



Hand Composite Employee Benefit Trust Channing SMID-Cap Intrinsic Value Fund

**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, Channing SMID-Cap Intrinsic Value Fund, included in the Hand Composite Employee Benefit Trust, which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 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

	Channing SMID-Cap Intrinsic Value Fund
ASSETS	
Investments, at cost	<u>\$ 11,263,115</u>
Investments, at fair value	\$ 13,323,978
Receivable for:	
Investment advisor	3,051
Dividends and interest	<u>9,209</u>
Total Assets	<u><u>\$ 13,336,238</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	<u>\$ 7,981</u>
Total Liabilities	<u><u>\$ 7,981</u></u>
Net assets held for participants	
Class R0	\$ 371,478
Class R1	659
Class R2	<u>12,956,120</u>
Total net assets held for participants	<u><u>\$ 13,328,257</u></u>
Units outstanding	
Class R0	25,216
Class R1	45
Class R2	<u>891,814</u>
Total units outstanding	<u><u>917,075</u></u>
Net asset value per unit	
Class R0	<u>\$ 14.73</u>
Class R1	<u>\$ 14.65</u>
Class R2	<u><u>\$ 14.53</u></u>

Hand Composite Employee Benefit Trust
Channing SMID-Cap Intrinsic Value Fund
Schedule of Investments
December 31, 2024

<u>Number of Shares</u>		<u>Cost</u>	<u>Fair Value</u>
<u>Short Term Investment</u>			
266,570	First American Treasury Obligation Fund V	\$ 266,570	\$ 266,570
	Total Short Term Investment	2.00%	266,570
<u>Common Stock</u>			
Consumer Discretionary			
9,055	Aramark	244,472	337,842
3,720	Brunswick Corp	295,126	240,610
7,356	Caesars Entertainment Inc	299,868	245,838
1,048	Lithia Motors Inc	280,492	374,587
1,659	PVH Corp	134,920	175,439
650	TopBuild Corp	198,080	202,371
	Total Consumer Discretionary	11.83%	1,452,958
Energy			
4,405	Northern Oil & Gas Inc	163,463	163,690
19,224	Permian Resources Corp	288,964	276,441
	Total Energy	3.30%	452,427
Financials			
6,699	The Carlyle Group Inc	214,225	338,233
12,348	COPT Defense Properties	310,334	382,171
485	Evercore Partners Inc	133,600	134,437
4,351	First American Financial Corp	254,660	271,676
2,336	Hanover Insurance Group	306,739	361,286
793	Jones Lang Lasalle Inc	203,141	200,740
1,257	LPL Financial Holdings	320,177	410,423
3,858	South State Corp	318,025	383,794
3,981	Stifel Financial Corp	212,184	422,304
7,827	Synovus Financial Corp	309,726	400,977
3,095	Wintrust Financial Corporation	272,920	385,975
	Total Financials	27.70%	2,855,731

Hand Composite Employee Benefit Trust
Channing SMID-Cap Intrinsic Value Fund
Schedule of Investments
December 31, 2024

(Continued)

Number of Shares		Cost	Fair Value
Healthcare			
1,549	Charles River Labs Intl Inc	\$ 335,135	\$ 285,945
1,700	Laboratory Corp America	334,763	389,844
Total Healthcare		5.07% 669,898	675,789
Industrials			
907	Carlisle Companies Inc	269,510	334,538
2,268	Crane Holdings Inc	329,812	344,169
2,054	Howmet Aerospace Inc	78,008	224,646
2,544	ITT Inc	201,530	363,487
2,858	Parsons Corp	271,730	263,651
2,121	Regal Rexnord Corp	301,200	329,031
4,591	Timken Company	392,133	327,660
2,046	Wabtec Corp	152,136	387,901
8,837	Willscot Mobile Mini Holding	382,525	295,598
2,976	XPO Logistics Inc	145,034	390,302
Total Industrials		24.47% 2,523,618	3,260,983
Information Technology			
7,689	Amkor Technology	245,050	197,530
1,446	Ciena Corp	67,865	122,635
2,496	Entegris Inc	279,856	247,254
1,415	Littelfuse Inc	347,597	333,445
2,784	Teradyne Inc	257,360	350,560
Total Information Technology		9.39% 1,197,728	1,251,424
Materials			
6,589	Allegheny Technologies Inc	167,852	362,659
Total Materials		2.72% 167,852	362,659

