



2023

INVESTMENT PORTFOLIO ANNUAL REPORT

FOR YEAR ENDING DECEMBER 31, 2023
USA SOUTHERN TERRITORY

WHO WE ARE

The Salvation Army is an international movement of Christ-followers seeking to serve suffering humanity. Since our founding in 1865, we have been working globally to meet both the physical and spiritual needs of people in our communities as a part of the universal Christian Church. Now serving in 133 countries, we continue to press on, our message based on the Bible, our ministry motivated by the love of God, and our mission to preach the gospel of Jesus Christ and to meet human needs in His name without discrimination.

In the Southern Territory, we're focusing on making sure everything we do is "All for Jesus."

Our mission statement says, "The Salvationists of the Southern Territory are answering God's call to make radical followers of Jesus Christ who love inclusively, serve helpfully, and disciple effectively in the communities where they live."

We do this through programs and services that have grown and evolved over the past 158 years to address specific needs in our communities. From providing a warm bed to those experiencing homelessness, creating safe havens for those fleeing domestic violence, being present with a hot cup of coffee and a shoulder to cry on during times of disaster, to giving children community and space to explore their creativity, The Salvation Army has consistently endeavored to provide comfort, resources, and hope for those in need.

82 cents of every dollar given goes right back to meeting the needs of those in our communities who need it most, providing emergency assistance, resources for families, rehabilitation from homelessness and addiction, denominational worship, social services, older adult ministries, youth and music programming, and much more. With your assistance, over 25 million Americans will be given hope through services provided by The Salvation Army. Thank you for your support, and God bless you.



DEAR FRIENDS,

"All for Jesus!" This is our priority and the driving force behind everything we do in His name. We are thrilled to share with you the faithfulness of God and the impact we've made, with your help, in the lives of those across the USA Southern Territory.

Together, we have touched countless lives, offering solace to those without shelter, hope to individuals battling substance abuse, and assistance to those facing social and spiritual challenges. From the depths of our hearts, we reach out not only across the 15 southeastern United States but also to those globally impacted by disaster, embodying love and compassion.

Your contributions, whether through financial donations, volunteering, or fervent prayers, have been instrumental in illuminating the lives of those in need, particularly during the holiday season. However, the path ahead is not without its challenges. The need continues to grow, and the resources, along with the workers, remain limited.

Yet, with your unwavering support, we persist in our efforts to serve and uplift the most vulnerable in our communities. We are pleased to share that, despite the evolving landscape, our investment operations in the USA Southern Territory have flourished, ensuring sustainable growth in our assets. Alongside inspiring stories showcasing our programs and services, this report also provides insights into our investment portfolio and operational achievements.

As we forge ahead into the future, we do so with confidence in the divine guidance that has sustained The Salvation Army for over 150 years. Your generosity fuels our resolve to continue spreading love and compassion, transcending barriers, and reaching those who need us the most.

From the depths of our hearts, we thank you for being integral to our mission.

Commissioners Kelly & Donna Igleheart

*Territorial Leaders
USA Southern Territory*



MY STRUGGLE MADE ME WHO I AM

CHARLOTTE CENTER OF HOPE

BY BRENT RINEHART



Christian Brister has never liked talking about experiencing homelessness as a child. “I didn’t realize it was making me into everything that I’m going to be. Giving me that strength and character... That’s why I am who I am.”

Christian’s childhood was less than typical. In fact, as she describes her journey, it’s evident that she was forced to bypass many aspects of her youth as she had to face adult-sized problems. Unfortunately, this is the reality that too many children in our community face.

Her family’s struggle began when they had to evacuate their home in Louisiana due to the devastation of Hurricane Katrina. Struggling to get a footing, they eventually found themselves in North Carolina, ultimately landing in Charlotte’s Center of Hope shelter.

“A lot of women are at their lowest points when they get [to the Center of Hope] ... So having that structure, having that support... is really important,” Christian says. “That’s why I like that it’s called the Center of Hope – because a lot of times it’s all you have, that glimmer of hope.”

One bright spot for her was the on-site Boys & Girls Club. There she was able to grow her leadership skills while also experiencing fun activities. And when Christian’s siblings joined the club, some of the overwhelming pressure was lifted from her young shoulders. “It really helped take that stress off being that second mother when I had my siblings,” Christian says. “They had time to be kids, and I had time to be a kid.”



The staff at the Boy's & Girls club, especially Anthony Buckson, the director at the time, encouraged Christian and poured into her life. "[Mr. Anthony] reminded me that I was going to be successful, [saying things like] 'Oh yeah you are going to get there, you are going to do it, I'm so proud of you.'"

Those bits of encouragement inspired Christian to continue pressing on, especially when it came to her schoolwork. School was always important to her, and she knew she wanted to go to college. Fortunately, she had people who believed in her and helped her along the way.

"Mr. Anthony was one of the first people I told when I got my acceptance at UNC (The University of North Carolina at Chapel Hill). I ran, I brought it back to him. He was like 'Oh yeah, I knew it.'"

But college was not the "happily ever after" that Christian thought it might be. Once she arrived on campus, some of her old feelings of inadequacy began to resurface. "I was still struggling then, working, being a full-time student," Christian recalls.

Despite her hard work, the stress and anxiety began to pile up. But it wasn't until she returned a set of straight F's that she knew she needed help. She sought support from the resources on campus, and eventually decided she needed to take a semester off. She spent that time working, but more importantly, rejuvenating herself mentally. She came back stronger and was able to finish her degree in December 2020.

While she's still looking for the right opportunity to utilize her passions, she knows that everything

in her life has built her into the strong woman that she is today. Wise beyond her years, Christian offers words of encouragement for the next generation.

"Where you are now is not where you are going to be forever," Christian shares. "One of the best things that I did for myself is that I gave myself the opportunity to see where I could be, where I could get to."

"There are so many times where I just didn't have anything. Not an ounce of strength, not an ounce of motivation, not an ounce of anything. God just puts His spirit around me and does it all for me... I'm just very thankful."

RESTORING HOPE AND COMMUNITY ONE MEAL AT A TIME

BY LATONYA GRIFFIN

As I stand in the bustling kitchen at The Salvation Army, surrounded by the clatter of pots and pans and the aroma of simmering dishes, I can't help but marvel at the purpose behind every action. It's a place where compassion and sustenance blend seamlessly, and a smile and a kind word can change a life.



