

EP 208

Nostalgia Is Not a Strategy:
Adapting the Investing
Playbook to a Changing
World Order | EP208



[0:00 - 1:34] Rob Campbell, CFA

"When sorrows come, they come not single spies, but in battalions." That's Claudius from Hamlet. We're only a month into 2026, and it feels like we've already had a year's worth of developments in markets and on the world stage.

Today, I'm joined by portfolio manager Paul Moroz to talk about what it means to be an investor in a world that is genuinely changing: geopolitically, economically, technologically, and financially. The conversation is loosely structured to cover some of the bigger picture forces up front, and then to dive into implications for portfolio managers, for analysts, for investment process, and for those considering a future in the investment industry. But be forewarned, we open in a rather unconventional way for a podcast about investing, as we revisit Shakespeare, ancient Jerusalem, and the Old Testament.

The point is to suggest that while the specifics may be different today, there's a lot that we can learn from the past. Back to present day, Paul talks about how the execution of portfolio management needs to change in the current regime. We consider the nature of bottom-up analysis, why it still matters just as much, but needs to evolve with more emphasis on asking the right questions rather than gathering the answers.

And we talk about how AI is three things all at once: one of the most important forces in markets, something that likely exacerbates other big market forces, and a driver of how investors need to approach their jobs. We close with where we begin, on human nature and the importance of judgment. My wide-ranging conversation with Paul up next.

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[1:55] Rob Campbell, CFA

Paul, welcome.

Paul Moroz, CFA

Hey, thanks for having me, Rob. Nice to see you.

Rob Campbell, CFA



Likewise. In preparing for this conversation, I look back and over the years that you and I have chatted together, we've talked a lot about what I've heard you refer to as tension problems. So decision-making speed versus depth of analysis, or how to balance between conviction and humility, or being patient versus being agile.

And it strikes me that today, a big one is just how do you weigh a long-term mindset that's so important in investing with the real-time developments that...it's just the end of January in 2026 here, and there seem to be so many that perhaps don't seem to simply be short-term noise. A big question to you to start: can you walk us through some of the major forces as you see them that are shaping markets today, and what kind of a change do you think they represent?

[2:55] Paul Moroz, CFA

That's a great question, and it's a big question. I'm going to head in a direction that's probably not really expected. A few years ago, I was inquiring about what Shakespeare was writing that could provide some insight into what's going on today. Because I find that if you read fiction and you read history, you learn a lot about humans.

One of our summer students, actually, had recommended a play called Coriolanus. That is maybe not well-known by people. People are more familiar with Hamlet, but it's a play that's probably Shakespeare's most political. And it's hugely insightful into the challenges that humans get themselves into that occur over and over and over again in history. And that play was essentially placed in the Roman state before Rome was an empire, maybe 500 BCE, and was really the tale of the secession of the plebs.

But what's telling of the play is the first scene is riots at the granary. That is just so insightful into human problems because it shapes the have versus have-not question and the tension of economics that has always existed through humanity. And what follows is politics and then conflict.

So I just find that that is such a brilliant template for thinking about all these things that have occurred in the world. And you think, oh, well, why do we have this tension? It's different this time. And it's like, no, people have been struggling with this for a long period of time and writing about it and it happens over and over and over again. So economic tension first and then politics and conflict.

Interestingly enough, I was reading the other night a book on Jerusalem. Apparently, Jerusalem was besieged by the Romans in about 70 AD. The reason for that was riots and a lot of conflict. And Jerusalem at the time was this vassal city and they had expelled the Roman garrison due to the riots. And basically, the Romans came and effectively burnt the place down. It's one of the times that Jerusalem has been burnt down. Leading up to that event of the Romans coming in throughout the riots, one of the things that happened—and of course, again, economics is involved in this—was that the debt records were burned down by the rioters.

