
AFL-CIO HOUSING INVESTMENT TRUST

COMPETITIVE RETURNS | UNION CONSTRUCTION JOBS | HOUSING FINANCE

[FUND NAME]

[DATE], 2024

Project Picture

[Project Name], [Project City, State]

Features of the HIT



Overview

- \$6.9 billion investment grade fixed-income portfolio
- Internally managed, open-end institutional mutual fund under Investment Company Act of 1940
- Socially responsible investment vehicle

Long History and Track Record

- Opened doors in 1984 (successor to the Mortgage Investment Trust, started in 1965)
- Diverse leadership team with average 29 years experience, 20 years at HIT
- Record of consistent and competitive returns

Investment Strategy

- Focus on high credit quality multifamily mortgage securities
- Higher income with superior credit quality and similar interest rate risk
- Provides diversification versus other core strategies and liquidity

Active Impact Investing

- Affordable housing creation and preservation
- Union construction jobs creation
- Successful ESG record generating economic impacts that benefit underserved communities

As of September 30, 2024

Why HIT Now? – Relative Value and Impact Investing



Higher yield

- Portfolio yield of 4.85% – attractive relative to the last two decades*
- Yield advantage of 62 bps relative to the Bloomberg Aggregate[^]
- Multifamily spreads wider than historical averages – HIT portfolio performance stands to benefit if spreads regress towards their mean



Superior credit quality vs. the Bloomberg Aggregate

- 95.3% AA or better, including government/agency insured, relative to the benchmark's 76.0%
- Portfolio rating of Aa1 relative to the benchmark's Aa2
- Provides diversification from corporate credit within fixed income



Generating union jobs, creating or preserving housing – primarily affordable, and promoting economic impacts**

- 41 projects under construction at quarter-end, generating an estimated 25.6 million hours of union construction work and 6,342 units of housing
- Committed \$153 million to six projects with total development cost of \$493 million in third quarter of 2024

* See slide 6 for more detail on current portfolio yield performance.

** Includes projects receiving NMTC allocations by HIT subsidiary Building America CDE, Inc.

Data current as of September 30, 2024. HIT's net performance for the 1-, 3-, 5-, and 10-year periods ended September 30, 2024 was 12.38%, -1.53%, 0.02%, and 1.62%, respectively. 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 data 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 returns that HIT's investors obtain. Information about HIT expenses can be found on page 1 of the HIT's current prospectus.

[^] Source: Bloomberg Index Services Limited

HIT's Long History of Impact Investing

Nationwide Economic Impact of Investments*

(1984-present)

Project Picture

[Project Name]
[Project City, State]

615	\$11.1 Billion	\$22.4 Billion	\$48.0 Billion	\$20.4 Billion	209.4 Million	239,226	130,339
Projects	in HIT Investment, including New Markets Tax Credit (NMTC) allocations	in total development cost	in total economic benefits	in personal income, including wages and benefits with \$10.5 Billion for construction workers	hours of on-site union construction work created	total jobs generated across communities	housing and healthcare units, with 67% affordable housing

*Source: Pinnacle Economics, Inc., and HIT. Job and economic impacts provided are estimates calculated using IMPLAN, an input-output model based on HIT and HIT subsidiary Building America CDE, Inc. project data. Data current as of September 30, 2024. Economic impact data is in 2023 dollars and all other figures are nominal.

HIT's Investment in Major Markets*



(1984- 2024)	Bay Area	Boston	Chicago	New York City	Twin Cities	Major Markets	Nationwide
# of Projects	21	42	68	79	83	293	615
HIT Investment^o	\$467.8M	\$820.9M	\$1.2B	\$2.1B	\$1.6B	\$6.1B	\$11.1B
Total Development Cost	\$872.0M	\$2.2B	\$2.9B	\$5.3B	\$2.5B	\$13.8B	\$22.4B
Union Construction Hours	10.0M	16.8M	25.0M	26.2M	22.0M	100.1M	209.4M
Total Jobs Created	11,106	20,475	28,672	29,358	27,899	117,509	239,226
Housing Units (% affordable)	3,378 (32%)	4,871 (90%)	14,896 (68%)	45,348 (91%)	11,876 (53%)	80,369 (79%)	130,339 (67%)
Total Economic Impact	\$2.3B	\$4.5B	\$5.5B	\$6.3B	\$5.5B	\$24.1B	\$48.0B

