

Defender Capital Management
Q4/2024 Report
December 31, 2024

Executive Summary

Performance.

DCM started Q4 at an all-time high of \$1,363,777.12. Q4 saw very stagnant market conditions, in which the runup from previous quarters heavily decelerated. At the end of Q4, which marked the conclusion of 2025, the DCM portfolio finished at \$1,367,270.19. This return of 30% trailed the S&P, which saw a return of 2.5%. In response to DCM's underperformance to the S&P during bull runs, the club made a few purchases, all of which have a beta of over 1.0. The club hopes to continue to position itself in a favorable spot in the event of a pullback yet wants to capture more upside.

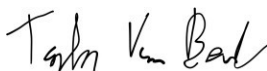
Cash.

DCM entered Q4 with a beginning cash of \$53,969, which was the result of multiple sales at the end of Q3. During the quarter, DCM purchased three companies, which amounted to \$82,766. To supplement these purchases, DCM sold CVS for \$28,666, and received dividends of \$4,518 and \$9.23 of interest. DCM ended Q4 with a cash balance of \$4,349.

Club notes.

As noted above, the club has been trying to position itself to experience a greater benefit in bull runs. The club has noticed a constant theme of underperforming when the market does well and beating the market when it doesn't do well. That being said, the club does understand the extreme run-up in the stock market over the past year and will continue to strive for maximum returns, given the club's risk tolerance. As we begin 2025, DCM wants to thank the board and all those involved in DCM for their continued support of the club!

In His service,



Taeden Van Beek
President



Luke Rankin
Vice President

Isaac Davelaar
Accountant

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I. Q4 Performance

Table 1. Change in Portfolio Value from September 30 – December 31

<i>Change in Portfolio Value</i>					
Portfolio Value on 9-30-24					\$ 1,363,777.12
Contributions (net of schlrsdp)					
Realized Gains*					\$ (5,705.91)
Trading Fees					
			\$ 4,719.36		
Interest			\$ 9.23		
Dividends (Net of Foreign Tax)			\$ 4,470.39		
Change in Portfolio Value					\$ 9,198.98
Portfolio Value on 12-31-24					\$ 1,367,270.19

Table 2. Annual Returns

<i>Fourth Quarter Returns</i>					
Beginning Invested Value					\$ 1,309,807.96
Ending Invested Value					\$ 1,367,270.19
Money Weighted Return***					4.7%
Risk Weighted IRR****					4.1%
Total Period Return					0.3%
S & P 500					2.5%

DCM reported a money-weighted return on invested capital of **4.7%** for the quarter ended December 31. We had a total period return of .30%, trailing the S&P 500. While there are a few reasons for our underperformance in Q4, DCM experienced major losses in CROX, Elevance Health, and Alibaba, which make up a much larger % of DCM's portfolio, compared to the S&P.