So, add another theme in terms of economic tension, class divide or economic inequality, politics, political change, conflict, and then this concept of debt jubilee. These are recurring themes in history that we've seen before and we're trying to grapple with. Now, if I just go down the rabbit hole on debt jubilee, jubilee comes from a Hebrew word. It appears in the Bible, the Old Testament, the book of Leviticus, meaning ram's horn.

Apparently every 50 years, people would come out and blow the horn and that would be the jubilee. The slaves would be let free and if you had debt against your land, that would be wiped out and any personal debts would be



wiped out. And so this concept of debt jubilee to kind of make up for this original economic inequality goes back a long period of time. It has its roots in the Bible and before that, it has its roots in Mesopotamia or I guess present-day Iraq. And there's a tie-in there because the Babylonians—I'm not a historian, so you'll have to excuse me—but, before the Romans, they besieged Jerusalem, they did the same thing. So anyway, round and round we go in circles in terms of humanity.

So why do I bring all of this up? Because you'll hear economists talk about this K-shaped recovery we have, the struggles of one class of the population. That's been leading to political change and some more extreme politics. That's been leading to more conflict, geopolitical change. And you're seeing evidence or milestones of this debt jubilee popping up.

In New York, you're hearing about, well, maybe there can be a millionaire's tax. The same thing was going on in California for billionaires. That's going to go to vote. Even in Switzerland, it got shut down, but there is a wealth tax or a more substantial wealth tax proposed. And previous to this, you would have characterized the modern-day debt jubilee as basically financial repression. You have some inflation, but you lower interest rates and it's a very silent tax or a silent debt jubilee. And the system moves forward.

But that's the backdrop. That is a big historical backdrop! And the truth is, Rob, it's very different. When I came in to run the global equity portfolio back when we launched in 2009, and you think about that 12 years or so when I was the lead portfolio manager before I came back in, and the big chunk of that was during back-to-back Barack Obama administrations in the United States, where it was still sort of the Pax Americana rules of play. You had a security umbrella globally, free trade. You still had the structure of the Bretton Woods Agreement in play.

All of that has evolved. We're thinking about it. We're cognizant of the change. That's what I want clients to know.

And I think, one more thing. I'm going to steal from a speech that Mark Carney delivered. If you haven't seen his recent speech at Davos, you should. It's great, but he has a line there that's just so good. "Nostalgia is not a strategy."

As we head into this generation, even though the core of what we do, the concept of competitive advantage and valuation and management teams of people, even though that's still so vital to how you invest, but the execution of it has to change a little bit in this new environment.

That's a pretty big monologue to start off on that question.

[9:52] Rob Campbell, CFA

Well, I did ask a big question and I'm glad you brought up the prime minister's speech because another part of the speech was just this notion that there's a rupture in his view occurring today. But I think behind that was this notion that, hey, whether it's the rules-based international order or other big things in the world, there had been a waning for some time.

To your point on the K-shaped-ness of the economy, that hasn't accrued all of a sudden. That's been building for years. Where I'd love if you could comment next is just, how do you view those tipping points between, hey, a pressure is building versus, okay, we're on the other side of it now?



[10:30] Paul Moroz, CFA

Capital markets evolve, economies evolve, economics—it's an evolutionary process and things aren't black and white. The information comes in and you have to evolve the portfolio and evolve what you do based on that new information.

And just to give you an example of that, I think that what happened recently with the operation in Venezuela is a little bit of a tipping point. And you could see it in the reaction over time in gold markets, which is extremely volatile, but there's a reason why gold prices are doing what they're doing. And there's a reason why that sector of the economy is now a lot more wealth-creating than it was in the past. And so you have to evolve.

If you go back on the internet, you can find, maybe it wasn't a podcast, it was probably a blog, but something that we put out during the Bretton Woods, Pax Americana, geopolitical regime, probably during when the Obama administration was in power, where I had made the comment that gold was for pirates, not investors. And that's starting to change because traditionally gold has been a great store of value over more extreme periods of time where you don't trust the fiat currencies in place, which are ultimately a reflection of the debt that people have in place and the trust in those governments.

