

**Hand Composite Employee Benefit Trust
Western Asset Core Bond CIF**

Independent Auditor's Report and Financial Statements

December 31, 2017



Hand Composite Employee Benefit Trust

December 31, 2017

Contents

Independent Auditor's Report	1
Basic Financial Statements	
Statement of Assets and Liabilities - Selected Fund.....	3
Schedule of Investments	
Western Asset Core Bond CIF	4
Statement of Operations - Selected Fund.....	12
Statement of Changes in Net Assets - Selected Fund	13
Notes to Financial Statements.....	14
Supplemental Information	
Schedule of Investment Purchases and Sales - Selected Fund.....	30

Independent Auditor's Report

Board of Directors
Hand Composite Employee Benefit Trust
Houston, Texas

We have audited the accompanying financial statements of the selected fund, Western Asset Core Bond CIF, 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, 2017, and the related statements of operations, 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 selected fund, Western Asset Core Bond CIF, as of December 31, 2017, the results of its operations and the 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 25, 2018

Hand Composite Employee Benefit Trust
Statement of Assets and Liabilities – Selected Fund
December 31, 2017

	Western Asset Core Bond CIF
Assets	
Investments, at cost	\$ 39,738,017
Investments, at fair value	\$ 39,940,459
Receivable from broker - variation margin on open futures contracts	2,020
Deposits with brokers for open futures contracts	4,003
Deposits with brokers for centrally cleared swap contracts	143,000
Receivable for:	
Investment securities sold	1,246,490
Capital shares sold	5,714
Dividends and interest	147,908
Investment advisor waived fees	32,561
Total assets	\$ 41,522,155
Liabilities	
Payable for investment securities purchased	\$ 10,041,315
Due to custodian	441,762
Management fee payable	7,240
Written options, at value (premiums received – \$9,964)	7,320
Payable to broker – variation margin on centrally cleared swap contracts	9,051
Accounts payable and accrued liabilities	31,206
Total liabilities	\$ 10,537,894
Net assets held for participants:	
Class R1	\$ 25,031,427
Class R3	5,952,834
Total net assets held for participants	\$ 30,984,261
Units outstanding:	
Class R1	2,450,395
Class R3	582,442
Total units outstanding	3,032,837
Net asset value per unit:	
Class R1	\$ 10.22
Class R3	\$ 10.22

Hand Composite Employee Benefit Trust

Schedule of Investments

Western Asset Core Bond CIF

December 31, 2017

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
6,313,211	State Street Institutional U.S. Government Money Market Fund, Premier Class 1.22%	\$ 6,313,211	\$ 6,313,211
Total Short Term Investment		15.81%	6,313,211
<hr/>			
Principal Amount		Cost	Fair Value
<u>Corporate Bonds</u>			
<u>Consumer Discretionary</u>			
\$	10,000 Amazon.com, Inc. Sr Unsecured 4.95% 12/05/2044	\$ 11,753	\$ 12,155
	60,000 Comcast Corp. 2.35% 01/15/2027	56,298	56,664
	10,000 Comcast Corp. 5.65% 06/15/2035	12,378	12,469
	10,000 Comcast Corp. Company Guarantee 7.05% 03/15/2033	13,195	13,914
	250,000 Cooperatieve Rabobank UA Company Guarantee 4.625% 12/01/2023	270,230	267,988
	10,000 Ford Motor Co. Sr Unsecured 4.75% 01/15/2043	10,066	10,141
	10,000 General Motors Co. Sr Unsecured 6.25% 10/02/2043	11,440	11,845
	10,000 General Motors Financial Co., Inc. Company Guarantee 3.45% 04/10/2022	10,080	10,133
	30,000 McDonald's Corp. MTN 3.50% 03/01/2027	30,030	30,853
	10,000 McDonald's Corp. Sr Unsecured 3.70% 01/30/2026	10,500	10,424
	20,000 Newell Brands, Inc. Sr Unsecured 4.20% 04/01/2026	21,491	20,888
	20,000 Time Warner Cable LLC Company Guarantee 4.125% 02/15/2021	20,847	20,596
	20,000 Time Warner Cable LLC Sr Secured 5.875% 11/15/2040	21,817	21,700
	20,000 Time Warner, Inc. 4.75% 03/29/2021	21,546	21,288
	10,000 TJX Cos., Inc. 2.25% 09/15/2026	9,681	9,384
Total Consumer Discretionary		1.33%	531,352
<u>Consumer Staples</u>			
	10,000 Altria Group, Inc. Company Guarantee 2.85% 08/09/2022	10,247	10,066
	50,000 CVS Health Corp. Sr Unsecured 3.875% 07/20/2025	52,674	51,493
	10,000 CVS Health Corp. Sr Unsecured 5.125% 07/20/2045	11,613	11,461
	10,000 Diageo Investment Corp. 2.875% 05/11/2022	10,366	10,150
	10,000 Kraft Heinz Foods Co. Company Guarantee 3.50% 06/06/2022	10,469	10,232
	10,000 Kraft Heinz Foods Co. Company Guarantee 3.95% 07/15/2025	10,602	10,329
	10,000 Kraft Heinz Foods Co. Company Guarantee 3.00% 06/01/2026	9,555	9,623
	10,000 Philip Morris International, Inc. Sr Unsecured 2.50% 08/22/2022	10,174	9,908
	20,000 Philip Morris International, Inc. Sr Unsecured 1.875% 11/01/2019	19,964	19,878
	50,000 Philip Morris International, Inc. Sr Unsecured 2.50% 11/02/2022	49,792	49,555
	10,000 Reynolds American, Inc. Company Guarantee 5.85% 08/15/2045	12,424	12,488
	10,000 Wal-Mart Stores, Inc. 6.20% 04/15/2038	13,777	14,123
	10,000 Wal-Mart Stores, Inc. Sr Unsecured 4.75% 10/02/2043	11,779	12,312
	10,000 Walgreens Boots Alliance, Inc. Sr Unsecured 3.45% 06/01/2026	10,215	9,888
Total Consumer Staples		0.60%	243,651
<u>Energy</u>			
	60,000 Anadarko Petroleum Corp. Sr Unsecured 4.50% 07/15/2044	55,681	59,791
	30,000 Apache Corp. Sr Unsecured 4.25% 01/15/2044	27,864	29,063
	40,000 Apache Corp. Sr Unsecured 4.75% 04/15/2043	41,199	41,109
	60,000 BHP Billiton Finance USA Ltd. Company Guarantee 5.00% 09/30/2043	70,174	73,563
	70,000 BP Capital Markets PLC 3.119% 05/04/2026	69,758	70,751
	20,000 BP Capital Markets PLC Company Guarantee 3.216% 11/28/2023	20,000	20,430
	50,000 Chevron Corp. Sr Unsecured 2.954% 05/16/2026	49,883	49,984
	20,000 Devon Energy Corp. Sr Unsecured 5.00% 06/15/2045	19,251	22,311
	130,000 Devon Energy Corp. Sr Unsecured 5.85% 12/15/2025	147,370	151,798
	110,000 Ecopetrol S.A. Sr Unsecured 5.875% 05/28/2045	108,446	112,310

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Western Asset Core Bond CIF (Continued)
December 31, 2017

