

Defender Capital Management
Q3 2025 Report
November 1, 2025

Executive Summary

Performance.

DCM's portfolio began Q3 2025 with a value of \$1,426,807 and ended at \$1,490,539, resulting in a total return of 4.47% for the quarter. Despite the solid growth, we underperformed our benchmark (S&P 500), which returned 8.10% over the same period. This is a common theme with our fund, so we will look to add holdings with slightly higher betas with the goal of outperforming the S&P 500 in the future. Our performance was led by strong gains in holdings BABA (57.60%), GOOG (37.30%), and AAPL (24.11%). However, those gains were partially offset by losses from CARR (-18.43%), CROX (-17.51%), and ELV (-16.93%). One holding (GOOG) reached above 10% of our portfolio during Q3, so to stay compliant with the handbook we sold \$100,000 worth to lower our holding percent.

Cash.

We entered Q3 with \$41,000 in cash. Throughout the quarter, we received \$6,196 in net dividend income and \$4.66 in interest. The fund realized a \$89,832 gain from the sale of GOOG, and a total cash inflow of \$100,172. This singular sale gives us enough buying power to add 1-3 holdings to our portfolio in the future. Additionally, scholarship money was taken out this semester (\$27,000). The quarter ended with a cash balance of \$120,404 – up 194% from the end of Q2.

Club Notes.

Q3 2025 marked a calm quarter in terms of changes to the portfolio, as we only made one transaction. We expect to return to normal trading volume moving forward, with an expected two stock pitches per meeting every two weeks. We remain confident in the long-term strength of our core holdings. We optimistically look forward to the upcoming quarter and are excited to deploy capital into new opportunities as market conditions evolve. We appreciate the continued support of the DCM board and all members who contribute to the fund's success.

In His service,



Caleb Smit
President

Gerrit Hedman
Accountant



Caden Koole
Vice President

Table of Contents

I. Q1 Performance.....	2
II. Statement of Position.....	3
III. Portfolio Diversification.....	4
IV. Quarterly Income	6
V. Club Expenses.....	7

I. Q1 Performance

Table 1. Change in Portfolio Value (Q3, 2025)

<i>Change in Portfolio Value</i>			
Portfolio Value on 6-30-25		\$	1,426,806.58
Contributions		\$	-
Withdrawals		\$	(27,000.00)
Realized Gains*		\$	89,832.52
Adjustments			
Change in Unrealised Gains**	\$	(5,296.47)	
Interest	\$	4.66	
Dividends (Net F/T)	\$	6,191.76	\$ 899.95
Change in Portfolio Value		\$	63,732.47
Portfolio Value on 09-30-25		\$	1,490,539.05

During the third quarter ended September 30, 2025: DCM reported a total return of 4.47%. The S&P 500 returned 8.10% over the same period, nearly doubling the performance of the DCM portfolio. The momentum of AI is still evident in our strong performing stocks as well as the overall market. Which in part is why DCM is underperforming the overall market which captures many more companies on the forefront of this evolving technology.

Table 2. Returns

<i>Third Quarter Returns</i>	
Beginning Invested Value	\$ 1,426,806.58
Ending Invested Value	\$ 1,490,539.05
Risk Weighted IRR*	5.23%
Total Period Return	4.47%
S&P 500 Return	8.10%

