



# Investor's Guide to Homestead Funds

Welcome to your future.



Homestead  
Funds

*At Homestead Funds, we seek to provide our investors with a level of professional money management that helps them to secure a greater measure of financial well-being in their futures.*

ESTABLISHED

1990

# Who is Homestead?

By definition, a homesteader is a builder, an innovator — one who arrives first on a new frontier.

Associated with self-sufficiency and inventiveness, the act of homesteading itself requires people to cooperate, whether to solve a problem or to manage risk. Turning to community cooperation, Americans throughout history have adjusted their individual priorities when confronted by major challenges.

## Electricity, Prosperity, Investing and the American Dream

A good example of this cooperative spirit occurred during the movement toward rural electrification, which spread throughout the heartland at a rapid rate from the 1930s to the 1950s.

To manufacture products and provide services, businesses needed electricity at a time when most of America was still without power. By pooling electrical resources and equipment, local communities grew quickly, which brought newfound prosperity to citizens and businesses.

To support these rural electric cooperatives and act as an issues advocate for rural economic development, the National Rural Electric Cooperative Association (NRECA) was established in 1942.

*In 1990, NRECA created Homestead Funds to give its members convenient and affordable access to professional money management.*

Homestead's funds are publicly traded and open to investors beyond the cooperative community.

Homestead Funds holds fast to the cooperative principles of our founding organization, principles grounded in a philosophy committed to putting people — and investors — first.

### Isn't Life Complicated Enough?

Investment planning for your future shouldn't make it more so.



That's why the Homestead Family of Funds provides you with a simple way to pursue your dreams through a concise menu of eight no-load mutual funds that range in objective from conservative income to aggressive growth.

*Simple. Convenient. Homestead.*

# Why Invest with Homestead?

With so many other investment choices available, why should you consider investing with Homestead?

We believe there are five good reasons:

1

## *We put investors first.*

Grounded in the great American rural cooperative tradition through NRECA, we're served by an active board of directors whose primary obligation is to the shareholders. The fund company is committed to transparency, full disclosure and plain dealing.

2

## *We make investing easier.*

We're good enough to be noticed by major media outlets (see the News & Media section of [homesteadfunds.com](http://homesteadfunds.com)) and small enough to remember our Main Street roots. Whether you are looking to replace an investment, diversify your portfolio or build a comprehensive program with a single family of funds, Homestead has much to offer.

3

## *Our performance speaks for itself.*

With more than 100 years of experience in total, our portfolio managers and analysts oversee an array of eight funds designed to accommodate a wide variety of goals from conservative income to aggressive growth. Our funds have generated long-term track records worth examining. Would you like to view our results for yourself? Visit us at [homesteadfunds.com](http://homesteadfunds.com).

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## *You will like our service.*

Our representatives know that patience is a virtue. They are trained to listen to your concerns and answer your questions. Each member of our team looks forward to giving you a hand. Just call 800.258.3030 any weekday between 8:30 a.m. and 5:00 p.m. Eastern Time. You can also get fund and account information and make transactions through our website, [homesteadfunds.com](http://homesteadfunds.com).

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## *We're affordable.*

You can get started for only \$500, or \$200 for an Individual Retirement Account (IRA) or Education Savings Account (ESA). Additionally, you pay no commissions when you buy, sell or exchange shares directly from Homestead Funds.

## Welcome to Your Future

Discipline and an unwavering commitment to our clients are the cornerstones of our investment approach. With more than 100 years of collective experience, our portfolio managers are not overly influenced by the global market's daily price changes. They are much more focused on analyzing the underlying fundamentals of the securities themselves to gain a sense of how they might perform over a three-to-five year time frame, when they might be worth even more.

## RE Advisers' Dynamic and Collaborative Process

Founded in 1990, RE Advisers is a Securities and Exchange Commission (SEC) registered investment advisor. The company is the investment advisor for seven of the Homestead Funds and provides administrative services to the entire Homestead Funds family.

On the active equity side, RE Advisers' portfolio managers look for signs that an underperforming company, whose stock is discounted by the market, has the financial and management strength to make the firm more profitable. In the fixed-income markets, managers make short-term tactical allocations, gravitating toward specific securities that look attractive in terms of risk/reward.

