

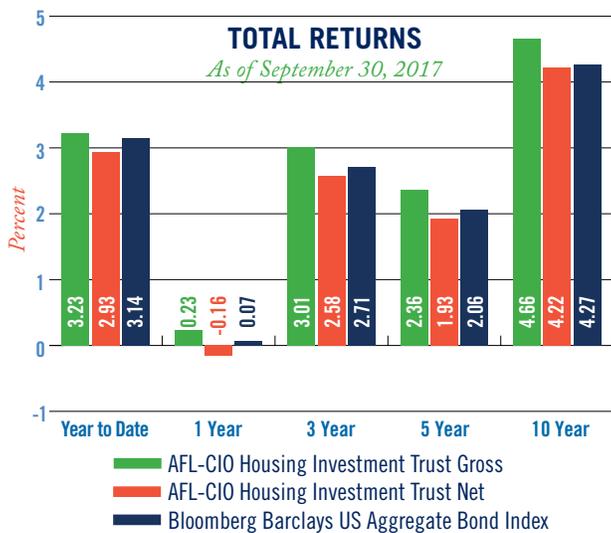
# AFL-CIO Housing Investment Trust

## *Competitive Returns While Building Communities*

### HIT AT A GLANCE

- \$6.1 billion investment grade fixed-income mutual fund
- Specializes in the highest credit quality multifamily mortgage backed securities.
- Over 30-year history of generating competitive returns for pension funds and labor organizations, such as health and welfare funds, while also providing vital union construction jobs, affordable and workforce housing, and healthcare facilities.
- 100% union labor requirement for all on-site construction.

### COMPETITIVE RETURNS WITH HIGHER INCOME AND LOWER CREDIT RISK



- For the three quarters of 2017, the HIT's gross return of 3.23%, exceeded the Barclays Aggregate's 3.14% by 9 basis points. The HIT's net return was 2.93%. For the 1-, 3-, 5-, and 10-year periods ending September 30, the HIT's gross returns beat the benchmark.
- The HIT's higher yields and lower credit risk profile should continue to be attractive to fixed-income investors.
- The HIT committed to invest over \$283 million in 13 construction projects with total development investment of nearly \$1.3 billion during the first three quarters of 2017 and has a growing pipeline of projects that should help contribute to its income advantage.

### OBJECTIVE & STRATEGY

- Construct and manage a portfolio with higher credit quality, higher yield, and similar interest rate risk relative to the Bloomberg Barclays US Aggregate Bond Index benchmark.
- Investment in high credit quality multifamily mortgage securities can provide an income advantage for the HIT that contributes to its relative performance versus the benchmark.



### RISK COMPARISON

*As of September 30, 2017*

	HIT	Barclays
<b>Superior Credit Profile</b>		
U.S. Government/Agency/AAA/Cash	96.0%	71.3%
A & Below	0.1%	24.6%
<b>Superior Yield</b>		
Current Yield: <i>28 basis point advantage</i>	3.23%	2.95%
Yield to Worst: <i>30 basis point advantage</i>	2.79%	2.49%
<b>Similar Interest Rate Risk</b>		
Effective Duration	5.51	5.82
Convexity	0.08	0.10
<b>Similar Call Risk</b>		
Call Protected	75%	72%
Not Call Protected	25%	28%

*Source: HIT and Bloomberg Barclays US Aggregate Bond Index*

*The calculations of the HIT yield herein represent widely accepted portfolio characteristics information based on coupon rate, current price and, for yield to worst, certain prepayment assumptions, and are not current yield or other performance data as defined by the SEC in Rule 482.*

*continued*

## BENEFITS OF THE HIT

- Core fixed-income option with a strong performance record.
- Higher income, a superior credit profile, and similar levels of interest rate risk compared to the benchmark.
- Ongoing yield advantage positively contributes to its relative performance.
- High credit quality multifamily securities can make it a lower risk investment than many other fixed-income vehicles. Can complement riskier investments in diversified portfolios.
- Better source of diversification than many other fixed-income investments due to concentration in multifamily securities (over 60% of portfolio) and lack of corporate bonds.
- Directly sources multifamily construction-related investments that have higher yields than other investments of similar duration and credit quality.

## ECONOMIC IMPACT OF INVESTMENTS\*

- \$26.9 billion in total economic benefits
- \$10.6 billion in personal income including wages and benefits, with \$5.3 billion for construction workers
- 79,700 on-site union construction jobs and 169,500 total jobs generated
- 107,200 housing and healthcare units nationwide, with 67% affordable housing
- \$3.3 billion in tax revenues (\$1.1 billion state/local and \$2.2 billion federal)

## PROJECT PROFILE:

### The Fountains of Ellisville Apartments, *Ellisville, MO*



- Construction of a four-story, 69-unit \$18.2 million expansion of an existing 160-unit market-rate senior apartment community, which will have 229 apartments when complete.
- HIT commitment to purchase \$17.5 million Ginnie Mae construction loan certificates and a permanent loan certificate.
- Expected to generate approximately 90 union construction jobs.

## PROJECT PROFILE:

### Union Flats, *Saint Paul, MN*



- \$68.5 million new construction of four-story transit-oriented development with 217 units affordable to residents with at or below 60% area median income.
- HIT commitment to purchase \$30.6 million Ginnie Mae construction loan certificates and a permanent loan certificate.
- Estimated creation of 305 union construction jobs.

*The performance data quoted represents past performance and is no guarantee of future results. Investment results and principal value will fluctuate so that units in the HIT, when redeemed, may be worth more or less than the original cost. The HIT's current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month-end is available from the HIT's website at [www.aflcio-hit.com](http://www.aflcio-hit.com). Gross performance figures do not reflect the deduction of HIT expenses. Net performance figures reflect the deduction of HIT expenses and are the performance figures investors experience in the HIT. Information about HIT expenses can be found on page 1 of the HIT's current prospectus. Periods over one year are annualized.*

*Investors should consider the HIT's investment objectives, risks, and charges and expenses carefully before investing. This and other information is contained in the HIT's prospectus. To obtain a prospectus, call the HIT at (202) 331-8055 or visit the HIT's website at [www.aflcio-hit.com](http://www.aflcio-hit.com).*

\*In 2016 dollars; estimates calculated by Pinnacle Economics and the HIT using an IMPLAN model. Includes HIT's affiliate Building America CDE's projects.

## AFL-CIO Housing Investment Trust

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