



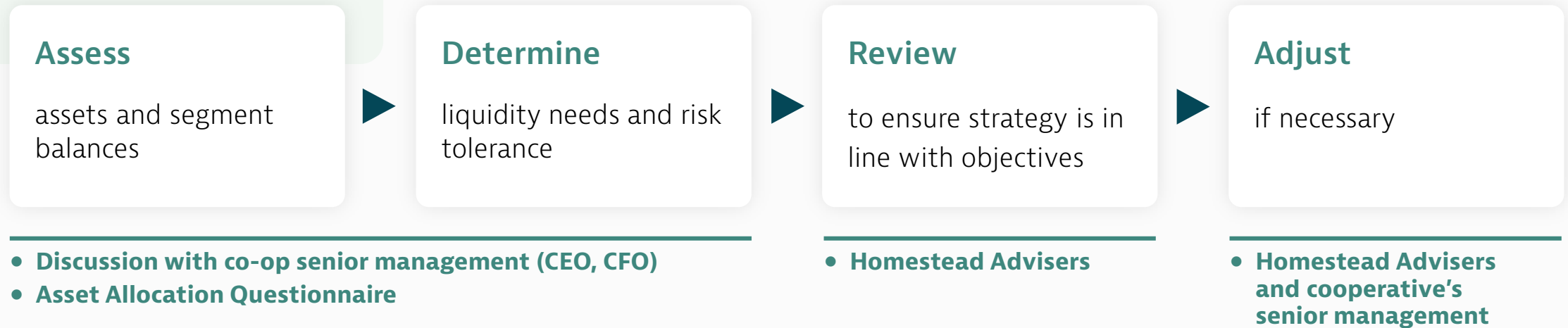
Homestead
Funds

Financial Stewardship of the Cooperative's Assets

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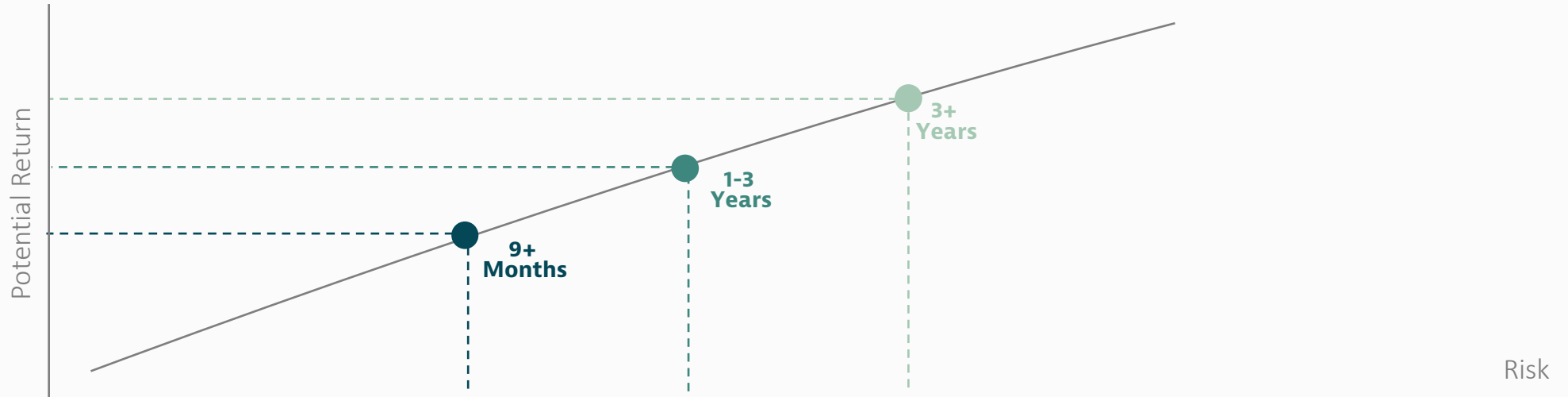
A Discussion Point for Directors: Managing Risk and Growing Capital

One of the electric cooperative directors' responsibilities is guiding how the organization's money and assets are used to fulfill its mission. In that role, directors will need to consider whether cooperative assets are strategically segmented to meet the organization's financial needs. An effective strategy incorporates a clear investment policy, well-defined goals, and parameters for liquidity, quality and return.



Balancing Risk, Liquidity and Return

Different account types shown are based on the specific functions, time horizons and liquidity need of assets.



Working Capital

Time Horizon: 0-9 months

Use: Operating and surprise expenses

Objective: Capital preservation

Risk: Minimum volatility

OPERATING

Managed Reserves

Time Horizon: 1-3 years

Use: Periodic cash needs

Objective: Capital preservation

Risk: Minimum to moderate volatility

RESERVE

Benefits/Trust Structures

Time Horizon: Over 3 years

Use: Grow corporate assets

Objective: Capital appreciation

Risk: Moderate to high volatility

STRATEGIC

Building Both Short- and Long-Term Value for Your Cooperative

Align Goals to an Investment Strategy

- We can work with leadership and the board to create an investment plan that can work toward your cooperative's financial goals based on risk and time horizons.

Support Your Mission

- We can work with your cooperative leadership to develop an investment policy statement for board approval.

Regular Account Reviews

- We can meet in person or virtually with your board to present new investment recommendations and annual account reviews to ensure your investments are aligned with your financial goals.

How You Can Help Your Cooperative

Support your cooperative's mission by identifying investment solutions, tools and resources that can help foster the long-term success of your cooperative.

Stay Prepared

Make money decisions easier and carry out plans to help grow assets and support financial needs.

