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As we swing into the second half of 2021, consider this quote from a book first published back in 1954:

"A river cannot, we are told, rise above its source. Well, it can seem to if there is a pumping station concealed somewhere about."

— Darrell Huff, "How to Lie with Statistics"

Does the sentiment remind you of anything going on in the markets today—or forever, for that matter? In nearly every market at almost any given time, it seems there are always at least a few gravity-defying trends on the rise, propped up by frothy bursts of popular appeal.

Perhaps that's why Robinhood could be slapped with the steepest fine to date from regulatory agency FINRA on June 30th, only to file its initial public offering (IPO) the next day.

While consenting to pay FINRA's $70 million fine, Robinhood neither admitted nor denied the charges, which included "systemic failures" and repeated delivery of "false and misleading information to its customers." Instead, it intends to set aside up to 35% of its IPO shares for individual investors to purchase (from Robinhood's own platform, of course), in what *The Wall Street Journal* describes as "a strategy to bring IPO investing to the masses."

Pardon our incredulity, but we can't see this ending well—except, perhaps, for Robinhood.

Compare this to a truly historic milestone just achieved. Index funds really *did* bring investing to the masses. And yet few marked or even noticed its 50th anniversary on July 1.

You may assume the late Vanguard founder John Bogle invented index investing. Bogle does deserve full credit for launching and popularizing the first *retail* index mutual fund in

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1976. But before Bogle, there was John McQuown. On July 1, 1971, McQuown and his Wells Fargo team launched the world's first *private* index fund for the Samsonite pension fund. Today, McQuown sits on Dimensional Fund Advisor's board of directors.

Few of us now remember what it was like before index funds existed. But let's not take this milestone for granted. As you consider your own portfolio's quarterly, year-to-date, and long-term returns, let's celebrate the half-century of advances that made your portfolio possible.

As McQuown has observed:

"Modern finance is based primarily on scientific reasoning guided by theory, not subjectivity and speculation."

In other words, all these years later, those "pumping stations" are still out there, still waiting to trick the unwary. But today, unlike in 1971, every investor has the ability to reject subjectivity and speculation. Every investor can create an efficient portfolio to capture the market's expected returns over time. Every investor has access to simple, sensible, low-cost solutions for pursuing their personal financial goals. All you have to do is use these resources that reason has delivered.

On that note, we hope you have a healthful summer, spent with friends and loved ones. If you have any financial questions on your mind, please be in touch.

Regards,

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