

**Hand Composite Employee Benefit Trust**  
**Snyder Capital Small/Mid-Cap Value Fund**  
Independent Auditor's Report and Financial Statements  
December 31, 2019



**Hand Composite Employee Benefit Trust**  
**December 31, 2019**

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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 Synder Capital Small/Mid-Cap Value Fund included in the Hand Composite Employee Benefit Trust ("Trust" or "Fund"), which statements comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2019, 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 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 Snyder Capital Small/Mid-Cap Value Fund, included in the Hand Composite Employee Benefit Trust, as of December 31, 2019, and the results of its operations and 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 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  
June 5, 2020

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2019**

	<b>Snyder Capital Small/Mid-Cap Value Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 93,027,522
Investments, at fair value	\$ 107,307,875
Receivable for:	
Investment securities sold	651,877
Capital shares sold	81,795,756
Dividends and interest	117,876
Total assets	\$ 189,873,384
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 13,031
Class R1 accrued expenses	47,084
Total liabilities	\$ 60,115
Net assets held for participants:	
Class R1	\$ 108,017,496
Class R2	81,795,773
Total net assets held for participants:	\$ 189,813,269
Units outstanding:	
Class R1	6,748,490
Class R2	5,033,586
Total units outstanding:	11,782,076
Net asset value per unit:	
Class R1	\$ 16.01
Class R2	\$ 16.25

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**Snyder Capital Small/Mid-Cap Value Fund**  
**December 31, 2019**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
4,223,390	First American Treasury Obligation Fund Instl	\$ 4,223,390	\$ 4,223,390
	Total Short Term Investment	3.94% 4,223,390	4,223,390
<b><u>Common Stock</u></b>			
<b><i>Consumer Discretionary</i></b>			
27,424	Dollar Tree Inc.	2,480,502	2,579,227
79,577	LKQ Corp	2,561,247	2,840,899
39,605	Servicemaster Global Hldgs Inc.	2,089,889	1,531,129
	Total Consumer Discretionary	6.48% 7,131,638	6,951,255
<b><i>Consumer Staples</i></b>			
28,157	Ingredion Inc.	2,817,556	2,617,193
	Total Consumer Staples	2.44% 2,817,556	2,617,193
<b><i>Financials</i></b>			
16,887	Cboe Holdings Inc.	1,720,278	2,026,440
1,024	Markel Corp	1,163,889	1,170,606
20,926	Prosperity Bancshares Inc.	1,667,692	1,504,370
58,464	TCF Financial Corp	2,864,132	2,736,115
21,281	TD Ameritrade Holding Corp	1,136,237	1,057,666
40,865	Western Alliance Bancorp	2,229,566	2,329,305
	Total Financials	10.09% 10,781,794	10,824,502
<b><i>Healthcare</i></b>			
4,664	Bio-Techne Corp	746,806	1,023,795
41,723	Catalent Inc.	1,654,315	2,349,005
15,438	Charles River Labs Intl Inc.	1,883,849	2,358,309
144,788	Halozyme Therapeutics Inc.	2,473,802	2,567,091
35,786	Henry Schein Inc.	2,465,066	2,387,642
	Total Healthcare	9.96% 9,223,838	10,685,842

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Snyder Capital Small/Mid-Cap Value Fund (Continued)**  
**December 31, 2019**

