	Total Fixed Income	0.25% 2,006	2,006
	Total Common Trust Fund	0.25% 2,006	2,006
	Total Investments	100.00% \$ 823,945	\$ 818,436

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Sage Cash Balance Growth Fund
December 31, 2021

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
647,231	First American Treasury Obligation Fund V	\$ 647,231	\$ 647,231
	Total Short Term Investment	2.94% 647,231	647,231
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
95,777	iShares 0-5 Year High Yield Corp ETF	4,348,205	4,338,699
42,285	iShares JP Morgan Em Corp Bond ETF	2,145,253	2,156,535
40,030	iShares Short-Term Corporate Bond ETF	2,180,726	2,156,816
47,263	JPM Ultra-Short Income ETF	2,397,140	2,385,836
85,502	SPDR Blackstone/GSO Senior Loan ETF	3,881,170	3,901,456
25,090	SPDR Wells Fargo Preferred Stock	1,089,010	1,076,612
54,783	X Trackers USD High Yield Corp Bond	2,128,444	2,182,555
	Total Fixed Income	82.78% 18,169,948	18,198,509
<i>Equity</i>			
5,399	iShares Core MSCI EAFE ETF	408,126	402,981
1,872	iShares S&P 500 Index Fund	744,504	892,925
3,807	iShares S&P Small Cap 600 Index	429,008	435,940
21,275	JPM Equity Premium ETF	1,295,009	1,344,367
	Total Equity	13.99% 2,876,647	3,076,213
	Total Exchange-traded Funds	96.77% 21,046,595	21,274,722
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
61,369	HB&T Short Term Income Fund	61,369	61,369
	Total Fixed Income	0.29% 61,369	61,369
	Total Common Trust Fund	0.29% 61,369	61,369
	Total Investments	100.00% \$ 21,755,195	\$ 21,983,322

Hand Composite Employee Benefit Trust
Schedules of Investments (Continued)
Sage Cash Balance Moderate Fund
December 31, 2021

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
509,625	First American Treasury Obligation Fund V	\$ 509,625	\$ 509,625
	Total Short Term Investment	2.19% 509,625	509,625
<u>Exchange-traded Funds</u>			
<i>Fixed Income</i>			
50,865	iShares 0-5 Year High Yield Corp ETF	2,321,192	2,304,185
18,521	iShares Short-Term Maturity Bond ETF	926,290	925,124
45,551	Janus Henderson AAA Clo ETF	2,297,393	2,294,859
73,319	JPM Ultra-Short Income ETF	3,719,645	3,701,143
101,370	SPDR Blackstone/GSO Senior Loan ETF	4,607,316	4,593,116
27,121	SPDR Wells Fargo Preferred Stock	1,175,522	1,196,159
51,332	Vaneck Vectors Emerging Mkts Hy Bond	1,199,346	1,150,350
45,593	X Trackers Low Beta High Yield Bond ETF	2,220,436	2,305,620
58,086	X Trackers USD High Yield Corp Bond	2,207,783	2,314,146
	Total Fixed Income	89.44% 20,674,923	20,784,702
<i>Equity</i>			
2,989	iShares Core MSCI EAFE ETF	225,968	223,099
1,034	iShares S&P 500 Index Fund	400,448	493,208
18,491	JPM Equity Premium ETF	1,125,547	1,168,446
	Total Equity	8.11% 1,751,963	1,884,753
	Total Exchange-traded Funds	97.55% 22,426,886	22,669,455
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
59,203	HB&T Short Term Income Fund	59,203	59,203
	Total Fixed Income	0.25% 59,203	59,203
	Total Common Trust Fund	0.25% 59,203	59,203
	Total Investments	99.99% \$ 22,995,714	\$ 23,238,283

Hand Composite Employee Benefit Trust
Statements of Operations – Selected Funds
Year Ended December 31, 2021

	Sage Cash Balance Conservative Fund	Sage Cash Balance Growth Fund	Sage Cash Balance Moderate Fund
Income			
Interest	\$ 1	\$ 27	\$ 32
Dividends	6,440	564,103	643,917
Total income	<u>6,441</u>	<u>564,130</u>	<u>643,949</u>
Expenses			
Investment management and administrative	2,242	60,848	75,687
Custody fees	128	3,429	4,249
Other	5	3	56
Total expenses	<u>2,375</u>	<u>64,280</u>	<u>79,992</u>
Net Investment Income	<u>4,066</u>	<u>499,850</u>	<u>563,957</u>
Net Realized and Unrealized Gains (Losses) on Investments			
Net realized gains	1,459	45,690	72,258
Change in unrealized appreciation/depreciation	<u>(7,597)</u>	<u>(9,359)</u>	<u>(163,915)</u>
Net realized and unrealized gains (losses) on investments	<u>(6,138)</u>	<u>36,331</u>	<u>(91,657)</u>
Net Increase (Decrease) in Net Assets Resulting From Operations	<u>\$ (2,072)</u>	<u>\$ 536,181</u>	<u>\$ 472,300</u>

Hand Composite Employee Benefit Trust
Statements of Changes in Net Assets – Selected Funds
Year Ended December 31, 2021

	Sage Cash Balance Conservative Fund	Sage Cash Balance Growth Fund	Sage Cash Balance Moderate Fund
Operations			
Net investment income	\$ 4,066	\$ 499,850	\$ 563,957
Net realized gains	1,459	45,690	72,258
Change in unrealized appreciation/depreciation	<u>(7,597)</u>	<u>(9,359)</u>	<u>(163,915)</u>
Net increase (decrease) in net assets from operations	(2,072)	536,181	472,300
Net Increase in Net Assets From Participant Transactions	<u>305,389</u>	<u>10,320,971</u>	<u>2,847,124</u>
Increase in Net Assets	303,317	10,857,152	3,319,424
Net Assets			
Beginning of year	<u>515,011</u>	<u>11,130,808</u>	<u>19,832,516</u>
End of year	<u>\$ 818,328</u>	<u>\$ 21,987,960</u>	<u>\$ 23,151,940</u>

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 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, 2021

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 25, 2022, which is the date the financial statements were available to be issued.

