

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

HOMESTEAD FUNDS INC

CIK: **865733** | State of Incorporation: **MD** | Fiscal Year End: **1231**
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A MESSAGE FROM THE INVESTMENT MANAGER

Dear Shareholder:

The economy in the first half of 1996 began with falling interest rates, modest employment growth and the absence of any inflationary pressures. This environment proved the ideal backdrop for both the stock and bond markets. As the first few months passed, however, the economy proved to be stronger than expected.

In February, reports began to emerge suggesting that the economy was growing faster than anticipated. A sharp rise in employment, coupled with increases in the prices of oil and other agricultural commodities, seemed to confirm these fears. The perceived threat of a pick-up in the economy would be followed by rising inflation and higher interest rates, thus sending bond prices lower.

VALUE FUND

Despite higher interest rates, stocks, as measured by the S&P 500 Index, posted positive results for both the first and second quarters of this year. The market's return, for six months ended June 30, 1996, was 10.1%. For the same time period, the total return of the Value Fund was 9.0%.

The Fund experienced solid gains in many of the sectors it favors. Cyclical companies, which often depend on the economy for prosperity, produced favorable investment gains. Stocks in the chemical, energy and depressed retail sectors appreciated sharply during this time period. Thus, the Fund benefitted from its investments in companies such as Dillard Department Stores, Inc., Sears, Roebuck & Co., Monsanto Company and Texaco Inc. Significant holdings in the financial sector, which include banks and insurance companies, also added to overall Fund performance during the first half of 1996.

When the year began, worries that the economy could not sustain its pace led many investors into the "defensive" sectors of the market. These sectors, which include food, beverages and pharmaceuticals, are generally expected to produce better-than-average operating results in a slow economy, since demand for these products is not directly related to economic activity. In the Value Fund, we believe that the current high profit margins of these companies are at risk as increased competition for market share will erode profitability, resulting in lower share prices. As such, the Value Fund has a lower percentage of these companies than the overall market (as measured by the S&P 500) and did not fully benefit from the early gains experienced in this sector.

The Fund continues to avoid new investments in technology, which are still expensive despite a significant drop in share prices, and electric utility companies, which face heightened competition and continued uncertainty from the prospects of further deregulation.

SHORT-TERM BOND FUND

Interest rates on longer-term, fixed-income securities began to climb suddenly in February as strong economic data renewed inflation fears. Data released subsequently throughout the first half of 1996 further substantiated expectations of rising interest rates and inflation. During that same six month period, the 30 day SEC yield went from 5.4% to 6.1%. In this environment, the Short-Term Bond Fund produced a total return of 1.7% for the six month period ended June 30, 1996.

Portfolio composition remained essentially unchanged. Portfolio strategy continued to emphasize high-quality corporate issues as well as government and mortgage investments. Average Fund maturity remained essentially unchanged at 2.9 years.

A MESSAGE FROM THE INVESTMENT MANAGER
(CONTINUED)

SHORT-TERM GOVERNMENT SECURITIES FUND

The Short-Term Government Securities Fund produced a total return of 1.2% for the six months ended June 30, 1996. During that period, the average maturity was extended from 1.8 years to 2.2 years. The Fund invests exclusively in securities backed by the full faith and credit of the United States Government. The Fund began the year with a 30 day SEC yield of 4.8%, as compared to the 5.5% yield as of June 30, 1996.

DAILY INCOME FUND

While interest rates on longer-term, fixed-income securities rose during the first half of 1996, money market rates continued the decline that began in 1995. The Federal Reserve Board, reacting to expectations of a slower economy, began reducing short-term rates in January in an attempt to stimulate economic

activity. As a result of these changes in interest rates over the past six months, the Daily Income Fund, which began the year with a 7 day effective yield of 5.2%, ended on June 30, 1996 with a yield of 4.8%.

The Daily Income Fund continues to be managed using the same conservative investment policies that have served us well in the past. This includes avoiding investments in lower-quality issues because their additional yield does not compensate shareholders for the extra risk.

If you have any questions concerning your Homestead account, please feel free to contact us at 1-800-258-3030.

Sincerely,

/s/ PETER R. MORRIS

Peter R. Morris
Director of Investments

3

STATEMENTS OF ASSETS AND LIABILITIES

HOMESTEAD FUNDS, INC.
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	DAILY INCOME FUND	SHORT-TERM BOND FUND	SHORT-TERM GOVERNMENT SECURITIES FUND	VALUE FUND
<S>	<C>	<C>	<C>	<C>
ASSETS				
Investments in securities, at value (cost: \$54,484,226; \$73,780,571; \$5,075,551; \$154,114,101)	\$54,484,226	\$73,663,551	\$5,055,712	\$197,268,785
Receivables				
Investment securities sold	-	1,366	-	-
Dividends and interest	365,384	908,790	71,190	176,881
Capital shares sold	159,951	5,894	1,376	41,795
Prepaid expenses	13,718	14,924	9,079	27,407
	-----	-----	-----	-----
Total assets	55,023,279	74,594,525	5,137,357	197,514,868
	-----	-----	-----	-----
LIABILITIES				
Payables				
Investment securities purchased	612,504	982,585	-	614,500
Accrued expenses	11,541	16,034	6,507	43,963
Due to Manager	31,775	42,149	2,165	106,604
Capital shares redeemed	10,890	7,700	-	41,500
Dividends	5,009	26,087	1,224	25,520
	-----	-----	-----	-----
Total liabilities	671,719	1,074,555	9,896	832,087
	-----	-----	-----	-----
NET ASSETS	\$54,351,560	\$73,519,970	\$5,127,461	\$196,682,781
	=====	=====	=====	=====
NET ASSETS CONSIST OF:				
Unrealized appreciation (depreciation) of investments	\$ -	\$ (117,020)	(19,839)	43,154,684
Realized gain	-	55,272	1,329	1,875,305
Paid-in-capital applicable to outstanding shares of 54,351,560 of Daily Income Fund, 14,332,109 of Short-Term Bond Fund, 1,020,579 of Short-Term Government Securities Fund, and 9,876,917 of Value Fund	54,351,560	73,581,718	5,145,971	151,652,792
	-----	-----	-----	-----
	\$54,351,560	\$73,519,970	\$5,127,461	\$196,682,781
	=====	=====	=====	=====
NET ASSET VALUE PER SHARE	\$1.00	\$5.13	\$5.02	\$19.91
	=====	=====	=====	=====

</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENTS OF OPERATIONS

HOMESTEAD FUNDS, INC.
FOR THE SIX MONTHS ENDED JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	DAILY INCOME FUND	SHORT-TERM BOND FUND	SHORT-TERM GOVERNMENT SECURITIES FUND	VALUE FUND
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME				
Interest	\$1,457,375	\$2,164,868	\$104,657	\$ 545,704
Dividends	-	-	-	1,914,783
	-----	-----	-----	-----
Total income	1,457,375	2,164,868	104,657	2,460,487
	-----	-----	-----	-----
Expenses				
Management fees	133,058	159,809	8,947	429,594
Custodian and accounting fees	32,378	50,893	22,992	58,556
Shareholder servicing	20,356	20,746	14,320	66,340
Registration expense	15,032	12,934	3,698	29,818
Legal and audit fees	4,511	5,563	265	15,445
Insurance	3,799	4,386	185	11,543
Communication	2,189	2,417	402	12,412
Printing	2,106	2,710	442	12,422
Directors fees	1,077	1,366	59	3,740
Other expenses	3,350	4,261	394	10,565
	-----	-----	-----	-----
Total expenses	217,856	265,085	51,704	650,435
Less fees waived and expenses paid by Manager	(18,270)	(12,443)	(38,350)	-
	-----	-----	-----	-----
Net expenses	199,586	252,642	13,354	650,435
	-----	-----	-----	-----
NET INVESTMENT INCOME	1,257,789	1,912,226	91,303	1,810,052
	-----	-----	-----	-----
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain on investments	-	55,272	1,329	1,875,305
Net change in unrealized appreciation (depreciation)	-	(883,589)	(43,779)	10,447,470
	-----	-----	-----	-----
NET GAIN (LOSS) ON INVESTMENTS	-	(828,317)	(42,450)	12,322,775
	-----	-----	-----	-----
NET INCREASE IN NET ASSETS FROM OPERATIONS	\$1,257,789	\$1,083,909	\$ 48,853	\$14,132,827
	=====	=====	=====	=====

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENTS OF CHANGES IN NET ASSETS
HOMESTEAD FUNDS, INC.

