



# DCM

## Dordt College Defender Capital Management

### Annual Report

2009

Report Summary:

01/07/2010

Over the past year, the term “green-shoots” has become popular with pundits and economists who are hopeful that the worst economic disaster since the Great Depression is over and that economic vitality is once again within reach. Amid positive economic indicators, the major stock indexes as well as DCM’s portfolio made a significant recovery over one year ago: our year-over-year return was nearly 24.5%. In addition, we added six new positions and reduced our holdings of IWB, the Russell 1000 ETF, to less than one-half of our entire portfolio.

While “green-shoots” appears to have been an appropriate classification of economic activity over the last year, it also seems to be a fitting label for our work with Defender Capital Management. After a difficult start to the year, DCM attracted over 10 new members, many of whom are underclassmen. These new members have been eager to contribute to the club—five have evaluated and presented stocks and the others will complete evaluations early in 2010. In addition to new members, the club has continued to improve its evaluation methods, relying more heavily on ValueLine’s investment research and attempting to be more consistent and precise in the use of the dividend discount model. This is an on-going project as we continue to research better methods of evaluation and discuss changes that should be made. However, we feel confident in our existing evaluation techniques and have found that new members appreciate the structured and straightforward methods that we use.

During the second half of 2009, the DCM leadership team placed a priority on the integration and education of new club members. During this period, new members were encouraged to prepare a stock evaluation and present it to the club. The leadership team took an active role in assisting and mentoring the new students as they completed their first presentation. This mentoring relationship has been extremely successful, allowing new students to complete their first presentation, and giving them confidence to take more responsibility in the future. We anticipate that in the coming year, the leadership team will be able to devote less time to mentoring new members and more time to evaluation methods and DCM tools.

We thank you, again, for all of your support and look forward to the year ahead.

Sincerely,

Andrew Sybesma  
President  
Defender Capital Management



# Defender Capital Management

Dordt College Defender Capital Management								
PORTFOLIO APPRASAL								
December 31, 2009								
Quantity	Security	Unit Cost	Total Cost	Current Price	Market Value	Gain / (Loss)	Percent Change	Pct. Assets
132	AFL	45.56	6014.0388	46.25	6,105.00	90.96	1.51%	7.7%
50	BAC	50.67	2,533.50	15.06	753.00	(1,780.50)	-70.28%	0.9%
23	GRMN	84.75	1,949.35	30.70	706.10	(1,243.25)	-63.78%	0.9%
44	TEX	56.56	2,488.60	19.81	871.64	(1,616.96)	-64.97%	1.1%
330	INTC	15.13	4,992.64	20.40	6,732.00	1,739.36	34.84%	8.5%
75	CVX	68.73	5,154.98	76.99	5,774.25	619.27	12.01%	7.3%
100	JNJ	50.14	5,013.80	64.41	6,441.00	1,427.20	28.47%	8.1%
100	PG	50.43	5,043.00	60.63	6,063.00	1,020.00	20.23%	7.6%
97	SRE	52.51	5,093.68	55.98	5,430.06	336.38	6.60%	6.8%
143	WAG	39.61	5,663.79	36.72	5,250.96	(412.83)	-7.29%	6.6%
567	IWB	46.35	26,280.39	61.31	34,762.77	8,482.38	32.28%	43.7%
			64,213.73		78,889.78	8,662.01		99.2%
	Cash		643.24		643.24			0.8%
<b>TOTAL PORTFOLIO</b>			<b>64,856.97</b>		<b>79,533.02</b>			<b>100.0%</b>



