



Our Perspectives: The Financial Journey, On Your Terms

We Americans often like to do things on our own terms. Perhaps it comes from our roots as frontiersmen, or maybe it's connected to our earliest drive for independence. Whatever the reason, to be self-made is quintessentially American.

That may explain why our system of financial security has become a do-it-yourself enterprise. There are positive aspects to this modern state, to be sure. Investing is more accessible than ever before. It may also be cheaper, in terms of such things as management fees or trading commissions, and it's more transparent, making it easier to access good information. A little know-how can get you far.

How to Match Your Investments to Your Goals

Your financial life is on your terms, but what if you don't know where to start, especially in a world with literally thousands of mutual funds and other investment choices?

Think of the way that your retirement plan is set up: You have a goal (retirement) where you can generally pinpoint the timeline and characteristics, and the investments are matched accordingly. Well, you can use the same simple approach to tackle other financial goals in your life. And there's good news: The first step has nothing to do with picking investments.

What Is Goal-Based Financial Planning?

Goal-based planning is a process where you first outline your goals, determine some core features about them (such as amount, timing, and balance of growth or protection), then align your investment choices to support each goal.

For instance, a goal to save money for a down payment on a house is a short-term goal with little wiggle room for losses. Retirement, on the other hand, is a long-term goal where growth of your savings is the main priority.

Goal-based planning can be a truly do-it-yourself approach to managing your money. But we can also help. Call us anytime at 800.258.3030 if you'd like to talk through the options that best suit your goals.

How to Do Goal-Based Planning

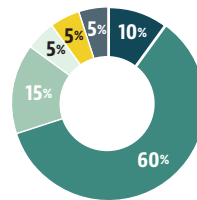
Get out a sheet of paper and a pen and grab a cup of coffee. The best planning sessions are often a non-digital, manual exercise.

- Brainstorm all the financial goals you have for yourself, big and small: paying off debt, an emergency fund, a special trip, retirement, a college fund, a new home — everything. You won't be able to work toward all goals at once, so don't get overwhelmed by the brainstorm. You just need to see them all in writing.
- Assign a dollar value, timeline and core characteristic for each goal (i.e., protection of savings, ongoing income, moderate growth or high growth).
- Rank your goals. If you don't have any emergency savings, we believe that should be your #1 goal, no matter what! The main benefit of this step is to help you consider goals that may be conflicting. Say you picture your retirement with lots of travel and you want to maintain a bigger home to welcome grandkids. Can you prioritize one over the other?
- Choose two or three goals to start with. It's better to make good progress on a few goals than it is to try tackling everything at once. In fact, it can be a mental relief to have a written priority list and know that some goals are shelved until a later date.
- Consider an investment mix to suit the goal. This is where you'll use the core characteristic of the goal and match your investments accordingly (see figure).

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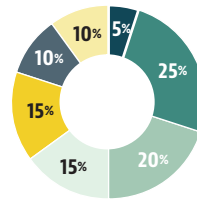
Goal-Based Portfolios

If you know your portfolio needs some TLC but you aren't sure where to start, goal-based portfolios could be the answer. If you need to put cash to work, or if you just want to take a more holistic view of your existing investments, these sample portfolios can be a template to get you started.



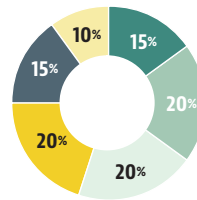
CONSERVATIVE

Core characteristic: Protection of savings
Best for: Short-term goals or anything that needs protection over growth, such as your emergency fund or savings for a home down payment.



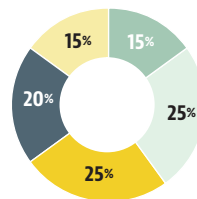
MODERATE

Core characteristic: Balanced mix of assets with a focus on long-term growth potential
Best for: Investors who want to participate in market growth while maintaining some stability through fixed-income investments



AGGRESSIVE

Core characteristic: Moderate growth
Best for: Longer-term goals that have a little more sensitivity to losses, such as retirement or college funds that will be needed sooner than 12 years.



VERY AGGRESSIVE

Core characteristic: Prioritizes growth with the expectation that there will be volatility at times
Best for: The longest-term, highest-aspiration goals, such as retirement, college funds, or other goals with 12 years or more to grow.