^o Includes NMTC allocations by HIT subsidiary Building America CDE, Inc. as follows: \$21M in Boston, \$10M in Chicago, \$8M in NYC. \$258M nationwide

*Source: Pinnacle Economics, Inc., and HIT. Job and economic impacts provided are estimates calculated using IMPLAN, an input-output model based on HIT and HIT subsidiary Building America CDE, Inc. project data. Data current as of September 30, 2024. Economic impact data is in 2023 dollars and all other figures are nominal.

HIT Objectives and Strategy

Project Picture

[Project Name]
 [Project City, State]

Objectives

- Generate competitive risk-adjusted total returns versus its benchmark
- Create work for union members in the construction trades and related industries
- Support housing construction including affordable and workforce

Strategy

- Construct and manage a portfolio with:
 - superior credit quality
 - higher yield
 - similar interest rate risk relative to its benchmark

Core Competency

- Specialize in directly sourced multifamily mortgage-backed securities (MBS) that create jobs and housing (including affordable)
- Multifamily MBS tend to provide an income advantage compared to other securities with comparable credit and interest rate risk
- Offer diversification to investors and liquidity

Relative Value – Fundamentals vs. Benchmark

As of September 30, 2024



	HIT	Bloomberg Agg [^]		HIT	Bloomberg Agg [^]
Higher Credit Quality			Similar Interest Rate Risk		
AA or Better	95.3%	76.0%	Effective Duration	5.98	6.05
A & Below/Not Rated	4.7%	24.0%	Convexity	0.20	0.26
Quality Rating	Aa1	Aa2			
Higher Yield			Similar Prepayment Risk		
Current Yield	3.99%	3.59%	Prepayment Protection	75%	75%
Yield to Worst	4.85%	4.23%	No Prepayment Protection	25%	25%

The calculation of the HIT yield herein represents a widely accepted portfolio characteristic based on coupon rate and current price and is not current yield or other performance data as defined by the SEC in Rule 482.

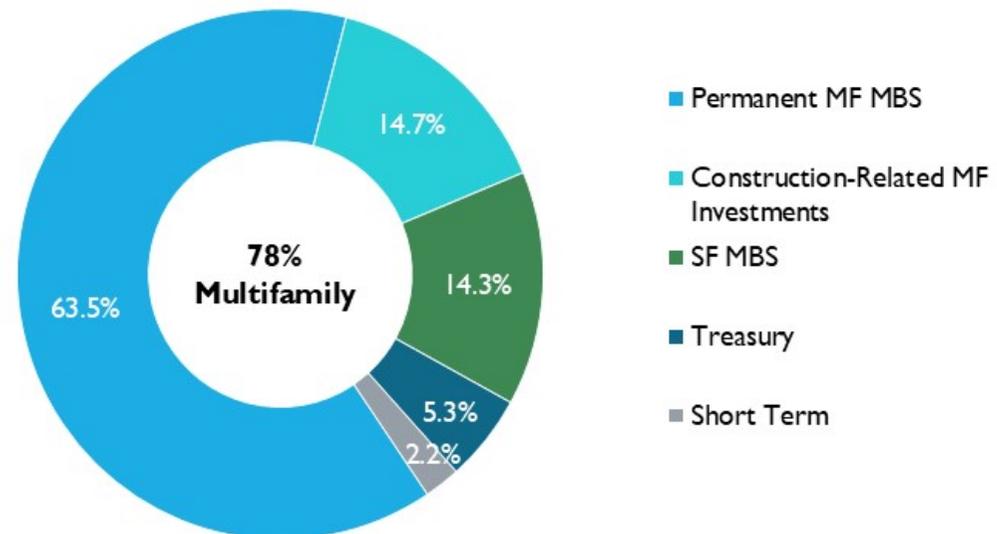
[^] Source: Bloomberg Index Services Limited