II. Statement of Positions

Table 3. Statement of Positions

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
BABA	208	\$ 72.08	\$ 14,991.75	\$ 178.73	\$ 37,175.84	\$ 22,184.09	147.98%	2.49%	0.17	0.004	\$ 113.41	57.60%	\$ 23,589.28	\$ 13,586.56
GOOG	300.00	\$ 103.94	\$ 31,180.96	\$ 243.55	\$ 73,065.00	\$ 41,884.04	134.33%	4.90%	1.00	0.049	\$ 177.39	37.30%	\$ 53,217.00	\$ 19,848.00
AAPL	512.00	\$ 16.56	\$ 8,476.95	\$ 254.63	\$ 130,370.56	\$ 121,893.61	1437.94%	8.75%	1.09	0.095	\$ 205.17	24.11%	\$ 105,047.04	\$ 25,323.52
TSM	176.00	\$ 187.45	\$ 32,991.18	\$ 279.29	\$ 49,155.04	\$ 16,163.86	48.99%	3.30%	1.22	0.040	\$ 226.49	23.31%	\$ 39,862.24	\$ 9,292.80
RTX	209.00	\$ 65.96	\$ 13,785.25	\$ 167.33	\$ 34,971.97	\$ 21,186.72	153.69%	2.35%	0.65	0.015	\$ 146.02	14.59%	\$ 30,518.18	\$ 4,453.79
AMD	235.00	\$ 169.70	\$ 39,879.50	\$ 161.90	\$ 38,020.65	\$ (1,858.85)	-4.66%	2.55%	1.89	0.048	\$ 141.90	14.09%	\$ 33,346.50	\$ 4,674.15
RIO	470.00	\$ 38.97	\$ 18,315.56	\$ 66.01	\$ 31,024.70	\$ 12,709.14	69.39%	2.08%	0.63	0.013	\$ 58.33	13.17%	\$ 27,415.10	\$ 3,609.60
CBRE	231.00	\$ 56.27	\$ 12,997.22	\$ 157.56	\$ 36,396.36	\$ 23,399.14	180.03%	2.44%	1.36	0.033	\$ 140.12	12.45%	\$ 32,367.72	\$ 4,028.64
BLK	50.00	\$ 789.35	\$ 39,467.50	\$ 1,165.87	\$ 58,293.50	\$ 18,826.00	47.70%	3.91%	1.46	0.057	\$ 1,049.25	11.11%	\$ 52,462.50	\$ 5,831.00
CVX	106.00	\$ 83.52	\$ 8,853.16	\$ 155.29	\$ 16,460.74	\$ 7,607.58	85.93%	1.10%	0.81	0.009	\$ 143.19	8.45%	\$ 15,178.14	\$ 1,282.60
PFE	1360	\$ 29.40	\$ 39,982.88	\$ 25.48	\$ 34,652.80	\$ (5,330.08)	-13.33%	2.32%	0.47	0.011	\$ 24.24	5.12%	\$ 32,966.40	\$ 1,686.40
WFC	388.00	\$ 45.06	\$ 17,481.80	\$ 83.82	\$ 32,522.16	\$ 15,040.36	86.03%	2.18%	1.24	0.027	\$ 80.12	4.62%	\$ 31,086.56	\$ 1,435.60
QCOM	350.00	\$ 76.94	\$ 26,929.61	\$ 166.36	\$ 58,226.00	\$ 31,296.39	116.22%	3.91%	1.23	0.048	\$ 159.26	4.46%	\$ 55,741.00	\$ 2,485.00
MSFT	90.00	\$ 336.57	\$ 30,291.16	\$ 517.95	\$ 46,615.50	\$ 16,324.34	53.89%	3.13%	1.02	0.032	\$ 497.41	4.13%	\$ 44,766.90	\$ 1,848.60
EXC	884.00	\$ 37.87	\$ 33,474.03	\$ 45.01	\$ 39,788.84	\$ 6,314.81	18.86%	2.67%	0.49	0.013	\$ 43.42	3.66%	\$ 38,383.28	\$ 1,405.56
MA	86.00	\$ 175.16	\$ 15,063.36	\$ 568.81	\$ 48,917.66	\$ 33,854.30	224.75%	3.28%	0.97	0.032	\$ 561.94	1.22%	\$ 48,326.84	\$ 590.82
