



Hand Composite Employee Benefit Trust The DGI Growth Fund

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

December 31, 2023



Hand Composite Employee Benefit Trust

December 31, 2023

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the selected fund, The DGI Growth Fund, included in the Hand Composite Employee Benefit Trust, which comprise the statement of assets and liabilities, including the schedule of investments, as of December 31, 2023, and the related statements of operations and changes in net assets for the 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 the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hand Composite Employee Benefit Trust and the selected fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hand Composite Employee Benefit Trust and the selected fund's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the selected fund's basic financial statements. The schedule of investment purchases and sales listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

FORVIS,LLP

Houston, Texas
May 31, 2024

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

	<u>The DGI Growth Fund</u>
Assets	
Investments, at cost	<u>\$ 21,290,951</u>
Investments, at fair value	\$ 30,373,140
Receivable for:	
Capital shares sold	<u>1,530</u>
Total assets	<u>\$ 30,374,670</u>
Liabilities	
Accounts payable and accrued liabilities	<u>\$ 28,051</u>
Total liabilities	<u>\$ 28,051</u>
Net assets held for participants - Class R1	<u>\$ 30,346,619</u>
Units outstanding - Class R1	<u>1,125,190</u>
Net asset value per unit - Class R1	<u>\$ 26.97</u>

Hand Composite Employee Benefit Trust
Schedule of Investments
The DGI Growth Fund
December 31, 2023

Number of Shares		Cost	Fair Value
<u>Short Term Investment</u>			
1,688,070	First American Treasury Obligation Fund V	\$ 1,688,070	\$ 1,688,070
	Total Short Term Investment	5.56% <u>1,688,070</u>	<u>1,688,070</u>
<u>Common Stock</u>			
<u>Consumer Discretionary</u>			
6,730	Floor and Decor Holdings Inc	588,531	750,799
2,957	Generac Holdings Inc	379,906	382,163
37,788	Gentex Corp	1,182,236	1,234,156
3,640	Gentherm Inc	130,505	190,590
2,997	LGI Homes Inc	440,838	399,081
9,811	Stitch Fix Inc Cl A	338,534	35,025
3,111	Strategic Education Inc	277,731	287,363
43,731	Under Armour Inc - Class C Cl A	516,845	384,395
5,261	Royal Caribbean Cruises Ltd	413,825	681,247
	Total Consumer Discretionary	14.32% <u>4,268,951</u>	<u>4,344,819</u>
<u>Energy</u>			
2,621	Core Laboratories Inc	125,526	46,287
40,340	Coterra Energy Inc	780,599	1,029,477
139,835	Southwestern Energy Co	662,189	915,919
	Total Energy	6.56% <u>1,568,314</u>	<u>1,991,683</u>
<u>Healthcare</u>			
4,844	Align Technology Inc	1,038,730	1,327,256
1,567	Intuitive Surgical Inc	127,898	528,643
9,713	Myriad Genetics Inc	318,377	185,907
	Total Healthcare	6.73% <u>1,485,005</u>	<u>2,041,806</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
The DGI Growth Fund (Continued)
December 31, 2023

Number of Shares		Cost	Fair Value
<i>Industrials</i>			
3,323	Graco Inc	\$ 102,738	\$ 288,303
2,712	Landstar Systems Inc	249,136	525,179
1,993	MSC Industrial Direct Co - A	166,463	201,811
9,023	Proto Labs Inc	692,177	351,536
2,720	Snap-on Inc	592,967	785,645
	Total Industrials	7.09% <u>1,803,481</u>	<u>2,152,474</u>
<i>Information Technology</i>			
9,609	Akamai Technologies Inc	868,844	1,137,225
11,910	Alarm.com Holdings Inc	713,744	769,624
4,797	Arista Networks Inc	342,391	1,129,741
2,932	Autodesk Inc	249,976	713,883
17,272	Cognex Corporation	778,004	720,933
11,253	Dolby Laboratories Inc	832,791	969,784
3,669	Interdigital Inc	241,676	398,233
1,414	Intuit Inc	176,593	883,792
3,525	IPG Photonics Inc	387,914	382,604
15,031	Microchip Technology Inc	1,047,250	1,355,496
14,634	Plexus Corp	1,074,181	1,582,374
12,171	Power Integrations Inc	590,152	999,361
38,394	Pure Storage Inc-class A	852,731	1,369,130
4,111	Semtech Corp	192,091	90,072
13,387	Super Micro Computer Inc	501,511	3,805,389
843	Take-Two Interactive Software	136,717	135,681
16,641	Viasat Inc	572,072	465,116
	Total Information Technology	55.72% <u>9,558,638</u>	<u>16,908,438</u>
	Total Common Stock	90.42% <u>18,684,389</u>	<u>27,439,220</u>

Hand Composite Employee Benefit Trust
Schedule of Investments (Continued)
The DGI Growth Fund (Continued)
December 31, 2023