Overweight to Multifamily Sector

High Credit Quality & Diversification from Corporate Bonds

Sector Allocation*

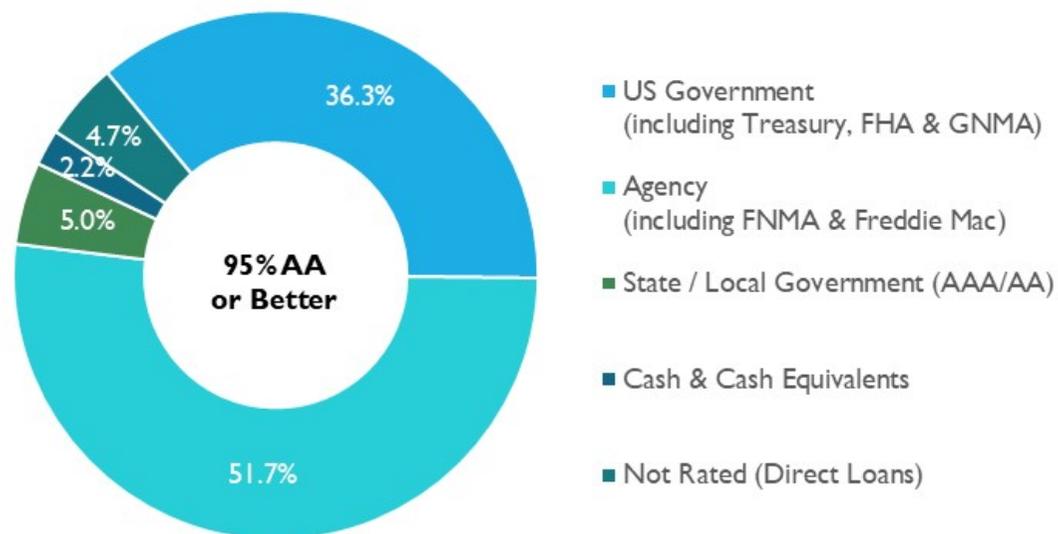
As of September 30, 2024



* Based on total investments and includes unfunded commitments but does not include U.S. treasury futures contracts. Includes 10.8% in floating rate investments.

High Credit Quality

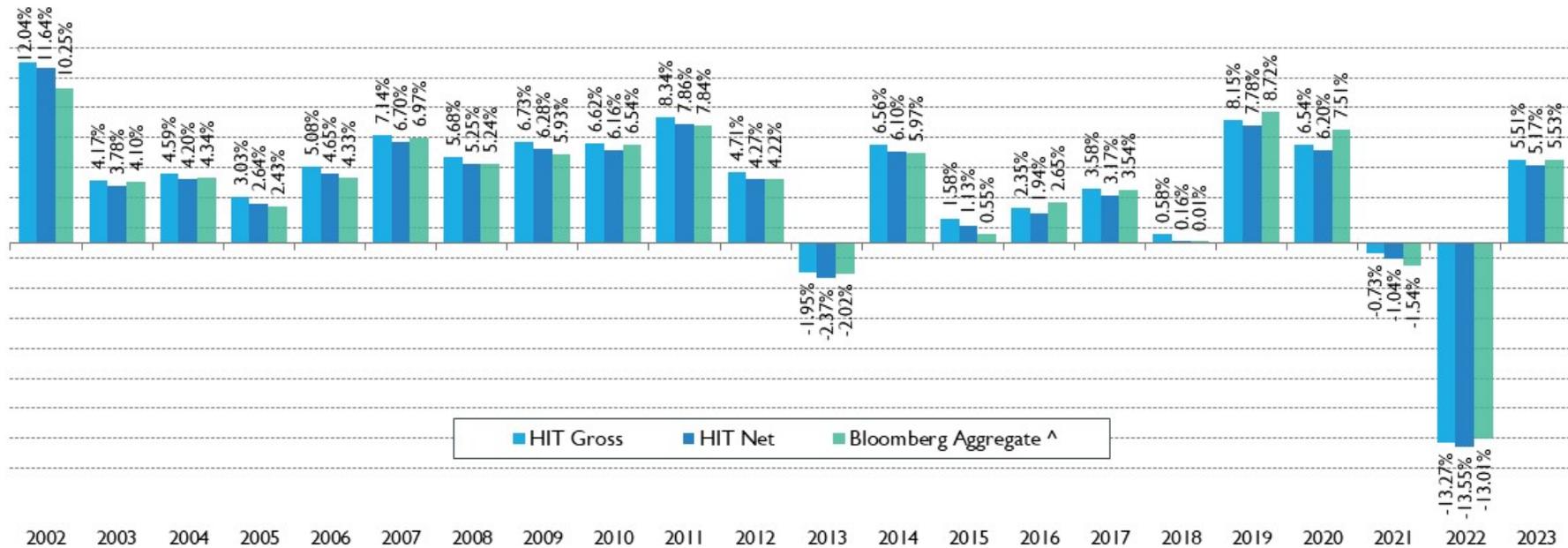
Credit Quality* As of September 30, 2024



