

**Defender Capital Management**  
**Q4/2023 Report**  
December 31, 2023

## Executive Summary

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### Performance.

DCM began 4Q/23 with a value of \$1,008,264.57. Coming out of a tough quarter 3, the market finished the year strongly, posting gains all the way to the new year, leading our portfolio to an all-time quarter-end high of \$1,113,274.96. These gains resulted in a 10.41% overall return for the period. The 10.41% return slightly trailed the S&P 500's return of 10.75%. Our portfolio has performed well in this past quarter and has tracked the S&P 500 closely. As we head into 2024, we hope that we can continue to refine our investment strategy and find new opportunities, hoping to outperform the S&P in the upcoming quarters.

### Cash.

At the beginning of the quarter, our portfolio had \$29,498.99 in cash. Presently, dividends are generating a yield of 1.7%, resulting in \$4,173.76 in dividends and interest earnings for the quarter. In October, we opted to buy 351 shares of Crocs (CROX) at a total cost of \$29,687.44. Entering the new year, our available cash balance stands just under \$4,000, and we did not receive any contributions to the fund this quarter.

### Club notes.

As we enter the last quarter of the year, our club is committed to enhancing our investment strategies and streamlining club operations. We are consistently in pursuit of top-performing stocks within various sectors and remain dedicated to outperforming the S&P 500. Our outlook is optimistic regarding our portfolio, and we eagerly anticipate the opportunities the future will bring. We deeply appreciate your steadfast support, as always.

In His service,



Hunter Coyle  
*President*



Kassie Brands  
*Accountant*



Taeden Van Beek  
*Vice President*

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## I. Q4 Performance

*Table 1. Change in Portfolio Value from October 1 - December 31*

Portfolio Value on 9-30-2023		\$1,008,264.57
Contributions		-0-
Withdrawals		-0-
Trading Fees		-0-
Realized Gains		-0-
Change in Unrealized Gains	\$100,836.63	
Interest	7.44	
Dividends (Net F/T)	4,166.32	
Change in Portfolio Value		105,010.39
Portfolio Value on 12-31-2023		<b>\$ 1,113,274.96</b>

DCM reported a money-weighted return on invested capital of **10.4%** for the quarter ended December 31. We had a risk-adjusted return of 10.6%, trailing the S&P slightly. The key drivers for our underperformance are noted in the section below.

*Table 2. Annual Returns*

Beginning Invested Value	\$ 978,765.58
Ending Invested Value	\$1,109,289.65
<b>Money Weighted Return</b>	<b>10.4%</b>
Risk Weighted IRR	10.6%
Total Period Return	10.4%
<b>S&amp;P 500</b>	<b>10.8%</b>