### Sharing Knowledge Improves Decision-Making

Typically, fund companies offering both stock and bond funds separate the management of each investment type. Not so at Homestead Funds. Our portfolio managers interact daily, sharing information and their different viewpoints. This collaboration between the fixed-income and equity managers leads to better-informed buy and sell decisions.

#### Equity Team



**Mark Ashton, CFA®**

Senior Equity Portfolio Manager

Mark co-manages the company's large- and small-cap value strategies. Prior to joining RE Advisers in 1999, Mark was a vice president at Capital Research Company where he generated investment ideas, researched

companies and managed a portfolio that focused on names in the business services and transportation sectors.



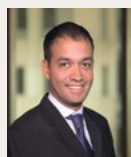
**Prabha Carpenter, CFA®**

Senior Equity Portfolio Manager

Prabha co-manages the company's large- and small-cap value strategies. Prior to joining RE Advisers in 2002, she was a portfolio manager for a division of GEICO Corporation, where she oversaw a regional equity

fund. Prabha began her career with GEICO as an equity analyst with a focus on stocks in the financial and consumer sectors. She has also held senior positions at bank trust and commercial finance companies, where she managed convertible securities funds.

#### Fixed-Income Team



**Mauricio Agudelo, CFA®**

Senior Fixed-Income Portfolio Manager

Mauricio co-manages RE Advisers' fixed-income strategies. He joined RE Advisers in 2016. Prior to this role, Mauricio co-managed a number of taxable fixed-income mutual fund portfolios for Calvert

Investment Management, Inc. and held previous positions at Calvert in trading and securities analysis.



**Marc Johnston, CFP®, ChFC®, CAIA®**

Money Market Portfolio Manager and Senior Fixed-Income Analyst

Marc manages the Daily Income Fund portfolio and analyzes risk, return and volatility attributes of RE Advisers' fixed-income strategies. Before joining

RE Advisers' investments team in 2013, he held financial services management positions at the company's parent organization, NRECA, and Citicorp Investment Services. Earlier in his career, he was with New York Life Insurance, where he became a registered representative for the company's broker-dealer subsidiary.



**Douglas Kern, CFA®**

Senior Fixed-Income Portfolio Manager

Doug co-manages RE Advisers' fixed-income strategies. He has been with RE Advisers since the company's launch in 1990 and prior to that was a portfolio manager for the company's parent organi-

zation, NRECA. Doug started his investments career as a municipal bond analyst and then taxable bond specialist at Reliance Insurance Company. Before joining NRECA in 1985, he was a portfolio manager at Continental Financial Services Company and Fidelity Bank.

# Putting Homestead Funds to Work for You

Small enough for average investors to monitor on their own, yet large enough to be included on leading intermediary platforms, the Homestead Family of Funds has much to offer.

Through our family of eight no-load mutual funds, Homestead can help you meet a single financial need or build a comprehensive investment program according to your personal goals.

## Overview of Homestead Funds

Your Time Frame	Investment Types and Their Traits	Homestead Funds	Investment Objective
<b>Short term:</b> Less than one year	<b>MONEY MARKETS</b> Generally carry lower risk, but typically also give you a lower reward	Daily Income Fund	Seeks maximum current income, consistent with preservation of capital and liquidity by investing in high-quality money market securities.
<b>Medium term:</b> Less than five years	<b>BONDS</b> Generally carry more risk than money market investments but, in turn, may deliver a higher reward	Short-Term Government Securities Fund	Seeks a high level of current income from investments in a portfolio of securities backed by the full faith and credit of the U.S. government.
		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.
<b>Long term:</b> Five or more years	<b>STOCKS</b> Generally carry higher risk, but over long periods have delivered a higher reward	Stock Index Fund	Seeks to match, as closely as possible, before expenses, the performance of the Standard & Poor's 500 Stock Index (the "Index"), which emphasizes stocks of large U.S. companies.
		Value Fund	Seeks long-term growth of capital and income for the long-term investor. Current income is a secondary objective.
		Growth Fund	Seeks to provide long-term capital appreciation through investments in common stocks of growth companies.
		Small-Company Stock Fund	Seeks long-term growth of capital for the long-term investor.
		International Equity Fund	Seeks long-term capital appreciation through investments in equity securities of companies based outside the U.S.