* Based on total investments and including unfunded commitments

Average Annual Total Returns vs. Benchmark

Calendar Year Returns as of Year-end



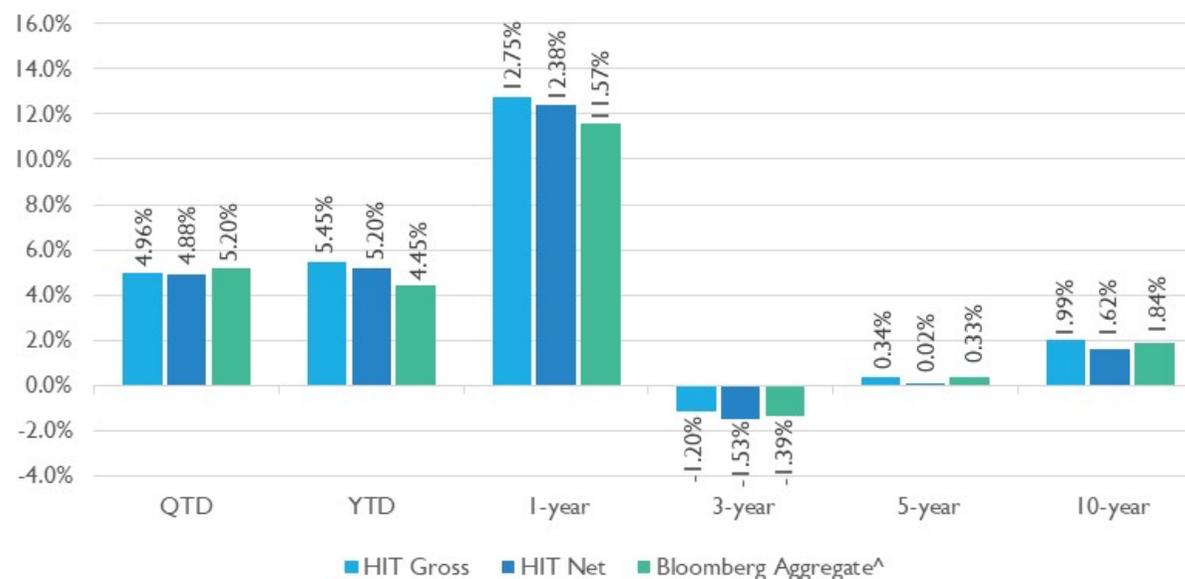
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^ Source: Bloomberg Index Services Limited