EPD	690.00	\$ 29.01	\$ 20,016.95	\$ 31.27	\$ 21,576.30	\$ 1,559.35	7.79%	1.45%	0.64	0.009	\$ 31.01	0.84%	\$ 21,396.90	\$ 179.40
AMZN	340.00	\$ 42.46	\$ 14,437.24	\$ 219.57	\$ 74,653.80	\$ 60,216.56	417.09%	5.01%	1.28	0.064	\$ 219.39	0.08%	\$ 74,592.60	\$ 61.20
DLR	235.00	\$ 106.14	\$ 24,942.67	\$ 172.88	\$ 40,626.80	\$ 15,684.13	62.88%	2.73%	0.97	0.026	\$ 174.33	-0.83%	\$ 40,967.55	\$ (340.75)
CSCO	662.00	\$ 29.19	\$ 19,322.27	\$ 68.42	\$ 45,294.04	\$ 25,971.77	134.41%	3.04%	0.97	0.029	\$ 69.38	-1.38%	\$ 45,929.56	\$ (635.52)
NKE	352.00	\$ 84.87	\$ 29,874.19	\$ 69.73	\$ 24,544.96	\$ (5,329.23)	-17.84%	1.65%	1.30	0.021	\$ 71.04	-1.84%	\$ 25,006.08	\$ (461.12)
T	934.00	\$ 23.52	\$ 21,970.04	\$ 28.24	\$ 26,376.16	\$ 4,406.12	20.06%	1.77%	0.62	0.011	\$ 28.94	-2.42%	\$ 27,029.96	\$ (653.80)
SYK	90.00	\$ 55.58	\$ 5,002.00	\$ 369.67	\$ 33,270.30	\$ 28,268.30	565.14%	2.23%	0.95	0.021	\$ 395.63	-6.56%	\$ 35,606.70	\$ (2,336.40)
DIS	199.00	\$ 143.33	\$ 28,521.97	\$ 114.50	\$ 22,785.50	\$ (5,736.47)	-20.11%	1.53%	1.54	0.024	\$ 124.01	-7.67%	\$ 24,677.99	\$ (1,892.49)
ADBE	100.00	\$ 405.82	\$ 40,581.95	\$ 352.75	\$ 35,275.00	\$ (5,306.95)	-13.08%	2.37%	1.49	0.035	\$ 386.88	-8.82%	\$ 38,688.00	\$ (3,413.00)
DG	415	\$ 72.56	\$ 30,112.40	\$ 103.35	\$ 42,890.25	\$ 12,777.85	42.43%	2.88%	0.31	0.009	\$ 114.38	-9.64%	\$ 47,467.70	\$ (4,577.45)
PYPL	409.00	\$ 73.31	\$ 29,983.75	\$ 67.06	\$ 27,427.54	\$ (2,556.21)	-8.53%	1.84%	1.45	0.027	\$ 74.32	-9.77%	\$ 30,396.88	\$ (2,969.34)
DE	110	\$ 364.69	\$ 40,115.90	\$ 457.26	\$ 50,298.60	\$ 10,182.70	25.38%	3.37%	1.03	0.035	\$ 508.49	-10.07%	\$ 55,933.90	\$ (5,635.30)
NICE	199.00	\$ 200.27	\$ 39,854.69	\$ 144.78	\$ 28,811.22	\$ (11,043.47)	-27.71%	1.93%	0.32	0.006	\$ 168.91	-14.29%	\$ 33,613.09	\$ (4,801.87)
ELV	79.00	\$ 91.05	\$ 7,192.59	\$ 323.12	\$ 25,526.48	\$ 18,333.89	254.90%	1.71%	0.59	0.010	\$ 388.96	-16.93%	\$ 30,727.84	\$ (5,201.36)
CROX	351.00	\$ 84.58	\$ 29,687.44	\$ 83.55	\$ 29,326.05	\$ (361.39)	-1.22%	1.97%	1.43	0.028	\$ 101.28	-17.51%	\$ 35,549.28	\$ (6,223.23)
CARR	546.00	\$ 35.69	\$ 19,489.36	\$ 59.70	\$ 32,596.20	\$ 13,106.84	67.25%	2.19%	1.25	0.027	\$ 73.19	-18.43%	\$ 39,961.74	\$ (7,365.54)
		\$ 806,419.50		\$ 1,370,170.87		\$ 563,751.37	91.92%		0.855				\$ 1,385,806.75	\$ (48,391.57)
		cash		\$ 120,368.18			8.08%				cash		\$ 40,999.83	
		\$ 1,490,539.05					100.00%						\$ 1,426,806.58	

