

Defender Capital Management
Q3 2024 Report
September 30, 2024

Executive Summary

Performance.

Beginning Q3 with an all-time high of \$1,291,507.34, DCM continued to benefit from strong market conditions, in which the portfolio finished Q3 at \$1,363,777.12. Excluding the \$20,750 of withdrawals during the quarter, the DCM portfolio saw a 5.6% return. The S&P 500 returned 5.45%. One of our bright spots over the quarter was Real Estate's continued growth inside our portfolio and Alibaba showing an optimistic future inside China. As DCM continues to benefit from the strong economy, our eyes will stay glued on monetary policy decisions, potentially looking to increase our weight in consumer staples.

Cash.

DCM entered Q3 with a beginning cash of \$28,146.27. Dividends for Q3 resulted in an overall annualized yield of 1.96%, to which over \$6,200 was added to the account. During the quarter, the club sold AbbVie and Allstate, which gave the portfolio over \$80,000. Despite purchasing Pfizer for almost \$40,000 and paying out \$20,750 worth of scholarships, DCM ended the quarter with \$53,960.30 of ending cash.

In His service,



Taeden Van Beek
President



Luke Rankin
Vice President

Isaac Davelaar
Accountant

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I. Q3 Performance

II. Table 1. Change in Portfolio Value from June 30 – September 30

<i>Change in Portfolio Value</i>		
Portfolio Value on 6-30-24		\$ 1,291,507.34
Contributions		\$ -
Withdrawals		\$ (20,750.00)
Realized Gains*		\$ 40,423.61
Adj		
Change in Unrealised Gains**	\$ 46,387.66	
Interest	\$ 32.02	
Dividends (Net F/T)	\$ 6,176.49	
Change in Portfolio Value		\$ 52,596.17
Portfolio Value on 09-30-24		\$ 1,363,777.12

DCM reported a money-weighted return on invested capital of **5.6%** for the quarter ended September 30. We had a risk-adjusted return of 5.16%, slightly trailing the S&P 500. Our outperformance this quarter was primarily due to outperformances from stocks like Alibaba and PayPal as well as a strong performance from our real estate holdings. In addition to this we have a slightly higher beta compared to the S&P which tends to vary every quarter.

Table 2. Annual Returns

<i>Third Quarter Returns</i>	
Beginning Invested Value	\$ 1,263,361.07
Ending Invested Value	\$ 1,309,807.96
Risk Weighted IRR****	5.16%
Total Period Return	5.60%
S & P 500 TR	5.45%

