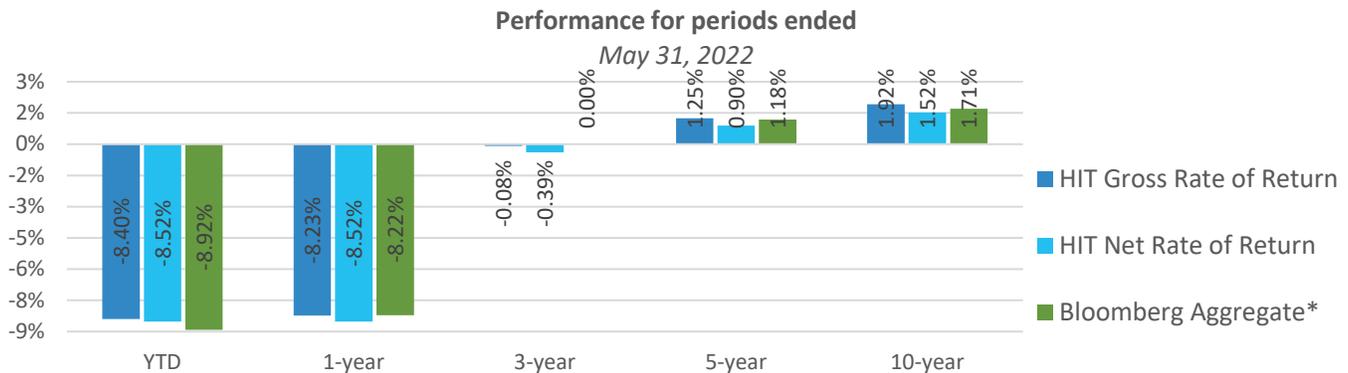


# AFL-CIO HOUSING INVESTMENT TRUST

COMPETITIVE RETURNS | UNION CONSTRUCTION JOBS | HOUSING FINANCE

## Performance Commentary | May 2022

For May 2022, the AFL-CIO Housing Investment Trust (HIT) had a gross return of 0.44% and a net return of 0.41%. Its benchmark, the Bloomberg U.S. Aggregate Bond Index\* (Bloomberg Aggregate or Benchmark), reported a return of 0.64% 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](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 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. Bloomberg Aggregate\* included:

- The portfolio's ongoing yield advantage over the Bloomberg Aggregate. As of May 31, 2022, the HIT had a yield advantage of 11 basis points (bps).
- The portfolio's underweight to Treasuries, the worst performing major asset class in the Benchmark on a total and excess return basis during May. The HIT portfolio had a 4.2% allocation to the sector versus 40.0% in the Bloomberg Aggregate at month end.
- The portfolio's overweight to spread assets as swap spreads tightened during May across most maturities. The 2- year spread widened by approximately 1 bp while the 5-, 7-, and 10-year spreads tightened by approximately 5, 4 and 0.1 bps, respectively.

### Negative impacts to HIT's relative performance vs. Bloomberg Aggregate\* included:

- The portfolio's underweight to corporate bonds, the best performing major sector on an excess return basis and second best on a total return basis, posting an excess return of 79 bps and total return of 93 bps for the month. The HIT does not invest in corporate bonds, whereas the sector comprised 24.5% of the Benchmark as of May 31, 2022.

- The portfolio's underweight to agency-insured, fixed-rate single family mortgage-backed securities (SF MBS), the best performing major asset class in the Benchmark on a total return basis. The portfolio was underweight in fixed rate SF MBS with a 12.4% allocation compared to 27.9% in the Bloomberg Aggregate.
- Performance by some agency multifamily MBS in the HIT's portfolio which experienced spread widening relative to Treasuries. Spreads on Ginnie Mae REMIC structures widened by 6 bps during May. As of May 31, 2022, the portfolio had a 13.8% allocation to REMICS while the Bloomberg Aggregate had 0%.
- Performance by some agency MBS in the HIT's portfolio as nominal spreads on longer maturity Fannie Mae DUS security structures widened. The benchmark 10/9.5s widened by approximately 6 bps. The HIT had 21.6% of its portfolio in fixed-rate single-asset Fannie Mae DUS securities but there were no such securities in the Bloomberg Aggregate.
- The portfolio's short relative duration versus the Benchmark as rates rallied across most of the curve. The 2-, 5-, 7-, and 10-year rates decreased by approximately 16, 14, 11, and 9 bps, respectively while the 30-year rate increased by approximately 5 bps.
- The portfolio's overweight to the highest credit quality sector (i.e. AAA-rated) of the investment grade universe, whose excess returns were the lowest among the four credit ratings buckets (AAA, AA, A and BBB) of the Bloomberg Aggregate. Those returns were 27, 47, 81, and 71 bps, respectively. The HIT was overweight in high credit quality investments versus the Benchmark, with approximately 91.1% of the HIT portfolio either AAA-rated or carrying a government or GSE guarantee, compared to 73.0% for the Bloomberg Aggregate.

