

## Item 1 Cover Page

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February 18, 2021

**This brochure provides information about the qualifications and business practices of Defender Capital. If you have any questions about the contents of this brochure, please contact us at 704-737-8293. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Defender Capital also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.**

## **Item 2 Material Changes**

February 18, 2021 – Item 5 was amended to reflect an updated fee calculation methodology.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was January 14, 2020.

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## **Item 4 Advisory Business**

Defender Capital is a registered investment advisor firm registered with the U.S. Securities and Exchange Commission (SEC). The company was formed in September 2011.

The principal owners of Defender Capital are John D. Stamas, Vice President and Treasurer, and Don G. Stamas, President and Secretary. As Defender believes in ensuring its clients and their assets receive the service they deserve, Defender has developed a succession plan in the event of the sudden loss of key personnel. To summarize the plan, John D. Stamas would take over the management of the firm in the event that Don G. Stamas was no longer able to manage.

### Advisory Services

Defender Capital's ("Defender" or "Advisor") principal service is providing fee-based investment advisory services. The Advisor practices custom management of portfolios, on a discretionary basis, according to the client's objectives. The Advisor may use any of the following: exchange listed securities, over-the-counter securities, foreign securities, and United States government securities to accomplish this objective. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

### Pension Consulting Services

Defender will offer pension consulting services and participant fiduciary advice to plan participants for assets held at Qualified Plans, pursuant to the Pension Protection Act of 2006. The Advisor's pension consulting services and participant fiduciary advice will be based on information obtained from the plan participant about goals and investment objectives, time horizon, risk tolerance and the plan participant's financial situation. Defender will utilize Investment Policy Statements when providing standardized asset allocation recommendations for the investment assets of plan participants within Qualified Plans.

Defender may offer other pension consulting services that include but are not limited to educational seminars, plan surveys, evaluations of vendor's services or special projects on behalf of the plan sponsor.

### Selection of Other Advisors

Defender may periodically recommend and refer clients to unaffiliated money managers or investment advisors. Through this arrangement, the client will then enter into an advisory agreement with the third party money manager authorizing them to assist and advise the client in establishing investment objectives and developing an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments.

Defender will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

#### Financial Planning

In addition to investment supervisory services, Defender may provide Financial Planning Services to some of its clients. The Advisor's Financial Planning services may include recommendations for portfolio customization based on their client's investment objectives, goals and financial situation. Financial Planning Services may also include recommendations relating to investment strategies as well as tailored investment advice.

Defender does not provide portfolio management services to wrap fee programs.

As of February 10, 2021, Defender had \$365,600,000 in discretionary, and \$1,400,000 in non-discretionary client assets under management.

### **Item 5 Fees and Compensation**

#### Asset Management Fees

Pursuant to an Investment Advisory contract signed by each client, the client will pay Defender an Investment Advisory fee either monthly or quarterly, paid either in arrears or in advance, as contractually defined, based on the average daily market value of the assets under management in the account for the period. For new accounts, fees will be prorated from the inception of the account to the end of the first period.

Investment Advisory fees range from 2.0% per annum to 0.5% per annum depending on the type and complexity of the investment management strategy employed as well as the size of the account or overall client relationship. Investment Advisory fees may be reduced or waived for directors, officers, and employees of Defender, as well as family members or accounts with 100% cash at the discretion of management. Defender may negotiate these fees at its sole discretion. The Custodian will automatically deduct investment Advisory fees from the client account on a monthly or quarterly basis (either in advance or in arrears as noted above). The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a monthly statement to the client. For accounts where it is not practical to have fees directly deducted, Defender will invoice the client on a monthly, quarterly, semi-annual or annual basis based on the agreement with the client.

Either party may terminate the Investment Advisory contract, at any time, by written notice to the other party. Such termination shall be effective thirty days after receipt of such notice in writing. Upon effectiveness of termination, the Advisor will calculate the fee from the beginning of the billing period to the termination effective date and instruct the Custodian to deduct such fee from the client account. If the fee has been paid in advance, the Advisor will calculate the pro-rated fee through the termination date and return the remainder.

Where Defender is selecting and referring clients to unaffiliated third party asset managers, the third party money manager will receive an investment advisory fee, billed monthly or quarterly in advance or in arrears depending on the custodian used for the account, and the fee will be based on the account asset value at the end of the period. New account fees will be prorated from the inception of the account to the end of the period. Defender will receive a portion of the investment advisory fee for the assistance with account opening paperwork and maintenance, ongoing monitoring of the activities of the third party asset manager on behalf of the client, and ongoing client assistance.