HIT Performance Relative to Benchmark

Total Returns vs. Benchmark

As of September 30, 2024



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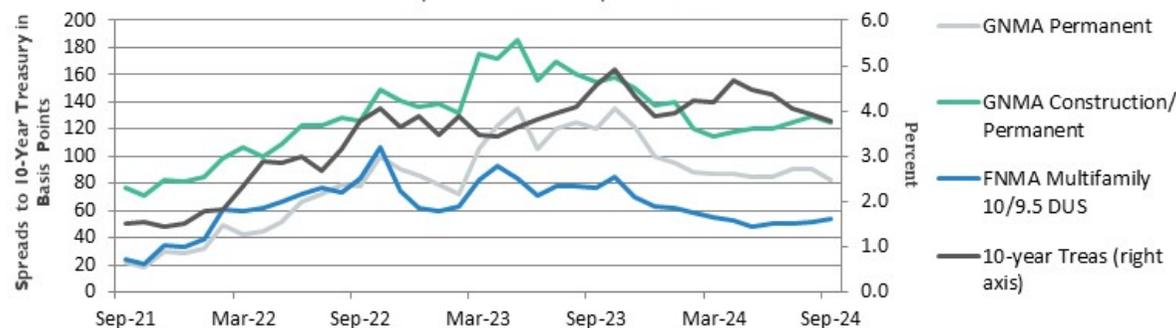
[^] Source: Bloomberg Index Services Limited

Multifamily Focus: Govt/Agency Credit With Attractive Spreads

- Government-guaranteed, multifamily construction-related loan spreads provide attractive risk-adjusted returns relative to other investment grade sectors. GNMA construction loans offer one of the widest yield spreads to Treasuries among high credit quality fixed income asset classes
- Prepayment protection through yield maintenance/penalty points
- Construction-related GNMA MBS convert to permanent MBS, with the potential for significant price appreciation

Historical Multifamily Spreads

September 2021- September 2024



Investment Comparison

As of September 30, 2024

Investment Type	Effective Duration (Years)	Effective Convexity	Yield (%)	OAS (bps)
10 Year UST	8.15	0.39	3.79	0
GNMA Construction/Permanent	8.34	0.44	5.04	122
GNMA Permanent	7.54	0.35	4.62	87
Structured GNPL (GNR 2024-150 BA)	5.95	-0.01	4.47	32
FNMA Multifamily 10/9.5 DUS	7.38	0.34	4.33	58
UMBS 5.00% 30yr MBS	3.41	-0.87	5.03	40
GNMA 5.00% 30yr MBS	3.35	-0.68	4.94	30