Investment Management Advisor

The investment management advisor for the Funds is 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.

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Total Fees
Sage Funds: Class R1	0.10%	0.25%	0.02%	0.37%

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

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	\$ 10.71	\$ 11.16	\$ 11.32
Net investment income	0.07	0.32	0.30
Net realized and unrealized gains (losses)	(0.10)	0.01	(0.04)
Net increase (decrease) from investment operations	(0.03)	0.33	0.26
Net asset value, end of year	\$ 10.68	\$ 11.49	\$ 11.58
Total return	(0.28%)	2.96%	2.30%
Ratio to average net assets:			
Net investment income	0.62%	2.85%	2.59%
Expenses	0.36%	0.37%	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	31,687	\$ 339,393	935,245	\$ 10,541,149	682,237	\$ 7,757,581
Cost of units redeemed	(3,178)	(34,004)	(19,455)	(220,178)	(433,462)	(4,910,457)
Net change in Class R1 from participant transactions	28,509	305,389	915,790	10,320,971	248,775	2,847,124
Net increase in total net assets from participant transactions		\$ 305,389		\$ 10,320,971		\$ 2,847,124

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 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, 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.

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, 2021.

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

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Sage Cash Balance Conservative Fund				
Short Term Investment	\$ 14,608	\$ 14,608	\$ -	\$ -
Exchange-traded Funds - Fixed Income	801,822	801,822	-	-
Common Trust Fund - Fixed Income (A)	2,006			
Total	<u>\$ 818,436</u>			
Sage Cash Balance Growth Fund				
Short Term Investment	\$ 647,231	\$ 647,231	\$ -	\$ -
Exchange-traded Funds - Fixed Income	18,198,509	18,198,509	-	-
Exchange-traded Funds - Equity	3,076,213	3,076,213	-	-
Common Trust Fund - Fixed Income (A)	61,369			
Total	<u>\$ 21,983,322</u>			
Sage Cash Balance Moderate Fund				
Short Term Investment	\$ 509,625	\$ 509,625	\$ -	\$ -
Exchange-traded Funds - Fixed Income	20,784,702	20,784,702	-	-
Exchange-traded Funds - Equity	1,884,753	1,884,753	-	-
Common Trust Fund - Fixed Income (A)	59,203			
Total	<u>\$ 23,238,283</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.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales
Sage Cash Balance Conservative Fund
Year Ended December 31, 2021

Purchases	
Investment Class	Cost
Exchange-traded Funds - Fixed Income	\$ 500,193
Common Trust Funds - Fixed Income	10,705
Total Investments Purchased	\$ 510,898

Sales			
Investment Class	Proceeds	Cost	Gains
Exchange-traded Funds - Fixed Income	\$ 197,030	\$ 195,571	\$ 1,459
Common Trust Funds - Fixed Income	9,663	9,663	-
Total Investments Sold	\$ 206,693	\$ 205,234	\$ 1,459

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales (Continued)
Sage Cash Balance Growth Fund
Year Ended December 31, 2021

Purchases	
Investment Class	Cost
Exchange-traded Funds - Fixed Income	\$ 13,789,727
Exchange-traded Funds - Equity	4,877,547
Common Trust Funds - Fixed Income	654,825
Total Investments Purchased	\$ 19,322,099

Sales			
Investment Class	Proceeds	Cost	Gains (Losses)
Exchange-traded Funds - Fixed Income	\$ 6,173,691	\$ 6,214,674	\$ (40,983)
Exchange-traded Funds - Equity	2,087,574	2,000,901	86,673
Common Trust Funds - Fixed Income	608,248	608,248	-
Total Investments Sold	\$ 8,869,513	\$ 8,823,823	\$ 45,690

Hand Composite Employee Benefit Trust
Schedules of Investment Purchases and Sales (Continued)
Sage Cash Balance Moderate Fund
Year Ended December 31, 2021

Purchases			
Investment Class	Cost		
Exchange-traded Funds - Fixed Income	\$	12,980,871	
Exchange-traded Funds - Equity		3,596,768	
Common Trust Funds - Fixed Income		458,819	
Total Investments Purchased	\$	17,036,458	

Sales			
Investment Class	Proceeds	Cost	Gains
Exchange-traded Funds - Fixed Income	\$ 10,974,275	\$ 10,970,536	\$ 3,739
Exchange-traded Funds - Equity	1,913,324	1,844,805	68,519
Common Trust Funds - Fixed Income	439,089	439,089	-
Total Investments Sold	\$ 13,326,688	\$ 13,254,430	\$ 72,258