

RE Advisers Corporation

THE ADVISOR ARM OF THE NATIONAL RURAL
ELECTRIC COOPERATIVE ASSOCIATION

Overview & Privacy Policy

Introduction

RE Advisers Corporation (REA) provides advisory services for the National Rural Electric Cooperative Association (NRECA) membership. We will use our best efforts to prepare a financial plan that, based on information from you, will review your current financial circumstances, help you identify and analyze your financial needs and goals, and propose strategies to help meet your personal financial goals.

This brochure provides information about the qualifications and business practices of REA as they relate to REA's financial planning services. Please contact Danielle Sieverling, chief compliance officer (CCO) at 703.907.5993 if you have any questions about the contents of this brochure. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about REA is available on the Internet at http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx. You can search this site by a unique identifying number, known as a CRD number. The CRD number for RE Advisers is 109845.

What Is REA?

REA is registered as an investment adviser with the SEC and is a wholly owned subsidiary of RE Investment Corporation (REI), a limited-purpose registered broker-dealer. REI is the distributor and principal underwriter for Homestead Funds, Inc. REI is a wholly owned subsidiary of NRECA United, Inc., a holding company organized by NRECA to hold stock of NRECA subsidiaries. REI is a member of the Financial Industry Regulatory Authority (FINRA).

REA provides investment advice to individuals, investment companies, and pension and profit-sharing plans. REA serves as the investment manager for seven of the Homestead Funds pursuant to investment management agreements with each of the funds and provides administrative services for one of the funds.

REA's Financial Planning Services

After you have signed and completed the Retirement Planning Questionnaire and have reviewed and executed the Acceptance of Financial Planning Services, an REA investment advisor will work with you to collect and summarize your personal financial data to help you determine your financial goals and review your current financial situation in light of those goals. Your investment advisor will use financial planning software to project your future income and expenses and retirement savings goals. He or she

will develop a plan summarizing this material and suggest strategies you may use, based on your questionnaire responses about risk tolerance and investment time horizon. The financial plan will not include recommendations of specific investments or products or analyze particular securities. Rather, plan recommendations will be general and strategic in nature, based principally on your current financial situation and your stated goals and objectives. REA does not require a minimum dollar value of assets or other conditions for providing financial planning services.

You decide whether, how and with whom you will implement your plan. You may accept or reject any or all plan recommendations. REA is not authorized to make decisions regarding your investment. Although we are prepared and want to help you implement your plan, you are free to seek implementation guidance from any source you choose. No matter who you choose to help implement your plan, you should carefully consider all relevant factors in making product decisions, including risks and costs, and consult with your professional advisors.

Investing Involves Risk

There is no assurance that you will achieve positive investment returns or that your investment objectives will be achieved based on your plan's recommendations. Fluctuations in the financial markets and other factors may cause declines in the value of your investment over short or even extended periods of time. As with any investment, you could lose money.

Code of Ethics

Subject to certain conditions, REA permits its employees to buy or sell for their own account securities it recommends to clients. REA has adopted formal procedures to prevent fraudulent, deceptive or manipulative trading practices. In addition, REA has established policies and procedures to detect and prevent the misuse of material, nonpublic information. REA requires its officers, directors and other access persons to strictly comply with its Code of Ethics. The Code of Ethics describes the ethical behavior required of REA personnel and, among other things, requires officers, directors and other access persons to pre-clear personal trades in certain covered securities. The Code of Ethics also requires these individuals to report securities holdings annually and to provide quarterly reports of personal trading activities in covered securities. REA routinely reviews the personal trading activities of officers, directors and other access persons. Please call 1.800.258.3030 to obtain a copy of REA's Code of Ethics.

KEY INDIVIDUALS OF REA

PETER MORRIS. Mr. Morris is a Director and the President of REA and Vice President and Chief Investment Officer of NRECA. He was born in 1948. He received his BS in Economics from Coe College. He has been with NRECA since 1974. Mr. Morris is also a Portfolio Manager of the Value Fund and the Small-Company Stock Fund. He has co-managed the aforementioned funds since inception. He is a Director and Vice President of RE Investment Corporation and a Director and President of Homestead Funds, Inc.

STUART TEACH. Mr. Teach is a Director and the Vice President of REA. He was born in 1945. He received his BS in Business Administration and Finance from Ohio State University. He received his MBA in Finance from Miami University. He is also a Chartered Financial Analyst. Mr. Teach is also a Senior Equity Portfolio Manager with NRECA. He has co-managed the Value Fund and the Small-Company Stock Fund since their inception. He has been with NRECA since 1985. He is a Director and President of RE Investment Corporation.

DOUGLAS KERN. Mr. Kern is a Senior Fixed-Income Portfolio Manager for REA. He was born in 1951. He is the portfolio manager for the Short-Term Government Securities Fund and the Short-Term Bond Fund. He has managed the aforementioned Funds since inception. He received his BA in Business Administration and his MBA in Finance from Pennsylvania State University. He is also a Chartered Financial Analyst. He has been with NRECA since 1985.

PATRICIA MURPHY. Ms. Murphy is a Money Market Portfolio Manager for REA and the Director of Pension Investments for NRECA. She was born in 1955. She is the Portfolio Manager for the Daily Income Fund. She received her BS in Economics and Business Administration from the State University of New York. She received her MBA in Finance from the University of Rochester. She is also a Chartered Financial Analyst. She is a Director of RE Investment Corporation and has been with NRECA since 1997.