#### Hourly Fee

Some clients may contract to have financial planning or investment advisory advice provided based on an hourly fee rather than based on the assets under management. The Advisors hourly fee will be billed at a rate of \$300 per hour, but may be negotiated in advance. Hourly fee-based clients are billed on a monthly basis upon completion of work performed.

#### Fixed Fees

Defender may charge a fixed fee for comprehensive financial planning services ranging from \$1,000 to \$25,000 per plan, depending on the scope and complexity of the services performed, as contracted with client in advance. Fixed fees may be negotiated in advance based at the discretion of the Advisor. Fixed fee-based clients are billed on a monthly basis upon completion of work performed.

At no time will Defender accept or maintain custody of a client's funds or securities except for authorized fee deduction. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisors fee is separate and distinct from the custodian and execution fees.

Neither Defender nor its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Item 6 Performance-Based Fees and Side-by-Side Management**

Defender does not charge performance-based fees.

### **Item 7 Types of Clients**

The Advisor will offer its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, private funds, donor advised funds, corporations and other business entities.

The Advisor's cumulative minimum household account requirement for opening and maintaining an account is \$2,000,000. However, based on facts and circumstances the Advisor may, at its sole discretion, accept accounts with a lower value.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

The Advisor utilizes fundamental analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

The investment strategies the Advisor will implement may include long-term purchases of securities held at least for one year and short-term purchases for securities sold within a year.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

While Defender provides investment advice on any investment asset, it primarily recommends investments in exchange traded equity securities of companies.

All investments involve some degree of risk. In finance, risk refers to the degree of uncertainty and/or potential financial loss inherent in an investment decision. In general, as investment risks rise, investors seek higher returns to compensate themselves for taking such risks.

Every saving and investment product has different risks and returns. Differences include how readily investors can get their money when they need it, how fast their money will grow, and how safe their money will be.

### Business Risk

With a stock, you are purchasing a piece of ownership in a company. With a bond, you are loaning money to a company. Returns from both of these investments require that the company stays in business. If a company goes bankrupt and its assets are liquidated, common stockholders are the last in line to share in the proceeds. If there are assets, the company's bondholders will be paid first, then holders of preferred stock. If you are a common stockholder, you get whatever is left, which may be nothing.

### Volatility Risk

Even when companies aren't in danger of failing, their stock price may fluctuate up or down. Large company stocks as a group, for example, have lost money on average about one out of every three years. Market fluctuations can be unnerving to some investors. A stock's price can be affected by factors inside the company, such as a faulty product, or by events the company has no control over, such as political or market events.

### Liquidity Risk

This refers to the risk that investors won't find a market for their securities, potentially preventing them from buying or selling when they want. This can be the case with the more complicated investment products.

Further, many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Factors relevant to specific securities may have negative effects on their value, such as competition or government regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

## **Item 9 Disciplinary Information**

Defender has not been subject to any criminal or civil actions or administrative enforcement proceedings.

## **Item 10 Other Financial Industry Activities and Affiliations**

Neither Defender nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Defender nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Defender does not currently have any relationships or arrangements that are material to its advisory business or clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company, mutual fund, closed-end investment company, unit investment trust, other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Defender is the investment advisor and General Partner to Defender Capital Partners LLC, a private fund ("the Fund"). Defender receives a management fee through this relationship. This creates a conflict of interest. Defender addresses this conflict of interest by disclosing all relevant fees to its clients prior to initiating any transactional related business or issuing shares in



a pooled investment vehicle. Defender does not charge a direct investment management fee on client assets invested in the Fund. Rather, clients will indirectly pay the management fee Defender charges to the Fund.

Don G. Stamas, President and Secretary for Defender is also licensed and registered as an insurance agent to sell life, accident and other lines of insurance for various insurance companies. Therefore, he will be able to purchase insurance products for any client in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of insurance products. This creates a conflict of interest because of the receipt of additional compensation by Defender or Mr. Stamas. Clients are not obligated to use Defender or Mr. Stamas for insurance products services. However, in such instances, there is no advisory fee associated with these insurance products.

Don G. Stamas and John D. Stamas are also the owners of D.J.S. Investments, LLC, an entity involved in real estate transactions. Clients of Defender are not clients or investors in D.J.S. Investments, LLC.

Defender does recommend or select other investment advisors for clients. For more specific detail see the response to 4 above.

#### **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Defender is registered with the SEC and maintains a Code of Ethics pursuant to SEC rule 204A-1. Defender has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Defender deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Defender are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. Defender collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. Defender will provide a copy of the Code of Ethics to any client or prospective client upon request.

