

Defender Capital Management
Q1/2024 Report
March 31, 2024

Executive Summary

Performance.

DCM began 1Q/24 with a value of \$1,113,274.96. After a strong Q4 to end 2023, the portfolio continued its momentum, as once again we ended this quarter with an all-time high value of \$1,272,095.84. This performance resulted in a 7.09% money-weight return over the quarter. The portfolio lagged behind the S&P 500's return of 10.73%. Although we are not pleased with this performance, we are excited about the opportunity that we have as a club to analyze our portfolio and seek out its weaknesses.

Cash.

We started with \$3,985.31 in cash. Dividends over the quarter generated a 1.55% annualized return, adding nearly an additional \$5,000. With our contribution of \$77,000, we made investments in three different holds, which had a combined value of \$80,111. Heading into quarter two, we have \$5,818.91 of cash on hand, and we will likely need to sell one of our holdings to fund our scholarships for the upcoming school year or purchase another security.

Club notes.

In this quarter, Defender Capital Management has remained committed to enhancing both our portfolio performance and our members' understanding of investing. We have actively sought out new investment opportunities, diversifying our holdings to mitigate risk and maximize returns. Additionally, we have organized our meetings to deepen our members' knowledge of investment strategies, market trends, and company analysis. Through these efforts, we aim to empower our members to make informed investment decisions and achieve long-term growth of the portfolio and club members' investing knowledge.

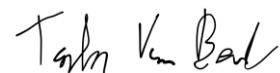
In His service,



Hunter Coyle
President



Kassie Brands
Accountant



Taeden Van Beek
Vice President

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I. Q1 Performance

Table 1. Change in Portfolio Value from January 1 - March 31

<i>Change in Total Portfolio Value</i>		
Portfolio Value on 12-31-23		\$1,113,274.96
Contributions	\$ 77,000.00	
Realized Gains	\$ -	
Change in Unrealized Gains	\$ 76,876.20	
Interest	\$ 19.53	
Dividends (Net of Foreign Tax)	\$ 4,925.15	
Change in Portfolio Value		\$ 158,820.88
Portfolio Value on 03-31-24		\$1,272,095.84

DCM reported a money-weighted return on invested capital of **7.09%** for the quarter ended March 31. We had a risk-adjusted return of **7.01%**, both returns trailing the S&P 500 by over 3%. The key drivers for our underperformance are noted in the section below.

Table 2. First Quarter Returns

Beginning Invested Value	\$ 1,109,289.65
Ending Invested Value	\$1,266,276.93
Money Weighted Return	7.09%
Risk Weighted IRR	7.01%
Total Period Return	14.27%
S & P 500	10.73%