MARK ASHTON. Mr. Ashton is an Equity Portfolio Manager for REA and NRECA. He was born in 1957. He and co-managers Messrs. Morris and Teach oversee the investment activities of the Value Fund and the Small-Company Stock Fund. He received his BS in Finance from the University of Utah. He received his MBA specializing in Marketing Research from the University of Southern California. He is also a Chartered Financial Analyst. Mr. Ashton was a Vice-President of Capital Research Company from 1984 to 1998 before joining REA and NRECA in 1999.

PRABHA CARPENTER. Ms. Carpenter is a Senior Equity Research Analyst for REA and NRECA. She was born in 1953. She provides research to the Value Fund and the Small-Company Stock Fund. She attended the University of Madras located in India and received her BA in Economics in 1974. In 1977, she received her MBA in Finance from American University located in Washington, DC. She is also a Chartered Financial Analyst. She was a Senior Vice President of Washington Investment Advisers and GEICO Investment Services from 1985 to 2001 before joining REA and NRECA in 2002.

DANIELLE SIEVERLING. Ms. Sieverling is the Chief Compliance Officer for REA. She was born in 1971. She received her BS in Accounting from Kansas State University and her MBA in Finance from Rockhurst University. She is also the Chief Compliance Officer of Homestead Funds, Inc. and RE Investment Corporation. Ms. Sieverling joined NRECA in 2000 and currently serves as Chief Compliance Officer and Vice President of Management Advisory Services. Before joining NRECA, she was a risk manager at State Street Bank Kansas City.

KELLY BOWERS WHETSTONE. Ms. Whetstone is the Secretary for REA. She was born in 1977. She received her BA and JD from the University of Virginia. Ms. Whetstone joined NRECA in 2007 and currently serves as Counsel and Director of Compliance, as well as Secretary of Homestead Funds, Inc. and RE Investment Corporation. Prior to joining NRECA, she was an associate at the law firms of Bell, Boyd & Lloyd LLP from 2005 to 2007 and Seward & Kissel LLP from 2003 to 2005.

CRAIG BLACKBURN. Mr. Blackburn is a Director and the Treasurer of REA. He was born in 1964. He received a BA in Economics in 1986 from Dickinson College located in Carlisle, Pennsylvania. In 1988, he received his MBA in Accounting from American University in Washington, DC. Mr. Blackburn joined NRECA in 1991 and currently serves as the Senior Director of Accounting.

Advisory Services, Privacy Policy and Fees

The Acceptance of Financial Planning Services terminates 60 days after your written financial plan has been delivered to you. However, you may contact REA at any time to ask questions about the written financial plan or discuss updating or creating a new written financial plan. If and when you desire to update or create a new financial plan, we will request updated information from you and ask you to execute a new agreement accepting the terms of those services.

As detailed in the privacy policy that is included in this brochure, REA is authorized to collect personal financial data. REA has policies and procedures in place to safeguard nonpublic personal information, as well as other confidential information. All nonpublic information, whether relating to current or former clients, is subject to these privacy policies and procedures.

REA does not charge a fee for its financial planning services nor does it receive compensation in connection with these services. However, REA manages Homestead Funds. If you decide to invest money in Homestead Funds, you will be subject to the normal investment management fees paid to REA. Homestead Funds' most recent Prospectus, which contains information about the Funds' fees and expenses, is located on the Funds website at www.homesteadfunds.com. If you choose to use a broker-dealer to implement your financial planning goals, you may be subject to additional fees from that broker-dealer.

Other Business Activities and Conflicts of Interest

All of REA's directors, officers and employees are employed and compensated by NRECA. Additionally, the majority of REA's directors, officers and employees have responsibilities with REI, and some have responsibilities with Homestead Funds, which creates a conflict of interest between REA and the other entities. Aware of this conflict, the CCO has assessed the risks and developed internal controls to avoid to the extent possible any conflict. While these individuals endeavor at all times as part of REA's fiduciary duty to put the interests of the clients first, clients should be aware of the potential conflicts of interest that exist.

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Cooperative Association

Privacy Policy

Our Commitment to Your Privacy: RE Advisers Corporation (“we”) has a policy of protecting the confidentiality and security of information we collect about you. We will not share nonpublic personal information about you with third parties, except for the specific purposes described below. Protecting your privacy is important to us.

Why We Collect Information and How Information Is Used:

We limit the collection and use of information to the minimum we require to deliver exceptional service to you. We use this information about you to provide financial products and services to you, such as preparing a financial plan or implementing that plan.

How Information Is Safeguarded: We have policies and procedures in place that we believe are reasonably designed to protect the security and confidentiality of your information. Our employees are required to protect the confidentiality of information and to comply with our established policies and procedures.

Information We Disclose: We will keep in confidence all personal and financial information that you give us and use it only in preparing your plan, conducting a suitability analysis or implementing your plan. We may provide limited information to NRECA’s wholly owned companies for the specific purpose of suggesting possible investment products or services to you and in coordinating any products or services we may offer or provide to you. We do not sell your personal information to anyone.

Modify or Supplement the Policy: We reserve the right to modify or supplement this policy at any time. If we ever decide to share your nonpublic information other than as described above, we will provide you with notice of the change.

Information About Us

To help you understand the products and services that we offer, we have prepared this ADV Part II Disclosure Brochure (Brochure). This Brochure is a document required by the SEC and provides you with information about our: products; services; experience and educational background of each principal executive officer; and details on our affiliated companies.



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