



Homestead Funds'

helpful tips

Simplifying Account Management

We want to make it easy for you to manage your investments with us. Our client service associates are here to answer your questions and process transactions by phone. You can also make transactions online anytime. In addition, we have some special services that you can use to execute transactions on a regular basis, without lifting a finger. These include automatic investment, exchange and redemption programs. Besides the convenience these programs offer, committing to a regular transaction cycle can help you reduce the emotional anxiety that sometimes accompanies investment decision-making.

**Scheduled transactions mean
less paperwork, less guesswork**

The Automatic Investing Program allows you to start investing right away with no money down. You choose a fixed amount and it's deducted automatically—directly from your paycheck or bank account. Perhaps you already pay your monthly mortgage this way—so why not build savings for retirement or education using the same convenient method?

Homestead Funds offers investment services that make investing, keeping track of your account and handling your money easier.



Alaina Schrager, Homestead Funds' Client Service Associate

If you need a fast-track answer to a financial planning question or a plain-English explanation of your investment options, call one of our friendly client service associates at 1-800-258-3030 during business hours. There's no charge for this service.

This service saves you the time and hassle of remembering to send in a check regularly. But there's a monetary benefit, too. With the Automatic Investing Program, you invest the same amount at each interval no matter what is happening in the market. This enforced discipline results in your money buying more shares when the price is lower and fewer shares when the price is higher. This is called dollar-cost averaging and, while it cannot guarantee a gain or protect against a loss, it can be better than trying to guess when the ideal time to invest might be and making a single lump-sum purchase.

Before you begin this program, consider your ability to stick with it. While you may discontinue the program at any time, sudden stops and starts defeat the purpose of systematic investing.

The Automatic Exchange Program is an easy way to diversify your portfolio. Instead of moving to your target allocations all at once, make the move in a series of steps over time. For example, if you opened your account with Homestead Funds by investing in the Value Fund, but now you want to include less risky money market and short-term bond funds in your line-up, you can use the Automatic Exchange Program to authorize us to redeem and reinvest in a different Homestead Fund at regular intervals of your choice.

The Automatic Redemption Program allows you to set up periodic withdrawals from your Homestead Funds' account. This program may be especially convenient for retirees looking to draw down their accounts to meet monthly cash flow needs. You can have your money directly transferred from the fund to your bank account, which provides you with easy access to your money. This service eliminates the need to make a special trip to the bank to deposit or cash a check. (IRA account holders must be 59½ to participate.)

Averaging the cost of your shares

When you commit to a program of investing the same amount of money at specified intervals, you are using a strategy called “dollar-cost averaging.” Here’s how it works.

	Investment amount	Share price	Number of shares purchased
January	\$200	\$26.50	7.547
February	\$200	\$23.53	8.499
March	\$200	\$23.38	8.554
April	\$200	\$25.50	7.843
May	\$200	\$22.24	8.992
June	\$200	\$27.52	7.267
	\$1,200 (total invested)	÷	48.702 (total shares)
	\$24.64 (average share price paid)		

As you can see in the above table, by investing the same amount of money regardless of the fund’s share price, you automatically buy more shares when the price is lower and fewer shares when the price is higher. Dollar-cost averaging effectively “averages” the cost of your shares.

In this example, the average price for all shares acquired was \$24.64 (the total invested divided by the number of shares acquired). But if you had made the full investment in any single month, you might have paid as much as \$27.52 per share or as little as \$22.24 per share.

This is a hypothetical example that does not represent the share price performance of any Homestead Fund. Dollar-cost averaging does not guarantee a gain or protect against a loss in a declining market.

If you tend to second-guess the timing of your purchases, **dollar-cost averaging** might be a more comfortable way for you to invest.

It can potentially help you to achieve a lower average cost per share.

Write checks against your Daily Income Fund account

If you are invested in a regular, taxable account or if you have an IRA account and you are age 59½ or older, you may write checks against your Daily Income Fund account. This gives you the convenience of having immediate access to your money. You can use checks for large purchases, down payments or to pay off credit card balances. Checks must be written for a minimum of \$100.

Are you ready to sign up for automatic services?

To begin making automatic investments to an existing Homestead Funds account or automatic exchanges or redemptions, complete an Automatic Transactions Sign-Up Form, which you will find online at homesteadfunds.com. Or call us during business hours at 1-800-258-3030 and we'll mail you the form.

To open a new account, call 1-800-258-3030 and request a prospectus. Investors are advised to consider fund objectives, risks, charges and expenses before investing. The prospectus contains this and other information. Read the prospectus carefully before you invest or send money.

We have helpful tips on **other investment topics, too!**

For a complimentary fact sheet about any of the following topics, download them from our website at www.homesteadfunds.com, or call one of our friendly associates at 1-800-258-3030:

- ▶ Building your retirement savings
- ▶ Saving for education
- ▶ Understanding mutual fund costs
- ▶ Handling investment risk
- ▶ Simplifying tax time for investors
- ▶ Deciding what to do with your 401(k)
- ▶ Taking your required minimum distribution
- ▶ Managing your savings in retirement