

Hand Composite Employee Benefit Trust
Snyder Capital Small/Mid-Cap Value Fund
Independent Auditor's Report and Financial Statements
December 31, 2018



Hand Composite Employee Benefit Trust
December 31, 2018

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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, 2018, 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, 2018, 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
May 24, 2019

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2018

	Snyder Capital Small/Mid-Cap Value Fund
Assets	
Investments, at cost	\$ 88,655,825
Investments, at fair value	\$ 78,792,520
Receivable for:	
Investment securities sold	431,366
Capital shares sold	448,705
Dividends and interest	83,351
Total assets	\$ 79,755,942
Liabilities	
Payable for investment securities purchased	\$ 520,807
Accounts payable and accrued liabilities	43,850
Total liabilities	\$ 564,657
Net assets held for participants:	
Class R1	\$ 79,191,273
Class R2	12
Total net assets held for participants:	\$ 79,191,285
Units outstanding:	
Class R1	6,798,383
Class R2	1
Total units outstanding:	\$ 6,798,384
Net asset value per unit:	
Class R1	\$ 11.65
Class R2	\$ 11.77

Hand Composite Employee Benefit Trust
Schedule of Investments
Snyder Capital Small/Mid-Cap Value Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
1,716,727	First American Treasury Obligation Fund Instl	\$ 1,716,727	\$ 1,716,727
	Total Short Term Investment	2.18% 1,716,727	1,716,727
<i>Common Stock</i>			
<i>Consumer Discretionary</i>			
27,659	Dollar Tree Inc	2,454,608	2,498,161
73,574	LKQ Corp	2,465,666	1,745,911
34,822	Servicemaster Global Hldgs Inc	1,898,731	1,279,360
	Total Consumer Discretionary	7.01% 6,819,005	5,523,432
<i>Consumer Staples</i>			
26,813	Ingredion Inc	2,860,857	2,450,708
	Total Consumer Staples	3.11% 2,860,857	2,450,708
<i>Financials</i>			
17,032	CBOE Holdings Inc.	1,717,249	1,666,241
43,035	Chemical Financial Corp	2,351,026	1,575,511
33,116	LegacyTexas Financial Group Inc	1,433,226	1,062,692
944	Markel Corp	1,068,362	979,919
24,098	TD Ameritrade Holding Corp	1,371,036	1,179,838
38,021	Western Alliance Bancorp	2,162,723	1,501,449
	Total Financials	10.11% 10,103,622	7,965,650
<i>Healthcare</i>			
5,467	Bio-Techne Corp	842,487	791,184
12,725	Charles River Labs Intl Inc	1,479,420	1,440,216
118,823	Halozyme Therapeutics Inc	2,036,013	1,738,380
28,855	Henry Schein Inc	2,121,436	2,265,695
	Total Healthcare	7.91% 6,479,356	6,235,475

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Snyder Capital Small/Mid-Cap Value Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
39,025	Ametek Inc	\$ 2,837,509	\$ 2,641,993
49,387	BWX Technologies Inc	2,974,876	1,888,065
51,906	Clean Harbors Inc	2,877,508	2,561,561
48,189	Copart Inc	2,712,967	2,302,470
31,804	Genesee & Wyoming Inc CLA	2,515,915	2,354,132
42,911	Graco Inc	1,952,946	1,795,825
45,118	Heico Corp CL A	3,002,390	2,842,434
32,772	Hexcel Corp	2,213,518	1,879,146
12,276	IDEX Corp	1,731,462	1,549,968
72,321	Kar Auction Services Inc	4,163,706	3,451,158
5,160	Valmont Industries Inc	725,849	572,502
35,342	Woodward Inc	2,752,077	2,625,557
	Total Industrials	33.59% <u>30,460,723</u>	<u>26,464,811</u>
<i>Information Technology</i>			
38,678	Amphenol Corp CL A	3,351,241	3,133,692
136,757	Entegris Inc	4,676,733	3,814,837
29,594	Keysight Technologies Inc	1,741,166	1,837,196
24,975	Synopsys Inc	2,201,084	2,103,894
	Total Information Technology	13.82% <u>11,970,224</u>	<u>10,889,619</u>
<i>Materials</i>			
39,177	Cabot Corporation	2,341,046	1,682,260
43,230	FMC Corporation	3,647,127	3,197,291
	Total Materials	6.19% <u>5,988,173</u>	<u>4,879,551</u>
<i>Real Estate</i>			
14,101	Mid-America Apartment Communities	1,377,981	1,349,466
	Total Real Estate	1.71% <u>1,377,981</u>	<u>1,349,466</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Snyder Capital Small/Mid-Cap Value Fund (Continued)
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Utilities</i>			
46,579	UGI Corporation	\$ 2,385,078	\$ 2,484,990
	Total Utilities	3.15% <u>2,385,078</u>	<u>2,484,990</u>
	Total Common Stock	86.60% <u>78,445,019</u>	<u>68,243,702</u>
<i><u>Foreign Stock</u></i>			
<i>Consumer Discretionary</i>			
16,247	Helen of Troy	<u>1,804,282</u>	<u>2,131,281</u>
	Total Consumer Discretionary	2.71% <u>1,804,282</u>	<u>2,131,281</u>
<i>Healthcare</i>			
19,926	Steris PLC	<u>2,084,777</u>	<u>2,129,093</u>
	Total Healthcare	2.71% <u>2,084,777</u>	<u>2,129,093</u>
<i>Industrials</i>			
54,958	Waste Connections Inc	<u>4,113,935</u>	<u>4,080,632</u>
	Total Industrials	5.18% <u>4,113,935</u>	<u>4,080,632</u>
	Total Foreign Stock	10.60% <u>8,002,994</u>	<u>8,341,006</u>
<i><u>Common Trust Fund</u></i>			
<i>Fixed Income</i>			
491,085	HB&T Short Term Income Fund	<u>491,085</u>	<u>491,085</u>
	Total Fixed Income	0.62% <u>491,085</u>	<u>491,085</u>
	Total Investments	100.00% <u>\$ 88,655,825</u>	<u>\$ 78,792,520</u>