II. Statement of Position

Table 3. Statement of Position

Security	Shares Owned	Purchase Price	Total Cost*	Current Price	Market Value	Gain / (Loss)	Percent Change	Percent of Portfolio	Ending Beta	Weighted Beta	Last Period Price	Current Period Return	Last Period Value	Change in Value
AAPL	512.00	\$ 16.56	8,476.95	\$ 171.48	\$ 87,797.76	\$ 79,320.81	935.72%	6.90%	1.28	0.088	\$ 192.53	-10.93%	\$ 98,575.36	\$ (10,777.60)
ABBV	285.00	\$ 87.42	24,914.79	\$ 182.10	\$ 51,898.50	\$ 26,983.71	108.30%	4.08%	0.56	0.023	\$ 154.97	17.51%	\$ 44,166.45	\$ 7,732.05
ADBE	100.00	\$ 405.82	40,581.95	\$ 504.60	\$ 50,460.00	\$ 9,878.05	24.34%	3.97%	1.27	0.050	\$ 596.60	-15.42%	\$ 59,660.00	\$ (9,200.00)
ALL	139.00	\$ 107.98	15,008.86	\$ 173.01	\$ 24,048.39	\$ 9,039.53	60.23%	1.89%	0.51	0.010	\$ 139.98	23.60%	\$ 19,457.22	\$ 4,591.17
AMZN	340.00	\$ 42.46	14,437.24	\$ 180.38	\$ 61,329.20	\$ 46,891.96	324.80%	4.82%	1.16	0.056	\$ 151.94	18.72%	\$ 51,659.60	\$ 9,669.60
BABA	208	\$ 72.08	14,991.75	\$ 72.36	\$ 15,050.88	\$ 59.13	0.39%	1.18%	0.47	0.006			\$ -	\$ 15,050.88
BLK	50.00	\$ 789.35	39,467.50	\$ 833.70	\$ 41,685.00	\$ 2,217.50	5.62%	3.28%	1.37	0.045	\$ 811.80	2.70%	\$ 40,590.00	\$ 1,095.00
CARR	546.00	\$ 35.69	19,489.36	\$ 58.13	\$ 31,738.98	\$ 12,249.62	62.85%	2.50%	1.25	0.031	\$ 57.45	1.18%	\$ 31,367.70	\$ 371.28
CBRE	231.00	\$ 56.27	12,997.22	\$ 97.24	\$ 22,462.44	\$ 9,465.22	72.82%	1.77%	1.42	0.025	\$ 93.09	4.46%	\$ 21,503.79	\$ 958.65
CROX	351.00	\$ 84.58	29,687.44	\$ 143.80	\$ 50,473.80	\$ 20,786.36	70.02%	3.97%	2.02	0.080	\$ 93.41	53.94%	\$ 32,786.91	\$ 17,686.89
CSCO	662.00	\$ 29.19	19,322.27	\$ 49.91	\$ 33,040.42	\$ 13,718.15	71.00%	2.60%	0.85	0.022	\$ 50.52	-1.21%	\$ 33,444.24	\$ (403.82)
CVS	440.00	\$ 78.12	34,372.62	\$ 79.76	\$ 35,094.40	\$ 721.78	2.10%	2.76%	0.51	0.014	\$ 78.96	1.01%	\$ 34,742.40	\$ 352.00
CVX	106.00	\$ 83.52	8,853.16	\$ 157.74	\$ 16,720.44	\$ 7,867.28	88.86%	1.31%	1.13	0.015	\$ 149.16	5.75%	\$ 15,810.96	\$ 909.48
DE	110	\$ 364.69	40,115.9	\$ 410.74	\$ 45,181.40	\$ 5,065.50	12.63%	3.55%	1.05	0.037			\$ -	\$ 45,181.40
DIS	199.00	\$ 143.33	28,521.97	\$ 122.36	\$ 24,349.64	\$ (4,172.33)	-14.63%	1.91%	1.41	0.027	\$ 90.29	35.52%	\$ 17,967.71	\$ 6,381.93
DLR	235.00	\$ 106.14	24,942.67	\$ 144.04	\$ 33,849.40	\$ 8,906.73	35.71%	2.66%	0.56	0.015	\$ 134.58	7.03%	\$ 31,626.30	\$ 2,223.10
ELV	79.00	\$ 91.05	7,192.59	\$ 518.54	\$ 40,964.66	\$ 33,772.07	469.54%	3.22%	0.81	0.026	\$ 471.56	9.96%	\$ 37,253.24	\$ 3,711.42
EPD	690.00	\$ 29.01	20,016.95	\$ 29.18	\$ 20,134.20	\$ 117.25	0.59%	1.58%	0.99	0.016	\$ 26.35	10.74%	\$ 18,181.50	\$ 1,952.70
