



Homestead
Advisers | Funds

Homestead Advisers Storm Reserve Program

Help your cooperative
plan for the high costs
of storms and other
natural disasters



The Risks and Costs of Natural Disasters

Extreme weather and natural disasters have left their mark on co-ops and communities across the country.

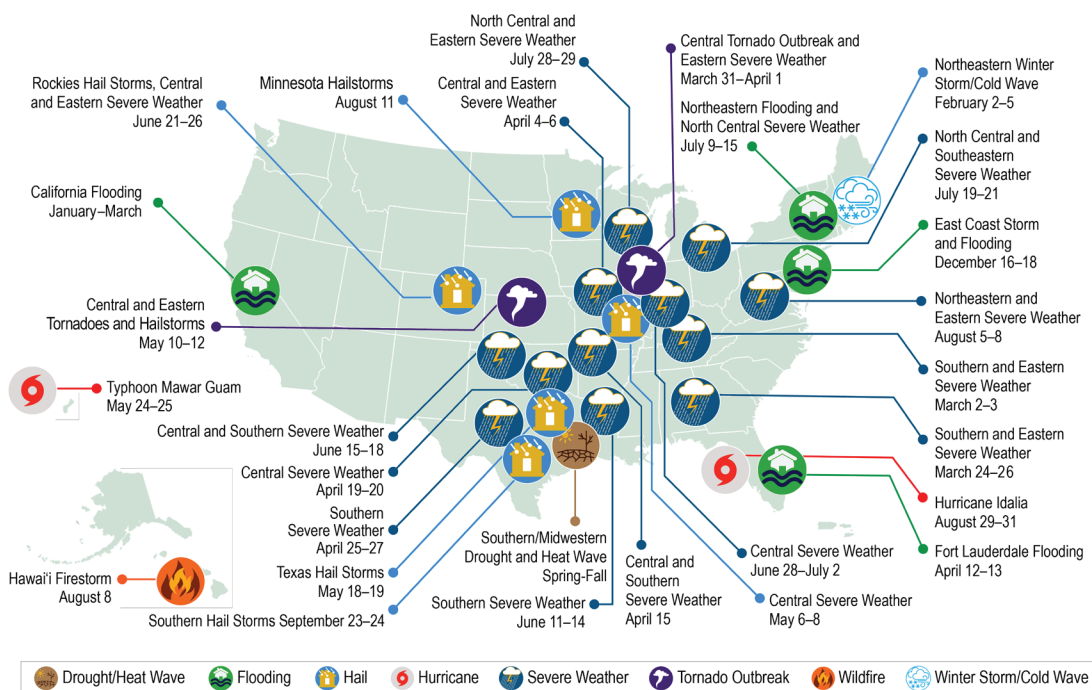
Hurricanes have torn through the South and East Coast, causing massive, record flooding and wind damage. Hailstorms have pounded the West, and tornadoes have ripped across Texas and the Southeast. Wildfires and mudslides have destroyed parts of California.

The frequency of these disasters appears to be increasing — as do the costs associated with them.

According to the National Oceanic and Atmospheric Administration (NOAA), 2023 marked the fourth consecutive year (2020-2023) in which 18 or more separate billion-dollar disaster events have impacted the U.S.

U.S. 2023 BILLION-DOLLAR WEATHER AND CLIMATE DISASTERS

This map denotes the approximate location of each of the 28 separate billion-dollar weather and climate disasters that impacted the United States during 2023. Source: NOAA, NCEI



Planning for the Unexpected

For cooperatives, large weather events typically mean damage to power lines and other property, along with increased staff expenses as workers put in overtime and travel to make repairs. These surprise expenses are difficult to predict, and cooperatives can't accurately gauge how much of the costs will be recoverable through insurance or Federal Emergency Management Agency (FEMA) programs.

To better plan for storms' financial impact, many cooperatives open reserve accounts. When you open a reserve account with Homestead Funds, you choose how to invest across our family of mutual funds according to

your cooperative's tolerance for risk and expected time horizon. Investing poses risks, including the risk of loss, but it provides the opportunity to earn a return above what is typically available on stable-value funding vehicles. Any earnings compound over time, potentially easing the cooperative's cost burden.

When setting up reserve accounts, cooperatives need to be sure these accounts will not interfere with FEMA eligibility. See the Memorandum on our website for background and clarifications provided by NRECA and outside legal counsel.



A SMART WAY TO PLAN

Homestead Advisers storm reserve program:

- Provide a pool of capital, owned directly by the co-op
- Can help you plan for sudden major expenditures
- Can be accessed on demand — no waiting for federal funds or loan approvals
- Provide management flexibility and help protect against disruptions to planned activities and expenses

THE PATH TO SETTING UP A HOMESTEAD ADVISERS STORM RESERVE PROGRAM

1

Define your co-op's understanding of what constitutes a major storm, for example:

- 10% of members affected for more than 24 hours
- Cost of event exceeds \$100,000

2

Determine the financial impact of major storms for your cooperative historically as a way to assess future change to expense management needs.

3

Work with cooperative leadership to establish procedures for funding potential future liability using a Homestead Funds storm reserve account.

- Track annual major storm costs.
- Determine average or expected future annual liability.
- Consider and obtain any necessary regulatory approvals. Involve your board in the decision making process.
- See the Memorandum in the Storm Reserve section on our website for background and clarifications provided by NRECA and its outside legal counsel. Counsel's opinion is that a properly executed storm reserve plan should not impact FEMA eligibility.

4

Establish your Storm Reserve Account with Homestead Funds.

- Open and fund an account with Homestead Funds in the cooperative's name to serve as the storm reserve account.
- When storms occur, make redemptions from the account to cover storm-related costs
- As needed, Homestead Advisers representatives are available to attend board meetings to discuss the Homestead Funds storm reserve account and operational details.

Below is an example of a tracking sheet. Your cooperative should decide on the range of information to include in your analysis.

Name of Major Storm	Year	Storm Cost (\$ Thousands)	% of Net Operating Income

A Rainy-Day Account for Your Co-op

At Homestead Advisers, we can help you establish a Homestead Funds account and invest money earmarked for storm recovery. Assets have the potential to grow, which could ease your cooperative's cost burden. Homestead Funds' family of mutual funds allows you to establish a portfolio that helps meet your needs for liquidity while providing the potential for long-term asset growth.

And as a member of the cooperative community, we're here to help. Our registered representatives are available to work with you to construct an appropriate asset mix, open a reserve account with Homestead Funds and establish funding.

Assets are held in the cooperative's name, typically in a corporate account. Co-ops can fund the Homestead Funds account with investments made automatically from a bank or credit union or deposited in lump sums.

Contact Us!

We are here to help you every step of the way and to support the important work of your cooperative. Feel free to reach out to your Homestead Advisers representative with any questions and for steps to get started.

Asset allocation and diversification do not guarantee a profit or protect against losses. They are methods used to help manage investment risk. Investing in mutual funds involves risk, including the possible loss of principal. **Past performance does not guarantee future results.**

Investing in mutual 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.

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 homesteadfunds.com.

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RESINFO



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