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# **Hand Composite Employee Benefit Trust Transamerica Balanced Fund**

**Independent Auditor's Report and  
Financial Statements**

December 31, 2023

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**Hand Composite Employee Benefit Trust**  
**December 31, 2023**

**Contents**

**Independent Auditor's Report..... 1**

**Basic Financial Statements**

Statement of Assets and Liabilities – Selected Fund ..... 3

Schedule of Investments

    Transamerica Balanced Fund ..... 4

Statement of Operations – Selected Fund ..... 5

Statement of Changes in Net Assets – Selected Fund ..... 6

Notes to Financial Statements..... 7

**Supplemental Information**

Schedule of Investment Purchases and Sales – Selected Fund ..... 12



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## Independent Auditor's Report

To the Unitholders and Board of Directors  
Hand Composite Employee Benefit Trust  
Houston, Texas

### **Opinion**

We have audited the financial statements of the selected fund, Transamerica Balanced Fund, included in the Hand Composite Employee Benefit Trust, which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2023, and the related statements of operations and changes in net assets for the period from October 30, 2023 (inception) to December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the selected fund, included in the Hand Composite Employee Benefit Trust, as of December 31, 2023, and the results of its operations and the changes in its net assets for the period from October 30, 2023 (inception) to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Hand Composite Employee Benefit Trust and the selected fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand Composite Employee Benefit Trust and the selected fund's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hand Composite Employee Benefit Trust and the selected fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand Composite Employee Benefit Trust and the selected fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the selected fund's basic financial statements. 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

**FORVIS,LLP**

Houston, Texas  
May 31, 2024

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2023**

	<b><u>Transamerica Balanced Fund</u></b>
<b>Assets</b>	
Investments, at cost	<u>\$ 30,964,994</u>
Investments, at fair value	<u>\$ 33,754,182</u>
Total assets	<u>\$ 33,754,182</u>
<b>Liabilities</b>	
Payable for capital shares redeemed	<u>\$ 179,504</u>
Accounts payable and accrued liabilities	<u>1,940</u>
Total liabilities	<u>\$ 181,444</u>
Net assets held for participants, at fair value - Class R	<u>\$ 33,572,738</u>
Adjustment for guranteed investment contract - Class R	<u>\$ 564,442</u>
Net assets held for participants, at contract value - Class R	<u>\$ 34,137,180</u>
Units outstanding - Class R	<u>3,081,515</u>
Net asset value per unit - Class R	<u>\$ 11.08</u>

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**Transamerica Balanced Fund**  
**December 31, 2023**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investments</u></b>			
352,654	State Street Instl US Govt Money Market Fund Premier CL	\$ 352,654	\$ 352,654
	Total Short Term Investments	1.03% 352,654	352,654
<b><u>Guaranteed Investment Contracts</u></b>			
858,825	Transamerica Life Insurance Company Stable Value Contract (Average yield earned - 2.50%)	8,621,429	8,092,638
	Total Guaranteed Investment Contract	23.71% 8,621,429	8,092,638
<b><u>Common Trust Funds</u></b>			
<b><i>Fixed Income</i></b>			
321,331	Aegon Long Credit Bond CIT CL D	3,248,657	3,830,267
	Total Fixed Income	11.22% 3,248,657	3,830,267
<b><i>Equity</i></b>			
1,874,225	Aegon Large Cap Blend EQ CIF R0	18,742,254	21,478,623
	Total Equity	62.92% 18,742,254	21,478,623
	Total Common Trust Funds	74.14% 21,990,911	25,308,890
	Total Investments	98.88% \$ 30,964,994	\$ 33,754,182

**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**For the Period from October 30, 2023 (Inception) to December 31, 2023**

	<b><u>Transamerica Balanced Fund</u></b>
<b>Income</b>	
Interest	\$ 3,911
Total income	<u>3,911</u>
<b>Expenses</b>	
Investment management and administrative	2,957
Other	<u>500</u>
Total expenses	<u>3,457</u>
<b>Net Investment Income</b>	<u>454</u>
<b>Net Realized and Unrealized Gains on Investments</b>	
Net change in unrealized appreciation/depreciation	<u>3,353,630</u>
Net realized and unrealized gains on investments	<u>3,353,630</u>
<b>Net Increase in Net Assets Resulting From Operations</b>	<u><u>\$ 3,354,084</u></u>

