



As described in the enclosed supplement to the Prospectus, the Homestead Funds Board of Directors (the "Board"), based upon the recommendation of Homestead Advisers Corp. (the "Adviser"), has determined that it is in the best interest of our shareholders to liquidate and terminate the Homestead Rural America Growth & Income Fund ("Fund"). The Adviser's recommendation was based on the small amount of assets in the Fund and the Adviser's assessment that the Fund cannot continue its operations in an economically viable manner. We appreciate the liquidation and termination of the Fund may come as a surprise and we regret the need to terminate the Fund.

This letter will guide you as to what actions you, depending on the nature of your account, will need to take in your account to prepare for this change. Our representatives are available to guide you and answer any questions you may have.

Important Resources:

Homestead Funds Phone Number: 1-800-258-3030

Option 1 for transaction processing or website login help

Option 2 for fund guidance

Homestead Funds Website: www.homesteadfunds.com

- Click Log In in the upper right corner to access your account online
- Go to homesteadfunds.com/changing-a-model for instructions on changing an existing Asset Allocation Model

Shareholders may wish to consult with their tax advisor about their particular situation.

Actions Needed

The Fund will stop accepting purchases after April 30, 2024 and will fully liquidate its holdings on the close of business on June 12, 2024. On April 1, 2024, Homestead Funds will update the five Pre-Defined Asset Allocation Models available when you log in to your account, removing the Rural America Growth & Income Fund and adjusting the remaining allocations. You must read the options below and follow the instructions for your situation.

Pre-Defined Asset Allocation Model ("Model") with Auto Rebalance

- Homestead Funds will apply the updated version of the Model you previously selected to your account on May 1, 2024. This will adjust your allocations to match the updated Model and ensure your auto rebalance will run according to the updated allocations.
- No action by you is necessary.

Pre-Defined Asset Allocation Model ("Model") without Auto Rebalance

- After April 1, 2024, log into your account to reselect your Model. Please see the link above for instructions on how to change an existing Model. **Select the option to initiate a one-time rebalance.** You must complete this update by June 10, 2024. However, if you are actively making purchases into the account (e.g. payroll), the update must be completed before May 1, 2024.

Custom Model with or without Auto Rebalance

- After April 1, 2024, log into your account and update your custom model to remove the Fund and reallocate the amount that was invested in the Fund. Please see the link above for instructions on how to change an existing Model. **Select the option to initiate a one-time rebalance.** Also review your auto rebalance to ensure the Fund has been removed.
- You must complete this update by June 10, 2024. However, if you are actively making purchases into the account (e.g. payroll), the update must be completed before May 1, 2024.

Payroll Purchases

- If you are purchasing shares through payroll and your employer sends us your purchase allocations per fund, you **MUST** contact your employer's payroll department to update your purchase allocations prior to May 1, 2024.
- If you control your payroll purchase allocations using any type of model, it must be updated before May 1, 2024.

Automatic Investment Plan

- If you have an Automatic Investment Plan ("AIP") that includes this Fund, you must log into your account before May 1, 2024 to remove the Fund from your AIP. You may also call the phone number above to process an exchange over the phone.

Tax Information

- In non-IRA and ESA accounts, an exchange or redemption is a taxable transaction.
- In IRA and ESA accounts, exchanging to another fund is non-taxable, but a redemption is taxable and you will incur an IRS premature distribution penalty if you are under age 59.5.
- **If you do not take action to update your Model, we will be forced to liquidate your position and send you the proceeds. As mentioned above, this transaction will incur an IRS penalty if you have an IRA account and are under the age of 59.5.**

Homestead Funds' investment advisor and/or administrator, Homestead Advisers Corp., and distributor, Homestead Financial Services Corp., are indirect, wholly owned subsidiaries of NRECA. 3/24