My journey with The Salvation Army began unexpectedly. I stumbled into this role over a year ago, starting as a volunteer during Angel Tree around Christmas. From there, I found myself drawn into the heart of the organization—the kitchen! The Salvation Army has been ministering through meal service for over 150 years, and we excel at it.

When one of the leaders approached me about the job, I had doubts. Could I truly make a difference? Was cooking enough to create change? However, talking with my family and hearing my mother's encouraging words solidified my decision. The kitchen coordinator role would be far more than a job for me; it would be a ministry.

The kitchen is a connection point of hope and healing, not just through the food we serve but through the relationships we form with our guests. My responsibilities range from cooking and meal planning to sitting with our clients while they eat, listening, and speaking words of hope over their often desperate situations.

One of the most fulfilling aspects of my role is witnessing the impact a warm meal can have on someone's life. Often, I witness the transformation in their demeanor as they sit with others and enjoy good food and conversation. Something as simple as sharing a meal creates a sense of normalcy and rekindles hope for the future.

As I navigate the challenges of limited resources and changing donations, I have learned to adapt and make the most of what we

have. Sometimes, we have to wait until we have enough of a particular ingredient to create a full meal for everyone. And then, on rare occasions, we may receive a special donation, like filet mignon from a local restaurant! It's a celebration for both the clients and our team!

But the impact of The Salvation Army extends far beyond the walls of the kitchen. It's a ministry of hope, reaching out to those in need, providing a meal, a word of encouragement, and a sense of belonging. Our work is not just about feeding empty stomachs; it's about nurturing souls and fostering a community of care and compassion.

I never imagined that I would find myself in the role of a kitchen coordinator, yet here I am, loving the ministry of serving meals and sharing hope with our community. My hope for the future is simple: to continue making a difference, one meal at a time, and to be a beacon of light for those who need it most.



Latonya Griffin has been the kitchen coordinator for the Tupelo Corps in Mississippi for about two years, serving and ministering to those in need every day.

82¢

OF EVERY
DOLLAR SPENT
SENT TOWARD
PROGRAM
SERVICES

FINDING MY PLACE

BY MAJOR FRANK DURACHER

John LeBeau has spent his whole life as an engineer specialist at a local hospital. That involves critical mechanical maintenance for all the boilers, chiller plants, and generators for heating, cooling, and emergency power. His nearly 40 years in that field gives him an extraordinary skillset.

But for John, something was missing. Working full-time all those years, he was never able to do what he really wanted: helping people in need.

"Helping in disaster work was high on my list," John admits. "But I am willing to do anything the Lord wants me to do and to go anywhere He wants me to go."

When retirement finally arrived, so did the opportunity to pursue his calling to do something of great worth for the Lord.

"Since I was drawn toward disaster relief work, I did some online research," John says. "I knew there were a lot of worthy organizations, but I began to focus on The Salvation Army, mainly because of one elderly soldier who invited me to the (Sunday) evening meeting long ago at the corps in Canton, Ohio."

That encouragement, some 35 years ago, remained with John all his life, although he drifted from denomination to denomination—not quite connecting with any church's beliefs.

"Most churches I tried had at least one doctrinal exception which bothered me—and the response to me was mostly, 'Chew the meat and spit out the fat.' In other words, ignore that one difference in favor of the all the positive ones."

As John did his research for a disaster relief agency to join, church membership was nowhere near the forefront of his mind. His decision for the Army's Emergency Disaster Service (EDS) ministry was confirmed when he discussed the situation with his supervisor at the hospital.

"I was surprised when my boss told me that The Salvation Army was very important to him as a child. He told me that the Army came to his home for several Christmases, providing gifts and food for his family."

That did it for John. He looked up the Army in High Point, North Carolina and contacted the corps officer, Captain Lars Ljungholm. Welcomed with open arms by the Ljungholms, John decided to give it a go.

"That first Sunday was such a blessing for me," John says. "I found the staff is incredible and the corps members were so friendly and loving right from the start."

So, it was back to the laptop for John, as he began another search, this time on the doctrines of The Salvation Army. "To my amazement," he says, "every one of the eleven doctrines align with my beliefs!"

Thus did John's education of things Salvation Army become twofold—while he began taking EDS courses to prepare for disaster eventualities, he also took soldiery classes culminating in his enrollment as a Salvationist in the spring of 2022.

Now a uniformed soldier, he was starting something he always felt called to do—service to people

through a thoroughly Christian organization.

When Hurricane Ian slammed into Florida in October of 2022, John suddenly found himself in the thick of it. His two weeks working on the Fort Lauderdale canteen in Port Charlotte was amazing, he says. John and his two canteen-mates daily fed around 500 families.

"I'll never forget people—particularly the children—emerging from the nearly-uninhabitable structures that were their homes, responding to our horn to signal that



hot meals were now here for them."

Now a disaster veteran and a Salvation Army soldier, John feels extremely blessed by a double-barrel dream come true.

"In EDS work, my preference is to bring my engineering skills (canteen upkeep, industrial maintenance, staging preparation, etc.)," he says. "But I am willing to literally do anything asked of me."

"Serve food? Sure. Logistics? Certainly. Clean toilets? I'm your guy!"

Wherever and whatever is needed is his goal. After all, that's what a Salvation Soldier does.

THE RUNNER: HOW CAMP CHANGED A YOUNG MAN'S LIFE

CAMP HIDDEN LAKE IN MISSISSIPPI

BY CAPTAIN MICHAEL GOOD



When King first stepped foot on the grounds of Camp Hidden Lake he seemed like most first-time campers: quiet, nervously fidgeting, and anxious about spending a week away from home and meeting new people. However, as King was being checked in and introduced to his counselors and cabin mates, the atypical happened.

King started running.

Counselors quickly caught up with him and talked him into returning to the cabin, chalking it up to first-day nerves. But it happened again that afternoon when King wanted a top bunk, and only bottom bunks remained. Like lightning, King tore out of his room, running past the cabins, through the playground, and up the drive toward the camp entrance.

And he was fast.

When I spotted the runner, I hopped in a golf cart and quickly caught up with King. When I saw the disappointment and frustration

that lined this young boy's face, I thought some quiet time enjoying the beautiful scenery might relieve some of his tension and anxiety. Taking the more scenic ride back to the cabins, we rambled silently along the hilly back roads. And in that space of quiet and safety, King began to open up about the hardships of his home life. As King spoke, I began to understand that King coped with fear and difficulties by running.

