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2017 in money—a sneak preview

Monetary history in the first year of the Trump presidency will likely be recorded in messages of 140 characters or less. What might that history be? Here's one vision of a tumultuous 12 months in tweets yet unwritten.

@realDonaldTrump · Jan. 12

Fed is paying \$92 billion in “profits” to U.S. Treasury in 2016. Heard they just printed it. So strange!!

@realDonaldTrump · Jan. 20

Janet Yellen looked like a billion bucks at the Inaugural Ball! Great lady!!

@realDonaldTrump · Feb. 1

Yellen Fed raises interest rates. High dollar a crusher. Bye-bye Janet!!

@realDonaldTrump · Feb. 21

Yellen squeezes stock market. Blame the “stupid” Fed if it crashes.

@realDonaldTrump · April 14

Met with Chair Yellen. No more rate rises. BEAUTIFUL Lady!!

@realDonaldTrump · April 17

Lying media totally misrepresents Yellen meeting. Never said “no more rate rises.” Just when needed and helpful.

@realDonaldTrump · May 3

Another rate rise from loser Yellen. Not needed, not helpful. What “inflation”? Not smart!!

@realDonaldTrump · June 8

Two Trump people now on the Fed board. Better days ahead!

@realDonaldTrump · June 14

Rate rise No. 3 a stock killer. Mortgage rates up, a real estate killer. Happy, Fed losers?!

@realDonaldTrump · July 4

Crooked WSJ says Trump organization can't service debts. Could service U.S. debt with our assets!!!

@realDonaldTrump · July 26

The dishonest Fed does not see that “inflation” is a figment of the bean counters. Real estate is NOT “inflating”!!

@realDonaldTrump · Aug. 27

Loser economists @ Jackson Hole. Only thing they know about money is they haven't got any.

@realDonaldTrump · Sept. 4

More rate rises? After none under Obama? Not Fair!!! 152 days till Janet gets the heave-ho.

@realDonaldTrump · Sept. 18

Word to the wise at the FOMC. You can't make America great by crashing the real estate market. Figure it out!!!

@realDonaldTrump · Sept. 30

The Trump Organization is as flush as the Treasury. Crooked media will answer for baseless rumors. So ugly!!

@realDonaldTrump · Oct. 15

Jared Kushner taking leave from the West Wing to clean up a few financial loose ends in the Trump Organization.

@realDonaldTrump · Oct. 30

Yellen Fed must cut rates. So-called “inflation” a pretext for sabotage. Smell the coffee, blockheads!

@realDonaldTrump · Nov. 15

Soft economy needs stimulus. \$1 trillion in the works. Need low rates, more Trump Fed people!!

@realDonaldTrump · Nov. 21

Joint White House-Fed pledge to slash rates, roll out stimulus a win-win. Stocks up, gold up. Love gold!!

@realDonaldTrump · Dec. 14

Back to zero rates and QE. Soft dollar plus hard real estate equals boom times. So obvious!!

@realDonaldTrump · Dec. 25

Yellen gets another term in Fed chair. Jared coming back to the West Wing. Merry Christmas, America!!!

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Read the footnotes

Vanguard Group Inc., which beats the mutual fund industry by not trying to beat the stock market, attracted more money in the first 10 months of 2014 than it did in any calendar year of its 50-year history. Reciprocally, reports Monday's *Financial Times*, "Seven fund managers are beating the market this year than at any time in over a decade, piling further money on a profession that faces increasing investor skepticism."

Cuts, returns and funds are the topics under discussion. In previous, we judge that passive equity investing is a good idea. It is such a very good idea, in fact, that it has become a fad. We are accordingly bullish on it—bullish in a technical way. We are bullish on passive bond investing, too—bullish in a more than technical way. And we are bullish on security analysis—bullish in an unconditional way.

You can't really argue with the Vanguard value proposition. Markets are reasonably efficient, and information is yours for the asking. Active managers, on the other hand, are not very good at their jobs. Costs are therefore a critical determinant—of critical determinants. Vanguard calls them "adjusting investment success." A half-decade's worth of rising asset prices is the extraordinary thing on the table. "Active management has never been in worse shape," a man from Morningstar reports. "This is the darkest of days."

Many have helped to dim the lights. We think of Fred Schott Jr., progenitor of the efficient markets concept in his wise and brilliant 1940 book, "Where Are the Customers' Yachts?" Burton G. Malkiel, author of the influential 1973 book, "A Random Walk Down Wall Street." Jack Bogle, who

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"As we all know," Ellis writes—"but without always understanding the reasons, long-term consequences—over the past 50 years, increasing numbers of highly talented young investment professionals have entered the profession for a faster and more accurate discovery of pricing errors, and to achieving the Holy Grail of superior performance. They have varied training, but they have one thing in common: They have better analytical tools and more information, skill and effectiveness of action as a group have risen continuously for more than half a century."

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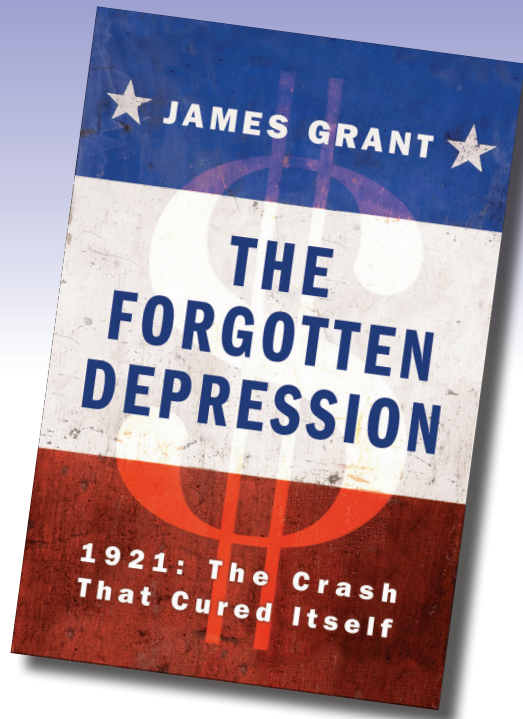
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