

Defender Capital Management
Q2/2024 Report
June 30, 2024

Executive Summary

Performance.

Beginning Q2 at an all-time high of \$1,272,095.84, the DCM portfolio continued to benefit from strong market conditions and ended at a new high of \$1,291,507.34. This 2.01% return trailed the S&P 500's Q2 return of 4.12%. Modest returns continue to add to our record high, benefiting from the continued optimism of rate cuts later in 2024, as well as the market continuing to follow the outperformance of the Magnificent Seven. As DCM heads into the summer, constant portfolio monitoring will continue to happen from the new leadership team until the beginning of the school year.

Cash.

DCM entered Q2 with beginning cash at \$5,818.91. Dividends of \$6,094.40, which represented a 1.93% annualized yield, and \$19.35 of interest pushed our total cash to \$6,113.75. Towards the end of the school year, the CFA challenge winners were fortunate enough to attend the 2024 CFA Annual Banquet, which ended up costing the fund \$468.21. The only transaction that was made by the club in Q2 was the dissolution of Seaboard (SEB), which freed up \$16,213.74, leaving the club at an ending cash balance of \$28,146.27.

Club notes.

As the club experiences leadership turnover in between Q2 and Q3, the summer months will be used to get those acclimated to new roles, continued analysis on the portfolio, and several meetings to discuss potential ideas that will enhance productivity, inclusion, and overall portfolio performance. We are very excited to share and implement new ideas that will benefit each club member. DCM will continue to strive to achieve high portfolio performance, as well as investing in ethical companies that contribute to the well-being of our world in a Christ-like manner.

In His service,



Taeden Van Beek
President



Luke Rankin
Vice President

Isaac Davelaar
Accountant

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I. Q2 Performance

Table 1. Change in Portfolio Value from March 31 – June 30

Portfolio Value on 3-31-24				\$	1,272,095.84
Contributions				\$	-
Realized Gain/Loss*				\$	(3,786.24)
Adjmnt?				\$	-
Change in Unrealized Gains**			\$	17,083.99	
Interest			\$	19.35	
Dividends (Net F/T & Fees)			\$	6,094.40	
Change in Portfolio Value				\$	23,197.74
Portfolio Value on 06-30-23				\$	1,291,507.34

DCM reported a money-weighted return on invested capital of **2.01%** for the quarter ended December 31. We had a risk-adjusted return of 2.03%, trailing the S&P 500. While there are a few reasons for our underperformance in Q2, a primary factor was the outperformance of Apple, Microsoft, Broadcom, NVIDIA, and Google. Lifting the performance in Q2 for the S&P 500, DCM only owns 60% of these stocks, meaning the club is less exposed to large tech and AI companies than the S&P 500.

Table 2. Annual Returns

Beginning Invested Value	\$1,266,276.93
Ending Invested Value	\$1,263,361.07
Money Weighted Return**	2.01%
Risk Weighted IRR****	2.03%
Total Period Return	-0.16%
S & P 500	4.12%