II. Statement of Positions

Table 3. Statement of Position

AAPL	512	\$ 16.56	8,476.95	\$ 250.42	\$	128,215.04	\$	119,738.09	#####	9.38%	1.31	0.123	233	7.48%	\$	119,296.00	\$	8,919.04
AMD	235	\$ 169.70	39,879.50	\$ 120.79	\$	28,385.65	\$	(11,493.85)	-28.82%	2.08%	1.31	0.027	#N/A					
ADBE	100	\$ 405.82	40,581.95	\$ 444.68	\$	44,468.00	\$	3,886.05	9.58%	3.25%	1.34	0.044	517.78	-14.12%	\$	51,778.00	\$	(7,310.00)
AMZN	340	\$ 42.46	14,437.24	\$ 219.39	\$	74,592.60	\$	60,155.36	416.67%	5.46%	1.19	0.065	186.33	17.74%	\$	63,352.20	\$	11,240.40
BABA	208	\$ 72.08	14,991.75	\$ 84.79	\$	17,636.32	\$	2,644.57	17.64%	1.29%	2.19	0.028	106.12	-20.10%	\$	22,072.96	\$	(4,436.64)
BLK	50	\$ 789.35	39,467.50	\$ 1,025.11	\$	51,255.50	\$	11,788.00	29.87%	3.75%	1.29	0.048	949.51	7.96%	\$	30,452.00	\$	20,803.50
CARR	546	\$ 35.69	19,489.36	\$ 68.26	\$	37,269.96	\$	17,780.60	91.23%	2.73%	1.25	0.034	80.49	-15.19%	\$	43,947.54	\$	(6,677.58)
CBRE	231	\$ 56.27	12,997.22	\$ 131.29	\$	30,327.99	\$	17,330.77	133.34%	2.22%	1.38	0.031	124.48	5.47%	\$	28,754.88	\$	1,573.11
CROX	351	\$ 84.58	29,687.44	\$ 109.53	\$	38,445.03	\$	8,757.59	29.50%	2.81%	2.38	0.067	144.81	-24.36%	\$	50,828.31	\$	(12,383.28)
CSCO	662	\$ 29.19	19,322.27	\$ 59.20	\$	39,190.40	\$	19,868.13	102.83%	2.87%	0.96	0.028	53.22	11.24%	\$	35,231.64	\$	3,958.76
CVX	106	\$ 83.52	8,853.16	\$ 144.84	\$	15,353.04	\$	6,499.88	73.42%	1.12%	1.14	0.013	147.27	-1.65%	\$	15,610.62	\$	(257.58)
DE	110	\$ 364.69	40,115.90	\$ 423.70	\$	46,607.00	\$	6,491.10	16.18%	3.41%	2.14	0.073	417.33	1.53%	\$	45,906.30	\$	700.70
DIS	199	\$ 143.33	28,521.97	\$ 111.35	\$	22,158.65	\$	(6,363.32)	-22.31%	1.62%	1.31	0.021	96.19	5.76%	\$	19,141.81	\$	3,016.84
DLR	235	\$ 106.14	24,942.67	\$ 177.33	\$	41,672.55	\$	16,729.88	67.07%	3.05%	0.55	0.017	161.83	9.58%	\$	38,030.05	\$	3,642.50
ELV	79	\$ 91.05	7,192.59	\$ 368.90	\$	29,143.10	\$	21,950.51	305.18%	2.13%	0.86	0.018	520	-29.06%	\$	41,080.00	\$	(11,936.90)
EPD	690	\$ 29.01	20,016.95	\$ 31.36	\$	21,638.40	\$	1,621.45	8.10%	1.58%	1.02	0.016	29.11	7.73%	\$	20,065.90	\$	1,552.50
EXC	269	\$ 26.27	7,065.93	\$ 37.64	\$	10,125.16	\$	3,059.23	43.30%	0.74%	0.65	0.005	40.55	-7.18%	\$	10,907.95	\$	(782.79)
FTS	610	\$ 38.84	23,692.40	\$ 41.57	\$	25,357.70	\$	1,665.30	7.03%	1.85%	0.23	0.004	45.44	-8.52%	\$	27,718.40	\$	(2,360.70)
GOOG	540	\$ 31.53	17,024.66	\$ 190.44	\$	102,837.60	\$	85,812.94	504.05%	7.52%	1.04	0.078	167.19	13.91%	\$	90,282.60	\$	12,555.00
MA	86	\$ 175.16	15,063.36	\$ 526.57	\$	45,285.02	\$	30,221.66	200.63%	3.31%	1.07	0.035	493.8	6.64%	\$	42,466.80	\$	2,818.22
MSFT	90	\$ 336.57	30,291.16	\$ 421.50	\$	37,935.00	\$	7,643.84	25.23%	2.77%	0.90	0.025	430.3	-2.05%	\$	38,727.00	\$	(792.00)
NICE	199	\$ 200.27	39,854.69	\$ 169.84	\$	33,798.16	\$	(6,056.53)	-15.20%	2.47%	0.34	0.008	173.67	-2.21%	\$	34,560.33	\$	(762.17)
NKE	352	\$ 84.87	29,874.19	\$ 75.67	\$	26,635.84	\$	(3,238.35)	-10.84%	1.95%	1.11	0.022	88.4	-14.40%	\$	31,116.80	\$	(4,480.96)
PFE	1360	\$ 29.40	39,982.88	\$ 26.53	\$	36,080.80	\$	(3,902.08)	-9.76%	2.64%	2.11	0.056	28.94	-	\$	-	\$	-
PG	165	\$ 60.77	10,027.64	\$ 167.65	\$	27,662.25	\$	17,634.61	175.86%	2.02%	0.47	0.010	173.2	-3.20%	\$	28,578.00	\$	(915.75)
PSA	79	\$ 191.72	15,146.15	\$ 299.44	\$	23,655.76	\$	8,509.61	56.18%	1.73%	0.48	0.008	363.87	-17.71%	\$	28,745.73	\$	(5,089.97)
PYPL	409	\$ 73.31	29,983.75	\$ 85.35	\$	34,908.15	\$	4,924.40	16.42%	2.55%	1.36	0.035	78.03	9.98%	\$	31,914.27	\$	2,993.88
QCOM	350	\$ 76.94	26,929.61	\$ 153.62	\$	53,767.00	\$	26,837.39	99.66%	3.93%	1.22	0.048	170.05	-9.66%	\$	59,517.50	\$	(5,750.50)
RIO	470	\$ 38.97	18,315.56	\$ 58.81	\$	27,640.70	\$	9,325.14	50.91%	2.02%	0.69	0.014	71.17	-17.37%	\$	33,449.90	\$	(5,809.20)
RTX	209	\$ 65.96	13,785.25	\$ 115.72	\$	24,185.48	\$	10,400.23	75.44%	1.77%	0.73	0.013	121.16	-4.49%	\$	25,322.44	\$	(1,136.96)
SYK	90	\$ 55.58	5,002.00	\$ 360.05	\$	32,404.50	\$	27,402.50	547.83%	2.37%	0.94	0.022	361.26	-0.33%	\$	32,513.40	\$	(108.90)
TSM	176	\$ 187.45	32,991.18	\$ 197.49	\$	34,758.24	\$	1,767.06	5.36%	2.54%								
T	934	\$ 23.52	21,970.04	\$ 22.77	\$	21,267.18	\$	(702.86)	-3.20%	1.56%	0.72	0.011	22	3.50%	\$	20,548.00	\$	719.18
TSLA	132	\$ 189.42	25,003.43	\$ 403.84	\$	53,306.88	\$	28,303.45	113.20%	3.90%	1.72	0.067	261.63	54.36%	\$	34,535.16	\$	18,771.72
USB	370	\$ 30.07	11,124.58	\$ 47.83	\$	17,697.10	\$	6,572.52	59.08%	1.29%	1.04	0.013	45.73	4.59%	\$	16,920.10	\$	777.00
WFC	388	\$ 45.06	17,481.80	\$ 70.24	\$	27,253.12	\$	9,771.32	55.89%	1.99%	1.17	0.023	56.49	24.34%	\$	21,918.12	\$	5,335.00

