In the United States, when it comes to securities investment, mutual funds will be mentioned. Whether it is the scale of funds, the degree of investor participation, or the field of investment, mutual funds are the absolute main force in the securities market. When it comes to mutual funds, people will talk about index funds and John Bogle, the founder of index funds.

Being named the Father of Index Fund, John Bogle, who born in State of New Jersey in 1929 and passed away in 2019, did great contribution to the development of the Index Fund.

To better understand his contribution, you must first understand the investment situation in the US market before the emergence of passive index funds. At that time, individual investors occupied a dominant position, investment institutions focused on marketing, and the entire fund sales system was composed of brokers and distributors, which meant that investment institutions had to invest a lot of costs in marketing. This is a signal of market inefficiency and information asymmetry, which will inevitably be changed with the tide of the times.

And John Bogle is a trend-maker of the times, but his success is not due to luck and the times, but also from his keen investment vision, noble entrepreneurial spirit and perseverance.

Simply put, his achievement lies in the creation of the world's first index fund "First Index Investment Trust".

The principle of the Index Fund is not complicated even at the first sight, whose key opinion is armed by copying and tracking the Primary Poor 500 Index in simple terms, which means finding out 4-50 stocks of the underlying Index and blending them together to make a brand-new Fund Product.

However, in fact, his influence is more far-reaching. He converted the investment company from the goal of creating miracles in management to the goal of passive investment, turning customers into shareholders of users, which coincides with the shareholder-board of directors system in the Western economy. Even though John Bogle has encountered numerous obstacles on this road, he has always maintained his self-confidence and believes that what he does is beneficial to fund holders and is also the future direction of the investment company.

In the end, time is on Bogle's side. The U.S. securities market has gone from the biggest bear market since the Great Depression in 1974 to the big bull market in the 1990s, and has completed the historical transformation from being dominated by individual investors to being dominated by institutional investors.

This is the age of a hundred schools of thought. Those financial economics and investment masters who have since won the Nobel Prize have introduced capital asset pricing theory, investment portfolio theory, option pricing theory and efficient market theory. Index funds came into being. This is the era of great waves and sands, mutual funds have risen rapidly, but many tumultuous stars have fallen one after another. Time has finally proved that most actively managed funds that try to beat the general trend eventually become the defeats of index funds.

This is the story of index funds, and it is also worth mentioning that John Bogle's core point of view. Generally speaking, it can be divided into two：The first one is profits equals sales minus cost ,the other is Basing on the staff.

The first criterion can be said to be the original intention of the establishment of index funds. Unlike the traditional concept of focusing on increasing sales, John Bogle intends to eliminate the price of marketing in order to drastically reduce the cost of the fund, thereby reducing the price. This customer-conscious concept also laid the groundwork for his ultimate success. The second point is also the point that John Bogle established when he founded the Vanguard Group. He believes that good employees are efficient, which also means that they must be paid a higher salary. Therefore, the employee-oriented concept allows the cohesion of the Vanguard is high.

In addition, it is worth mentioning that John Bogle's company, the origin of the name of Vanguard Group. This originated from a great battle in naval history at the end of the 18th century-the Battle of Nelson. In that classic battle, the British monarch Nelson led his battleship, the Vanguard, to annihilate Napoleon's main fleet that was intended to conquer the world overnight. Today, John Bogle and his Vanguard Group rely on unique passive investment concepts and outstanding performance to firmly defend the market position of index funds.

Finally, a quote from Vanguard Group CEO Tim: John Bogle not only has a huge impact on the entire investment industry, but more importantly, his contributions to countless individuals and their families. John Bogle is a very smart and full of talent and vision. His ideas completely changed the way we invest. I am honored to have the opportunity to continue his legend.