II. Statement of Positions

Table 3. Statement of Position

AAPL	512	\$ 16.56	8,476.95	210.62	\$ 107,837.44	\$ 99,360.49	1172.13%	8.35%	1.19	0.099	\$ 171.48	22.82%	\$ 87,797.76	\$ 20,039.68
ABV	285	\$ 87.42	24,914.79	171.52	\$ 48,883.20	\$ 23,968.41	96.20%	3.78%	0.57	0.022	\$ 182.10	-5.81%	\$ 51,898.50	\$ (3,015.30)
ADBE	100	\$ 405.82	40,581.95	555.54	\$ 55,554.00	\$ 14,972.05	36.89%	4.30%	1.30	0.056	\$ 504.60	10.10%	\$ 50,460.00	\$ 5,094.00
ALL	139	\$ 107.98	15,008.86	159.66	\$ 22,192.74	\$ 7,183.88	47.86%	1.72%	0.48	0.008	\$ 173.01	-7.72%	\$ 24,048.39	\$ (1,855.65)
AMZN	340	\$ 42.46	14,437.24	193.25	\$ 65,705.00	\$ 51,267.76	355.11%	5.09%	1.15	0.059	\$ 180.38	7.13%	\$ 61,329.20	\$ 4,375.80
BABA	208	\$ 72.08	14,991.75	72	\$ 14,976.00	\$ (15.75)	-0.11%	1.16%	0.86	0.010	\$ 72.36	-0.50%	\$ 15,050.88	\$ (74.88)
BLK	50	\$ 789.35	39,467.50	787.32	\$ 39,366.00	\$ (101.50)	-0.26%	3.05%	1.33	0.041	\$ 833.70	-5.56%	\$ 41,685.00	\$ (2,319.00)
CARR	546	\$ 35.69	19,489.36	63.08	\$ 34,441.68	\$ 14,952.32	76.72%	2.67%	1.25	0.033	\$ 58.13	8.52%	\$ 31,738.98	\$ 2,702.70
CBRE	231	\$ 56.27	12,997.22	89.11	\$ 20,584.41	\$ 7,587.19	58.38%	1.59%	1.40	0.022	\$ 97.24	-8.36%	\$ 22,462.44	\$ (1,878.03)
CSCO	662	\$ 29.19	19,322.27	47.51	\$ 31,451.62	\$ 12,129.35	62.77%	2.44%	0.91	0.022	\$ 49.91	-4.81%	\$ 33,040.42	\$ (1,588.80)
CROX	351	\$ 84.58	29,687.44	145.94	\$ 51,224.94	\$ 21,537.50	72.55%	3.97%	2.00	0.079	\$ 143.80	1.49%	\$ 50,473.80	\$ 751.14
CVS	440	\$ 78.12	34,372.62	59.06	\$ 25,986.40	\$ (8,386.22)	-24.40%	2.01%	0.51	0.010	\$ 79.76	-25.95%	\$ 35,094.40	\$ (9,108.00)
CVX	106	\$ 83.52	8,853.16	156.42	\$ 16,580.52	\$ 7,727.36	87.28%	1.28%	1.09	0.014	\$ 157.74	-0.84%	\$ 16,720.44	\$ (139.92)
DE	110	\$ 364.69	40,115.90	373.63	\$ 41,099.30	\$ 983.40	2.45%	3.18%	0.94	0.030	\$ 410.74	-9.03%	\$ 45,181.40	\$ (4,082.10)
DIS	199	\$ 143.33	28,521.97	99.29	\$ 19,758.71	\$ (8,763.26)	-30.72%	1.53%	1.40	0.021	\$ 122.36	-18.85%	\$ 24,349.64	\$ (4,590.93)
DLR	235	\$ 106.14	24,942.67	152.05	\$ 35,731.75	\$ 10,789.08	43.26%	2.77%	0.60	0.017	\$ 144.04	5.56%	\$ 33,849.40	\$ 1,882.35
ELV	79	\$ 91.05	7,192.59	541.86	\$ 42,806.94	\$ 35,614.35	495.15%	3.31%	0.85	0.028	\$ 518.54	4.50%	\$ 40,964.66	\$ 1,842.28
EPD	690	\$ 29.01	20,016.95	28.98	\$ 19,996.20	\$ (20.75)	-0.10%	1.55%	1.01	0.016	\$ 29.18	-0.69%	\$ 20,134.20	\$ (138.00)