*Positions sold over the course of the quarter are hidden

Performance.

As stated above, Q4 saw relatively flat returns across the board, minus a few outliers. Our top three performers for this quarter were Tesla (54.36%), Wells Fargo (24.34%), and Amazon (17.74%). Tesla has had an extraordinary second half of 2024, in which the result of the 2024 election was a major catalyst for its outperformance. Wells Fargo, along with Tesla, was a beneficiary of President Trump's return in office. That being said, the entire Financials sector has had a wonderful 2024, with interest rate cuts and resilient economy. Finally, Amazon posted better than expected numbers in November, while also benefited from the economy continuing to be so strong. Our top three losers for Q4 were ELV (-29.06%), CROX (-24.36%), and BABA (-20.10%). Elevance Health struggled mightily in Q4, primarily due to higher benefit costs and the overall cost of goods sold increasing greatly. In addition, Medicaid Membership has dropped significantly, resulting in a loss of revenue. CROX saw their stock drop heavily, primarily due to the continued underperformance of the HEYDUDES brand, which they bought in 2022. Finally, Alibaba saw both a slowdown in core business segments, as well as a significant net loss from their own investments, resulting in mark-to-market adjustments.

Sales.

Table 4. Sales

SALES				
10/7/2024	CVS	440	\$ 65.15	\$ 28,666.71

The only sale that was made in Q4 was the removal of CVS. This was a company we had been looking to get rid of for some time, in which the club felt the lack of growth, as well as the better opportunities being a good reason for the sell. In total, the club lost \$5,706, which ended up being a 20% loss on the stock.

Purchases.

Table 5. Purchases

PURCHASES				
10/21/2024	NICE	55	179.92	\$ (9,895.49)
10/16/2024	TSM	176	187.45	\$ (32,991.18)
10/7/2024	AMD	235	169.7	\$ (39,879.50)

Q4 involved the purchase of three companies, which all came from the Information Technology sector. To capture more of the upside from the market, the club addressed the need to get back to equal weight in the Info Tech Sector. That being said, the club added to our position of NICE, which looked extremely undervalued in our analysis, as well as continuing to be innovative in their work with AI. DCM had extensive conversations about our involvement in the chip-making industry, in which we felt like we weren't as exposed as we needed to be. As a result of this, DCM purchased TSM, which is a major player in the construction of chips. DCM also purchased AMD, which specializes in CPU production and has been a beneficiary of the AI movement.