<TABLE>
<CAPTION>

DAILY INCOME FUND	SHORT-TERM BOND FUND
-----	-----

	Six Months Ended June 30, 1996 (Unaudited)	Year Ended December 31, 1995	Six Months Ended June 30, 1996 (Unaudited)	Year Ended December 31, 1995
<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS				
OPERATIONS				
Net investment income	\$ 1,257,789	\$ 2,385,572	\$ 1,912,226	\$ 3,195,639
Net realized gain on investments	-	-	55,272	40,352
Net change in unrealized appreciation (depreciation)	-	-	(883,589)	2,737,120
Increase in net assets from operations . .	1,257,789	2,385,572	1,083,909	5,973,111
DISTRIBUTIONS TO SHAREHOLDERS				
Net investment income	(1,257,789)	(2,385,572)	(1,912,226)	(3,195,639)
Net realized gain on investments	-	-	-	(39,502)
CAPITAL SHARE TRANSACTIONS, NET	1,652,411	16,030,967	12,223,291	7,129,945
TOTAL INCREASE IN NET ASSETS	1,652,411	16,030,967	11,394,974	9,867,915
NET ASSETS				
Beginning of year	52,699,149	36,668,182	62,124,996	52,257,081
END OF PERIOD	\$54,351,560	\$52,699,149	\$73,519,970	\$62,124,996

</TABLE>

STATEMENTS OF CHANGES IN NET ASSETS (CONTINUED)

HOMESTEAD FUNDS, INC.

<TABLE>
<CAPTION>

	SHORT-TERM GOVERNMENT SECURITIES FUND		VALUE FUND	
	Six Months Ended June 30, 1996 (Unaudited)	May 1, 1995 (Commencement of Operations) to December 31, 1995	Six Months Ended June 30, 1996 (Unaudited)	Year Ended December 31, 1995
<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS				
OPERATIONS				
Net investment income	\$ 91,303	\$ 50,982	\$ 1,810,052	\$ 2,997,202
Net realized gain on investments	1,329	469	1,875,305	4,035,929
Net change in unrealized appreciation (depreciation)	(43,779)	23,940	10,447,470	27,067,900
Increase in net assets from operations . .	48,853	75,391	14,132,827	34,101,031
DISTRIBUTIONS TO SHAREHOLDERS				
Net investment income	(91,303)	(50,982)	(1,810,052)	(2,997,202)
Net realized gain on investments	-	(469)	-	(4,035,929)
CAPITAL SHARE TRANSACTIONS, NET	2,511,711	2,634,260	36,854,215	28,826,300
TOTAL INCREASE IN NET ASSETS	2,469,261	2,658,200	49,176,990	55,894,200
NET ASSETS				
Beginning of year	2,658,200	-	147,505,791	91,611,591

END OF PERIOD \$5,127,461 \$2,658,200 \$196,682,781 \$147,505,791
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</TABLE>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

6

7

PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
DAILY INCOME FUND
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
COMMERCIAL PAPER (65.4% of portfolio)				
AIG Funding Inc.	5.35%	07/02/96	\$2,200,000	\$ 2,199,673
American Express Credit Corp.	5.34	07/05/96	1,125,000	1,124,333
American Express Credit Corp.	7.88	12/01/96	547,000	552,176
American General Finance Corp.	5.32	07/09/96	300,000	299,645
American General Finance Corp.	7.38	11/15/96	100,000	100,803
Associates Corp. of North America	5.36	07/03/96	175,000	174,948
Baltimore Gas & Electric Co.	5.25	07/11/96	2,500,000	2,496,354
Beneficial Corp.	5.35	07/24/96	2,442,000	2,433,653
Chevron Oil Finance Co.	5.32	07/10/96	2,600,000	2,596,542
CIT Group Holdings, Inc.	5.34	07/25/96	1,435,000	1,429,891
CIT Group Holdings, Inc.	5.36	08/12/96	1,000,000	993,747
Commercial Credit Co.	5.37	07/16/96	1,000,000	997,763
Commercial Credit Co.	5.38	07/09/96	1,450,000	1,448,266
E. I. Dupont Co.	8.07	08/15/96	300,000	300,858
Eli Lilly & Co.	6.55	12/20/96	300,000	300,939
Ford Motor Credit Corp.	5.36	07/18/96	875,000	872,786
General Electric Capital Corp.	5.27	07/12/96	1,100,000	1,098,229
Household Finance Corp.	5.31	07/05/96	600,000	599,646
IBM Credit Corp.	5.32	07/17/96	1,100,000	1,097,399
IBM Credit Corp.	5.28	07/19/96	1,500,000	1,496,040
John Deere Capital Corp.	5.35	07/23/96	1,200,000	1,196,077
John Deere Capital Corp.	5.28	07/08/96	500,000	499,487
Merrill Lynch & Co.	5.32	07/15/96	1,600,000	1,596,690
Norwest Financial, Inc.	5.36	07/26/96	1,800,000	1,793,300
Norwest Financial, Inc.	5.29	07/08/96	700,000	699,280
Pepsico, Inc.	5.30	07/01/96	1,156,000	1,156,000
Prudential Funding Corp.	5.28	07/03/96	1,800,000	1,799,472
Prudential Funding Corp.	5.29	07/09/96	500,000	499,412
Schering-Plough Corp.	5.25	08/27/96	2,000,000	1,983,375
Transamerica Finance Corp.	5.36	07/22/96	1,800,000	1,794,371

Total Commercial Paper (Cost \$35,631,155)				35,631,155

CORPORATE NOTES (11.9% of portfolio)

Associates Corp. of North America	4.58	11/30/96	100,000	99,552
Associates Corp. of North America	4.75	08/01/96	127,000	126,901
Associates Corp. of North America	6.88	01/15/97	400,000	403,468
Associates Corp. of North America	8.70	01/01/97	300,000	305,381
Commercial Credit Co.	8.13	03/01/97	240,000	243,327
E. I. Dupont Co.	8.45	10/15/96	734,000	740,212
Ford Motor Credit Corp.	8.00	10/01/96	253,000	254,455
Ford Motor Credit Corp.	7.88	10/15/96	175,000	176,096
Ford Motor Credit Corp.	8.25	07/15/96	195,000	195,167
Ford Motor Credit Corp.	7.88	01/15/97	202,000	204,177
Ford Motor Credit Corp.	8.88	08/01/96	575,000	576,541

</TABLE>

7

PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
DAILY INCOME FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
	-----	-----	-----	-----
<S>				
CORPORATE NOTES -- continued				
Ford Motor Credit Corp.	9.10%	07/05/96	\$ 250,000	\$ 250,090
General Electric Capital Corp.	7.14	09/06/96	100,000	100,216
General Electric Capital Corp.	8.75	11/26/96	215,000	217,817
General Electric Capital Corp.	7.85	07/17/96	200,000	200,187
Merrill Lynch & Co.	5.00	12/15/96	175,000	174,392
Norwest Financial, Inc.	8.88	07/01/96	50,000	50,000
Pepsico, Inc.	7.00	11/15/96	260,000	261,259
Pepsico, Inc.	5.00	02/24/97	295,000	293,617
PHH Corp.	8.00	01/01/97	325,000	328,534
Philip Morris Cos., Inc.	8.88	07/01/96	200,000	200,000
Philip Morris Cos., Inc.	8.75	12/01/96	190,000	192,453
Shell Oil Co.	6.00	01/15/97	175,000	175,267
Transamerica Finance Corp.	5.85	07/15/96	750,000	750,085

Total Corporate Notes (Cost \$6,519,194)				6,519,194

U.S. GOVERNMENT & AGENCY OBLIGATIONS (19.8% of portfolio)				
Federal Farm Credit Bank	5.17	10/01/96	350,000	349,576
Federal Farm Credit Bank	6.12(a)	03/17/97	500,000	502,798
Federal Home Loan Bank	4.17	09/09/96	50,000	49,857
Federal Home Loan Mortgage Corp.	5.10	08/23/96	50,000	49,967
Federal National Mortgage Association	5.60	11/01/96	500,000	499,686
Federal National Mortgage Association	5.47	11/14/96	100,000	99,896
Tennessee Valley Authority	8.25	11/15/96	150,000	151,445
Tennessee Valley Authority	6.00	01/15/97	80,000	80,000
U. S. Treasury Note	7.88	07/31/96	1,000,000	1,001,535
U. S. Treasury Note	6.88	10/31/96	3,000,000	3,016,398
U. S. Treasury Note	6.88	04/30/97	500,000	504,447
U. S. Treasury Note	4.75	02/15/97	4,500,000	4,482,065

Total U. S. Government & Agency Obligations (Cost \$10,787,670)				10,787,670

CORPORATE MASTER NOTE (2.7% of portfolio)				
Associates Corp. of North America, 5.15% (a)			1,450,000	1,450,000

Total Corporate Master Note (Cost \$1,450,000)				1,450,000

MONEY MARKET ACCOUNT (0.2% of portfolio)				
State Street Bank and Trust Seven Seas Money Fund, 5.05% (b)			96,207	96,207

