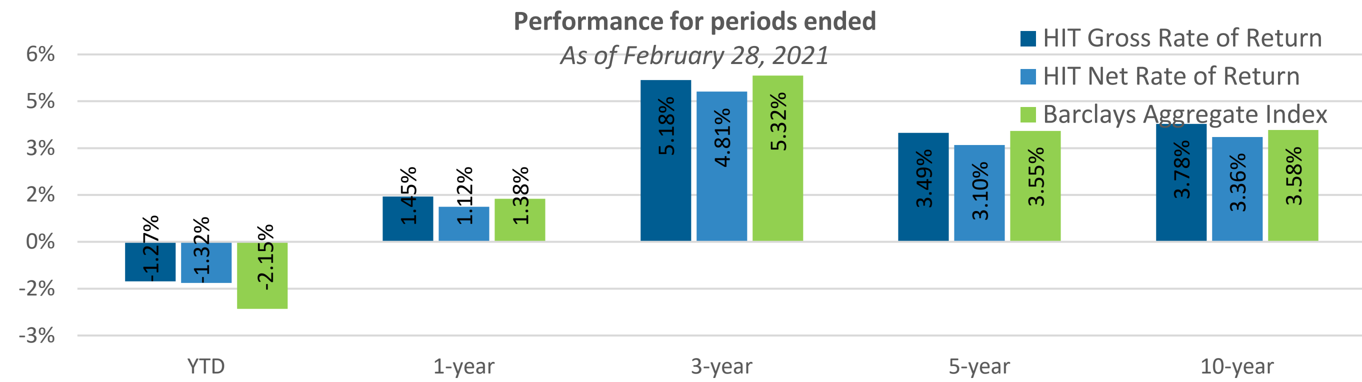
AFL-CIO HOUSING INVESTMENT TRUST

COMPETITIVE RETURNS | UNION CONSTRUCTION JOBS | HOUSING FINANCE

Performance Commentary | *February 2021*

For February 2021, the AFL-CIO Housing Investment Trust (HIT) had a gross return of -0.98% and a net return of -1.00%. Its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index (Barclays Aggregate or Index), reported a return of -1.44% for the month.



The performance data quoted represents past performance and is no guarantee of future results. Periods over one year are annualized. 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.

Positive contributions to HIT's relative performance vs. Barclays Aggregate included:

- The portfolio's ongoing yield advantage over the Barclays Aggregate. As of February 28, 2021, the HIT had a yield advantage of 34 basis points (bps).
- Performance by some agency multifamily mortgage-backed securities (MBS) in the HIT's portfolio as spreads to Treasuries tightened. FHA/Ginnie Mae permanent loan certificates and construction/ permanent loan certificates tightened to Treasuries by approximately 20 and 19 basis points (bps), respectively. Additionally, premium coupon securities in the HIT portfolio outperformed new issues in a higher interest rate environment. The HIT had a combined 16.7% of its portfolio in fixed-rate single-asset FHA/Ginnie Mae securities at the end of February, where there were no such securities in the Barclay's Aggregate.
- The portfolio's short relative duration versus the benchmark as rates were higher across most of the curve. The 2-, 5-, 7-, 10-, and 30-year rates increased by approximately 2, 31, 36, 34, and 32 bps, respectively.
- The portfolio's underweight to agency fixed-rate single family mortgage-backed securities (RMBS), the worst performing major sector in the Index with a -26-bps excess return. The HIT had a 13.1% allocation to the sector versus a 27.3% allocation in the Barclays Aggregate as of February 28, 2021.
- The portfolio's underweight to Treasuries, the second worst performer on an excess return basis and worst performer on a total return basis for the month. The HIT portfolio had a 3.8% allocation to the sector versus 37.2% in the Barclays Aggregate at month end.

Negative impacts to HIT's relative performance included:

- Performance by corporate bonds, the best performing major sector in the Barclays Aggregate, posting an excess return of 65 bps. The HIT does not invest in corporate bonds, whereas the sector comprised 26.8% of the Index at the end of the month.