Defender and/or its investment advisor representatives may from time to time purchase or sell products that they may recommend to clients. This practice creates conflicts of interest in that personnel of Defender can take advantage of the advance knowledge of firm securities trading and trade their personal accounts ahead of the client trades or recommend trades in client accounts that may affect the price of the securities owned by the Investment Advisor Representatives. To mitigate these conflicts, Defender has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of Defender deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of Defender are conducted in a manner that avoids any actual or potential conflict of interest between such persons and clients of the adviser or its affiliates. Defender collects and maintains records of securities holdings and securities transactions of Access

Persons. These records are reviewed quarterly by the Chief Compliance Officer to identify and resolve potential conflicts of interest. Defender's Code of Ethics is available upon request. Finally, supervised persons of registered investment advisors are fiduciaries by law and are required to put the client's interest before those of the firm and themselves.

Defender requires that its investment advisor representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

Investment Advisor Representatives of Defender may trade for their own accounts securities that are being traded for client accounts at or about the same time. To mitigate the conflict of interest in such circumstances, Defender's policy is to require the trading of all relevant client accounts prior to the trading of their own accounts, and to further supervise the activity, all trading for the accounts of Access Persons is conducted by John D. Stamas, Vice President. The Chief Compliance Officer examines personal trading activities of Defender's personnel to verify compliance with this policy.

### **Item 12 Brokerage Practices**

Defender may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Defender will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

Defender does not receive research or other products or services other than execution from a broker-dealer or third party as a result of client securities transactions.

Defender does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Defender recommends that all clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting. The client will provide authority to Defender to direct all transactions through that broker-dealer in the investment advisory agreement.

As an investment advisory firm, Defender has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. Defender's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Defender

may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

Defender will allow clients to direct brokerage at the firm's sole discretion. Clients should be aware that if they direct Defender to a particular broker-dealer for execution Defender may be unable to achieve most favorable execution of client transactions. Directing brokerage may cost clients more money than if Defender were to execute transactions at the broker-dealer where it has an established relationship. The client may pay higher brokerage commissions because Defender may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

Defender may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of Defender's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. Defender may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

### **Item 13 Review of Accounts**

Investment advisory client accounts are reviewed by John D. Stamas, Vice President on at least a quarterly basis or when conditions would warrant a review based on market conditions or changes in client circumstances. Triggering factors may include Defender becoming aware of a change in client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust

companies or other custodians, insurance companies, broker-dealers and others who are involved with client accounts. Defender does not provide statements to clients.

#### **Item 14 Client Referrals and Other Compensation**

Defender is not compensated by anyone for providing investment advice or other advisory services except as previously disclosed in this Brochure.

Defender does not directly or indirectly compensate any person who is not a supervised person for client referrals.

#### **Item 15 Custody**

As noted in Item 10, Defender is the General Partner of the private fund Defender Capital Partners LLC, and in this role is deemed to have custody of the assets of the fund. In addition, investment advisor representatives serve as trustees of certain advisory client trusts, which also causes Defender to have custody. The assets of the fund and trusts are held at a qualified custodian, and investors in the fund and the trust beneficiaries receive account statements directly from the custodian at least quarterly.

Securities regulations also consider the direct deduction of the Advisor's fees from client accounts to be a form of custody. In those circumstances, Defender will have clients authorize such fee deduction in writing, and have the custodian provide statements at least quarterly showing all disbursements, including the amount of the advisory fee.

#### **Item 16 Investment Discretion**

Defender generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by Defender.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Defender will be in accordance with each client's investment objectives and goals.

#### **Item 17 Voting Client Securities**

All clients of Defender Capital retain proxy-voting rights on the securities held in their discretionary accounts. Defender Capital does not vote proxies on their behalf. This policy is communicated to clients in their contracts.

Though the responsibility to vote proxies is that of the clients of Defender Capital, they may inquire of Defender Capital for advice. Since Defender Capital invests in the securities of companies that it believes are managed in the best interest of shareholders, the general policy of Defender Capital is to agree with the recommendations of corporate management.

Notwithstanding this general rule, Defender Capital will advise against the recommendations of management any time that doing so appears to be in the best interests of the client.

### **Item 18 Financial Information**

Defender does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and is not required to file a balance sheet.

Defender has discretionary authority over client accounts and custody of certain private fund client assets, and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If Defender does become aware of any such financial condition, this brochure will be updated and clients will be notified.

Defender has never been the subject of a bankruptcy petition.