

Defender Capital Management
Q1 2025 Report
June 16, 2025

Executive Summary

Performance.

DCM began Q1 2025 with a portfolio value of \$1,367,270.19 and ended the quarter at \$1,325,711.47, reflecting a modest decline in a challenging market. The portfolio returned -3.04% but still outperformed the S&P 500, which fell -4.59% over the same period. While the quarter brought overall losses, our results show the strength of our diversified approach. Exiting our Tesla position in January and buying Dollar General in early February helped bring more stability during a volatile stretch. Looking ahead, DCM will stay focused on long-term opportunities and continue searching for value in overlooked areas of the market.

Cash.

DCM began Q1 2025 with a cash balance of \$3,985.31. Over the quarter, we received \$5,231.79 in dividends and \$3.08 in interest. We also sold our positions in Tesla and Fortis for \$55,735.27 and \$26,875.76, bringing total cash on hand to just over \$82,000. From there, we purchased Dollar General for \$30,112.40 and added \$26,408.10 worth of Exelon. By the end of the quarter, our cash balance stood at \$35,310.71.

Club Notes.

As Q1 came to a close, the club took time to reflect on the performance of the portfolio and discuss steps moving forward. A consistent pattern has emerged over recent quarters: DCM tends to outperform during market downturns but lags slightly when markets rally. This defensive positioning has helped reduce downside risk, but we recognize the need to be more opportunistic during periods of growth. Heading into the rest of 2025, the club is working to rebalance the portfolio in ways that can better capture upside while still aligning with our overall risk profile. We're grateful for the continued support from the DCM board and all who contribute to the success of the fund.

In His service,



Caleb Smit
President

Gerrit Hedman
Accountant



Caden Koole
Vice President

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I. Q1 Performance

Table 1. Change in Portfolio Value from December 31, 2024 – March 31, 2025

<i>Change in Total Portfolio Value</i>		
Portfolio Value on 12-31-24		\$1,367,270.19
Contributions	\$ -	
Realized Gains	\$ 33,915.20	
Change in Unrealized Gains	\$ (80,708.79)	
Interest	\$ 3.08	
Dividends (Net of Foreign Tax)	\$ 5,231.79	
Change in Portfolio Value		\$ (75,473.92)
Portfolio Value on 03-31-25		\$1,325,711.47

For the quarter ended March 31, DCM reported a total return of -3.04%. The S&P 500 returned -4.59% over the same period, slightly underperforming our portfolio. While many companies faced headwinds from ongoing tariff concerns, our portfolio held up well. Strong performance from Dollar General, which returned 21% after our February purchase, along with solid gains from positions like Exelon and AT&T, helped drive our relative outperformance.

Table 2. Returns

<i>First Quarter Returns</i>	
Beginning Invested Value	\$ 1,307,404.89
Ending Invested Value	\$ 1,290,400.76
Risk Weighted IRR****	-9.94%
Total Period Return	-3.04%
S & P 500	-4.59%

