

Hand Composite Employee Benefit Trust
Todd International Intrinsic Value Collective 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 the Todd International Intrinsic Value Collective Fund (Fund) included in the Hand Composite Employee Benefit Trust ("Trust" or "Funds"), which 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 period from November 1, 2018 (inception) to December 31, 2018, 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 audit 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 the Todd International Intrinsic Value Collective 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 period from November 1, 2018 (inception) to December 31, 2018, 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 audit 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

	Todd International Intrinsic Value Collective Fund
Assets	
Investments, at cost	\$ <u>425,006</u>
Investments, at fair value	\$ 385,686
Receivable for:	
Fee reimbursements	1,229
Dividends and interest	<u>303</u>
Total assets	<u>\$ 387,218</u>
Liabilities	
Payable for investment securities purchased	\$ 37
Accounts payable and accrued liabilities	<u>665</u>
Total liabilities	<u>\$ 702</u>
Net assets held for participants:	
Class R	\$ 386,507
Class R1	<u>9</u>
Total net assets held for participants	<u>\$ 386,516</u>
Units outstanding:	
Class R	42,500
Class R1	<u>1</u>
Total units outstanding	<u>42,501</u>
Net asset value per unit:	
Class R	<u>\$ 9.09</u>
Class R1	<u>\$ 9.09</u>

Hand Composite Employee Benefit Trust
Schedule of Investments
Todd International Intrinsic Value Collective Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i><u>Short Term Investment</u></i>			
11,056	First American Treasury Obligation Fund V	\$ 11,056	\$ 11,056
	Total Short Term Investment	2.87% <u>11,056</u>	<u>11,056</u>
<i><u>Foreign Stock</u></i>			
<i>Consumer Discretionary</i>			
110	Aptiv PLC	8,414	6,774
120	Carnival PLC ADR	6,832	5,848
100	LVMH Moet Hennessy Unsponsored ADR	6,114	5,845
130	Magna International Inc	6,499	5,909
290	Melco Crown Entertainment Ltd ADR	5,149	5,110
80	New Oriental Edu & Tech Grp Inc Spons ADR	4,906	4,385
250	Panasonic Corp Spons ADR	2,638	2,248
200	YandexNv A	6,080	5,468
	Total Consumer Discretionary	10.78% <u>46,632</u>	<u>41,587</u>
<i>Consumer Staples</i>			
65	British American Tobacco PLC	2,889	2,071
300	Danone-spons ADR	4,325	4,194
	Total Consumer Staples	1.62% <u>7,214</u>	<u>6,265</u>
<i>Energy</i>			
60	Cnooc Limited Spons ADR	10,385	9,147
215	Eni Spa (ADR)	7,614	6,773
150	Lukoil Pjsc Sponsored ADR	11,400	10,701
665	Repsol S.A. Ads	11,772	10,660
190	Royal Dutch Shell PLC Cl A - Spons ADR	12,030	11,071
185	Total Sa Spon ADR	10,797	9,653
	Total Energy	15.04% <u>63,998</u>	<u>58,005</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Todd International Intrinsic Value Collective Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Financials</i>			
35	Aon PLC	\$ 5,437	\$ 5,088
190	Axa S.a. (ADR)	4,802	4,064
225	Banco Santander Chile ADR	6,832	6,728
625	Banco Santander Mexico Sa ADR	4,118	3,850
1,305	Banco Santander Sa Sponsored ADR	6,355	5,846
75	Bank Of Montreal	5,641	4,901
220	BNP Paribas Sa ADR	5,801	4,959
110	DBS Group Holdings Inc Spons ADR	7,827	7,670
95	HDFC Bank Ltd ADR	8,454	9,841
425	ING Groep Nv ADR	5,444	4,531
517	Itau Unibanco Holding-pref ADR	4,621	4,725
160	Lazard Ltd Cl A	6,496	5,906
1,050	Mitsubishi UFJ Financial Group Inc	6,342	5,115
100	Orix Corp Sponsored ADR	8,157	7,155
620	Sberbank Of Russia Sponsored ADR	7,288	6,794
685	Sumitomo Mitsui-Spons ADR	5,370	4,459
120	Sun Life Financial Inc	4,428	3,983
520	UBS Group Ag	7,380	6,436
	Total Financials	26.46% <u>110,793</u>	<u>102,051</u>
<i>Healthcare</i>			
32	Allergan PLC	5,360	4,277
301	Grifols SA ADR	6,330	5,526
45	Icon PLC	6,285	5,814
43	Medtronic PLC	3,988	3,911
	Total Healthcare	5.06% <u>21,963</u>	<u>19,528</u>
<i>Industrials</i>			
155	Aercap Holdings Nv	7,956	6,138
65	Ashtead Group PLC Un-sponsored ADR	6,596	5,451
65	Canadian National Railway Co	5,571	4,817
165	China Communications Un-sponsored ADR	3,135	3,155
170	IHS Markit Ltd	9,008	8,155
229	Komatsu Ltd Spons ADR	6,194	4,933
80	Makita Corp Sponsored ADR	2,871	2,814
52	Ryanair Holdings PLC	4,466	3,710
150	Sensata Technologies Holding PLC	7,161	6,726
309	ZTO Express Cayman Inc ADR	5,025	4,891
	Total Industrials	13.17% <u>57,983</u>	<u>50,790</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Todd International Intrinsic Value Collective Fund
December 31, 2018