EXC	269.00	\$ 26.27	7,065.93	\$ 37.57	\$ 10,106.33	\$ 3,040.40	43.03%	0.79%	0.61	0.005	\$ 35.90	4.65%	\$ 9,657.10	\$ 449.23
FTS	610.00	\$ 38.84	23,692.40	\$ 39.51	\$ 24,101.10	\$ 408.70	1.73%	1.89%	0.17	0.003	\$ 41.13	-3.94%	\$ 25,089.30	\$ (988.20)
GOOG	540.00	\$ 31.53	17,024.66	\$ 152.26	\$ 82,220.40	\$ 65,195.74	382.95%	6.46%	1.04	0.067	\$ 140.93	8.04%	\$ 76,102.20	\$ 6,118.20
MA	86.00	\$ 175.16	15,063.36	\$ 481.57	\$ 41,415.02	\$ 26,351.66	174.94%	3.26%	1.08	0.035	\$ 426.51	12.91%	\$ 36,679.86	\$ 4,735.16
MSFT	90.00	\$ 336.57	30,291.16	\$ 420.72	\$ 37,864.80	\$ 7,573.64	25.00%	2.98%	0.88	0.026	\$ 376.04	11.88%	\$ 33,843.60	\$ 4,021.20
NICE	144.00	\$ 208.05	29,959.20	\$ 260.62	\$ 37,529.28	\$ 7,570.08	25.27%	2.95%	0.41	0.012	\$ 199.51	30.63%	\$ 28,729.44	\$ 8,799.84
NKE	352.00	\$ 84.87	29,874.19	\$ 93.98	\$ 33,080.96	\$ 3,206.77	10.73%	2.60%	1.10	0.029	\$ 108.57	-13.44%	\$ 38,216.64	\$ (5,135.68)
PG	165.00	\$ 60.77	10,027.64	\$ 162.25	\$ 26,771.25	\$ 16,743.61	166.97%	2.10%	0.43	0.009	\$ 146.54	10.72%	\$ 24,179.10	\$ 2,592.15
PSA	79.00	\$ 191.72	15,146.15	\$ 290.06	\$ 22,914.74	\$ 7,768.59	51.29%	1.80%	0.53	0.010	\$ 305.00	-4.90%	\$ 24,095.00	\$ (1,180.26)
PYPL	409.00	\$ 73.31	29,983.75	\$ 66.99	\$ 27,398.91	\$ (2,584.84)	-8.62%	2.15%	1.44	0.031	\$ 61.41	9.09%	\$ 25,116.69	\$ 2,282.22
QCOM	350.00	\$ 76.94	26,929.61	\$ 169.30	\$ 59,255.00	\$ 32,325.39	120.04%	4.66%	1.34	0.062	\$ 144.63	17.06%	\$ 50,620.50	\$ 8,634.50
RIO	470.00	\$ 38.97	18,315.56	\$ 63.74	\$ 29,957.80	\$ 11,642.24	63.56%	2.35%	0.65	0.015	\$ 74.46	-14.40%	\$ 34,996.20	\$ (5,038.40)
RTX	209.00	\$ 65.96	13,785.25	\$ 97.53	\$ 20,383.77	\$ 6,598.52	47.87%	1.60%	0.60	0.010	\$ 84.14	15.91%	\$ 17,585.26	\$ 2,798.51
SEB	5.00	\$3,999.97	19,999.85	\$3,223.92	\$ 16,119.60	\$ (3,880.25)	-19.40%	1.27%	0.42	0.005	\$3,570.10	-9.70%	\$ 17,850.50	\$ (1,730.90)
SYK	90.00	\$ 55.58	5,002.00	\$ 357.87	\$ 32,208.30	\$ 27,206.30	543.91%	2.53%	0.91	0.023	\$ 299.46	19.51%	\$ 26,951.40	\$ 5,256.90
T	934.00	\$ 23.52	21,970.04	\$ 17.60	\$ 16,438.40	\$ (5,531.64)	-25.18%	1.29%	0.70	0.009	\$ 16.78	4.89%	\$ 15,672.52	\$ 765.88
TSLA	132	\$ 189.42	25,003.43	\$ 175.79	\$ 23,204.28	\$ (1,799.15)	-7.20%	1.82%	2.41	0.044			\$ -	\$ 23,204.28
USB	370.00	\$ 30.07	11,124.58	\$ 44.70	\$ 16,539.00	\$ 5,414.42	48.67%	1.30%	1.05	0.014	\$ 43.28	3.28%	\$ 16,013.60	\$ 525.40
WFC	388.00	\$ 45.06	17,481.80	\$ 57.96	\$ 22,488.48	\$ 5,006.68	28.64%	1.77%	1.21	0.021	\$ 49.22	17.76%	\$ 19,097.36	\$ 3,391.12
Total			\$771,131.75		\$ 1,266,276.93	\$ 495,145.18		99.54%		1.012			\$ 1,109,289.65	\$ 156,987.28
				(+) Cash	\$ 5,818.91			0.46%					(+) Cash	\$ 3,985.31
					<u>\$ 1,272,095.84</u>			<u>100.00%</u>						<u>\$ 1,113,274.96</u>

