

**Hand Composite Employee Benefit Trust  
Todd International Intrinsic Value Collective Fund**  
Independent Auditor's Report and Financial Statements  
December 31, 2020



**Hand Composite Employee Benefit Trust**  
**December 31, 2020**

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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, 2020, 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, 2020, 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 27, 2021

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2020**

	<b>Todd International Intrinsic Value Collective Fund</b>
<b>Assets</b>	
Investments, at cost	\$ 447,520
Investments, at fair value	\$ 543,453
Receivable for:	
Fee reimbursements	1,225
Dividends and interest	600
Total assets	<u>\$ 545,278</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 679
Total liabilities	<u>\$ 679</u>
Net assets held for participants:	
Class R	\$ 544,586
Class R1	13
Total net assets held for participants	<u>\$ 544,599</u>
Units outstanding:	
Class R	42,500
Class R1	1
Total units outstanding	<u>42,501</u>
Net asset value per unit:	
Class R	\$ 12.81
Class R1	<u>\$ 12.81</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**Todd International Intrinsic Value Collective Fund**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<b><i>Short Term Investment</i></b>			
16,196	First American Treasury Obligation Fund V	\$ 16,196	\$ 16,196
	Total Short Term Investment	2.98% <u>16,196</u>	<u>16,196</u>
<b><i>Foreign Stock</i></b>			
<b><i>Consumer Discretionary</i></b>			
107	Aptiv PLC	7,664	13,941
86	LVMH Moet Hennessy Unsponsored ADR	5,258	10,727
165	Magna International Inc	7,698	11,682
290	Melco Crown Entertainment Ltd ADR	5,149	5,380
220	Naspers Ltd Spons ADR	8,066	8,941
53	New Oriental Edu & Tech Grp Inc Spons ADR	3,250	9,848
115	Sony Corporation ADR	8,561	11,627
152	TechTronic Industries Co Sponsored ADR	5,256	10,847
424	Vipshop Holdings LTD ADR	4,004	11,919
127	Yandex Nv A	3,861	8,837
	Total Consumer Discretionary	19.09% <u>58,767</u>	<u>103,749</u>
<b><i>Consumer Staples</i></b>			
123	British American Tobacco PLC	5,248	4,611
343	Danone-Spons ADR	5,148	4,493
219	Koninklijke Ahold Delhaize NV	5,277	6,181
	Total Consumer Staples	2.81% <u>15,673</u>	<u>15,285</u>
<b><i>Energy</i></b>			
60	Cnooc Limited Spons ADR	10,385	5,499
134	Lukoil Pjsc Sponsored ADR	10,184	9,160
462	Repsol S.A. ADS	8,179	4,625
145	Royal Dutch Shell PLC Cl A - Spons ADR	9,181	5,095
176	Total Sa Spon ADR	10,272	7,376
	Total Energy	5.84% <u>48,201</u>	<u>31,755</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Todd International Intrinsic Value Collective Fund (Continued)**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i>Financials</i>			
29	Aon PLC	\$ 4,530	\$ 6,127
190	Axa S.A. (ADR)	4,802	4,551
105	Bank Of Montreal	7,228	7,983
220	BNP Paribas Sa ADR	5,801	5,854
115	DBS Group Holdings Inc Spons ADR	8,200	8,746
149	HDFC Bank Ltd ADR	6,351	10,767
669	ING Groep Nv ADR	6,839	6,315
848	Itau Unibanco Holding-Pref ADR	6,911	5,164
201	Lazard LTD CL A	7,641	8,502
681	Mitsubishi UFJ Financial Group Inc	4,113	3,017
91	Orix Corp Sponsored ADR	7,423	7,037
328	Ping An Insurance Co China LTD ADR	7,495	8,036
510	Sberbank Of Russia Sponsored ADR	5,997	7,395
160	Sun Life Financial Inc	6,052	7,114
353	UBS Group Ag	4,856	4,988
	Total Financials	18.69% <u>94,239</u>	<u>101,596</u>
<i>Healthcare</i>			
151	Fresenius Medical Care ADR	6,153	6,276
274	Grifols Sa ADR	5,762	5,053
30	Icon PLC	4,190	5,849
78	Medtronic PLC	7,141	9,137
91	Roche Holdings Ltd Spons ADR	4,015	3,989
412	Shionogi & Co LTD	6,303	5,644
	Total Healthcare	6.61% <u>33,564</u>	<u>35,948</u>
<i>Industrials</i>			
248	Aercap Holdings NV	10,089	11,304
73	Ashtead Group Plc Un-sponsored ADR	7,386	13,829
65	Canadian National Railway CO	5,571	7,140
74	Ihs Markit LTD	3,928	6,647
94	Itochu Corp Un-sponsored ADR	5,054	5,428
199	Komatsu Ltd Spons ADR	5,437	5,509
108	Koninklijke Philips Electronics	4,732	5,850
131	Sensata Technologies Holding PLC	6,254	6,909

