

# AFL-CIO HOUSING INVESTMENT TRUST DAILY VALUED FUND

Intermediate Term Bond Collective Investment Fund Sponsored by Hand Benefits & Trust

Data as of March 31, 2017

Launched: April 1, 2016

CLASS R, CUSIP 41024C521

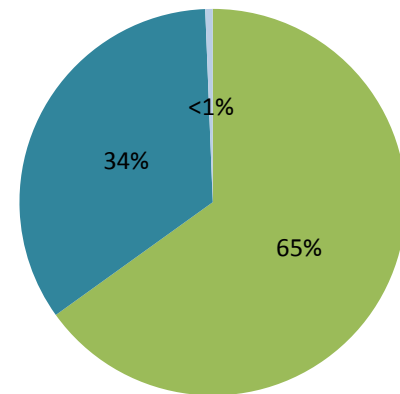
## TOTAL RETURNS (net of fees)

	1st <sup>h</sup> Quarter 2017	Inception-to- Date*
HIT-DVF*	0.70%	0.00%
Barclays Aggregate	0.82%	0.48%

\*The AFL-CIO Housing Investment Trust Daily Valued Fund ("HIT-DVF") was launched April 1, 2016 and has limited performance to report.

[www.aflciohit-dvf.com](http://www.aflciohit-dvf.com)

## HIT-DVF COMPOSITION



■ HIT ■ BlackRock Index Fund ■ Cash

## FUND

AFL-CIO Housing Investment Trust Daily Valued Fund ("HIT-DVF")

## FUND OBJECTIVE

Provide competitive fixed-income returns through a daily valued fund ("DVF") designed for defined contribution plan investors, while benefiting communities across the United States by generating union construction jobs, financing affordable and workforce housing and fostering community economic development.

## INVESTMENT STRATEGY

Invest primarily in the AFL-CIO Housing Investment Trust ("HIT") with the remainder in the BlackRock US Debt Index Fund (M Class)<sup>o</sup> and cash. Targeted allocation dependent on Fund NAV with a range of 65 - 85% to the HIT (initial target 65%; 85% target at \$3.5 billion). Benchmarked to the Bloomberg Barclays US Aggregate Bond Index ("Barclays Aggregate").

## ABOUT THE HIT-DVF

The AFL-CIO Housing Investment Trust DVF is a collective investment fund ("CIF") created by the Hand Composite Employee Benefit Trust and sponsored by Hand Benefits & Trust Company, a BPAS company. As described in the Trust's governing documents, the CIF is only available for investment by eligible qualified retirement plan investors only.

<sup>o</sup>Estimates calculated by Pinnacle Economics and the HIT using an IMPLAN model input-output model and HIT data; in 2015 dollars.

## ABOUT THE HIT

- \$5.9 billion investment-grade mutual fund; more than 30 years of competitive returns relative to the Barclays Aggregate.
- Invests primarily in US government/agency guaranteed or insured multifamily mortgage-backed securities, state housing finance agency multifamily securities and single family agency securities. Over 60% of the portfolio is in multifamily securities.
- Key members of the HIT's management and investment team have been together for 20 years.

## IMPACT INVESTING<sup>^</sup>

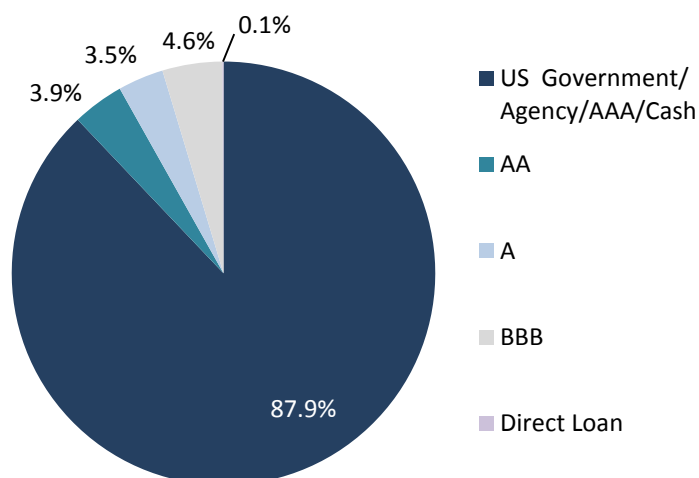
Since its inception in 1984, the HIT has prudently financed construction-related projects that create union construction jobs, generate affordable and workforce housing, and stimulate local economies across the country. Estimated impacts are dramatic:

- \$26 billion of economic benefits for working people, with \$10 billion in salaries and benefits for workers across industries in local communities, including \$5 billion in salaries and benefits for on-site union construction workers
- 105,000 homes and apartments, with 67% affordable
- 164,000 total jobs in communities across the U.S., including 77,000 on-site union construction jobs
- \$1 billion in state/local government tax and fee revenue.