Principal Amount		Cost	Fair Value
<u>Corporate Bonds (Continued)</u>			
<i>Energy (Continued)</i>			
\$	10,000 EOG Resources, Inc. Sr Unsecured 4.15% 01/15/2026	\$ 10,744	\$ 10,643
	20,000 Exxon Mobil Corp. Sr Unsecured 3.043% 03/01/2026	20,616	20,309
	10,000 Exxon Mobil Corp. Sr Unsecured 4.114% 03/01/2046	10,684	11,192
	30,000 Halliburton Co. Sr Unsecured 3.80% 11/15/2025	30,505	31,178
	60,000 Kerr-McGee Corp. Company Guarantee 7.875% 09/15/2031	76,885	79,719
	30,000 Kinder Morgan Energy Partners L.P. 4.25% 09/01/2024	30,757	31,070
	110,000 Noble Energy, Inc. Sr Unsecured 4.15% 12/15/2021	115,984	114,622
	20,000 Noble Energy, Inc. Sr Unsecured 3.85% 01/15/2028	19,939	20,061
	10,000 Noble Energy, Inc. Sr Unsecured 4.95% 08/15/2047	9,964	10,702
	20,000 Occidental Petroleum Corp. Sr Unsecured 3.00% 02/15/2027	20,045	19,883
	10,000 Occidental Petroleum Corp. Sr Unsecured 4.10% 02/15/2047	10,002	10,630
	10,000 Occidental Petroleum Corp. Sr Unsecured 4.40% 04/15/2046	9,900	11,070
	110,000 Petroleos Mexicanos 5.625% 01/23/2046	104,194	101,805
	30,000 Shell International Finance BV 4.375% 03/25/2020	31,737	31,370
	120,000 Shell International Finance BV Company Guarantee 2.875% 05/10/2026	119,736	120,001
	40,000 Shell International Finance BV Company Guarantee 4.00% 05/10/2046	39,412	42,602
	1,707 US Airways 1998-1A Pass-Through Trust Series 981A 6.85% 07/30/2019	1,736	1,725
	140,000 Vale Overseas Ltd. Company Guarantee 6.875% 11/10/2039	141,755	171,675
	Total Energy	3.68% 1,414,221	1,471,367
<i>Financials</i>			
	30,000 American Express Co. 3.625% 12/05/2024	30,279	30,868
	20,000 American International Group, Inc. Sr Unsecured 3.75% 07/10/2025	20,744	20,621
	90,000 Bank of America Corp. Sr Unsecured 3.30% 01/11/2023	91,836	92,070
	40,000 Bank of America Corp. Sr Unsecured 5.00% 01/21/2044	45,749	48,319
	110,000 Bank of America Corp. Sr Unsecured 3.593% 07/21/2028	110,070	111,810
	200,000 Bank of America Corp. Subordinated 4.25% 10/22/2026	208,189	210,767
	10,000 Bank of America Corp. Subordinated 4.45% 03/03/2026	10,257	10,674
	50,000 Citigroup, Inc. FRN 3.52% 10/27/2028	50,000	50,236
	35,000 Citigroup, Inc. Sr Unsecured 4.65% 07/30/2045	38,510	39,836
	300,000 Citigroup, Inc. Subordinated 4.45% 09/29/2027	314,701	317,611
	90,000 Goldman Sachs Group, Inc. FRN 2.876% 10/31/2022	90,000	89,742
	40,000 Goldman Sachs Group, Inc. FRN 3.691% 06/05/2028	40,469	40,578
	80,000 Goldman Sachs Group, Inc. Sr Unsecured 3.50% 11/16/2026	78,861	80,468
	40,000 Goldman Sachs Group, Inc. Sr Unsecured 5.375% 03/15/2020	42,804	42,413
	30,000 Goldman Sachs Group, Inc. Subordinated 4.25% 10/21/2025	31,268	31,354
	100,000 Goldman Sachs Group, Inc. Subordinated 5.15% 05/22/2045	109,271	115,965
	44,000 HSBC Finance Corp. Subordinated 6.676% 01/15/2021	48,849	48,920
	30,000 JPMorgan Chase & Co. 4.125% 12/15/2026	31,564	31,647
	30,000 JPMorgan Chase & Co. 4.25% 10/15/2020	31,764	31,456
	80,000 JPMorgan Chase & Co. Subordinated 3.625% 12/01/2027	79,898	80,862
	20,000 JPMorgan Chase & Co. Subordinated 4.95% 06/01/2045	22,036	23,245
	200,000 Lloyds Banking Group PLC Series ., FRN 2.907% 11/07/2023	200,000	198,286
	20,000 MetLife, Inc. Jr Subordinated 6.40% 12/15/2066	22,276	23,006
	150,000 Wells Fargo & Co. Subordinated 4.30% 07/22/2027	158,612	159,721
	50,000 Wells Fargo & Co. Subordinated 4.40% 06/14/2046	50,104	52,732
	80,000 Wells Fargo & Co. Subordinated 4.75% 12/07/2046	84,039	89,411
	60,000 Wells Fargo & Co. Subordinated Series M 3.45% 02/13/2023	61,445	61,143
	Total Financials	5.34% 2,103,595	2,133,761
<i>Health Care</i>			
	30,000 Abbott Laboratories Sr Unsecured 4.75% 11/30/2036	32,304	33,708
	10,000 Abbott Laboratories Sr Unsecured 3.75% 11/30/2026	9,932	10,269

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Western Asset Core Bond CIF (Continued)
December 31, 2017