EXC	269	\$ 26.27	7,065.93	34.61	\$ 9,310.09	\$ 2,244.16	31.76%	0.72%	0.59	0.004	\$ 37.57	-7.88%	\$ 10,106.33	\$ (796.24)
FTS	610	\$ 38.84	23,692.40	38.84	\$ 23,692.40	\$ -	0.00%	1.83%	0.19	0.003	\$ 39.51	-1.70%	\$ 24,101.10	\$ (408.70)
GOOG	540	\$ 31.53	17,024.66	183.42	\$ 99,046.80	\$ 82,022.14	481.78%	7.67%	1.05	0.081	\$ 152.26	20.46%	\$ 82,220.40	\$ 16,826.40
MA	86	\$ 175.16	15,063.36	441.16	\$ 37,939.76	\$ 22,876.40	151.87%	2.94%	1.09	0.032	\$ 481.57	-8.39%	\$ 41,415.02	\$ (3,475.26)
MSFT	90	\$ 336.57	30,291.16	446.95	\$ 40,225.50	\$ 9,934.34	32.80%	3.11%	0.89	0.028	\$ 420.72	6.23%	\$ 37,864.80	\$ 2,560.70
NICE	144	\$ 208.05	29,959.20	171.97	\$ 24,763.68	\$ (5,195.52)	-17.34%	1.92%	0.43	0.008	\$ 260.62	-34.02%	\$ 37,529.28	\$ (12,765.60)
NKE	352	\$ 84.87	29,874.19	75.37	\$ 26,530.24	\$ (3,343.95)	-11.19%	2.05%	1.01	0.021	\$ 93.98	-19.80%	\$ 33,080.96	\$ (6,550.72)
PG	165	\$ 60.77	10,027.64	164.92	\$ 27,211.80	\$ 17,184.16	171.37%	2.11%	0.40	0.008	\$ 162.25	1.65%	\$ 26,771.25	\$ 440.55
PSA	79	\$ 191.72	15,146.15	287.65	\$ 22,724.35	\$ 7,578.20	50.03%	1.76%	0.64	0.011	\$ 290.06	-0.83%	\$ 22,914.74	\$ (190.39)
PYPL	409	\$ 73.31	29,983.75	58.03	\$ 23,734.27	\$ (6,249.48)	-20.84%	1.84%	1.42	0.026	\$ 66.99	-13.38%	\$ 27,398.91	\$ (3,664.64)
QCOM	350	\$ 76.94	26,929.61	199.18	\$ 69,713.00	\$ 42,783.39	158.87%	5.40%	1.27	0.069	\$ 169.30	17.65%	\$ 59,255.00	\$ 10,458.00
RIO	470	\$ 38.97	18,315.56	65.93	\$ 30,987.10	\$ 12,671.54	69.18%	2.40%	0.63	0.015	\$ 63.74	3.44%	\$ 29,957.80	\$ 1,029.30
RTX	209	\$ 65.96	13,785.25	100.39	\$ 20,981.51	\$ 7,196.26	52.20%	1.62%	0.55	0.009	\$ 97.53	2.93%	\$ 20,383.77	\$ 597.74
SYK	90	\$ 55.58	5,002.00	340.25	\$ 30,622.50	\$ 25,620.50	512.21%	2.37%	0.90	0.021	\$ 357.87	-4.92%	\$ 32,208.30	\$ (1,585.80)
T	934	\$ 23.52	21,970.04	19.11	\$ 17,848.74	\$ (4,121.30)	-18.76%	1.38%	0.66	0.009	\$ 17.60	8.58%	\$ 16,438.40	\$ 1,410.34
TESLA	132	\$ 189.42	25,003.43	197.88	\$ 26,120.16	\$ 1,116.73	4.47%	2.02%	2.31	0.047	\$ #N/A	#N/A	\$ #N/A	\$ #N/A
USB	370	\$ 30.07	11,124.58	39.7	\$ 14,689.00	\$ 3,564.42	32.04%	1.14%	1.06	0.012	\$ 44.70	-11.19%	\$ 16,539.00	\$ (1,850.00)
WFC	388	\$ 45.06	17,481.80	59.19	\$ 23,043.92	\$ 5,561.92	31.81%	1.78%	1.17	0.021	\$ 57.96	2.47%	\$ 22,488.48	\$ 554.84