II. Statement of Positions

Table 3. Statement of Position

Security	Shares Owned	Purchase Price	Total Cost*	Current Price	Market Value	Gain / (Loss)	Percent Change	Percent of Portfolio	Ending Beta	Weight ed Beta	Last Period Price	Current Period		Change in Value	
												Return	Last Period Value		
AAPL	512.00	\$ 16.56	8,476.95	\$ 222.13	\$ 113,730.56	\$ 105,253.61	1241.64%	8.58%	1.26	0.108	\$ 250.42	-11.30%	\$ 128,215.04	\$ (14,484.48)	
ADBE	100.00	\$ 405.82	40,581.95	\$ 383.53	\$ 38,353.00	\$ (2,228.95)	-5.49%	2.89%	1.49	0.043	\$ 444.68	-13.75%	\$ 44,468.00	\$ (6,115.00)	
AMD	235.00	\$ 169.70	39,879.50	\$ 102.74	\$ 24,143.90	\$ (15,735.60)	-39.46%	1.82%	1.99	0.036	\$ 120.79	-14.94%	\$ 28,385.65	\$ (4,241.75)	
AMZN	340.00	\$ 42.46	14,437.24	\$ 190.26	\$ 64,688.40	\$ 50,251.16	348.07%	4.88%	1.39	0.068	\$ 219.39	-13.28%	\$ 74,592.60	\$ (9,904.20)	
BABA	208	\$ 72.08	14,991.75	\$ 132.23	\$ 27,503.84	\$ 12,512.09	83.46%	2.07%	0.23	0.005	\$ 84.79	\$	\$ 17,636.32	\$ 9,867.52	
BLK	50.00	\$ 789.35	39,467.50	\$ 946.48	\$ 47,324.00	\$ 7,856.50	19.91%	3.57%	1.39	0.050	\$ 1,025.11	-7.67%	\$ 51,255.50	\$ (3,931.50)	
CARR	546.00	\$ 35.69	19,489.36	\$ 63.40	\$ 34,616.40	\$ 15,127.04	77.62%	2.61%	1.21	0.032	\$ 68.26	-7.12%	\$ 37,269.96	\$ (2,653.56)	
CBRE	231.00	\$ 56.27	12,997.22	\$ 130.78	\$ 30,210.18	\$ 17,212.96	132.44%	2.28%	1.27	0.029	\$ 131.29	-0.39%	\$ 30,327.99	\$ (117.81)	
CROX	351.00	\$ 84.58	29,687.44	\$ 106.20	\$ 37,276.20	\$ 7,588.76	25.56%	2.81%	1.62	0.046	\$ 109.53	-3.04%	\$ 38,445.03	\$ (1,168.83)	
CSCO	662.00	\$ 29.19	19,322.27	\$ 61.71	\$ 40,852.02	\$ 21,529.75	111.42%	3.08%	0.85	0.026	\$ 59.20	4.24%	\$ 39,190.40	\$ 1,661.62	
CVX	106.00	\$ 83.52	8,853.16	\$ 167.29	\$ 17,732.74	\$ 8,879.58	100.30%	1.34%	0.91	0.012	\$ 144.84	15.50%	\$ 15,353.04	\$ 2,379.70	
DE	110	\$ 364.69	40,115.9	\$ 469.35	\$ 51,628.50	\$ 11,512.60	28.70%	3.89%	1.01	0.039	\$ 423.70	10.77%	\$ 46,607.00	\$ 5,021.50	
DG	415	\$ 72.56	\$ 30,112.40	\$ 87.93	\$ 36,490.95	\$ 6,378.55	21.18%	2.75%	0.40	0.011	\$	\$	\$	\$	
DIS	199.00	\$ 143.33	28,521.97	\$ 98.70	\$ 19,641.30	\$ (8,880.67)	-31.14%	1.48%	1.44	0.021	\$ 111.35	-11.36%	\$ 22,158.65	\$ (2,517.35)	
DLR	235.00	\$ 106.14	24,942.67	\$ 143.29	\$ 33,673.15	\$ 8,730.48	35.00%	2.54%	0.94	0.024	\$ 177.33	-19.20%	\$ 41,672.55	\$ (7,999.40)	
ELV	79.00	\$ 91.05	7,192.59	\$ 434.96	\$ 34,361.84	\$ 27,169.25	377.74%	2.59%	0.78	0.020	\$ 368.90	17.91%	\$ 29,143.10	\$ 5,218.74	
EPD	690.00	\$ 29.01	20,016.95	\$ 34.14	\$ 23,556.60	\$ 3,539.65	17.68%	1.78%	0.76	0.014	\$ 31.36	8.86%	\$ 21,638.40	\$ 1,918.20	
