

**Hand Composite Employee Benefit Trust
Todd International Intrinsic Value Collective 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 the Todd International Intrinsic Value Collective Fund (Fund) included in the Hand Composite Employee Benefit Trust ("Trust" or "Fund"), which 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 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, 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 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 22, 2020

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

	Todd International Intrinsic Value Collective Fund
Assets	
Investments, at cost	<u>\$ 431,342</u>
Investments, at fair value	\$ 493,896
Receivable for:	
Fee reimbursements	613
Dividends and interest	<u>919</u>
Total assets	<u>\$ 495,428</u>
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 676</u>
Total liabilities	<u>\$ 676</u>
Net assets held for participants:	
Class R	\$ 494,740
Class R1	<u>12</u>
Total net assets held for participants	<u>\$ 494,752</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>\$ 11.64</u>
Class R1	<u>\$ 11.64</u>

Hand Composite Employee Benefit Trust
Schedule of Investments
Todd International Intrinsic Value Collective Fund
December 31, 2019

Number of Shares		Cost	Fair Value
<i>Short Term Investment</i>			
16,676	First American Treasury Obligation Fund V	\$ 16,676	\$ 16,676
	Total Short Term Investment	3.38% <u>16,676</u>	<u>16,676</u>
<i>Foreign Stock</i>			
<i>Consumer Discretionary</i>			
110	Aptiv PLC	8,414	10,447
126	Carnival PLC ADR	7,085	6,068
86	LVMH Moet Hennessy Unsponsored ADR	5,258	8,021
130	Magna International Inc	6,499	7,129
290	Melco Crown Entertainment Ltd ADR	5,149	7,009
63	New Oriental Edu & Tech Grp Inc Spons ADR	3,863	7,639
220	TechTronic Industries Co Sponsored ADR	7,748	9,024
533	Vipshop Holdings LTD ADR	5,013	7,553
172	Yandex Nv A	5,229	7,480
	Total Consumer Discretionary	14.25% <u>54,258</u>	<u>70,370</u>
<i>Consumer Staples</i>			
123	British American Tobacco PLC	5,248	5,223
433	Danone-spons ADR	6,445	7,140
219	Koninklijke Ahold Delhaize NV	5,277	5,497
	Total Consumer Staples	3.62% <u>16,970</u>	<u>17,860</u>
<i>Energy</i>			
60	Cnooc Limited Spons ADR	10,385	10,000
248	Eni Spa (ADR)	8,700	7,678
134	Lukoil Pjsc Sponsored ADR	10,184	13,227
665	Repsol S.A. Ads	11,772	10,427
154	Royal Dutch Shell PLC Cl A - Spons ADR	9,751	9,083
185	Total Sa Spon ADR	10,797	10,231
	Total Energy	12.28% <u>61,589</u>	<u>60,646</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Todd International Intrinsic Value Collective Fund
December 31, 2019

Number of Shares		Cost	Fair Value
<i>Financials</i>			
29	Aon PLC	\$ 4,530	\$ 6,040
190	Axa S.A. (ADR)	4,802	5,348
75	Bank Of Montreal	5,641	5,813
220	BNP Paribas Sa ADR	5,801	6,532
115	DBS Group Holdings Inc Spons ADR	8,200	8,873
132	HDFC Bank Ltd ADR	5,873	8,365
425	ING Groep Nv ADR	5,444	5,121
654	Itau Unibanco Holding-pref ADR	6,010	5,984
160	Lazard LTD CL A	6,496	6,394
681	Mitsubishi UFJ Financial Group Inc	4,113	3,698
91	Orix Corp Sponsored ADR	7,423	7,590
328	Ping An Insurance Co China LTD ADR	7,495	7,806
510	Sberbank Of Russia Sponsored ADR	5,997	8,364
495	Sumitomo Mitsui-Spons ADR	3,880	3,668
160	Sun Life Financial Inc	6,052	7,291
304	UBS Group Ag	4,314	3,824
	Total Financials	20.39% <u>92,071</u>	<u>100,711</u>
<i>Healthcare</i>			
41	Allergan PLC	6,664	7,838
274	Grifols SA ADR	5,762	6,381
30	Icon PLC	4,190	5,167
78	Medtronic PLC	7,141	8,849
412	Shionogi & Co LTD	6,303	6,407
	Total Healthcare	7.01% <u>30,060</u>	<u>34,642</u>
<i>Industrials</i>			
155	Aercap Holdings Nv	7,956	9,528
81	Ashtead Group PLC Un-sponsored ADR	8,257	10,449
65	Canadian National Railway Co	5,571	5,879
165	China Communications Un-sponsored ADR	3,135	2,638
141	IHS Markit Ltd	7,478	10,624
180	Komatsu LTD Spons ADR	4,918	4,327
131	Sensata Technologies Holding PLC	6,254	7,057
365	ZTO Express Cayman Inc ADR	5,983	8,523
	Total Industrials	11.95% <u>49,552</u>	<u>59,025</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Todd International Intrinsic Value Collective Fund
December 31, 2019