Principal Amount		Cost	Fair Value
<u>Corporate Bonds (Continued)</u>			
<u>Health Care (Continued)</u>			
\$	10,000 Abbott Laboratories Sr Unsecured 4.90% 11/30/2046	\$ 9,933	\$ 11,465
	10,000 AbbVie, Inc. Sr Unsecured 3.60% 05/14/2025	10,215	10,281
	10,000 Aetna, Inc. Sr Unsecured 3.875% 08/15/2047	9,968	9,855
	20,000 Anthem, Inc. Sr Unsecured 2.95% 12/01/2022	19,991	20,008
	20,000 Anthem, Inc. Sr Unsecured 3.35% 12/01/2024	19,994	20,290
	20,000 Becton Dickinson & Co. Sr Unsecured 3.363% 06/06/2024	20,000	20,056
	5,000 Becton Dickinson & Co. Sr Unsecured 3.734% 12/15/2024	5,293	5,121
	10,000 Becton Dickinson and Co. Sr Unsecured 4.685% 12/15/2044	10,944	10,935
	10,000 Cardinal Health, Inc. Sr Unsecured 2.616% 06/15/2022	10,000	9,833
	20,000 Celgene Corp. Sr Unsecured 3.875% 08/15/2025	20,793	20,702
	10,000 Eli Lilly & Co. Sr Unsecured 3.10% 05/15/2027	9,997	10,150
	30,000 Gilead Sciences, Inc. 1.85% 09/20/2019	29,991	29,875
	10,000 Gilead Sciences, Inc. Sr Unsecured 3.65% 03/01/2026	10,395	10,374
	10,000 Gilead Sciences, Inc. Sr Unsecured 3.70% 04/01/2024	10,240	10,462
	10,000 Gilead Sciences, Inc. Sr Unsecured 4.75% 03/01/2046	10,733	11,567
	50,000 Humana, Inc. Sr Unsecured 3.95% 03/15/2027	51,286	51,769
	30,000 Johnson & Johnson Sr Unsecured 3.625% 03/03/2037	29,672	31,694
	10,000 Johnson & Johnson Sr Unsecured 3.70% 03/01/2046	10,689	10,540
	30,000 Medtronic Global Holdings SCA Company Guarantee 3.35% 04/01/2027	30,126	30,782
	10,000 Medtronic, Inc. Company Guarantee 3.50% 03/15/2025	10,573	10,374
	10,000 Medtronic, Inc. Company Guarantee 4.625% 03/15/2045	11,274	11,651
	30,000 UnitedHealth Group, Inc. Sr Unsecured 3.75% 07/15/2025	31,788	31,621
	Total Health Care	1.09% 426,131	433,382
<u>Industrials</u>			
	20,000 Actavis Funding SCS Company Guarantee 3.80% 03/15/2025	20,579	20,361
	30,000 Barrick PD Australia Finance Pty Ltd. Company Guarantee 5.95% 10/15/2039	34,333	37,423
	10,000 Cintas Corp. No 2 Company Guarantee 2.90% 04/01/2022	10,063	10,090
	40,000 Cintas Corp. No 2 Company Guarantee 3.70% 04/01/2027	40,526	41,621
	9,686 Delta Air Lines Pass-Through Trust Series 2007-1, Class A 6.821% 02/10/2024	11,040	11,017
	20,000 Eaton Corp. Company Guarantee 2.75% 11/02/2022	20,342	20,058
	10,000 Eaton Corp. Company Guarantee 4.15% 11/02/2042	10,385	10,413
	20,000 General Electric Co. Sr Unsecured 4.50% 03/11/2044	22,355	22,155
	20,000 General Electric Co. Sr Unsecured 4.65% 10/17/2021	22,075	21,533
	120,000 General Electric Co. Sr Unsecured 6.875% 01/10/2039	174,557	172,919
	30,000 International Lease Finance Corp. Sr Unsecured 8.625% 01/15/2022	35,054	36,130
	20,000 Lockheed Martin Corp. Sr Unsecured 3.55% 01/15/2026	21,083	20,768
	30,000 Northrop Grumman Corp. 2.55% 10/15/2022	29,982	29,786
	30,000 Northrop Grumman Corp. 2.93% 01/15/2025	29,996	29,822
	10,000 Northrop Grumman Corp. Sr Unsecured 3.25% 01/15/2028	9,995	10,015
	10,000 United Parcel Service, Inc. 3.125% 01/15/2021	10,456	10,246
	10,000 United Parcel Service, Inc. Sr Unsecured 3.05% 11/15/2027	9,957	10,001
	60,000 Wachovia Capital Trust III Limited Guarantee 5.57% 01/29/2018	60,059	60,450
	Total Industrials	1.44% 572,837	574,808
<u>Information Technology</u>			
	30,000 Anheuser-Busch InBev Finance, Inc. Company Guarantee 2.65% 02/01/2021	30,545	30,150
	70,000 Anheuser-Busch InBev Finance, Inc. Company Guarantee 3.65% 02/01/2026	72,749	72,238
	40,000 Anheuser-Busch InBev Finance, Inc. Company Guarantee 4.90% 02/01/2046	45,550	46,360
	10,000 Anheuser-Busch InBev Worldwide, Inc. Company Guarantee 5.375% 01/15/2020	10,721	10,608
	20,000 Apple, Inc. Sr Unsecured 2.00% 11/13/2020	19,984	19,874
	90,000 Apple, Inc. Sr Unsecured 2.45% 08/04/2026	87,006	86,260
	10,000 Apple, Inc. Sr Unsecured 3.85% 08/04/2046	9,910	10,422

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Western Asset Core Bond CIF (Continued)
December 31, 2017

Principal Amount		Cost	Fair Value
<u>Corporate Bonds (Continued)</u>			
<u>Information Technology (Continued)</u>			
\$	10,000 ConocoPhillips Co. 4.30% 11/15/2044	\$ 9,940	\$ 10,936
	10,000 Harris Corp. Sr Unsecured 5.054% 04/27/2045	11,071	11,761
	10,000 Mastercard, Inc. 3.375% 04/01/2024	10,572	10,385
	40,000 Microsoft Corp. Sr Unsecured 2.40% 08/08/2026	39,499	38,575
	10,000 Microsoft Corp. Sr Unsecured 2.70% 02/12/2025	9,764	9,985
	20,000 Microsoft Corp. Sr Unsecured 2.875% 02/06/2024	19,872	20,289
	30,000 Microsoft Corp. Sr Unsecured 3.30% 02/06/2027	29,902	30,945
	40,000 Microsoft Corp. Sr Unsecured 3.70% 08/08/2046	39,597	41,700
	50,000 Visa, Inc. Sr Unsecured 3.15% 12/14/2025	51,479	51,115
	10,000 Visa, Inc. Sr Unsecured 4.30% 12/14/2045	11,115	11,379
	Total Information Technology	1.28% 509,276	512,982
<u>Materials</u>			
	20,000 Barrick Gold Corp. Sr Unsecured 5.25% 04/01/2042	21,621	23,058
	280,000 Southern Copper Corp. Sr Unsecured 5.25% 11/08/2042	269,204	312,768
	Total Materials	0.84% 290,825	335,826
<u>Telecommunication Services</u>			
	10,000 AT&T, Inc. 5.80% 02/15/2019	10,432	10,377
	110,000 AT&T, Inc. Sr Unsecured 3.90% 08/14/2027	109,840	110,735
	40,000 AT&T, Inc. Sr Unsecured 4.35% 06/15/2045	37,015	36,904
	10,000 AT&T, Inc. Sr Unsecured 4.90% 08/14/2037	9,983	10,126
	10,000 Verizon Communications, Inc. Sr Unsecured 2.45% 11/01/2022	9,998	9,802
	30,000 Verizon Communications, Inc. Sr Unsecured 3.85% 11/01/2042	26,173	27,137
	20,000 Verizon Communications, Inc. Sr Unsecured 4.125% 03/16/2027	20,031	20,854
	10,000 Verizon Communications, Inc. Sr Unsecured 4.862% 08/21/2046	10,349	10,416
	20,000 Verizon Communications, Inc. Sr Unsecured 5.15% 09/15/2023	22,256	22,253
	30,000 Verizon Communications, Inc. Sr Unsecured 5.25% 03/16/2037	31,226	32,991
	10,000 Verizon Communications, Inc. Sr Unsecured 5.50% 03/16/2047	10,165	11,394
	Total Telecommunication Services	0.76% 297,468	302,989
<u>Utilities</u>			
	30,000 Duke Energy Corp. 2.40% 08/15/2022	29,943	29,475
	50,000 Duke Energy Corp. 3.15% 08/15/2027	49,864	49,639
	10,000 Duke Energy Corp. Sr Unsecured 2.65% 09/01/2026	9,790	9,582
	10,000 Duke Energy Corp. Sr Unsecured 3.75% 09/01/2046	9,513	9,889
	120,000 FirstEnergy Corp. Sr Unsecured Series B 3.90% 07/15/2027	121,533	122,957
	20,000 FirstEnergy Corp. Sr Unsecured Series C 7.375% 11/15/2031	25,439	26,974
	30,000 Pacific Gas & Electric Co. Sr Unsecured 6.05% 03/01/2034	38,885	37,813
	Total Utilities	0.72% 284,967	286,329
	Total Corporate Bonds	17.08% 6,674,323	6,823,392
<u>Foreign Government</u>			
<u>Colombia</u>			
	200,000 Colombia Government International Bond Sr Unsecured 5.625% 02/26/2044	217,124	229,000
	Total Colombia	0.57% 217,124	229,000