Total Money Market Account (Cost \$96,207)				96,207

TOTAL INVESTMENTS IN SECURITIES (COST \$54,484,226) -- 100%				\$54,484,226
				=====

</TABLE>

(a) Variable coupon rate as of June 28, 1996.
(b) One day yield at June 28, 1996.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
CORPORATE BONDS (43.4% of portfolio)				
BASIC INDUSTRIES - 6.5%				
Allied Corp.	5.68-5.70%	09/15/98	\$475,000	\$ 409,094
Allied Corp.	5.90-6.32 (a)	08/01/97	229,000	214,115
Allied Corp.	6.12-6.22 (a)	08/01/99	109,000	89,644
Allied Corp.	6.07-6.20 (a)	08/01/01	275,000	194,219
Corning, Inc.	8.38	11/01/96	500,000	503,750
Corning, Inc.	7.10	08/14/00	100,000	100,000
Corning, Inc.	7.75	11/15/98	888,000	888,000
Ford Capital BV	9.13	05/01/98	500,000	523,750
Ford Motor Co.	5.78	01/01/99	400,000	392,436
Philip Morris Cos., Inc.	8.75	12/01/96	644,000	651,245
Philip Morris Cos., Inc.	9.75	05/01/97	300,000	308,625
Philip Morris Cos., Inc.	9.25	12/01/97	200,000	208,500
Philip Morris Cos., Inc.	6.38	01/15/98	250,000	250,000
Texaco Capital, Inc.	8.95	01/15/00	50,000	50,597

Total Basic Industries				4,783,975

CONSUMER NON-DURABLE GOODS - 2.5%				
Beverages				
Anheuser Busch Cos.	7.43	05/04/00	500,000	502,100
Pepsico Capital Resources, Inc.	6.54 (a)	04/01/98	100,000	89,500
Department Stores				
J.C. Penney & Co.	10.00	10/15/97	300,000	313,125
Sears Roebuck and Co.	8.55	08/01/96	100,000	100,250
Medical Supplier				
Baxter International	6.25	03/11/97	180,000	180,000
Johnson & Johnson Co.	8.00	09/01/98	250,000	250,625
Photography				
Eastman Kodak Co.	9.88	11/01/04	360,000	380,700
Recreational				
Walt Disney Co.	1.50	10/20/99	50,000	42,406

Total Consumer Non-Durable Goods				1,858,706

CONSUMER SERVICES - 0.5%				
Healthcare				
Hospital Corp. of America	6.90 (a)	06/01/99	111,000	89,216
Schering-Plough Corp.	6.80-8.00 (a)	12/02/96	300,000	292,875

Total Consumer Services				382,091

ENERGY - 1.2%				
Domestic Oil				
Atlantic Richfield Co.	10.25	07/02/00	850,000	892,500

Total Energy				892,500

</TABLE>

10
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
FINANCE - 24.2%				
Banks				
Bank America Corp.	6.65% (b)	05/17/99	\$ 100,000	\$ 99,944
Bankers Trust NY Corp.	8.25	07/02/96	110,000	110,000
Bankers Trust NY Corp.	7.25	11/01/96	200,000	200,546

Barclays N.A. Capital Corp.	9.75	05/15/21	306,000	349,222
Citicorp	6.50	09/16/01	75,000	73,508
Chase Manhattan Corp.	8.00	04/15/02	1,000,000	1,015,000
Chase Manhattan Corp.	8.80	01/31/00	50,000	50,750
Chase Manhattan Corp.	8.00	05/01/05	500,000	506,250
International Bank for Recon. & Dev.	4.59 (a)	08/15/96	258,000	256,388
International Bank for Recon. & Dev.	4.75-6.40 (a)	02/15/97	934,000	900,143
International Bank for Recon. & Dev.	5.47 (a)	02/15/98	125,000	113,125
International Bank for Recon. & Dev.	7.20 (a)	08/15/98	26,000	22,783
International Bank for Recon. & Dev.	5.93-7.89 (a)	02/15/99	732,000	618,540
International Bank for Recon. & Dev.	6.16-6.54 (a)	08/15/99	525,000	429,187
NationsBank Corp.	4.75	08/15/96	100,000	99,803
Wells Fargo & Co.	8.20	11/01/96	172,000	172,980
Financial Services				
American Express Co.	11.63	12/12/00	300,000	325,500
Associates Corp. of North America	8.38	01/15/98	50,000	51,500
Avco Financial Services, Inc.	8.50	10/15/99	50,000	52,625
Beneficial Corp.	9.80	05/12/97	110,000	113,440
CIT Group Holdings, Inc.	6.00	02/15/97	150,000	150,007
CM International	6.02-7.41 (a)	09/11/00	430,000	317,394
Commercial Credit Co.	6.75	01/15/97	400,000	402,080
Dauphin Deposit Co.	8.70	11/15/96	250,000	252,430
Dean Witter Discover Co.	5.71 (b)	03/02/99	525,000	519,750
Ford Motor Credit Corp.	8.88	08/01/96	450,000	451,134
Ford Motor Credit Corp.	5.52 (b)	03/14/97	200,000	200,000
Ford Motor Credit Corp.	5.67 (b)	02/03/98	200,000	200,000
Franklin Universal Trust	5.63	09/01/98	500,000	492,500
General Electric Capital Corp.	6.65 (b)	04/14/08	500,000	501,260
General Electric Capital Corp.	5.47 (b)	07/26/96	725,000	724,094
General Electric Capital Corp.	5.39 (b)	08/01/96	150,000	150,001
General Electric Capital Corp.	7.98 (b)	12/15/07	750,000	757,927
General Electric Capital Corp.	6.20	03/15/97	251,100	251,974
General Electric Capital Corp.	8.25	08/01/96	250,000	250,533
General Electric Capital Corp.	8.00	10/01/96	228,000	229,334
Heller Financial Corp.	6.45	02/15/97	37,500	37,644
Household Finance Corp.	8.88	07/05/99	300,000	300,000
ITT Hartford	8.20	10/15/98	357,000	369,495
Lincoln National Corp.	7.13	07/15/99	150,000	151,125
Morgan Stanley Group, Inc.	7.32	01/15/97	250,000	251,920
Texaco Capital Inc.	9.00	11/15/96	365,000	369,329

</TABLE>

PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
<S>	<C>	<C>	<C>	<C>
FINANCE -- continued				
Transamerica Finance Corp.	8.75%	10/01/99	\$ 50,000	\$ 52,813
U. S. West Cap. Funding Inc.	8.00	10/15/96	50,000	50,290
Xerox Credit Corp.	9.63	09/01/97	182,000	188,825
Xerox Credit Corp.	6.78	05/21/01	500,000	498,125
Insurance				
CIGNA Corp.	8.00	09/01/96	126,000	126,394
CNA Financial	8.88	03/01/98	500,000	518,750
ITT Hartford Group, Inc.	7.25	12/01/96	150,000	150,886
Liberty Mutual Cap. Corp.	8.50	07/08/96	250,000	250,000
Liberty Mutual Cap. Corp.	7.98	12/01/02	500,000	511,995
Manufacturers Life Mortgage Sec.	8.25	03/01/97	250,000	252,813
Security & Commodity Brokers				
J.P. Morgan & Co., Inc.	5.37-6.38 (a)	04/01/98	1,104,000	990,840
Lehman Brothers, Inc.	6.09	05/16/98	590,000	522,887
Lehman Brothers, Inc.	7.00	05/15/97	250,000	251,697
Lehman Brothers, Inc.	7.63	08/01/98	150,000	152,625
Salomon Bros., Inc.	9.38	07/12/96	150,000	150,120
Salomon Bros., Inc.	6.44 (b)	08/06/96	250,000	250,313
Salomon Bros., Inc.	6.55	05/15/97	40,000	40,116
Total Finance				17,850,654

TECHNOLOGY - 0.9%				
Computer & Business Equipment				
Texas Instruments Corp.	9.00	07/15/99	650,000	650,813

Total Technology				650,813

TRANSPORTATION - 0.6%				
Railroad				
Atchison Topeka Santa Fe RR Co.	5.37	09/15/99	228,000	219,735
St. Louis-San Francisco Railway Co.	4.00	01/01/97	250,000	245,000

Total Transportation				464,735

UTILITIES - 7.0%				
Electric & Gas				
Arkansas Power & Light Co.	5.88	03/01/97	200,000	199,250
Cincinnati Gas & Electric Co.	8.13	08/01/03	250,000	255,937
Commonwealth Edison Company	2.75	04/01/99	100,000	88,875
Connecticut Light & Power Co.	7.25	07/01/99	247,000	247,618
Consolidated Edison Company of New York	5.90	12/15/96	155,000	155,000
Consumers Power Co.	6.88	05/01/98	200,000	200,250
International Standard Electric Corp.	6.59	03/15/97	110,000	105,050
Iowa Electric Light & Power Co.	7.88	12/01/00	198,000	200,228
Iowa Southern Utilities	6.13	06/01/97	50,000	50,000