And so we're shifting, we're evolving. It's not a one or a zero. We're not sure if we have this right, but you have to evolve with the environment.

[12:16] Rob Campbell, CFA

One of the things that one of our colleagues, Peter Lampert, shared a couple of years ago that really stuck with me. It was this notion that don't let a label, meaning "I'm a long-term investor," get in the way of making decisions that are more agile if things do in fact change.

Comparing today to those prior regimes like you talked about in the Obama administrations, has your style as a portfolio manager had to change as a result? And if so, how?

[12:47] Paul Moroz, CFA

Yes, absolutely. And we did a podcast together a little while ago where we didn't focus on the geopolitics of it, but I told people that we were going to stand in the middle of the net. We were going to have a more diversified portfolio that was going to look like more names, more different sectors and subsectors given the more uncertain world. Again, nostalgia is not a strategy.

In that previous era, buying a series of software companies that were creating wealth and inflation was low and there was less geopolitical pressure—I mean, that worked very well, but we were having to evolve that. And so the way that I'm looking at portfolio construction is you have a much broader, diversified portfolio. Your positions are smaller, so you're more agile. You still shift and allocate capital and lean based on our principles, but you recognize that the outcomes are maybe more extreme or material and different from each other. And you have to be in multiple spots at once.

And we haven't talked about technology yet and what's going on with AI, but that's this other overlying factor.



The economy is evolving and speeding up in terms of technological development. We have to be there...and we have to be prepared for the scenario where that doesn't work out. Maybe the opportunity is more so in pharmaceutical companies or maybe we have to be prepared for the event that there's just more conflict in the world. And that's why we're investing in some defense companies.

And likewise, recognizing that if there is going to be some kind of more radical debt jubilee, well, what will that do to, say, the price of gold that's traditionally been a store of value? And you can see why there's wealth being created within gold miners and why we're positioned that way.

So that is the big change that we're making. And I think there's still an excellent opportunity to broaden that set of wealth-creating companies, be pragmatic about how the world works, and then allocate capital within that and shift with the odds the same way we have been in the past.

But a lot of what we're doing is about portfolio construction. That's where I'm emphasizing my time. And it is a different regime and you have to have a different playbook than you had 10 or 20 years ago.

[15:12] Rob Campbell, CFA

Can you comment on just the nature of bottom-up work? So much of the discussion so far has really been about top-down thematic ways in terms of managing a portfolio. And I understand that you're focusing those remarks on the portfolio management aspect. But what does bottom-up investing look like in today's age? Has that changed?

[15:33] Paul Moroz, CFA

Oh, I don't think that's changed at all. You still have to do the bottom-up work, right?

For some of the, for example, the gold companies we're investing in, you still have to know their cash costs per ounce of gold. It might be \$1,500 to \$1,800 per ounce. Their all-in capital costs. Their return on capital might be a little over \$2,000. And you have to understand supply and demand and recognize there's close to 5,000 metric tons of supply and equivalent of demand. And 25% of the supply is actually recycled gold. And about half of the demand of gold is buying gold bars at Costco and central banks and ETFs. And those two basically have a tug of war. The other half, by the way, on the demand side is jewelry and technology, mostly jewelry, 47% or so.

All that, you still have to have a concept of the balance sheets of the company, the operating leverage involved, the pros and cons of each investment. But portfolio construction and your overall risk management is just so vital because of the overall geopolitics and volatility that we're seeing. So, you have to work with both sides of the equation.

[16:47] Rob Campbell, CFA

Is it the case too then that portfolio construction considerations are really driving idea generation on a bottom-up basis?