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Western Asset Core Bond CIF (Continued)
December 31, 2017

Principal Amount		Cost	Fair Value
<u>Foreign Government (Continued)</u>			
Indonesia			
\$ 400,000	Indonesia Government International Bond MTN, REGS 5.375% 10/17/2023	\$ 444,439	\$ 445,676
	Total Indonesia	1.11% 444,439	445,676
Mexico			
350,000	Mexico Government International Bond Sr Unsecured 4.75% 03/08/2044	350,740	353,850
	Total Mexico	0.89% 350,740	353,850
Peru			
40,000	Peruvian Government International Bond Sr Unsecured 6.55% 03/14/2037	53,666	54,100
	Total Peru	0.13% 53,666	54,100
Poland			
130,000	Republic of Poland Government International Bond Sr Unsecured 4.00% 01/22/2024	139,699	138,629
	Total Poland	0.35% 139,699	138,629
Uruguay			
60,000	Uruguay Government International Bond Sr Unsecured 5.10% 06/18/2050	63,176	66,600
	Total Uruguay	0.17% 63,176	66,600
	Total Foreign Government	3.22% 1,268,844	1,287,855
<u>Asset-Backed Securities</u>			
234,324	Credit Suisse First Boston Mortgage Securities Corp. Series 2001-HE22, Class A1, ABS, FRN 2.032% 02/25/2032	225,702	226,214
75,448	CWHEQ Revolving Home Equity Loan Trust Series 2005-C, Class 2A, ABS, FRN 1.657% 07/15/2035	71,608	71,477
73,283	IndyMac Home Equity Mortgage Loan Asset-Backed Trust Series 2007-H1, Class A1, ABS, FRN 1.712% 07/25/2037	69,672	69,391
150,000	Merrill Lynch Mortgage Investors Trust Series 2006-FF1, Class M5 1.942% 08/25/2036	141,178	147,119
145,596	Morgan Stanley ABS Capital I, Inc. Trust Series 2004-OP1, Class M1, ABS, FRN 2.422% 11/25/2034	134,925	145,075
89,160	Nelnet Student Loan Trust Series 2008-4, Class A4, ABS, FRN 2.847% 04/25/2024	89,785	89,760
144,000	RAMP Trust Series 2005-EFC4, Class M3, ABS, FRN 2.032% 09/25/2035	140,608	143,839
127,521	SBA Small Business Investment Cos. Series 2017-10A, Class 1 2.845% 03/10/2027	127,521	128,647
98,250	SLM Private Credit Student Loan Trust Series 2004-A, Class A3, ABS, FRN 1.989% 06/15/2033	96,369	96,383
230,000	SLM Private Credit Student Loan Trust Series 2005-B, Class A4 1.919% 06/15/2039	218,171	218,201
120,000	SLM Student Loan Trust Series 2003-14, Class A6, ABS, FRN 1.667% 07/25/2025	119,650	119,664
120,000	United States Small Business Administration Series 2017-20G, Class 1, ABS 2.98% 07/01/2037	120,000	121,291
	Total Asset-Backed Securities	3.95% 1,555,189	1,577,061
<u>Collateralized Mortgage Obligations</u>			
184,482	Bear Stearns ALT-A Trust Series 2004-7, Class 1A1, CMO, FRN 3.581% 08/25/2034	186,858	188,573
113,524	Federal Home Loan Mortgage Corp. Series 3973, Class SA, CMO, FRN, IO, REMIC 5.013% 12/15/2041	20,678	21,637
30,155	Federal National Mortgage Association Series 2012-35, Class SC, CMO, FRN, IO, REMIC 4.948% 04/25/2042	5,693	5,742
144,011	Federal National Mortgage Association Series 2013-124, Class SB, CMO, FRN, IO, REMIC 4.398% 12/25/2043	28,031	27,411
197,549	Federal National Mortgage Association Series 2013-54, Class BS, CMO, FRN, IO, REMIC 4.598% 06/25/2043	40,440	39,079
95,075	Federal National Mortgage Association Series 2017-76, Class SB, CMO, FRN, IO, REMIC 4.548% 10/25/2057	17,017	17,410
101,729	Government National Mortgage Association Series 2013-53, Class OI, CMO, IO, REMIC 3.50% 04/20/2043	13,751	16,569
90,699	HarborView Mortgage Loan Trust Series 2005-9, Class 2A1B, CMO, FRN 1.871% 06/20/2035	88,027	89,600
127,929	Homestar Mortgage Acceptance Corp. Series 2004-2, Class M1, CMO, FRN 2.422% 06/25/2034	125,939	125,723

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Western Asset Core Bond CIF (Continued)
December 31, 2017