*Positions sold for the quarter are hidden

Performance.

As seen above, DCM's top risers were BABA, GOOG, and AAPL. The top losers were CARR, CROX, and ELV. As noted before, the portfolio returned 4.47% compared to the S&P 500 at 8.10% in Q3.

Risers

Alibaba's stock climbed steadily throughout Q3 2025, rising from approximately \$120 in late July to \$178 by quarter's end. Strong momentum emerged following the August 29 earnings release, which revealed Alibaba Cloud's revenue surging 26% year-over-year with AI-related products achieving triple-digit growth for the eighth consecutive quarter, now representing over 20% of cloud external revenue. The company's cloud-first strategy and demonstrated AI monetization capability attracted institutional investors seeking exposure to China's AI infrastructure build-out.

Alphabet delivered exceptional Q3 performance, with shares rallying from approximately \$203 in late July to \$244 by September quarter-end. The stock benefited from demonstrated dominance in AI integration across Search and Cloud divisions. Google Cloud's anticipated 29-32% year-over-year growth and expanding AI Overviews reaching 2 billion users with 10%+ additional query generation drove confidence. The July 23 Q2 earnings beat—delivering \$2.31 EPS against \$2.12 consensus—coupled with investor enthusiasm for the company's comprehensive AI strategy across core products, provided sustained upward momentum throughout the three-month period.

Apple's Q3 trajectory showed measured growth, rising from approximately \$207 in late July to \$255 by quarter-end. Following the July 31 earnings release announcing record \$94 billion June quarter revenue and strong iPhone 16 pre-launch momentum, shares benefited from investor excitement surrounding Apple Intelligence and the upcoming device launch. The stock benefited from typical August seasonality—historically averaging +5.03% gains between August 9 and September 2 with 72% win rate—as investors positioned ahead of the iPhone 16 September 20 availability and anticipated AI-driven upgrade cycle.

Losers

Carrier's stock declined from approximately \$74 in late July to \$58 by quarter-end, pressured by residential HVAC weakness. In September, CEO David Gitlin warned residential volumes would fall 30% in August-September, depressing investor sentiment. North American residential sales declined 4% organically amid distributor destocking, though commercial HVAC growth of 30% couldn't offset weakness. Macroeconomic softness and housing market challenges weighed throughout Q3.

Crocs declined from approximately \$104 to \$83 during Q3 2025, facing significant headwinds from consumer softness and cost normalization. The struggling HEYDUDE acquisition suffered from wholesale channel pressure and elevated tariffs threatening \$90 million in annual margins. Management's guidance of 9-11% Q3 revenue decline significantly missed growth expectations. Anticipated tariff pressures of 170 basis points on operating margins heightened investor concerns about profitability durability through year-end.

Elevance Health's stock declined 17% during Q3 2025, falling from approximately \$388 to \$323 by quarter-end. Despite strong Q3 metrics—12% revenue growth and a 21.8% EPS beat—investors remained concerned about structural headwinds. Medicaid membership losses from eligibility reverifications and declining overall medical enrollment of 45.4 million pressured sentiment, with management guiding that 2026 would be the trough for Medicaid margins.

Sales.

Table 4. Sales

Trade Date	Quantity	Security	Sale Price	Proceeds	Cost	Gain/Loss
SALES						
9/17/2025	400.00	GOOG	\$ 250.43	\$ 100,172.00	\$ 10,339.41	\$ 89,832.59

In Q2, we decided to add to our position in Alphabet (GOOG). But just one quarter later, we made the decision to sell the majority of our position (\$100,172). This was not a lapse of judgement, but instead something we were required to do for compliance reasons. Since we last added to our GOOG position (4/4/2025), the stock had appreciated 65.4% at the time of sale (9/17/2025). This put our holding at nearly 11% of our entire portfolio. The handbook states that we can only have up to 10%. We decided to sell \$100,000 to get that percentage well below 10%, and to be sure this (good) issue will not happen again in the near future. This strategic move allows the club to make decisions regarding other parts of our portfolio moving forward.

III. 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 (\$)
Information Tech	34.80%	31.51%	3.29%	\$45,051.45
Consumer Staples	4.90%	1.85%	3.05%	\$41,786.12
Health Care	8.90%	6.82%	2.08%	\$28,495.63
Telecommunications	10.10%	8.92%	1.18%	\$16,160.60
Energy	2.90%	2.78%	0.12%	\$1,697.92
Financials	13.50%	13.51%	-0.01%	(\$69.89)
Industrials	8.30%	8.60%	-0.30%	(\$4,142.59)
Materials	1.80%	2.26%	-0.46%	(\$6,361.62)
Utilities	2.30%	2.90%	-0.60%	(\$8,274.91)
REIT	1.90%	5.62%	-3.72%	(\$50,989.91)
Consumer Discretionary	10.50%	15.22%	-4.72%	(\$64,722.96)
Totals	100.00%	100.00%		

At the end of Q2, DCM was most overweight in Consumer Discretionary and REITs. This is still true at the end of Q3. We also remain underweight in Information Technology and Consumer Staples. As a club, we are working on deciding which sectors deserve to be overweight/underweight. Moving forward, we will base our investment decisions on finding the best opportunities in the best sectors while still staying compliant with sector weighting rules. We plan to look deeper and make changes to our holdings in the energy sector, as we believe that nuclear energy is the future.