III. Portfolio Diversification

Table 6. Portfolio to S&P Diversification

Industry	% of S&P 500	DCM Portf	Targeted Amount for Future Investments (%)	Targeted Amount for Future Investments (\$)
Consumer Discretionary	11.30%	15.40%	-4.10%	(\$56,115.14)
Consumer Staples	5.50%	2.02%	3.48%	\$47,537.61
Energy	3.20%	2.71%	0.49%	\$6,761.21
Financials	13.60%	12.90%	0.70%	\$9,549.86
Health Care	10.10%	7.14%	2.96%	\$40,465.89
Industrials	8.20%	7.90%	0.30%	\$4,053.72
Information Tech	32.50%	29.29%	3.21%	\$43,845.32
Materials	1.90%	2.02%	-0.12%	(\$1,662.57)
Telecommunications	9.40%	10.70%	-1.30%	(\$17,740.03)
Utilities	2.30%	2.60%	-0.30%	(\$4,035.65)
REIT	2.10%	7.00%	-4.90%	(\$66,943.63)

Even through addressing our underweight position in Info Tech, DCM still is slightly underweight. Our club continues to be overweight in Consumer Discretionary and Real Estate, which have been excellent sectors for DCM. DLR and PSA have continued to outperform the otherwise lagging Real Estate Sector. DCM will continue to position our portfolio that aligns with our Economic Outlook, as well as finding undervalued companies that align with a comfortable level of risk.

Table 7. Sector Returns

	This Quarter	Last Quarter	Change	Change as % of Portfolio
Consumer Discretionary	\$ 210,616.67	\$ 201,905.43	4.31%	0.04%
Consumer Staples	\$ 27,662.25	\$ 28,578.00	-3.20%	-0.15%
Energy	\$ 36,991.44	\$ 35,696.52	3.63%	-0.01%
Financials	\$ 176,398.89	\$ 160,694.79	9.77%	0.67%
Health Care	\$ 97,628.40	\$ 140,619.00	-30.57%	-3.57%
Industrials	\$ 108,062.44	\$ 115,176.28	-6.18%	-0.86%
Information Tech	\$ 400,517.49	\$ 329,558.62	21.53%	4.23%
Materials	\$ 27,640.70	\$ 33,449.90	-17.37%	-0.53%
Telecommunications	\$ 146,263.43	\$ 129,972.41	12.53%	0.81%
Utilities	\$ 35,482.86	\$ 38,626.35	-8.14%	-0.35%
REIT	\$ 95,656.30	\$ 95,530.66	0.13%	-0.28%

Balancing.

The removal of CVS, along with the forgetful Q4 for Elevance Health, are the major contributors to the 30% decline in the Health Care sector. Another underperforming sector to examine is the Materials sector. While concerning first look, the sole company we own in this sector is Rio Tinto, which experienced a 17.37% decline. Info Tech benefited from the addition of three companies, as the sector didn't have a great quarter. DCM will continue to monitor sector allocation, potentially looking to increase weight in Consumer Staples in 2025.

IV. Quarterly Income

Table 8. Statement of Income

10/1/2024	NKE	\$	130.24	1.67%
10/1/2024	ALL	\$	127.88	
10/15/2024	USB	\$	185.00	4.37%
10/23/2024	CSCO	\$	264.80	3.01%
10/31/2024	SYK	\$	72.00	0.89%
11/1/2024	T	\$	259.19	5.05%
11/8/2024	DE	\$	161.70	
11/8/2024	MA	\$	56.76	0.53%
11/14/2024	EPD	\$	362.25	7.21%
11/14/2024	AAPL	\$	128.00	0.43%
11/15/2024	PG	\$	166.07	2.32%
11/18/2024	CARR	\$	103.74	0.94%
12/2/2024	WFC	\$	155.20	2.83%
12/2/2024	FTS	\$	266.55	3.85%
12/2/2024	PFE	\$	571.20	
12/10/2024	CVX	\$	172.78	4.43%
12/12/2024	MSFT	\$	74.70	0.77%
12/12/2024	RTX	\$	131.67	2.08%
12/13/2024	EXC	\$	102.22	3.75%
12/16/2024	GOOG	\$	108.00	
12/19/2024	QCOM	\$	297.50	2.00%
12/20/2024	ELV	\$	128.77	1.25%
12/23/2024	BLK	\$	255.00	2.15%
12/30/2024	PSA	\$	237.00	3.30%

**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 \$4,518.22 before accounting for foreign taxes and fees, and \$4,470.39 after. This equates to an adjusted annualized yield of 1.37%, surpassing the current 1.35% yield of the S&P 500. Noteworthy contributions this quarter came from EPD, Pfizer, and CSCO. These dividends further improved our portfolio.

V. Club Expenses

N/A