*Positions sold over the course of the quarter are hidden

Performance.

Our top three performers in the first quarter of 2024 were Crocs (53.94%), Disney (35.52%), and Nice (30.63%). The fashion trend we identified in Crocs and Heydude has begun to translate into sales as anticipated. Crocs remains relatively undervalued and has recently appointed Terence Reilly to expand the Heydude brand. Despite some deliberation, the club has opted to retain our Disney holdings, a decision that paid off in Q1. After a few challenging years, Q1 marked a rebound for Disney, which is now focusing more on profitability than streaming growth and has announced a partnership with Fortnite maker Epic Games. Nice's 15.5% year-over-year revenue increase, along with its promising prospects in AI growth, drove its impressive 30% return for Q1.

However, our top three underperformers were Adobe (-15.42%), Rio Tinto (-14.40%), and Nike (-13.44%). Adobe's stock declined due to a downward revision of future forecasts, coupled with investor concerns that Adobe products could be displaced by OpenAI's new Sora tool. Rio Tinto faced challenges at its Pilbara location, with iron ore shipments coming in 10% lower than expected. Nike struggled to increase its revenues amid fears of waning fashion appeal. The company is optimistic about robust revenues this summer driven by the Paris Olympic Games and a strategic shift to reclaim its leadership in software innovation.

Sales.

DCM did not make any sales this quarter.

Purchases.

Table 4. Purchases

Trade Date	Quantity	Security	Unit Price	Amount
2/6/2024	208	BABA	\$ 72.08	\$ 14,991.75
2/9/2024	132	TSLA	\$ 208.05	\$ 25,003.43
2/27/2024	110	DE	\$ 364.69	\$ 40,115.90
				<u>\$ 80,111.08</u>

In Q1, we made three purchases totaling over \$80,111.08. We recognized our Alibaba purchase as an opportunity to buy a stock at a bargain, whose price was deflated due to political risks. Despite short-term challenges, Tesla remains the leader in the EV industry, and we believe its stock was undervalued, given its potential for revenue growth through its charging station network and self-driving data. John Deere has a large technological advantage in the agricultural machinery industry and is poised to capitalize on its upcoming cost-saving software. Since their purchase John Deere and Tesla, both John Deere and Tesla have delivered notable returns, with John Deere rising 12.6% in the month we held it, while Tesla declined by 7.2%.

III. Portfolio Diversification

Table 6. Portfolio to S&P Diversification

Industry	% of S&P 500	% of DCM Portfolio	Targeted Amount for Future Investments (%)	Targeted Amount for Future Investments (\$)
Consumer Discretionary	10.30%	14.46%	-4.16%	(\$52,712.60)
Consumer Staples	6.00%	2.11%	3.89%	\$49,205.37
Energy	3.90%	2.91%	0.99%	\$12,530.16
Financials	13.20%	13.71%	-0.51%	(\$6,426.25)
Health Care	12.40%	12.65%	-0.25%	(\$3,147.52)
Industrials	8.80%	8.96%	-0.16%	(\$1,991.38)
Information Tech	29.60%	24.16%	5.44%	\$68,870.71
Materials	2.40%	2.37%	0.03%	\$432.85
REIT	2.30%	6.26%	-3.96%	(\$50,102.21)
Telecommunications	9.00%	9.71%	-0.71%	(\$9,043.52)
Utilities	2.20%	2.70%	-0.50%	(\$6,349.34)

Adding \$40,000 to the Consumer Discretionary sector increased its weight in our portfolio, contributing to a \$20,000 value increase in our existing holdings. We also reclassified our Mastercard holding from the Information Technology sector to the Financials sector, aligning the company more closely with its revenue sources. We are content with our Information Technology sector being underrepresented, considering the market's current reliance on anticipated but uncertain AI-driven cash flow growth.

Table 7. Sector Returns

	Last Quarter	This Quarter	Change	Change as % of Portfolio
Consumer Discretionary	\$ 122,663.15	\$ 183,139.12	49.30%	5.45%
Consumer Staples	\$ 24,179.10	\$ 26,771.25	10.72%	0.23%
Energy	\$ 33,992.46	\$ 36,854.64	8.42%	0.26%
Financials	\$ 156,954.73	\$ 173,574.80	10.59%	1.50%
Health Care	\$ 143,113.49	\$ 160,165.86	11.92%	1.54%
Industrials	\$ 66,803.46	\$ 113,423.75	69.79%	4.20%
Information Tech	\$ 304,873.14	\$ 305,947.26	0.35%	0.10%
Materials	\$ 34,996.20	\$ 29,957.80	-14.40%	-0.45%
Telecommunications	\$ 109,742.43	\$ 123,008.44	12.09%	1.20%
Utilities	\$ 34,746.40	\$ 34,207.43	-1.55%	-0.05%
REIT	\$ 77,225.09	\$ 79,226.58	2.59%	0.18%

*These figures are not adjusted for stock sales and purchases

Balancing.