Principal Amount		Cost	Fair Value
<u>Collateralized Mortgage Obligations (Continued)</u>			
\$	WaMu Mortgage Pass-Through Certificates Trust Series 2005-AR19, Class A1A1, CMO, FRN 1.822% 79,542 12/25/2045	\$ 77,737	\$ 76,997
	Total Collateralized Mortgage Obligations	1.52%	604,711
			608,741
<u>Mortgage-Backed Securities</u>			
	54,000 CD Mortgage Trust Series 2017-CD4, Class C, VRN 4.349% 05/10/2050	55,589	55,257
	1,069,266 CD Mortgage Trust Series 2017-CD6, Class XA, IO, VRN .986% 11/13/2050	71,542	71,234
	80,000 Citigroup Commercial Mortgage Trust 2015-GC33 Series 2015-GC33, Class A4 3.778% 09/10/2058	84,463	83,880
	57,000 COMM Mortgage Trust Series 2015-LC23, Class C, VRN 4.646% 10/10/2048	58,822	58,242
	95,097 Federal Home Loan Mortgage Corp. 4.00% 07/01/2047	100,399	99,514
	99,751 Federal Home Loan Mortgage Corp. 4.00% 12/01/2047	105,088	104,532
	94,062 Federal Home Loan Mortgage Corp. MBS 3.00% 01/01/2047	93,927	94,374
	99,863 Federal Home Loan Mortgage Corp. MBS 4.50% 12/01/2045	106,672	106,125
	173,339 Federal Home Loan Mortgage Corp. MBS 4.50% 02/01/2047	185,188	184,232
	600,000 Federal Home Loan Mortgage Corp. MBS, TBA 4.00% 01/01/2048	627,491	627,422
	200,000 Federal Home Loan Mortgage Corp. TBA 3.00% 01/01/2048	199,688	199,969
	800,000 Federal Home Loan Mortgage Corp. TBA 3.50% 01/01/2048	821,273	821,542
	192,658 Federal National Mortgage Association 3.50% 03/01/2057	199,723	197,561
	88,733 Federal National Mortgage Association 5.00% 11/01/2046	97,020	96,069
	94,644 Federal National Mortgage Association MBS 3.00% 01/01/2047	94,390	94,867
	96,087 Federal National Mortgage Association MBS 4.00% 05/01/2047	101,794	101,132
	587,077 Federal National Mortgage Association MBS 4.00% 08/01/2047	620,357	614,510
	186,157 Federal National Mortgage Association MBS 4.00% 08/01/2056	196,321	195,687
	198,480 Federal National Mortgage Association MBS 4.50% 10/01/2047	213,222	211,421
	700,000 Federal National Mortgage Association TBA 3.00% 01/01/2033	713,402	712,988
	1,100,000 Federal National Mortgage Association TBA 3.00% 01/01/2048	1,098,203	1,100,000
	1,600,000 Federal National Mortgage Association TBA 3.50% 01/01/2048	1,643,180	1,642,750
	1,200,000 Federal National Mortgage Association TBA 4.00% 01/01/2048	1,255,023	1,254,887
	100,000 Federal National Mortgage Association TBA 5.00% 01/01/2048	107,895	107,479
	498,751 Government National Mortgage Association 3.00% 11/20/2047	503,986	503,761
	97,931 Government National Mortgage Association 4.00% 08/20/2047	103,464	102,557
	900,000 Government National Mortgage Association TBA 3.00% 01/01/2048	906,914	908,156
	800,000 Government National Mortgage Association TBA 3.50% 01/01/2048	827,672	827,000
	100,000 Government National Mortgage Association TBA 4.00% 01/01/2048	104,375	104,242
	149,000 GS Mortgage Securities Trust Series 2014-GC26, Class C 4.51% 11/10/2047	151,157	149,637
	80,000 GS Mortgage Securities Trust 2015-GC32 Series 2015-GC32, Class A4 3.764% 07/10/2048	84,782	84,096
	80,000 JPMBB Commercial Mortgage Securities Trust Series 2015-C28, Class A4 3.227% 10/15/2048	80,710	80,992
	70,000 Morgan Stanley Capital I Trust 2012-C4 Series 2012-C4, Class A4 3.244% 03/15/2045	72,771	71,397
	120,000 Wells Fargo Commercial Mortgage Trust Series 2014-LC18, Class A5 3.405% 12/15/2047	123,175	122,898
	60,000 Wells Fargo Commercial Mortgage Trust Series 2015-NXS1, Class A5 3.148% 05/15/2048	59,261	60,556
	100,000 Wells Fargo Commercial Mortgage Trust Series 2016-C35, Class A4 2.931% 07/15/2048	98,196	98,811
	Total Mortgage-Backed Securities	29.92%	11,967,135
			11,949,777
<u>U.S. Government and Agency Obligations</u>			
<u>U.S. Government Agencies</u>			
	100,000 Federal Home Loan Bank 1.401% 04/27/2018	99,557	99,559
	150,000 Federal Home Loan Bank 1.396% 04/25/2018	149,349	149,350
	220,000 Federal Home Loan Bank 1.386% 04/25/2018	219,053	219,047
	100,000 Federal Home Loan Bank 1.347% 03/21/2018	99,709	99,710
	150,000 Federal Home Loan Bank 1.327% 02/22/2018	149,717	149,722
	260,000 Federal Home Loan Bank 1.321% 02/13/2018	259,596	259,631
	970,000 Federal Home Loan Bank 1.203% 03/19/2018	967,552	967,256
	130,000 Federal Home Loan Bank 1.171% 02/28/2018	129,759	129,730
	220,000 Federal Home Loan Bank 1.14% 02/14/2018	219,699	219,656

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Western Asset Core Bond CIF (Continued)
December 31, 2017

Principal Amount		Cost	Fair Value
<u>U.S. Government and Agency Obligations (Continued)</u>			
<u>U.S. Government Agencies (Continued)</u>			
\$	160,000 Federal Home Loan Bank 1.271% 02/09/2018	\$ 159,783	\$ 159,779
	120,000 Federal Home Loan Bank 1.149% 01/26/2018	119,906	119,898
	130,000 Federal Home Loan Bank 1.26% 01/24/2018	129,897	129,898
	120,000 Federal Home Loan Bank 1.219% 01/22/2018	119,916	119,915
	240,000 Federal Home Loan Bank 1.114% 01/19/2018	239,869	239,855
	90,000 Federal Home Loan Bank 1.375% 11/15/2019	89,985	89,097
	Total U.S. Government Agencies	7.89% 3,153,347	3,152,103
<u>U.S. Government Obligations</u>			
	446,283 Treasury Inflation Protected Security .125% 04/15/2022	441,638	443,140
	148,175 Treasury Inflation Protected Security 1.375% 02/15/2044	166,133	171,059
	383,184 Treasury Inflation Protected Security .375% 07/15/2027	380,254	381,144
	340,000 United States Treasury Bond 2.75% 08/15/2047	334,514	340,425
	410,000 United States Treasury Bond 3.75% 11/15/2043	470,522	488,525
	240,000 United States Treasury Bond 3.00% 02/15/2047	246,416	252,403
	960,000 United States Treasury Bond 3.00% 05/15/2047	992,087	1,009,313
	240,000 United States Treasury Bond 2.75% 11/15/2047	237,338	240,394
	275,000 United States Treasury Note 1.125% 06/30/2021	268,809	266,320
	620,000 United States Treasury Note 2.25% 12/31/2024	615,234	616,658
	170,000 United States Treasury Note 2.125% 07/31/2024	169,990	167,981
	1,190,000 United States Treasury Note 2.125% 11/30/2024	1,180,889	1,174,381
	10,000 United States Treasury Note 1.875% 02/28/2022	10,003	9,892
	1,140,000 United States Treasury Note 1.875% 04/30/2022	1,133,074	1,126,374
	310,000 United States Treasury Note 1.75% 06/30/2022	308,961	304,393
	1,230,000 United States Treasury Note 2.00% 06/30/2024	1,215,454	1,206,457
	Total U.S. Government Obligations	20.53% 8,171,316	8,198,859
	Total U.S. Government and Agency Obligations	28.42% 11,324,663	11,350,962
<u>Contracts</u>			
<u>Call Options Purchased</u>			
	3 Euro Fx Futures, Call @ \$98.50	137	19
	3 United States Treasury 10-Year Notes Futures, Call @ \$124.00	990	1,406
	1 United States Treasury 10-Year Notes Futures, Call @ \$124.20	267	359
	7 United States Treasury 5-Year Notes Futures, Call @ \$116.50	1,841	875
	5 United States Treasury 5-Year Notes Futures, Call @ \$116.70	1,236	352
	2 United States Treasury Bond, Call @ \$154.00	2,222	1,625
	1 United States Treasury Long-Term Bonds Futures, Call @ \$151.00	1,439	2,516
	Total Call Options Purchased	0.02% 8,132	7,152
<u>Put Options Purchased</u>			
	3 Euro Fx Futures, Put @ \$98.25	160	394
	1 Eurodollar Mid Curve 1-Year Futures, Put @ \$97.75	77	38
	5 Eurodollar Mid Curve 1-Year Futures, Put @ \$97.86	659	1,437
	6 Eurodollar Mid Curve 1-Year Futures, Put @ 97.75	986	937
	3 United States Treasury 10-Year Notes Futures, Put @ \$123.00	943	375
	2 United States Treasury 10-Year Notes Futures, Put @ \$124.00	801	844
	95 United States Treasury 5-Year Notes Futures, Put @ \$112.00	913	95

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
Western Asset Core Bond CIF (Continued)
December 31, 2017

Contracts	Cost	Fair Value
<u><i>Put Options Purchased (Continued)</i></u>		
4 United States Treasury 5-Year Notes Futures, Put @ \$115.50	\$ 382	\$ 188
3 United States Treasury Bond, Put @ \$151.00	3,755	1,547
13 United States Treasury Long-Term Bonds Futures, Put @ \$153.00	13,673	16,453
Total Put Options Purchased	0.06% 22,349	22,308
Total Investments	100.00% \$ 39,738,017	\$ 39,940,459