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Todd International Intrinsic Value Collective Fund (Continued)**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
235	Zto Express Cayman Inc ADR	\$ 4,457	\$ 6,853
	Total Industrials	12.78% <u>52,908</u>	<u>69,469</u>
<i>Information Technology</i>			
37	Alibaba Group Holding Limited Spons ADR	5,860	8,611
103	Amdocs Ltd	6,620	7,306
32	Baidu Inc Spons ADR	4,945	6,920
587	Ericsson (Im) Tel-sp ADR	5,711	7,015
149	Fujifilm Holdings Corp	6,949	7,890
460	Infosys Ltd Sponsored ADR	4,319	7,797
118	Netease.com Inc Spons ADR	6,780	11,301
67	Nxp Semiconductors NV	6,424	10,654
173	Open Text Corp	7,438	7,865
93	Taiwan Semiconductor-sp ADR	3,824	10,141
122	Tokyo Electron Ltd Un-sponsored ADR	4,133	11,418
79	Wns Holdings Ltd ADR	3,947	5,692
	Total Information Technology	18.88% <u>66,950</u>	<u>102,610</u>
<i>Materials</i>			
376	BASF SE	6,530	7,400
231	CRH PLC - Sponsored ADR	7,392	9,836
104	Lyondellbasell Industries NV	9,041	9,533
160	Rio Tinto PLC-spon ADR	8,097	12,035
	Total Materials	7.14% <u>31,060</u>	<u>38,804</u>
<i>Real Estate</i>			
185	China Overseas Land And Invest Un-sponsored ADR	3,051	1,972
	Total Real Estate	0.36% <u>3,051</u>	<u>1,972</u>
<i>Telecommunication Services</i>			
66	Joyy Inc.	4,593	5,279
814	Mobile Telesystems	6,516	7,285
229	Momo Inc Sponsored ADR	7,301	3,197
232	Nippon Telephone & Telegraph	4,193	5,962
	Total Telecommunication Services	4.02% <u>22,603</u>	<u>21,723</u>



**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**Todd International Intrinsic Value Collective Fund (Continued)**  
**December 31, 2020**

Number of Shares		Cost	Fair Value
<i>Utilities</i>			
179	Veolia Environment ADR	\$ 4,308	\$ 4,346
	Total Utilities	0.80% <u>4,308</u>	<u>4,346</u>
	Total Foreign Stock	97.02% <u>431,324</u>	<u>527,257</u>
	Total Investments	100.00% <u>\$ 447,520</u>	<u>\$ 543,453</u>
ADR	American Depository Receipt		

**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Year Ended December 31, 2020**

	<b>Todd International Intrinsic Value Collective Fund</b>
<b>Income</b>	
Interest	\$ 56
Dividends (net of \$443 in foreign taxes paid)	11,030
Total income	11,086
<b>Expenses</b>	
Investment management and administrative	545
Custody	7,500
Total expenses before reimbursement of fees	8,045
Reimbursement of fees	(7,973)
Total expenses	72
<b>Net Investment Income</b>	11,014
<b>Net Realized and Unrealized Gains on Investments</b>	
Net realized gains on investments	5,449
Net change in unrealized appreciation on investments	33,384
Net realized and unrealized gains	38,833
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 49,847

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Year Ended December 31, 2020**

	<b>Todd International Intrinsic Value Collective Fund</b>
<b>Operations</b>	
Net investment income	\$ 11,014
Net realized gains	5,449
Change in unrealized appreciation	<u>33,384</u>
Net increase in net assets from operations	<u>49,847</u>
<b>Increase in Net Assets</b>	49,847
<b>Net Assets</b>	
Beginning of year	<u>494,752</u>
End of year	<u><u>\$ 544,599</u></u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2020

### 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 80 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, 2020

#### ***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 27, 2021, 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 2020, the Fund was reimbursed \$7,973 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, 2020**

**Note 3: Financial Highlights**

	<b>Todd International Intrinsic Value Collective Fund</b>	
	<b>Class R</b>	<b>Class R1</b>
Net asset value, beginning of year	\$ 11.64	\$ 11.64
Net investment income	0.26	0.26
Net realized and unrealized gains	0.91	0.91
Net increase from investment operations	1.17	1.17
Net asset value, end of year	\$ 12.81	\$ 12.81
Total return	10.05%	10.05%
Ratio to average net assets:		
Net investment income	2.44%	2.44%
Expenses without waivers	1.79%	1.79%
Expenses with waivers	0.02%	0.02%

**Note 4: Participant Unit Transactions**

There were no purchases or sales of units during the year ended December 31, 2020.

**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.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2020

**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, 2020.

**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 Depository 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, 2020:

	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>Todd International Intrinsic Value Collective Fund</b>				
Short Term Investment	\$ 16,196	\$ 16,196	\$ -	\$ -
Foreign Stock	<u>527,257</u>	<u>527,257</u>	-	-
Total	<u>\$ 543,453</u>			

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2020

### 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.

Since January 2020, the COVID-19 pandemic created outbreaks of infectious illnesses, and countries throughout the globe were subject to other public health threats, infectious illnesses, diseases, or similar issues. Any spread of an infectious illness, public health threat or similar issue could alter consumer demand or economic output, result in market closures, travel restrictions or quarantines, and have a significant impact on the global economy, which in turn could adversely affect the Fund's investments and could result in increases or decreases in the Fund's net asset value.



## **Supplemental Information**

**Hand Composite Employee Benefit Trust**  
**Schedule of Investment Purchases and Sales – Selected Fund**  
**Year Ended December 31, 2020**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Foreign Stock	\$ 84,156
Total Investments Purchased	\$ 84,156

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gain</b>
Foreign Stock	\$ 72,882	\$ 67,433	\$ 5,449
Total Investments Sold	\$ 72,882	\$ 67,433	\$ 5,449