When we arrived back at the cabin, King had begun to relax, and his counselors had secured him a top bunk. The next day, King and his group of campmates were enjoying pool time. King loved pool time! So, when the whistle blew for campers to dry off for their next activity, King climbed out of the pool and began to run. I quickly leaped into the golf cart to catch up and offered him a ride that gave him the space he needed to work through his frustration.

This would happen many more times throughout the week. And every time King ran — from life's problems, the letdowns, or anything that wasn't easy — we were always there to catch him with open arms.

For the remainder of the week, King swam until his skin appeared wrinkled with smiles, zip-lined until a permanent grin etched his boyish face, and fished until it seemed there wasn't a single fish left in the lake to be caught. He even learned to play the trumpet and was filled with pride to showcase his new and unexpected talents during the closing recital.

On the last morning of camp, luggage was being loaded, campers were giving hugs, and new friends were signing each other's camp shirts. Then, King began to run.

As I rushed to catch him, I noticed it was different this time. King was running toward me. He jumped into my arms and squeezed me so tightly I could barely breathe.

For the first time in King's life, he had experienced people willing to chase him when he ran because he was loved unconditionally. This is what camp does. Camp changes lives.

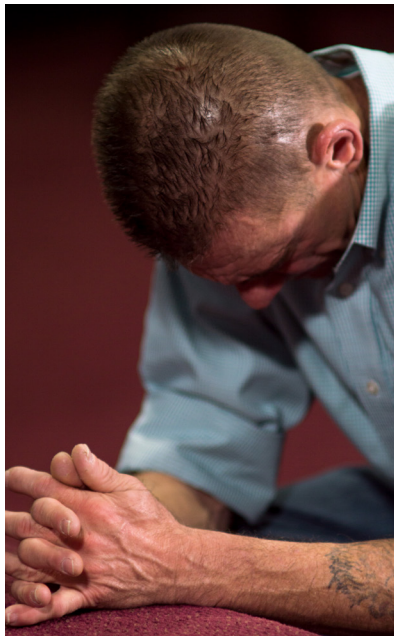
Camp is no longer a place King runs from; it is a place he runs to.

34,224
INDIVIDUALS
ATTENDED
SUMMER AND
DAY CAMPS

LOVE IN ACTION AT THE SALVATION ARMY'S MEMPHIS ARC

BY CAMILLE CONNOR

For many, the start of a new year means setting new goals and embarking on new experiences. This was certainly true for Patrick Lewandowski. On an early Thursday morning in January 2023, he found himself settling into a new role in a new city. As a Corps Mission Associate, he was tasked with managing the food pantry and assisting with worship services at The Salvation Army in Jackson, Tennessee.



Just days before, you could catch Lewandowski assessing residential living spaces, scheduling appointments, and offering guidance to clients living at the Adult Rehabilitation Center (ARC) in Memphis, Tennessee. As the resident manager, he was accustomed to juggling various tasks while ensuring clients stayed focused on their journey toward recovery. But his goal was to do more than run a tight ship. He galvanized the troops to spread hope far beyond the walls of the ARC.

Lewandowski was also a soldier of The Salvation Army's Kroc Church in Memphis. In 2022, he began to join the church on outings in their mobile kitchen unit. The group of volunteers, employees, and officers would ride around Memphis in the canteen filled with sack lunches and water bottles. They made stops at no-barrier homeless shelters and low-income apartments, hoping to provide nourishment for both body and spirit.

During these outings, Lewandowski began building rapport with the individuals they served. He spoke about the ARC's work-therapy program for people recovering from addiction, and through word-of-mouth, he was able to get nearly a dozen people a place in the ARC within just a couple of months.

Robert Hines was one of the individuals who learned about the ARC through the mobile canteen ministry. Hines said he was homeless and a recovering addict when he met Lewandowski.

"He started talking to me along with another guy and said, 'Well would you be interested in coming with me today and join in our program?'" Hines recalls needing a little convincing. "I was skeptical," he said. "I knew about the Salvation Army with Christmas. I didn't know they had a program for anything."

Hines joined Lewandowski on the rest of his mobile canteen route that day, helping to hand out lunches to others in need. By the end, he decided to go with Lewandowski back to the ARC. "It was the first time anybody really reached out to me, and I kind of felt connected."

Lewandowski says that not every connection has resulted in a success story, some only staying for a few weeks instead of completing the full 180-day program. But he hopes the staff at the ARC were able to plant a seed in the hearts of people who chose to leave. "By showing them that love in the first place, that we're here, it leaves those doors open."

Lewandowski personally vouches for the program at the ARC, not just as an employee, but as a former client. "I came through the program myself in Jacksonville, Florida in 2020." Soon after completing the program, Lewandowski was offered a job at the ARC in Memphis where he worked as the resident manager for nearly two years.

Lewandowski sees his new role at the Jackson Corps as a "learning experience." He hopes that through this new position he will gain the ministry and leadership skills that will prepare him to eventually enter The Salvation Army's Evangeline Booth College School for Officer Training in Atlanta.

29,144
INDIVIDUALS
RECEIVED
SUBSTANCE ABUSE
REHABILITATION

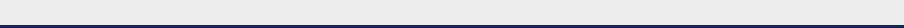
2023 USA SOUTHERN TERRITORY STATISTICS BY THE NUMBERS



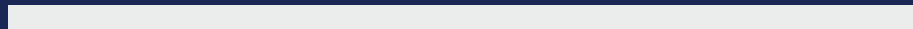
SERVED OVER
14.6 MILLION
PEOPLE WITH MEALS



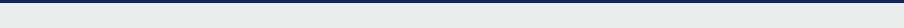
SUPPLIED OVER
3.5 MILLION
LODGINGS



PROVIDED OVER
1.7 MILLION
PEOPLE WITH
BASIC SOCIAL SERVICES



VISITED OVER
125 THOUSAND
PEOPLE IN INSTITUTIONS



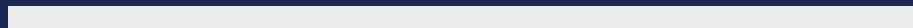
HOLIDAY ASSISTANCE
PROVIDED TO OVER
849 THOUSAND
INDIVIDUALS



OVER
211 THOUSAND
PEOPLE PARTICIPATED IN
COMMUNITY CENTERS



DISASTER ASSISTANCE
PROVIDED TO OVER
21 THOUSAND
INDIVIDUALS







INVESTMENT INTRODUCTION

For more than one hundred and fifty years, The Salvation Army has followed fiscal practices that have fostered public confidence and trust in its financial stewardship. These practices date back to the 1860s when the founder, William Booth, engaged a public accountant to audit the accounts of the newly formed East London Revival Association, which later became The Salvation Army.