<i>Schedule of Written Options</i>					
Security	Expiration Date	Strike Price	Contracts	Value	
Euro Fx Futures, Put	2/16/18	\$ 97.75	5	\$	563
United States Treasury 10-Year Notes Futures, Put	1/26/18	122.50	2		125
United States Treasury 10-Year Notes Futures, Call	1/26/18	126.50	2		63
United States Treasury 10-Year Notes Futures, Call	1/26/18	125.50	3		234
United States Treasury 10-Year Notes Futures, Call	2/23/18	126.00	2		281
United States Treasury 10-Year Notes Futures, Call	2/23/18	126.50	3		281
United States Treasury 10-Year Notes Futures, Put	2/23/18	122.00	3		375
United States Treasury 5-Year Notes Futures, Put	1/26/18	116.00	2		359
United States Treasury 5-Year Notes Futures, Put	1/26/18	115.75	4		375
United States Treasury 5-Year Notes Futures, Put	2/23/18	115.50	3		422
United States Treasury 5-Year Notes Futures, Call	2/23/18	118.50	3		70
United States Treasury 5-Year Notes Futures, Call	2/23/18	117.75	6		281
United States Treasury Long-Term Bonds Futures, Call	1/26/18	153.00	2		2,531
United States Treasury Long-Term Bonds Futures, Put	1/26/18	148.00	1		94
United States Treasury Long-Term Bonds Futures, Put	1/26/18	149.00	3		516
United States Treasury Long-Term Bonds Futures, Call	2/23/18	158.00	2		750
Total Written Options (Premiums received - \$9,964)				\$	7,320

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Year Ended December 31, 2017

	Western Asset Core Bond CIF
Income	
Interest	\$ 533,071
Total income	533,071
Expenses	
Trustee and administrative	94,628
Class R1 expenses	64,558
Class R3 expenses	5,348
Total expenses before reimbursement	164,534
Reimbursement of fees	(83,862)
Net expenses	80,672
Net Investment Income	452,399
Net Realized Gains (Losses) on Investments, Options Written, Futures Contracts and Swap Contracts	
Net realized losses on investments	(263,787)
Net realized gains on options written	57,891
Net realized gains on futures contracts	44,819
Net realized gains on swap contracts	8,467
Net realized losses	(152,610)
Change in Net Unrealized Appreciation (Depreciation)	
Investments	669,326
Options written	2,911
Futures contracts	19,019
Swap contracts	7,859
Change in net unrealized appreciation (depreciation)	699,115
Net realized and unrealized gains on investments, options written, futures contracts and swap contracts	546,505
Net Increase in Net Assets Resulting From Operations	\$ 998,904

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Year Ended December 31, 2017

	Western Asset Core Plus Bond CIF
Operations	
Net investment income	\$ 452,399
Net realized losses	(152,610)
Change in net unrealized appreciation (depreciation)	699,115
	998,904
Net Increase in Net Assets From Participant Unit Transactions	10,925,080
Increase in Net Assets	11,923,984
Net Assets	
Beginning of year	19,060,277
End of year	\$ 30,984,261

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

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 105 portfolios (the Funds); the financial statements of one of those funds, the Western Asset Core Bond CIF (the Fund), are included in this report.

Each class of the Fund 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 and foreign currency 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 of investments are reported on the identified cost basis.

Foreign Currency

Investment securities and other assets and liabilities denominated in, or expected to settle in, foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund isolates that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Reported net realized foreign exchange gains or losses arise from sales of portfolio securities, sales and maturities of short term securities, sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, including investments in securities at December 31, 2017, resulting from changes in the exchange rates.

Futures Contracts

The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the "initial margin" and subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. The daily changes in contract value are recorded as unrealized gains or losses in the statement of operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Written Options

When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the premium received is recorded as a realized gain. When a written call option is exercised, the difference between the premium received plus the option exercise price and the Fund's basis in the underlying security (in the case of a covered written call option), or the cost to purchase the underlying security (in the case of an uncovered written call option), including brokerage commission, is recognized as a realized gain or loss. When a written put option is exercised, the amount of the premium received is subtracted from the cost of the security purchased by the Fund from the exercise of the written put option to form the Fund's basis in the underlying security purchased. The writer or buyer of an option traded on an exchange can liquidate the position before the exercise of the option by entering into a closing transaction. The cost of a closing transaction is deducted from the original premium received resulting in a realized gain or loss to the Fund.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

The risk in writing a covered call option is that the Fund may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that the Fund may incur a loss if the market price of the underlying security decreases and the option is exercised. The risk in writing an uncovered call option is that the Fund is exposed to the risk of loss if the market price of the underlying security increases. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Purchased Options

When the Fund purchases an option, an amount equal to the premium paid by the Fund is recorded as an investment on the statement of assets and liabilities, the value of which is marked-to-market to reflect the current market value of the option purchased. If the purchased option expires, the Fund realizes a loss equal to the amount of premium paid. When an instrument is purchased or sold through the exercise of an option, the related premium paid is added to the basis of the instrument acquired or deducted from the proceeds of the instrument sold. The risk associated with purchasing put and call options is limited to the premium paid.

Swap Agreements

The Fund invests in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with other portfolio transactions. Swap agreements are privately negotiated in the over-the-counter market ("OTC Swaps") or may be executed on a registered exchange ("Centrally Cleared Swaps"). Unlike Centrally Cleared Swaps, the Fund could have credit exposure to the counterparties of OTC Swaps.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of Centrally Cleared Swaps, if any, is recorded as a receivable or payable for variation margin on the statement of assets and liabilities. Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the schedule of investments and restricted cash, if any, is identified on the statement of assets and liabilities. Risks may exceed amounts recorded in the statement of assets and liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, and the possible lack of liquidity with respect to the swap agreements.

OTC swap payments received or made, if any, at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the statement of assets and liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the statement of operations. Net periodic payments received or paid by the Fund are recognized as a realized gain or loss in the statement of operations.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of December 31, 2017, the total notional value of all credit default swaps to sell protection was \$4,160,000. This amount would be offset by the value of the swap's reference entity, upfront premiums received on the swap and any amounts received from the settlement of a credit default swap where the Fund bought protection for the same referenced security/entity.

For average notional amounts of swaps held during the year ended December 31, 2017, see Note 10.

Credit Default Swaps

The Fund enters into credit default swap ("CDS") contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (i.e., to reduce risk where the Fund has exposure to an issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the year end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the notes to financial statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

The Fund's maximum risk of loss from counterparty risk, as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). As the protection seller, the Fund's maximum risk is the notional amount of the contract. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the statement of assets and liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

Interest Rate Swaps

The Fund enters into interest rate swap contracts to manage its exposure to interest rate risk. Interest rate swaps are agreements between two parties to exchange cash flows based on a notional principal amount. The Fund may elect to pay a fixed rate and receive a floating rate, or receive a fixed rate and pay a floating rate, on a notional principal amount. Interest rate swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as an unrealized gain or loss in the statement of operations. When a swap contract is terminated early, the Fund records a realized gain or loss equal to the difference between the original cost and the settlement amount of the closing transaction.

The risks of interest rate swaps include changes in market conditions that will affect the value of the contract or changes in the present value of the future cash flow streams and the possible inability of the counterparty to fulfill its obligations under the agreement. The Fund's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that that amount is positive. This risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty.

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, 2017

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 25, 2018, which is the date the financial statements were available to be issued.

Investment Management Advisors

The investment management advisor for the Fund is Western Asset Management Company.