■ Cash ■ Short-Term Bond ■ Intermediate-Term Bond ■ Large-Cap Value Stock ■ Large-Cap Growth Stock ■ International Stock ■ Small-Cap Stock

We Can Help

Small enough for average investors to monitor on their own, yet large enough to be included on leading intermediary platforms, the Homestead Family of Homestead Funds has much to offer. Through our family of no-load mutual funds,

Homestead Funds can help you meet a single financial need or build a comprehensive investment program according to your personal goals.

Goal-based planning can be a truly do-it-yourself approach to managing your money. But we can also help.

OVERVIEW OF HOMESTEAD FUNDS

Investment Types and Their Traits	Homestead Funds	Investment Objective
<p>MONEY MARKETS</p> <p>Generally carry lower risk but typically also give you a lower reward</p>	Daily Income Fund	Seeks maximum current income, consistent with preservation of capital and liquidity by investing in high-quality money market securities
<p>BONDS</p> <p>Generally carry more risk than money market investments but, in turn, may deliver a higher reward</p>	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
	Intermediate Bond Fund	Seeks a high level of income consistent with preservation of capital by investing in bonds and other debt securities
<p>STOCKS</p> <p>Generally carry higher risk but over long periods have delivered a higher reward</p>	Stock Index Fund	Seeks to match, as closely as possible, before expenses, the performance of the Standard & Poor's 500 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.

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Asset allocation tool and predefined mutual fund portfolios are educational tools and should not be relied upon as the primary basis for investment, financial, tax-planning or retirement decisions. The tools provide a sample of possible mutual fund portfolios based on varying degrees of market risk. These portfolios are not tailored to the investment objectives of any specific investor. The predefined portfolios and model portfolio and asset allocations neither are, nor should be construed as, investment advice, financial guidance, or an offer or solicitation or recommendation to buy, sell or hold any security, or to engage in any specific investment strategy by Homestead Advisers Corp. or Homestead Financial Services Corp.

Investing 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. *Past performance does not guarantee future results.*

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 visit homesteadadvisers.com.

As a money market fund, the Daily Income Fund has limited potential for income production. You could lose money by investing in the 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.

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. The market price of equity securities may go up or down, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting the issuer or equity securities markets generally.

Growth and value stocks are subject to the risk, among others, that returns on stocks within this style category will trail returns of stocks representing other styles or the market overall over any period of time and 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, as these companies usually invest a high portion of earnings in their business and therefore may not provide the dividends of value stocks that can cushion stock prices in a falling market. Also, earnings disappointments often lead to sharply falling prices because investors 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.

The Stock Index Fund pursues its objective by investing substantially all of its assets in another pooled investment vehicle (a "master fund"). Accordingly, the ability of the Stock Index Fund to meet its investment objective is directly related to the ability of the master fund to meet its investment objective. Index funds may hold securities of companies that present risks that an investment adviser researching individual securities might otherwise seek to avoid and also are subject to tracking error risk.

As a general matter, securities of small and medium-sized companies tend to be riskier than those of larger companies. Compared to large companies, small and medium-sized companies may face greater business risks because they may lack the management depth or experience, financial resources, product diversification or competitive strengths of larger companies, and they may be more adversely affected by economic conditions. There also may be less publicly available information about smaller companies than larger companies. In addition, these companies may have been recently organized and may have little or no operational or performance track record. Diversification does not ensure a profit or protect against loss. It is a method used to help manage investment risk.

Foreign securities are subject to political, regulatory, and economic risks not present in domestic investments and may exhibit more extreme changes in value than securities of U.S. companies. Investing in emerging and frontier markets may be subject to greater political and economic instability, less developed securities markets, and other risks than in more developed markets.

Homestead Advisers Corp., Homestead Funds' investment advisor and/or administrator, is an SEC-registered investment advisor. Homestead Funds are distributed by Homestead Financial Services Corp. Homestead Advisers Corp. and Homestead Financial Services Corp. are indirect, wholly owned subsidiaries of the National Rural Electric Cooperative Association (NRECA). Homestead Financial Services Corp., Distributor. 12/24