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
38,692	Ametek Inc.	\$ 2,918,207	\$ 3,859,140
51,124	BWX Technologies Inc.	3,034,106	3,173,778
51,464	Clean Harbors Inc.	2,978,707	4,413,038
24,052	Copart Inc.	1,431,523	2,187,289
34,836	Graco Inc.	1,633,751	1,811,470
25,750	Heico Corp CL A	1,848,016	2,305,398
29,739	Hexcel Corp	2,060,452	2,180,166
78,598	IAA Inc.	1,805,167	3,698,822
9,777	I dex Corp	1,405,207	1,681,644
197,230	Kar Auction Services Inc.	5,841,704	4,297,642
35,041	Woodward Inc.	2,871,008	4,150,256
	Total Industrials	31.46% <u>27,827,848</u>	<u>33,758,643</u>
<i>Information Technology</i>			
34,238	Amphenol Corp CL A	3,062,183	3,705,579
128,584	Entegris Inc.	4,586,272	6,440,773
20,499	Keysight Technologies Inc.	1,333,067	2,103,812
26,525	Synopsys Inc.	2,578,382	3,692,280
	Total Information Technology	14.86% <u>11,559,904</u>	<u>15,942,444</u>
<i>Materials</i>			
38,844	Cabot Corporation	2,274,037	1,845,867
45,507	FMC Corporation	3,398,890	4,542,509
63,929	Livent Corp	676,929	546,593
	Total Materials	6.46% <u>6,349,856</u>	<u>6,934,969</u>
<i>Real Estate</i>			
13,982	Mid-America Apartment Communities	1,409,625	1,843,667
	Total Real Estate	1.72% <u>1,409,625</u>	<u>1,843,667</u>
<i>Utilities</i>			
73,464	UGI Corporation	3,722,663	3,317,634
	Total Utilities	3.09% <u>3,722,663</u>	<u>3,317,634</u>
	Total Common Stock	86.56% <u>80,824,722</u>	<u>92,876,149</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Snyder Capital Small/Mid-Cap Value Fund (Continued)**  
**December 31, 2019**

Number of Shares		Cost	Fair Value
<b><u>Foreign Stock</u></b>			
<b><i>Consumer Discretionary</i></b>			
16,468	Helen of Troy	\$ 1,967,839	\$ 2,960,782
	Total Consumer Discretionary	<u>1,967,839</u>	<u>2,960,782</u>
<b><i>Healthcare</i></b>			
14,346	Steris PLC	1,649,234	2,186,617
	Total Healthcare	<u>1,649,234</u>	<u>2,186,617</u>
<b><i>Industrials</i></b>			
54,489	Waste Connections Inc.	4,248,456	4,947,056
	Total Industrials	<u>4,248,456</u>	<u>4,947,056</u>
	Total Foreign Stock	<u>7,865,529</u>	<u>10,094,455</u>
<b><u>Common Trust Fund</u></b>			
<b><i>Fixed Income</i></b>			
113,881	HB&T Short Term Income Fund	113,881	113,881
	Total Fixed Income	<u>113,881</u>	<u>113,881</u>
	Total Common Trust Fund	<u>113,881</u>	<u>113,881</u>
	Total Investments	<u>\$ 93,027,522</u>	<u>\$ 107,307,875</u>



**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Year Ended December 31, 2019**

	<b>Snyder Capital Small/Mid-Cap Value Fund</b>
<b>Income</b>	
Interest	\$ 54,575
Dividends	1,128,428
Total income	1,183,003
<b>Expenses</b>	
Investment management and administrative	98,098
Custody fees	28,618
Audit fees	1,247
Class R1 expenses	489,845
Total expenses	617,808
<b>Net Investment Income</b>	565,195
<b>Net Realized and Unrealized Gains on Investments</b>	
Net realized gains	5,056,969
Net change in unrealized appreciation	24,143,658
Net realized and unrealized gains on investments	29,200,627
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 29,765,822

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Year Ended December 31, 2019**

	<b>Snyder Capital Small/Mid-Cap Value Fund</b>
<b>Operations</b>	
Net investment income	\$ 565,195
Net realized gains	5,056,969
Change in unrealized appreciation	24,143,658
Net increase in net assets from operations	29,765,822
<b>Net Increase in Net Assets From Participant Transactions</b>	80,856,162
<b>Increase in Net Assets</b>	110,621,984
<b>Net Assets</b>	
Beginning of year	79,191,285
End of year	\$ 189,813,269

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2019

### 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 76 Funds (the Funds); the financial statements of one of those funds are included in this report.

