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# **Hand Composite Employee Benefit Trust ClearBridge Large Cap Growth CIF**

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

December 31, 2023



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# Hand Composite Employee Benefit Trust

## December 31, 2023

### Contents

<b>Independent Auditor's Report .....</b>	<b>1</b>
<b>Basic Financial Statements</b>	
Statement of Assets and Liabilities – Selected Fund .....	3
Schedule of Investments	
ClearBridge Large Cap Growth CIF .....	4
Statement of Operations – Selected Fund .....	6
Statement of Changes in Net Assets – Selected Fund .....	7
Notes to Financial Statements.....	8
<b>Supplemental Information</b>	
Schedule of Investment Purchases and Sales – Selected Fund.....	13



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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 accompanying financial statements of the selected fund, ClearBridge Large Cap Growth CIF, 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 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, 2023, 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 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 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>ClearBridge Large Cap Growth CIF</b>
<b>Assets</b>	
Investments, at cost	\$ 15,937,599
Investments, at fair value	\$ 26,080,382
Receivable for:	
Capital shares sold	4,582
Dividends and interest	5,054
Investment advisor waived fees	729
Total assets	\$ 26,090,747
<b>Liabilities</b>	
Payable for capital shares redeemed	\$ 1,452
Management fee payable	9,768
Accounts payable and accrued liabilities	35,409
Total liabilities	\$ 46,629
Net assets held for participants:	
Class R2	\$ 26,044,118
Total net assets held for participants	\$ 26,044,118
Units outstanding:	
Class R2	951,515
Total units outstanding	951,515
Net asset value per unit:	
Class R2	\$ 27.37

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments**  
**ClearBridge Large Cap Growth CIF**  
**December 31, 2023**

Number of Shares		Cost	Fair Value
<b><u>Short Term Investment</u></b>			
641,469	State Street Institutional Investment Trust Treasury Money Market Fund 5.28%	\$ 641,469	\$ 641,469
<b>Total Short Term Investment</b>		<b>2.46%</b>	<b>641,469</b>
<b><u>Common Stocks</u></b>			
<b><u>Consumer Discretionary</u></b>			
13,360	Amazon.com, Inc.	1,078,717	2,029,918
2,521	Aptiv PLC	194,083	226,184
3,610	NIKE, Inc. Class B	502,072	391,938
950	Tesla, Inc.	146,305	236,056
Total Consumer Discretionary		<b>11.07%</b>	<b>1,921,177</b>
<b><u>Consumer Staples</u></b>			
2,440	Estee Lauder Cos., Inc. Class A	479,963	356,850
7,670	Monster Beverage Corp.	266,214	441,869
2,960	Target Corp.	364,915	421,563
Total Consumer Staples		<b>4.69%</b>	<b>1,111,092</b>
<b><u>Financials</u></b>			
1,040	Intercontinental Exchange, Inc.	111,234	133,567
2,060	Marsh & McLennan Cos., Inc.	329,397	390,308
4,744	PayPal Holdings, Inc.	716,506	291,329
1,296	S&P Global, Inc.	317,862	570,914
4,880	Visa, Inc. Class A	715,221	1,270,508
Total Financials		<b>10.20%</b>	<b>2,190,220</b>
<b><u>Health Care</u></b>			
5,510	Alcon, Inc.	317,153	430,441
510	Eli Lilly & Co.	160,940	297,289
1,540	Intuitive Surgical, Inc.	430,543	519,535
1,520	Stryker Corp.	346,026	455,179
1,290	Thermo Fisher Scientific, Inc.	383,282	684,719
1,610	UnitedHealth Group, Inc.	374,753	847,617
2,320	Zoetis, Inc.	210,332	457,898
Total Health Care		<b>14.18%</b>	<b>2,223,029</b>
<b><u>Industrials</u></b>			
2,490	Eaton Corp. PLC	387,769	599,642
4,150	RTX Corp.	296,046	349,181
8,230	Uber Technologies, Inc.	323,376	506,721
1,510	Union Pacific Corp.	343,492	370,886
1,780	United Parcel Service, Inc. Class B	198,055	279,870
780	WW Grainger, Inc.	212,452	646,378
Total Industrials		<b>10.57%</b>	<b>1,761,190</b>
<b><u>Information Technology</u></b>			
1,100	Adobe, Inc.	295,434	656,260
6,520	Apple, Inc.	389,136	1,255,295
610	ASML Holding NV	237,392	461,721
1,460	Atlassian Corp. Class A	306,484	347,276
5,400	Intel Corp.	265,419	271,350

**Hand Composite Employee Benefit Trust**  
**Schedule of Investments (Continued)**  
**ClearBridge Large Cap Growth CIF (Continued)**  
**December 31, 2023**

Number of Shares		Cost	Fair Value
<i>Information Technology (Continued)</i>			
620	Intuit, Inc.	\$ 263,590	\$ 387,519
5,720	Microsoft Corp.	780,273	2,150,949
3,090	NVIDIA Corp.	141,770	1,530,230
2,410	Palo Alto Networks, Inc.	160,287	710,661
2,290	Salesforce, Inc.	441,366	602,590
1,620	Workday, Inc. Class A	397,844	447,217
	Total Information Technology	33.87% <u>3,678,995</u>	<u>8,821,068</u>
<i>Materials</i>			
1,640	Sherwin-Williams Co.	429,964	511,516
	Total Materials	1.96% <u>429,964</u>	<u>511,516</u>
<i>Real Estate</i>			
520	Equinix, Inc. REIT	233,751	418,803
	Total Real Estate	1.61% <u>233,751</u>	<u>418,803</u>
<i>Telecommunication Services</i>			
3,710	Meta Platforms, Inc. Class A	657,290	1,313,192
1,840	Netflix, Inc.	752,564	895,859
	Total Telecommunication Services	8.48% <u>1,409,854</u>	<u>2,209,051</u>
<i>Utilities</i>			
4,480	NextEra Energy, Inc.	336,858	272,115
	Total Utilities	1.04% <u>336,858</u>	<u>272,115</u>
	<b>Total Common Stocks</b>	<b>97.68% <u>15,296,130</u></b>	<b><u>25,438,913</u></b>
	<b>Total Investments</b>	<b>100.14% \$ <u>15,937,599</u></b>	<b>\$ <u>26,080,382</u></b>

