

Adventures of The OG Quant

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The title was chosen by me, not Dean. He's too humble to call himself The OG Quant!

Introduction

Dean LeBaron's name may not be familiar to many readers, especially those who only began their careers in the 21st century. But all of us should know who he is. Before there was even a term for it, Dean was the first truly successful quant. A legendary polymath, investor, and inventor, he has been a dear friend and mentor to me for almost a half-century. When he sent me his mini-memoir some time ago, I knew it deserved a wider audience.

So, who is [Dean LeBaron](#)? He founded Batterymarch Financial Management, a Boston-based asset management firm, in 1969. By the mid-1980s, Batterymarch had grown to only about 40 employees but had reached \$40 billion in assets, or 2.5% of the total U.S. market capitalization. To put that in perspective, an equivalent active manager today would need an AUM of \$1.4 trillion.

Based on rules he and his team developed, Dean was among the first asset managers to use computers for stock selection and trading. He ran some of the first institutional index funds (for AT&T, for example), four years before Jack Bogle launched the Vanguard 500.¹ In the late 1980s, Dean was an early explorer of investing institutional assets in the Soviet Union and China. He traveled across the Soviet Union carrying a personal letter from Mikhail Gorbachev that instructed anyone he met to give him whatever he needed—transportation, lodging, meetings with top officials, etc.

Dean is also a lifelong technology junkie. *Boston Magazine* profiled him in the 1980s and couldn't get over the fact that he had his driveway wired with heating coils so that after a blizzard, he could just flip a switch and have the snow melt away, no shovel or snowplow required. His home on Florida's Gulf Coast has a home office mounted onto an elevator that lifts the entire office 60 feet in the air, so he can look over the treetops in all directions as he works. Last year, the home took a glancing blow from Hurricane Helene and a direct hit from Hurricane Milton. With video cameras installed on all his houses, he watched the fury of both storms from the comfort of his Boston home and shared the footage with friends. It's no surprise that he built the house tough enough to weather a category 4 hurricane with only superficial damage.

Dean still enjoys testing the latest innovations. He used artificial intelligence (AI) to create the accompanying graphic art, which visualizes his current market outlook. In vintage Dean LeBaron form, he conveys confident optimism in the face of threats that, while ominous, cannot stop him.

At 91, he also embodies *joie de vivre*. After sharing his reflections on a life well-lived with some close friends, Dean granted me permission to share the following with a larger circle of friends. Enjoy!

Reflections on Life, by Dean LeBaron

It is early morning in the upstairs bedroom where birth is finally taking place since the hospital is closed by infection. This birth was more like the rope tow squeezing on a New England ski hill, which was experienced in the arriving life of baby Dean Francis LeBaron, born as the tenth generation of Dr. Francis LeBaron. With prescience, impatient Dean Francis was born within a few steps of the 1710 home of the family founder, Dr. Francis LeBaron, the first doctor of the colonies, practicing in Pilgrim Plymouth, Massachusetts, escaping a British prison or hanging. Fortunately, Dr. Francis' colorful arrival allowed him to display that he was not a martyr, and his behavior provided the chance for Dean's birth to Irene and Francis. It gave him a start in life on the ground from which all American LeBarons would spring, a profound connection to our family's rich history.

Leaving Leyden St., the first street in this prophetic community, baby Dean grew up on that street and a few others in Plymouth, where everyone fretted about the Great Depression of the 30s. While Dean walked daily through Burial Hill, where the first Dr. LeBaron was buried, he knew the line from which he was sprung in this community. But rather than learning not to take chances as many did in those lean days, he leaned the opposite. His childhood motto was "by d'dleef," loosely translated into adult lingo: "by myself," from the age of 3 onward even to today. Call it an early direction from the family founder across over 300 years. Otherwise, the original Dr. LeBaron would have been hung, and the science that led to this birth of a dedicated, motivated couple would not have occurred. This resilience and adaptability during the Great Depression shaped my determination and strength.

The depression years were meaningful for my growth. I acted as the office assistant to my doctor father because I was both eager and free of charge. I collected eggs—often the payment method—and learned then that life could be pre-ordained but must be built upon every bit of the way. For example, my father was selected by the community of doctors to enter the Air Force (his preference) or the Army (as he later became in England). He spent four years in the US and Europe, where he founded a military hospital dedicated to radical back treatment, for which he won a Legion of Merit and an honorary DSc.

During this period, my mother, accustomed to having a senior man take the lead, installed me in that role at the age of ten. I grew up quickly doing chores like planning cross-country driving trips, initiating a move from Plymouth to a tiny, thrifty apartment in Foxboro, MA, to save money for post-war years, allocating my paper route money and perhaps guiding my authority when later I was asked to give counsel to my then widowed mother, advising freedom to date a longtime family friend...I did, and she did to her delight for decades.

My pattern of early behavior and acquiring essential skills was later evident on passing a car driver's license and airplane solo on the same day, nearly my 16th birthday. I established a program to be an Eagle Scout at the earliest time. I believe it was a national record at the time. I wanted to go to Harvard, which my parents nurtured and funded the plan. I drove 40 miles daily through New England conditions to Milton Academy, a step to Harvard.

