

# Investing in Students Past,

BY DAVID JACOBSON

**T**eachers are often said to “invest” in their students. Dean Simmons brings new meaning to the word.

Now in his 22nd year at Saint Thomas Academy, Simmons has taught German, economics, and marketing, all with supreme dedication to his students. But his latest class, Personal Finance and Investing, brings new dimension to the concept of investing in students. For it's in that class where he and alumni oversee the Cadet fund, a student-run investment vehicle driving toward providing financial aid for future Cadets.

Essentially, students analyze stocks from various industry sectors and invest the Fund's money, subject to actual gains and losses, with guidance from Simmons and an Oversight Board of Cadet alums working in finance and investment careers. At the end of the school year, students recommend holding or replacing the stocks and make PowerPoint presentations to explain their reasoning.

In the three-plus years of the fund's existence, it has grown from seed donations of \$16,000 to its current worth of roughly \$42,000. At \$100,000, according to the fund's Investment Policy Statement (IPS), “realized gains and accumulated earnings may be liquidated for financial aid purposes as long as the portfolio maintains a minimum balance of \$100,000 at the time of sale.”

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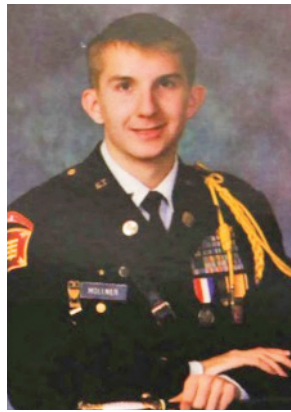
# Present, and Future





54.12	- 0.50	Prev Close	Open
2.32		High	Low
- 0.02	05.26	Avg Vol	Vol
- 0.08	45.00		EPS
+ 0.23	95.41		Beta
- 2.22	0.02		
+ 5.00	0.08		
+ 1.02	95.02		
- 1.03	04.02		

# FEATURE



Josh Mollner '06



Matt Hewitt '92



John Mowery '95

Yes, Dean Simmons is investing in future students he has not yet met — who may not yet be born — so his current and former students are best equipped to explain the meaning and impact of a Dean Simmons investment.

**JOSH MOLLNER '06** earned his Ph.D. in economics at Stanford University and is now Associate Professor of Managerial Economics & Decision Sciences at Northwestern University's Kellogg School of Management. Scheduling conflicts at the Academy kept Mollner from taking Simmons' AP Economics course, he recalled, "but Dean offered that I could come by after school and he would just talk to me about what he'd discussed in class."

"I wouldn't have gone into economics without that. He's a great guy, so fun and energetic. He loves the school, loves the students. He's the perfect guy for the job of teaching economics students, especially at STA. He taught me the basics. It was the first time I saw a demand curve and a supply curve. I got more interested and was convinced that this is a good way to look at the world, that it's a useful set of ideas, and that this is what I wanted to do with my life. The stuff that Dean's been doing over the last few years is so cool."

That "stuff" — the class and the Cadet Fund — draws from a similar program, the University of St. Thomas' student-run Aristotle Fund. While recruiting for the Cadet Fund's Oversight Board, Simmons turned to two former Aristotle Fund students who attended the Academy: **MATT HEWITT '92**, now a Senior Research Analyst at Craig-Hallum Capital Group; and **JOHN MOWERY '95**, now



Managing Director at Trademark Financial Management. Along with their professional and technical skill sets, Hewitt and Mowery bring unique perspectives to the Cadet Fund.

Hewitt helped Simmons decide which sectors the students should examine for investment opportunities and helped create the IPS. Simmons and Hewitt meet during the year, and Hewitt occasionally speaks to the students in class. "I've been really impressed with the students," Hewitt said. "We listened to their presentations at the end of year, and they did a phenomenal job. The class has hit the mark. Being in the classroom was exciting, not just the opportunity to expand their knowledge and education, but also knowing that the Fund will be able to give back to school. Nothing feels better than to be able to pay it forward."

Mowery, a registered financial adviser, brings expertise in market dynamics and





Senior Cadets from left to right, Eli Rome, Dean Simmons, Max Nagel, Matthew Zander, Anthony Fay, and Ian Rutgers analyzing data.

balancing portfolios of stocks and bonds from around the world. He helped Simmons draft documents and provides Cadets the lens of “Porter’s Five Forces” — the brainchild of Harvard Business School Professor Michael Porter, which posits that strategic assessment of an industry should focus on these five forces: competitive rivalry, supplier power, buyer power, threat of substitution, and threat of new entry.

Mowery’s impressions of Simmons’ students: “They are very motivated and dedicated. Last summer, I brought four boys out to our office and walked them through discounted cash flow analysis. These boys have a great future in finance, and I was impressed with the questions they asked. My company looks very favorably on Academy grads, and Dean’s class is part of that.”