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## MARKET DATA

### May 2022 Bond Sector Performance

Sector	Absolute Return	Excess Return (bps)	Modified Adjusted Duration
U.S. Treasuries	0.18%	0	6.47
Agencies	0.54%	-1	3.78
Single family agency MBS (RMBS)	1.11%	70	5.82
Corporates	0.93%	79	7.77
Commercial MBS (CMBS)	0.21%	-46	4.88
Asset-backed securities (ABS)	0.31%	-26	2.26

Source: Bloomberg L.P.

### Change in Treasury Yields

Maturity	4/30/22	5/31/22	Change
1 Month	0.297%	0.702%	0.406%
3 Month	0.823%	1.039%	0.216%
6 Month	1.396%	1.555%	0.159%
1 Year	2.058%	2.050%	-0.008%
2 Year	2.715%	2.556%	-0.158%
3 Year	2.886%	2.725%	-0.161%
5 Year	2.955%	2.817%	-0.138%
7 Year	2.977%	2.869%	-0.108%
10 Year	2.934%	2.844%	-0.089%
20 Year	3.207%	3.253%	0.046%
30 Year	2.997%	3.045%	0.048%

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.afcio-hit.com](http://www.afcio-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 Bloomberg Aggregate is an unmanaged index and is not available for direct investment, although certain funds attempt to replicate this index. Returns for the Bloomberg 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 May 31, 2022*

<b>Net Assets</b>	\$6,516.40 million		
<b>Portfolio Effective Duration</b>	6.05 years	<b>Convexity</b>	0.211
<b>Portfolio Average Coupon</b>	2.55%	<b>Maturity</b>	10.57 years
<b>Portfolio Yield to Worst<sup>1</sup></b>	3.48%	<b>Portfolio Current Yield<sup>1</sup></b>	2.70%
<b>Number of Holdings</b>	943	<b>Average Price<sup>2</sup></b>	93.86

**Sector Allocations: <sup>3</sup>**

<b>Multifamily Investments</b>	78.96%	<b>CMBS – Agency Multifamily**</b>	68.26%
<b>Agency Single-Family MBS</b>	12.93%	<b>Agency Single-Family MBS</b>	12.93%
<b>U.S. Treasury</b>	4.24%	<b>U.S. Treasury Notes/Bonds</b>	4.24%
<b>AAA Private-Label CMBS</b>	1.20%	<b>State Housing Permanent Bonds</b>	4.50%
<b>Cash &amp; Short-Term Securities</b>	2.67%	<b>State Housing Construction Bonds</b>	2.81%
		<b>Direct Construction Loans</b>	4.60%
		<b>Cash &amp; Short-Term Securities</b>	2.67%

\*\*Includes multifamily MBS (57.75%), MF Construction MBS (9.30%), and AAA Private-Label CMBS (1.20%).

**Quality Distribution: <sup>3</sup>**

<b>U.S. Government or Agency</b>	85.19%
<b>AAA</b>	3.25%
<b>AA</b>	4.29%
<b>A</b>	0.00%
<b>Not Rated</b>	4.60%
<b>Cash</b>	2.67%

**Portfolio Duration Distribution,  
by Percentage in Each Category: <sup>3</sup>**

<b>Cash</b>	2.67%	<b>5-5.99 years</b>	16.50%
<b>0-0.99 years</b>	16.97%	<b>6-6.99 years</b>	14.24%
<b>1-1.99 years</b>	4.17%	<b>7-7.99 years</b>	10.82%
<b>2-2.99 years</b>	3.05%	<b>8-8.99 years</b>	5.95%
<b>3-3.99 years</b>	3.62%	<b>9-9.99 years</b>	3.01%
<b>4-4.99 years</b>	9.75%	<b>Over 10 years</b>	9.24%

**Maturity Distribution  
(based on average life):**

<b>0 – 1 year</b>	4.66%
<b>1 – 2.99 years</b>	8.50%
<b>3 – 4.99 years</b>	11.35%
<b>5 – 6.99 years</b>	16.33%
<b>7 – 9.99 years</b>	40.95%
<b>10 – 19.99 years</b>	15.33%
<b>Greater than 20 years</b>	2.89%

<sup>1</sup> 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.

<sup>2</sup> Portfolio market value weighted by current face.

<sup>3</sup> Based on total investments and including unfunded commitments.