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**For the Period from October 30, 2023 (Inception) to December 31, 2023**

	<b><u>Transamerica Balanced Fund</u></b>
<b>Operations</b>	
Net investment income	\$ 454
Change in unrealized appreciation/depreciation	<u>3,353,630</u>
Net increase in net assets from operations	3,354,084
<b>Net Increase in Net Assets From Participant Transactions</b>	<u>30,783,096</u>
<b>Increase in Net Assets</b>	34,137,180
<b>Net Assets</b>	
Beginning of period	<u>-</u>
End of period	<u><u>\$ 34,137,180</u></u>



# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2023

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

The Transamerica Balanced Fund had an inception date of October 30, 2023.

#### ***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.

Contract value is the relevant measure for the portion of net assets attributable to fully benefit-responsive guaranteed investment contracts. The contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the plan. Fully benefit-responsive guaranteed investment contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less and participant withdrawals and administration expenses.

#### ***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

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2023

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 is reinvested, thereby increasing the respective unit values.

#### ***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 apports 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 31, 2024, which is the date the financial statements were available to be issued.

#### ***Investment Management Advisor***

The investment management advisor for the Fund is Mesirow Financial Holdings Inc.

## **Note 2: Fully Benefit-responsive Investment Contracts**

The Transamerica Balanced Fund guaranteed investment contract (GIC) is deemed fully benefit responsive as of December 31, 2023. The statement of assets and liabilities present the GIC at fair value. Since the contract is fully benefit responsive, a line item is presented in the statement of assets and liabilities, reporting an adjustment from fair value to contract value.

The Transamerica Life Insurance Company contract simulates the performance of a traditional GIC through the guarantee of a specific interest rate. The participating plan's assets are the unit ownership interests in the contract. The contract provides that the Transamerica Balanced Fund executes transactions at contract value. Transamerica Life Insurance Company guarantees the contract value, which represent contributions, plus interest, less fees, and less participant-initiated withdrawals or transfers. This is the contract's guaranteed value. The contract's fair value is estimated by adjusting the contract value by the average coupon of a selected bond index over the time that the contract has been in force for the first two years of operations. Thereafter the contract's fair value is estimated by adjusting the contract value by a five-year average coupon of a selected bond index.

Interest shall accrue at the initial rate of interest declared by the Transamerica Life Insurance Company until such time as a new rate of interest shall be declared. The declared rate shall not be reduced for a period of at least 6 months following the most recent date the interest is reset, but the declared rate may be increased at any time. Interest compounds and is credit to the deposit account

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2023

daily. Transamerica Life Insurance Company has no minimum guaranteed interest rate for this contract.

The adjustment to contract values is calculated as follows:

	<b>Major Credit Ratings</b>	<b>Investments at Fair Value</b>
Transamerica Life Insurance Company Group Annuity Contract	A1/A+	\$ 8,092,638
Common Trust Funds - Fixed Income		3,830,267
Common Trust Funds - Fixed Income		21,478,623
Short Term Investment		352,654
Total		\$ 33,754,182
		<b>Adjustment to Contract Value</b>
Transamerica Life Insurance Company Group Annuity Contract		\$ 564,442

If a withdrawal is made from the contract as a result of an employer or plan sponsor-initiated event or if the withdrawal is requested due to a complete or partial termination of a participating plan in the contract before the contract's end, and the contract's fair value equals or exceeds the guaranteed value, payment is made from the fair value in an amount equal to the amount of the guaranteed value, which is attributable to the participating plan. If the contract's fair value is less than their guaranteed value, the amount paid is equal to the guaranteed value reduced by a withdrawal adjustment for the ratio of the current bond price to the par value of such bond.