Hand Composite Employee Benefit Trust
Channing SMID-Cap Intrinsic Value Fund
Schedule of Investments
December 31, 2024

(Continued)

<u>Number of Shares</u>		<u>Cost</u>	<u>Fair Value</u>
Telecommunication Services			
6,896	Madison Square Garden Entert Co	\$ 253,863	\$ 245,498
1,599	Nexstar Media Group Inc CL A	216,792	252,594
Total Telecommunication Services		3.74% 470,655	498,092
Utilities			
3,815	Pinnacle West Capital Corporation	331,977	323,398
3,801	Southwest Gas Corporation	239,166	268,769
Total Utilities		4.44% 571,143	592,167
Total Common Stock		92.66% 10,362,010	12,349,948
<u>Foreign Stock</u>			
Financials			
19,316	Invesco Limited	336,079	337,644
Total Financials		2.53% 336,079	337,644
Materials			
10,807	Axalta Coating Systems Ltd	298,456	369,816
Total Materials		2.77% 298,456	369,816
Total Foreign Stock		5.30% 634,535	707,460
Total Investments		99.96% \$ 11,263,115	\$ 13,323,978

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

	Channing SMID-Cap Intrinsic Value Fund
Income	
Interest	\$ 14,034
Dividends	168,912
Total Income	<u>182,946</u>
Expenses	
Investment management and administrative	12,131
Custody fees	10,000
Class R2 expenses	58,681
Total Expenses Before Reimbursement of Fees	80,812
Reimbursement of fees	<u>(21,231)</u>
Net Expenses	<u>59,581</u>
Net Investment Income	<u>123,365</u>
Net Realized and Unrealized Gains (Losses) on Investments	
Net realized gains	978,588
Net change in unrealized appreciation/depreciation	<u>(619,177)</u>
Net Realized and Unrealized Gains on Investments	<u>359,411</u>
Net Increase in Net Assets Resulting From Operations	<u><u>\$ 482,776</u></u>

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

	Channing SMID-Cap Intrinsic Value Fund
Operations	
Net investment income	\$ 123,365
Net realized gains	978,588
Change in unrealized appreciation/depreciation	<u>(619,177)</u>
Net Increase in Net Assets From Operations	482,776
Net Increase in Net Assets From Participant Transactions	<u>9,150,752</u>
Increase in Net Assets	9,633,528
Net Assets	
Beginning of year	<u>3,694,729</u>
End of year	<u><u>\$ 13,328,257</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, Channing SMID-Cap Intrinsic Value Fund (Fund), are included in this report.

Each class has equal rights as to earnings and assets except that each class bears different distribution, shareholder servicing, and transfer agent expenses. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of units based on its relative net assets.

Class R1 had an inception date of January 4, 2024.

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 on investments are reported on the identified cost basis.

Investment Income and Distribution of Income

Dividend income less foreign taxes, 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 is reinvested, thereby increasing the respective unit value.

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 apportions all of its taxable income to its participants. Therefore, no federal income tax provision is required.

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

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.

Investment Management Advisor

The investment management advisor for the Fund is Channing Capital Management, LLC.

Note 2. Investment Advisory Fees and Other Transactions With Affiliates

The Fund is charged an administrative fee by HB&T for trustee/administrative services (fund accounting services, transfer agency services, trustee services, etc.). The Fund has also entered into investment advisory and service agreements with various third-party advisors. These fees compensate the advisors for the services they provide and for expenses borne by the advisors under the various agreements.