# Defender Capital Management

Dordt College Defender Capital Management			
INCOME			
From 01-01-09 Through 12-31-09			
<b>DIVIDENDS</b>			
Date	Security		Amount
03/02/09	INTC		\$ 46.20
03/27/09	BAC		\$ 0.50
03/30/09	IWB		\$ 311.18
06/01/09	INTC		\$ 46.20
06/09/09	JNJ		\$ 49.00
06/10/09	CVX		\$ 48.75
06/26/09	BAC		\$ 0.50
07/09/09	IWB		\$ 238.80
08/17/09	PG		\$ 44.00
09/01/09	INTC		\$ 46.20
09/08/09	JNJ		\$ 49.00
09/10/09	CVX		\$ 51.00
09/25/09	BAC		\$ 0.50
09/28/09	IWB		\$ 199.00
11/16/09	PG		\$ 44.00
12/01/09	INTC		\$ 46.20
12/08/09	JNJ		\$ 49.00
12/10/09	CVX		\$ 51.00
12/14/09	WAG		\$ 19.66
12/16/09	GRMN		\$ 17.25
12/24/09	BAC		\$ 0.50
12/30/09	IWB		\$ 180.27
	<b>TOTAL DIVIDENDS</b>		<b>\$ 1,538.71</b>
<b>INTEREST</b>			
Date			Amount
01/31/09			\$ 0.04
02/28/09			\$ 0.04
03/31/09			\$ 0.05
04/30/09			\$ 0.04
05/31/09			\$ 0.04
06/30/09			\$ 0.04
07/31/09			\$ 0.05
08/31/09			\$ 0.06
09/30/09			\$ 0.06
10/31/09			\$ 0.04
11/30/09			\$ 0.01
	<b>TOTAL INTEREST</b>		<b>\$ 0.47</b>
<b>DEPOSITS</b>			
Date			Amount
	<b>TOTAL DEPOSITS</b>		<b>\$ -</b>



# Defender Capital Management

Dordt College Defender Capital Management						
PURCHASE AND SALE						
From 01-01-09 Through 12-31-09						
Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Commission
<b>PURCHASES</b>						
03/19/09	03/24/09	75.00	CVX	\$ 68.64	\$ 5,147.99	\$ (7.00)
03/19/09	03/24/09	100.00	JNJ	\$ 50.07	\$ 5,006.80	\$ (7.00)
04/22/09	04/27/09	100.00	PG	\$ 50.36	\$ 5,036.00	\$ (7.00)
10/12/09	10/15/09	97.00	SRE	\$ 52.44	\$ 5,086.68	\$ (7.00)
11/10/09	11/13/09	143.00	WAG	\$ 39.56	\$ 5,656.79	\$ (7.00)
12/04/09	12/07/09	132.00	AFL	\$ 45.51	\$ 6,007.04	\$ (7.00)
					\$ 31,941.30	\$ (42.00)
<b>SALES</b>						
03/19/09	03/24/09	230.00	IWB	\$ 43.82	\$ 10,078.62	\$ (7.06)
04/22/09	04/27/09	100.00	IWB	\$ 47.15	\$ 4,715.01	\$ (7.13)
10/12/09	10/15/09	63.00	IWB	\$ 59.06	\$ 3,720.78	\$ (7.10)
11/10/09	11/13/09	94.00	IWB	\$ 60.23	\$ 5,661.62	\$ (7.15)
12/04/09	12/07/09	98.00	IWB	\$ 60.80	\$ 5,958.40	\$ (7.16)
					\$ 30,134.43	\$ (77.60)



# Defender Capital Management

Dordt College Defender Capital Management				
PORTFOLIO DIVERSIFICATION AS COMPARED TO THE S&P 500				
31-Dec-09				
Industry	Percentage of S&P 500	Percentage of DCM Portfolio	Targeted Amount for Future Investments (in %)	Targeted Amount for Future Investments (in \$)
Telecommunications	3.20%	0%	3.2%	<b>\$4,145</b>
Utilities	3.70%	4%	-0.5%	<b>-\$637</b>
Consumer Services (Discretionary)	9.10%	4%	5.0%	<b>\$6,537</b>
Consumer Goods (Staples)	11.50%	5.23%	6.3%	<b>\$8,127</b>
Oil & Gas	11.70%	4.46%	7.2%	<b>\$9,381</b>
Financials	15.20%	5.29%	9.9%	<b>\$12,831</b>
Health Care	13.10%	4.97%	8.1%	<b>\$10,528</b>
Industrials	10.30%	0.67%	9.6%	<b>\$12,470</b>
Information Tech	18.70%	5.20%	13.5%	<b>\$17,491</b>
Basic Materials	3.20%	0%	3.2%	<b>\$4,145</b>
*Targeted investment amounts are calculated based on a total portfolio value of \$129,533.02 which includes all cash, stocks, pledges, and holdings of IWB (the Russell 1000 ETF).				