Care for Communities

Support those around you by funding scholarship and community initiatives.

Attract and Retain Employees

Recruit and reward leadership through compensation plans and supplemental benefits.

Engage and Educate Employees

Build solid financial foundations by educating individuals and sponsoring savings programs.

Programs Designed for Cooperative



Corporate Accounts

Invest across our family of mutual funds to help meet your cooperative's tolerance for risk and expected time horizon.



Deferred Compensation

Reward your directors, CEOs and other highly compensated employees with deferred compensation plans and other supplemental benefits.



Community Purpose Accounts

Support your community by funding scholarships and community initiatives.



Employer-Sponsored Savings Program

You can help employees and their families tackle a top financial challenge: not being prepared for an emergency.



Storm Reserve Accounts

Make a plan to help grow your assets into capital you can use for emergencies and future spending needs.



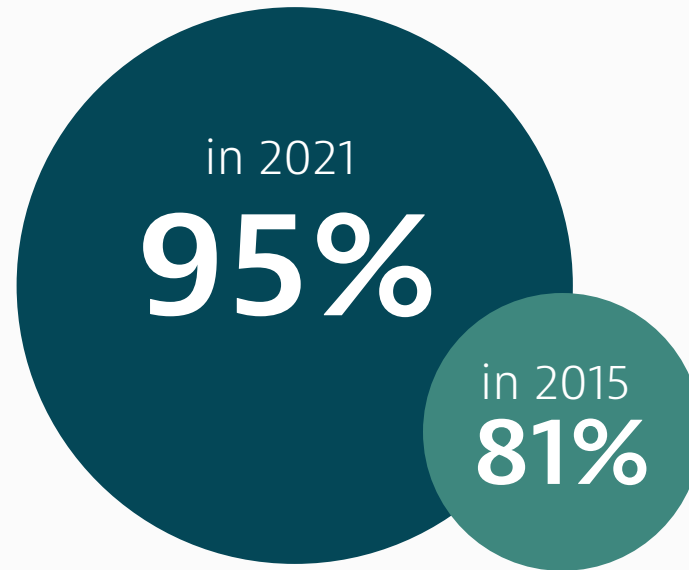
Retiree Medical

Consider establishing a retiree welfare plan trust as a way to help your cooperative and your retirees manage rising health care costs.

Employees Are Your Greatest Asset

Employers are taking a larger role in supporting financial wellness

Employers understand that helping their employees on the path toward financial wellness is not just a “nice to have” but also an important part of attracting and retaining talent as well as helping to ensure a happy and productive workplace.



of employers feel a **sense of responsibility** for the financial wellness of their employees

Source: Bank of America, “2021 Workplace Benefits Report”

Ways You Can Help Your Cooperative's Employees

Provide access to financial education, tools and resources to help your employees develop good financial habits and make smarter long-term decisions when it comes to their finances. How Homestead Funds can support your coop:

⤵ **Online Presentations (15 to 60 minutes)**

These live sessions can be tailored to fit the interests of your employees and aim to provide tools for action. The presenters are available to answer questions.

⤵ **One-on-One Guidance**

Employees can have confidential conversations with our representatives to create a custom plan to help meet their needs.

⤵ **Presentations in Your Inbox**

Tight on time? We can send you links to presentations and videos to share with your employees that cover a range of investing topics.

⤵ **Investor Education**

Browse our website for resources made specifically for cooperatives. Share the resources you think are most valuable to your employees.

Ways Investors Use Our Funds

- Online we have tools and creative ideas that you can share with your employees.
 - ⊗ Build emergency savings
 - ⊗ Save for education costs
 - ⊗ Put money aside for a major purchase, like a house
 - ⊗ Saving for post-retirement needs
- Establish portfolios to help meet changing investment goals, from early-career to late-career



Let's Work Together

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If you would like more information, feel free to send an email or give us a call.



Past performance does not guarantee future results. Investing in mutual funds involves risk, including the possible loss of principal. *Investors should carefully consider fund objectives, risks, charges and expenses before investing. The prospectus contains this and other information about the funds and should be read carefully before investing. To obtain a prospectus, call 800.258.3030 or visit homesteadfunds.com.*

As a money market fund, the Daily Income Fund has limited potential for income production. You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Debt securities are subject to interest rate risk, credit risk, extension risk, income risk, issuer risk and market risk. The value of U.S. government securities can decrease due to changes in interest rates or changes to the financial condition or credit rating of the U.S. government. Investments in asset-backed and mortgage-backed securities are also subject to prepayment risk as well as increased susceptibility to adverse economic developments. High-yield, lower-rated securities involve greater risk than higher-rated securities. Loans are subject to risks involving the enforceability of security interests and loan transactions, inadequate collateral, liabilities relating to collateral securing obligations, and the liquidity of the loans.

Equity securities generally have greater price volatility than fixed-income securities and are subject to issuer risk and market risk. The Stock Index Fund pursues its objective by investing substantially all of its assets in another pooled investment vehicle (a "master fund"). The ability of the Stock Index Fund to meet its investment objective is directly related to the ability of the master fund to meet its investment objective. Index funds may hold securities of companies that present risks that an investment advisor researching individual securities might otherwise seek to avoid and are subject to tracking error risk. Value stocks are subject to the risk that returns on stocks within the style category will trail returns of stocks representing other styles or the market overall. Growth stocks are subject to the risk that returns on stocks within the style category will trail returns of stocks representing other styles or the market overall. Securities of small and medium-sized companies tend to be riskier than those of larger companies. International investing involves currency, economic and political risks, which may be greater for investments in emerging and frontier markets.

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