Hand Composite Employee Benefit Trust
Western Asset Income CIF

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

February 14, 2025 (Date of Dissolution)

Hand Composite Employee Benefit Trust
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February 14, 2025 (Date of Dissolution)

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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, Western Asset Income CIF (Fund), included in the Hand Composite Employee Benefit Trust, which comprise the statement of assets and liabilities as of February 14, 2025 (Date of Dissolution) and the related statements of operations and changes in net assets for the period 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 February 14, 2025, and the results of its operations and the changes in its net assets for the period 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 GAAS. 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
September 21, 2026

Hand Composite Employee Benefit Trust
Western Asset Income CIF
Statement of Assets and Liabilities – Selected Fund
February 14, 2025 (Date of Dissolution)

	Western Asset Income CIF
ASSETS	
Cash	$ 72,985
Total Assets	$ 72,985
LIABILITIES	
Accounts payable and accrued liabilities	$ 72,985
Total Liabilities	$ 72,985
Net assets held for participants	
Class R3	$ -
Class R-LM	-
Total net assets held for participants	$ -
Units outstanding	
Class R3	-
Class R-LM	-
Total units outstanding	-
Net asset value per unit	
Class R3	$ -
Class R-LM	$ -

Hand Composite Employee Benefit Trust
Statement of Operations – Selected Fund
Period Ended February 14, 2025 (Date of Dissolution)

	Western Asset Income CIF
Income	
Interest (including foreign withholding tax benefit of $1,710)	$ 1,277,804
Total Income	1,277,804
Expenses	
Trustee and administrative	43,503
Class R3 expenses	57,441
Total Expenses	100,944
Net Investment Income	1,176,860
Net Realized Gains (Losses) on Investments, Written Options, Futures Contracts, Swap Contracts, Foreign Currency, and Foreign Currency Forward Exchange Contracts	
Net realized losses on investments	(3,816,523)
Net realized gains on written options	7,817
Net realized losses on futures contracts	(1,020,692)
Net realized gains on swap contracts	220,556
Net realized losses on foreign currency	(827,319)
Net realized gains on foreign currency forward exchange contracts	353,837
Net Realized Losses on Investments, Written Options, Futures Contracts, Swap Contracts, Foreign Currency, and Foreign Currency Forward Exchange Contracts	(5,082,324)
Change in Unrealized Appreciation/Depreciation	
Investments	5,136,506
Written options	(7,592)
Futures contracts	475,697
Swap contracts	358,194
Foreign currencies	47,414
Foreign currency forward exchange contracts	(334,607)
Change in Unrealized Appreciation/Depreciation	5,675,612
Net Realized and Unrealized Gains on Investments, Written Options, Futures Contracts, Swap Contracts, and Foreign Currency, and Foreign currency forward exchange contracts	593,288
Net Increase in Net Assets Resulting From Operations	$ 1,770,148

Hand Composite Employee Benefit Trust
Statement of Changes in Net Assets – Selected Fund
Period Ended February 14, 2025 (Date of Dissolution)

	Western Asset Income CIF
Operations	
Net investment income	$ 1,176,860
Net realized losses	(5,082,324)
Change in unrealized appreciation/depreciation	5,675,612
Net Increase in Net Assets From Operations	1,770,148
Net Decrease in Net Assets From In-Kind Distribution of Investments Transferred to Separately Managed Account	(14,477,496)
Net Decrease in Net Assets From Participant Unit Transactions	(148,679,201)
Decrease in Net Assets	(161,386,549)
Net Assets Held for Participants	
Beginning of period	161,386,549
End of period	$ -

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 108 portfolios; the financial statements of one of those funds 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 Fund closed on February 14, 2025 (date of dissolution), with all participants redeeming their shares prior to this date.

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

Contingencies

Western Asset is currently performing ongoing investigations for certain accounts receiving potential misallocations by former Western Asset Co-CIO Ken Leech on the basis of unrealized first day gains or losses. As of the report date, the Fund is not included as one of the named accounts in the investigation.

Subsequent Events

Subsequent events have been evaluated through September 21, 2026, which is the date the financial statements were available to be issued.

Investment Management Advisor

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

Note 2. Fund Dissolution and Separately Managed Account

On February 14, 2025, the Fund was closed and the participant units on the date of dissolution were redeemed at approximately 91% of their net asset value, with the remaining portion retained as a holdback related to illiquid investments. The remaining investments were transferred to and continue to be held within a designated separately managed account (SMA). The assets transferred were considered illiquid at the date of dissolution and the proceeds obtained from the sale of these assets will be distributed from the SMA in accordance with the governing trust agreement, which was set up solely to facilitate an orderly liquidation. As a result, all participant shares were reduced to zero as of the date of dissolution.