EXC	884.00	\$ 37.87	33,474.03	\$ 46.08	\$ 40,734.72	\$ 7,260.69	21.69%	3.07%	0.47	0.014	\$ 37.64	22.42%	\$ 33,273.76	\$ 7,460.96	
GOOG	540.00	\$ 31.53	17,024.66	\$ 156.23	\$ 84,364.20	\$ 67,339.54	395.54%	6.36%	1.03	0.066	\$ 190.44	-17.96%	\$ 102,837.60	\$ (18,473.40)	
MA	86.00	\$ 175.16	15,063.36	\$ 548.12	\$ 47,138.32	\$ 32,074.96	212.93%	3.56%	1.06	0.038	\$ 526.57	4.09%	\$ 45,285.02	\$ 1,853.30	
MSFT	90.00	\$ 336.57	30,291.16	\$ 375.39	\$ 33,785.10	\$ 3,493.94	11.53%	2.55%	1.00	0.025	\$ 421.50	-10.94%	\$ 37,935.00	\$ (4,149.90)	
NICE	199.00	\$ 200.27	39,854.69	\$ 154.17	\$ 30,679.83	\$ (9,174.86)	-23.02%	2.31%	0.43	0.010	\$ 169.84	-9.23%	\$ 33,798.16	\$ (3,118.33)	
NKE	352.00	\$ 84.87	29,874.19	\$ 63.48	\$ 22,344.96	\$ (7,529.23)	-25.20%	1.69%	1.15	0.019	\$ 75.67	-16.11%	\$ 26,635.84	\$ (4,290.88)	
PFE	1,360.00	\$ 29.40	39,982.88	\$ 25.34	\$ 34,462.40	\$ (5,520.48)	-13.81%	2.60%	0.49	0.013	\$ 26.53	-4.49%	\$ 36,080.80	\$ (1,618.40)	
PG	165.00	\$ 60.77	10,027.64	\$ 170.42	\$ 28,119.30	\$ 18,091.66	180.42%	2.12%	0.42	0.009	\$ 167.65	1.65%	\$ 27,662.25	\$ 457.05	
PSA	79.00	\$ 191.72	15,146.15	\$ 299.29	\$ 23,643.91	\$ 8,497.76	56.11%	1.78%	0.76	0.014	\$ 299.44	-0.05%	\$ 23,655.76	\$ (11.85)	
PYPL	409.00	\$ 73.31	29,983.75	\$ 65.25	\$ 26,687.25	\$ (3,296.50)	-10.99%	2.01%	1.61	0.032	\$ 85.35	-23.55%	\$ 34,908.15	\$ (8,220.90)	
QCUM	350.00	\$ 76.94	26,929.61	\$ 153.61	\$ 53,763.50	\$ 26,833.89	99.64%	4.06%	1.29	0.052	\$ 153.62	-0.01%	\$ 53,767.00	\$ (3.50)	
RIO	470.00	\$ 38.97	18,315.56	\$ 60.08	\$ 28,237.60	\$ 9,922.04	54.17%	2.13%	0.68	0.014	\$ 58.81	2.16%	\$ 27,640.70	\$ 596.90	
RTX	209.00	\$ 65.96	13,785.25	\$ 132.46	\$ 27,684.14	\$ 13,898.89	100.82%	2.09%	0.26	0.005	\$ 115.72	14.47%	\$ 24,185.48	\$ 3,498.66	
SYK	90.00	\$ 55.58	5,002.00	\$ 372.25	\$ 33,502.50	\$ 28,500.50	569.78%	2.53%	0.94	0.024	\$ 360.05	3.39%	\$ 32,404.50	\$ 1,098.00	
T	934.00	\$ 23.52	21,970.04	\$ 28.28	\$ 26,413.52	\$ 4,443.48	20.23%	1.99%	0.59	0.012	\$ 22.77	24.20%	\$ 21,267.18	\$ 5,146.34	
TSM	176.00	\$ 187.45	32,991.18	\$ 166.00	\$ 29,216.00	\$ (3,775.18)	-11.44%	2.20%	1.31	0.029	\$ 197.49	-16%	\$ 34,758.24	\$ (5,542.24)	
USB	370.00	\$ 30.07	11,124.58	\$ 42.22	\$ 15,621.40	\$ 4,496.82	40.42%	1.18%	0.94	0.011	\$ 47.83	-11.73%	\$ 17,697.10	\$ (2,075.70)	
WFC	388.00	\$ 45.06	17,481.80	\$ 71.79	\$ 27,854.52	\$ 10,372.72	59.33%	2.10%	1.01	0.021	\$ 70.24	2.21%	\$ 27,253.12	\$ 601.40	
			\$ 807,409.35		\$ 1,290,036.75	\$ 482,627.40		97.31%		0.966			\$ 1,307,404.89	\$ (53,859.09)	
				(+) Cash	\$ 35,674.72			2.69%					(+) Cash	\$ 3,985.31	
					\$ 1,325,711.47			100.00%					\$ 1,311,390.20		

