



Homestead
Funds



A Legacy of Consistency

For over three decades, the Homestead Value Fund has delivered consistent performance through changing market environments. Our disciplined approach to value investing has weathered multiple market cycles, providing returns for investors who understand that patience and quality are the foundations of long-term wealth creation.

"We believe that being consistently good rather than occasionally great is the key to good long-term performance."

— JIM POLK, CFA® Head of Equity Investments

TIMELESS PRINCIPLES: THE ROLE OF ACTIVE VALUE FUNDS IN PORTFOLIOS

We believe active value funds play a vital role in any well-diversified portfolio. Skilled managers bring the expertise needed to navigate today's complex markets and uncover true investment opportunities. To appreciate the enduring appeal of active value strategies, it's helpful to explore how value investing has evolved over time and the market environments that have historically supported its outperformance.

The traditional definition of value investing focuses on identifying companies trading below their intrinsic worth — that is, identifying stocks where the market price fails to reflect the underlying business quality and prospects. However, the definition of "value" investing has evolved over the years.

While value investing methods have evolved, the core principle remains unchanged: **identifying quality businesses trading below their true value**. This evolution reflects the market's complexity rather than a departure from foundational concepts — a shift that we believe makes active management increasingly valuable. Portfolio managers bring the research capabilities, analytical knowledge and disciplined approach needed to navigate both traditional value opportunities and today's more complex landscape, distinguishing between opportunities and value traps across market cycles that have the potential to reward patient investors.

EVOLUTION OF VALUE INVESTING



Beyond Balance Sheets: Recognizing patents, brand value and data as sources of underlying value



Expanding Traditional Metrics: Looking past price-to-earnings ratios to evaluate competitive positioning and business quality

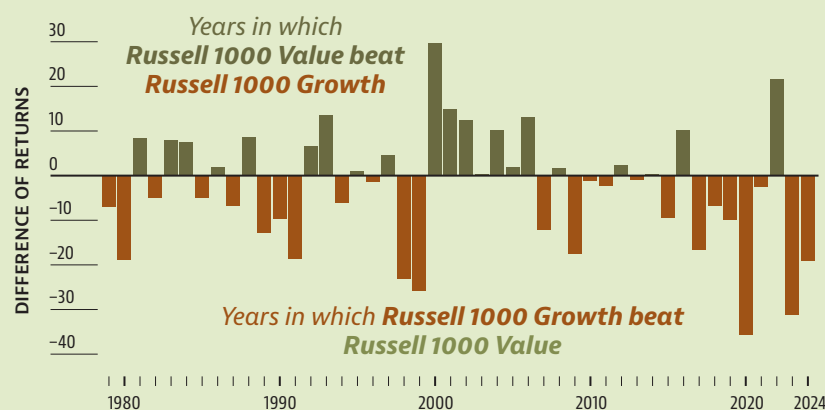


Cash-Generating Potential: Focusing on underlying earnings potential rather than current market price



Adapting to Market Efficiency: Broadening analytical approaches as technology makes it harder to uncover mispriced opportunities

Trading Places: Value vs. Growth Performance, 1979-2024



◀ The shift between value and growth investing has historically followed patterns tied to, but not limited to: economic conditions, interest rates and investor sentiment. The graph at left shows that the favored investment style has alternated between value and growth over time, with both strategies experiencing periods of outperformance.

Difference in one-year returns between the two indices described. Value minus growth: Russell 1000 Value Index minus the Russell 1000 Growth Index.

Past performance is no guarantee of future results. 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.

The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. Indices are unmanaged, and investors cannot invest directly in an index. Unless otherwise noted, performance of indices does not account for any fees, commissions or other expenses that would be incurred. Returns include reinvested dividends.

THE QUALITY VALUE APPROACH: ACTIVE EXECUTION AND ONGOING MANAGEMENT

Our Three-Pillar Framework

BUSINESS QUALITY

We seek high-quality businesses that have common characteristics across industries. These companies demonstrate competitive advantages, strong cash flows and operational resilience.



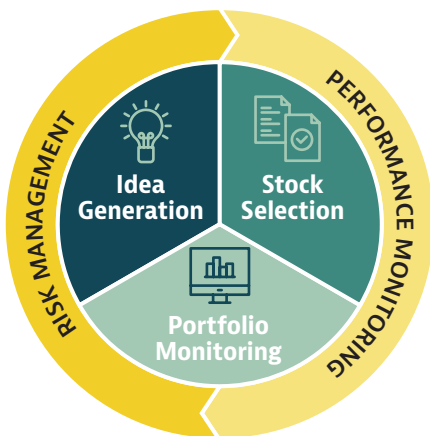
MANAGEMENT QUALITY

A company's business quality depends on its leadership. We seek managers with proven capital allocation skills, strategic vision and a record of creating shareholder value.



