The AFL-CIO Housing Investment Investment Trust’s Commitment to Rebuild Cities
Features of the HIT: Competitive Returns, Impact Investing

$5.5 billion investment grade fixed-income portfolio

- Open-end institutional commingled mutual fund registered under Investment Company Act of 1940 and primarily regulated by the U.S. Securities and Exchange Commission

Consistent and competitive returns

- The HIT’s gross returns have exceeded the Barclays Aggregate for 23 consecutive calendar years

30 years of impact investing

- Invested over $8.5 billion nationally (in current dollars) since inception in 1984, financed 458 projects in 29 states
- All construction is done 100% union
- Generated 75,800 union construction jobs and almost 161,200 total jobs across the U.S.
- More livable communities with quality affordable housing and a sustainable environment

As of December 31, 2015
Investment Objective and Strategy

OBJECTIVE:
Generate competitive risk-adjusted fixed-income returns while financing housing, including affordable and workforce housing, and creating union construction jobs.

STRATEGY:
Construct and manage a portfolio with superior credit quality, higher yield, and similar interest rate risk relative to the Barclays Aggregate benchmark.

Overweight government-agency multifamily mortgage-backed securities (MBS), which tend to provide an income advantage compared to other securities with comparable credit and interest rate risk. Directly sources construction-related multifamily MBS.
The cycle of sustainable investment begins when union pension plans invest capital in the HIT. This capital allows the HIT to finance multifamily development projects through government/agency credit multifamily new construction and substantial rehabilitation securities, which provide pension plan investors with competitive returns. The projects create good union construction jobs. As workers at the projects earn income, the pension plan contributions increase. The pension plans have more capital to invest in the HIT and the cycle continues.
30 + Years of Impact Investing: Housing, Union Construction Jobs, & Economic Benefits

Over $25 billion total economic impact*
- Created nearly $10 billion in personal income including benefits, with approximately $5 billion for construction workers
- Produced over 101,000 housing and healthcare units nationwide, with 65% housing affordable

$3 billion in tax revenues*
- State and local revenue of $1 billion; federal revenue over $2 billion

Green Jobs Initiative – HIT invested over $1.5 billion
- LEED- certified projects –HIT invested $683 million and Building America provided $67.5 million in tax credits for 32 projects with total development value of over $2.2 billion since 2001
- Energy retrofit projects- invested $899 million in 29 projects with total development value of $1.7 billion since 2010

*Source: Pinnacle Economics, Inc., and HIT. Figures provided by Pinnacle are estimates calculated using an IMPLAN input-output model based on HIT project data and secondary source information. Projects include those with financing by HIT’s subsidiary Building America. In 2014 dollars.

As of December 31, 2015
Construction Jobs Initiative: Union Construction Jobs and Positive Impact

Since 2009, the initiative has created 22,420 union construction jobs and is working towards 25,000 jobs

The HIT and subsidiary Building America have invested in 80 projects in 36 cities

Leveraged capital for total development value of $4.5 billion

Significant total impact on the national economy and local communities*:

- 47,770 total jobs, including 22,420 construction jobs and other jobs attributed to the HIT’s investments
- $3.0 billion in salaries and benefits, including $1.5 billion for construction workers
- $338 million in local tax revenues and $642 million in federal revenues
- $7.5 billion in total economic activity

*Source: Pinnacle Economics, Inc., and HIT. Figures provided by Pinnacle are estimates calculated using an IMPLAN input-output model based on HIT project data and secondary source information. Projects include those with financing by HIT’s subsidiary Building America. In 2014 dollars.
Investing in Rebuilding after Hurricane Sandy

- The HIT provided $89 million of capital to repair damage from Hurricane Sandy at Amalgamated Warbasse Houses.
- The loan allowed the co-op to replace the electrical distribution system that was destroyed by the storm.
New York City Housing Authority needs more capital beyond the recent FEMA grant.

Critical repairs are required for the to 30- to 70-year old buildings.
Building America CDE, Inc., HIT’s subsidiary, works to revitalize low-income communities and create needed jobs, including union construction jobs, through investments in commercial development, affordable housing, and healthcare facilities.

- Building America allocated $85 million of tax credits to 11 projects across the country.
HIT recently announced a $30 million investment in the Detroit Neighborhood Home Repair Program to renovate up to 300 single-family homes and properties that have faced decades of blight.

The HIT is working with local government, nonprofits, and the private entities.
Strong Demand for Multifamily Housing

Increased Demand for Multifamily Housing:
(6 month moving average, thousands, annual rate)

Source: top, US Census Bureau; bottom, US Census Bureau and Haver Analytics (adjusted for breaks in data)
HIT Positioned Well in the Current Environment

- Low inflation, tepid global economic growth, geopolitical risk.
- High credit quality government/agency multifamily MBS offer relative value, with higher yields and lower credit risk than many other investment alternatives.
- Strong demand for rental and affordable housing expected for many years. This should help build the HIT’s pipeline of investments to execute its strategy.
- Outlook is for steady growth of assets and investors based on the HIT’s long track record of competitive returns and its ability to create jobs and stimulate local economies.
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Investors should consider the HIT’s investment objectives, risks and expenses carefully before investing. A prospectus containing more complete information may be obtained from the HIT by calling the Marketing and Investor Relations Department collect at 202-331-8055 or by viewing the HIT’s website at www.aflcio-hit.com. The prospectus should be read carefully before investing.

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