

**Hand Composite Employee Benefit Trust**  
**Snyder Capital Small/Mid-Cap Value Fund**  
Independent Auditor's Report and Financial Statements  
December 31, 2017



# Hand Composite Employee Benefit Trust

## December 31, 2017

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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, 2017, and the related statements of operations and changes in net assets for the period then ended (January 3, 2017 [inception] to December 31, 2017), 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, 2017, and the results of its operations and changes in its net assets for the period then ended (January 3, 2017 [inception] to December 31, 2017), 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  
May 25, 2018

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2017**

	<b>Snyder Capital Small/Mid-Cap Value Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 11,663,417
Investments at fair value	\$ 14,519,322
Receivable for:	
Investment advisor	975
Dividends and interest	13,359
Total assets	\$ 14,533,656
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 8,449
Total liabilities	\$ 8,449
Net assets held for participants:	
Class R1	\$ 14,525,207
Units outstanding:	
Class R1	1,163,363
Net asset value per unit:	
Class R1	\$ 12.49

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**Snyder Capital Small/Mid-Cap Value Fund**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i><b>Short Term Investment</b></i>			
584,871	First American Treasury Obligation Fund Instl	\$ 584,871	\$ 584,871
	Total Short Term Investment	4.03% 584,871	584,871
<i><b>Common Stock</b></i>			
<i><b>Consumer Discretionary</b></i>			
4,834	Dollar Tree Inc	372,034	518,737
9,080	LKQ Corp	281,544	369,284
6,043	Servicemaster Global Hldgs Inc	248,002	309,825
	Total Consumer Discretionary	8.25% 901,580	1,197,846
<i><b>Consumer Staples</b></i>			
4,522	Ingredion Inc	566,493	632,176
	Total Consumer Staples	4.35% 566,493	632,176
<i><b>Financials</b></i>			
6,745	Chemical Financial Corp	363,669	360,655
5,760	Legacytexas Financial Group Inc	215,318	243,130
164	Markel Corp	149,394	186,817
4,189	TD Ameritrade Holding Corp	185,300	214,184
2,473	Western Alliance Bancorp	144,352	140,021
	Total Financials	7.88% 1,058,033	1,144,807
<i><b>Healthcare</b></i>			
711	Bio-technne Corp	73,582	92,110
2,208	Charles River Labs Intl Inc	214,714	241,666
16,297	Halozyme Therapeutics Inc	166,737	330,177
5,011	Henry Schein Inc	391,005	350,169
	Total Healthcare	6.98% 846,038	1,014,122

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Snyder Capital Small/Mid-Cap Value Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
6,820	Ametek Inc	\$ 333,877	\$ 494,245
7,049	BWX Technologies Inc	280,883	426,394
9,072	Clean Harbors Inc	504,224	491,702
18,116	Copart Inc	504,116	782,430
7,614	Covanta Holding Corp	119,749	128,677
5,244	Genesee & Wyoming Inc Cl A	369,262	412,857
7,950	Graco Inc	221,011	359,499
6,730	Heico Corp Cl A	367,131	532,007
5,279	Hexcel Corp	317,911	326,506
2,923	Idex Corp	265,279	385,748
11,180	Kar Auction Services Inc	482,479	564,702
896	Valmont Industries Inc	129,655	148,602
5,230	Woodward Inc	362,679	400,304
	Total Industrials	37.56% <u>4,258,256</u>	<u>5,453,673</u>
<i>Information Technology</i>			
6,727	Amphenol Corp Cl A	454,750	590,631
20,311	Entegris Inc	365,013	618,470
4,365	Synopsys Inc	258,926	372,073
	Total Information Technology	10.89% <u>1,078,689</u>	<u>1,581,174</u>
<i>Materials</i>			
3,554	Cabot Corporation	181,984	218,891
6,176	FMC Corporation	358,918	584,620
	Total Materials	5.53% <u>540,902</u>	<u>803,511</u>
<i>Real Estate</i>			
2,447	Mid-america Apartment Communities	237,021	246,070
	Total Real Estate	1.69% <u>237,021</u>	<u>246,070</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Snyder Capital Small/Mid-Cap Value Fund (Continued)**  
**December 31, 2017**

Number of Shares		Cost	Fair Value
<i>Utilities</i>			
8,784	UGI Corporation	\$ 406,555	\$ 412,409
	Total Utilities	2.84% 406,555	412,409
	Total Common Stock	85.97% 9,893,567	12,485,788
<i>Foreign Stock</i>			
<i>Consumer Discretionary</i>			
3,426	Helen of Troy	291,791	330,095
	Total Consumer Discretionary	2.28% 291,791	330,095
<i>Energy</i>			
1,122	Core Laboratories NV	137,068	122,915
	Total Energy	0.86% 137,068	122,915
<i>Healthcare</i>			
3,461	Steris Plc	238,149	302,734
	Total Healthcare	2.09% 238,149	302,734
<i>Industrials</i>			
9,559	Waste Connections Inc	503,167	678,115
	Total Industrials	4.67% 503,167	678,115
	Total Foreign Stock	9.90% 1,170,175	1,433,859
<i>Common Trust Fund</i>			
<i>Fixed Income</i>			
14,804	HB&T Short Term Income Fund	14,804	14,804
	Total Fixed Income	0.10% 14,804	14,804
	Total Investments	100.00% \$ 11,663,417	\$ 14,519,322



