



DCM

Dordt College Defender Capital Management Quarterly Report 2010

Report Summary:

2/05/2010

The past year brought with it what could be considered recovery from the business cycle contraction as levels rose to near 2007 yearend figures. Broad U.S. market indexes such as the Wilshire 5000 Index show staggering growth upward of 17% throughout 2010. S&P 500 returns were more moderate, with the highest returns being located within small and mid-cap companies. Although the close on December 31 showed positive returns, stability and slow, steady growth were not characteristic of 2010's market activity. In late August, the S&P 500 had sunk to nearly -6% for the year. These fluctuations can largely be attributed to conflicting economic indicators which led investors to varying conclusions throughout the first three quarters of 2010. Quarter 4 brought about a strong finish as numerous pieces of positive news led investors to gain confidence in the equity market. Continued loose monetary policies, tax cuts, and decreased initial unemployment claims were all elements that combated negativity in quarter four and led to strong 2010 returns.

The Defender Capital Management Club experienced a landmark year for portfolio and membership growth. Throughout 2010, nine new stocks were added to the portfolio and participation increased to over twenty members. Involving underclassmen in presentation work has proven to be beneficial in raising the interest and loyalty of new members. This practice has been continued throughout the year, exposing all members to the research process through participating in a stock evaluation.

Value Line continues to be a vital source for information and expertise when considering a purchase. In addition, S&P 500 evaluations, accessible through Scottrade, have been useful in providing an alternative perspective. Valuation techniques have been further defined throughout 2010. The DCM club utilizes a template leading presenting members through numerous valuation methods. In addition to key ratios and the dividend discount model, normalized ratios and the cash flow discount model have become elements of the valuation process.

Thank you for making the DCM club possible. The services and resources you supply are extremely valuable and greatly appreciated this past year and into the next.

Sincerely,

Nathan R. Schaap
President
Defender Capital Management



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Dordt College Defender Capital Management

PORTFOLIO APPRAISAL

2010

Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	Gain / (Loss)	Percent Change	Pct. Assets	Ending Beta	Weighted Beta
121	ADP	41.366	5005.29	46.28	5,599.88	594.59	11.88%	3.4%	0.66	0.022
132	AFL	45.561	6014.04	56.43	7,448.76	1,434.72	23.86%	4.5%	1.74	0.078
50	BAC	50.67	2533.50	13.34	667.00	(1,866.50)	-73.67%	0.4%	2.23	0.009
1079	C	4.65	5017.35	4.73	5,103.67	86.32	1.72%	3.1%	2.56	0.079
211	CHK	23.75	5011.25	25.91	5,467.01	455.76	9.09%	3.3%	1.20	0.040
330	CSCO	19.85	6550.50	20.23	6,675.90	125.40	1.91%	4.0%	1.25	0.050
75	CVX	68.73	5154.98	91.25	6,843.75	1,688.77	32.76%	4.1%	0.75	0.031
104	DRI	48.35	5028.30	46.44	4,829.76	(198.54)	-3.95%	2.9%	0.89	0.026
96	HPQ	52.57	5047.00	42.10	4,041.60	(1,005.40)	-19.92%	2.4%	1.03	0.025
330	INTC	15.13	4992.64	21.03	6,939.90	1,947.26	39.00%	4.2%	1.12	0.047
946	IWB	58.72	55547.61	69.86	66,087.56	10,539.95	18.97%	40.0%	1.00	0.400
100	JNJ	50.14	5013.80	61.85	6,185.00	1,171.20	23.36%	3.7%	0.59	0.022
168	MSFT	23.82	4001.36	27.91	4,688.88	687.52	17.18%	2.8%	1.07	0.030
100	PG	50.43	5043.00	64.33	6,433.00	1,390.00	27.56%	3.9%	0.52	0.020
97	SRE	52.51	5093.68	52.48	5,090.56	(3.12)	-0.06%	3.1%	0.58	0.018
90	SYK	55.58	5002.00	53.70	4,833.00	(169.00)	-3.38%	2.9%	0.91	0.027
143	T	26.08	3729.44	29.38	4,201.34	471.90	12.65%	2.5%	0.66	0.017
44	TEX	56.56	2488.60	31.04	1,365.76	(1,122.84)	-45.12%	0.8%	2.46	0.020
247	USB	26.31	6498.08	26.97	6,661.59	163.51	2.52%	4.0%	1.04	0.042
143	WAG	39.61	5663.79	38.96	5,571.28	(92.51)	-1.63%	3.4%	0.98	0.033
			148,436.19		164,735.20	16,299.01		99.6%	Average B	1.033
	Cash		596.72		596.72			0.4%		
TOTAL PORTFOLIO			149,032.91		165,331.92			100.0%		



