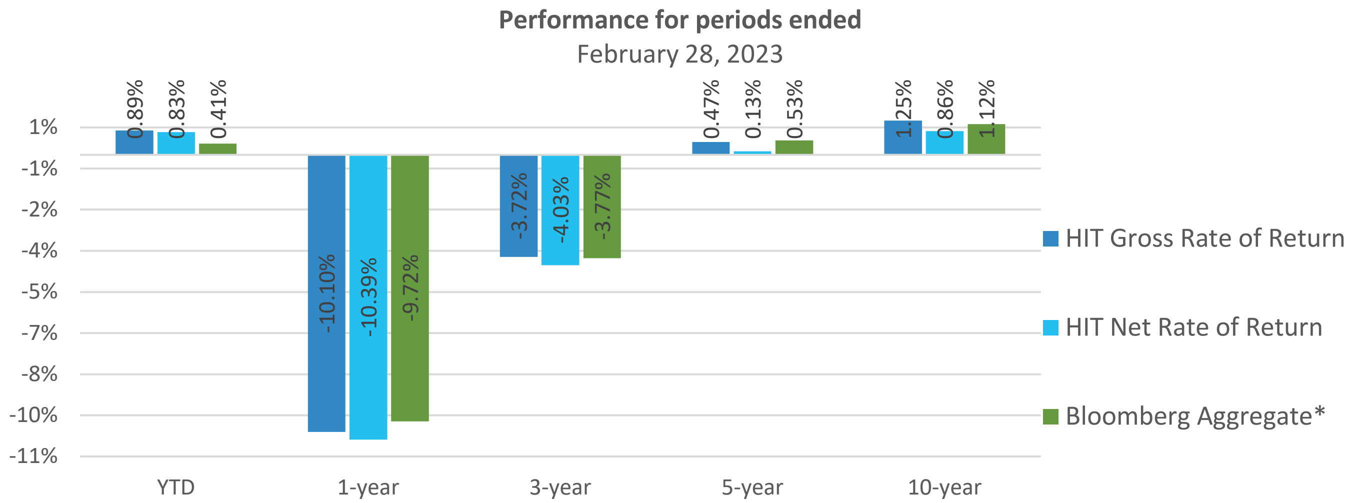
Performance Commentary | *February 2023*

For February 2023, the AFL-CIO Housing Investment Trust (HIT) had a gross return of -2.13% and a net return of -2.15%. Its benchmark, the Bloomberg U.S. Aggregate Bond Index* (Bloomberg Aggregate or Benchmark), reported a return of -2.59% 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. On February 28, 2023, the HIT had a yield advantage of 54 basis points (bps).
- The portfolio's underweight to corporate bonds, the worst performing major sector on both an excess return and total return basis, posting an excess return of -54 bps and total return of -318 bps for the month. The HIT does not invest in corporate bonds, whereas the sector comprised 24.5% of the Benchmark on February 28, 2023.
- The portfolio's underweight to agency-insured, fixed-rate single family mortgage-backed securities (MBS), the second worst performing major asset class in the Benchmark on both an excess and total return basis. The portfolio was underweight the sector with a 13.8% allocation compared to 27.4% in the Bloomberg Aggregate.

- Performance by agency multifamily MBS in the HIT's portfolio as nominal spreads to Treasuries tightened. FHA/Ginnie Mae permanent (PLC) and construction/permanent (CLC) loan certificates tightened to Treasuries by approximately 10 and 16 bps, respectively. Spreads on longer maturity Fannie Mae DUS security structures tightened, with the benchmark 10/9.5s tightening by approximately 4 bps. The HIT portfolio had an allocation of 5.3%, 11.6% and 22.6% to CLCs, PLCs and fixed-rate single-asset Fannie Mae DUS securities, respectively at the end of the month. There were no such securities in the Bloomberg Aggregate.
- The portfolio's short relative duration versus the Benchmark as rates sold off across the curve. The 2-, 5-, 7-, 10-, and 30-year rates increased by approximately 62, 57, 51, 41, and 28 bps, respectively.
- The portfolio's overweight to adjustable-rate securities as rates continue to rise. The HIT had an allocation of 13.3% to adjustable-rate securities at the end of the month while the benchmark only has fixed rate securities.
- The portfolio's overweight to the highest credit quality sector (i.e. AAA-rated) of the investment grade universe, whose excess returns were the second highest among the four credit ratings buckets (AAA, AA, A and BBB) of the Bloomberg Aggregate. Those returns were -11, -7, -46, and -50 bps, respectively. Approximately 88.7% of the HIT portfolio was either AAA-rated or carried a government or GSE guarantee, compared to 72.9% for the Bloomberg Aggregate.