VALUATION QUALITY

Investing when the market value is below our assessment of intrinsic value offers a potential for growth and helps drive returns. We evaluate each stock by comparing its current price with our projections, peer valuations and historical data.



Investment Process: Discipline in Action

Our disciplined investment process begins with idea generation then progresses through rigorous research and analysis to evaluate each company's financial strength, competitive positioning, management quality and valuation metrics. This analysis informs portfolio construction, supported by continuous risk management and performance monitoring to help preserve capital while capturing opportunities.

A **consistent investment process**, rather than market timing or trend chasing, is our competitive advantage, delivering long-term returns for shareholders.

Portfolio Construction: Built for Longevity

We build portfolios using a **barbell approach** that balances risk and return through a strategic mix of defensive and cyclical stocks. This methodology extends across both sector allocations and individual stock exposures, enabling us to navigate different market cycles while maintaining our quality-value discipline.

Key features of our approach:

- **Conviction-weighted positions**
- **Diversified portfolio construction**
- **"Buy and Hold" strategy**

This methodology maintains discipline while preserving the flexibility to adapt to changing market conditions and capitalize on our best investment opportunities.

Portfolio Monitoring: Vigilance Without Reactivity

Our investment philosophy emphasizes patience with vigilant monitoring. We continuously track portfolio holdings while avoiding short-term market noise.

Key Monitoring Points:



Thesis integrity: Assess whether core investment rationale remains intact and competitive advantages are strengthening

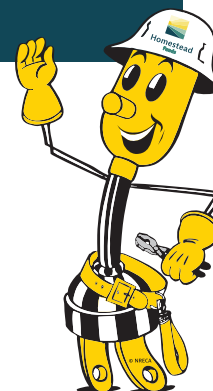


Key performance drivers: Track business metrics and strategic initiatives supporting our long-term thesis



Position sizing: Use fundamental analysis to determine optimal allocation levels

WE'RE WIRED DIFFERENTLY



- Founded by the National Rural Electric Cooperative Association (NRECA), a nonprofit trade association representing America's electric cooperatives, Homestead Advisers operates with a mission-driven approach and **returns its profits to NRECA** to support members' needs and initiatives.
- As a **nonpublic asset management company**, we operate with a long-term focus, without the distraction of quarterly earnings calls.
- We manage assets through a **pension lens**, with a long-term investment horizon.
- We employ **active investment strategies** that emphasize buying quality companies.
- We maintain a portfolio of **high-conviction** holdings.
- Our **agile, experienced** investment teams are directly involved in strategy execution.
- We provide **high-touch service** with access to our team of investment professionals.

Let's spark up a conversation!

Connect with us at **800.258.3030, option 4**, to learn how we're wired differently.

Neither asset allocation nor diversification guarantees a profit or protects against a loss in a declining market. They are methods used to help manage investment risk.

Equity securities generally have greater price volatility than fixed-income securities. The market price of equity securities may go up or down, sometimes rapidly or unpredictably. Equity securities may decline in value due to a number of factors, including those relating to the issuer or equity securities markets generally, among others.

Growth and value stocks are subject to the risk, among others, that returns on stocks within these style categories will trail returns of stocks representing another style or the market overall over any period of time and each style category may shift in and out of favor with investors generally, sometimes rapidly, depending on changes in market, economic, and other factors. Growth stocks can be volatile. These companies typically invest a higher portion of their earnings in their businesses and therefore may not offer the level of dividends provided by a number of value stocks, which may have the potential to cushion stock prices in a falling market. Also, earnings disappointments can lead to sharply falling prices because investors frequently buy growth stocks in anticipation of superior earnings growth. Investments in value securities may be subject to risks that (1) the issuer's potential business prospects will not be realized; (2) their potential values will

not be recognized by the market; and (3) they will not perform as anticipated.

Past performance does not guarantee future results.

Investing in any mutual fund, including Homestead Funds, involves risk, including the possible loss of principal. An investment in a mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Before investing in any Homestead Fund, you should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus contains this and other information about each of the Homestead Funds and should be read carefully before investing. To obtain a prospectus, call 800.258.3030 or visit homesteadadvisers.com.

Homestead Funds' investment adviser and/or administrator, Homestead Advisers Corp., is an SEC-registered investment adviser. Homestead Funds are distributed by Homestead Financial Services Corp. Homestead Advisers Corp. receives compensation from the Homestead Funds for serving in these roles. Homestead Advisers Corp. and Homestead Financial Services Corp. are indirect, wholly owned subsidiaries of the National Rural Electric Cooperative Association (NRECA). 09/25



Homestead
Funds