Note 2: Futures Contracts

At December 31, 2017, the Fund held the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Appreciation (Depreciation)
Contracts to Buy:					
10-Year Ultra U.S. Treasury	1	3/20	\$ 133,736	\$ 133,562	\$ (174)
U.S. Treasury 2-Year Notes	18	3/29	3,861,173	3,853,969	(7,204)
U.S. Treasury 5-Year Notes	80	3/29	9,333,973	9,293,125	(40,848)
U.S. Treasury 10-Year Notes	12	3/20	1,991,971	2,011,875	19,904
					<u>(28,322)</u>
Contracts to Sell:					
90-Day Eurodollar	26	3/19	6,395,241	6,385,600	9,641
90-Day Eurodollar	12	6/18	2,945,713	2,942,250	3,463
90-Day Eurodollar	2	9/17	491,893	489,800	2,093
90-Day Eurodollar	8	12/17	1,959,285	1,957,100	2,185
90-Day Eurodollar	5	12/16	1,223,134	1,220,875	2,259
U.S. Treasury 10-Year Notes	52	3/20	6,475,280	6,450,438	24,842
U.S. Treasury Long-Term Bonds	5	3/20	764,991	765,000	(9)
					<u>44,474</u>
Net unrealized appreciation on open futures contracts					<u>\$ 16,152</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 3: Swap Contracts

At December 31, 2017, the Fund held the following open swap contracts:

Centrally Cleared Credit Default Swaps On Credit Indices - Sell Protection ⁽¹⁾						
Central Counterparty (Reference Entity)	Notional Amount ²	Termination Date	Periodic Payments Received by the Fund [†]	Market Value ³	Upfront Premiums Paid	Unrealized Appreciation
Chicago Mercantile Exchange (Markit.CDX.NA.IG.28 Index)	\$ 4,160,000	6/20/2022	1.000% quarterly	\$ 92,505	\$ 72,531	\$ 19,974
Centrally Cleared Interest Rate Swaps						
Central Counterparty	Notional Amount*	Termination Date	Payments Made by the Fund [†]	Payments Received by the Fund [†]	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
Chicago Mercantile Exchange	\$ 819,000	5/31/2022	3-Month LIBOR-quarterly	2.25% semi-annually	\$ 1,498	\$ (2,042)
Chicago Mercantile Exchange	143,000	11/15/1943	2.630% semi-annually	3-Month LIBOR quarterly	(1,711)	85
Chicago Mercantile Exchange	1,145,000	11/15/1943	2.474% semi-annually	3-Month LIBOR quarterly	24,686	(10,158)
Total	<u>\$ 2,107,000</u>				<u>\$ 24,473</u>	<u>\$ (12,115)</u>

⁽¹⁾ If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

⁽²⁾ The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

⁽³⁾ The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement been closed/sold as of the year-end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

* Notional amount denominated in U.S. dollars, unless otherwise noted.

^(†) Percentage shown is an annual percentage rate.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 4: Options Roll Forward

During the year ended December 31, 2017, written option transactions for the Fund were as follows:

	Number of Contracts/ Notional Amount	Premiums
Written options, outstanding as of December 31, 2016	\$ 22	\$ 10,085
Options written	355	89,531
Options closed	(120)	(35,019)
Options expired	(211)	(54,633)
Written options, outstanding as of December 31, 2017	<u>\$ 46</u>	<u>\$ 9,964</u>

Note 5: 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.

During the year ended December 31, 2017, the investment advisor voluntarily reimbursed the Fund for a portion of its expenses.

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 prior day's total net assets.

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
Western Asset Core Bond CIF:				
Class R1	0.04%	0.30%	0.10%	0.44%
Class R3	0.04%	0.20%	0.10%	0.34%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 6: Financial Highlights

	Western Asset Core Plus Bond CIF	
	Class R1	Class R3*
Net asset value, beginning of year	\$ 9.76	\$ 10.04
Net investment income	0.19	0.09
Net realized and unrealized gains	0.27	0.09
Net increase from investment operations	0.46	0.18
Net asset value, end of year	\$ 10.22	\$ 10.22
Total return	4.71%	1.79%
Ratio to average net assets:		
Net investment income	1.89%	1.99% **
Expenses without reimbursement	0.70%	0.64% **
Expenses with reimbursement	0.35%	0.25% **

*For the period July 14, 2017 (inception date) to December 31, 2017.

**Annualized

Note 7: Participant Unit Transactions

	Western Asset Core Bond CIF	
	Units	Dollars
Class R1:		
Proceeds from sales of units	815,358	\$ 8,231,000
Cost of units redeemed	(318,333)	(3,155,732)
Net increase in Class R1 from participant transactions	497,025	5,075,268
Class R3*:		
Proceeds from sales of units	712,650	7,171,628
Cost of units redeemed	(130,208)	(1,321,816)
Net increase in Class R3 from participant transactions	582,442	5,849,812
Net increase in net assets from participant transactions		\$ 10,925,080

*For the period July 14, 2017 (inception date) to December 31, 2017.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 8: 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, 2017.

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.

U.S. Government and Agency Obligations. U.S. Government obligations are valued using a model that incorporates market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. Certain securities are valued principally using dealer quotations. U.S. Government obligations are categorized as Level 2 in the hierarchy.

Corporate Bonds. The fair value of corporate bonds is estimated using various techniques, which may consider recently executed transactions in securities of the issuer or comparable issuers, market price quotations (where observable), bond spreads, fundamental data relating to the issuer, and credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Corporate bonds are categorized as Level 2 in the hierarchy.

Foreign Government Obligations. Foreign Government obligations are valued using models that incorporate market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers and reference data. Certain securities are valued principally using dealer quotations. These securities are categorized as Level 2 in the hierarchy.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Asset-Backed Securities and Mortgage-Backed Securities. These securities are valued using models that incorporate observable data, such as prepayments, delinquencies, yields, bids, offers, collateral seasoning and other factors. Deal specific scenarios are derived from historical performance information and loan level details. These securities are categorized as Level 2 in the hierarchy.

Call and Put Options. Options are marked-to-market based on quoted market prices in active markets. If recent market transactions are not available, observable market quotations are obtained from brokers specializing in options. Options are generally categorized as Level 1 or Level 2 in the hierarchy.

Futures Contracts. Futures contracts are marked-to-market on the daily fluctuations between the contract price and the market value of the underlying, as reported on a recognized exchange. Futures contracts are categorized as Level 1 in the hierarchy.

Interest Rate Swaps. The Fund enters into interest rate swap contracts to manage its exposure to interest rate risk. Interest rate swaps are agreements between two parties to exchange cash flows based on a notional principal amount. The Fund may elect to pay a fixed rate and receive a floating rate, or receive a fixed rate and pay a floating rate, on a notional principal amount. Interest rate swaps are categorized as Level 2 in the hierarchy. Interest rate swaps are marked-to-market daily based upon quotations from market makers and the change, if any, is recorded as an unrealized gain or loss in the statement of operations. When a swap contract is terminated early, the Fund records a realized gain or loss equal to the difference between the original cost and the settlement amount of the closing transaction.