*Positions sold over the course of the quarter are hidden

Performance.

As stated above, Q2 saw relatively flat returns across the board, minus a few outliers. Our top three performers for this quarter were Apple (22.82%), Google (20.46%), and Qualcomm (17.65%). Riding the wave of many Semiconductor companies, both Apple and Google benefited from continuing to introduce how AI will help improve efficiency for their respective companies. Qualcomm is no different, with increased demand for their various chipsets increasing guidance for the rest of 2024. While generative AI companies have proved to be quite the catalyst in a high interest rate environment, other companies that provide discretionary items are suffering as consumers pull back on non-essential items. Our top three losers for Q2 were NICE (-34.02%), CVS (-25.96%), and Nike (-19.8%). NICE, an Israeli software solutions provider, posted quality numbers in Q1, yet was dealt a blow when CEO Barak Eilam announced he was stepping down, sending shares sliding. CVS, a struggling retail pharmacy provider, saw extremely disappointing Q1 earnings, along with revenue expectations being decreased for the remainder of 2024. Finally, Nike continued to slide for most of 2024, which can be attributed to flat earnings numbers, coupled with uninspiring guidance for the rest of the year.

Sales.

Table 4. Sales

SALES					Fee		
4/24/2024	5	SEB	\$ 3,242.75	\$ 16,213.74	\$ 0.13	\$ 16,213.61	
				<u>\$ 16,213.74</u>		<u>\$ 16,213.61</u>	

The only sale that was made in Q2 involved the selling of Seaboard. Seaboard, a global transportation company, operates through Pork, Commodity trading, Marine, Sugar and Alcohol, Power, and Turkey. An extremely illiquid stock, we ended our position on Seaboard down \$3,786 (-19%). The decision to sell Seaboard stemmed from their low returns in the few years that DCM held the stock, as well as an array of opportunities in the market, in which DCM will use this cash to earn a higher return than Seaboard provided.

Purchases.

DCM did not make any purchases this quarter.

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 (\$)
Consumer Discretionary	10.60%	14.61%	-4.01%	(\$50,640.07)
Consumer Staples	6.60%	2.15%	4.45%	\$56,170.03
Energy	4.40%	2.90%	1.50%	\$19,011.17
Financials	12.50%	12.74%	-0.24%	(\$3,044.96)
Health Care	13.20%	11.74%	1.46%	\$18,464.62
Industrials	8.40%	7.64%	0.76%	\$9,599.84
Information Tech	28.20%	26.08%	2.12%	\$26,722.58
Materials	2.50%	2.45%	0.05%	\$596.93
Telecommunications	8.80%	10.82%	-2.02%	(\$25,478.48)
Utilities	2.40%	2.61%	-0.21%	(\$2,681.82)
REIT	2.40%	6.26%	-3.86%	(\$48,719.84)

DCM ended Q2 most overweight in Consumer Discretionary and Real Estate, as TSLA and AMZN have experienced substantial gains, causing our market value in Consumer Discretionary to rise. The same is true for the REIT sector, with companies like Digital Realty Trust and Public Storage heavily outperforming the otherwise lagging Real Estate Sector. With the market continuing to rebound, various tactical asset allocation moves may benefit the club, potentially looking to shift some of our money into defensive sectors such as Consumer Staples. DCM being underweight in tech, as well as less concentrated in growth stocks, has removed the portfolio from some of the pop

that the S&P has experienced, yet our returns are in line with overall club risk tolerance.

Table 6. Sector Returns

	This Quarter	Last Quarter	Change	Change as % of Portfolio
Consumer Discretionary	\$ 184,556.34	\$ 94,410.16	95.48%	6.15%
Consumer Staples	\$ 27,211.80	\$ 26,771.25	1.65%	-0.24%
Energy	\$ 36,576.72	\$ 36,854.64	-0.75%	-0.41%
Financials	\$ 160,965.09	\$ 173,574.80	-7.26%	-2.81%
Health Care	\$ 148,299.04	\$ 160,165.86	-7.41%	-2.61%
Industrials	\$ 96,522.49	\$ 52,122.75	85.18%	2.97%
Information Tech	\$ 329,545.24	\$ 305,947.26	7.71%	-1.32%
Materials	\$ 30,987.10	\$ 29,957.80	3.44%	-0.23%
Telecommunications	\$ 136,654.25	\$ 123,008.44	11.09%	-0.20%
Utilities	\$ 33,002.49	\$ 34,207.43	-3.52%	-0.45%
REIT	\$ 79,040.51	\$ 79,226.58	-0.23%	-0.84%

Balancing.

Our purchase of Alibaba, Tesla, and Deere increased our weights significantly in the Consumer Discretionary and Industrial sectors respectively. Our top-performing sector was the Telecommunications sector at 11.09%, with Google accounting for much of the gain. Information Technology also proved to be an outperformer, with returns of 7.71%, attributable mainly to Apple and Qualcomm. As we enter a new school year, we will look to re-evaluate our low-performing holdings in favor of proven companies in the Information Tech and Consumer Staples industry.