Former participants retain a beneficial interest in the residual assets held in the designated SMA, and distributions are made on a pro rata basis as cash is received from the sale or cash flows from the underlying investments. Accordingly, the ongoing activities after February 14, 2025, are administered through the designated SMA and are limited to the orderly liquidation of these assets and the distribution of proceeds to former participants. Management expects proceeds from the sale of these remaining assets will be used to settle outstanding expenses, with any residual amounts distributed to participants who held interest in the Fund prior to liquidation.

Subsequent changes in value of the illiquid assets will be accounted for at the sale of the investment through the designated SMA. As a result of recently implemented global economic policies, economic uncertainties have arisen that may negatively impact the valuation of the assets held by the liquidation account. The duration of these uncertainties and the ultimate financial impacts cannot be reasonably estimated at this time.

The Fund transferred residual net assets totaling $14,477,496 to a separately managed account established for the benefit of former unitholders. The transferred balance consisted of illiquid securities with a fair value of $6,604,001, receivables for investments sold of $3,648,356, income receivables of $281,332, and cash for estimated expenses for securities payment order charges of $4,000,000, net of $56,193 related to unsettled foreign currency forward contracts. As a result of the transfer, the Fund recognized a corresponding decrease in net assets of in-kind distribution of investments transferred to a separately managed account.

The value of assets transferred into the designated liquidation account was as follows on February 14, 2025:

Number of Shares		Fair Value
	Common Stocks	
1,118	Arctic Canadian Diamond Co. Ltd.	$ 42,239
4,926	Next.e.GO Mobile SE	-
	Total Common Stocks	42,239
	Warrants	
15,677	flyExclusive, Inc. 5/28/2028 0.000%	5,345
	Total Warrants	5,345
Principal Amount†		
	Collateralized Mortgage Obligations	
$ 13,781	BRAVO Residential Funding Trust Series 2024-NQM2, Class A3, CMO, VRN, 144A 6.59% 02/25/2064	13,887
13,594	Verus Securitization Trust Series 2023-8, Class A3, CMO, 144A 6.97% 12/25/2068	13,777
19,181	Verus Securitization Trust Series 2024-1, Class A3, CMO, 144A 6.12% 01/25/2069	19,217
	Total Collateralized Mortgage Obligations	46,881
	Convertible Bonds	
128,000	Gannett Co., Inc. Sr Secured 144A 6.00%	153,126
	Total Convertible Bonds	153,126
	Corporate Bonds	
	Basic Materials	
780,000	Northwest Acquisitions ULC/Dominion Finco, Inc. Secured 144A 7.13% 11/01/2022	8
	Total Basic Materials	8

Principal Amount†		Fair Value
	Corporate Bonds (Continued)	
	Consumer, Cyclical	
$ 530,000	Allen Media LLC/Allen Media Co-Issuer, Inc. Company Guarantee 144A 10.50% 02/15/2028	$ 204,050
100,000	CalAtlantic Group LLC Company Guarantee 5.25% 06/01/2026	97,466
710,000	Next.e.GO Mobile SE Series IPN, Sr Secured 144A 9.75% 06/30/2027	570,485
	Total Consumer, Cyclical	872,001
	Financials	
2,441,821	Mcclatchy Media Co. LLC Secured, 144A 11.00% 12/01/2031	2,481,501
	Total Financials	2,481,501
	Industrials	
518,400	C3 Nano, Inc. Series CLIP, Sr Secured 144A 10.00% 08/15/2026	505,848
	Total Industrials	505,848
	Information Technology	
824,167	Blast Motion, Inc. Sr Secured 144A 10.00% 08/15/2026	799,442
664,100	Uniquify, Inc. Series CLIP, Sr Secured 144A 10.00% 08/15/2026	644,177
	Total Information Technology	1,443,619
	Total Corporate Bonds	5,302,977

Principal Amount†		Fair Value
	Floating Rate Loans	
	Basic Materials	
$ 1,105,386	Arctic Canadian Diamond Co. Ltd. 2nd Lien PIK Term Loan 10.00% 12/31/2027	$ 1,053,433
	Total Basic Materials	1,053,433
	Total Floating Rate Loans	1,053,433
	Total Investments	$ 6,604,001

† Principal Amount denominated in U.S. dollars, unless otherwise noted.

144A – Securities sold under Rule 144A of the *Securities Act of 1933,* which exempts them from registration.

Note 3. Futures Contracts

The Fund had no open futures contracts as of February 14, 2025.

Note 4. Foreign Currency Forward Exchange Contracts

The Fund had no open forward foreign currency contracts as of February 14, 2025.

Note 5. Swap Contracts

The Fund had no open swap contracts as of February 14, 2025.

Note 6. Written Options Rollforward

Written option transactions for the Fund were as follows during the period ended February 14, 2025:

	Number of Contracts/ Notional Amount	Premiums
Written options, outstanding as of January 1, 2025	725,961	$ 7,817
Options expired	(725,961)	(7,817)
Written options, outstanding as of February 14, 2025	-	$ -

Note 7. 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's total net assets.

