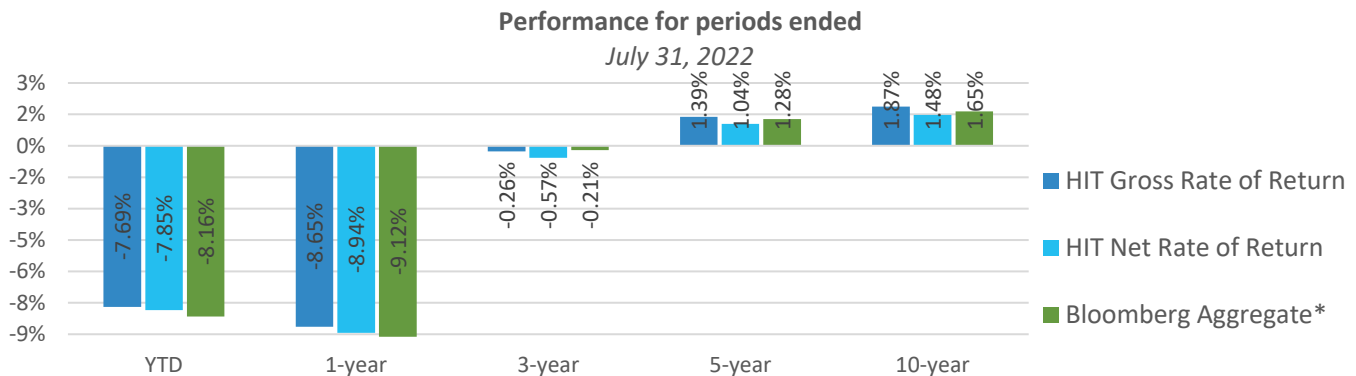


AFL-CIO HOUSING INVESTMENT TRUST

COMPETITIVE RETURNS | UNION CONSTRUCTION JOBS | HOUSING FINANCE

Performance Commentary | July 2022

For July 2022, the AFL-CIO Housing Investment Trust (HIT) had a gross return of 2.25% and a net return of 2.23%. Its benchmark, the Bloomberg U.S. Aggregate Bond Index* (Bloomberg Aggregate or Benchmark), reported a return of 2.44% 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. Bloomberg Aggregate* included:

- The portfolio's ongoing yield advantage over the Bloomberg Aggregate. As of July 31, 2022, the HIT had a yield advantage of 13 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 July. The HIT portfolio had a 4.6% allocation to the sector versus 40.3% in the Bloomberg Aggregate at month end.
- The portfolio's overweight to spread assets as swap spreads tightened during July across most maturities. The 7-year spread widened by approximately 0.8 bps while the 2-, 5-, and 10-year spreads tightened by approximately 6, 0.4, and 0.5 bps, respectively.

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

- 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 an excess return basis. The portfolio was underweight in fixed rate SF MBS with a 13.2% allocation compared to 28% in the Bloomberg Aggregate*.

- The portfolio's underweight to corporate bonds, the best performing major sector on a total return basis and second best on an excess return basis, posting a total return of 324 bps and an excess return of 109 bps for the month. The HIT does not invest in corporate bonds, whereas the sector comprised 24.2% of the Benchmark* as of July 31, 2022.
- Performance by agency multifamily mortgage-backed securities (MBS) in the HIT's portfolio as nominal spreads to Treasuries widened. FHA/Ginnie Mae permanent and construction/permanent loan certificates widened to Treasuries by approximately 5 and 3 bps, respectively.
- 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 9 bps. The HIT had 22.4% 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-, 10-, and 30-year rates decreased by approximately 7, 36, 39, 36, and 17 bps, respectively.
- 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 49, 54, 93, and 114 bps, respectively. The HIT was overweight in high credit quality investments versus the Benchmark, with approximately 90.9% of the HIT portfolio either AAA-rated or carrying a government or GSE guarantee, compared to 73.4% for the Bloomberg Aggregate*.

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MARKET DATA

July 2022 Bond Sector Performance

Sector	Absolute Return	Excess Return (bps)	Modified Adjusted Duration
U.S. Treasuries	1.59%	0	6.49
Agencies	1.09%	-6	3.70
Single family agency MBS (RMBS)	3.21%	129	5.48
Corporates	3.24%	109	7.70
Commercial MBS (CMBS)	1.83%	-1	4.88
Asset-backed securities (ABS)	0.49%	-10	2.21

Source: Bloomberg L.P.

Change in Treasury Yields

Maturity	6/30/22	7/31/22	Change
1 Month	0.946%	2.123%	1.177%
3 Month	1.626%	2.317%	0.691%
6 Month	2.458%	2.837%	0.379%
1 Year	2.742%	2.887%	0.145%
2 Year	2.953%	2.884%	-0.069%
3 Year	3.008%	2.805%	-0.203%
5 Year	3.038%	2.676%	-0.362%
7 Year	3.068%	2.679%	-0.388%
10 Year	3.013%	2.649%	-0.364%
20 Year	3.434%	3.214%	-0.220%
30 Year	3.183%	3.010%	-0.173%

Source: Bloomberg L.P.

Investors should consider the HIT's investment objectives, risks and expenses carefully before investing. Investors July view the HIT's current prospectus, which contains more complete information, on its website at www.aflcio-hit.com and July 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 July 31, 2022*

Net Assets	\$6,496.90 million		
Portfolio Effective Duration	6.12 years	Convexity	0.206
Portfolio Average Coupon	2.67%	Maturity	10.44 years
Portfolio Yield to Worst¹	3.51%	Portfolio Current Yield¹	2.83%
Number of Holdings	941	Average Price²	94.23

Sector Allocations: ³

Multifamily Investments	78.88%	CMBS – Agency Multifamily**	67.81%
Agency Single-Family MBS	13.62%	Agency Single-Family MBS	13.62%
U.S. Treasury	4.55%	U.S. Treasury Notes/Bonds	4.55%
AAA Private-Label CMBS	1.18%	State Housing Permanent Bonds	4.59%
Cash & Short-Term Securities	1.77%	State Housing Construction Bonds	3.03%
		Direct Construction Loans	4.64%
		Cash & Short-Term Securities	1.77%

**Includes multifamily MBS (57.78%), MF Construction MBS (8.84%), and AAA Private-Label CMBS (1.18%).

Quality Distribution: ³

U.S. Government or Agency	85.78%
AAA	3.41%
AA	4.42%
A	0.00%
Not Rated	4.64%
Cash	1.77%

Portfolio Duration Distribution,
by Percentage in Each Category: ³

Cash	1.77%	5-5.99 years	14.13%
0-0.99 years	11.42%	6-6.99 years	13.39%
1-1.99 years	8.39%	7-7.99 years	10.64%
2-2.99 years	3.21%	8-8.99 years	7.34%
3-3.99 years	5.86%	9-9.99 years	2.18%
4-4.99 years	11.80%	Over 10 years	9.90%

Maturity Distribution
(based on average life):

0 – 1 year	2.97%
1 – 2.99 years	9.03%
3 – 4.99 years	8.39%
5 – 6.99 years	18.61%
7 – 9.99 years	42.43%
10 – 19.99 years	15.34%
Greater than 20 years	3.23%

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.