Building on the standards established by the Army's founder, William Booth, The Salvation Army Southern Territory operates an institutional, professionally managed, investment portfolio. The portfolio's purpose is to support the ongoing operation of the Territory to further its mission. Funds are pooled together and invested for a net total return investment strategy with a long-term focus. The monetary gifts bestowed on the Army require a high standard of prudence and care, and investment decisions are based solely on the best interests of the organization.

As part of that standard of care, The Salvation Army Southern Territory has specific policies included in its Investment Policy Statement. These policies provide the guiding principles by which the portfolio is managed and measured. Additionally, policies are also in place that help manage the different sources of funds that the Army allocates for the needs of the fifteen states and District of Columbia within its territory. Some funds are received for immediate use for general or specific purposes (i.e., disaster relief or capital improvements). Other funds have longer time horizons and different purposes such as endowments, reserve accounts, retirement funds, and others that become part of the Army's investment portfolio. The Salvation Army places great importance on our branding promise of "Doing the Most Good" when using gifts. Donors may contribute to the Army's general mission or may designate their gift to a specific need. The Army adheres to those individual requests, but where there are no specific limits placed on the gift, the Army will distribute the gift by established formulas to support local communities and the broader organization.

Many donors decide to make charitable gifts during their lives that are designed to strengthen their overall financial plan or estate. Also, many donors choose to make a positive impact on the future through charitable legacy planning. Our Planned Giving Team is available to donors who wish to explore these giving options which include Charitable Gift Annuities, Charitable Trusts, Pooled Income Funds, and Estate Planning. We provide more detail on these services and gift options on page 22 of this report.

The purpose of this report is to provide a greater understanding of the Army's standard of care exercised in the management of the investment portfolio. The following sections provide information regarding the various aspects of portfolio results and operations:

INVESTMENT PHILOSOPHY

ASSET ALLOCATION

INVESTMENT RESULTS

ASSET CLASS CONTRIBUTION

PORTFOLIO GOVERNANCE

PORTFOLIO MANAGEMENT

TARGET RETURN & RISK CONTROL

PARTICIPATION BY ARMY UNITS



The Salvation Army Southern Territory is a member of the Evangelical Council for Financial Accountability.

INVESTMENT PHILOSOPHY

In order to maintain the purchasing power of its assets, The Salvation Army has a long-term global investment strategy that focuses on the risk and return of its portfolio of investments. This long-term approach starts with a strategic asset allocation that incorporates assets for growth, risk reduction, and inflation protection. In aggregate, these assets are designed to meet the ongoing needs of the Southern Territory while exercising the appropriate amount of care and prudence needed to achieve the Army's goals.

LONG-TERM FOCUS

The portfolio is managed toward the long-term support of the Army and is meant to be managed in perpetuity. Because of this long-term focus, the investment objectives of the portfolio can be directed toward assets that also achieve growth over longer time frames such as Private Equity, Hedge Funds, and Real Assets (Real Estate, Infrastructure, and Natural Resources).

DIVERSIFICATION

Investment diversification can improve the risk and return characteristics of an investment portfolio. This is achieved by using differentiated asset types, investment strategies, and investment managers with a variety of performance and risk characteristics. When managed together these differentiated characteristics lead to steadier investment returns, and further allow The Salvation Army to reach its goals.

RISK CONTROL

All investing includes some exposure to risk. Further information on the Territory's view on Risk Control is described on page 20 of this report.

TARGET ALLOCATION

Strategic targets for each asset class have been adopted to achieve the long-term benefits of a widely diversified portfolio. These targets are displayed on page 15 of this report.

