

Short-Term Bond Fund

as of December 31, 2018



Homestead Funds

Investment Objective & Strategy

The Short-Term Bond Fund seeks a high level of income consistent with maintaining minimum fluctuation of principal by investing in high-quality, short-term debt securities.

These investments primarily include: commercial paper, corporate bonds, U.S. Treasury securities, securities issued or guaranteed by U.S. government entities, agencies or instrumentalities, municipal bonds, U.S. dollar-denominated debt securities of foreign issuers (Yankee Bonds), and asset-backed and mortgage-backed securities.

The dollar-weighted average portfolio maturity of the fund, under normal circumstances, is expected to be three years or less.

Fund Profile

Inception.....	November 5, 1991
Asset Allocation.....	Fixed Income
Morningstar Category.....	Short-Term Bond
Lipper Classification.....	Short-Investment Grade Debt
Benchmark.....	ICE BofA ML 1-5 Year Corp./Gov. Index
Ticker Symbol.....	HOSBX
CUSIP Number.....	437769300
Fee Structure.....	No-Load
Expense Ratio.....	0.76%*
Median Expense Ratio for Peer Group.....	0.80%*
Transaction Fees.....	None
Minimum for Initial Purchase.....	\$500/\$200 IRA

*As of 12/31/17. The expense ratio shows the percentage of fund assets deducted annually to cover operating costs. Fund expense ratios shown here do not include acquired fund fees and expenses. If applicable, these additional costs are disclosed in the prospectus. For some funds, the investment advisor has agreed voluntarily or contractually (for at least the current fiscal year) to waive or reimburse a portion of expenses. The net expense ratio is the expense ratio minus the portion of expenses waived or reimbursed. Please see the current prospectus for additional details. The peer ratio is according to Morningstar Direct, based on each fund's Morningstar classification.

Portfolio Characteristics

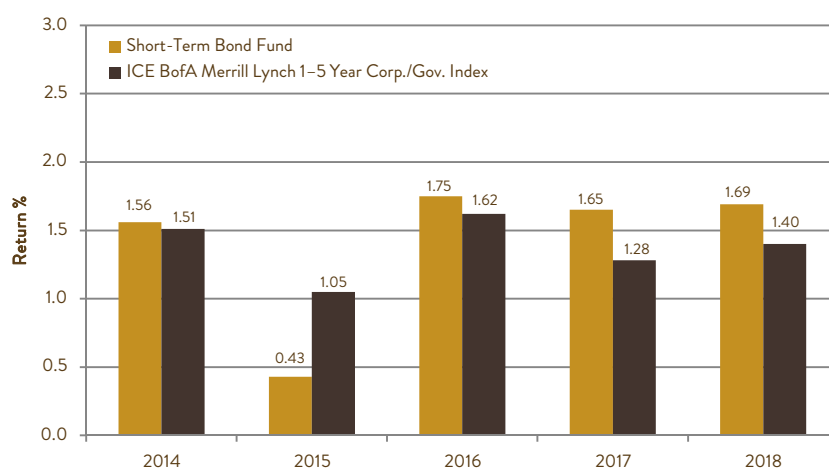
Net Assets.....	\$562M
Number of Holdings.....	430
Weighted Average Maturity.....	1.52 years
Weighted Average Duration.....	1.41 years
Annualized 30-Day SEC Yield.....	2.48%

Total Returns

	AGGREGATE YTD	AVERAGE ANNUAL				SINCE INCEPTION
		1 YR	3 YR	5 YR	10 YR	
Short-Term Bond Fund	1.69%	1.69%	1.70%	1.41%	3.64%	4.21%
ICE BofA Merrill Lynch 1-5 Year Corp./Gov. Index	1.40	1.40	1.43	1.37	2.17	4.42

The ICE BofA Merrill Lynch 1-5 Year Corp./Gov. Index measures the performance of U.S. government and investment-grade corporate debt. Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices do not account for any fees, commissions or other expenses that would be incurred. The index's returns do not include reinvested dividends.