III. Statement of Positions

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	\$ 16.56	\$ 8,476.95	\$ 233.00	\$ 119,296.00	\$ 110,819.05	1307.30%	8.75%	1.31	0.115	210.62	10.63%	\$ 107,837.44	\$ 11,458.56
ADBE	100	\$ 405.82	\$ 40,581.95	\$ 517.78	\$ 51,778.00	\$ 11,196.05	27.59%	3.80%	1.34	0.051	555.54	-6.80%	\$ 55,554.00	\$ (3,776.00)
AMZN	340	\$ 42.46	\$ 14,437.24	\$ 186.33	\$ 63,352.20	\$ 48,914.96	338.81%	4.65%	1.19	0.055	193.25	-3.58%	\$ 65,705.00	\$ (2,352.80)
BABA	208	\$ 72.08	\$ 14,991.75	\$ 106.12	\$ 22,072.96	\$ 7,081.21	47.23%	1.62%	2.19	0.035	72	47.39%	\$ 14,976.00	\$ 7,096.96
BLK	50	\$ 789.35	\$ 39,467.50	\$ 949.51	\$ 47,475.50	\$ 8,008.00	20.29%	3.48%	1.29	0.045	787.32	20.60%	\$ 30,452.00	\$ 17,023.50
CARR	546	\$ 35.69	\$ 19,489.36	\$ 80.49	\$ 43,947.54	\$ 24,458.18	125.50%	3.22%	1.25	0.040	63.08	27.60%	\$ 34,441.68	\$ 9,505.86
CBRE	231	\$ 56.27	\$ 12,997.22	\$ 124.48	\$ 28,754.88	\$ 15,757.66	121.24%	2.11%	1.38	0.029	89.11	39.69%	\$ 20,584.41	\$ 8,170.47
CROX	351	\$ 84.58	\$ 29,687.44	\$ 144.81	\$ 50,828.31	\$ 21,140.87	71.21%	3.73%	2.38	0.089	145.94	-0.77%	\$ 51,224.94	\$ (396.63)
CSCO	662	\$ 29.19	\$ 19,322.27	\$ 53.22	\$ 35,231.64	\$ 15,909.37	82.34%	2.58%	0.96	0.025	47.51	12.02%	\$ 31,451.62	\$ 3,780.02
CYS	440	\$ 78.12	\$ 34,372.62	\$ 62.88	\$ 27,667.20	\$ (6,705.42)	-19.51%	2.03%	0.56	0.011	59.06	6.47%	\$ 25,986.40	\$ 1,680.80
CVX	106	\$ 83.52	\$ 8,853.16	\$ 147.27	\$ 15,610.62	\$ 6,757.46	76.33%	1.14%	1.14	0.013	156.42	-5.85%	\$ 16,580.52	\$ (969.90)
DE	110	\$ 364.69	\$ 40,115.90	\$ 417.33	\$ 45,906.30	\$ 5,790.40	14.43%	3.37%	2.14	0.072	373.63	11.70%	\$ 41,099.30	\$ 4,807.00
DIS	199	\$ 143.33	\$ 28,521.97	\$ 96.19	\$ 19,141.81	\$ (9,380.16)	-32.89%	1.40%	1.31	0.018	99.29	-3.12%	\$ 19,758.71	\$ (616.90)
DLR	235	\$ 106.14	\$ 24,942.67	\$ 161.83	\$ 38,030.05	\$ 13,087.38	52.47%	2.79%	0.55	0.015	152.05	6.43%	\$ 35,731.75	\$ 2,298.30
ELV	79	\$ 91.05	\$ 7,192.59	\$ 520.00	\$ 41,080.00	\$ 33,887.41	471.14%	3.01%	0.86	0.026	541.86	-4.03%	\$ 42,806.94	\$ (1,726.94)
EPD	690	\$ 29.01	\$ 20,016.95	\$ 29.11	\$ 20,085.90	\$ 68.95	0.34%	1.47%	1.02	0.015	28.98	0.45%	\$ 19,996.20	\$ 89.70
EXC	269	\$ 26.27	\$ 7,065.93	\$ 40.55	\$ 10,907.95	\$ 3,842.02	54.37%	0.80%	0.65	0.005	34.61	17.16%	\$ 9,310.09	\$ 1,597.86
FTS	610	\$ 38.84	\$ 23,692.40	\$ 45.44	\$ 27,718.40	\$ 4,026.00	16.99%	2.03%	0.23	0.005	38.84	16.99%	\$ 23,692.40	\$ 4,026.00
GOOG	540	\$ 31.53	\$ 17,024.66	\$ 167.19	\$ 90,282.60	\$ 73,257.94	430.30%	6.62%	1.04	0.069	183.42	-8.85%	\$ 4,952.34	\$ 85,330.26
MA	86	\$ 175.16	\$ 15,063.36	\$ 493.80	\$ 42,466.80	\$ 27,403.44	181.92%	3.11%	1.07	0.033	441.16	11.93%	\$ 37,939.76	\$ 4,527.04
MSFT	90	\$ 336.57	\$ 30,291.16	\$ 430.30	\$ 38,727.00	\$ 8,435.84	27.85%	2.84%	0.90	0.026	446.95	-3.73%	\$ 40,225.50	\$ (1,498.50)
NICE	144	\$ 208.05	\$ 29,959.20	\$ 173.67	\$ 25,008.48	\$ (4,950.72)	-16.52%	1.83%	0.34	0.006	171.97	0.99%	\$ 24,763.68	\$ 244.80
NKE	352	\$ 84.87	\$ 29,874.19	\$ 88.40	\$ 31,116.80	\$ 1,242.61	4.16%	2.28%	1.11	0.025	75.37	17.29%	\$ 26,530.24	\$ 4,586.56
PG	165	\$ 60.77	\$ 10,027.64	\$ 173.20	\$ 28,578.00	\$ 18,550.36	184.99%	2.10%	0.47	0.010	164.92	5.02%	\$ 27,211.80	\$ 1,366.20
PSA	79	\$ 191.72	\$ 15,146.15	\$ 363.87	\$ 28,745.73	\$ 13,599.58	89.79%	2.11%	0.48	0.010	287.65	26.50%	\$ 22,724.35	\$ 6,021.38
PYPL	409	\$ 73.31	\$ 29,983.75	\$ 78.03	\$ 31,914.27	\$ 1,930.52	6.44%	2.34%	1.36	0.032	58.03	34.46%	\$ 23,734.27	\$ 8,180.00
QCOM	350	\$ 76.94	\$ 26,829.61	\$ 170.05	\$ 59,517.50	\$ 32,587.89	121.01%	4.36%	1.22	0.053	199.18	-14.62%	\$ 69,713.00	\$ (10,195.50)
RIO	470	\$ 38.97	\$ 18,315.56	\$ 71.17	\$ 33,449.90	\$ 15,134.34	82.63%	2.45%	0.69	0.017	65.93	7.95%	\$ 30,987.10	\$ 2,462.80
RTX	209	\$ 65.96	\$ 13,785.25	\$ 121.16	\$ 25,322.44	\$ 11,537.19	83.69%	1.86%	0.73	0.014	100.39	20.69%	\$ 20,981.51	\$ 4,340.93
SYK	90	\$ 55.58	\$ 5,002.00	\$ 361.26	\$ 32,513.40	\$ 27,511.40	550.01%	2.38%	0.94	0.022	340.25	6.17%	\$ 30,622.50	\$ 1,890.90
T	934	\$ 23.52	\$ 21,970.04	\$ 22.00	\$ 20,548.00	\$ (1,422.04)	-6.47%	1.51%	0.72	0.011	19.11	15.12%	\$ 17,848.74	\$ 2,699.26
USB	370	\$ 30.07	\$ 11,124.58	\$ 45.73	\$ 16,920.10	\$ 5,795.52	52.10%	1.24%	1.04	0.013	39.7	15.19%	\$ 14,689.00	\$ 2,231.10
WFC	388	\$ 45.06	\$ 17,481.80	\$ 56.49	\$ 21,918.12	\$ 4,436.32	25.38%	1.61%	1.17	0.019	59.39	-4.88%	\$ 23,043.32	\$ (1,125.20)

