



# **Hand Composite Employee Benefit Trust AFL-CIO Housing Investment Trust Fund DVF**

**Independent Auditor's Report, Financial Statements,  
and Supplementary Information**

December 31, 2024



**Hand Composite Employee Benefit Trust**  
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**December 31, 2024**

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## Independent Auditor's Report

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

### ***Opinion***

We have audited the financial statements of the selected fund, AFL CIO Housing Investment Trust Fund DVF, 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, 2024 and the related statements of operations and changes in net assets for the year then ended, 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, 2024, and 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.

### ***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 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 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.

**Forvis Mazars, LLP**

Houston, Texas  
May 27, 2025

**Hand Composite Employee Benefit Trust**  
**Statement of Assets and Liabilities – Selected Fund**  
**December 31, 2024**

	<b>AFL-CIO Housing Investment Trust Fund DVF</b>
<b>ASSETS</b>	
Investments, at cost	<u>\$ 171,688,262</u>
Investments, at fair value	\$ 156,133,998
Receivable for:	
Capital shares sold	<u>210,136</u>
<b>Total Assets</b>	<u><u>\$ 156,344,134</u></u>
<b>LIABILITIES</b>	
Payable for capital shares redeemed	\$ 18
Accounts payable and accrued liabilities	<u>33,622</u>
<b>Total Liabilities</b>	<u><u>\$ 33,640</u></u>
Net assets held for participants	
Class R	<u><u>\$ 156,310,494</u></u>
Units outstanding	
Class R	<u><u>14,578,360</u></u>
Net asset value per unit	
Class R	<u><u>\$ 10.72</u></u>

**Hand Composite Employee Benefit Trust  
AFL-CIO Housing Investment Trust Fund DVF  
Schedule of Investments  
December 31, 2024**

<u>Number of Shares</u>		<u>Cost</u>	<u>Fair Value</u>
<b><u>Short Term Investment</u></b>			
2,022,474	State Street Instl US Govt Money Market Fund Premier	<u>\$ 2,022,474</u>	<u>\$ 2,022,474</u>
	<b>Total Short Term Investment</b>	<b>1.29%</b>	<b><u>2,022,474</u></b>
<b><u>Unit Investment Trust</u></b>			
<b>Fixed Income</b>			
121,655	AFL-CIO Housing Investment Trust	<u>132,262,675</u>	<u>116,872,139</u>
	<b>Total Fixed Income</b>	<b>74.77%</b>	<b><u>132,262,675</u></b>
	<b>Total Unit Investment Trust</b>		<b><u>132,262,675</u></b>
<b><u>Common Trust Fund</u></b>			
<b>Fixed Income</b>			
3,100,879	BlackRock Instl US Debt Index Fund M <sup>[1]</sup>	<u>37,403,113</u>	<u>37,239,385</u>
	<b>Total Fixed Income</b>	<b>23.82%</b>	<b><u>37,403,113</u></b>
	<b>Total Common Trust Fund</b>	<b>23.82%</b>	<b><u>37,403,113</u></b>
	<b>Total Investments</b>	<b>99.88%</b>	<b><u>\$ 171,688,262</u></b>
			<b><u>\$ 156,133,998</u></b>

<sup>[1]</sup> BlackRock U.S. Debt Index Fund M holds preferred shares in U.S. Debt Index Fund F, with a fair value of \$3,173,926,079. U.S. Debt Index Fund F is an index fund maintained by BlackRock. The Fund's proportionate share of this investment is valued at \$37,239,385 as of December 31, 2024.

**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Year Ended December 31, 2024**

	<b>AFL-CIO Housing Investment Trust Fund DVF</b>
<b>Income</b>	
Interest	\$ 151,943
Dividends	3,513,872
<b>Total Income</b>	<u>3,665,815</u>
<b>Expenses</b>	
Investment management and administrative	112,098
Custody fees	87,500
Audit	18,480
Other	19,056
<b>Total Expenses</b>	<u>237,134</u>
<b>Net Investment Income</b>	<u>3,428,681</u>
<b>Net Realized and Unrealized Gains (Losses) on Investments</b>	
Net realized gains	144,315
Change in unrealized appreciation/depreciation	(1,253,673)
<b>Net Realized and Unrealized Losses on Investments</b>	<u>(1,109,358)</u>
<b>Net Increase in Net Assets From Operations</b>	<u><u>\$ 2,319,323</u></u>