Each class of units 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 year 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 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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2019

### **Valuation of Participants' Interest**

Units of participation may be purchased or redeemed on the valuation dates at the fair value per unit on such valuation dates. The Fund is valued daily.

### **Federal Income Taxes**

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

### **Subsequent Events**

As a result of the spread of the COVID-19 coronavirus in 2020, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Fund. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through June 5, 2020, which is the date the financial statements were available to be issued.

### **Investment Management Advisors**

The investment management advisor for the Fund is Snyder Capital Management, L.P.

## **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 has 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.

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>Administrative Fees</b>	<b>Investment Advisory Fees</b>	<b>Custody Fees</b>	<b>Other Fees</b>	<b>Total Fees</b>
Snyder Capital Small/Mid-Cap Value Fund:					
Class R1	0.12%	0.50%	0.03%	0.01%	0.66%
Class R2	0.12%	0.70%	0.03%	0.01%	0.86%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2019

### Note 3: Financial Highlights

	<b>Snyder Capital Small/ Mid-Cap Value Fund</b>	
	<b>Class R1</b>	<b>Class R2</b>
Net asset value, beginning of the year	\$ 11.65	\$ 11.77
Net investment income	0.08	0.16
Net realized and unrealized gains	4.28	4.32
Net increase from investment operations	4.36	4.48
Net asset value, end of the year	\$ 16.01	\$ 16.25
Total return	37.42%	38.06%
Ratio to average net assets:		
Net investment income	0.57%	1.05%
Expenses	0.63%	0.13%

### Note 4: Participant Unit Transactions

	<b>Snyder Capital Small/ Mid-Cap Value Fund</b>	
	<b>Units</b>	<b>Dollars</b>
<b>Class R1:</b>		
Proceeds from sales of units	825,972	\$ 11,886,237
Cost of units redeemed	(875,865)	(12,825,831)
Net change in Class R1 from participant transactions	(49,893)	\$ (939,594)
<b>Class R2:</b>		
Proceeds from sales of units	5,033,858	\$ 81,795,756
Cost of units redeemed	-	-
Net change in Class R2 from participant transactions	5,033,858	\$ 81,795,756
Net increase in total net assets from participant transactions		\$ 80,856,162

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2019

#### 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, 2019.

**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 and Foreign 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 trading patterns of the foreign security to the intraday in the U.S. markets for investments, such as American Depositary Receipts and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as Level 1 in the hierarchy. For those foreign securities where additional foreign market activities are taken into consideration by the pricing service, those securities are categorized as Level 2 in the hierarchy.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2019

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, 2019:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Snyder Capital Small/Mid-Cap Value Fund</b>				
Short Term Investment	\$ 4,223,390	\$ 4,223,390	\$ -	\$ -
Common Stock	92,876,149	92,876,149	-	-
Foreign Stocks	10,094,455	10,094,455	-	-
Common Trust Fund - Fixed Income (A)	113,881			
Total	<u>\$ 107,307,875</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 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 change could materially affect the amounts reported in the accompanying statement of assets and liabilities.

## **Supplemental Information**



**Hand Composite Employee Benefit Trust**  
**Schedule of Investment Purchases and Sales**  
**Snyder Capital Small/Mid-Cap Value Fund**  
**Year Ended December 31, 2019**

**Purchases**

<b>Investment Class</b>	<b>Proceeds</b>
Common Stock	\$ 21,576,829
Foreign Stock	2,471,686
Common Trust Funds - Fixed Income	<u>10,624,833</u>
Total Investments Sold	<u><u>\$ 34,673,348</u></u>

**Sales**

<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Common Stock	\$ 23,741,769	\$ 19,197,701	\$ 4,544,068
Foreign Stock	3,122,052	2,609,151	512,901
Common Trust Funds - Fixed Income	<u>11,002,294</u>	<u>11,002,294</u>	<u>-</u>
Total Investments Purchased	<u><u>\$ 37,866,115</u></u>	<u><u>\$ 32,809,146</u></u>	<u><u>\$ 5,056,969</u></u>