Table 6. Sector Returns

Industry	This Quarter	Last Quarter	Change	Change as % of Portfolio
Materials	\$ 31,024.70	\$ 27,415.10	13.17%	0.29%
Information Tech	\$ 431,768.01	\$ 396,994.33	8.76%	2.86%
REIT	\$ 77,023.16	\$ 73,335.27	5.03%	0.33%
Energy	\$ 38,037.04	\$ 36,575.04	4.00%	0.14%
Utilities	\$ 39,788.84	\$ 38,383.28	3.66%	0.13%
Financials	\$ 185,042.96	\$ 179,015.28	3.37%	0.59%
Consumer Discretionary	\$ 208,590.90	\$ 206,204.94	1.16%	0.34%
Consumer Staples	\$ 25,352.25	\$ 26,287.80	-3.56%	-0.05%
Health Care	\$ 93,449.58	\$ 99,300.94	-5.89%	-0.35%
Industrials	\$ 117,866.77	\$ 126,413.82	-6.76%	-0.52%
Telecommunications	\$ 122,226.66	\$ 175,880.95	-30.51%	-3.77%
	\$ 1,370,170.87	\$ 1,385,806.75	-1.13%	

***Totals not including cash**

Balancing.

In Q3 2025, Materials led DCM's portfolio with the strongest performance, gaining 13.17%. This growth was driven by strong returns Rio Tinto, which is the only holding in our portfolio from that specific sector. This helped bolster returns and improve our positioning in the sector. On the other side, Telecommunications saw the largest decline at 30.51%. However, this was due to the large sale of GOOG rather than poor performance. Industrials was down 6.76%, which is primarily attributable to the holding CARR. While there were large swings in the returns from different sectors, the changes as a percentage of our portfolio fluctuated a lot less.

IV. Quarterly Income

At the end of Q3, our total dividend income came to \$6,227 before foreign taxes and fees, and \$6,196 after. Rio Tinto was the largest contributor with \$696 of dividends paid to the account and Pfizer the next largest contributor at \$585. Other key names included Exelon, AT&T, and Digital Realty Trust. These dividends helped offset some of the unrealized losses in the portfolio and provided DCM with added purchasing power throughout the quarter.

V. Club Expenses

Category	Amount
Scholarships	\$ 27,000.00
Koyfin Subscription	\$ 468.00
Total	\$ 27,468.00

During Q3, DCM had total expenses of \$27,468. The main cost was scholarships to students who participate in the club. The other cost was a financial service (Koyfin) subscription. This quarters cost is much higher than any other due to the scholarships that get taken out annually.

Table 7. Statement of Income

Date	Security	Q3 Amount
7/1/2025	NKE	\$ 140.80
7/10/2025	BABA	\$ 218.40
7/10/2025	BABA	\$ 197.60
7/10/2025	TSM	\$ 137.33
7/15/2025	USB	\$ 185.00
7/22/2025	DG	\$ 244.85
7/23/2025	CSCO	\$ 271.42
7/23/2025	DIS	\$ 99.50
7/31/2025	SYK	\$ 75.60
8/1/2025	T	\$ 259.19
8/8/2025	CARR	\$ 122.85
8/8/2025	DE	\$ 178.20
8/8/2025	MA	\$ 65.36
8/14/2025	AAPL	\$ 133.12
8/14/2025	EPD	\$ 376.05
8/15/2025	PG	\$ 174.37
9/2/2025	PFE	\$ 584.80
9/2/2025	WFC	\$ 174.60
9/4/2025	RTX	\$ 142.12
9/10/2025	CVX	\$ 181.26
9/11/2025	MSFT	\$ 74.70
9/15/2024	GOOG	\$ 147.00
9/15/2025	EXC	\$ 353.60
9/23/2025	BLK	\$ 260.50
9/25/2025	ELV	\$ 135.09
9/25/2025	QCOM	\$ 311.50
9/25/2025	RIO	\$ 695.60
9/30/2025	DLR	\$ 286.70
Total Dividends		\$ 6,227.11
Foreign Tax		\$ (28.84)
Portfolio Annualized Yield		1.79%
Interest		\$ 4.66
Total Income w/ Int on cash		\$ 6,196.42