## 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	Weight ed Beta	Last Period Price	Current Period Return	Last Period Value	Change in Value
AAPL	512.00	\$ 16.56	\$ 8,476.95	\$ 192.53	\$ 98,575.36	\$ 90,098.41	1062.86%	8.85%	1.29	0.114	193.97	-0.74%	\$ 99,312.64	\$ (737.28)
ABBV	285.00	\$ 87.42	\$ 24,914.79	\$ 154.97	\$ 44,166.45	\$ 19,251.66	77.27%	3.97%	0.47	0.019	134.73	15.02%	\$ 38,398.05	\$ 5,768.40
ADBE	100.00	\$ 405.82	\$ 40,581.95	\$ 596.60	\$ 59,660.00	\$ 19,078.05	47.01%	5.36%	1.33	0.071	488.99	22.01%	\$ 48,899.00	\$ 10,761.00
ALL	139.00	\$ 107.98	\$ 15,008.86	\$ 139.98	\$ 19,457.22	\$ 4,448.36	29.64%	1.75%	0.52	0.009	109.04	28.37%	\$ 15,156.56	\$ 4,300.66
AMZN	340.00	\$ 42.46	\$ 14,437.24	\$ 151.94	\$ 51,659.60	\$ 37,222.36	257.82%	4.64%	1.16	0.054	130.36	16.55%	\$ 44,322.40	\$ 7,337.20
BLK	50.00	\$ 789.35	\$ 39,467.50	\$ 811.80	\$ 40,590.00	\$ 1,122.50	2.84%	3.65%	1.37	0.050	691.14	17.46%	\$ 30,452.00	\$ 10,138.00
CARR	546.00	\$ 35.69	\$ 19,489.36	\$ 57.45	\$ 31,367.70	\$ 11,878.34	60.95%	2.82%	1.27	0.036	49.71	15.57%	\$ 27,141.66	\$ 4,226.04
CBRE	231.00	\$ 56.27	\$ 12,997.22	\$ 93.09	\$ 21,503.79	\$ 8,506.57	65.45%	1.93%	1.44	0.028	80.71	15.34%	\$ 18,644.01	\$ 2,859.78
CROX	351.00	\$ 84.58	\$ 29,687.44	\$ 93.41	\$ 32,786.91	\$ 3,099.47	10.44%	2.95%	1.93	0.057	0	0.00%	\$ -	\$ -
CSCO	662.00	\$ 29.19	\$ 19,322.27	\$ 50.52	\$ 33,444.24	\$ 14,121.97	73.09%	3.00%	0.89	0.027	51.74	-2.36%	\$ 34,251.88	\$ (807.64)
CVS	440.00	\$ 78.12	\$ 34,372.62	\$ 78.96	\$ 34,742.40	\$ 369.78	1.08%	3.12%	0.48	0.015	69.13	14.22%	\$ 30,417.20	\$ 4,325.20
CVX	106.00	\$ 83.52	\$ 8,853.16	\$ 149.16	\$ 15,810.96	\$ 6,957.80	78.59%	1.42%	1.11	0.016	157.35	-5.20%	\$ 16,679.10	\$ (868.14)
DIS	199.00	\$ 143.33	\$ 28,521.97	\$ 90.29	\$ 17,967.71	\$ (10,554.26)	-37.00%	1.61%	1.35	0.022	89.28	1.13%	\$ 17,766.72	\$ 200.99
DLR	235.00	\$ 106.14	\$ 24,942.67	\$ 134.58	\$ 31,626.30	\$ 6,683.63	26.80%	2.84%	0.55	0.016	113.87	18.19%	\$ 26,759.45	\$ 4,866.85
ELV	79.00	\$ 91.05	\$ 7,192.59	\$ 471.56	\$ 37,253.24	\$ 30,060.65	417.94%	3.35%	0.82	0.027	444.29	6.14%	\$ 35,098.91	\$ 2,154.33
EPD	690.00	\$ 29.01	\$ 20,016.95	\$ 26.35	\$ 18,181.50	\$ (1,835.45)	-9.17%	1.63%	1.01	0.016	26.35	0.00%	\$ 18,181.50	\$ -
EXC	269.00	\$ 26.27	\$ 7,065.93	\$ 35.90	\$ 9,657.10	\$ 2,591.17	36.67%	0.87%	0.61	0.005	40.74	-11.88%	\$ 10,959.06	\$ (1,301.96)