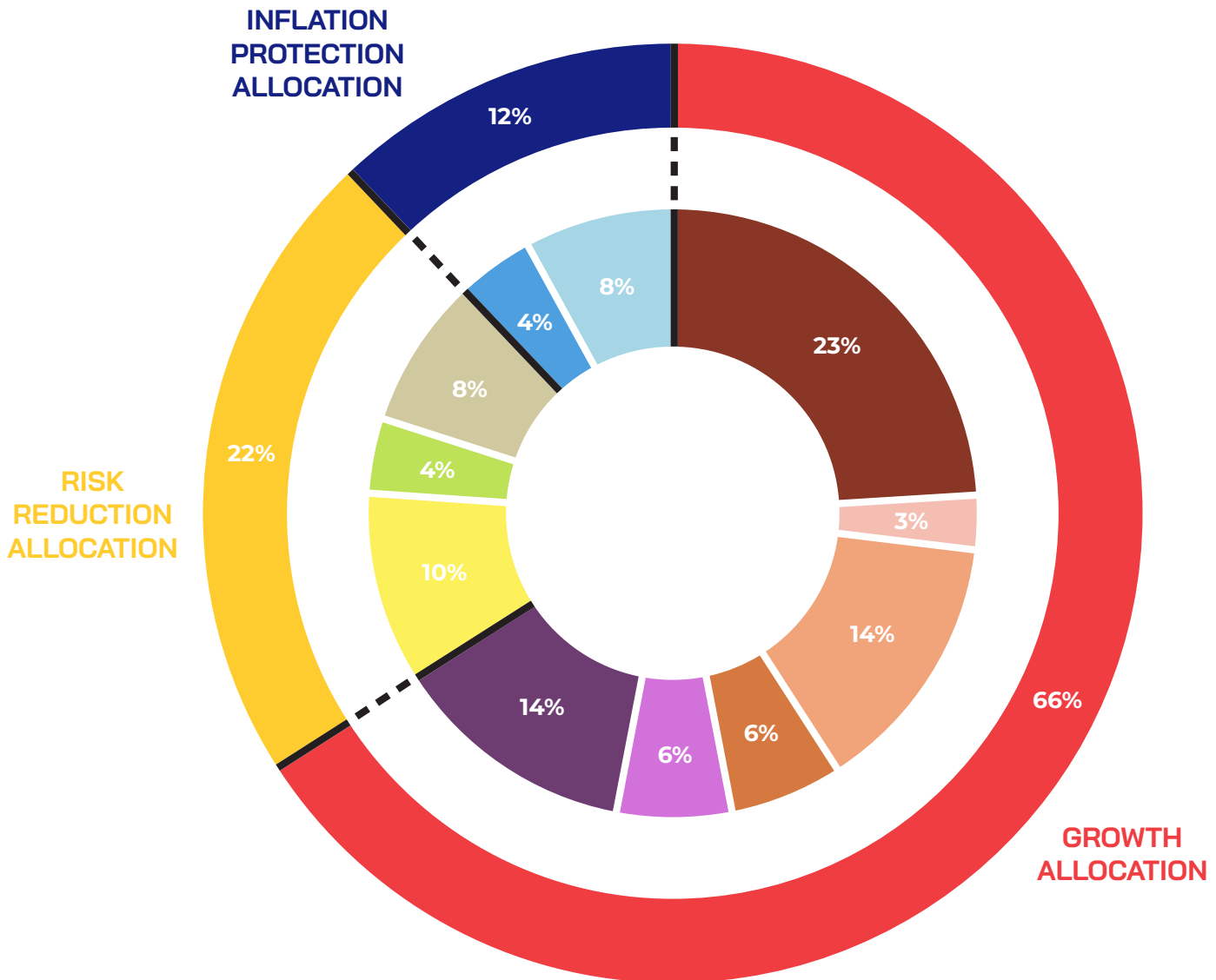
INVESTMENT SELECTION

Each asset class, strategy, and manager is carefully selected to help the portfolio achieve its investment return target and to reduce risk. The Territory attempts to identify "best in class" managers for inclusion in the portfolio.

INVESTMENT GUIDELINES

The Territory has adopted specific requirements and restrictions for each asset class. Among others, the Territory is conscious of Socially Responsible Investing (SRI) guidelines and Environmental, Social, and Governance (ESG) factors. The SRI guidelines restrict investments in objectionable products and activities including alcohol, tobacco, gaming, pornography, armaments, and entities with poor environmental records.

ASSET ALLOCATION



INFLATION PROTECTION

- LIQUID REAL ASSETS
- ILLIQUID REAL ASSETS

RISK REDUCTION

- DOMESTIC FIXED INCOME
- GLOBAL FIXED INCOME
- HEDGE FUNDS

GROWTH

- DOMESTIC LARGE & MID CAP EQUITY
- DOMESTIC SMALL CAP EQUITY
- INTERNATIONAL LARGE CAP EQUITY
- GLOBAL EQUITY
- EMERGING MARKETS EQUITY
- PRIVATE EQUITY

INVESTMENT RESULTS

The chart below shows the investment results for The Salvation Army USA Southern Territory. The 2021, 2022, and 2023 results are included along with performance numbers for 3-year, 5-year, and 10-year periods. Results are as of December 31 and are annualized and net of fees. The portfolio value as of December 31, 2023, was \$2.76 billion. On the following page further performance detail (Asset Class Attribution) is included on the seven composites shown below.

INVESTMENT RESULTS (Return net of fees)

ASSET CLASS & BENCHMARK	10 year	5 year	3 year	12/31/21	12/31/22	12/31/23
DOMESTIC EQUITY COMPOSITE	10.4%	14.1%	8.2%	25.2%	-18.5%	24.2%
<i>DJ US Total Stock Market</i>	<i>11.4%</i>	<i>15.0%</i>	<i>8.4%</i>	<i>25.7%</i>	<i>-19.5%</i>	<i>26.1%</i>
GLOBAL EQUITY COMPOSITE	-	14.5%	-1.7%	5.8%	-30.1%	28.5%
<i>MSCI ACWI</i>	<i>7.9%</i>	<i>11.7%</i>	<i>5.7%</i>	<i>18.5%</i>	<i>-18.4%</i>	<i>22.2%</i>
INTERNATIONAL EQUITY COMPOSITE	4.5%	7.1%	-0.7%	4.3%	-19.6%	16.6%
<i>MSCI ACWI ex USA</i>	<i>3.8%</i>	<i>7.1%</i>	<i>1.5%</i>	<i>7.8%</i>	<i>-16.0%</i>	<i>15.6%</i>
PRIVATE EQUITY COMPOSITE	14.6%	15.1%	17.8%	50.4%	8.8%	0.0%
<i>Burgiss Global Private Equity Index</i>	<i>15.5%</i>	<i>16.6%</i>	<i>19.9%</i>	<i>62.2%</i>	<i>4.4%</i>	<i>1.8%</i>
TOTAL FIXED INCOME COMPOSITE	0.7%	-0.5%	-4.6%	-1.7%	-14.5%	3.4%
<i>Bloomberg Barclays Aggregate</i>	<i>1.8%</i>	<i>1.1%</i>	<i>-3.3%</i>	<i>-1.5%</i>	<i>-13.0%</i>	<i>5.5%</i>
<i>FTSE World Government Bond Index</i>	<i>-0.3%</i>	<i>-1.4%</i>	<i>-7.2%</i>	<i>-7.0%</i>	<i>-18.3%</i>	<i>5.2%</i>
HEDGE FUNDS COMPOSITE	3.8%	5.8%	5.3%	9.0%	-3.1%	10.0%
<i>HFRI Fund of Funds Composite Index</i>	<i>3.3%</i>	<i>5.2%</i>	<i>2.3%</i>	<i>6.1%</i>	<i>-5.2%</i>	<i>6.6%</i>
REAL ASSETS COMPOSITE	2.6%	4.2%	7.8%	20.6%	-2.8%	6.7%
<i>NCREIF NFI ODCE</i>	<i>7.3%</i>	<i>4.2%</i>	<i>4.9%</i>	<i>22.2%</i>	<i>7.5%</i>	<i>-12.0%</i>
<i>Mercer Illiquid Natural Resources Index</i>	<i>5.3%</i>	<i>6.0%</i>	<i>16.2%</i>	<i>20.4%</i>	<i>21.7%</i>	<i>4.1%</i>
<i>S&P Global Property Index</i>	<i>4.3%</i>	<i>3.4%</i>	<i>1.2%</i>	<i>22.6%</i>	<i>-23.4%</i>	<i>10.4%</i>
TOTAL FUND	6.7%	9.3%	5.2%	17.1%	-11.4%	12.1%
<i>Salvation Army Policy Index</i>	<i>7.1%</i>	<i>9.6%</i>	<i>6.3%</i>	<i>19.2%</i>	<i>-10.6%</i>	<i>12.7%</i>

ASSET CLASS CONTRIBUTION

DOMESTIC EQUITY COMPOSITE

COMPOSITE RETURN: 24.2%

BENCHMARK RETURN: 26.1%

- The Domestic Equity Composite delivered negative relative returns, but positive absolute returns during 2023. This composite is made up of large, mid, and small cap managers representing growth and value styles, and with active and passive management.
- The best performance within the Domestic Equity Composite was delivered by our large value and growth style investment managers.