Beyond the two Aristotle Fund veterans and others on the Oversight Board (**TOM LEE '85** and **PAT PARSONS '06**, now both at Parametric Portfolio Associates, LLC), Simmons also sought assistance from **JAMES MCGLINCH '07**. Currently a Ph.D. candidate at The Wharton School of the University of Pennsylvania, McGlinch earlier worked in global investment research at Goldman Sachs and in mergers and acquisitions investment banking at Credit Suisse.

“Dean asked me to help students recognize good companies and good stocks,” McGlinch said. “You want to give them information to make informed decisions but not give them the answers. I had in mind which companies were the better choices, but I did not want to tell the students. They reached the same

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Tom Lee '85



Pat Parsons '06



James McGlinch '07



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— JOHN MOWERY '95

conclusion as I did and reached it the same way. His students do a great job in creating arguments and presenting them coherently. What Dean is doing works for his students.”

So, what is Simmons doing? Simply stated, his class focuses on running the Fund, which comprises 11 stocks from the Standard & Poor’s (S&P) 500, one from each of 11 different sectors (i.e., technology, consumer durables, etc.). Students split into sector teams, and each team analyzes the current holding in its sector compared with companies identified as potential replacement holdings.

For example, one year Chevron replaced Exxon in the energy sector, Simmons said. “We use tools such as Morningstar

Research, *The Wall Street Journal*, and lots of other information sources, including the companies’ official SEC documents, their 10-K and 10-Q, filings. We do qualitative and quantitative analysis, looking at revenue, sales, market share, debt, etc.

“We have speakers from investment companies and some of the companies that the Fund invests in. We decide whether to keep the stock we hold in each sector or replace it. Then each team does a PowerPoint presentation explaining its decision. There are a number of objectives the class provides for students, including building their Excel programming and improving their presentation and public speaking skills.”

## INVEST IN THE CADET FUND

Your donation to the Cadet Fund:

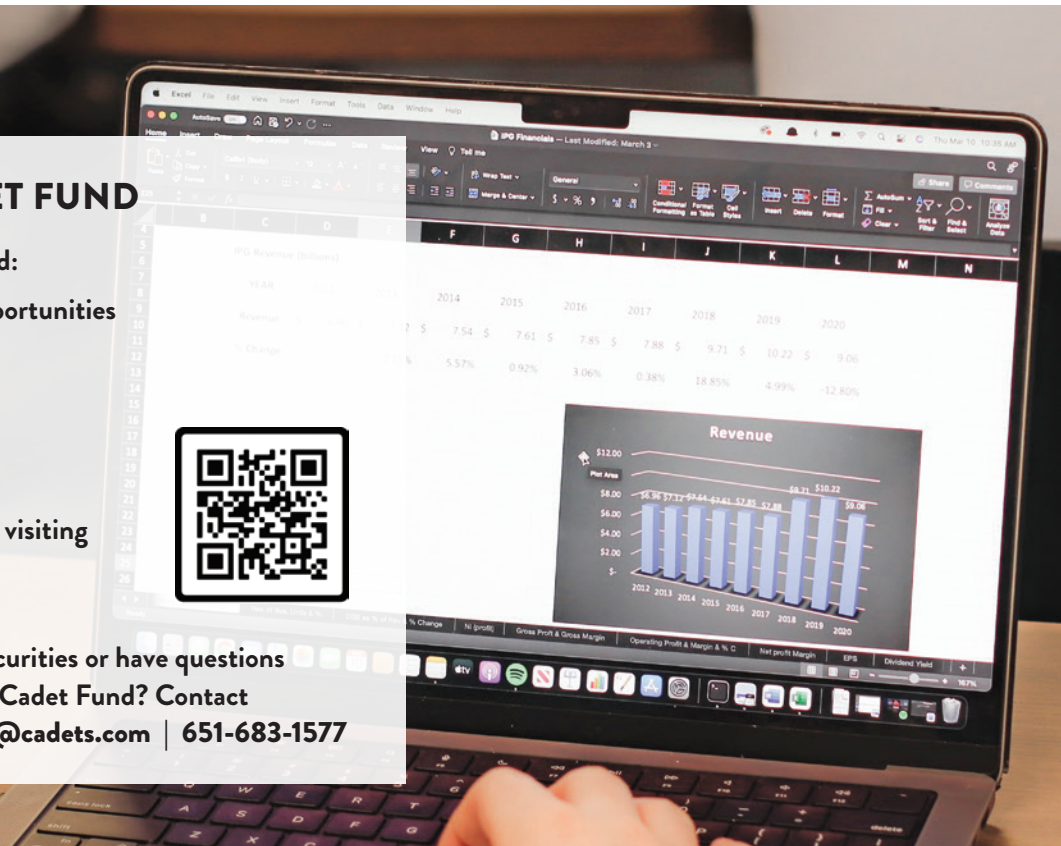
- Creates more educational opportunities
- Expands investment options
- Invests in future Cadets

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Want to transfer appreciated securities or have questions about making a donation to the Cadet Fund? Contact **Mike Maxwell '84** | [mmaxwell@cadets.com](mailto:mmaxwell@cadets.com) | 651-683-1577





The class complements students' broader education at the Academy because it entails "research skills, recognizing trends, and understanding science and technology breakthroughs by companies operating all over the world."