*You could lose money by investing in the Daily Income Fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.*

# Homestead Funds Investor Profiles and Sample Portfolios

Our family of funds can form the building blocks for a solid investment program. While these sample portfolios are guidelines to help you visualize your own program, they are

illustrations only and do not represent a recommendation for any investment. A Homestead Funds client services associate can help you tailor a portfolio to your specific needs.

## Homestead All-Fund Portfolios

### The Maximum Accumulator



SECTOR	% of total investment
Short-Term Bonds	5%
Large-Company Value Stocks	30
Large-Company Growth Stocks	25
Small-Company Stocks	20
International Stocks	20

**Time Horizon:** 20 years or more

**Primary Objective:** Accumulate maximum wealth

### The Builder



SECTOR	% of total investment
Short-Term Bonds	25%
Large-Company Value Stocks	25
Large-Company Growth Stocks	25
Small-Company Stocks	15
International Stocks	10

**Time Horizon:** 10 to 20 years

**Primary Objective:** Grow a nest egg prudently

### The Moderate



SECTOR	% of total investment
Money Market	5%
Short-Term Bonds	40
Large-Company Value Stocks	20
Large-Company Growth Stocks	15
Small-Company Stocks	10
International Stocks	10

**Time Horizon:** Five to 10 years

**Primary Objective:** Grow assets, while preparing to receive income

### The Preserver



SECTOR	% of total investment
Money Market	15%
Short-Term Bonds	45
Large-Company Value Stocks	15
Large-Company Growth Stocks	15
Small-Company Stocks	5
International Stocks	5

**Time Horizon:** Less than five years

**Primary Objective:** Generate regular income, while looking to offset inflation and maintaining relative stability of principal

*Investments in fixed-income funds are subject to interest rate, credit and inflation risk. Interest rate risk is the chance that a rise in interest rates will cause the fund's price to decline.*

*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.*

*Share prices of small-capitalization stock funds may be more volatile than those of large-capitalization stock funds. Smaller companies may have limited product lines, markets or financial resources, or their management teams may have less depth and expertise compared with large-capitalization companies. International investing involves special risks, such as currency fluctuation and political instability. Index funds are subject to tracking risk, the risk that the fund's return will not closely track the return of the index.*

# More Than an Investment, Homestead Funds Are a Way to Manage Your Money

Homestead Funds provides you with a way to manage your money through a wide variety of valuable shareholder services.

## ➤ Easy Access to Your Money

You may redeem all or part of your investment at any time at the then-current net asset value (share price), which may be more or less than your purchase price.

## ➤ Dividend Reinvestment

You may automatically invest periodic dividends and capital gains (if any) at net asset value.

## ➤ A Variety of Investment and Withdrawal Plans

Choose to invest or withdraw systematically. Homestead Funds' free, automatic programs allow you to send money directly from — or to — your bank account.

## ➤ Regular Reports

You will receive account statements as transactions occur, as well as quarterly investment reports and newsletters.

## ➤ Retirement and Education Plans

You can purchase shares of Homestead Funds for your IRA, Education Savings Account or UGMA/UTMA.

*For more details, call us at 800.258.3030.*

## Focus on Your Future

Like any journey in life, attaining your financial goals depends on finding the right path — and following it. Our client services associates can help you evaluate these action steps in light of your individual needs.

1

### *Set goals.*

Defining your objectives is a critical step in building your plan. Know what you need your money to do over both the short- and long-term.

2

### *Stay ahead of inflation.*

Virtually every item you buy today costs more than it did 10 years ago. Don't let the corrosive power of inflation undermine your plans.

3

### *Invest in a diversified selection of funds.*

Choose funds with complementary objectives to temper investment volatility while you pursue a variety of objectives.

4

### *Start your plan today.*

Don't procrastinate. Homestead makes getting started easy and convenient with automatic investing plans that save you time and paperwork. There is no required minimum investment amount.

5

### *Give your portfolio regular checkups.*

Review your portfolio on a regular basis, perhaps with the help of an investment representative. Consider adjustments and additions at least once a year.