Number of Shares		Cost	Fair Value
<i>Information Technology</i>			
25	Alibaba Group Holding Limited Spons ADR	\$ 3,588	\$ 3,427
110	Amdocs Ltd	7,004	6,444
30	Baidu Inc Spons ADR	5,815	4,759
170	Fujifilm Holdings Corp	7,400	6,622
200	Hollysys Automation Tech Ltd	3,928	3,502
460	Infosys Ltd Sponsored ADR	4,318	4,379
15	Netease.com Inc Spons ADR	3,313	3,531
155	Taiwan Semiconductor-sp ADR	6,018	5,721
130	Tokyo Electron Ltd Unsponsored ADR	4,266	3,661
120	WNS Holdings Ltd ADR	5,996	4,950
75	YY Inc ADR	4,892	4,490
	Total Information Technology	13.35% <u>56,538</u>	<u>51,486</u>
<i>Materials</i>			
210	BASF SE	4,055	3,694
165	CRH PLC - Sponsored ADR	4,982	4,348
65	Lyondellbasell Industries Nv	5,986	5,405
160	Rio Tinto PLC-spon ADR	8,097	7,757
	Total Materials	5.50% <u>23,120</u>	<u>21,204</u>
<i>Telecommunication Services</i>			
610	Mobile Telesystems	4,879	4,270
130	Momo Inc Sponsored ADR	4,450	3,088
145	Nippon Telephone & Telegraph	5,241	5,892
145	Softbank Corp Unsponsored ADR	5,492	4,727
	Total Telecommunication Services	4.66% <u>20,062</u>	<u>17,977</u>
<i>Real Estate</i>			
185	China Overseas Land And Invest Unsponsored ADR	3,051	3,121
	Total Real Estate	0.81% <u>3,051</u>	<u>3,121</u>
<i>Utilities</i>			
265	E On Se Sponsored ADR	2,596	2,616
	Total Utilities	0.68% <u>2,596</u>	<u>2,616</u>
	Total Foreign Stock	97.13% <u>413,950</u>	<u>374,630</u>
	Total Investments	100.00% <u>\$ 425,006</u>	<u>\$ 385,686</u>

ADR American Depository Receipt

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Period From November 1, 2018 (Inception) to December 31, 2018