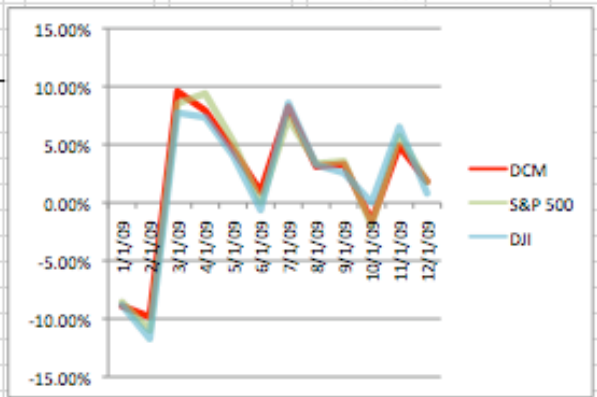
# Defender Capital Management

Dordt College Defender Capital Management						
PERFORMANCE						
Consolidated Reports						
Q4, 2009						
Portfolio Value on 09-30-09						75,693.10
Contributions						-
Withdrawals						-
Realized Gains*						3498.62
Unrealized Gains**						-66.63
Interest						0.05
Dividends						407.88
Portfolio Value on 12-31-09						79,533.02
Money-Weighted Return Calculations (MWR or IRR Method)						
Total Portfolio Return						
09/30/09	Beginning Value					(75,693.10)
11/16/09	Dividend					\$ 44.00
12/01/09	Dividend					\$ 46.20
12/08/09	Dividend					\$ 49.00
12/10/09	Dividend					\$ 51.00
12/14/09	Dividend					\$ 19.66
12/16/09	Dividend					\$ 17.25
12/24/09	Dividend					\$ 0.50
12/30/09	Dividend					\$ 180.27
12/31/09	Ending Value					79,533.02
						Money Weighted Return (XIRR) = 5.04%
						Total Period Return = 5.07%
						S & P 500 5.49%
Risk Adjusted Return						
	Average Portfolio Beta***					0.95
	Risk Adjusted MWR					5.28%
Percent Return Per Period						
			DCM	S&P 500	DJI	
09/30/09	to	10/31/09	-1.60%	-1.98%	0.00%	
10/31/09	to	11/30/09	4.87%	5.74%	6.51%	
11/30/09	to	12/31/09	1.82%	1.78%	0.80%	
*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.						
***Beta is calculated using ValueLine's calculations and averaging the portfolio beta at the beginning and end of the period.						



# Defender Capital Management

Dordt College Defender Capital Management		PERFORMANCE		
Consolidated Reports		2009		
Portfolio Value on 01-01-09			64,031.54	
Contributions			-	
Withdrawals			-	
Realized Gains*			1651.09	
Unrealized Gains**			12311.24	
Interest			0.47	
Dividends			1,538.71	
Portfolio Value on 12-31-09***			79,533.05	
Money-Weighted Return Calculations (MWR or IRR Method)				
Total Portfolio Return				
01/01/09	Beginning Value		(64,031.54)	
03/02/09			\$ 46.20	
03/27/09			\$ 0.50	
03/30/09			\$ 311.18	
06/01/09			\$ 46.20	
06/09/09			\$ 49.00	
06/10/09			\$ 48.75	
06/26/09			\$ 0.50	
07/09/09			\$ 238.80	
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11/16/09			\$ 44.00	
12/01/09			\$ 46.20	
12/08/09			\$ 49.00	
12/10/09			\$ 51.00	
12/14/09			\$ 19.66	
12/16/09			\$ 17.25	
12/24/09			\$ 0.50	
12/30/09			\$ 180.27	
12/31/09	Ending Value		79,533.05	
		Money Weighted Return (XIRR) =	24.50%	
		Total Period Return =	24.21%	
		S & P 500	23.45%	
Percent Return Per Period				
		DCM	S&P 500	DJI
12/31/08	to 1/30/09	-8.91%	-8.57%	-8.84%
1/30/09	to 2/28/09	-9.84%	-10.99%	-11.72%
2/28/09	to 3/31/09	9.57%	8.54%	7.73%
3/31/09	to 4/30/09	7.93%	9.39%	7.35%
4/30/09	to 5/31/09	4.60%	5.31%	4.07%
5/31/09	to 6/30/09	0.93%	0.02%	-0.63%
06/30/09	to 07/31/09	8.22%	7.24%	8.57%
07/31/09	to 08/31/09	3.11%	3.36%	3.25%
08/31/09	to 09/30/09	3.32%	3.57%	2.57%
09/30/09	to 10/31/09	-1.60%	-1.98%	0.00%
10/31/09	to 11/30/09	4.87%	5.74%	6.51%
11/30/09	to 12/31/09	1.82%	1.78%	0.80%



\*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.

\*\*\*Due to rounding errors, the actual portfolio value on 12/31/09 is \$79,533.02. We have deemed the \$.03 to be immaterial.