</TABLE>

12
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
UTILITIES -- continued				
Louisiana Power & Light Co.	7.13%	03/01/98	\$100,000	\$ 100,250
Missouri Power & Light Co.	5.63	04/01/97	100,000	99,625
New Orleans Public Service Co.	5.88	04/01/97	250,000	249,375
Ohio Power Co.	8.30	04/01/97	47,000	47,608
Pacific Gas & Electric Co.	4.63	06/01/97	195,000	192,075
Potomac Electric Power Co.	5.00	09/01/02	626,000	566,530
South Carolina Electric & Gas Co.	6.50	09/01/98	240,000	239,400
Southern California Gas Co.	5.25	03/01/98	114,000	112,005
Western Massachusetts Electric Co.	5.75	03/01/97	196,000	195,265
Telephone				
AT&T Corp.	7.50 (b)	09/06/09	500,000	500,595
General Telephone Co. of Florida	6.50	11/01/97	200,000	199,750
General Telephone Co. of Indiana	6.38	08/01/98	300,000	298,125
General Telephone Co. of Indiana	7.50	12/01/01	100,000	101,375
GTE California	7.13	12/01/98	250,000	251,250
GTE Southwest	6.88	03/01/98	100,000	100,250
Hawaiian Telephone Co.	6.75	04/01/98	100,000	100,125
Pacific Gas & Electric Co.	4.87	12/09/96	250,000	248,750
Southwestern Bell Telephone Co.	6.05	02/09/98	50,000	49,562

Total Utilities				5,154,123

Total Corporate Bonds (Cost \$32,044,929)				32,037,597

FOREIGN BONDS (0.5% of portfolio)				
Israel Trust Government Trust Certificates	9.05	11/15/96	15,000	15,113
Kingdom of Sweden	6.15 (a)	04/01/97	215,000	205,325
Metropolis of Tokyo	7.50	03/18/97	119,000	120,041

Total Foreign Bonds (Cost \$342,449)				340,479

ASSET-BACKED SECURITIES (5.1% of portfolio)				
Bear Sterns Secured Investors Trust 1987-2 D	9.95	10/20/18	188,822	194,550

CIT Revenue Grantor Trust 1994-A A	4.90	07/15/09	214,499	208,309
Case Equipment Loan Trust 1993-B A	4.30	05/17/99	24,136	23,955
Caterpillar Financial Asset Trust 1994-A A2	6.10	06/25/00	27,380	27,420
Chase Manhattan Credit Card Master Trust 92-1 A	7.40	05/15/00	50,000	50,450
Chase Manhattan Grantor Trust 1993-A A	4.20	04/15/99	38,737	38,391
Chase Manhattan Grantor Trust 95-A A	6.00	09/17/01	126,396	126,098
Daimler-Benz Vehicle Trust 1994-A A	5.95	12/15/00	53,308	53,276
Discover Card Trust 1992-B A	6.80	06/16/00	85,000	85,484
Fleet Finance, Inc. 1993-1 A	5.45	03/20/23	153,594	152,311
Ford Credit Grantor Trust	4.30	07/15/98	47,255	46,577
Green Tree Financial Corp. 1993-2 A1	5.93	07/15/18	20,638	20,640
Green Tree Financial Corp. 1994-A A	6.90	02/15/04	193,314	191,465
Honda 1992-A Grantor Trust	4.90	06/15/98	12,665	12,618

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PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
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	Interest Rate	Maturity Date	Face Amount	Value
<S>	<C>	<C>	<C>	<C>
ASSET-BACKED SECURITIES -- continued				
Household Affinity Credit Card Master				
Trust 93-2 A	5.60%	05/15/02	\$100,000	\$ 96,598
MBNA Master Credit Card Trust 1993-3	5.40	09/15/00	148,000	144,463
Merrill Lynch Asset Backed Corp. 1993-1 A2	5.13	07/15/98	7,827	7,817
Navistar Financial Corp. 1993-A A2	4.48	10/15/98	62,702	62,655
Nissan Auto Rec. 1994-A A	6.45	09/15/99	128,210	128,633
Olympic Auto Receivable Trust 1994-A A	5.65	01/15/01	131,555	130,857
Olympic Auto Receivable Trust 1996-A	5.85	02/15/99	75,000	73,395
Premier Auto Trust 1992-4 A	5.05	01/15/98	265,264	263,778
Premier Auto Trust 1992-5 A	4.55	03/15/98	124,822	123,574
Premier Auto Trust	4.90	10/15/98	98,436	97,393
Premier Auto Trust 1993-3 A3	4.90	12/15/98	283,201	280,369
Premier Auto Trust 1993-4 A2	4.65	02/02/99	221,349	219,003
Premier Auto Trust	4.75	02/02/00	65,526	64,870
Premier Auto Trust 1995-1 A6	8.05	04/04/00	150,000	154,815
Railcar Trust 1992-1 A	7.75	06/01/04	98,528	102,564
Sears Credit Acct. Master Trust 1992-1 A	5.90	11/15/98	208,333	208,739
Toyota Auto Rec. Grantor Trust 1993-A A	3.90	08/15/98	86,397	84,629
Volvo Auto Rec. 1991-A A	5.65	12/15/98	132,671	132,267
Volvo Auto Rec. 1992-A A	4.65	06/15/98	27,701	27,561
World Omni Leasing 1993-1 A	4.60	05/17/99	123,590	123,281
Total Asset Backed Securities (Cost \$3,751,576)				3,758,804

MORTGAGE BACKED SECURITIES (19.4% of portfolio)

Advanta Home Equity Loan Trust 1993-2 A1	6.15	10/25/09	171,290	164,609
Advanta Home Equity Loan Trust 1993-3 A1	4.90	10/25/09	275,346	261,757
Advanta Home Equity Loan Trust 1992-4 A	7.20	11/25/08	87,301	86,864
American Financial Home Equity Loan 1991-1A	8.00	07/25/06	198,135	200,928
American Housing Trust SER XI 3 B	7.50	08/25/12	94,977	94,977
BW Home Equity Trust 1990-1A	9.25	09/15/05	179,356	182,350
Chase Mortgage Finance Corp. 1993-G A1	7.00	04/25/01	123,445	121,947
CITICORP Mortgage Securities Inc. 1992-3 A3	7.50	07/25/06	7,249	7,203
CITICORP Mortgage Securities, Inc.	7.50	09/25/22	82,789	81,224
CITICORP Mortgage Trust 3 A5	9.00	01/25/20	100,000	102,066
CMC Securities Corp. 1992-D D3S	6.80 (b)	12/25/23	66,455	66,363
CMC Securities Corp. 1993-E S9	6.50	11/25/08	903,683	820,536
CMO Trust 14	8.00	01/01/17	265,276	264,496
CMO Trust 15	5.00	03/20/18	116,462	105,951
CMO Trust 17 B	7.25	04/20/18	91,712	92,203
Contimortgage Home Equity Loan Trust 95-3 A 1	6.65	07/15/09	310,299	312,236
Corestates Home Equity Trust 1994-1	6.65	05/15/09	53,667	52,736
Daiwa Mortgage Acceptance 1992-1	7.88	10/25/19	43,723	43,614
EQCC Home Equity Loan Trust 95-3 A 2	6.45	11/15/08	250,000	245,533
Equicon Home Equity Loan Trust 1992-7	5.90	09/18/05	61,867	60,800
Equicon Home Equity Loan Trust 1995-2 A1	6.45	07/18/10	237,591	237,263
FHLB DA-99	5.62	03/25/99	292,298	285,028

</TABLE>

14
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
<S>	<C>	<C>	<C>	<C>
MORTGAGE BACKED SECURITIES -- continued				
FHLMC	8.50%	06/01/02	\$ 96,462	\$ 98,693
FHLMC 1221 G	7.00	09/15/05	103,019	102,997
FHLMC 135 A	8.75	05/15/00	75,919	78,396
FHLMC 144 A	8.75	06/15/00	69,008	71,578
FHLMC 1458 M	7.00	01/15/08	250,000	241,004
FHLMC 1459 TC	7.50	10/15/01	50,000	49,948
FHLMC 1662 H	6.25	01/15/09	231,928	230,620
FHLMC 1663 A	7.00	07/15/23	198,035	191,738
FHLMC 39 ED	8.50	03/25/24	165,000	167,354
FHLMC	6.50	10/15/12	180,002	179,957
FHLMC # 230013	7.25	08/01/98	40,810	40,784
FHLMC #218209	7.00	03/15/13	94,136	94,228
FNMA #016782	6.00	09/01/99	5,013	4,556
FNMA 1992-33 G	7.75	05/25/19	41,842	41,940
FNMA 1992-73 E	7.50	05/25/19	61,226	61,585
FNMA 1993-85 E	6.50	11/25/07	282,545	281,685
FNMA G92-40 C	7.00	05/25/97	42,807	42,835
FNMA REMIC 1992-203 K	6.50	11/25/07	330,944	324,831
FNMA REMIC 1993-140 L	7.00	07/25/12	169,687	167,635
FNMA REMIC 1993-15 K	7.00	02/25/08	190,146	182,877
FNMA REMIC 1993-68 Z	6.00	05/25/08	153,023	138,013
FNMA REMIC 1993-88 B	5.40	06/25/00	428,423	399,579
FNMA REMIC 1994-4 K	6.50	12/25/06	562,849	555,851
First Alliance Mortgage Loan Trust	7.83	10/25/25	170,439	170,134
Fleet Finance Home Equity Trust 91-2 A	6.70	10/15/06	370,682	370,776
GE Capital Mortgage Services, Inc. 1993-3 A	7.50	03/25/19	157,089	157,324
GE Capital Mortgage Services, Inc. 1994-18 A3	7.00	08/25/24	100,000	99,551
GE Capital Mortgage Services, Inc. 1994-95	5.50	02/25/24	100,000	94,406
Goldman Sachs Trust 2 B 3	8.95	07/01/17	127,512	132,926
HFC Home Equity Loan	6.10	11/20/06	78,176	77,163
HFC Home Equity Loan 1992-1 A3	5.80	05/20/07	11,732	11,552
HFC Home Equity Loan	4.75	05/20/08	79,714	76,138
Housing Securities, Inc.	7.25	01/25/07	250,000	249,922
Housing Securities, Inc. 1992-EA A4	7.50	10/25/07	451,000	440,000
Merrill Lynch 1994-A A4	6.41 (b)	02/15/09	196,268	183,405
Merrill Lynch 91-1 A	8.00	06/15/10	49,946	50,598
Mid-State Trust 3 A	7.63	04/01/22	277,768	280,227
Morgan Stanley Mortgage Trust T6	8.75	07/20/19	139,903	145,183
Nomura Asset Securities Corp. 1994-4B 4A	8.30	09/25/24	64,654	63,968
Novus Home Equity Loan Trust 1993 - 1 A	5.95 (b)	12/31/03	52,049	52,179
Old Stone Credit Corp. Home Equity Trust 92-2 A1	6.85	05/15/07	496,457	494,995
PNC Mortgage Securities Corp. 95-2 A 5	7.00	07/25/08	225,624	220,961
Pru-Bache Secured Fin.	9.40	09/25/19	483,583	481,610
Prudential Home Mortgage 1992-44 A1	6.00	01/25/98	190,594	188,738
Prudential Home Mortgage 1993-10 A 1	6.50	02/25/00	152,704	150,450