	Todd International Intrinsic Value Collective Fund
Income	
Interest	\$ 26
Dividends	917
Total income	943
Expenses	
Investment management and administrative	81
Custody	1,250
Total expenses before reimbursement of fees	1,331
Reimbursement of fees	(1,229)
Total expenses	102
Net Investment Income	841
Net Realized and Unrealized Gains (Losses) on Investments	
Net realized gains on investments	32
Net change in unrealized appreciation/depreciation on investments	(39,320)
Net realized and unrealized losses	(39,288)
Net Decrease in Net Assets Resulting From Operations	\$ (38,447)

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Period From November 1, 2018 (Inception) to December 31, 2018

	Todd International Intrinsic Value Collective Fund
Operations	
Net investment income	\$ 841
Net realized gains	32
Change in unrealized appreciation/depreciation	(39,320)
Net decrease in net assets from operations	(38,447)
 Net Increase in Net Assets From Participant Transactions	 424,963
 Increase in Net Assets	 386,516
 Net Assets	
Beginning of period	-
End of period	\$ 386,516

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

Note 1: Nature of Operations

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 portfolios (the Funds); the financial statements of one of these funds is included in this report with an inception date of November 1, 2018.

For those funds with more than one class of units, 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 accounted for on trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation on investments are reported on 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 its taxable income to its 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 Advisor

The investment management advisor is Todd Asset Management, LLC.

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 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.

During 2018, the Fund was reimbursed \$1,229 by the investment management advisor for custody fees paid.

The following table indicates the fees charged 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	Other Fees	Total Fees
Todd International Intrinsic Value Collective Fund:					
Class R	0.12%	0.00%	0.03%	0.00%	0.15%
Class R1	0.12%	0.60%	0.03%	0.00%	0.75%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2018

Note 3: Financial Highlights

	Class R	Class R1
	Todd	Todd
	International	International
	Intrinsic Value	Intrinsic Value
	Collective Fund	Collective Fund
Net asset value, beginning of period	\$ 10.00	\$ 10.00
Net investment income	0.02	0.02
Net realized and unrealized losses	(0.93)	(0.93)
Net decrease from investment operations	(0.91)	(0.91)
Net asset value, end of period	\$ 9.09	\$ 9.09
Total return*	-9.10%	-9.10%
Ratio to average net assets**:		
Net investment income	0.03%	0.03%
Expenses without waivers	0.06%	0.05%
Expenses with waivers	0.00%	0.00%

* For the period of November 1, 2018 (inception) to December 31, 2018

** Annualized

Note 4: Participant Unit Transactions

	Todd International Intrinsic Value	
	Collective Fund	
	Units	Dollars
Class R:		
Proceeds from sales of units	42,500	\$ 424,963
Cost of units redeemed	-	-
Net change in Class R from participant transactions	42,500	424,963
Class R1:		
Proceeds from sales of units	1	-
Cost of units redeemed	-	-
Net change in Class R1 from participant transactions	1	0
Net change in total net assets from participant transactions		\$ 424,963

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 on 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.

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 the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments, such as American Depositary Receipts and the movement of certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as either Level 1 or 2 of the hierarchy.

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.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
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)
Todd International Intrinsic Value Collective Fund				
Short Term Investment	\$ 11,056	\$ 11,056	\$ -	\$ -
Foreign Stock	<u>374,630</u>	<u>374,630</u>	-	-
Total	<u>\$ 385,686</u>			

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
Period From November 1, 2018 (Inception) to December 31, 2018

Purchases	
Investment Class	Cost
Foreign Stock	<u>\$ 425,783</u>
Total Investments Purchased	<u><u>\$ 425,783</u></u>

Sales			
Investment Class	Proceeds	Cost	Gain
Foreign Stock	<u>\$ 11,865</u>	<u>\$ 11,833</u>	<u>\$ 32</u>
Total Investments Sold	<u><u>\$ 11,865</u></u>	<u><u>\$ 11,833</u></u>	<u><u>\$ 32</u></u>