Abbreviations used in this table:

REIT                      Real Estate Investment Trust

**Hand Composite Employee Benefit Trust**  
**Statement of Operations – Selected Fund**  
**Year Ended December 31, 2023**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Income</b>	
Interest	\$ 34,499
Dividends (net of foreign withholding taxes of \$4,436)	196,210
	230,709
<b>Expenses</b>	
Trustee and administrative	70,426
Class R2 expenses	136,555
Class R3 expenses	802
	207,783
Reimbursement of fees	(39,824)
	167,959
<b>Net Investment Income</b>	62,750
<b>Net Realized Gains</b>	10,274,441
<b>Change in Net Unrealized Appreciation/Depreciation</b>	2,983,550
<b>Net Realized and Unrealized Gains on Investments</b>	13,257,991
<b>Net Increase in Net Assets Resulting From Operations</b>	\$ 13,320,741



**Hand Composite Employee Benefit Trust**  
**Statement of Changes in Net Assets – Selected Fund**  
**Year Ended December 31, 2023**

	<b>ClearBridge Large Cap Growth CIF</b>
<b>Operations</b>	
Net investment income	\$ 62,750
Net realized gains	10,274,441
Change in net unrealized appreciation/depreciation	<u>2,983,550</u>
Net increase in net assets from operations	13,320,741
<b>Net Decrease in Net Assets From Participant Unit Transactions</b>	<u>(41,701,738)</u>
<b>Decrease in Net Assets</b>	(28,380,997)
<b>Net Assets</b>	
Beginning of year	<u>54,425,115</u>
End of year	<u><u>\$ 26,044,118</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 those funds, the ClearBridge Large Cap Growth 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.

The R3 class was liquidated during 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.

#### ***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.

#### ***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

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2023

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 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 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 ClearBridge Investments, LLC.

### **Note 2: Investment Advisory Fees and Other Transactions with Affiliates**

The Fund is charged a fee by HB&T for trustee/administrative services and other fees which include fund accounting services, transfer agency services, custody 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.

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 total net assets.

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
<b>ClearBridge Large Cap</b>				
<b>Growth CIF:</b>				
Class R2	0.04%	0.45%	0.19%	0.68%
Class R3	0.04%	0.40%	0.19%	0.63%

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2023

### Note 3: Financial Highlights

	<b>ClearBridge Large Cap Growth CIF</b>
	<b>Class R2</b>
Net asset value, beginning of year	\$ 19.10
Net investment income	0.05
Net realized and unrealized losses	8.22
Net increase from investment operations	8.27
Net asset value, end of year	\$ 27.37
Total return	43.30%
Ratio to average net assets:	
Net investment income	0.21%
Expenses without reimbursement	0.68%
Expenses with reimbursement	0.55%

### Note 4: Participant Unit Transactions

	<b>ClearBridge Large Cap Growth CIF</b>	
	<b>Units</b>	<b>Dollars</b>
<b>Class R2:</b>		
Proceeds from sales of units	213,018	\$ 4,869,405
Cost of units redeemed	(2,079,895)	(45,879,630)
Net change in Class R2 from participant transactions	(1,866,877)	(41,010,225)
<b>Class R3<sup>(1)</sup>:</b>		
Proceeds from sales of units	2,364	50,236
Cost of units redeemed	(33,425)	(741,749)
Net change in Class R3 from participant transactions	(31,061)	(691,513)
Net decrease in net assets from participant unit transactions		\$ (41,701,738)

<sup>(1)</sup> This class was liquidated during 2023.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

### December 31, 2023

#### 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 that the Fund can access at the measurement date; 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, 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.

**Common Stocks.** Securities traded on a national securities exchange (or reported on the NASDAQ national market) are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments, such as American Depositary Receipts and the movement of certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as either Level 1 or 2 of the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying statement of assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023.

# Hand Composite Employee Benefit Trust

## Notes to Financial Statements

December 31, 2023

	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)
<b>ClearBridge Large Cap Growth CIF</b>				
Short Term Investment	\$ 641,469	\$ 641,469	\$ -	\$ -
Common Stocks	25,438,913	25,438,913	-	-
Total	<u>\$ 26,080,382</u>	<u>\$ 26,080,382</u>	<u>\$ 0</u>	<u>\$ 0</u>

### 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 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

### ClearBridge Large Cap Growth CIF

Year Ended December 31, 2023

#### Purchases

<b>Investment Class</b>	<b>Cost</b>
Common Stocks	\$ 3,068,306
Total Investments Purchased	\$ 3,068,306

#### Sales

<b>Investment Class</b>	<b>Proceeds</b>	<b>Cost</b>	<b>Gains</b>
Common Stocks	\$ 43,997,796	\$ 33,723,355	\$ 10,274,441
Total Investments Sold	\$ 43,997,796	\$ 33,723,355	\$ 10,274,441