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15
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
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	Interest Rate	Maturity Date	Face Amount	Value
<S>		<C>	<C>	<C>
MORTGAGE BACKED SECURITIES -- continued				
Prudential Home Mortgage 1994-31 A 11	8.00%	11/25/09	\$ 435,942	\$ 433,230
RFMSI 1987-S2 A	8.50	04/01/02	37,022	37,827
RFMSI 1992-S19	8.50	03/25/22	252,732	255,834
RFMSI 1993-S25 A1	6.50	07/25/08	98,361	97,776
RFMSI 93-57 A6	7.15	02/25/08	60,056	59,910
Ryland 26C	9.00	12/01/16	330,668	340,420
Ryland Mortgage Acceptance Corp. 93-4 A 5	7.50	08/25/24	293,834	294,648
Sears Mortgage Securities Corp. 1992-10 A7	8.00	03/25/22	153,360	153,360
TMS Equity Trust 1993-C2 A3	5.75	10/15/22	182,581	175,651
TMS Home Equity Loan 1993D-A1	5.68	02/15/09	154,669	148,939
UCFC Home Equity Loan 1994-A A1	4.83	03/10/05	1,314	1,311
UCFC Home Equity Loan 1994-C1 A1	6.78	03/10/05	18,730	18,763
Vanderbilt Mortgage Finance 95-B A 3	6.68	05/07/06	250,000	247,910
Zions Home Ref. Loan Trust 1993-1	5.15	09/25/03	163,553	156,356
Total Mortgage Backed Securities (Cost \$14,335,018)				14,253,509

U. S. GOVERNMENT & AGENCY OBLIGATIONS (26.8% of portfolio)				
Certificates on Government Receipts	5.00 (a)	11/15/96	56,000	54,848
Chattanooga Valley Corp.	5.61	07/01/98	158,000	138,843
Chattanooga Valley Corp.	5.78	01/01/01	256,000	187,520
Chattanooga Valley Corp.	5.83	07/01/01	204,000	145,179
Federal Farm Credit Bank	6.96	06/06/00	250,000	249,975
Federal Farm Credit Bank	6.50	04/29/99	500,000	498,665
Federal Farm Credit Bank	6.60	05/27/99	500,000	499,955
Federal Farm Credit Bank	7.03	12/17/99	500,000	502,405
Federal Home Loan Bank	5.74 (b)	12/23/98	500,000	492,535
Federal Home Loan Bank	7.87	12/15/97	250,000	256,657
Federal Home Loan Bank	6.67	10/30/00	1,000,000	993,370
Federal Home Loan Bank	6.32	12/20/00	250,000	244,945
Federal Home Loan Bank	6.45	03/06/01	500,000	491,260
Federal Home Loan Bank	6.38	03/13/01	500,000	490,230
Federal Home Loan Bank	7.20	07/02/01	400,000	400,000
Federal Home Loan Mortgage Corp.	7.06	05/22/01	250,000	250,740
Federal Home Loan Mortgage Corp.	6.77	04/03/01	500,000	496,335
Federal Home Loan Mortgage Corp.	4.75 (b)	09/20/00	500,000	484,515
Federal National Mortgage Assn.	8.00 (a)	12/20/01	750,000	727,492
Federal National Mortgage Assn.	6.99	05/18/01	250,000	250,072
Federal National Mortgage Assn.	5.77	08/25/98	250,000	246,660
Federal National Mortgage Assn.	5.75 (b)	02/09/99	250,000	245,902
Government Export	5.69	02/01/98	100,000	99,802
Private Export Funding Corp.	5.75	04/30/98	331,000	328,518
Student Loan Marketing Assn.	5.59 (b)	01/21/98	70,000	69,563
Student Loan Marketing Assn.	5.45 (b)	12/20/96	455,000	455,000
Treasury Bond Receipt	5.40 (a)	11/15/97	49,875	45,860
Treasury Bond Receipt	5.00 (a)	11/15/96	76,000	74,374

16
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM BOND FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE> <CAPTION>				
	Interest Rate	Maturity Date	Face Amount	Value
<S>			<C>	<C>
U. S. GOVERNMENT & AGENCY OBLIGATIONS -- continued				
U. S. Treasury Bond	7.13%	02/29/00	\$ 250,000	\$ 255,883
U. S. Treasury Note	5.13	03/31/98	550,000	541,794
U. S. Treasury Note	5.25	07/31/98	250,000	245,885
U. S. Treasury Note	4.38	11/15/96	750,000	747,165
U. S. Treasury Note	5.00	01/31/99	750,000	728,430
U. S. Treasury Note	6.75	06/30/99	1,250,000	1,265,475
U. S. Treasury Note	6.50	08/15/97	500,000	503,435
U. S. Treasury Note	7.25	11/30/96	250,000	251,765
U. S. Treasury Note	7.25	02/15/98	250,000	254,620
U. S. Treasury Note	5.75	10/31/00	2,250,000	2,192,692

U. S. Treasury Note	6.38	03/31/01	500,000	498,020
U. S. Treasury Note	6.38	05/15/99	500,000	501,180
U. S. Treasury Note	8.00	10/15/96	2,300,000	2,316,882
Total U. S. Government & Agency Obligations (Cost \$19,757,884)				19,724,446

MUNICIPAL (1.0% of portfolio)				
Albany NY Industrial Development Agency IDR	6.75 (b)	02/01/99	750,000	750,000
Total Municipal (Cost \$750,000)				750,000

COMMERCIAL PAPER (1.4% of portfolio)				
Associates Corp. of North America	5.36	07/03/96	1,000,000	999,258
Total Commercial Paper (Cost \$999,258)				999,258

CORPORATE MASTER NOTE (0.4% of portfolio)				
Associates Corp. of North America, 5.15% (b)			300,000	300,000
Total Corporate Master Note (Cost \$300,000)				300,000

REPURCHASE AGREEMENT (1.9% of portfolio)				
With Lehman Brothers, issued 06/28/96, 5.30%, due 07/01/96, collateralized by				
\$1,165,000 U. S. Treasury Bond, 9.00%, due 11/15/18 having a market				
value of \$1,430,238. Total proceeds at maturity are \$1,400,618.				
				1,400,000
Total Repurchase Agreement (Cost \$1,400,000)				1,400,000

MONEY MARKET ACCOUNT (0.1% of portfolio)				
State Street Bank and Trust Seven Seas Money Fund, 5.05% (c)				99,457
Total Money Market Account (Cost \$99,457)				99,457

TOTAL INVESTMENTS IN SECURITIES (Cost \$73,780,571) -- 100%				\$73,663,551
				=====

</TABLE>

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- (a) Yield-to-maturity at purchase.
 - (b) Variable Coupon rate as of June 28, 1996.
 - (c) One day yield at June 28, 1996.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

17
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
SHORT-TERM GOVERNMENT SECURITIES FUND
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Interest Rate	Maturity Date	Face Amount	Value
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<S>				<C>
MORTGAGE BACKED SECURITIES (1.9% of portfolio)				<C>
GNMA 1994-4 A	7.99%	09/16/22	\$ 96,915	\$ 96,601
Total Mortgage Backed Securities (Cost \$97,399)				96,601