*Positions sold for the quarter are hidden

Performance.

The portfolio declined 3.04% in Q1 2025 but outperformed the S&P 500, which fell 4.59% over the same period. The top performers this quarter were AT&T (+24.2%), Exelon (+22.4%), and Dollar General (+21.2%). The weakest performers were PayPal (-23.6%), Digital Realty Trust (-19.2%), and Alphabet (-18.0%).

AT&T gained after reports of potential acquisition talks with Lumen Technologies, which aligns with the company's long-term fiber strategy. In addition, tariff-driven price changes contributed to an increase in consumer upgrades, supporting revenue growth.

Exelon's stock rose following analyst upgrades from Argus, Morgan Stanley, and UBS. The company also announced an additional \$3.5 billion in capital expenditures aimed at modernizing power lines and improving grid infrastructure, which was viewed positively by the market.

Dollar General experienced a strong recovery during the quarter. The company continued its store remodel initiative, upgrading over 1,200 locations to improve in-store experience and sales performance. Furthermore, Citi Research upgraded the stock, noting that Dollar General’s exposure to new tariffs is relatively limited—estimated at only 10%—which helped reduce investor concerns during a period of increased trade tension.

On the downside, PayPal declined due to regulatory concerns related to trade discussions between the United States and the European Union. Digital Realty Trust reported a significant drop in net income and a reduction in cash reserves. Alphabet also fell, driven by concerns over large-scale AI investments and ongoing regulatory uncertainty.

Sales.

Table 4. Sales

SALES				
Trade Date	Quantity	Security	Unit Price	Amount
1/23/2025	132	TSLA	\$ 422.25	\$ 55,735.27
2/14/2025	610	FTS	\$ 44.06	\$ 26,875.76
				<u>\$ 82,611.03</u>

DCM made two sales in Q1 2025: Tesla and Fortis. We exited Tesla at \$422.25 per share. While it remains a leader in the EV space, we had concerns about rising competition, margin pressure from price cuts, and ongoing volatility in the stock. We also felt much of Tesla’s future growth was already priced in, especially after the stock gained over 100% since our initial purchase. We also sold Fortis at \$44.06 per share. Fortis is a reliable utility company with a strong dividend history, but since we already hold Exelon, we decided to reduce our overlap in the sector. The sale gave us the chance to put more capital into Exelon, which we see as the stronger long-term pick based on our research.

Purchases.

Table 5. Purchases

Trade Date	Quantity	Security	Unit Price	Amount
PURCHASES				
2/5/2025	415	DG	\$ 72.56	\$ 30,112.40
2/14/2025	615	EXC	\$ 42.94	\$ 26,408.10
				<u>\$ 56,520.50</u>

With the proceeds from our Fortis sale, we increased our position in Exelon. The company offers a strong dividend near 4% and holds a solid place in the utilities sector. We decided one core holding in this space was sufficient for our level of diversification. Shortly after adding to Exelon, we purchased 415 shares of Dollar General for just over \$30,000. At the time, we were underweight in consumer discretionary and wanted exposure to a company that could offer some stability in a volatile market. Dollar General had faced challenges last fall after hurricanes damaged several stores and led to significant costs. Despite that, the company continued to report strong revenue and showed promising growth potential, which supported our decision to invest. As of March 31, Dollar General has returned 21%.

III. Portfolio Diversification

Table 6. Portfolio to S&P Diversification

Industry	% of S&P 500	% of DCM Portfolio	Difference (%)	Difference (\$)
Consumer Discretionary	10.30%	15.29%	-4.99%	(\$61,467.01)
Consumer Staples	6.20%	2.28%	3.92%	\$48,229.39
Energy	3.20%	3.35%	-0.15%	(\$1,883.57)
Financials	14.50%	13.37%	1.13%	\$13,931.93
Health Care	10.80%	5.51%	5.29%	\$65,130.15
Industrials	8.50%	9.25%	-0.75%	(\$9,257.45)
Information Tech	30.30%	27.64%	2.66%	\$32,743.42
Materials	2.00%	2.29%	-0.29%	(\$3,608.99)
REIT	2.30%	7.11%	-4.81%	(\$59,204.34)
Telecommunications	9.30%	10.59%	-1.29%	(\$15,895.99)
Utilities	2.60%	3.31%	-0.71%	(\$8,717.53)
Totals	100.00%	100.00%		

At the end of Q1, DCM was most overweight in Consumer Discretionary and Real Estate. PSA and DLR continued to perform well in the Real Estate sector, while AMZN and Dollar General showed strong growth in Consumer Discretionary. In upcoming meetings, we'll be looking for new opportunities in Information Technology to keep building our exposure there. We're also keeping an eye on potential additions in Healthcare and Consumer Staples as we look to rebalance the portfolio.