Number of Shares		Cost	Fair Value
<i>Information Technology</i>			
46	Alibaba Group Holding Limited Spons ADR	\$ 7,152	\$ 9,757
103	Amdocs Ltd	6,620	7,436
158	Fujifilm Holdings Corp	6,878	7,600
460	Infosys Ltd Sponsored ADR	4,319	4,747
25	Netease.com Inc Spons ADR	5,919	7,666
75	NXP Semiconductors NV	7,140	9,545
206	Taiwan Semiconductor-sp ADR	8,211	11,969
141	Tokyo Electron Ltd Unsponsored ADR	4,756	7,703
79	WNS Holdings Ltd ADR	3,947	5,226
	Total Information Technology	14.51% <u>54,942</u>	<u>71,649</u>
<i>Materials</i>			
210	BASF SE	4,055	3,930
201	CRH PLC - Sponsored ADR	6,195	8,106
65	Lyondellbasell Industries Nv	5,986	6,141
160	Rio Tinto PLC-spon ADR	8,097	9,498
	Total Materials	5.60% <u>24,333</u>	<u>27,675</u>
<i>Real Estate</i>			
185	China Overseas Land And Invest Unsponsored ADR	3,051	3,608
	Total Real Estate	0.73% <u>3,051</u>	<u>3,608</u>
<i>Telecommunication Services</i>			
75	Joyy Inc.	4,892	3,957
814	Mobile Telesystems	6,516	8,262
201	Momo Inc Sponsored ADR	6,880	6,734
145	Nippon Telephone & Telegraph	5,241	7,323
	Total Telecommunication Services	5.32% <u>23,529</u>	<u>26,276</u>
<i>Utilities</i>			
179	Veolia Environment ADR	4,311	4,758
	Total Utilities	0.96% <u>4,311</u>	<u>4,758</u>
	Total Foreign Stock	96.62% <u>414,666</u>	<u>477,220</u>
	Total Investments	100.00% <u>\$ 431,342</u>	<u>\$ 493,896</u>

ADR American Depository Receipt

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

	Todd International Intrinsic Value Collective Fund
Income	
Interest	\$ 314
Dividends (net of \$657 in foreign taxes paid)	<u>12,904</u>
Total income	<u>13,218</u>
Expenses	
Investment management and administrative	546
Custody	<u>7,500</u>
Total expenses before reimbursement of fees	8,046
Reimbursement of fees	<u>(7,352)</u>
Total expenses	<u>694</u>
Net Investment Income	<u>12,524</u>
Net Realized and Unrealized Gains (Losses) on Investments	
Net realized losses on investments	(6,162)
Net change in unrealized appreciation on investments	<u>101,874</u>
Net realized and unrealized gains	<u>95,712</u>
Net Increase in Net Assets Resulting From Operations	<u><u>\$ 108,236</u></u>

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

	Todd International Intrinsic Value Collective Fund
Operations	
Net investment income	\$ 12,524
Net realized losses	(6,162)
Change in unrealized appreciation	101,874
Net increase in net assets from operations	108,236
Increase in Net Assets	108,236
Net Assets	
Beginning of year	386,516
End of year	\$ 494,752

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

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 76 portfolios (the Funds); the financial statements of one of these funds is included in this report.

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, 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 its taxable income to its participants. Therefore, no federal income tax provision is required.

Subsequent Events

As a result of the spread of the COVID-19 coronavirus, 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 May 22, 2020, 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 2019, the Fund was reimbursed \$7,352 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.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
December 31, 2019

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%

Note 3: Financial Highlights

	Class R Todd International Intrinsic Value Collective Fund	Class R1 Todd International Intrinsic Value Collective Fund
Net asset value, beginning of year	\$ 9.09	\$ 9.09
Net investment income	0.29	0.29
Net realized and unrealized gains	2.26	2.26
Net increase from investment operations	2.55	2.55
Net asset value, end of year	<u>\$ 11.64</u>	<u>\$ 11.64</u>
Total return	28.05%	28.05%
Ratio to average net assets:		
Net investment income	2.79%	2.79%
Expenses without waivers	1.79%	1.79%
Expenses with waivers	0.15%	0.15%

Note 4: Participant Unit Transactions

There were no purchases or sales of units during the year ended 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 on the measurement date.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

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.

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, 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)
Todd International Intrinsic Value Collective Fund				
Short Term Investment	\$ 16,676	\$ 16,676	\$ -	\$ -
Foreign Stock	477,220	477,220	-	-
Total	<u>\$ 493,896</u>			

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2019

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
Year Ended December 31, 2019

Purchases	
Investment Class	Cost
Foreign Stock	\$ 83,871

Sales			
Investment Class	Proceeds	Cost	Loss
Foreign Stock	\$ 76,993	\$ 83,155	\$ (6,162)