

# At the 50-Year Mark—Looking Back, Looking Ahead

May 29, 2001

## Part I. The Legacy

*On Vanguard.* We lead. Crewmember, not *employee*. Client, not *customer*. Mutual funds, not *products*. *Mutual* mutual funds. Rock-bottom costs. No sales charges. If you build it, they will come. Market share: A measure, not an objective. Put the shareholder in the driver's seat. Index funds. Three-tier bond funds. Admiral funds. Excellence. Serving honest-to-God, down-to-earth human beings with their own hopes and goals. A company that stands for something: Stewardship. *Stay the course!*

*On Investment Principles.* Common sense on mutual funds. Investing is an act of faith. Invest for the long-term. Risk, return, and cost: The eternal triangle. Costs matter. The *magic* of compounding. If you can't foretell the future, diversify. Buy right and hold tight. Reversion to the mean. The hedgehog and the fox. The bagel and the doughnut. "Don't look for the needle. Buy the haystack." Time is your friend. Impulse is your enemy. The majesty of simplicity. *Stay the course!*

*On Human Values.* Treat human beings—from the highest to the humblest—with respect and honor. Loyalty is a two-way street. The Vanguard Partnership Plan. The Award for Excellence. The Swiss Army. "For God's sake, let's give judgement a fighting chance to triumph over process." Sacred cows. Nothing fails like success. The *tyranny* of compounding. "Do what's right. If you're not sure, ask your boss." Servant-leadership. Even one person can make a difference. "Never give up. Never. Never. Never. Never. Never!" Press on regardless. *Stay the course!*

## Part II. The Appreciation

Surely most of you have come to recognize the phrases I've just recited. Taken together, they paint a clear picture of what this enterprise is all about. While I doubt that many firms have such a clear legacy, the legacy I will one day leave Vanguard is more far-reaching than those ideas. For ideas—however noble or humble, however simple or complex, however durable or ephemeral—must be transmitted and implemented, put into action by individual human beings. And so it is all of you on our crew who represent my legacy. *Stay the course!*

In my past meetings with throngs of you, and my continuing meetings with you in small groups and individually, my sole mission is to convey our heritage to you. For it is *not* boxcar-sized numbers—billions of dollars; millions of accounts; hundreds of thousands of phone calls, mailings and website impressions—but individual human beings, person by person, who are what the best and most durable businesses are all about.

I speak, of course, of those shareowners whom we serve, but also, especially on this occasion, of you who have served with me on the Vanguard crew—newcomers and veterans alike, with special note of thanks to those of you who have served with me during a decade or more of Vanguard's existence, and even at Wellington before that. I thank each one of you for your dedication, your loyalty, your conviction, and your hard work in the great cause of serving as stewards for those investors who have entrusted their resources to our care. As I'll repeat to my dying day: *Thank you for making me look so very much better than I am.*

## Part III. The Mission

In a short time, I'll mark the 50<sup>th</sup> anniversary of my joining Wellington on July 5, 1951. I won't burden you tonight with the saga of my exciting odyssey. (Just read my books!) But I do want to tell you that these past five years have been in some important respects the happiest of my career. First, of course, because I *lived* through them. The miracle of my heart transplant, on February 21, 1996, has not only restored but enhanced my life-long energy and enthusiasm.

Second, because, after freeing myself of the responsibility for the day-to-day management of Vanguard's operations, I seized the moment, undertaking the writing, research, and public appearances that I so enjoy, face-to-face meetings with fund shareholders from coast to coast, and with crewmembers in Valley Forge, Arizona, and North Carolina, and, for that matter, in Belgium and in Australia. It is by being an ambassador, an author, and a think-tank director that I can continue to best fulfill my responsibilities to you, to our shareowners, and to this enterprise that I created nearly 27 years ago.

As this 50-year milestone rushes by, I honestly don't know how long my desire or determination, or my fate, will permit me to carry on my mission. So I live my life one day at a time. As you might imagine, that maxim proved to be a marvelous secret for dealing with a heart attack at age 30, surviving a firing at age 44, launching a new enterprise at age 45, leading it through the ups and downs of nearly a quarter-century of growth and success, waiting for a heart transplant at age 66, and thereafter undertaking my new responsibilities. But I want to be fair to Eve, to my children and grandchildren too. So I struggle with powerful emotions about the meaning of life that go deep into one's soul.

#### **Part IV. After the Odyssey**

What comes next in the career of this aging warrior? Tennyson answered that question with far more poignancy and articulateness than I could possibly summon. So hear now the powerful words of the poet, speaking for Ulysses as his long, sea-borne odyssey concludes:

I cannot rest from travel: I will drink  
Life to the lees: All times I have enjoy'd  
Greatly, have suffer'd greatly, both with those  
That loved me, and alone, on shore.  
I am become a name;  
For always roaming with a hungry heart  
Much have I seen and known; cities of men  
And manners, climates, councils, governments,  
Myself not least, but honour'd of them all;  
And drunk delight of battle with my peers.  
I am a part of all that I have met.  
How dull it is to pause, to make an end,  
To rust unburnish'd, not to shine in use!  
As tho' to breathe were life! Life piled on life  
Were all too little, and of one to me  
Little remains: but every hour is saved  
From that eternal silence, something more,  
A bringer of new things;  
And this gray spirit yearning in desire  
To follow knowledge like a sinking star,  
Beyond the utmost bound of human thought.

There lies the port; the vessel puffs her sail:  
There gloom the dark, broad seas. My mariners,  
Souls that have toil'd, and wrought, and thought with me—  
That ever with a frolic welcome took

The thunder and the sunshine, and opposed  
Free hearts, free foreheads—you and I are old;  
Old age hath yet his honour and his toil;  
Death closes all: but something ere the end,  
Some work of noble note, may yet be done.  
Come, my friends  
'Tis not too late to seek a newer world.  
Push off, and sitting well in order smite  
The sounding furrows; for my purpose holds  
To sail beyond the sunset, 'til I die.  
Tho' much is taken, much abides; and tho'  
We are not now that strength which in old days  
Moved earth and heaven, that which we are,  
we are;  
One equal temper of heroic hearts,  
Made weak by time and fate, but strong in will  
To strive, to seek, to find, and not to yield.

Thank you, good night, and may God bless you all.

Note: The opinions expressed in this speech do not necessarily represent the views of Vanguard's present management.

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