



DCM

Dordt College Defender Capital Management

Annual Report

2008

Report Summary:

Over this past year we have witnessed history unfolding as the financial crises has spread and deepened even further. By many standards we are in uncharted territory; not only have markets declined across the entire world but Wall Street has undergone massive restructuring and our governments continue to take unprecedented actions. Many variables such as these and more make investing and valuation very unpredictable not only for new investors but seasoned professionals as well.

However, it is through these times where we learn from our mistakes and find better opportunities and approaches. This year was not only a busy year for DCM because of the investment climate but also because a large capital inflow was received. Along with this new money came structural changes in the way DCM approaches security selection and valuation. A new set of policies and procedures have now been implemented regarding how DCM chooses possible investing opportunities as well as how it goes about valuing those opportunities. Most notable is a more systematic approach in valuation; this will lend itself to a more comprehensive study of each security before purchase as well as much more consistency between analyst reports.

In looking forward to the year ahead it is difficult to try to make any kind of predictions about the economy or markets. But what we do know is that DCM will continue to adhere to its philosophy of value investing and finding fundamentally sound companies that we believe are undervalued. It is because of this philosophy combined with our new capital as well as a heavily sold market that has us excited for opportunities in the new year.

It should also be noted that DCM continues to be amazed along with other investors as to what has happened to large blue-chip companies. Because of our investment philosophy as well as our fund's mandate to stay fully invested in the market we chose to stay in these large-cap companies for the long term. It should therefore be noted that the portfolio appraisal reflects each security's gain or loss from their purchase price whether it be this year or even last year.

Sincerely,

Chris Kuiper
President
Defender Capital Management

Dordt College Defender Capital Management
 PORTFOLIO APPRASAL
 December 31, 2008

| Quantity | Security | Unit Cost | Total Cost | Current Price | Market Value | Gain / (Loss) | Percent Change | Pct. Assets |
|------------------------|----------|--------------|------------------|------------------|------------------|------------------|-------------------|----------------|
| 50 | BAC | 50.67 | 2,533.50 | 14.08 | 704.00 | (1,829.50) | -72.21% | 1.1% |
| 23 | GRMN | 84.75 | 1,949.35 | 19.17 | 440.91 | (1,508.44) | -77.38% | 0.7% |
| 44 | TEX | 56.56 | 2,488.60 | 17.32 | 762.08 | (1,726.52) | -69.38% | 1.2% |
| 330 | INTC | 15.13 | 4,992.64 | 14.66 | 4,837.80 | (154.84) | -3.10% | 7.6% |
| 1152 | IWB | 47.51 | <u>54,728.18</u> | 48.87 | <u>56,298.24</u> | <u>1,570.06</u> | 2.87% | <u>87.9%</u> |
| | | | 66,692.26 | | 63,043.03 | (3,649.23) | | 98.5% |
| | Cash | | 988.51 | | 988.51 | | | 1.5% |
| TOTAL PORTFOLIO | | | 67,680.77 | | 64,031.54 | | | 100.0% |

Dordt College Defender Capital Management
 INCOME
 From 01-01-08 Through 12-31-08

DIVIDENDS

| Date | Security | Amount |
|------------------------|----------|------------------|
| 01/03/08 | IWB | \$ 49.68 |
| 03/28/08 | IWB | \$ 45.23 |
| 03/28/08 | BAC | \$ 32.00 |
| 06/27/08 | BAC | \$ 32.00 |
| 07/09/08 | IWB | \$ 46.07 |
| 09/26/08 | BAC | \$ 32.00 |
| 09/30/08 | IWB | \$ 41.80 |
| 12/16/08 | GRMN | \$ 17.25 |
| 12/26/2008 | BAC | \$ 16.00 |
| 12/30/2008 | IWB | \$ 305.95 |
| TOTAL DIVIDENDS | | \$ 617.98 |

INTEREST

| Date | Amount | |
|-----------------------|---------|----------------|
| 01/31/08 | \$ 0.76 | |
| 02/29/08 | \$ 0.25 | |
| 03/31/08 | \$ 0.19 | |
| 04/30/08 | \$ 0.19 | |
| 05/31/08 | \$ 0.20 | |
| 06/30/08 | \$ 0.19 | |
| 07/31/08 | \$ 0.20 | |
| 08/31/08 | \$ 0.20 | |
| 09/30/08 | \$ 0.20 | |
| 10/31/08 | \$ 0.24 | |
| 11/30/08 | \$ 1.52 | |
| 12/31/2008 | \$ 0.03 | |
| TOTAL INTEREST | | \$ 4.17 |

DEPOSITS

| Date | Amount | |
|-----------------------|--------------|---------------------|
| 01/28/08 | \$ 2,975.00 | |
| 10/23/08 | \$ 10,000.00 | |
| 11/10/08 | \$ 40,000.00 | |
| TOTAL DEPOSITS | | \$ 52,975.00 |

Dordt College Defender Capital Management
PERFORMANCE
From 01-01-08 Through 12-31-08

| | |
|-----------------------------|------------|
| Portfolio Value on 01-01-08 | 17,115.35 |
| Contributions | 52,975.00 |
| Withdrawals | - |
| Realized Gains | (2,972.77) |
| Unrealized Gains | (3,649.23) |
| Interest | 4.17 |
| Dividends | 617.98 |
| Fees | (35.00) |

Portfolio Value on 12-31-08 64,031.54

Money-Weighted Return Calculations (MWR or IRR Method)

| | | |
|------------|-----------------|-------------|
| 01/01/08 | Beginning Value | 17,115.35 |
| 01/28/08 | Contribution | 2,975.00 |
| 10/23/08 | Contribution | 10,000.00 |
| 11/10/08 | Contribution | 40,000.00 |
| 01/03/08 | Dividend | 49.68 |
| 03/28/08 | Dividend | 45.23 |
| 03/28/08 | Dividend | 32.00 |
| 06/27/08 | Dividend | 32.00 |
| 07/09/08 | Dividend | 46.07 |
| 09/26/08 | Dividend | 32.00 |
| 09/30/08 | Dividend | 41.80 |
| 12/16/08 | Dividend | 17.25 |
| 12/26/2008 | Dividend | 16.00 |
| 12/30/2008 | Dividend | 305.95 |
| 12/31/08 | Ending Value | (64,031.54) |

Money Weighted Return (IRR) = -23.49%

Time-Weighted Returns (approximated with the Modified-Dietz Method)

| | | <u>(T-t)/T</u> | <u>Weighted</u> |
|----------|-----------------|----------------|-----------------|
| 01/01/08 | Beginning Value | | |
| 01/28/08 | Contribution | 0.9260 | 2,754.93 |
| 10/23/08 | Contribution | 0.1890 | 1,890.41 |
| 11/10/08 | Contribution | 0.1397 | 5,589.04 |
| 12/31/08 | Ending Value | SUM = | 10,234.38 |

$$\text{Modified Dietz} = \frac{\text{Ending Value} - \text{Beginning Value} - \text{Contributions}}{\text{Beginning Value} + \text{Sum of Weighted Contributions}} = \frac{(6058.81)}{27349.73} = \mathbf{-22.15\%}$$

Russell 1000 Index 01-02-08 through 12-31-08 = 788.62 to 487.77 **-38.15%**