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

- The portfolio's underweight to Treasuries, the best performing major asset class in the Benchmark on both a total and excess return basis during February. The HIT portfolio had a 3.6% allocation to the sector versus 40.7% in the Bloomberg Aggregate at month end.
- Performance by Ginnie Mae REMIC structures in the HIT's portfolio as spreads to Treasuries widened by 16 bps during the month. On February 28, 2023, the portfolio had a 12.8% allocation to REMICS.
- The portfolio's overweight to spread assets as swap spreads widened during February across most maturities. The 2-, 5-, 7-, and 10-year spreads widened by approximately 7, 3, 1, and 3 bps, respectively. The HIT had 95.5% in spread assets to end the month, compared to 59.3% in the Benchmark.

MARKET DATA

February 2023 Bond Sector Performance

Sector	Absolute Return	Excess Return (bps)	Modified Adjusted Duration
U.S. Treasuries	-2.34%	0	6.14
Agencies	-1.36%	5	3.40
Single family agency MBS (RMBS)	-2.64%	-29	6.08
Corporates	-3.18%	-54	7.06
Commercial MBS (CMBS)	-1.87%	24	4.54
Asset-backed securities (ABS)	-0.85%	26	2.84

Source: Bloomberg L.P.

Change in Treasury Yields

Maturity	*1/31/23*	*2/28/23*	*Change*
1 Month	4.507%	4.588%	0.082%
3 Month	4.642%	4.769%	0.127%
6 Month	4.796%	5.119%	0.323%
1 Year	4.654%	4.977%	0.324%
2 Year	4.201%	4.816%	0.615%
3 Year	3.900%	4.526%	0.627%
5 Year	3.617%	4.182%	0.565%
7 Year	3.569%	4.080%	0.512%
10 Year	3.507%	3.920%	0.413%
20 Year	3.766%	4.109%	0.343%
30 Year	3.632%	3.916%	0.284%

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 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 *On February 28, 2023*

Net Assets	$6,127.55 million		
Portfolio Effective Duration	5.86 years	**Convexity**	0.244
Portfolio Average Coupon	3.22%	**Maturity**	10.57 years
Portfolio Yield to Worst[1]	5.34%	**Portfolio Current Yield**[1]	3.62%
Number of Holdings	930	**Average Price**[2]	87.97

Sector Allocations: [3]

Multifamily Investments	80.38%
Agency Single-Family MBS	14.28%
U.S. Treasury	3.62%
AAA Private-Label CMBS	0.85%
Cash & Short-Term Securities	0.87%

CMBS – Agency Multifamily**	67.20%
Agency Single-Family MBS	14.28%
U.S. Treasury Notes/Bonds	3.62%
State Housing Permanent Bonds	4.41%
State Housing Construction Bonds	3.92%
Direct Construction Loans	5.70%
Cash & Short-Term Securities	0.87%

**Includes multifamily MBS (58.51%), MF Construction MBS (7.83%), and AAA Private-Label CMBS (0.85%).

Quality Distribution: [3]

U.S. Government or Agency	85.16%
AAA	2.62%
AA	5.64%
A	0.00%
Not Rated	5.70%
Cash	0.87%

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

Cash	0.87%	**5-5.99 years**	18.29%
0-0.99 years	17.48%	**6-6.99 years**	15.42%
1-1.99 years	2.46%	**7-7.99 years**	8.32%
2-2.99 years	3.29%	**8-8.99 years**	3.85%
3-3.99 years	6.80%	**9-9.99 years**	0.81%
4-4.99 years	10.03%	**Over 10 years**	12.36%

Maturity Distribution (based on average life):

0 – 1 year	4.66%
1 – 2.99 years	7.23%
3 – 4.99 years	11.06%
5 – 6.99 years	23.39%
7 – 9.99 years	39.24%
10 – 19.99 years	9.53%
Greater than 20 years	4.89%

[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 value of total investments and includes unfunded commitments but does not include U.S. treasury futures contracts.