RELATIVE PERFORMANCE: ▼ -1.9%

ACTUAL % OF PORTFOLIO: 25.2%

COMPOSITE RETURN: 28.5%

BENCHMARK RETURN: 22.2%

GLOBAL EQUITY COMPOSITE

- The Global Composite delivered the best absolute and relative portfolio performance for 2023.
- Within the asset class, the strong performance came from the global managers' exposure to growth-oriented investments that did well relative to 2022.

RELATIVE PERFORMANCE: ▲ +6.3%

ACTUAL % OF PORTFOLIO: 5.7%

INTERNATIONAL EQUITY COMPOSITE

COMPOSITE RETURN: 16.6%

BENCHMARK RETURN: 15.6%

- The International Equity Composite is comprised of developed markets equities ex-US (e.g., the Eurozone and Japan), and emerging markets equities (e.g., China and Brazil).
- The International Developed Markets Composite was 12.7% of the portfolio and delivered strong returns highlighted by the managers that had a value style. The International Emerging Markets Composite returned 16.1% versus the benchmark at 9.8%.

RELATIVE PERFORMANCE: ▲ +1.0%

ACTUAL % OF PORTFOLIO: 17.7%

COMPOSITE RETURN: 0.0%

BENCHMARK RETURN: 1.8%

PRIVATE EQUITY COMPOSITE

- Private equity delivered the lowest return among the large composites for 2023. Although there were solid contributors in the Buyout and Secondaries sectors.
- Private equity consists of the equities of companies that are not listed on any stock exchanges. These companies may be in early stages of development (often referred to as venture) or in more mature stages (often referred to as buyouts and special situations).

RELATIVE PERFORMANCE: ▼ -1.8%

ACTUAL % OF PORTFOLIO: 17.2%

TOTAL FIXED INCOME COMPOSITE

COMPOSITE RETURN: 3.4%

BENCHMARK RETURN: 5.5%

- The Fixed Income Composite is intended to reduce the impact that riskier assets have on the portfolio (i.e., equities). The Composite consists of fixed income securities and a small cash position.
- Within the Domestic Fixed Income Composite, returns were hurt by exposure to longer-term bonds during 2023. Active fixed income managers within the same composite did provide solid returns despite increases in interest rates.

RELATIVE PERFORMANCE: ▼ -2.1%

ACTUAL % OF PORTFOLIO: 13.0%

COMPOSITE RETURN: 10.0%

BENCHMARK RETURN: 6.6%

HEDGE FUNDS COMPOSITE

- Hedge funds offer differentiated return streams in contrast to traditional stocks and bonds. These strategies can be complex in nature or structure, but they provide returns that add diversification for a portfolio of investments.
- An example of a hedge fund strategy would be Statistical Arbitrage. In this strategy, an investment manager might make investments in stocks and commodities using algorithmic trading techniques that capture small differences in the prices of securities to capture returns. These techniques require continuous trading often led by adaptive statistical models and computers.

RELATIVE PERFORMANCE: ▲ +3.4%

ACTUAL % OF PORTFOLIO: 8.6%

REAL ASSETS COMPOSITE

COMPOSITE RETURN: 6.7%

BENCHMARK RETURN: 3.4%*

- Real assets tend to perform well when inflation rises. Therefore, real assets are in the portfolio for inflation protection. Examples of real assets are timber, real estate, infrastructure, and natural resources.
- The composite delivered strong relative returns in a volatile commodity environment, but strategies connected to real estate and infrastructure had a strong positive effect on returns. REITS also contributed to relative outperformance within the composite for 2023.

* Benchmark return is weighted between three indices: NCREIF NFI ODCE, Mercer Illiquid Natural Resources Index, and S&P Global Property Index.