IV. Quarterly Income

Table 7. Statement of Income

Date	Security	Amount	Yield
4/1/2024	ALL	\$ 127.88	2.30%
4/1/2024	NKE	\$ 130.24	1.96%
4/15/2024	USB	\$ 181.30	4.94%
4/18/2024	RIO	\$ 1,212.60	15.65%
4/24/2024	CSCO	\$ 264.80	3.37%
4/30/2024	SYK	\$ 72.00	0.94%
5/1/2024	T	\$ 259.19	5.81%
5/1/2024	CVS	\$ 292.60	4.50%
5/8/2024	DE	\$ 161.70	1.57%
5/9/2024	MA	\$ 56.76	0.60%
5/14/2024	EPD	\$ 355.35	7.11%
5/15/2024	ABBV	\$ 441.75	3.61%
5/16/2024	PG	\$ 166.07	2.44%
5/22/2024	AAPL	\$ 128.00	0.47%
5/24/2023	CARR	\$ 103.74	1.20%
6/3/2024	FTS	\$ 263.52	4.45%
6/3/2024	WFC	\$ 135.80	2.36%
6/10/2024	CVX	\$ 172.78	4.17%
6/13/2024	MSFT	\$ 67.50	0.67%
6/13/2024	RTX	\$ 131.67	2.51%
6/14/2024	EXC	\$ 102.22	4.39%
6/17/2024	GOOG	\$ 108.00	0.44%
6/20/2024	QCOM	\$ 297.50	1.71%
6/24/2024	BLK	\$ 255.00	2.59%
6/25/2024	ELV	\$ 128.77	1.20%
6/27/2024	PSA	\$ 237.00	4.17%
6/28/2024	DLR	\$ 286.70	3.21%

Total Dividends	\$ 6,140.44
Foreign Tax	\$ (39.53)
Fees	\$ (6.51)
Total Income	\$ 6,094.40
Portfolio Annualized Yield	1.93%
Interest	\$ 19.35
Total Income w/ Int on cash	\$ 6,113.75

**Note that yields are calculated using current market value, not cost basis*

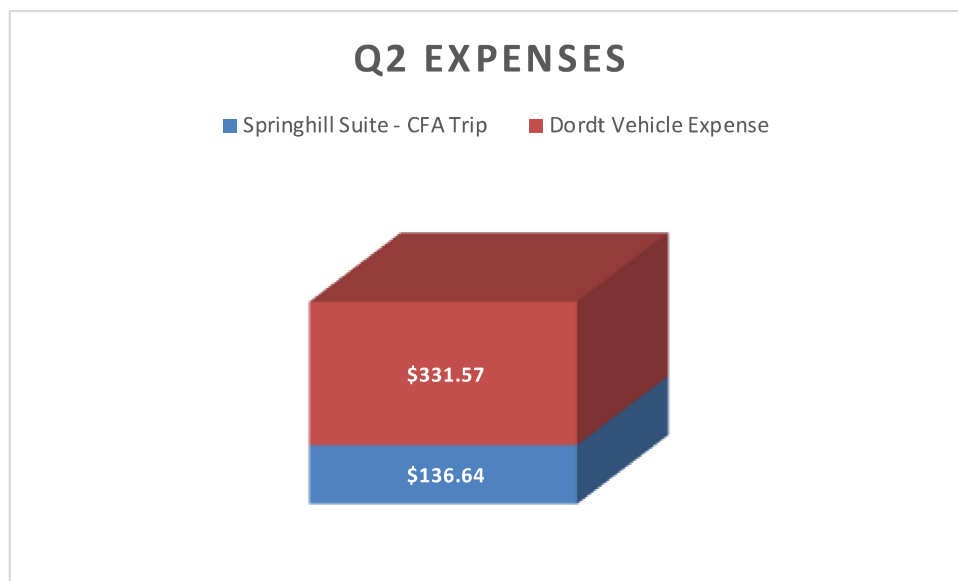
Quarterly Income.

At the close of the quarter, our dividend distribution stood at \$6,140.44 before accounting for foreign taxes and fees, and \$6094.40 after. This equates to an adjusted annualized yield of 1.93%, surpassing the current 1.35% yield of the S&P 500. Noteworthy contributions this quarter came from AbbVie, AT&T, Enterprise Products Partners, and US Bank. Coupled

with our robust performance, these dividends further improved our portfolio.

V. Club Expenses

Table 8. Club Expenses



Towards the end of the school year, the five CFA challenge winners were fortunate enough to attend the 2024 CFA Annual Banquet in Des Moines. Expenses for the trip totaled to \$468.2