

Short-Term Bond Fund

This Fund's short-weighted average maturity (no more than three years) is intended to reduce the effect of interest rate changes on the Fund's share price. Prices of short-term securities generally decline less in response to a rise in interest rates than those of longer term securities.



Fund Symbol: **HOSBX**
CUSIP Number: **437769300**

Inception Date:
November 1991

Asset Allocation:
Fixed income

Expected Degree of
Share Price Volatility: **Low**

Average Weighted Maturity
on 03/01/12: **2.72 years**

Annualized 30-Day SEC Yield
on 03/01/12: **2.24%**

The 2011 Lipper Fund Award winners are selected based on the highest risk-adjusted performance among funds within a given category for the three-, five- and 10-year periods ending 12/31/10. Fund classification averages are calculated with all eligible share classes for each eligible classification. The calculation periods extend over 36, 60 and 120 months. The highest Lipper Leader for Consistent Return (Effective Return) value within each eligible classification determines the fund classification winner over three, five or 10 years. A high Lipper rating does not necessarily imply that a fund had the best total performance or that the fund achieved positive results for that period. Lipper Inc., is a major independent fund tracking organization. Past performance is no guarantee of future results.

Investments in fixed-income funds are subject to interest rate, credit and inflation risk.

Fund Management

Portfolio Manager: Douglas Kern, CFA

Mr. Kern, a senior fixed-income portfolio manager for RE Advisers, is the portfolio manager for the Short-Term Government Securities Fund and the Short-Term Bond Fund, which he has managed since inception. He received his BA in Business Administration and his MBA in Finance from Pennsylvania State University. He has been with NRECA since 1985.

Investment Adviser: RE Advisers Corporation

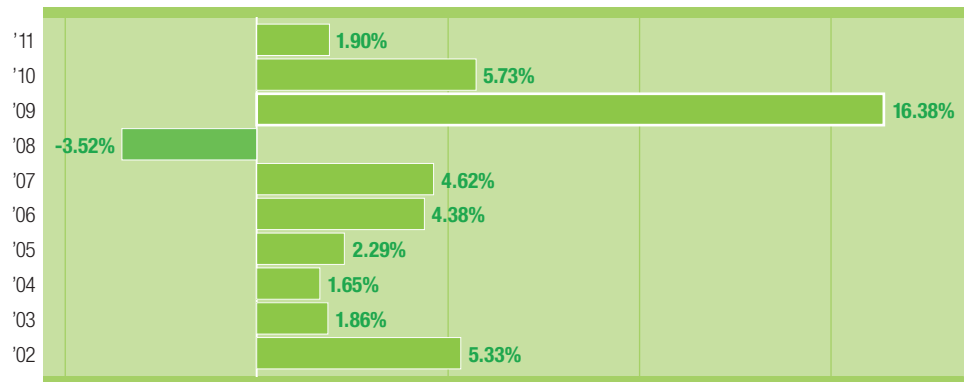
Performance

as of quarter end 03/31/12

SHORT-TERM BOND FUND TOTAL RETURNS

Short-Term Bond Fund	Year-to-Date	Average Annual				Since Nov '91 (HOSBX Fund Inception)
		1 Year	3 Year	5 Year	10 Year	
Short-Term Bond Fund	1.69%	3.07%	7.52%	4.88%	4.09%	5.05%
BofA Merrill Lynch 1-5 Year Corp./Gov. Index	0.62%	3.42%	4.11%	4.61%	4.33%	5.46%

SHORT-TERM BOND FUND CALENDAR YEAR TOTAL RETURNS



The total returns shown above represent past performance, which does not guarantee future results. Investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted.

Investors should carefully consider fund objectives, risks, charges and expenses before investing. The prospectus contains this and other information about the fund and should be read carefully before investing. To obtain a prospectus, call 1-800-258-3030 or visit homesteadfunds.com. RE Investment Corporation, Distributor. 04/12