Number of Shares		Cost	Fair Value
<u>Foreign Stock</u>			
<i>Consumer Discretionary</i>			
9,088	Garmin Ltd	\$ 840,814	\$ 1,168,172
	Total Consumer Discretionary	3.85% <u>840,814</u>	<u>1,168,172</u>
	Total Foreign Stock	3.85% <u>840,814</u>	<u>1,168,172</u>
<u>Common Trust Fund</u>			
<i>Fixed Income</i>			
77,678	HB&T Short Term Income Fund	<u>77,678</u>	<u>77,678</u>
	Total Fixed Income	0.26% <u>77,678</u>	<u>77,678</u>
	Total Common Trust Fund	0.26% <u>77,678</u>	<u>77,678</u>
	Total Investments	100.09% <u>\$ 21,290,951</u>	<u>\$ 30,373,140</u>

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

	The DGI Growth Fund
Income	
Interest	\$ 61,989
Dividends (net of \$4 in foreign taxes paid)	196,109
Total income	258,098
Expenses	
Investment management and administrative	11,739
Custody	7,508
Audit	8,250
Other	700
Class R1 expenses	166,651
Total expenses	194,848
Net Investment Income	63,250
Net Realized and Unrealized Gains on Investments	
Net realized gains	1,389,508
Net change in unrealized appreciation/depreciation	7,171,318
Net realized and unrealized gains on investments	8,560,826
Net Increase in Net Assets Resulting From Operations	\$ 8,624,076

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

	The DGI Growth Fund
Operations	
Net investment income	\$ 63,250
Net realized gains	1,389,508
Change in unrealized appreciation/depreciation	7,171,318
Net increase in net assets from operations	8,624,076
Net Increase in Net Assets From Participant Transactions	3,628,913
Increase in Net Assets	12,252,989
Net Assets	
Beginning of year	18,093,630
End of year	\$ 30,346,619

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2023

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Hand Composite Employee Benefit Trust (“HB&T” or “the Trust”) was created in order to provide broad and uniform diversification programs for pension and profit-sharing plans which, having complied with the requirements of the Internal Revenue Code (the IRC), are exempt from taxation under the provisions of the IRC. The Trust is comprised of 76 portfolios (the Funds); the financial statements of one of these funds are included in this report.

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 on investments are reported on the identified cost basis.

Investment Income and Distribution of Income

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

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2023

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 their taxable income to their participants. Therefore, no federal income tax provision is required.

Subsequent Events

Subsequent events have been evaluated through May 31, 2024, which is the date the financial statements were available to be issued.

Investment Management Advisor

The investment management advisor for the Fund is Disciplined Growth Investors.

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.

Fund	Administrative Fees	Investment Advisory Fees	Custody Fees	Other Fees	Total Fees
The DGI Growth Fund: Class R1	0.05%	0.71%	0.03%	0.04%	0.83%

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2023

Note 3: Financial Highlights

	The DGI Growth Fund
Net asset value, beginning of year	\$ 18.58
Net investment income	0.06
Net realized and unrealized gains	8.33
Net increase from investment operations	8.39
Net asset value, end of year	\$ 26.97
Total return	45.16%
Ratio to average net assets:	
Net investment income	0.27%
Expenses	0.82%

Note 4: Participant Unit Transactions

	The DGI Growth Fund	
	Units	Dollars
Class R1:		
Proceeds from sales of units	193,292	\$ 4,560,634
Cost of units redeemed	(42,031)	(931,721)
Net increase in total net assets from participant transactions	151,261	\$ 3,628,913

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.

Hand Composite Employee Benefit Trust

Notes to Financial Statements

December 31, 2023

- 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, 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 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 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	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)
The DGI Growth Fund				
Short Term Investment	\$ 1,688,070	\$ 1,688,070	\$ -	\$ -
Common Stock	27,439,220	27,439,220	-	-
Foreign Stock	1,168,172	1,168,172	-	-
Common Trust Fund - Fixed Income (A)	<u>77,678</u>			
Total	<u>\$ 30,373,140</u>			

(A) Certain investments that are measured at fair value using net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of assets and liabilities.

Note 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.

Supplemental Information

Hand Composite Employee Benefit Trust
Schedule of Investment Purchases and Sales – Selected Fund
The DGI Growth Fund
Year Ended December 31, 2023

Purchases

Investment Class	Cost
Common Stock	\$ 3,967,558
Foreign Stock	257,239
Common Trust Fund - Fixed Income	409,206
Total Investments Purchased	<u>\$ 4,634,003</u>

Sales

Investment Class	Proceeds	Cost	Gains (Losses)
Common Stock	\$ 2,046,931	\$ 646,202	\$ 1,400,729
Foreign Stock	103,372	114,593	(11,221)
Common Trust Fund - Fixed Income	394,213	394,213	-
Total Investments Sold	<u>\$ 2,544,516</u>	<u>\$ 1,155,008</u>	<u>\$ 1,389,508</u>