## Individual Investors:

### *Let us help guide you on your financial journey*

Our client services associates can help you define your investment objectives and build a diversified portfolio that is aligned with your risk tolerance and time horizon. As your needs change, we're here to provide ongoing counsel and support.

### *We can help you create a diversified investment program*

Each Homestead fund is professionally managed to correlate with different time frames and profiles. When combined together they offer an added measure of diversification. Over time, as your objectives change, you can also alter your mix of investments by exchanging shares of one Homestead fund for the shares of another. An exchange is processed as a redemption and subsequent purchase, so investors in non-IRA accounts should be mindful of the possible tax implications.



*Whether you need guidance with a financial planning decision, a quick answer about your account or help opening an account, our staff looks forward to assisting you.*

**Megan McFarland, CFP®**  
Registered Representative

## Whatever Your Dreams, Homestead Wants to Help You Reach Them

Homestead provides a convenient way to:

- *Complement or diversify investments you already have in your program*
- *Structure a comprehensive investment program comprised of multiple Homestead funds to pursue specific outcomes like these:*
  - *Investing by Life Stage*
  - *Investing for Retirement*
  - *Investing for Education*
- *Establish a plan to build wealth over time by making regular, automatic investments from your bank account or paycheck*



➤ **Questions? Give us a call. We're happy to help. 800.258.3030.**

*Diversification does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk. Homestead Funds does not offer legal or tax advice. Please consult the appropriate professional regarding your individual circumstance.*

## Intermediaries and Institutions: *Consider joining the growing number of financial advisors and consultants working with Homestead Funds*

Grounded in the cooperative culture of our founding organization, the National Rural Electric Cooperative Association (NRECA), we embrace a philosophy that's committed to putting the interests of our investors first.

This spirit of cooperation also builds a bond with financial advisors based on fairness and transparency. We are committed to providing enterprising professionals like you with the products and information you need to serve your clients best, while growing your business.



*Our distribution team has years of experience working with advisors, retirement plans, institutions and insurance companies.*

**Darryl Keeton, CIMA®**  
Head of Distribution

## Financial Professionals: Simplify Your Client's Life the Homestead Way

If you are looking for a family of funds that is small in number, yet broad in scope, you have come to the right place.

Homestead provides a convenient way to:

- ▶ *Target and replace investment sleeves or mandates that underperform or are over-correlated to other portfolio investments*
- ▶ *Complement, offset or augment risk profiles to help optimize portfolio efficiency*



▶ **Questions? Give us a call. We're happy to help. 800.258.3030.**



## Homestead Quick Facts

### 25+ Years of Investing

Homestead was established in 1990 by NRECA, a not-for-profit organization representing the nation's consumer-owned rural electric cooperatives.

### 8 No-load Mutual Funds

A comprehensive range of eight mutual funds across the risk and reward investment spectrum. Our no-load funds can act as complements or as alternatives to portfolio investments — or provide a customized blended solution to meet your asset allocation objective.

### Over 100 Years of Experience

RE Advisers, an SEC-registered investment advisor, serves as investment manager to seven of the eight funds in the Homestead Family of Funds. The portfolio managers of RE Advisers have more than 100 years of collective experience.

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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 download a PDF at [homesteadfunds.com](http://homesteadfunds.com).*

The information provided herein is not directed at any investor or category of investors and is provided solely as general information about our products and services and to otherwise provide general investment education. No information contained herein should be regarded as a suggestion to engage in or refrain from any investment-related course of action as none of Homestead Funds, RE Advisers, nor any of its affiliates is undertaking to provide investment advice, act as an advisor to any plan or entity subject to the Employee Retirement Income Security Act of 1974, as amended, individual retirement account or individual retirement annuity, or give advice in a fiduciary capacity with respect to the materials presented herein. If you are an individual retirement investor, contact your financial advisor or other fiduciary about whether any given investment idea, strategy, product or service described herein may be appropriate for your circumstances. Homestead Funds' investment advisor, RE Advisers Corporation, and distributor, RE Investment Corporation, are indirect wholly owned subsidiaries of NRECA.

RE Investment Corporation, Distributor 10/2017

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