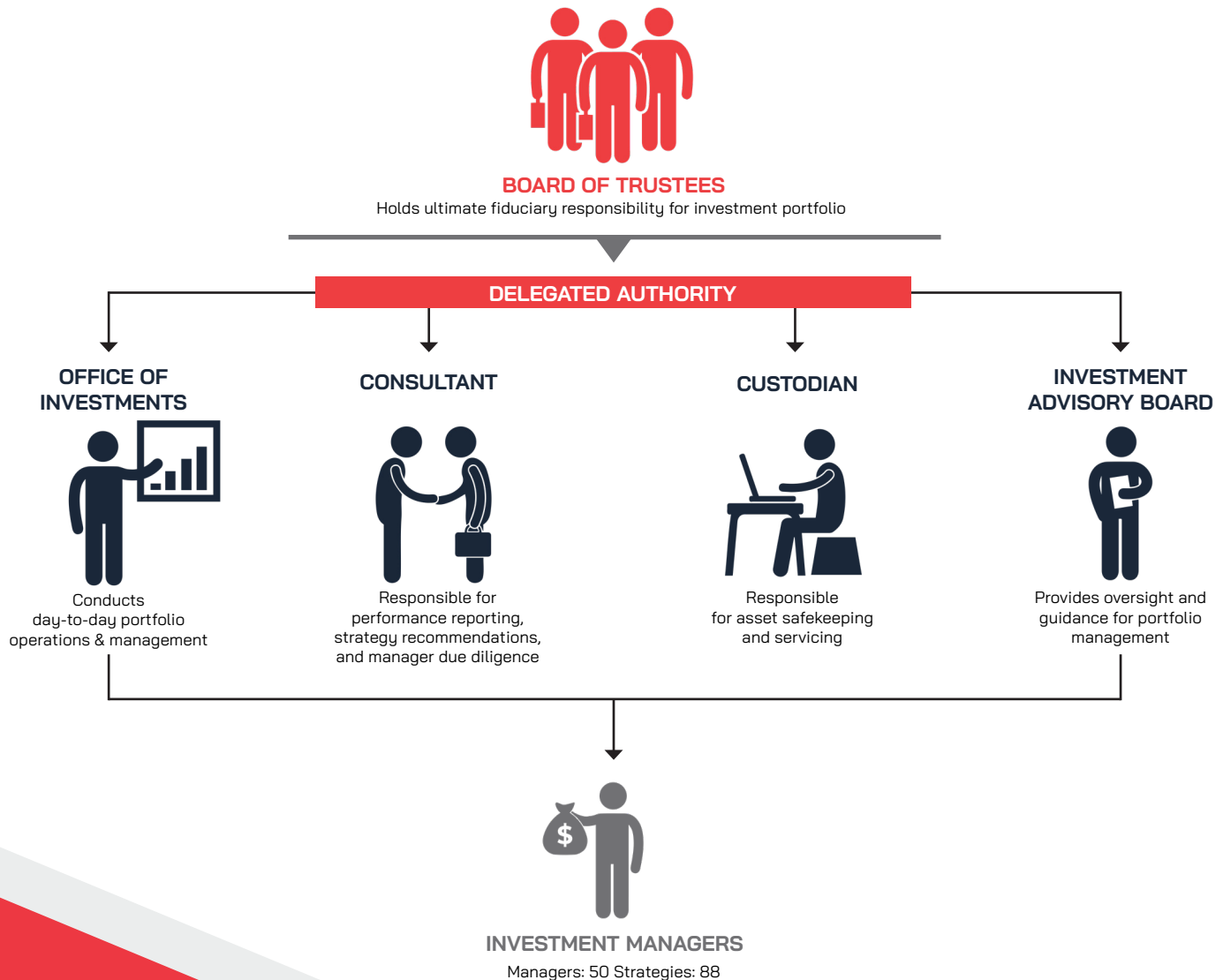
RELATIVE PERFORMANCE: ▲ +3.3%

ACTUAL % OF PORTFOLIO: 12.5%

PORTFOLIO GOVERNANCE

Ultimate fiduciary responsibility for the oversight of the investment portfolio resides with the Board of Trustees of the Territory. The Board of Trustees is comprised of senior Salvation Army Officers who represent a cross section of different disciplines (i.e., business, program, personnel, and legal). Board of Trustees members are appointed to their positions and the appointment requires approval of the Army's International Headquarters.

While the Board of Trustees holds the fiduciary responsibility, each of the other entities on the previous page have been given delegated authority for various aspects of portfolio management. Each of these supporting entities has an important role in ensuring compliance to Salvation Army policy guidelines, employing best practices in investment management, and exercising the prudent stewardship of Salvation Army assets. While the Board of Trustees may delegate authority, it may not relinquish its fiduciary responsibility.



PORTFOLIO MANAGEMENT

The USA Southern Territory employs a thoughtful investment process to construct and monitor the investment portfolio. The day-to-day management of the portfolio is one of the delegated responsibilities from the Board of Trustees (see Portfolio Governance, page 18). The Office of Investments oversees this function and works closely with the other entities to ensure efficient operations. The collaboration among these five entities leads to the selection of investment strategies and external investment managers that align with the goals of The Salvation Army.

Once selected, investment manager firms are continually vetted to ensure the highest standards. This process is referred to as collaborative due diligence. Collaborative due diligence for the USA Southern Territory is an ongoing process of monitoring and evaluating portfolio managers and strategies. Great care is exercised in this process which produces idea generation and decision making. Each of the entities has a role in this process that is vital to the successful operation of the portfolio. Articulated on the previous page is each entity's principal role in this process. As a result of implementation of the collaborative due diligence process the current portfolio consists of 50 managers who invest across 88 strategies.



TARGET RETURN & RISK CONTROL

TARGET RETURN

The annual target return for The Salvation Army USA Southern Territory's Investment Portfolio is based on two factors: the Southern Territory's historical spending rate and the long-term expected inflation rate. The spending rate is a calculation of the percentage of the Investment Portfolio required for funding the operations of The Salvation Army, and it is updated annually. In calculating the annual spending rate, a historical average of past annual spending rates is used to smooth out years when unforeseen circumstances have required abnormally high levels of spending. The current expected annual spending rate is 4.1%.

The rate of inflation impacts spending power. To preserve the spending power of the required spending rate, an estimate of annual inflation is added to the spending rate calculation. The long-term expected inflation rate (10-Year) used by the Southern Territory is 2.8%. Adding together the current expected annual spending rate and the long-term expected inflation rate (4.1% + 2.8%) gives a figure of 6.9%. This figure is the current target return for the Southern Territory's Investment Portfolio, and it is re-calculated annually to account for changes in long-term inflation and spending.

In some years, the portfolio performance may not meet the target return because of adverse financial market conditions. For example, in some years stocks may not perform well and may not contribute positively to the overall performance of the portfolio. In those years, the spending needs of the Army must be met by drawing down a larger percentage of the portfolio principal.

RISK CONTROL

Attempting to achieve long-term spending and purchasing power goals with an investment portfolio involves risk. A key goal in managing the Army's portfolio is risk control. Controlling risk helps in preserving the portfolio over time and allows for the Army to meet its goal of maintaining its inflation adjusted purchasing power. The Salvation Army USA Southern Territory strives to exercise prudence and to consider the risks involved in making investment decisions by seeking investments that not only accomplish return goals, but also produce steadier returns over time. This is accomplished by considering the volatility of investments individually and collectively.

Risks can also be measured in other ways beyond price movement or volatility. There are also the risks of not meeting return goals or opportunity cost, the risk of liquidity (not being able to raise cash from investments in a timely manner), the risk of macroeconomic changes, and the risk of policy or political change. For the Southern Territory, the greatest potential risk is the permanent loss of capital. A portfolio gain or loss is not permanent until it is realized. Avoiding, or at least limiting, permanent loss of capital is the primary risk control objective of the Southern Territory.

As discussed previously in this report, the measures taken to provide risk control and to limit a permanent loss of capital include having a long-term investment focus, a well-developed asset allocation framework, a diversified portfolio, and an investment due diligence process that employs quality investment managers. The portfolio is designed to be managed with the dual purpose of achieving (or exceeding) the target return and providing the appropriate risk control.