### ***Sensitivity Analysis***

The table below illustrates the effect on the weighted-average interest crediting rate, calculated as of the end of the next four quarterly periods, where there is an immediate hypothetical increase or decrease in market yields, equal to one-quarter and one-half of the current yield, with no change to the duration of the underlying investment portfolio and no contributions or withdrawals.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2023**

**Transamerica Balanced Fund**

Scenario	Actual	Quarter 1 Projected	Quarter 2 Projected	Quarter 3 Projected	Quarter 4 Projected
	December 31, 2023				
Increase of 50%	2.50%	2.60%	2.70%	2.80%	2.90%
Increase of 25%	2.50%	2.55%	2.60%	2.65%	2.70%
Decrease of 50%	2.50%	2.40%	2.30%	2.20%	2.10%
Decrease of 25%	2.50%	2.45%	2.40%	2.35%	2.30%

The following table illustrates the effect on the weighted-average interest crediting rate, calculated as of the date of the next four quarterly reset periods, where there is an immediate hypothetical increase or decrease in market yields, equal to one-quarter and one-half of the current yield, combined with an immediate, one-time, hypothetical 10 percent decrease in the net assets of the contracts due to participant transfers, with no change to the duration of the portfolio.

**Transamerica Balanced Fund**

Scenario	Actual	Quarter 1 Projected	Quarter 2 Projected	Quarter 3 Projected	Quarter 4 Projected
	December 31, 2023				
Increase of 50%	2.50%	2.55%	2.60%	2.65%	2.70%
Increase of 25%	2.50%	2.53%	2.55%	2.58%	2.60%
Decrease of 50%	2.50%	2.45%	2.40%	2.35%	2.30%
Decrease of 25%	2.50%	2.48%	2.45%	2.43%	2.40%

**Note 3: 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.). All other expenses of the Fund for the period ended December 31, 2023, were paid by Transamerica Life Insurance Company.

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	Total Fees
Transamerica Balanced Fund: Class R	0.05%	0.05%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2023

### Note 4: Financial Highlights

	<b>Transamerica Balanced Fund*</b>
Net asset value, beginning of period	\$ 10.00
Net investment income	0.00
Net realized and unrealized gains	1.08
Net increase from investment operations	1.08
Net asset value, end of period	\$ 11.08
Total return*	10.80%
Ratio to average net assets:	
Net investment income**	0.01%
Expenses**	0.06%

\*For the period October 30, 2023 to December 31, 2023

\*\*Annualized

### Note 5: Participant Unit Transactions

	<b>Transamerica Balanced Fund</b>	
	<b>Units</b>	<b>Dollars</b>
<b>Class R:</b>		
Proceeds from sales of units	3,155,411	\$ 31,575,953
Cost of units redeemed	(73,897)	(792,857)
Net increase in total net assets from participant transactions	<u>3,081,514</u>	<u>30,783,096</u>
Net change in total net assets from participant transactions		<u>\$ 30,783,096</u>

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2023

#### Note 6: 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 period ended December 31, 2023.

**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.

**Guaranteed Investment Contracts.** Transamerica Life Insurance Company deposits participating plan contributions in a group fixed annuity contract (Contract No. IO63243) in a deposit account (Guaranteed Account) which is deposits are held as part of the general asset account. The contract provides that the Retirement Right Stable Value Fund execute transactions at contract value. Transamerica Life Insurance Company guarantees the contract values, which represent contributions, plus interest, less any fees due under the contract and participant-initiated withdrawals or transfers. This is the contract's guaranteed value.

The Guaranteed Account valuation is categorized as Level 2 within the valuation hierarchy as there is no observable market price for these types of contracts. Transamerica Life Insurance Company calculates the fair value by adjusting the contract value by the average coupon of a selected bond index over the time that the contract has been in force for the first two years of operations. Thereafter the contract's fair value is estimated by adjusting the contract value by a five-year average coupon of a selected bond index.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2023**

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, 2023.

	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>Transamerica Balanced Fund</b>				
Short Term Investment	\$ 352,654	\$ 352,654	\$ -	\$ -
Guaranteed Investment Contracts	8,092,638	-	8,092,638	-
Common Trust Fund - Fixed Income (A)	3,830,267			
Common Trust Fund - Equity (A)	21,478,623			
Total	<u>\$ 33,754,182</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 statement of assets and liabilities.

**Note 7: 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**  
**Transamerica Balanced Fund**  
**For the Period from October 30,2023 (Inception) to December 31, 2023**

<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Common Trust Fund - Fixed Income	\$ 3,248,667
Common Trust Fund - Equity	18,742,254
Guranteed Investment Contracts	<u>8,621,429</u>
Total Investments Purchased	<u><u>\$ 30,612,350</u></u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains (Losses)</b>
Common Trust Fund - Fixed Income	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ -</u>
Total Investments Sold	<u><u>\$ 10</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ -</u></u>