*Positions sold for the quarter are hidden

Performance.

Our Q3 returns were generally positive with the majority of our holdings increasing in value over the quarter. The top three performers this quarter were Alibaba (47.39%), CBRE (39.69%), and PayPal (34.46%). China has been introducing new stimulus packages into their economy which experts hope will boost the Chinese economy. CBRE has continued to see strong growth in the real estate market and has consistently been beating earnings and raising projections for the next year. Investors in PayPal are becoming increasingly confident in their new CEO who is introducing new features designed to help customers shop better. In addition to this, they beat their earnings report and are focusing on increasing margins. Our lowest performances this month were from Qualcomm (-14.62%), Google (-6.8%), and Adobe (-6.8%). Qualcomm is down over fears of sanctions possibly limiting their business in China. Currently, they do 46% of their revenue in China representing a significant risk if the trade war continues to escalate. Google has been struggling to keep up with competitors in the AI space and investors are worried other companies will beat them to the punch. In addition, they currently have an antitrust case going against them. Adobe reported earnings that fell below expectations as well as sales projections that were not as high as people expected. Investors are also concerned that Adobe's efforts to include AI in their products might not end up paying out.

Sales.

Table 4. Sales

9/23/2024	285	ABBV	\$	193.30	\$ 55,087.50
9/12/2024	139	ALL	\$	181.73	\$ 25,259.76
					<u>\$ 80,347.26</u>

DCM made two sales this quarter, Allstate and AbbVie. Allstate specializes in all types of insurance as well as a few other financial instruments. Allstate has seen significant revenue growth over the past few years driven by raising premiums on its insurance business. We feel that Allstate can not continue to raise premiums on insurance and revenue growth will decline. We were also concerned with the risks that come with insuring houses in places that are hurricane prone. AbbVie is a large pharmaceutical company that engages in the research and manufacturing of drugs. A large part of their revenue comes from Humira, an arthritis medication that accounted for 14.4 billion in revenue in 2023. The revenue on this product is declining at a rate of 30% a year and does not show any signs of stopping. We were concerned by this and not confident in any of AbbVie's new products to take the place of the rapidly declining Humira.

Purchases.

9/23/2024	1,360.00	PFE	\$	29.399	\$ 39,982.88
					<u>\$ 39,982.88</u>

With the proceeds from our AbbVie sale, we turned around and purchased Pfizer. Most known for their Covid vaccine their stock has seen a significant decline since 2021. We feel that the stock is extremely oversold and has room to grow in the future. Pfizer currently pays a dividend yield of about 6% and has an extremely low PE of 9.