At Harvard, I was refined by my roommates: Doug Boyd, Doug Craig, Larry Bitner, Ted Williams, Paul Rugo, and Walter Littell...from Wigglesworth and, later, much the more commodious, Adams House. I should also include members of the DU Club. And later at Harvard Business School, John Cabot, with whom we paced each other on insights and academic achievements. Other students and friends included HBS deans John MacArthur and Jay Light, as well as the closest friends Charley Ellis and Ken MacWilliams. I would also add the importance of initiating funds to educate needy scholars from emerging markets through the LeBaron, MacArthur, Ellis Fellowship at HBS; like a law firm, the last name may be the managing partner.

While in the first year of HBS, Emily, a grader in the Written Analysis of Cases course, married and lived the typical tightly funded student life while John Cabot and I raced each other to the Distinction Graduate and Baker Scholarship tables. My sense of pace remained fast.

I was fortunate to have summer jobs during my Harvard years. Perhaps none of these, like draftsman, was as outstanding as three months on my own as a “drummer” (traveling salesman) calling on drugstores in Georgia, Alabama, and Mississippi. I represented Vicks Chemical Co., now owned by P&G, with my alien northern accent and straw hat. During my father’s service at the Macon Air Force facility, I could build upon a few months of elementary school in Perry, GA. My hastily acquired Southern accent and passion for Cherry Cokes remain on tap. For three months by myself in an unaccustomed land, I thrived and won the group’s sale contest, \$25, and a new white shirt. It was a “by d’leef” experience confirming what I could remember as a three-year-old.

By November of my first year of HBS, I gained confidence by observing through competitive classes that I could handle a cooperative challenge with these students, the pick of the lot. Before graduation, I accepted a job at F.S. Moseley & Co. as a financial analyst and promptly became research director. I shortly moved within the same building to Keystone Mutual Funds for a comparable job. The entrepreneurial pace was quickening, and with a few kindred souls, I started a new firm, Batterymarch, which became known for quantitative investing, computer usage, international investing, and plowing novel ground we called indexing. As sidelines along my 25+ year history I chaired an SEC committee or two, taught the HBS Investment Management course for three years as a sideline, and introduced emerging market investing as a sideline while managing its successful introduction for Credit Suisse.

After a serious departure from innovating the main paths of investment, I digress in accepting an assignment in the Former Soviet Union, at its high levels, and my counterparts in the United States to form the Soviet Companies Fund. Destined to be equally funded by worker’s retirements from defense industries. In a sense, each worker’s cohort was hostage to the other to deter a major hot war. I lived mainly in Moscow to pull together a structure that was a bit novel to Russians, and the US side was cautiously willing to try.

Although the fund was nearly ready to go at a size I’m embarrassed to admit now, I initiated a final assessment of readiness to perform on each side. I was shocked to learn that both sides had contingencies that could have nullified every good intention. At the risk of losing necessary seed capital, I delayed the start date because I could not guarantee that the fund’s provisions would be met.

With distress and embarrassment, I withdrew the fund’s opening but continued to investigate provisions in Russia. Within a few months, it was clear that the fund’s *raison d’être* had come and gone.

To avoid leaving the plate empty for entrance into the Socialist world, we started the first fund in China for Western investors, The China Fund. And implemented farm investment for American pension funds.

I also returned to indexing, which was thriving, albeit with odd methods of competition. And we continued the quantitative quest for imperfections in securities markets. But I must admit that the zest was lessening. Clearly, nothing would have the demands and quests of the Soviet venture. If I needed any nudge, there was an internal revolution among the Republics, and our support at the highest level was at risk. It was time for Batterymarch to depart its stately quarters in Moscow for Boston and Switzerland.

There was a path I had considered but not seriously. I had turned down several generous offers on the basis that what else would I do other than investment management? Finally, the time was arriving to turn over authority to manage what was perhaps among the most successful innovators and sources of generous financial returns to clients and managers.

I did this by selling the firm to Legg Mason, friends in brokerage and investment management headquartered in Baltimore. After spending nearly half our time in beloved Switzerland, Donna and I decided to relocate to a barrier island in Florida, Casey Key, from where I am writing to you today.

As a concluding statement of cheer to any counterpart who may be reading this note, 91 years need not be troublesome. About 50% of most days are devoted to health matters. My body contains numerous replacement parts. There will be more as my medical team of

ten discovers innovative methods to dampen aging we have not applied yet.

I miss the names I mention and more to come but expect to explore with them as we have in the past...wherever. A continued delight is a devotion to intellectual achievement furthered by my son Blake at Brandeis, daughter-in-law Una-May at MIT, and daughter Stacy, founder of the international feline organization. The glint in my eye comes from observing the pace of my grandchildren, Glennie, Hannah, Leah, Scott, and Rachel...all academic stars.

As one friend remarked to me recently, "Aren't we fortunate to experience conditions others might only know from history books?"

End Notes

1. Rex Sinquefeld and Bill Fouse also deserve a shoutout as the coinventors of index funds, at American National Bank and Wells Fargo, respectively, as does Jack Bogle who popularized index funds and launched the first retail index fund in the world. But until the late 1970s, Dean had more index fund AUM than Sinquefeld, Fouse, and Bogle combined.

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