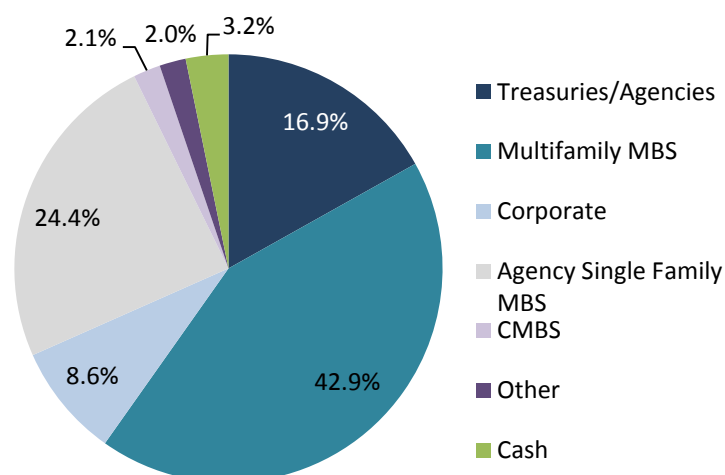
## EXPENSE RATIO

48 basis points or \$4.80/\$1,000 investment annually at time of launch; expected to decrease as the Fund grows. The expense ratio includes no service fees payable to the plan's service providers.

## HIT-DVF CREDIT EXPOSURE



## HIT-DVF SECTOR EXPOSURE



## PRINCIPAL RISKS

**Fixed-Income Securities:** The value of fixed-income or debt securities may be susceptible to general movements in the bond market and are subject to interest-rate and credit risk.

**Interest Rate:** Most securities are subject to the risk that changes in interest rates will reduce their market value.

**Mortgage-Backed and Asset-Backed Securities:** Investments in mortgage-backed and asset-backed securities may be subject to increased price volatility because of changes in interest rates, issuer information availability, credit quality of the underlying assets, market perception of the issuer, availability of credit enhancement, and prepayment of principal. The value of ABS and MBS may be adversely affected if the underlying borrower fails to pay the loan included in the security.

**U.S. Government Obligations:** Investments in U.S. government obligations are subject to varying levels of government support. In the event of default, some U.S. government securities, including U.S. Treasury obligations and Ginnie Mae securities, are issued and guaranteed as to principal and interest by the full faith and credit of the U.S. government. Other securities are obligations of U.S. government-sponsored entities but are neither issued nor guaranteed by the U.S. government.

**Investment-Grade Securities:** Investments in investment-grade debt securities that are not rated in the highest rating categories may lack the capacity to pay principal and interest compared with higher-rated securities and may be subject to increased credit risk.

**Prepayment (Call):** The issuer of a debt security may be able to repay principal prior to the security's maturity because of an improvement in its credit quality or falling interest rates. In this event, this principal may have to be reinvested in securities with lower interest rates than the original securities, reducing the potential for income.

**Reinvestment:** Payments from debt securities may have to be reinvested in securities with lower interest rates than the original securities.

## CHARACTERISTICS

	HIT-DVF	Barclays Aggregate
Current Yield	3.19%	2.98%
Weighted Average Coupon	3.19%	3.06%

## DISCLOSURES

*The CIF is not a mutual fund. Its shares are not deposits of Hand Benefits & Trust Company, a BPAS company and are not insured by the Federal Deposit Insurance Corporation or any other agency. The CIF is a security which has not been registered under the Securities Act of 1933 and is exempt from investment company registration under the Investment Act of 1940. The AFL-CIO Housing Investment Trust DVF is new and has limited historical performance data to report. Performance data quoted represents past performance of the HIT-DVF, the HIT and the Blackrock U.S. Debt Index Fund. The performance quoted here does not guarantee future results. As market conditions fluctuate, the investment return and principal value of any investment will change. Diversification may not protect against market risk. There are risks involved with investing, including possible loss of principal. Before investing in any investment portfolio, the client and the financial professional should carefully consider client investment objectives, time horizon, risk tolerance, and fees.*

*The AFL-CIO has negotiated a royalty payment with Hand Benefits & Trust for the licensing of its name. The AFL-CIO will receive a royalty payment of 3 basis points on fund assets up to \$4 billion and 2 basis points thereafter. The royalty payment will begin to be paid to the AFL-CIO once the HIT-DVF reaches \$400 million in assets.*

<sup>9</sup>BlackRock US Debt Index Fund (M Class) is a collective investment trust managed by BlackRock Institutional Trust Company, NA. It invests in a representative sampling of debt securities with the objective of approaching as closely as practicable to the total return of the market for the debt securities as defined by the Barclays US Aggregate Bond Index.