IV. Portfolio Diversification

Table 5. 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	10.70%	15.41%	-4.71%	(\$61,755.98)
Consumer Staples	6.60%	2.18%	4.42%	\$57,869.33
Energy	4.70%	2.73%	1.97%	\$25,864.45
Financials	12.80%	12.27%	0.53%	\$6,960.63
Health Care	13.40%	10.74%	2.66%	\$34,895.27
Industrials	8.30%	8.79%	-0.49%	(\$6,462.22)
Information Tech	27.50%	25.16%	2.34%	\$30,638.57
Materials	2.40%	2.55%	-0.15%	(\$2,014.51)
Telecommunications	8.90%	9.92%	-1.02%	(\$13,399.50)
Utilities	2.40%	2.95%	-0.55%	(\$7,190.96)
REIT	2.40%	7.29%	-4.89%	(\$64,095.27)
Totals	100.00%	100.00%		

DCM ended Q3 most overweight in Consumer discretionary and Real Estate, as TSLA, DLR, and AMZN continue to push these industries. During the start of Q3, DCM will continue to look at adding into InfoTech, as well as less volatile industries, such as Consumer Staples and Energy.

Table 6. Sector Returns

	This Quarter	Last Quarter	Change	Change as % of Portfolio
Consumer	\$ 201,905.43	\$ 184,556.34	9.40%	0.81%
Consumer	\$ 28,578.00	\$ 27,211.80	5.02%	0.03%
Energy	\$ 35,696.52	\$ 36,576.72	-2.41%	-0.17%
Financials	\$ 160,694.79	\$ 160,965.09	-0.17%	-0.47%
Health Care	\$ 140,619.00	\$ 148,299.04	-5.18%	-1.00%
Industrials	\$ 115,176.28	\$ 96,522.49	19.33%	1.15%
Information Tech	\$ 329,558.62	\$ 329,545.24	0.00%	-0.92%
Materials	\$ 33,449.90	\$ 30,987.10	7.95%	0.10%
Telecomm	\$ 129,972.41	\$ 136,654.25	-4.89%	-0.89%
Utilities	\$ 38,626.35	\$ 33,002.49	17.04%	0.34%
REIT	\$ 95,530.66	\$ 79,040.51	20.86%	1.04%

Balancing.

The outperformance of Real Estate and Industrials helped to increase our overall weight in these sectors, which can be attributed to CBRE, DLR, CARR, and DE. Utilities had a wonderful Q3 for DCM, which the club can thank Fortes for. The club hopes that the purchase of Pfizer will help Healthcare start to pick up and begin to outperform.

V. Quarterly Income

Table 7. Statement of Income

Date	Security	Amount	Yield
7/1/2024	NKE	\$ 130.24	1.67%
7/1/2024	ALL	\$ 127.88	-
7/12/2024	BABA	\$ 137.28	
7/15/2024	USB	\$ 181.30	4.29%
7/24/2024	CSCO	\$ 264.80	3.01%
7/25/2024	DIS	\$ 89.55	
7/31/2024	SYK	\$ 72.00	0.89%
8/1/2024	CVS	\$ 292.60	4.23%
8/1/2024	T	\$ 259.19	5.05%
8/8/2024	CARR	\$ 103.74	0.94%
8/8/2024	DE	\$ 161.70	
8/9/2024	MA	\$ 56.76	0.53%
8/14/2024	EPD	\$ 362.25	7.21%
8/15/2024	PG	\$ 166.07	2.32%
8/15/2024	ABBV	\$ 441.75	-
8/15/2024	AAPL	\$ 128.00	0.43%
9/3/2024	WFC	\$ 155.20	2.83%
9/3/2024	FTS	\$ 265.47	3.83%
9/5/2024	RTX	\$ 131.67	2.08%
9/10/2024	CVX	\$ 172.78	4.43%
9/12/2024	MSFT	\$ 67.50	0.70%
9/13/2024	EXC	\$ 102.22	3.75%
9/16/2024	GOOG	\$ 108.00	
9/23/2024	BLK	\$ 255.00	2.15%
9/25/2024	ELV	\$ 128.77	1.25%
9/26/2024	RIO	\$ 831.90	9.95%
9/26/2024	QCOM	\$ 297.50	2.00%
9/30/2024	PSA	\$ 237.00	3.30%
9/30/2024	DLR	\$ 286.70	3.02%
Total Dividends		\$ 6,222.82	
Foreign Tax		\$ (39.82)	
Fees		\$ (6.51)	
Total Income		\$ 6,176.49	
Portfolio Annualized Yield		1.96%	
Interest		\$ 32.02	
Total Income w/ Int on cash		\$ 6,208.51	

**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 \$6,222.82 before accounting for foreign taxes and fees, and \$6,176.49 after. This equates to an adjusted annualized yield of 1.96%, surpassing the current 1.32% yield of the S&P 500. Noteworthy contributions this quarter came from USB, T, RIO, and EPD. Coupled with our robust performance, these dividends further improved our portfolio.

VI. Club Expenses

Table 8. Club Expenses

The club ended up withdrawing \$20,750 from the portfolio for scholarships, which was the only expense in Q3