**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Year Ended December 31, 2024**

	<b>AFL-CIO Housing Investment Trust Fund DVF</b>
<b>Operations</b>	
Net investment income	\$ 3,428,681
Net realized gains	144,315
Change in unrealized appreciation/depreciation	<u>(1,253,673)</u>
<b>Net Increase in Net Assets From Operations</b>	2,319,323
<b>Net Increase in Net Assets From Participant Transactions</b>	<u>24,488,623</u>
<b>Increase in Net Assets Held for Participants</b>	26,807,946
<b>Net Assets Held for Participants</b>	
Beginning of year	<u>129,502,548</u>
End of year	<u><u>\$ 156,310,494</u></u>



## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations***

Hand Composite Employee Benefit Trust (HB&T or 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 (IRC), are exempt from taxation under the provisions of the IRC. The Trust is comprised of 70 portfolios (Funds); the financial statements of one of those funds (Fund) are included in this report.

### ***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 the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are reported on the identified cost basis.

### ***Investment Income and Distribution of Income***

Dividend income less foreign taxes withheld, if any, is recorded on the ex-dividend date, and interest income is recorded on the accrual basis. Investment income is allocated ratably on the valuation dates among all participants. No distributions are made to participants in the Fund until units owned are redeemed, at which time the market value of redeemed units is distributed. Investment income and realized gains (if any) earned by the Fund are reinvested, thereby increasing the respective unit values.

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

### ***Subsequent Events***

As a result of recently implemented global economic policies, economic uncertainties have arisen that may negatively affect the financial position, results of operations, and cash flows of the Fund. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through May 27, 2025, which is the date the financial statements were available to be issued.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2024**

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***Investment Management Advisor***

The investment management advisor for the Fund is Hand Benefits & Trust Company (HB&T).

**Note 2. Investment Advisory Fees and Other Transactions With Affiliates**

The Fund is charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Fund 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.

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:

<u>Fund</u>	<u>Trustee/ Administrative Fees</u>	<u>Fund Accounting Fees</u>	<u>Audit Fees</u>	<u>Total Fees</u>
AFL-CIO Housing Investment Trust Fund DVF Class R	0.08%	0.03%	0.01%	0.12%

**Note 3. Financial Highlights**

	<u>AFL-CIO Housing Investment Trust Fund DVF</u>
Net asset value, beginning of year	<u>\$ 10.51</u>
Net investment income	0.26
Net realized and unrealized losses	<u>(0.05)</u>
Net increase from investment operations	<u>0.21</u>
Net asset value, end of year	<u><u>\$ 10.72</u></u>
Total return	2.00%
Ratio to average net assets	
Net investment income	2.42%
Expenses	0.17%

#### Note 4. Participant Unit Transactions

	AFL-CIO Housing Investment Trust Fund DVF	
	Units	Dollars
Class R		
Proceeds from sales of units	3,001,935	\$ 32,338,097
Cost of units redeemed	(741,315)	(7,849,474)
Net increase in Class R from participant transactions	2,260,620	\$ 24,488,623

#### Note 5. Disclosures About Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

- Level 1** Quoted prices in active markets for identical assets or liabilities that the Fund can access 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, 2024.

**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.

**Hand Composite Employee Benefit Trust**  
**Notes to Financial Statements**  
**December 31, 2024**

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, 2024:

		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)
	Fair Value			
AFL-CIO Housing Investment Trust				
Fund DVF				
Short Term Investment	\$ 2,022,474	\$ 2,022,474	\$ -	\$ -
Unit Investment Trust – Fixed Income (A)	116,872,139			
Common Trust Fund – Fixed Income (A)	<u>37,239,385</u>			
Total	<u>\$ 156,133,998</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 accompanying statement of assets and liabilities.

## **Note 6. 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 changes could materially affect the amounts reported in the accompanying statement of assets and liabilities.

## ***Supplementary Information***

**Hand Composite Employee Benefit Trust  
AFL-CIO Housing Investment Trust Fund DVF  
Schedule of Investment Purchases and Sales  
Year Ended December 31, 2024**

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<b>Purchases</b>	
<b>Investment Class</b>	<b>Cost</b>
Unit Investment Trust – Fixed Income	\$ 35,375,772
Common Trust Funds – Fixed Income	1,540,100
Total investments purchased	<u>\$ 36,915,872</u>

<b>Sales</b>			
<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Common Trust Funds – Fixed Income	<u>\$ 8,485,200</u>	<u>\$ 8,340,885</u>	<u>\$ 144,315</u>
Total investments sold	<u>\$ 8,485,200</u>	<u>\$ 8,340,885</u>	<u>\$ 144,315</u>