We've observed underperformance in our REIT holdings, which has been a drag on our portfolio, considering our REIT sector is almost 4% overweight. We may consider reducing our exposure to this sector moving forward. Additionally, our materials sector is solely represented by our Rio Tinto holding, which explains its lackluster performance. We will remain vigilant in identifying opportunities to reallocate funds to higher-performing stocks.

IV. Quarterly Income

Table 8. Statement of Income

Date	Security	Q1 2024 Amount	Annualized Yield	Q4 2023 Amount	Change in Amount
1/2/2024	ALL	\$ 123.71	2.06%	\$ 123.73	-0.02%
1/2/2024	NKE	\$ 130.24	1.57%	\$ 119.68	8.82%
1/10/2024	DIS	\$ 59.70	0.98%	\$ -	
1/16/2024	USB	\$ 181.30	4.38%	\$ 177.60	2.08%
1/19/2024	DLR	\$ 286.70	3.39%	\$ -	
1/24/2024	CSCO	\$ 258.18	3.13%	\$ 258.18	0.00%
1/31/2024	SYK	\$ 72.00	0.89%	\$ 67.50	6.67%
2/1/2024	T	\$ 259.19	6.31%	\$ 259.19	0.00%
2/1/2024	CVS	\$ 292.60	3.34%	\$ 266.20	9.92%
2/9/2024	CARR	\$ 103.74	1.31%	\$ 101.01	2.70%
2/9/2024	MA	\$ 56.76	0.55%	\$ 49.02	15.79%
2/14/2024	EPD	\$ 355.35	7.06%	\$ 345.00	3.00%
2/15/2024	ABBV	\$ 441.75	3.40%	\$ 421.80	4.73%
2/15/2024	AAPL	\$ 122.88	0.56%	\$ 122.88	0.00%
2/15/2024	PG	\$ 155.22	2.32%	\$ 155.22	0.00%
3/1/2024	FTS	\$ 265.30	4.40%	\$ 266.34	-0.39%
3/1/2024	WFC	\$ 135.80	2.42%	\$ 135.80	0.00%
3/4/2024	SEB	\$ 11.25	0.28%	\$ 11.25	0.00%
3/11/2024	CVX	\$ 172.78	4.13%	\$ 160.06	7.95%
3/14/2024	MSFT	\$ 67.50	0.71%	\$ 67.50	0.00%
3/15/2024	EXC	\$ 102.22	4.05%	\$ 96.84	5.56%
3/21/2024	QCOM	\$ 280.00	1.89%	\$ 280.00	0.00%
3/21/2024	RTX	\$ 123.31	2.42%	\$ 123.31	0.00%
3/22/2024	BLK	\$ 255.00	2.45%	\$ 250.00	2.00%
3/22/2024	ELV	\$ 128.77	1.26%	\$ 116.92	10.14%
3/28/2024	DLR	\$ 286.70	3.39%	\$ -	
3/28/2024	PSA	\$ 237.00	4.14%	\$ 237.00	0.00%
Total Dividends		\$ 4,964.95		\$ 4,212.03	
Foreign Tax		\$ (39.80)		\$ (39.95)	
Fees		\$ -		\$ (5.76)	
Total Income		\$ 4,925.15		\$ 4,166.32	
Portfolio Annualized Yield		1.55%		1.50%	
Interest		\$ 19.53		\$ 7.44	
Total Income w/ Int on cash		\$ 4,944.68		\$ 4,173.76	

*Note that yields are calculated using current market value, not cost basis

Quarterly Income.

Our total dividends for the quarter amounted to \$4,964.95, and \$4,925.15 net of foreign taxes and fees. Our annualized yield increased by 0.05% from Q4 to Q1. The top dividend-paying stocks by yield were Enterprise Products Partners, AT&T, and US Bank. Additionally, Rio Tinto, historically one of our largest dividend-yielding holdings, announced a 12% decrease in their dividend payout, which we will receive next quarter.