**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Period Ended December 31, 2017**

	<b>Snyder Capital Small/Mid-Cap Value Fund*</b>
<b>Income</b>	
Interest	\$ 3,395
Dividends	111,823
Total income	115,218
<b>Expenses</b>	
Investment management and administrative	15,569
Custody fees	9,866
Class R1 expenses	64,868
Total expenses before expense reimbursement	90,303
Expense reimbursement	(5,997)
Total expenses	84,306
<b>Net Investment Income</b>	30,912
<b>Net Realized and Unrealized Gains on Investments</b>	
Net realized gains on investments	4,761
Net change in unrealized appreciation/ depreciation on investments	2,855,905
Net realized and unrealized gains	2,860,666
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 2,891,578

\*For the period January 3, 2017 (inception date) to December 31, 2017

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Period Ended December 31, 2017**

	<b>Snyder Capital Small/Mid-Cap Value Fund*</b>
<b>Operations</b>	
Net investment income	\$ 30,912
Net realized gains	4,761
Change in unrealized appreciation/depreciation	2,855,905
	2,891,578
<b>Net Increase in Net Assets From Participant Transactions</b>	<b>11,633,629</b>
<b>Increase in Net Assets</b>	<b>14,525,207</b>
<b>Net Assets Held for Participants</b>	
Beginning of period	-
End of period	\$ 14,525,207

\*For the period January 3, 2017 (inception date) to December 31, 2017

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### 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 105 Funds (the Funds); the financial statements of one of those funds, the Snyder Capital Small/Mid-Cap Value Fund (the Fund), are included in this report.

The reporting period is January 3, 2017 (inception) to December 31, 2017.

#### ***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 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, 2017

### **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**

Subsequent events have been evaluated through May 25, 2018, which is the date the financial statements were available to be issued.

### **Investment Management Advisors**

The investment management advisors 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>Total Fees</b>
<b>Snyder Capital Small/Mid-Cap Value Fund</b>				
Class R1	0.12%	0.50%	0.03%	0.65%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### Note 3: Financial Highlights

	<u>Class R1</u>
	<u>Snyder Capital Small/Mid-Cap Value Fund</u>
Net asset value, beginning of the period	\$ 10.00
Net investment income	0.03
Net realized and unrealized gains	<u>2.46</u>
Net increase from investment operations	<u>2.49</u>
Net asset value, end of the period	<u>\$ 12.49</u>
Total return*	24.90%
Ratio to average net assets:**	
Net investment income	0.24%
Expenses without expense reimbursement	0.69%
Expenses with expense reimbursement	0.64%

\*For the period January 3, 2017 (inception) to December 31, 2017

\*\*Annualized

### Note 4: Participant Unit Transactions

	<u>Snyder Capital Small/Mid-Cap Value Fund</u>	
	<u>Units</u>	<u>Dollars</u>
<b>Class R1:</b>		
Proceeds from sales of units	1,163,363	\$ 11,633,629
Cost of units redeemed	<u>-</u>	<u>-</u>
Net increase in total net assets from participant transactions	<u>1,163,363</u>	<u>\$ 11,633,629</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2017

### 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, 2017.

**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 Depository 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, 2017**

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, 2017.

	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	\$ 584,871	\$ 584,871	\$ -	\$ -
Common Stock	12,485,788	12,485,788	-	-
Foreign Stock	1,433,859	1,433,859	-	-
Common Trust Fund (A)	<u>14,804</u>			
Total	<u>\$ 14,519,322</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 – Selected Fund**  
**Snyder Capital Small/Mid-Cap Value Fund**  
**Period Ended December 31, 2017**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Proceeds</b>
Common Stock	\$ 10,923,672
Foreign Stock	1,550,002
Common Trust Fund - Fixed Income	<u>156,833</u>
Total Investments Sold	<u>\$ 12,630,507</u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain (Loss)</b>
Common Stock	\$ 1,231,998	\$ 1,030,104	\$ 201,894
Foreign Stock	140,258	379,828	(239,570)
Mutual Funds - Equity	11,676,066	11,633,629	42,437
Common Trust Fund - Fixed Income	<u>142,029</u>	<u>142,029</u>	<u>-</u>
Total Investments Purchased	<u>\$ 13,190,351</u>	<u>\$ 13,185,590</u>	<u>\$ 4,761</u>