U. S. GOVERNMENT & AGENCY OBLIGATIONS (94.5% of portfolio)				
Franklin Steamship Co. Title XI	7.10	05/31/98	29,000	29,373
Private Export Funding Corp.	5.52 (a)	02/28/99	250,000	249,063
Private Export Funding Corp.	5.48	09/15/03	225,000	213,750
Private Export Funding Corp.	8.35	01/31/01	25,000	26,656
U. S. Treasury Note	7.00	04/15/99	450,000	458,339
U. S. Treasury Note	6.00	11/30/97	250,000	250,217
U. S. Treasury Note	5.25	07/31/98	1,650,000	1,622,841
U. S. Treasury Note	4.75	10/31/98	700,000	678,790

U. S. Treasury Note	4.38	11/15/96	600,000	597,732
U. S. Treasury Note	6.50	04/30/97	450,000	452,907
U. S. Treasury Note	5.75	10/31/00	100,000	97,453
U. S. Treasury Note	6.38	03/31/01	50,000	49,802
U. S. Treasury Note	6.38	05/15/99	50,000	50,118
Total U. S. Government & Agency Obligations (Cost \$4,796,082)				4,777,040

MONEY MARKET ACCOUNT (3.6% of portfolio)				
Vanguard Money Market Reserves, U. S. Treasury, 4.93% (b)				182,070
Total Money Market Account (Cost \$182,070)				182,070

TOTAL INVESTMENTS IN SECURITIES (Cost \$5,075,551) -- 100%				\$ 5,055,712
=====				

</TABLE>

- (a) Variable coupon rate as of June 28, 1996.
(b) 7-day yield at June 28, 1996.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

17

18
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
VALUE FUND
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Shares/ Face Amount	Value	
	-----	-----	
<S>	<C>	<C>	
COMMON STOCKS (89.3% of portfolio)			
BASIC INDUSTRIES - 18.3%			
Aluminum			
Alcan Aluminum Ltd.	136,200 shs.	\$ 4,154,100	
Chemicals			
Avery Dennison Corp.	48,800	2,677,900	
Betz Laboratories, Inc.	89,000	3,904,875	
Dow Chemical Co.	20,200	1,535,200	
Monsanto Co.	95,000	3,087,500	
Nalco Chemical Co.	122,200	3,849,300	
Forest Products			
Pope & Talbot, Inc.	125,500	1,898,188	
Weyerhaeuser Co.	46,500	1,976,250	
Packaging/Containers			
Bemis Co., Inc.	112,500	3,937,500	
Paper			
Champion International Corp.	41,500	1,732,625	
International Paper Co.	95,000	3,503,125	
Rubber			
Cooper Tire & Rubber Co.	170,000	3,782,500	

Total Basic Industries		36,039,063	

CAPITAL GOODS - 3.9%			
Industrial Machinery			
Bearings, Inc.	90,250	2,436,750	
Parker-Hannifin Corp.	51,450	2,180,194	
Trinova Corp.	90,500	3,020,438	

Total Capital Goods		7,637,381	

CONSUMER DURABLE GOODS - 4.4%			
Household Appliances & Furnishings			
Maytag Corp.	174,400	3,640,600	
Juno Lighting, Inc.	127,000	2,159,000	
Oneida Ltd.	153,700	2,881,875	

Total Consumer Durable Goods		8,681,475	

CONSUMER NON-DURABLE GOODS - 14.8%

Drugs & Health Care		
American Home Products Corp.	50,000	3,006,250
SmithKline Beecham Plc.	43,000	2,338,125
Photography		
Eastman Kodak Co.	39,500	3,071,125

19
PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
VALUE FUND (CONTINUED)
JUNE 30, 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Shares/ Face Amount	Value
	-----	-----
<S>	<C>	<C>
CONSUMER NON-DURABLE GOODS -- continued		
Retail		
Dillard Department Stores, Inc.	100,000 shs.	\$ 3,650,000
K Mart Corp.	170,700	2,112,412
Longs Drug Stores Corp.	74,700	3,333,488
May Department Stores Co.	57,500	2,515,625
Rite Aid Corp.	137,000	4,075,750
Ruddick Corp.	253,700	3,329,813
Sears Roebuck and Co.	35,400	1,721,325

Total Consumer Non-Durable Goods		29,153,912

CONSUMER SERVICES - 4.4%		
Restaurants		
Brinker International Inc. (a)	229,600	3,444,000
Cracker Barrel Old Country Store, Inc.	40,000	970,000
Wendy's International, Inc.	227,700	4,240,912

Total Consumer Services		8,654,912

ENERGY - 8.9%		
Domestic Oil		
Atlantic Richfield Co.	18,400	2,180,400
International Oil		
Amoco Corp.	42,500	3,075,938
Chevron Corp.	50,000	2,950,000
Texaco Inc.	41,700	3,497,588
Petroleum Services		
Dresser Industries, Inc.	99,200	2,926,400
Halliburton Co.	55,300	3,069,150

Total Energy		17,699,475

FINANCE - 17.6%		
Banks		
Banc One Corp.	113,800	3,869,200
BankAmerica Corp.	42,000	3,181,500
Chase Manhattan Corp.	71,200	5,028,500
CITICORP	38,500	3,181,062
Commerce Bancshares, Inc.	101,823	3,474,710
Southern National Corp.	57,400	1,822,450
Insurance		
Allstate Corp.	84,817	3,869,776
Chubb Corp.	66,000	3,291,750
Ohio Casualty Corp.	115,200	4,003,200
Transamerica Corp.	37,300	3,049,275

Total Finance		34,771,423

</TABLE>

20

PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.
 VALUE FUND (CONTINUED)
 JUNE 30, 1996
 (UNAUDITED)

<TABLE>
 <CAPTION>

	Shares/ Face Amount	Value
	-----	-----
<S>	<C>	<C>
GENERAL BUSINESS - 4.0%		
Business Services		
Deluxe Corp.	112,300 shs.	\$ 3,986,650
Donnelley, R.R. & Sons Co.	111,100	3,874,613

Total General Business		7,861,263

TECHNOLOGY - 4.2%		
Aerospace		
Sundstrand Corp.	64,000	2,344,000
Computers & Business Equipment		
Digital Equipment Corp. (a)	38,500	1,732,500
Xerox Corp.	43,500	2,327,250
Electronics		
Harris Corp.	30,500	1,860,500

Total Technology		8,264,250

TRANSPORTATION - 2.0%		
Air Travel		
Southwest Airlines Co.	133,400	3,885,275

Total Transportation		3,885,275

UTILITIES - 6.8%		
Electric		
American Electric Power Co.	35,300	1,504,662
Gas & Pipeline		
Questar Corp.	123,900	4,212,600
Sonat, Inc.	89,000	4,005,000
Telephone		
Bellsouth Corp.	91,000	3,856,125

Total Utilities		13,578,387

Total Common Stocks (Cost \$133,157,482)		176,226,816

PREFERRED STOCKS (0.7% of portfolio)		
K Mart Corp. 7.75% Convertible Preferred	25,200	1,367,100

Total Preferred Stocks (Cost \$1,281,750)		1,367,100

COMMERCIAL PAPER (4.3% of portfolio)		
American Express Credit Corp., 5.28%, due 07/03/96	\$2,500,000	2,499,267
Beneficial Corp., 5.35%, due 07/18/96	3,000,000	2,992,421
Ford Motor Credit Co., 5.33%, due 07/11/96	3,000,000	2,995,558

Total Commercial Paper (Cost \$8,487,246)		8,487,246

</TABLE>

21

PORTFOLIO OF INVESTMENTS

HOMESTEAD FUNDS, INC.

<TABLE>
 <CAPTION>

	Shares/ Face Amount	Value
	-----	-----
<S>		<C>
CORPORATE MASTER NOTE (2.5% of portfolio)		
Associates Corp. of North America, 5.15% (b)		\$ 5,000,000

Total Corporate Master Note (Cost \$5,000,000)		5,000,000

MONEY MARKET ACCOUNT (0.1% of portfolio)		
State Street Bank and Trust Seven Seas Money Fund, 5.05% (c)		87,623

Total Money Market Account (Cost \$87,623)		87,623

REPURCHASE AGREEMENT (3.1% of portfolio)		
With Lehman Brothers, issued 06/28/96, 5.30%, due 07/01/96, collateralized by \$4,565,000 U.S. Treasury Bond, 11.75%, due 02/15/10 having a market value of \$6,229,684. Total Proceeds at maturity are \$6,102,694.		6,100,000

Total Repurchase Agreement (Cost \$6,100,000)		6,100,000

TOTAL INVESTMENTS IN SECURITIES (Cost \$154,114,101) -- 100%		\$197,268,785
		=====

</TABLE>

-
- (a) Non-income producing.
 - (b) Variable coupon rate as of June 28, 1996.
 - (c) One-day yield at June 28, 1996.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

22
 NOTES TO FINANCIAL STATEMENTS

HOMESTEAD FUNDS, INC.
 (UNAUDITED)

1. ORGANIZATION

Homestead Funds, Inc. (Homestead Funds) is a Maryland corporation registered with the Securities and Exchange Commission under the Investment Company Act of 1940 as a no-load, open-end diversified management investment company. Homestead Funds currently consists of four funds: Daily Income Fund, Short-Term Bond Fund, Short-Term Government Securities Fund and Value Fund. The Daily Income Fund and Value Fund commenced operations on November 19, 1990, the Short-Term Bond Fund commenced operations on November 5, 1991, and the Short-Term Government Securities Fund commenced operations on May 1, 1995.