During the year ended December 31, 2024, 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 average daily net assets.

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Other Fees	Total Fees
Channing SMID-Cap Intrinsic Value Fund					
Class R0	0.08%	0.00%	0.03%	0.02%	0.13%
Class R1	0.08%	0.60%	0.03%	0.02%	0.73%
Class R2	0.08%	0.50%	0.03%	0.02%	0.63%

Note 3. Financial Highlights

	Channing SMID-Cap Intrinsic Value Fund		
	Class R0	Class R1	Class R2
Net asset value, beginning of year ⁽¹⁾	\$ 13.68	\$ 13.68	\$ 13.55
Net investment income	0.20	0.29	0.15
Net realized and unrealized gains	0.85	0.68	0.83
Net increase from operations	1.05	0.97	0.98
Net asset value, end of year	\$ 14.73	\$ 14.65	\$ 14.53
Total return	7.68%	7.09%	7.23%
Ratio to average net assets			
Net investment income ⁽²⁾	1.34%	1.97%	1.04%
Expenses without reimbursements ⁽²⁾	0.17%	0.25%	0.68%
Expenses with reimbursements ⁽²⁾	0.12%	0.25%	0.48%

⁽¹⁾ For Class R1: For the period January 4, 2024 (inception date) to December 31, 2024

⁽²⁾ For Class R1: Annualized

Note 4. Participant Unit Transactions

	Channing SMID-Cap Intrinsic Value Fund	
	Units	Dollars
Class R0		
Proceeds from sales of units	2,348	\$ 34,259
Cost of units redeemed	(944)	(13,584)
Net change in Class R0 from participant transactions	<u>1,404</u>	<u>20,675</u>
Class R1		
Proceeds from sales of units ⁽¹⁾	41	594
Cost of units redeemed	-	-
Net change in Class R1 from participant transactions	<u>41</u>	<u>594</u>
Class R2		
Proceeds from sales of units	866,813	12,239,483
Cost of units redeemed	(223,719)	(3,110,000)
Net change in Class R2 from participant transactions	<u>643,094</u>	<u>9,129,483</u>
Net increase in net assets from participant transactions		<u>\$ 9,150,752</u>

⁽¹⁾ For the period January 4, 2024 (inception date) to December 31, 2024

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, as shown below:

- 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 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.

Hand Composite Employee Benefit Trust
Notes to Financial Statements
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.

Common Stock and Foreign Stock – Securities traded on a national securities exchange (or reported on the NASDAQ national market) are valued at the last reported sales price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are categorized as Level 1 in the hierarchy. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments, such as American Depositary Receipts, and the movement of certain indexes of securities based on a statistical analysis of the historical relationship and are categorized as Level 1 in the hierarchy. For those foreign securities where additional foreign market activities are taken into consideration by the pricing service, those securities 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, 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			
Channing SMID-Cap Intrinsic Value Fund				
Short Term Investment	\$ 266,570	\$ 266,570	\$ -	\$ -
Common Stock	12,349,948	12,349,948	-	-
Foreign Stock	707,460	707,460	-	-
Total	<u>\$ 13,323,978</u>			

Note 6. Risk Factors

The Fund invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of assets and liabilities.

Supplementary Information

**Hand Composite Employee Benefit Trust
Channing SMID-Cap Intrinsic Value Fund
Schedule of Investment Purchases and Sales
Year Ended December 31, 2024**

Purchases	
Investment Class	Cost
Common Stock	\$ 7,224,492
Foreign Stock	118,222
Total investments purchased	<u>\$ 7,342,714</u>

Sales			
Investment Class	Proceeds	Cost	Gains
Common Stock	\$ 10,051,132	\$ 9,088,903	\$ 962,229
Foreign Stock	168,938	152,579	16,359
Total investments sold	<u>\$ 10,220,070</u>	<u>\$ 9,241,482</u>	<u>\$ 978,588</u>