Fund	Trustee/ Administrative Fees	Investment Management Fees	Other Fees	Total Fees
Western Asset Income CIF				
Class R3	0.05%	0.38%	0.12%	0.55%
Class R-LM	0.10%	0.00%	0.12%	0.22%

Note 8. Financial Highlights

	Western Asset Income CIF	
	Class R3 [1]	Class R-LM [1]
Net asset value, beginning of year	$ 13.09	$ 13.39
Net investment income	0.10	0.17
Net realized and unrealized gains (losses)	0.05	(0.01)
Net increase from investment operations	0.15	0.16
Net asset value, prior to liquidation	13.24	13.55
Liquidating redemption	(13.24)	(13.55)
Net asset value, end of period	$ -	$ -
Total return	1.15%	1.19%
Ratio to average net assets		
Net investment income[2]	6.10%	10.34%
Expenses without reimbursement[2]	0.52%	0.22%
Expenses with reimbursement[2]	0.52%	0.22%

[1] For the period January 1, 2025 through February 14, 2025 (closing date)
[2] Annualized

Note 9. Participant Unit Transactions

	Western Asset Income CIF	
	Units	Dollars
Class R3		
Proceeds from sales of units	200,430	$ 2,652,497
Cost of units redeemed	(12,339,155)	(149,007,786)
Net change in Class R3 from participant transactions	(12,138,725)	(146,355,289)
Class R-LM		
Proceeds from sales of units	4,446	60,270
Cost of units redeemed	(192,573)	(2,384,182)
Net change in Class R-LM from participant transactions	(188,127)	(2,323,912)
Net decrease in net assets from participant transactions		$ (148,679,201)

Note 10. Risk Factors

Prior to liquidation, the Fund was exposed to various market risks (investment securities risk, foreign securities risk, currency risk, etc.) from its investments in debt securities. As of February 14, 2025, the Fund holds no investment securities and thus has no exposure to such market risks.

Note 11. Derivative Instruments and Hedging Activities

The following tables provide information about the effect of derivatives and hedging activities on the Fund's statement of operations for the period ended February 14, 2025. 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	Foreign Exchange Risk	Credit Risk	Equity Risk	Total
Purchased options[(1)]	$ (65,327)	$ (2,761)	$ -	$ (39,575)	$ (107,663)
Written options	-	7,817	-	-	7,817
Futures contracts	(1,020,692)	-	-	-	(1,020,692)
Swap contracts	(158,409)	-	373,387	5,578	220,556
Foreign currency forward exchange contracts	-	353,837	-	-	353,837
Total	$ (1,244,428)	$ 358,893	$ 373,387	$ (33,997)	$ (546,145)

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

	Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized				
	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Equity Risk	Total
Purchased options[(1)]	$ 3,985	$ 1,809	$ -	$ -	$ 5,794
Written options	-	(7,592)	-	-	(7,592)
Futures contracts	475,697	-	-	-	475,697
Swap contracts	490,504	-	(132,310)	-	358,194
Foreign currency forward exchange contracts	-	(334,607)	-	-	(334,607)
Total	$ 970,186	$ (340,390)	$ (132,310)	$ -	$ 497,486

(1) The change in unrealized appreciation (depreciation) from purchased options is reported in the change in net unrealized appreciation (depreciation) from investment transactions in the statement of operations.

The volume of derivative activity for the Fund was as follows during the period ended February 14, 2025:

	Average Market Value
Purchased options	$ 109,551
Written options	11
Futures contracts (to buy)	22,133,684
Futures contracts (to sell)	9,819,119
Foreign currency exchange contracts (to buy)	15,228,300
Foreign currency exchange contracts (to sell)	19,154,314

	Average Notional Balance
Interest rate swap contracts	$ 11,342,688
Credit default swap contracts (to buy protection)	29,230,000

Supplementary Information

Hand Composite Employee Benefit Trust
Western Asset Income CIF
Schedule of Investment Purchases and Sales
Period Ended February 14, 2025 (Date of Dissolution)

Purchases

Investment Class	Cost
Floating Rate Loans	$ 1,075
Corporate Bonds	6,502,570
Total investments purchased	$ 6,503,645

Sales

Investment Class	Proceeds	Cost	Gains (Losses)
Floating Rate Loans	$ 5,691,791	$ 7,002,037	$ (1,310,246)
Collateralized Mortgage Obligations	25,303,398	25,249,067	54,331
Convertible Bonds	437,644	437,750	(106)
Corporate Bonds	60,784,693	62,316,148	(1,531,455)
U.S. Government and Agency Obligations	23,742,315	23,811,895	(69,580)
Foreign Government Obligations	9,667,040	9,508,885	158,155
Asset-Backed Securities	21,934,111	21,972,846	(38,735)
Total investments sold	$ 147,560,992	$ 150,298,628	$ (2,737,636)