Each Fund is a separate investment portfolio with distinct investment objectives, investment programs, policies and restrictions. The investment objectives of the Funds as well as the nature and risks of the investment activities of each Fund are set forth more fully in the Homestead Funds' Prospectus and Statement of Additional Information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Security valuation: With respect to the Daily Income Fund, all money market instruments are valued on an amortized cost basis, which approximates market value. Under the amortized cost method, discounts and premiums on securities purchased are amortized over the life of the respective securities.

With respect to the Short-Term Bond Fund, the Short-Term Government Securities Fund and the Value Fund, investments in common stocks, preferred stocks, and convertible preferred stocks traded on national securities exchanges and certain over-the-counter securities are valued at the last quoted sale price at the close of the New York Stock Exchange. Short-term debt instruments with a remaining maturity of more than 60 days, intermediate and long-term bonds, convertible bonds, and other debt securities are generally valued at market

prices furnished by an independent pricing service. Where such prices are not available, valuations are obtained from brokers who are market makers for such securities. Over-the-counter issues not quoted on the NASDAQ system, other equity securities and debt instruments for which a sale price is not available are valued at the mean of the closing bid and asked prices, or the last available sale price may be used for exchange-traded debt securities. Securities with a maturity of 60 days or less are valued on an amortized cost basis, which approximates market value.

Distributions to shareholders: Dividends to shareholders are recorded on the ex-dividend date. Income dividends for the Daily Income Fund, the Short-Term Bond Fund and the Short-Term Government Securities Fund are declared daily and paid monthly. With respect to the Value Fund, income dividends are declared and paid semi-annually. Capital gains dividends, if any, are declared and paid at the end of each fiscal year.

Other: The financial statements reflect all adjustments, which are of a normal recurring nature, and which, in the opinion of management, are necessary to a fair statement of results for the six months ended June 30, 1996. Dividend income is recorded on the ex-dividend date. Interest income and expenses are recorded on the accrual basis. Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are reported on the identified cost basis.

3. FEDERAL INCOME TAXES

The Funds comply with the provisions of the Internal Revenue Code that are applicable to regulated investment companies and distribute all of their taxable income to their shareholders. Therefore, no provision for federal income or excise tax is required.

At June 30, 1996, the aggregate costs of investments for the Daily Income Fund, the Short-Term Bond Fund, the Short-Term Government Securities Fund and the Value Fund for federal income tax is the same as for financial

22

23

NOTES TO FINANCIAL STATEMENTS

HOMESTEAD FUNDS, INC. (CONTINUED)
(UNAUDITED)

reporting purposes. With respect to the Short-Term Bond Fund at June 30, 1996, net unrealized depreciation aggregated \$117,020, of which \$370,740 related to gross unrealized appreciation and \$487,760 related to gross unrealized depreciation. With respect to the Short-Term Government Securities Fund at June 30, 1996, net unrealized depreciation aggregated \$19,839, of which \$6,875 related to gross unrealized appreciation and \$26,714 related to gross unrealized depreciation. With respect to the Value Fund at June 30, 1996, net unrealized appreciation aggregated \$43,154,684, of which \$45,103,182 related to gross unrealized appreciation and \$1,948,498 related to gross unrealized depreciation.

4. INVESTMENT TRANSACTIONS

Purchases and proceeds from sales of securities, other than short-term and U.S. Government securities, for the six months ended June 30, 1996, were as follows:

<TABLE>
<CAPTION>

	SHORT-TERM BOND-FUND	SHORT-TERM GOVERNMENT SECURITIES FUND	VALUE FUND
	-----	-----	-----
<S>	<C>	<C>	<C>
Purchases	\$26,496,336	\$536,299	\$43,850,016
Proceeds from Sales	\$13,679,109	\$21,480	\$4,268,292

</TABLE>

For the Short-Term Bond Fund and Short-Term Government Securities Fund, purchases of long-term U.S. Government securities were \$4,719,409 and \$2,380,914 respectively, for the six months ended June 30, 1996, and sales of U. S. Government securities for the same period were \$2,482,461 and \$322,641, respectively.

5. INVESTMENT MANAGER

The investment management agreements between Homestead Funds, with respect to each Fund, and RE Advisers Corporation (Manager), an indirect, wholly-owned

subsidiary of National Rural Electric Cooperative Association (NRECA), provide for an annual investment management fee, computed daily and paid monthly, based on each Fund's average daily net assets at the following annualized rates: with respect to the Daily Income Fund, .50% of the average daily net assets up to \$100 million, .40% of the average daily net assets up to the next \$100 million, .30% of the average daily net assets up to the next \$300 million, and .25% of such assets in excess of \$500 million; with respect to the Short-Term Bond Fund and the Short-Term Government Securities Fund, .50% of the average daily net assets up to \$50 million, .40% of the average daily net assets up to the next \$50 million, and .30% of such assets in excess of \$100 million; and, with respect to the Value Fund, .65% of the average daily net assets up to \$50 million, .50% of the average daily net assets up to the next \$50 million, and .40% of such assets in excess of \$100 million.

The Manager has agreed, as part of the Expense Limitation Agreements entered into with Homestead Funds, with respect to each Fund, to reimburse for all Fund operating expenses, excluding certain non-recurring expenses, which in any year exceed .75% of the average daily net assets of the Daily Income Fund, the Short-Term Bond Fund and the Short-Term Government Securities Fund, and 1.25% of the average daily net assets of the Value Fund. If, in any subsequent year, a Fund's operating expenses are less than the operating expense limit for that Fund and the assets of that Fund exceed \$50 million, the Fund's operating expenses previously assumed and paid by the Manager on that Fund's behalf may be reimbursed by the Fund to the Manager, provided that in doing so the operating expense limit for that Fund was not exceeded. The period during which amounts may be reimbursed by the Fund to the Manager will not exceed five years from the date on which the first payment, if any, is made by the Fund.

NOTES TO FINANCIAL STATEMENTS

HOMESTEAD FUNDS, INC. (CONTINUED)
(UNAUDITED)

Pursuant to the Expense Limitation Agreements, \$18,270 of management fees for the Daily Income Fund were waived, \$12,443 of management fees for the Short-Term Bond Fund were waived, and \$8,947 of management fees were waived and \$29,403 of operating expenses of the Short-Term Government Securities Fund were reimbursed by the Manager for the six months ended June 30, 1996. At June 30, 1996, cumulative fees and reimbursed expenses which may be subject to payment by the funds in future years pursuant to such Agreements, amount to \$454,279, \$378,201, and \$92,168 for the Daily Income Fund, the Short-Term Bond Fund, and the Short-Term Government Securities Fund, respectively. All costs and expenses incurred in the organization of each of the Funds were assumed by the Manager.

At June 30, 1996 certain officers and directors of the Homestead Funds, and NRECA and its affiliates owned 8.6% of the Daily Income Fund shares outstanding, 1.6% of the Short-Term Bond Fund shares outstanding, 8.6% of the Short-Term Government Securities Fund shares outstanding, and 1.0% of the Value Fund shares outstanding.

6. CAPITAL SHARE TRANSACTIONS

As of June 30, 1996, 250 million shares of \$.01 par value capital shares are authorized for each Fund. Transactions in capital shares were as follows:

<TABLE>
<CAPTION>

	Shares Sold ----	Shares Issued In Reinvestment of Dividends -----	Total Shares Issued -----	Total Shares Redeemed -----	Net Increase -----
<S>	<C>	<C>	<C>	<C>	<C>
SIX MONTHS ENDED JUNE 30, 1996					
In Dollars					
Daily Income Fund	\$12,647,201	\$1,220,771	\$13,867,972	(\$12,215,561)	\$1,652,411
Short-Term Bond Fund	\$18,833,405	\$1,768,493	\$20,601,898	(\$8,378,607)	\$12,223,291
Short-Term Government Securities Fund	\$3,192,363	\$82,847	\$3,275,210	(\$763,499)	\$2,511,711
Value Fund	\$45,477,919	\$1,794,817	\$47,272,736	(\$10,418,521)	\$36,854,215
In Shares					
Daily Income Fund	12,647,201	1,220,771	13,867,972	(12,215,561)	1,652,411
Short-Term Bond Fund	3,650,733	343,654	3,994,387	(1,624,804)	2,369,583
Short-Term Government Securities Fund	633,517	16,445	649,962	(151,449)	498,513
Value Fund	2,330,679	90,147	2,420,826	(541,174)	1,879,652

