

Vanguard 40/60 - Moderate Managed Trust Fund R

About the Trustee

The Vanguard 40/60 - Moderate Managed Trust Fund R are collective investment funds ("CIFs") created by the Hand Composite Employee Benefit Trust and sponsored by Hand Benefits & Trust Company that invest in the strategies of the Vanguard ETF Model.

Investment Objective

Subject to a moderate degree of fluctuation in share prices. This portfolio is best suited for investors seeking both a high level of income and moderate growth or capital and income in addition to those seeking a simple way to achieve a broadly diversified holding of stocks and fixed income investments. In general, such funds may be appropriate for investors who have a relatively long investment horizon.

Fund Facts

Share Class: R

CUSIP: 410235378

Inception Date: 11/2/2012

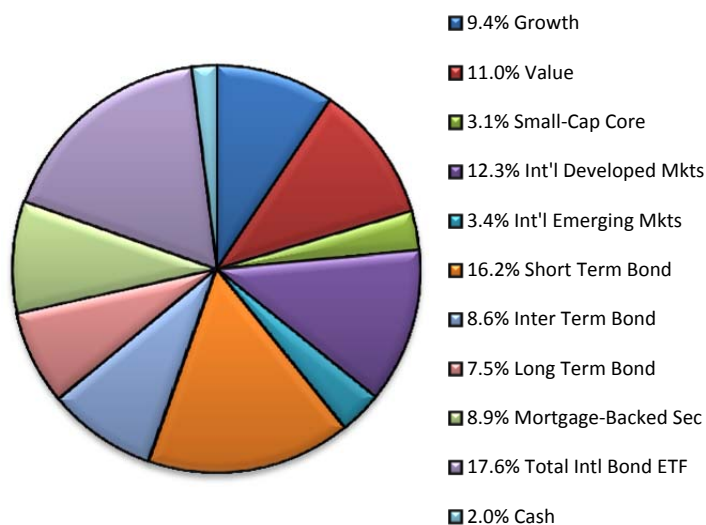
Investment Category: Moderate

Annual Portfolio Turnover Rate: <20%

Expense Ratio[^]: 42bps

[^]The total fee paid per annum would be \$4.20 per \$1,000 investment.

Diversification of Assets



Vanguard ETFs - Top 10 Holdings:

1. Total Intl Bond ETF (BNDX)
2. Short-Term Bond ETF (BSV)
3. FTSE Developed Markets ETF (VEA)
4. Value ETF (VTV)
5. Growth ETF (VUG)
6. Mortgage Backed Sec (VMBS)
7. Intermediate Term Bond (BIV)
8. Long Term Bond ETF (BLV)
9. HB&T Short Term Inc Fund (STI01)
10. Emerging Markets ETF (VWO)

Average Annual Returns

| INVESTMENT | 3MOS* | YTD* | 1 YR. | 3 YR. | 5 YR. | 10 YR. | SINCE INCEPTION |
|--|-------|-------|-------|-------|-------|--------|-----------------|
| Vanguard 40/60 - Moderate Managed Trust Fund R | 2.48 | 10.30 | 10.30 | 5.03 | 5.97 | N/A | 5.97 |
| BROAD BASED INDEX | | | | | | | |
| Morningstar Moderately Cons Target Risk | 2.57 | 10.99 | 10.99 | 5.40 | 5.85 | N/A | 5.89 |

*Not Annualized

Important Notes Regarding Return Information

The asset allocation is presented to illustrate examples of the securities that the portfolio has bought and the diversity of areas in which the portfolio may invest and may not be representative of the portfolio's current or future investments. The figures presented are as of date shown, and may change at any time.

Reported benchmarks are not intended as direct comparisons to the performance of the portfolio. Instead, they are intended to represent the performance of certain sectors of the overall securities market (e.g. equities, bonds, etc.). Respectively, the volatility and performance of the reported benchmark may be greater than or less than the volatility and performance of the investment portfolio. The indices reflect the reinvestment of dividends and income and do not reflect deductions for fees, expenses or taxes. The indices are unmanaged and are not available for direct investment.

The CIF is not a mutual fund. Its shares are not deposits of Hand Benefits & Trust Company and are not insured by the Federal Deposit Insurance Corporation or any other agency. The CIF is a security which has not been registered under the Securities Act of 1933 and is exempt from investment company registration under the Investment Act of 1940. The Vanguard 40/60 - Moderate Managed Trust Fund R is new and does not have actual performance data to report. Performance data quoted prior to inception date represents past performance of the Vanguard model portfolio adjusted for fees. The performance quoted here does not guarantee future results. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal. Before investing in any investment portfolio, the client and the financial professional should carefully consider client investment objectives, time horizon, risk tolerance, and fees.

Use of Vanguard Investment Models:

Hand Benefits & Trust Company as investment manager of the funds will use Vanguard Investment Models as a basis for the investment strategy of the funds; however, Vanguard does not serve as an investment fiduciary to the funds, nor are they responsible for determining the suitability of the use of the Models within the funds.

Successful investment management companies base their business on a core investment philosophy, and Vanguard is no different. These tenets have been a part of the company since their inception and are embedded in Vanguard's culture.

1) When using a diversified portfolio, the most important decision is selecting the mix of assets to be held in a portfolio, not selecting the individual investments themselves. An investment policy, or asset mix, should weigh the trade-off between return and risk. Potential return rises along with the risk of volatility in an asset mix.

2) Broad diversification to the stock and bond markets reduces risk. Investors whose holdings vary substantially from overall market weightings - in terms of capitalization, style (growth or value), and industry sectors - are assuming additional risk that is unlikely to pay off over the long term.

3) Minimizing the costs of investing is vital for long-term investment success. Investment returns are reduced dollar for dollar by the fees, commissions, transaction expenses, and, for taxable assets, any taxes incurred. By minimizing costs, investors (and mutual funds) improve their odds of posting superior relative returns.

Their model portfolios reflect the following:

- Build and maintain portfolios that are broadly diversified across all sectors of a securities market.
- Use broadly diversified, low-cost funds.
- Have exposure to bond funds with a broad range of maturities and credit quality.
- Hold both growth and value stock funds.
- Where an allocation to equities is involved, include some exposure to international stock funds.