FTS	610.00	\$ 38.84	\$ 23,692.40	\$ 41.13	\$ 25,089.30	\$ 1,396.90	5.90%	2.25%	0.19	0.004	43.09	-4.55%	\$ 26,284.90	\$ (1,195.60)
GOOG	540.00	\$ 31.53	\$ 17,024.66	\$ 140.93	\$ 76,102.20	\$ 59,077.54	347.01%	6.84%	1.05	0.072	120.97	16.50%	\$ 3,266.19	\$ 72,836.01
MA	86.00	\$ 175.16	\$ 15,063.36	\$ 426.51	\$ 36,679.86	\$ 21,616.50	143.50%	3.29%	1.09	0.036	393.3	8.44%	\$ 33,823.80	\$ 2,856.06
MSFT	90.00	\$ 336.57	\$ 30,291.16	\$ 376.04	\$ 33,843.60	\$ 3,552.44	11.73%	3.04%	0.88	0.027	340.54	10.42%	\$ 30,648.60	\$ 3,195.00
NICE	144.00	\$ 208.05	\$ 29,959.20	\$ 199.51	\$ 28,729.44	\$ (1,229.76)	-4.10%	2.58%	0.37	0.010	206.5	-3.38%	\$ 29,736.00	\$ (1,006.56)
NKE	352.00	\$ 84.87	\$ 29,874.19	\$ 108.57	\$ 38,216.64	\$ 8,342.45	27.93%	3.43%	1.12	0.038	110.37	-1.63%	\$ 38,850.24	\$ (633.60)
PG	165.00	\$ 60.77	\$ 10,027.64	\$ 146.54	\$ 24,179.10	\$ 14,151.46	141.12%	2.17%	0.44	0.010	151.74	-3.43%	\$ 25,037.10	\$ (858.00)
PSA	79.00	\$ 191.72	\$ 15,146.15	\$ 305.00	\$ 24,095.00	\$ 8,948.85	59.08%	2.16%	0.54	0.012	291.88	4.49%	\$ 23,058.52	\$ 1,036.48
PYPL	409.00	\$ 73.31	\$ 29,983.75	\$ 61.41	\$ 25,116.69	\$ (4,867.06)	-16.23%	2.26%	1.45	0.033	66.73	-7.97%	\$ 27,292.57	\$ (2,175.88)
QCOM	350.00	\$ 76.94	\$ 26,929.61	\$ 144.63	\$ 50,620.50	\$ 23,690.89	87.97%	4.55%	1.32	0.060	119.04	21.50%	\$ 41,664.00	\$ 8,956.50
RIO	470.00	\$ 38.97	\$ 18,315.56	\$ 74.46	\$ 34,996.20	\$ 16,680.64	91.07%	3.14%	0.69	0.022	63.84	16.64%	\$ 30,004.80	\$ 4,991.40
RTX	209.00	\$ 65.96	\$ 13,785.25	\$ 84.14	\$ 17,585.26	\$ 3,800.01	27.57%	1.58%	0.65	0.010	97.96	-14.11%	\$ 20,473.64	\$ (2,888.38)
SEB	5.00	\$ 3,999.97	\$ 19,999.85	\$ 3,570.10	\$ 17,850.50	\$ (2,149.35)	-10.75%	1.60%	0.47	0.008	3560.72	0.26%	\$ 17,803.60	\$ 46.90
SYK	90.00	\$ 55.58	\$ 5,002.00	\$ 299.46	\$ 26,951.40	\$ 21,949.40	438.81%	2.42%	0.93	0.023	305.09	-1.85%	\$ 27,458.10	\$ (506.70)
T	934.00	\$ 23.52	\$ 21,970.04	\$ 16.78	\$ 15,672.52	\$ (6,297.52)	-28.66%	1.41%	0.72	0.010	15.95	5.20%	\$ 14,897.30	\$ 775.22
USB	370.00	\$ 30.07	\$ 11,124.58	\$ 43.28	\$ 16,013.60	\$ 4,889.02	43.95%	1.44%	1.08	0.016	33.04	30.99%	\$ 12,224.80	\$ 3,788.80
WFC	388.00	\$ 45.06	\$ 17,481.80	\$ 49.22	\$ 19,097.36	\$ 1,615.56	9.24%	1.72%	1.17	0.020	42.68	15.32%	\$ 16,559.84	\$ 2,537.52
			\$ 691,020.67		\$ 1,109,289.65	\$ 418,268.98		99.64%		0.986			\$ 931,524.14	\$ 144,978.60
				(+) Cash	\$ 3,985.31			0.36%				(+) Cash	\$ 29,498.99	
					\$ 1,113,274.96			100.00%					\$ 961,023.13	