Defender Capital Management

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INCOME

2010

DIVIDENDS		
Date	Security	Amount
01/15/10	SRE	\$ 37.83
02/16/10	PG	\$ 44.00
03/01/10	INTC	\$ 51.98
03/01/10	AFL	\$ 36.96
03/09/10	JNJ	\$ 49.00
03/10/10	CVX	\$ 51.00
03/12/10	WAG	\$ 19.66
03/26/10	BAC	\$ 0.50
03/30/10	IWB	\$ 82.97
04/01/10	ADP	\$ 41.14
04/15/10	SRE	\$ 37.83
04/30/10	SYK	\$ 13.50
04/30/10	GRMN	\$ 34.50
05/17/10	PG	\$ 48.18
06/01/10	INTC	\$ 51.98
06/01/10	AFL	\$ 36.96
06/10/10	CVX	\$ 54.00
06/14/10	WAG	\$ 19.66
06/15/10	JNJ	\$ 54.00
6/25/2010	BAC	\$ 0.50
07/01/10	ADP	\$ 41.14
07/07/10	HPQ	\$ 7.68
07/09/10	IWB	\$ 160.70
07/15/10	SRE	\$ 37.83
07/15/10	CHK	\$ 15.83
07/30/10	SYK	\$ 13.50
08/02/10	T	\$ 60.06
08/16/10	PG	\$ 48.18
09/01/10	INTC	\$ 51.98
09/01/10	AFL	\$ 36.96
09/10/10	CVX	\$ 54.00
09/13/10	WAG	\$ 25.03
09/14/10	JNJ	\$ 54.00



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09/24/10	BAC	\$	0.50
9/29/2010	IWB	\$	357.15
10/01/10	ADP	\$	41.14
10/06/10	HPQ	\$	7.68
10/15/10	SRE	\$	37.83
10/15/10	CHK	\$	15.83
10/29/10	SYK	\$	13.50
11/01/10	T	\$	60.06
11/15/10	PG	\$	48.18
12/01/10	INTC	\$	51.98
12/01/10	AFL	\$	39.60
12/09/10	MSFT	\$	26.88
12/10/10	CVX	\$	54.00
12/13/10	WAG	\$	25.03
12/14/10	JNJ	\$	54.00
12/27/10	BAC	\$	0.50
12/29/10	IWB	\$	320.01
12/30/10	HPQ	\$	7.68

TOTAL DIVIDENDS		\$	2,534.59
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INTEREST

Date	Amount
01/31/10	\$ 0.03
02/28/10	\$ 0.02
03/31/10	\$ 0.01
04/30/10	\$ 0.01
06/30/10	\$ 1.62
07/31/10	\$ 2.17
08/31/10	\$ 1.22
09/30/10	\$ 0.01
10/31/10	\$ 0.02
11/30/10	\$ 0.01
12/31/10	\$ 0.08

TOTAL INTEREST		\$	5.20
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DEPOSITS

Date	Amount
6/17/2010	\$ 65,000.00

TOTAL DEPOSITS		\$	65,000.00
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PURCHASE AND SALE