— DEAN SIMMONS

The Cadet Fund's IPS mandates that stocks held must be within the S&P 500. Short-selling and buying on margin are not permitted, Simmons said.

In addition to the relatively conservative, tried-and-true method of growing a fund — which bodes well for reaching the \$100,000 mark and yielding financial aid — students see first-hand success that can guide them in their personal investments in early adulthood, as opposed to the temptations of Robinhood accounts and day-trading. Even if students are not interested in financial or investment careers, the class helps them in the areas of "personal finance, and ideas on saving and compound interest," Simmons said. "After kids take this class, they may not need a money manager. They can manage their own portfolios, and I've reassessed my own investments based on what I've learned."

The class complements students' broader education at the Academy because it entails "research skills, recognizing trends, and understanding science and technology breakthroughs by companies operating all over the world," Simmons said. "There are ways to apply this to the students' other interests." The class also fits into the Academy's overall present and future in that "Headmaster Woodard has been a big supporter of this class and the investment project," Simmons said. "We have been using a new room created during the Summer Splash remodeling for

presentations and hope to use it as a space for research and group work."

Part of the value of the Cadet Fund experience is teaching students how to live in a bottom-line world, where the proof is in the pudding. Recent graduates who were enrolled in the investment class are putting that knowledge into action in their careers, providing their own proof that Simmons' brain-child delivers bottom-line results in terms of Fund growth and in the development of students poised for their careers.

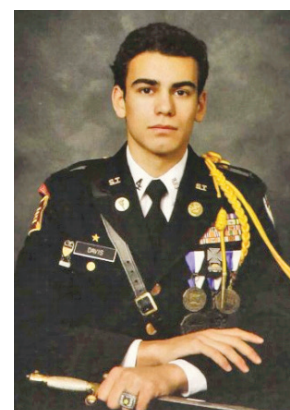
For example, **AXEL RAARUP '18** will soon graduate from the University of Notre Dame and start work with William Blair, the Chicago-based boutique investment bank where he has interned. He will focus on sell-side mergers and acquisitions, advising business owners in industrial service sectors, such as HVAC, cleaning, and maintenance on how to sell their companies. "STA put me on this trajectory and helped my competitive drive, business orientation and social skills," Raarup said. "I credit this to Mr. Simmons affording us the opportunity to get involved in finance."

**LOGAN DAVIS '18**, who interned alongside Raarup at William Blair, also will return to the firm after graduating from the University of Wisconsin-Madison. "Mr. Simmons' class is where I first got the spark and interest to go into this field," Davis said. "His teaching style is

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Axel Raarup '18



Logan Davis '18

95.41	-0.02	Avg Vol
08.15	-0.08	EPS
95.02	+0.23	Beta
04.02	-0.03	
65.98	+5.00	
09.01	+1.02	

**FEATURE**

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– JOSH MOLLNER '06



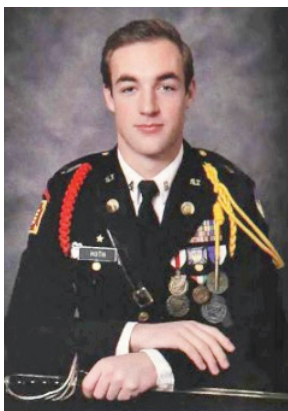
phenomenal, the best teacher I ever had: high energy, never tired, had the music playing, and his energy was contagious and kept students engaged. We learned a lot of terminology before college. Financial literacy is a gap in American education, and Mr. Simmons introduced us to all this. He clearly loves what he’s doing.”

**ALEX ROTH '20** is a sophomore at Miami University of Ohio, majoring in finance and co-majoring in entrepreneurship. “I was in marketing class with Mr. Simmons and liked his style,” Roth recalled. “The next year I registered for the Cadet Fund class. He’s a very, very, very high energy guy. He keeps people really engaged.”

“He taught us foundational stuff like balancing a portfolio, he emphasized

the importance of long-term investments. Only the top 1% make money on day-trading. I turned 18 during the school year, and got to start my own portfolio, getting expert instruction at that age. Mr. Simmons brings in speakers, usually STA alums he’d taught, usually 5-10 years older than us. They’d walk in in super-nice suits and talk about their time on Wall Street.”

Clearly, Simmons succeeds as a teacher. He credits the students and Oversight Board for the Fund’s success and welcomes additional donations of cash or stock to accelerate the Fund’s growth to the point where it can disburse dollars for financial aid. It seems a worthy consideration for anyone who wants to ensure that Simmons’ investments in Saint Thomas Academy and its Cadets continue to pay off.



**Alex Roth '20**