Credit Default Swaps. Credit default swaps are traded on the over-the-counter (OTC) market. Fair value for credit default swaps is based on models which take into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Other than the contract terms, valuation is heavily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. As the underlying debt on credit default swaps held by the Fund are liquid and the OTC market for the current spread is active, credit default swaps are categorized as Level 2 in 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, 2017.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Western Asset Core Bond CIF				
Financial Instruments - Assets:				
Short-Term Investment	\$ 6,313,211	\$ 6,313,211	\$ -	\$ -
Corporate Bonds	6,823,392	-	6,823,392	-
Foreign government	1,287,855	-	1,287,855	-
Asset-backed Securities	1,577,061	-	1,577,061	-
Collateralized Mortgage Obligations	608,741	-	608,741	-
Mortgage-backed Securities	11,949,777	-	11,949,777	-
U.S. Government and Agency Obligations	11,350,962	-	11,350,962	-
Call Options Purchased	7,152	7,152	-	-
Put Options Purchased	22,308	22,308	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Financial Instruments - Assets	<u>\$ 39,940,459</u>	<u>\$ 6,342,671</u>	<u>\$ 33,597,788</u>	<u>\$ 0</u>
Derivative Instruments - Assets:				
Futures Contracts	\$ 64,387	\$ 64,387	\$ -	\$ -
Centrally Cleared Interest Rate Swaps	85	-	85	-
Centrally Cleared Credit Default Swaps on Credit Indices - Sell Protection	19,974	-	19,974	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Derivative Instruments - Assets	<u>\$ 84,446</u>	<u>\$ 64,387</u>	<u>\$ 20,059</u>	<u>\$ 0</u>
Derivative Instruments - Liabilities:				
Options Written	\$ 7,320	\$ 7,320	\$ -	\$ -
Futures Contracts	48,235	48,235	-	-
Centrally Cleared Interest Rate Swaps	12,200	-	12,200	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Derivative Instruments - Liabilities	<u>\$ 67,755</u>	<u>\$ 55,555</u>	<u>\$ 12,200</u>	<u>\$ 0</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

Note 9: Risk Factors

Investment Securities Risk

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.

Foreign Securities Risk

Securities traded in foreign markets have often (though not always) performed differently from securities traded in the United States. However, such investments often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money. In particular, the Fund is subject to the risk that because there may be fewer investors on foreign exchanges and a smaller number of securities traded each day, it may be more difficult for the Fund to buy and sell securities on those exchanges. In addition, prices of foreign securities may go up and down more than prices of securities traded in the United States.

Note 10: Derivative Instruments and Hedging Activities

Below is a table, grouped by derivative type, which provides information about the fair value and the location of derivatives within the statement of assets and liabilities at December 31, 2017.

	Asset Derivatives ⁽¹⁾		
	Interest Rate Risk	Credit Risk	Total
Purchased options ⁽²⁾	\$ 29,460	\$ -	\$ 29,460
Futures contracts ⁽³⁾	64,387	-	64,387
Centrally cleared swap contracts ⁽⁴⁾	85	19,974	20,059
Total	<u>\$ 93,932</u>	<u>\$ 19,974</u>	<u>\$ 113,906</u>

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

	Liability Derivatives ⁽¹⁾		
	Interest Rate Risk	Credit Risk	Total
Written options	\$ 7,320	\$ -	\$ 7,320
Futures contracts ⁽³⁾	48,235	-	48,235
Centrally cleared swap contracts ⁽⁴⁾	12,200	-	12,200
Total	\$ 67,755	\$ 0	\$ 67,755

(1) Generally, the statement of assets and liabilities location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).

(2) Market value of purchased options is reported in investments at value in the statement of assets and liabilities.

(3) Includes cumulative unrealized appreciation (depreciation) of futures contracts as reported in Note 2. Only variation margin is reported within the receivables and/or payables on the statement of assets and liabilities.

(4) Includes cumulative unrealized appreciation (depreciation) of centrally cleared swap contracts as reported in Note 3. Only variation margin is reported within the receivables and/or payables on the statement of assets and liabilities.

The following tables provide information about the effect of derivatives and hedging activities on the Fund's statement of operations for the year ended December 31, 2017. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the year. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the year.

	Amount of Realized Gain (Loss) on Derivatives Recognized		
	Interest Rate Risk	Credit Risk	Total
Purchased options (1)	\$ (70,973)	\$ -	\$ (70,973)
Written options	57,891	-	57,891
Futures contracts	44,819	-	44,819
Swap contracts	(1,410)	9,877	8,467
Total	\$ 30,327	\$ 9,877	\$ 40,204

(1) Net realized gain (loss) from purchased options is reported in net realized gain (loss) from investment transactions in the statement of operations.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized		
	Interest Rate Risk	Credit Risk	Total
	Purchased options (1)	\$ (939)	\$ -
Written options	2,911	-	2,911
Futures contracts	19,019	-	19,019
Swap contracts	(12,115)	19,974	7,859
Total	\$ 8,876	\$ 19,974	\$ 28,850

(1) Net realized gain (loss) from purchased options is reported in net realized gain (loss) from investment transactions in the statement of operations.

During the year ended December 31, 2017, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Purchased options	\$ 10,825
Written options	7,871
Futures contracts (to buy)	10,552,197
Futures contracts (to sell)	13,737,585
	Average Notional Balance
Interest rate swap contracts	\$ 415,385
Credit default swap contracts (to sell protection)	1,625,385

The following table presents, by financial instrument, the Fund's derivative assets net of the related collateral received by the Fund at December 31, 2017:

	Gross Amount of Derivative Assets in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Received	Net Amount
Purchased options ⁽²⁾	\$ 29,460	\$ -	\$ 29,460
Futures contracts ⁽³⁾	2,020	-	2,020
Total	\$ 31,480	\$ 0	\$ 31,480

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2017

The following table presents, by financial instrument, the Fund's derivative liabilities net of the related collateral pledged by the Fund at December 31, 2017:

	Gross Amount of Derivative Liabilities in the Statement of Assets and Liabilities ⁽¹⁾	Collateral Pledged	Net Amount
Written options	\$ 7,320	\$ -	\$ 7,320
Centrally Cleared Swap Contracts ⁽³⁾	9,051	-	9,051
Total	<u>\$ 16,371</u>	<u>\$ 0</u>	<u>\$ 16,371</u>

(1) Absent an event of default or early termination, derivative assets and liabilities are presented gross and do not offset in the statement of assets and liabilities.

(2) Market value of purchased options is reported in investments at fair value in the statement of assets and liabilities.

(3) Amount represents the current day's variation margin as reported in the statement of assets and liabilities. It differs from the cumulative appreciation (depreciation) presented in the previous table.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales - Selected Fund
Western Asset Core Bond CIF
Year Ended December 31, 2017

Purchases	
Investment Class	Cost
Asset-backed Securities	\$ 1,437,314
Collateralized Mortgage Obligations	1,420,548
Corporate Bonds	4,093,914
Foreign Government	680,597
Mortgage-backed Securities	95,275,811
U.S. Government and Agency Obligations	22,817,429
Total Investments Purchased	\$ 125,725,613

Sales			
Investment Class	Proceeds	Cost	Gain (Loss)
Asset-backed Securities	\$ 161,434	\$ 157,830	\$ 3,604
Collateralized Mortgage Obligations	157,681	167,098	(9,417)
Corporate Bonds	929,057	940,455	(11,398)
Foreign Government	256,741	257,953	(1,212)
Mortgage-backed Securities	88,708,140	88,642,764	65,376
U.S. Government and Agency Obligations	20,992,561	21,232,328	(239,767)
Total Investments Sold	\$ 111,205,614	\$ 111,398,428	\$ (192,814)