2010

Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Commission
PURCHASES						
02/23/10	02/25/10	121.00	ADP	\$ 41.31	\$ 4,998.36	\$ (7.00)
03/17/10	03/20/10	90.00	SYK	\$ 55.50	\$ 4,995.00	\$ (7.00)
03/17/10	03/20/10	96.00	HPQ	\$ 52.50	\$ 5,040.00	\$ (7.00)
04/12/10	04/15/10	1079.00	C	\$ 4.64	\$ 5,006.56	\$ (7.00)
04/27/10	04/30/10	143.00	T	\$ 26.03	\$ 3,722.19	\$ (7.00)
06/17/10	06/22/10	405.00	IWB	\$ 61.80	\$ 25,028.19	\$ (7.00)
08/27/10	09/01/10	350.00	IWB	\$ 58.22	\$ 20,375.60	\$ (7.00)
07/06/10	07/09/10	357.00	IWB	\$ 56.39	\$ 20,129.80	\$ (7.00)
10/4/2010	10/07/10	168.00	MSFT	\$ 23.82	\$ 4,001.36	\$ (7.00)
11/12/2010	11/17/10	104.00	DRI	\$ 48.35	\$ 5,028.30	\$ (7.00)
12/13/2010	12/16/10	247.00	USB	\$ 26.31	\$ 6,498.08	\$ (7.00)
12/27/2010	12/30/10	330.00	CSCO	\$ 19.85	\$ 6,550.50	\$ (7.00)
					\$111,373.94	\$ (84.00)
SALES						
02/23/10	02/25/10	73.00	IWB	\$ 60.59	\$ 4,423.11	\$ (7.06)
03/17/10	03/20/10	52.00	IWB	\$ 64.60	\$ 3,359.21	\$ (0.05)
03/17/10	03/20/10	100.00	IWB	\$ 64.00	\$ 6,400.20	\$ (7.09)
04/12/10	04/15/10	74.00	IWB	\$ 66.28	\$ 4,904.72	\$ (7.09)
04/27/10	04/30/10	131.00	IWB	\$ 65.91	\$ 8,634.47	\$ (7.15)
10/4/2010	10/07/10	63.00	IWB	\$ 63.37	\$ 3,992.31	\$ (7.07)
11/12/2010	11/17/10	23.00	GRMN	\$ 29.45	\$ 677.35	\$ (7.02)
11/12/2010	11/17/10	53.00	IWB	\$ 66.30	\$ 3,513.90	\$ (7.06)
12/13/2010	12/16/10	187.00	IWB	\$ 69.38	\$ 12,974.81	\$ (7.22)
					\$ 48,880.08	\$ (56.81)



Defender Capital Management

Dordt College Defender Capital Management
PORTFOLIO DIVERSIFICATION AS COMPARED TO THE S&P 500
2010

<i>Industry</i>	<i>Percentage of S&P 500</i>	<i>Percentage of DCM Portfolio</i>	<i>Targeted Amount for Future Investments (in %)</i>	<i>Targeted Amount for Future Investments (in \$)</i>
Telecommunications	3.1%	2.5%	0.6%	\$924
Utilities	3.3%	3.1%	0.2%	\$365
Consumer Services (Discretionary)	10.6%	6.3%	4.3%	\$7,124
Consumer Goods (Staples)	10.6%	3.9%	6.7%	\$11,092
Oil & Gas	12.0%	7.4%	4.6%	\$7,529
Financials	16.1%	12.0%	4.1%	\$6,737
Health Care	10.9%	6.7%	4.2%	\$7,003
Industrials	10.9%	4.2%	6.7%	\$11,056
Information Tech	18.6%	13.5%	5.1%	\$8,405
Basic Materials	3.7%	0.0%	3.7%	\$6,117

**Targeted investment amounts are calculated based on a total portfolio value of \$165,331.92 which includes all cash, stock, pledges, and holdings of IWB (the Russell 1000 ETF).*



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PERFORMANCE

Consolidated Reports

2010

Portfolio Value on 1-01-10										\$ 79,533.02
	Contributions									\$ 65,000.00
	Withdrawals									\$ -
	Realized Gains*									\$ 10,392.01
	Change in Unrealized Gains**									\$ 7,867.01
	Interest									\$ 5.20
	Dividends									\$ 2,534.59
Portfolio Value on 12-31-10										\$ 165,331.92

Total Portfolio Return

Cash Activity

Beginning Cash										\$ 596.72
Dividends										\$ 2,534.59
Interest										\$ 5.20
Fees										\$ (140.81)
Invested Cash										\$ (2,398.98)
Ending Cash										\$ 596.72

Invested Activity

Beginning Invested Value										\$ 78,889.78
Ending Invested Value										\$ 164,735.20
Money Weighted Return (IRR) =										19.12%
Risk Weighted IRR=***										18.51%
Money Weighted S&P 500 Return****										20.50%
S&P 500										12.78%

*Realized and unrealized gains are shown on a net basis reflecting all applicable fees and commissions.

**The amount shown as an unrealized gain is expressed as the net change in unrealized gains since the previous report.

***The Risk Weighted MWR is calculated using the total portfolio weighted beta at the end of the reporting period.

****Money Weighted S&P 500 return is calculated by matching contribution activity to that of the DCM Portfolio