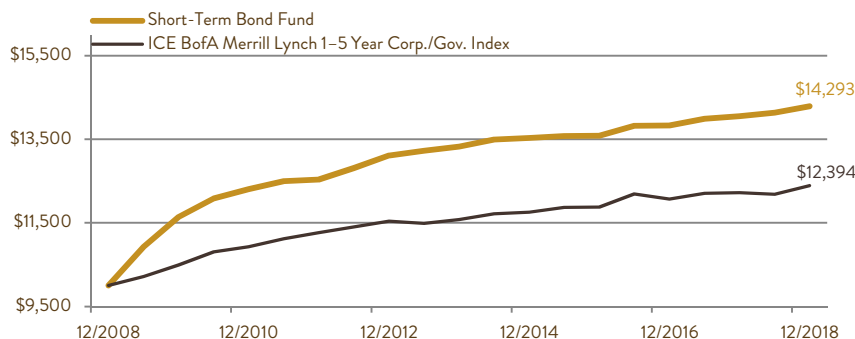
Calendar Year Total Returns



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. For performance data current to the most recent month-end, call 800.258.3030 or visit homesteadfunds.com.

The fund's total returns includes interest, capital gains, dividends and distributions.

Growth of \$10,000



This line chart is a comparison of the change in value of a \$10,000 investment in the Fund and the ICE BofA Merrill Lynch 1-5 Year Corp./Gov. Index.

Investing in mutual funds involves risk, including the possible loss of principal. Past performance does not guarantee future results.

Investors are advised to consider fund objectives, risks, charges and expenses before investing. The prospectus contains this and other information and should be read carefully before you invest. To obtain a prospectus, call 800.258.3030 or visit homesteadfunds.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.

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

RE Investment Corporation, Distributor. 01/19

Security Diversification

	% OF NET ASSETS
Corporate bonds - other	37.4%
Asset-backed securities	21.7
Municipal bonds	14.5
U.S. government & agency obligations	11.4
Yankee bonds	10.3
Mortgage-backed securities	0.8
Certificate of deposit	0.0
Corporate bonds - government guaranteed	0.0
Short-term and other assets	3.9

Industry Rankings

Lipper Leader	
Overall Morningstar Rating™	

Credit Analysis

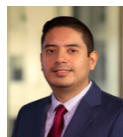
	SHORT-TERM BOND FUND	ICE BOFA MERRILL LYNCH 1-5 YEAR CORP./GOV. INDEX
AAA	14.7%	68.0%
AA	30.0	6.2
A	43.7	12.4
BBB	10.7	13.4
BB & Lower	0.9	0.0

Management



Mauricio Agudelo, CFA®
Senior Fixed Income Portfolio Manager

University of Maryland, BS in finance. Mr. Agudelo co-manages the Short-Term Bond Fund and Short-Term Government Securities Funds. He has been with RE Advisers since 2016.



Ivan Naranjo, CFA®, FRM®
Fixed Income Portfolio Manager

University of Maryland, BS in finance. Mr. Naranjo co-manages the Short-Term Bond Fund and Short-Term Government Securities Funds. He has been with RE Advisers since 2018.

Bond ratings, which typically range from AAA/Aaa (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor's, Moody's and/or Fitch, as an indication of an issuer's creditworthiness. If agency ratings differ, the security will be considered to have received the highest of those ratings, consistent with the Fund's investment policies. Securities in the unrated category have not been rated by a rating agency; however, the investment adviser performs its own credit analysis and assigns comparable ratings that are used for compliance with Fund investment policies.

Lipper ratings for Preservation reflect the Funds' historical loss avoidance relative to other funds within the same asset class, as of 12/31/18. Preservation ratings are relative, rather than absolute, measures, and funds named Lipper Leaders for Preservation may still experience losses periodically; those losses may be larger for equity and mixed equity funds than for fixed income funds. The Lipper ratings are subject to change every month and are based on an equal-weighted average of percentile ranks for the Preservation metrics over three-, five-, 10-year and Overall periods. The highest 20% of funds in each peer group are named Lipper Leader or a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1. Homestead Short-Term Bond Fund, in Lipper's Short Investment Grade Debt Funds classification, received a rating of 5 for the three-, five-, 10-year and Overall periods (number of funds rated in parentheses): Preservation: Three Year (5,772 funds), Five Year (4,975 funds), Ten Year (3,227 funds) and Overall (5,772 funds).

Morningstar rated this Fund, in Morningstar's short-term bond category, 4 stars for the Overall period out of 472 funds, 4 stars for the 10-year period out of 263 funds, 3 stars for the five-year period out of 405 funds and 3 stars for the three-year period out of 472 funds for performance periods ending 12/31/18. The Morningstar Rating for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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