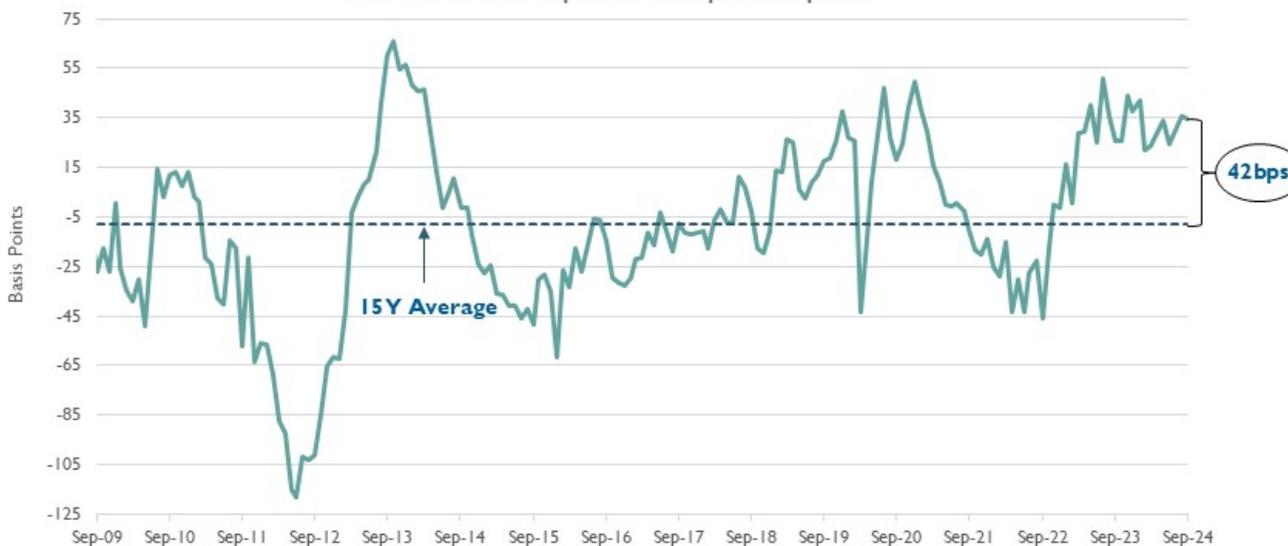
Source: HIT and Securities Dealers

Corporate Spreads Historically Tight To Multifamily

Spread differential 42bps wide to 15-year average

BBB corporate bond spreads are tight to Ginnie Mae guaranteed construction loans

Difference in Ginnie Mae CLC and Corporate Spreads to Treasuries
Ginnie Mae CLC Spread – Corporate Spread



Corporate Spreads by Rating

As of September 30, 2024	GNMA CLC	AAA	AA	A	BBB
Spread vs. Treasuries (bp)	125	33	48	75	113

Corporates represent the corporate component of the Bloomberg Aggregate. Rolling monthly data.
Source: HIT and Securities Dealers

Interest Rate Environment

Yield Curve



Economic Indicators	12/31/2023	3/31/2024	6/30/2024	9/30/2024
GDP (quarterly; seasonally adj. annual rate)	3.4%	1.4%	3.0%	N/A
Unemployment Rate	3.7%	3.8%	4.1%	4.1%
Core Inflation (Personal Consumption Expenditures Less Food and Energy (Core PCE)) yearly basis	2.9%	2.9%	2.7%	2.7% (8/31)
Federal Funds Rate Lower Limit	5.25%	5.25%	5.25%	4.75%



Source: Bloomberg, L.P.; Bureau of Economic Analysis; Bureau of Labor Statistics; Federal Reserve Board

Economic Environment and Outlook

- Economic growth has been strong in 2024 but is expected to slow gradually into a soft landing
 - Q3 again brought slowing – but still positive – job growth
 - Wage growth remains resilient as inflation softens, leading to increased consumer purchasing power
- Inflation in the U.S. continues to recede gradually
 - The Fed cut the upper limit Federal Funds rate 50bps in September after maintaining the upper limit at 5.50% for 14 months
- Political risks persist
 - Political and policy uncertainty in the U.S. with the approach of presidential elections
 - Russia continues its invasion of Ukraine and geopolitical tensions remain high in the Middle East
- Housing affordability crisis
 - Many Americans continue to be priced out of the housing market by high borrowing costs, limited supply of for-sale housing, and elevated home prices
 - Demand for multifamily rental housing should persist despite high rents

Project Picture

[Project Name]
[Project City, State]

Costs of Investing in the HIT

- As an internally managed mutual fund, the HIT does not charge a fixed fee; the HIT passes along only its costs of operations
- All returns over actual costs are distributed on a pro rata basis to investors based on units held, and all expenses are borne in proportion to the number of units held
- Each year, the HIT Board of Trustees reviews and approves its budget for the upcoming year
- For the year ended December 31, 2023, the expense ratio was 33 bps

[Project Name]
[Project City, State]

Expenses may be higher or lower in any given year. The HIT provides additional information about its expense ratio in its Registration Statement and Annual Report to Participants which may be found at www.aflcio-hit.com and at www.sec.gov.

[Fund Name]

Performance for Periods Ending [Date]

	1 Year	3 Year	5 Year	10 Year	Since Inception [Date]
Net Participant Dollar-Weighted	[x.xx]%	[x.xx]%	[x.xx]%	[x.xx]%	[x.xx]%
Market Value of Units Held at [Date]:		[\$xxxxxx]			
Investments Since Inception:		[\$xxxxxx]			
Withdrawals Since Inception:		[\$xxxxxx]			
Income Earned Since Inception:		[\$xxxxxx]			

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AFL-CIO Housing Investment Trust

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**[Name, Title
Contact information]**

Investors should consider the HIT's investment objectives, risks and expenses carefully before investing. Investors may view the HIT's current prospectus, which contains more complete information, on its website at www.aflcio-hit.com and may obtain a copy from the HIT by calling the Marketing and Investor Relations Department collect at 202-331-8055. Investors should read the current prospectus carefully before investing.

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