\*Positions sold over the course of the quarter are hidden

## Performance.

Our top three performers for the final quarter of 2023 were Adobe (22.01%), Allstate (28.37%), and US Bank (30.99%). Adobe posted a 12% increase of revenue year over year driven by their digital media unit and growth in their digital experience business. Rising premiums for insurance and the continued willingness to pay these premiums from consumers has made it even easier for Allstate to generate cash, leading them to have a 16.8% in cash year over year. US Bank stock had been struggling through mid 2023 considering the Silicon Valley Bank failure and high interest rates. However, through November and December as the FED increased confidence that rate hikes were done the stock quickly worked its way up just over 30%. On the other hand, our top three losers were PayPal (-7.97%), Exelon (-11.88%), and RTX Corporation (-14.11%). RTX experienced a drop in its stock value following an energy recall that incurred significant costs for rectification. Exelon witnessed a sharp decline in December amid concerns about growth prospects in the utilities sector, with particular attention drawn to Exelon due to these apprehensions.

## Sales.

DCM did not make any sales this quarter.

## Purchases.

Table 4. Purchases

Trade Date	Quantity	Security	Unit Price	Amount
<b>PURCHASES</b>				
10/6/23	351	CROX	84.58 \$	29,687.44
				\$ 29,687.44

In Q4 we purchased Crocs Inc. with the majority of our remaining cash at the time. Crocs has continued to work on their brand. Their brand recognition has only grown since acquiring Hey Dude in 2021. Along with acquiring Hey Dude, they have been working hard at collaborating with other businesses such as McDonalds, NBA teams, and many others. They are presently focused on entering the expansive Asian market, expressing confidence in its significant potential. Our evaluations showed that the stock is undervalued and has the potential to be bullish in the coming years, making it a perfect fit for our portfolio as we were also underweight in consumer discretionary. Since the purchase, we have seen significant volatility from Crocs, but have continued to see signs of optimum.

## 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	10.90%	11.06%	-0.16%	(\$1,750.58)
Consumer Staples	6.20%	2.18%	4.02%	\$44,596.86
Energy	3.90%	3.06%	0.84%	\$9,269.84
Financials	13.00%	14.15%	-1.15%	(\$12,747.08)
Health Care	12.60%	12.90%	-0.30%	(\$3,342.99)
Industrials	8.80%	6.02%	2.78%	\$30,814.03
Information Tech	28.90%	27.48%	1.42%	\$15,711.57
Materials	2.40%	3.15%	-0.75%	(\$8,373.25)
Telecommunications	8.60%	9.89%	-1.29%	(\$14,343.52)
Utilities	2.30%	3.13%	-0.83%	(\$9,232.74)
REIT	2.50%	6.96%	-4.46%	(\$49,492.85)

We closed the year most overweight REIT, and most underweight in Consumer Staples. Although the goal of our club is to closely track the S&P, we are not currently looking to perfectly match their weightings as we believe that some sectors could perform better

than others. Most of the under/over weightings have been a result of excellent/poor performance from the sector. We want to avoid investing more capital in sectors that are performing poorly unless we identify optimistic opportunities.

*Table 7. Sector Returns*

	This Quarter	Last Quarter	Change	Change as % of Portfolio
Consumer Discretionary	\$ 122,663.15	\$ 76,879.04	59.55%	3.09%
Consumer Staples	\$ 24,179.10	\$ 24,066.90	0.47%	-0.32%
Energy	\$ 33,992.46	\$ 36,759.02	-7.53%	-0.75%
Financials	\$ 156,954.73	\$ 133,854.77	17.26%	0.27%
Health Care	\$ 143,113.49	\$ 132,195.38	8.26%	-0.80%
Industrials	\$ 66,803.46	\$ 63,945.93	4.47%	-0.61%
Information Tech	\$ 304,873.14	\$ 266,007.14	14.61%	-0.09%
Materials	\$ 34,996.20	\$ 29,910.80	17.00%	0.05%
Telecommunications	\$ 109,742.43	\$ 101,356.63	8.27%	-0.61%
Utilities	\$ 34,746.40	\$ 33,339.41	4.22%	-0.32%
REIT	\$ 77,225.09	\$ 66,319.44	16.44%	0.09%

*\*These figures are not adjusted for stock sales and purchases*

### **Balancing.**

The most substantial increases for the quarter were observed in the Consumer Discretionary sector, surging by 59.55%, and in Financials, which rose by 17.26%. Despite the robust market performance, our sole setback occurred in the Energy sector, registering a decline of 7.53%. As we enter the new year, our focus will be on bolstering our position in consumer staples. Additionally, we aim to strategically allocate our resources towards sectors we anticipate will exhibit strength, while maintaining a balanced approach relative to the S&P 500.

