



## **Homestead Funds Launches New Fund Investing in Rural America**

*\$2.7 billion mutual fund company to invest fund in equity, fixed-income securities that support rural economies*

ARLINGTON, VA, May 1, 2021 -- Homestead Funds, a Virginia-based mutual fund company with \$2.7 billion in assets as of March 31, 2021, today launched the Rural America Growth & Income Fund (HRRLX).

Founded by the National Rural Electric Cooperative Association (NRECA), over 350 electric co-ops invest in Homestead Funds. Guided by its mission to provide Main Street investors with Wall Street expertise, Homestead Funds developed the Rural America Growth & Income Fund to allow Americans to invest in businesses and sectors tied to the rural communities in which they live and work.

The Fund's thesis is supported by a recently published report by NRECA economists and Homestead Funds that analyzes historical trends. Homestead Funds believes that changes spurred on by the Covid-19 crisis position rural America for growth over the next decade (see ["2021 U.S. Economic Outlook – A Focus on Rural America"](#)).

"We believe America is at the inflection point for a rural economic boom, and we want to participate in this cycle by investing in strong businesses that are also in our cooperative membership footprint across the country through this new Fund," said Mark Santero, CEO of Homestead Funds. "Having served electrical cooperative members for over 30 years, Homestead Funds saw first hand how farmers and ranchers from the southeastern hills to the western mountain regions built co-op communities to improve rural Americans' quality of life. We hope to do the same by investing the Rural America Growth & Income Fund in industries that have been the lifeblood of the Heartland, in addition to new companies emerging in these regions, or supporting these communities as more and more city dwellers moved during the Covid-19 pandemic."

### **Active equity and fixed income portfolio provides exposure to rural America**

The Fund will employ an active management approach to investing primarily in equity and fixed-income securities of companies that are important to the economic development of rural America.

RE Advisers Corporation, the Fund's investment adviser, follows a bottom-up approach in selecting stocks of companies based on its fundamental research and consideration of variety of factors, such as a company's business, potential earning power, financial ratios, competitive advantages, and the experience and qualifications of the company's management.

Among other criteria, the Fund considers an issuer to have meaningful economic exposure to a key driver of rural American economy by either normally deriving at least 10% of its total revenue from, or having at least 10% of its annual capital expenditures made and/or committed to, one or more of the sectors listed below:

- Agribusiness value chain — agriculture equipment, chemicals, food and beverage;
- Infrastructure development — broadband telecommunication, water infrastructure, road construction, and waste management;
- Industrial transportation — rail, trucking, and distributors;
- Consumer products and services — rural retailers and restaurants;
- Financial services — banks (based on loan breakdown and branch locations), financial exchanges (based on trading revenue associated with products integral to the rural economy), and; insurance (based on net premiums written for rural areas)
- Healthcare — providers (providing healthcare to rural areas), payers (members based on rural areas), and animal health (providing services to livestock);
- And technology — enterprise software (providing software to rural banks and rural merchants), payments (providing payment processing to rural banks and rural merchants), and automation (for example, providing automatic farming equipment).

“From the uptick in housing stock growth to rural retailers outperforming their urban counterparts during the pandemic, the global health crisis has transformed the way we live – and that includes the way markets are moving,” said Homestead Funds Senior Portfolio Manager Prabha Carpenter. “Coupled with potentially sweeping federal investment in rural infrastructure, we think the case to invest in rural communities that may experience growth in job creation and new capital is clear.”

The allocation of the Fund’s investments across equity and fixed-income asset classes will vary substantially from time to time. Under normal market conditions, the Fund seeks to invest 30-70% of its assets in each asset class.

RE Advisers Corporation expects to allocate the Fund’s assets in response to changing market, financial, economic, and political factors and events that the Fund’s portfolio managers believe may affect the values of the Fund’s investments.

Download a [prospectus](#) for the Rural America Growth & Income Fund or obtain one by calling 800-258-3030. The prospectus includes the Fund’s full investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

## **About Homestead Funds**

Headquartered in Arlington, Virginia, Homestead Funds has a 30-year history of

bringing Wall Street expertise to Main Street in the form of actively managed mutual funds. Homestead Funds was created by the National Rural Electric Cooperative Association to offer financial services to electric cooperative members. More than 350 co-ops invest in Homestead Funds, including assets held in deferred compensation and retiree medical plans. RE Advisers, the investment manager for Homestead Funds, returns its profits to NRECA to support the invaluable work and mission of rural electric co-ops and their employees.

The firm's 10 no-load mutual funds are available to the public as well as pre-built portfolios and other tools to help all investors with their financial goals. For more information, visit [www.homesteadfunds.com](http://www.homesteadfunds.com).

**For more information, please contact**

Julie Mansmann  
Account Manager  
Montieth & Company  
[jmansmann@montiethco.com](mailto:jmansmann@montiethco.com)

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.

**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 [download a PDF](#) of it now.*

The views expressed are those of the individuals as of March 24, 2021, and may have changed since that date. The opinions stated may contain forward-looking statements and may discuss the impact of domestic and foreign markets, industry and economic trends, and governmental regulations of the funds and their holdings. Such statements are subject to uncertainty, and the impact on the funds might be materially different from what is described here.

Homestead Funds' investment advisor and/or administrator, RE Advisers Corporation, and distributor, RE Investment Corporation, are indirect, wholly owned subsidiaries of NRECA. 5/21