YEAR ENDED DECEMBER 31, 1995

In Dollars						
Daily Income Fund	\$32,402,034	\$2,300,431	\$34,702,465	(\$18,671,498)	\$16,030,967	
Short-Term Bond Fund	\$18,717,052	\$2,927,165	\$21,644,217	(\$14,514,272)	\$7,129,945	
Short-Term Government Securities Fund	\$2,732,242	\$49,005	\$2,781,247	(\$146,987)	\$2,634,260	
Value Fund	\$39,949,688	\$6,936,475	\$46,886,163	(\$18,059,863)	\$28,826,300	
In Shares						
Daily Income Fund	32,402,034	2,300,431	34,702,465	(18,671,498)	16,030,967	
Short-Term Bond Fund	3,679,842	571,497	4,251,339	(2,848,599)	1,402,740	
Short-Term Government Securities Fund	541,405	9,676	551,081	(29,015)	522,066	
Value Fund	2,378,552	382,894	2,761,446	(1,084,229)	1,677,217	

</TABLE>

FINANCIAL HIGHLIGHTS

HOMESTEAD FUNDS, INC.
DAILY INCOME FUND
FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD

<TABLE>
<CAPTION>

	Six Months	Year Ended December 31,				
	Ended June 30, 1996 (Unaudited)	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF YEAR	\$1.00 -----	\$1.00 -----	\$1.00 -----	\$1.00 -----	\$1.00 -----	\$1.00 -----
Income from investment operations						
Net investment income (a)	0.02 -----	0.05 -----	0.04 -----	0.03 -----	0.03 -----	0.06 -----
Total from investment operations	0.02 -----	0.05 -----	0.04 -----	0.03 -----	0.03 -----	0.06 -----
Distributions						
Net investment income	(0.02) -----	(0.05) -----	(0.04) -----	(0.03) -----	(0.03) -----	(0.06) -----
Total distributions	(0.02) -----	(0.05) -----	(0.04) -----	(0.03) -----	(0.03) -----	(0.06) -----
NET ASSET VALUE, END OF PERIOD	\$1.00 =====	\$1.00 =====	\$1.00 =====	\$1.00 =====	\$1.00 =====	\$1.00 =====
TOTAL RETURN	2.37%(c) =====	5.38% =====	3.63% =====	2.68% =====	3.39% =====	5.67% =====

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (thousands)	\$54,352	\$52,669	\$36,668	\$25,159	\$22,330	\$24,396
Ratio of expenses to average net assets (a)	0.75%(b)	0.75%	0.75%	0.75%	0.75%	0.75%
Ratio of net investment income to average net assets (a)	4.73%(b)	5.25%	3.66%	2.64%	3.34%	5.44%
Ratio of gross expenses before voluntary expense limitation to average net assets	0.82%(b)	0.87%	.99%	1.11%	1.21%	1.27%

</TABLE>

(a) Excludes investment management fees and other expenses in excess of 0.75%, pursuant to the Expense Limitation Agreement with the Manager (See Note 5 to financial statements).

(b) Annualized.

(c) Aggregate total return for the period.

FINANCIAL HIGHLIGHTS

HOMESTEAD FUNDS, INC.

SHORT-TERM BOND FUND
FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD

<TABLE>
<CAPTION>

	Six Months	Year Ended December 31,				November 5, 1991
	Ended June 30, 1996 (Unaudited)	1995	1994	1993	1992	(Commencement of Operations) to December 31, 1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$5.19	\$4.95	\$5.19	\$5.10	\$5.06	\$5.00
Income from investment operations						
Net investment income (a)	0.15	0.28	0.24	0.24	0.26	0.04
Net realized and unrealized gain (loss) on investments	(0.06)	0.24	(0.24)	0.09	0.04	0.06
Total from investment operations	0.09	0.52	0.00	0.33	0.30	0.10
Distributions						
Net investment income	(0.15)	(0.28)	(0.24)	(0.24)	(0.26)	(0.04)
Total distributions	(0.15)	(0.28)	(0.24)	(0.24)	(0.26)	(0.04)
NET ASSET VALUE, END OF PERIOD	\$5.13	\$5.19	\$4.95	\$5.19	\$5.10	\$5.06
TOTAL RETURN	1.66% (c)	10.81%	0.09%	6.62%	6.30%	1.99% (c)
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (thousands)	\$73,520	\$62,125	\$52,257	\$37,046	\$10,991	\$1,268
Ratio of expenses to average net assets (a)	0.75% (b)	0.75%	0.75%	0.75%	0.75%	0.75% (b)
Ratio of net investment income to average net assets (a)	5.67% (b)	5.49%	4.84%	4.58%	5.20%	5.59% (b)
Ratio of gross expenses before voluntary expense limitation to average net assets	0.79% (b)	0.86%	0.98%	1.16%	1.94%	5.61% (b)
Portfolio turnover rate	25%	35%	13%	14%	19%	0%

</TABLE>

(a) Excludes investment management fees and other expenses in excess of 0.75%, pursuant to the Expense Limitation Agreement with the Manager (See Note 5 to financial statements).

(b) Annualized.

(c) Aggregate total return for the period.

FINANCIAL HIGHLIGHTS

HOMESTEAD FUNDS, INC.
SHORT-TERM GOVERNMENT SECURITIES FUND
FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD

<TABLE>
<CAPTION>

	Six Months	May 1, 1995
	Ended June 30, 1996 (Unaudited)	(Commencement of Operations) to December 31, 1995
<S>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$5.09	\$5.00
Income from investment operations		
Net investment income (a)	0.13	0.18
Net realized and unrealized gain (loss) on investments	(0.07)	0.09

Total from investment operations	0.06	0.27
	-----	-----
Distributions		
Net investment income	(0.13)	(0.18)
	-----	-----
Total distributions	(0.13)	(0.18)
	-----	-----
NET ASSET VALUE, END OF PERIOD	\$5.02	\$5.09
	=====	=====
TOTAL RETURN	1.15% (c)	5.44% (c)
	=====	=====
RATIOS/SUPPLEMENTAL DATA		
Net assets, end of period (thousands)	\$5,127	\$2,658
Ratio of expenses to average net assets (a)	0.75% (b)	0.75% (b)
Ratio of net investment income to average net assets (a)	5.10% (b)	5.18% (b)
Ratio of gross expenses before voluntary expense limitation to average net assets	2.89% (b)	6.21% (b)
Portfolio turnover rate	10%	7%

</TABLE>

(a) Excludes investment management fees and other expenses in excess of 0.75%, pursuant to the Expense Limitation Agreement with the Manager (See Note 5 to financial statements).

(b) Annualized.

(c) Aggregate total return for the period.

FINANCIAL HIGHLIGHTS

HOMESTEAD FUNDS, INC.

VALUE FUND

FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD

<TABLE>

<CAPTION>

	Six Months	Year Ended December 31,				
	Ended June 30, 1996 (Unaudited)	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING						
OF YEAR	\$18.44	\$14.50	\$14.54	\$12.49	\$11.48	\$10.15
	-----	-----	-----	-----	-----	-----
Income from investment operations						
Net investment income (a)	0.19	0.41	0.29	0.22	0.25	0.39
Net realized and unrealized gain on investments	1.47	4.47	.07	2.12	1.09	1.34
	-----	-----	-----	-----	-----	-----
Total from investment operations	1.66	4.88	.36	2.34	1.34	1.73
	-----	-----	-----	-----	-----	-----
Distributions						
Net investment income	(0.19)	(0.41)	(0.29)	(0.22)	(0.25)	(0.39)
Net realized gain	-	(0.53)	(0.11)	(0.07)	(0.08)	(0.01)
	-----	-----	-----	-----	-----	-----
Total distributions	(0.19)	(0.94)	(0.40)	(0.29)	(0.33)	(0.40)
	-----	-----	-----	-----	-----	-----
NET ASSET VALUE, END OF PERIOD	\$19.91	\$18.44	\$14.50	\$14.54	\$12.49	\$11.48
	=====	=====	=====	=====	=====	=====
TOTAL RETURN	8.98% (d)	33.78%	2.50%	18.83%	11.68%	17.16%
	=====	=====	=====	=====	=====	=====
RATIOS/SUPPLEMENTAL DATA						
Net assets, end of period (thousands)	\$196,683	\$147,506	\$91,612	\$53,616	\$19,730	\$10,398
Ratio of expenses to average net assets (a)	0.76% (c)	0.84%	1.15%	1.25%	1.25%	1.25%
Ratio of net investment income to average net assets (a)	2.11% (c)	2.50%	2.19%	1.92%	2.33%	3.80%
Ratio of gross expenses before voluntary expense limitation to average net assets	n/a	n/a	1.15% (b)	1.25% (b)	1.61%	1.75%
Portfolio turnover rate	3%	10%	4%	2%	5%	26%
Average commission rate paid per share transacted	\$0.0500	-	-	-	-	-

</TABLE>

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- (a) Excludes investment management fees and other expenses in excess of 1.25%, pursuant to the Expense Limitation Agreement with the Manager (See Note 5 to financial statements).
 - (b) Includes investment management fees reimbursed to the manager pursuant to the Expense Limitation Agreement with the Manager (See Note 5 to financial statements).
 - (c) Annualized
 - (d) Aggregate total return for the period.

28

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32

HOMESTEAD FUNDS, INC.

SEMI-ANNUAL REPORT

JUNE 30, 1996

[HOMESTEAD FUNDS INC. LOGO]

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