

# Value Fund

as of March 31, 2018



## Homestead Funds

### Investment Objective & Strategy

The Value Fund seeks long-term growth of capital and income for the long-term investor. Current income is a secondary objective.

The fund generally invests in stocks of companies selling below what RE Advisers believes to be their fundamental value. To determine whether a stock is undervalued, RE Advisers considers, among other factors, potential earning power, financial debt ratios and any competitive advantages a company may have. Under ordinary conditions, the fund will invest at least 80% of its net assets in common stocks of companies with market capitalizations of \$2 billion or greater.

### Fund Profile

Inception.....	November 19, 1990
Asset Allocation.....	Stock
Morningstar Category.....	Large Value
Lipper Classification.....	Multi-Cap Value
Benchmark.....	S&P 500 Value Index
Ticker Symbol.....	HOVLX
CUSIP Number.....	437769201
Fee Structure.....	No-Load
Expense Ratio.....	0.60%*
Median Expense Ratio for Peer Group.....	1.06%*
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

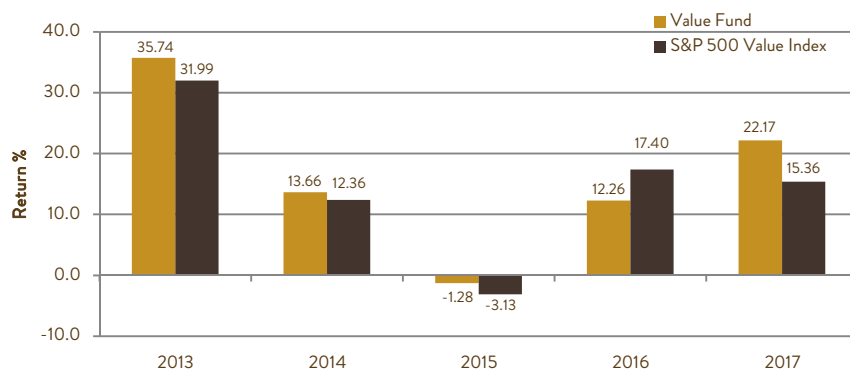
Net Assets.....	\$1086M
Number of Holdings.....	41

### Total Returns

	AGGREGATE YTD	AVERAGE ANNUAL				SINCE INCEPTION
		1 YR	3 YR	5 YR	10 YR	
<b>Value Fund</b>	-2.33%	14.10%	9.23%	12.12%	9.24%	10.25%
<b>S&amp;P 500 Value Index</b>	-3.57	7.69	8.40	10.87	7.42	NA

The Standard & Poor's 500 Value Index measures the performance of the large-capitalization value sector in the US equity market. It is a subset of the S&P 500 Index and consists of those stocks in the S&P 500 Index exhibiting the strongest value characteristics. 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 include reinvested dividends.

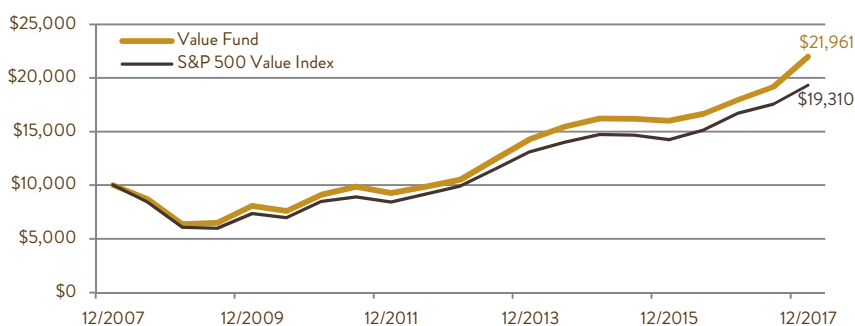
### Calendar Year Total Returns



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](http://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 Standard & Poor's 500 Value Index.

### Investing in mutual funds involves risk, including the possible loss of principal.

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](http://homesteadfunds.com) to download a PDF.

Equity funds, in general, are subject to style risk, the chance that returns on stocks within the style category in which the fund invests will trail returns of stocks representing other styles or the market overall.

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

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## Sector Diversification

	S&P 500 VALUE	
	VALUE FUND	INDEX
Information technology	25.2%	7.1%
Financials	16.6	24.9
Health care	16.4	10.2
Industrials	13.5	9.9
Materials	11.0	4.3
Energy	9.4	11.8
Consumer discretionary	4.3	8.8
Telecommunication services	1.0	4.1
Consumer staples	0.0	10.8
Utilities	0.0	5.3
Real estate	0.0	2.8
Short-term and other assets	2.6	0.0

## Industry Rankings

Lipper Leader



Overall Morningstar Rating™



## Top 10 Holdings

	% OF NET ASSETS
Cisco Systems, Inc.	5.3%
JPMorgan Chase & Co.	5.2
Intel Corp.	5.2
Avery Dennison Corp.	5.1
Southwest Airlines Co.	4.5
Bristol-Myers Squibb Co.	4.2
DowDuPont Inc.	4.2
Visa Inc., Class A	4.0
Parker-Hannifin Corp.	3.9
Honeywell International Inc.	3.7
<b>Total</b>	<b>45.3</b>

## Management

**Peter Blackstone**

Senior Equity Analyst

BA, Economics, Trinity College; MBA with a specialization in finance, Boston University. Mr. Blackstone joined RE Advisers in 2018 and supports the Value Fund and Small-Company Stock Funds.

**Prabha Carpenter, CFA®**

Senior Equity Portfolio Manager

BA, Economics, University of Madras; MBA with distinction in finance and BS in business economics, The American University. Ms. Carpenter joined RE Advisers in 2002 and manages the Value Fund and Small-Company Stock Funds.

Lipper ratings for Total Return reflect the Fund's historical total return performance relative to peers as of 3/31/18. Lipper ratings for Consistent Return reflect the Funds' historical risk-adjusted returns, adjusted for volatility, relative to peers as of 3/31/18. Lipper ratings for Expense reflect the Fund's expense minimization relative to peers with similar load structures as of 3/31/18. The Lipper ratings are subject to change every month and are based on an equal-weight average of percentile ranks for the Total Return, Consistent Return and Expense 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 Value Fund, in Lipper's multi-cap value classification, received a rating of 5 for the three-, five-, 10-year and overall periods (number of funds rated in parentheses): Total Return: Three Year (302 funds), Five Year (265 funds), 10 Year (212 funds) and Overall (302 funds), Consistent Return: Three Year (302 funds), Five Year (265 funds), and Overall (302 funds), Expense: Three Year (96 funds), Five Year (87 funds), 10 Year (77 funds) and Overall (96 funds). Homestead Value Fund, in Lipper's Multi-Cap Value classification, received a rating of 4 for the 10-year period in Consistent Return (212 funds). Lipper ratings are not intended to predict future results, and Lipper does not guarantee the accuracy of this information. More information is available at [lipperleaders.com](http://lipperleaders.com).

Morningstar rated this Fund, in Morningstar's large-value category, 4 stars for the Overall period out of 1,086 funds, 4 stars for the 10-year period out of 687 funds, 4 stars for the five-year period out of 958 funds and 4 stars for the three-year period out of 1,086 funds for performance periods ending 3/31/18. 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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