Table 6. Sector Returns

	Last Quarter	This Quarter	Change	Change as % of Portfolio
Consumer Discretionary	\$ 210,616.67	\$ 188,304.35	-10.59%	-1.64%
Consumer Staples	\$ 27,662.25	\$ 28,119.30	1.65%	0.03%
Energy	\$ 36,991.44	\$ 41,289.34	11.62%	0.32%
Financials	\$ 176,398.89	\$ 164,625.49	-6.67%	-0.86%
Health Care	\$ 97,628.40	\$ 67,864.34	-30.49%	-2.18%
Industrials	\$ 108,062.44	\$ 113,929.04	5.43%	0.43%
Information Tech	\$ 400,517.49	\$ 340,380.01	-15.01%	-4.41%
Materials	\$ 27,640.70	\$ 28,237.60	2.16%	0.04%
Telecommunications	\$ 146,263.43	\$ 130,419.02	-10.83%	-1.16%
Utilities	\$ 35,482.86	\$ 40,734.72	14.80%	0.39%
REIT	\$ 95,656.30	\$ 87,527.24	-8.50%	-0.60%
Totals	\$1,362,920.87	\$ 1,231,430.45		

Balancing.

Information Technology saw the largest overall decline in DCM's portfolio this quarter, followed by Healthcare. With Tech underperforming, we've remained underweight in the sector, and the gap in Healthcare exposure has widened as well. We'll be looking into potential opportunities in both areas moving forward. Currently, DCM is most overweight in Consumer Discretionary and Real Estate—two sectors that have performed well and where we've continued to find strong investment opportunities.

IV. Quarterly Income

Table 7. Statement of Income

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

Quarterly Income.

At the end of the quarter, our total dividend income came to \$5,254.27 before foreign taxes and fees, and \$5,231.79 after. This resulted in an adjusted annualized yield of 1.58%, which outperformed the S&P 500's current yield of 1.27%. Pfizer, with an annual yield of 6.79%, was the largest contributor. Other key names included Exelon, AT&T, Digital Realty Trust, and Qualcomm. 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

During the quarter, DCM had \$1,364.58 in expenses which covered costs of transportation and meals for club activities.

Expense	Amount
Transportation	\$ (328.50)
Vehicle Pool	\$ (384.06)
Meals	\$ (652.02)
Total	\$ (1,364.58)

Date	Security	Q1 2025 Amount
1/2/2025	NKE	\$ 140.80
1/9/2025	TSM	\$ 107.03
1/15/2025	USB	\$ 185.00
1/16/2025	DIS	\$ 99.50
1/17/2025	DLR	\$ 286.70
1/22/2025	CSCO	\$ 264.80
1/31/2025	SYK	\$ 75.60
2/3/2025	T	\$ 259.19
2/7/2025	CARR	\$ 122.85
2/7/2025	MA	\$ 65.36
2/10/2025	DE	\$ 178.20
2/13/2025	AAPL	\$ 128.00
2/14/2025	EPD	\$ 369.15
2/18/2025	PG	\$ 166.07
3/3/2025	WFC	\$ 155.20
3/7/2025	PFE	\$ 584.80
3/10/2025	CVX	\$ 181.26
3/13/2025	MSFT	\$ 74.70
3/14/2025	EXC	\$ 353.60
3/17/2025	GOOG	\$ 108.00
3/20/2025	RTX	\$ 131.67
3/24/2025	BLK	\$ 260.50
3/25/2025	ELV	\$ 135.09
3/27/2025	QCOM	\$ 297.50
3/28/2025	PSA	\$ 237.00
3/31/2025	DLR	\$ 286.70
		\$ 5,254.27
Foreign Tax		\$ (22.48)
Fees		\$ -
Total Income		\$ 5,231.79
		1.58%
Interest		\$ 3.08
Total Incomew/ Int on cash		\$ 5,234.87