## IV. Quarterly Income

Table 8. Statement of Income

Date	Security	Q4 2023 Amount	Annualized Yield
10/3/23	NKE	\$ 119.68	1.42%
10/3/23	ALL	\$ 123.73	3.42%
10/17/23	USB	\$ 177.60	5.81%
10/26/23	CSCO	\$ 258.18	5.78%
10/31/23	SYK	\$ 67.50	1.10%
11/1/23	CVS	\$ 266.20	2.99%
11/1/23	T	\$ 259.19	7.39%
1/9/23	MA	\$ 49.02	0.58%
11/14/23	EPD	\$ 345.00	7.31%
11/15/23	PG	\$ 155.22	2.58%
11/15/23	ABBV	\$ 421.80	3.97%
11/17/23	AAPL	\$ 122.88	0.56%
11/10/23	CARR	\$ 101.01	1.34%
11/21/23	SEB	\$ 11.25	0.24%
12/1/23	WFC	\$ 135.80	3.43%
12/1/23	FTS	\$ 266.34	4.60%
12/14/23	MSFT	\$ 67.50	0.95%
12/8/23	EXC	\$ 96.84	3.81%
12/11/23	CVX	\$ 160.06	3.58%
12/7/23	RTX	\$ 123.31	3.28%
12/21/23	QCOM	\$ 280.00	2.88%
12/22/23	ELV	\$ 116.92	1.36%
12/22/23	BLK	\$ 250.00	3.09%
12/28/23	PSA	\$ 237.00	4.55%

<b>Total Dividends</b>	<b>\$ 4,212.03</b>
<b>Foreign Tax</b>	<b>\$ (39.95)</b>
<b>Fees</b>	<b>\$ (5.76)</b>
<b>Total Income</b>	<b>\$ 4,166.32</b>
<b>Portfolio Annualized Yield</b>	<b>1.70%</b>
Interest	\$ 7.44
<b>Total Income w/ Int on cash</b>	<b>\$ 4,173.76</b>

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

### Quarterly Income.

At the close of the quarter, our dividend distribution stood at \$4,212.03 before accounting for foreign taxes and fees, and \$4,166.32 after. This equates to an adjusted annualized yield of 1.7%, surpassing the current 1.58% yield of the S&P 500. Noteworthy contributions this quarter came

from AbbVie, AT&T, Enterprise Products Partners, and US Bank. Coupled with our robust performance, these dividends further improved our portfolio.

## V. 2023 Annual Performance

Table 9. Change in Portfolio Value from January 1 - December 31

Portfolio Value on 1/1/23				\$ 926,104.25
Contributions				\$ 25,000.00
Realized Gains*				\$ (2,360.87)
Trading Fees				\$ -
Withdrawals				\$ (17,500.00)
<b>Change in Unrealized Gains**</b>			\$ 162,157.87	
Interest			\$ 78.51	
Dividends (Net of Foreign Tax)			\$ 19,795.18	
Change in Portfolio Value				\$ 182,031.56
Portfolio Value on 12-31-23				\$ 1,113,274.94

Beginning Invested Value				\$ 892,461.84
Ending Invested Value				\$ 1,109,289.63
Total Period Return				20.21%
<b>S &amp; P 500</b>				<b>23.15%</b>

Period	DCM	S&P 500
January	8.93%	5.63%
February	-3.95%	-2.62%
March	3.59%	3.50%
April	-0.04%	1.57%
May	-1.91%	0.39%
June	5.42%	6.39%
July	4.53%	2.88%
August	-4.31%	-1.05%
September	-4.21%	-5.43%
October	-0.91%	-1.94%
November	9.03%	8.53%
December	3.66%	4.07%
<i>Quarter One</i>	8.39%	6.46%
<i>Quarter Two</i>	3.36%	8.49%
<i>Quarter Three</i>	-4.18%	-3.73%
<i>Quarter Four</i>	11.98%	10.75%
<b>Annual</b>	<b>20.21%</b>	<b>23.15%</b>