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2018

	Snyder Capital Small/Mid-Cap Value Fund
Income	
Interest	\$ 32,552
Dividends	484,828
Total income	517,380
Expenses	
Investment management and administrative	57,859
Custody fees	18,107
Miscellaneous Fees	510
Class R1 expenses	270,258
Total expenses	346,734
Net Investment Income	170,646
Net Realized and Unrealized Gains (Losses) on Investments	
Net realized gains on investments	3,621,078
Net change in unrealized appreciation/ depreciation on investments	(12,779,919)
Net realized and unrealized losses	(9,158,841)
Net Decrease in Net Assets Resulting From Operations	\$ (8,988,195)

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Year Ended December 31, 2018

	Snyder Capital Small/Mid-Cap Value Fund
Operations	
Net investment income	\$ 170,646
Net realized gains	3,621,078
Change in unrealized appreciation/depreciation	(12,779,919)
Net decrease in net assets from operations	(8,988,195)
Net Increase in Net Assets From Participant Transactions	73,654,273
Increase in Net Assets	64,666,078
Net Assets Held for Participants	
Beginning of period	14,525,207
End of period	\$ 79,191,285

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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 92 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.

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, 2018

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 24, 2019, 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.

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Total Fees
Snyder Capital Small/Mid-Cap Value Fund:				
Class R1	0.12%	0.50%	0.03%	0.65%
Class R2	0.12%	0.70%	0.03%	0.85%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

Note 3: Financial Highlights

	Snyder Capital Small/Mid-Cap Value Fund
	Class R1
Net asset value, beginning of the year	\$ 12.49
Net investment income	0.04
Net realized and unrealized losses	(0.88)
Net decrease from investment operations	(0.84)
Net asset value, end of the year	\$ 11.65
Total return	(6.73%)
Ratio to average net assets:	
Net investment income	0.29%
Expenses	0.33%

Note 4: Participant Unit Transactions

	Snyder Capital Small/ Mid-Cap Value Fund	
	Units	Dollars
Class R1:		
Proceeds from sales of units	6,444,196	\$ 84,087,328
Cost of units redeemed	(809,175)	(10,433,055)
Net increase in total net assets from participant transactions	5,635,021	\$ 73,654,273

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

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, 2018.

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, 2018

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, 2018:

	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)
Snyder Capital Small/Mid-Cap Value Fund				
Short Term Investment	\$ 1,716,727	\$ 1,716,727	\$ -	\$ -
Common Stock	68,243,702	68,243,702	-	-
Foreign Stock	8,341,006	8,341,006	-	-
Common Trust Fund - Fixed Income (A)	<u>491,085</u>			
Total	<u>\$ 78,792,520</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

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
Year Ended December 31, 2018

Purchases	
Investment Class	Proceeds
Common Stock	\$ 13,055,054
Foreign Stock	708,090
Common Trust Fund - Fixed Income	1,409,943
Total Investments Sold	\$ 15,173,087

Sales			
Investment Class	Proceeds	Cost	Gain
Common Stock	\$ 13,162,028	\$ 10,097,028	\$ 3,065,000
Foreign Stock	1,904,438	1,348,360	556,078
Common Trust Fund - Fixed Income	933,662	933,662	-
Total Investments Purchased	\$ 16,000,128	\$ 12,379,050	\$ 3,621,078