- The portfolio's underweight to the lowest credit quality sector of the investment grade universe, whose excess returns were the highest among the four credit ratings buckets (AAA, AA, A, and BBB) of the Barclays Aggregate. Those returns were -10, 35, 55, and 65 bps, respectively. Approximately 91.5% of the HIT portfolio was AAA-rated or carried a government or government-sponsored enterprise guarantee, compared to 70.4% for the Barclays Aggregate at month end.
- Performance by longer maturity Fannie Mae DUS security structures as spreads on the benchmark 10/9.5s widened by approximately 2 bps. The HIT had 25.9% in fixed-rate single-asset DUS securities of various structures at the end of February, while there were no such securities in the Barclay's Aggregate.

Market Data

February 2021 Bond Sector Performance

Sector	Absolute Return	Excess Return (bps)	Modified Adjusted Duration
U.S. Treasuries	-1.81%	0	6.97
Agencies	-0.71%	12	4.06
Single family agency MBS (RMBS)	-0.67%	-26	3.38
Corporates	-1.72%	65	8.57
Commercial MBS (CMBS)	-1.19%	5	5.23
Asset-backed securities (ABS)	-0.14%	3	2.08

Source: Bloomberg L.P.

Change in Treasury Yields

Maturity	*1/31/21*	*2/28/21*	*Change*
1 Month	0.046%	0.015%	-0.030%
3 Month	0.048%	0.033%	-0.015%
6 Month	0.066%	0.046%	-0.020%
1 Year	0.076%	0.066%	-0.010%
2 Year	0.109%	0.127%	0.018%
3 Year	0.170%	0.276%	0.106%
5 Year	0.419%	0.731%	0.312%
7 Year	0.755%	1.118%	0.363%
10 Year	1.065%	1.405%	0.339%
20 Year	1.642%	2.040%	0.397%
30 Year	1.829%	2.151%	0.322%

Source: Bloomberg L.P.

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. The Barclays Aggregate is an unmanaged index and is not available for direct investment, although certain funds attempt to replicate this index. Returns for the Barclays Aggregate would be lower if they reflected the actual trading costs or expenses associated with management of an actual portfolio.

This document contains forecasts, estimates, opinions, and/or other information that is subjective. Statements concerning economic, financial, or market trends are based on current conditions, which will fluctuate. There is no guarantee that such statements will be applicable under all market conditions, especially during periods of downturn. It should not be considered as investment advice or a recommendation of any kind. 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.

PORTFOLIO DATA *as of February 28, 2021*

Net Assets	$6,739.16 million		
Portfolio Effective Duration	5.923 years	**Convexity**	0.209
Portfolio Average Coupon	2.78%	**Maturity**	10.21 years
Portfolio Yield to Worst[1]	1.71%	**Portfolio Current Yield**[1]	2.65%
Number of Holdings	925	**Average Price**[2]	105.51

Sector Allocations: [3]

Multifamily Investments	78.71%
Agency Single-Family MBS	13.11%
U.S. Treasury	3.75%
AAA Private-Label CMBS	1.40%
Cash & Short-Term Securities	3.02%

CMBS – Agency Multifamily*	68.70%
Agency Single-Family MBS	13.11%
U.S. Treasury Notes/Bonds	3.75%
State Housing Permanent Bonds	6.25%
State Housing Construction Bonds	1.92%
Direct Construction Loans	3.24%
Cash & Short-Term Securities	3.02%

*Includes multifamily MBS (61.38%), MF Construction MBS (5.92%), and AAA Private-Label CMBS (1.40%).

Quality Distribution: [3]

U.S. Government or Agency	88.47%
AAA	3.24%
AA	5.27%
A	0.00%
Not Rated	3.24%
Cash	3.02%

Portfolio Duration Distribution, *by Percentage in Each Category*: [3]

Cash	3.02%	**5-5.99 years**	13.45%
0-0.99 years	8.04%	**6-6.99 years**	5.50%
1-1.99 years	9.43%	**7-7.99 years**	6.59%
2-2.99 years	9.37%	**8-8.99 years**	6.00%
3-3.99 years	6.33%	**9-9.99 years**	6.66%
4-4.99 years	16.52%	**Over 10 years**	9.10%

Maturity Distribution (based on average life):

0 – 1 year	3.45%
1 – 2.99 years	9.23%
3 – 4.99 years	22.16%
5 – 6.99 years	30.17%
7 – 9.99 years	23.15%
10 – 19.99 years	7.12%
Greater than 20 years	4.73%

[1] 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.
[2] Portfolio market value weighted by current face.
[3] Based on total investments and including unfunded commitments.