

AFL-CIO Housing Investment Trust

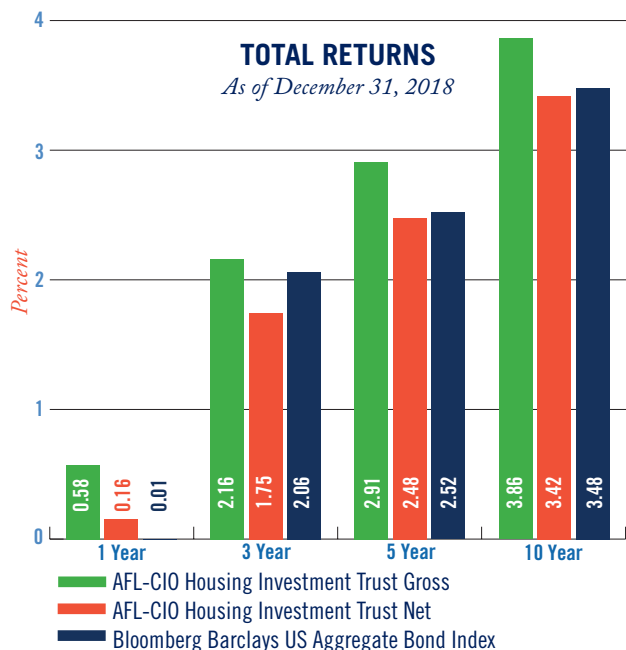
Competitive Returns While Building Communities

JANUARY 2019

HIT AT A GLANCE

- Nearly \$5.9 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



- For 2018, HIT's gross return exceeded the Barclays Aggregate by 57 basis points and its net return exceeded the index by 15 basis points. For the 3-, 5-, and 10-year periods ending December 31, 2018, HIT's gross return also beat the Barclays Aggregate by 10, 39, and 38 basis points, respectively.
- The HIT's higher yields and lower credit risk profile should continue to be attractive to fixed-income investors.
- The HIT committed to invest \$319 million in 13 new construction projects during of 2018, and HIT's subsidiary Building America CDE provided \$24 million in New Markets Tax Credit allocations to three additional projects. These 16 projects have a combined total development investment of \$764 million.

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 that can provide an income advantage for the HIT that contributes to its relative performance versus the benchmark.



RISK COMPARISON

As of December 31, 2018

	HIT	Barclays
Credit Profile		
U.S. Government/Agency/AAA/Cash	95.6%	72.8%
A & Below	0.1%	23.6%
Yield		
Current Yield	3.42%	3.19%
Yield to Worst	3.48%	3.27%
Interest Rate Risk		
Effective Duration	5.57	5.93
Convexity	0.08	0.17
Call Risk		
Call Protected	76%	72%
Not Call Protected	24%	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 performance relative to the benchmark.
- High credit quality multifamily securities can make the HIT a lower risk investment than many other fixed-income vehicles. Can complement riskier investments in diversified portfolios.
- Good source of potential diversification due to concentration in multifamily securities (over 70% 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*

(1984-present)

- 514 projects
- \$29.4 billion in total economic benefits
- \$11.6 billion in personal income including wages and benefits, with \$5.8 billion for construction workers
- 169.2 million hours of on-site union construction work created
- 180,870 total jobs generated across communities
- 110,460 housing and healthcare units nationwide, with 66% affordable housing
- \$3.6 billion in tax revenues (\$1.2 billion state/local and \$2.4 billion federal)

*In 2017 dollars; estimates calculated by Pinnacle Economics and the HIT using an IMPLAN model. Includes HIT's subsidiary Building America CDE's projects since inception.

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. 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.

PROJECT PROFILE: Mark Twain SRO, Chicago, IL



- \$39.9 million substantial rehabilitation of a 100% affordable 148-unit SRO (single room occupancy) mid-rise tower, built as a hotel in 1932.
- HIT committed to purchase of a total of \$27.3 million Ginnie Mae construction loan certificates and permanent loan certificates.
- Creating an estimated 185,700 hours of union construction work (93 jobs).

PROJECT PROFILE: 1490 Southern Boulevard, Bronx, NY



- \$59.1 million new construction of 10-story, 115 unit affordable seniors' development
- HIT purchased \$35 million of New York City Housing Development Corporation bonds for the construction and permanent financing of the project.
- Expected to generate an estimated 456,500 hours of union construction work (229 jobs).

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