PARTICIPATION BY SALVATION ARMY UNITS

FIXED RATES

Reserves on deposit, excluding donor-restricted permanent endowments, receive a fixed rate of return. Fixed-rate reserves include quasi-endowments and other deposits. The Territory's governing board designates quasi-endowments to be set aside for a long but unspecified period, to provide interest income for current operations. Other fixed-rate deposits are eligible for current spending in accordance with any donor restrictions and with Army spending policy. The Territory approved a 5.00% interest allocation for quasi-endowments effective March 1, 2011.

Other fixed-rate reserves receive a market-based interest allocation. The rate matches U.S. market rates for interest-bearing bank deposits and money market accounts. Territorial Finance Council policy resets these allocations to market rates semi-annually. These rates became effective October 1, 2017.

PURCHASE & CONSTRUCTION RESERVES 0.41%

ALL OTHER FIXED RATE RESERVES 0.70%



SPENDING POLICY

Donor-restricted permanent endowments receive proportional allocations of dividends, interest, gains and losses based on the results of the territorial investment portfolio. Permanent endowment spending conforms to the Uniform Prudent Management of Institutional Funds Act. The Territory allocates an amount available for appropriation for spending each year equal to a weighted average of the prior year's spending allocation, adjusted for inflation plus a percentage of the endowment fund's fair value.* With long-term real growth expected through investment returns, the expected long-term average percentage rate is 4.1%. The Territory thus expects the spending policy to allow its endowments to maintain or grow the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts.

** The prior year's spending allocation is weighted at 60% and the percentage of the fund's fair value is weighted at 40%. The percentage of the fund's fair value varies in a band, depending on the ratio of the fund's fair value to the purchasing power of the endowment gifts as measured by changes in CPI-U.*

PLANNED GIVING SERVICES

The USA Southern Territory is also Trustee of and responsible for the oversight of the investment and administrative functions of life income agreements. Currently, the Territory oversees or directly administers the activity of 1,141 of these life income agreements and makes payments to 749 income beneficiaries. Gifts in these agreements are in excess of \$77.6 million.

There are three different life income agreements that are managed by the territory: Charitable Gift Annuities (CGA's), Charitable Remainder Trusts (CRT's), and Pooled Income Funds (PIF's). All three gift types pay out an income stream to the donor or a beneficiary for their lifetime and the remainder or residuum is distributed to the Army upon the death of the last beneficiary.

The investments of all three gift types are managed by Bank of New York Mellon Wealth Management (BNYMWM) who serves in an advisory capacity for these programs. The Army consults with BNYMWM for best practices in the operation, oversight, and investments of these funds.

The USA Southern Territory has had an active Planned Giving Program since the 1960s. These Planned Giving programs provide donors with a way to make a meaningful gift to the Army while also maintaining an income stream during their lifetime. Payments to beneficiaries are made on an ongoing basis from these gifts. Charitable life income agreements can have significant tax advantages to donors.

LIFE INCOME AGREEMENTS	NUMBER OF AGREEMENTS	NUMBER OF BENEFICIARIES	FMV AS OF 12/31/2023
GIFT ANNUITIES	1,018	590	\$48.3 M
TRUSTS	79	115	\$26.8 M
POOLED INCOME FUNDS	44	44	\$2.5 M
TOTAL	1,141	749	\$77.6 M



**FOR INQUIRIES REGARDING
THE PLANNED GIVING PROGRAM**

WEBSITE: WWW.TSALEGACYOFLOVE.ORG
CONTACT NUMBER: 1-866-551-7585

THE SALVATION ARMY SOUTHERN TERRITORY



SOUTHERN TERRITORIAL HEADQUARTERS

Territorial Leaders
Commissioners Kelly & Donna Igleheart
1424 Northeast Expressway, Brookhaven, GA 30329
404-728-1300

EVANGELINE BOOTH COLLEGE

President/Principal & Asst. Principal for Ministry Development & Campus Life
Majors Anthony & Elizabeth Juliana
1032 Metropolitan Parkway SW, Atlanta, GA 30310
404-753-4166

ADULT REHABILITATION CENTER COMMAND

Commander & Director of Special Services
Majors John & Cristina Murphy
1424 Northeast Expressway, Brookhaven, GA 30329
404-728-1371



SOUTHERN TERRITORY

ALABAMA, LOUISIANA & MISSISSIPPI DIVISION

Divisional Leaders:
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601-969-7560

ARKANSAS & OKLAHOMA DIVISION

Divisional Leaders:
Lt. Colonels Dean & Pamela Hinson
6601 North Broadway Ext., Ste. 300, Oklahoma City, OK 73116
405-254-1100

FLORIDA DIVISION

Divisional Leaders:
Lt. Colonels Kent & Melody Davis
5631 Van Dyke Road, Lutz, FL 33558
813-962-6611

GEORGIA DIVISION

Divisional Leaders:
Majors Algerome & Teresa Newsome
1000 Center Place, SW, Norcross, GA 30093
770-441-6200

KENTUCKY & TENNESSEE DIVISION

Divisional Leaders:
Majors Thomas & Julie Anne Loudon
2110 High Wickham Place, Louisville, KY 40245
502-583-5391

NORTH & SOUTH CAROLINA DIVISION

Divisional Leaders:
Lt. Colonels Ronnie & Sharon Raymer
501 Archdale Drive, Charlotte, NC 28217
704-522-4970

POTOMAC DIVISION

Divisional Leaders:
Lt. Colonels Allan & Fiona Hofer
1555 King Street, Alexandria, VA 22314
202-756-2600

TEXAS DIVISION

Divisional Leaders:
Lt. Colonels Art & Ann Penhale
1221 River Bend Drive, Dallas, TX 75247
214-956-6000

INTERNATIONAL MISSION STATEMENT

The Salvation Army, an international movement, is an evangelical part of the universal Christian church. Its message is based on the Bible. Its ministry is motivated by the love of God. Its mission is to preach the gospel of Jesus Christ and to meet human needs in His name without discrimination.

SOUTHERN TERRITORY MISSION STATEMENT

The Salvationists of the Southern Territory are answering God's call to make radical followers of Jesus Christ who love inclusively, serve helpfully, and disciple effectively in the communities where they live.



USA SOUTHERN TERRITORY OFFICE OF INVESTMENTS

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