[16:56] Paul Moroz, CFA



Not necessarily. It depends on the situation. Just take an example. We've invested in some memory stocks. Memory is a bottleneck in the AI value chain. And there's been substantial, both volume increases and price increases. The bottom-up work is still understanding the overall cycle. This is still a more cyclical business. Recognizing that these companies are going to create more wealth during what looks like a super cycle. Estimating the sensitivity of how much the economics will move if price moves a certain amount. Understanding the supply that's going to come on, what's going to come on in terms of greenfield expansion or brownfield expansion.

But then you have to look at it from a portfolio perspective and say, okay, well, we're still building diversified portfolios, so how much is too much? How do we want this semiconductor exposure? Do the odds of valuation make sense? Should we be leaning a little bit or not at all? How much cyclical do we want to have in the portfolio for our clients? How is cyclical or risks offset by something else in the portfolio that is a natural contradiction and might cancel out risks at the portfolio level?

It's both sides. Sometimes it's tough to determine which side you're leaning with because the conversation is about portfolio construction and it's about bottom-up construction. We're having both of those conversations at the same time.

[18:37] Rob Campbell, CFA

You mentioned AI as a theme that we actually haven't spent a huge amount of time on in this particular conversation.

[18:43] Paul Moroz, CFA

It throws fuel over the fire, right? Because not only do you deal with how real this is, and there's obviously—mean, this is some amazing technology, you just can't doubt that. It's a question of what your ROI is and how long it takes to develop and how far you go. And so the risks of it at the portfolio—your most recent, best historical example is in the late 90s what happened with the internet boom and bust. And some of the risks are valuation. You just get people speculate too much and valuation is unreasonable.

Another risk is just build out. You build out too much capacity and then it's deflationary for a bit. There's a risk with that.

But then you have this other very real, interesting dilemma. And for those who have started to use these different tools is you really are more effective. And you can see how, as they improve, you're going to be able to do more with fewer people.

Now, why do I bring this up? Because back to our Shakespearean play, Coriolanus, the ability of fewer people to do more can start to create an even greater wealth divide and create more problems politics-wise and conflict-wise.

And so people are really wrestling with what this means and even how you run your organization. I think the best example, if you imagine how most companies run summer student programs, everyone kind of knows when you're a summer student, it's like you're just learning. You're not providing a whole bunch to the company at that point,



but you're investing in summer students because eventually you're going to train that person up and maybe you can hire them and there's going to be a point where that person adds more value to the organization.

The way to think about it is: AI is going to extend that. You're going to have people that might be in, quote unquote, the summer student role for a long period of time where a more senior person can be using AI tools to do their job at scale, whether it's programming, whether it's law, whether it's finance, and it's going to put pressure on hiring new people.

There will still be tons of jobs that are created. People are going to invent all sorts of things. Humans are very creative, but the strategy will change because you're going to need to hire people for succession and to develop, but you're not going to need to hire the same amount. And there's a big question of, well, what does that do to the employment rate? And what does that do to society?

Just imagine, take the example of software and how its been for the last couple decades, eating the world. And imagine how many programmers got wealthy by sharing in the success of that sort of capitalist venture. And now that may not happen to the same extent. And in fact, a lot of those jobs are going to be reduced.

So aside from the investment implication, the direct investment implications, there's kind of this second-order effect of what AI could do to society that I think people will grapple with longer term.

[22:01] Rob Campbell, CFA

There's a section of our listenership out there, perhaps they're in university, super interested in investing, and trying to find roles. I'm curious based on what you just said, what advice you might offer them in terms of where the role of an investment analyst or portfolio manager decision maker is going?

[22:18] Paul Moroz, CFA

Well, I think the job evolves. I can just share with you what we're doing internally is there's a lot more use of AI for efficiency. Ten years ago, the job of the analyst was to go out, collect data, collect the information, put it in a framework to analyze the company and the industry, present a report to the portfolio manager who would then ask a bunch of questions, that analyst would go back and get the answers to those questions and the portfolio manager would make a decision. It was probably a more linear process.

And now what you have is you can have that conversation with Gemini and you can have that conversation with ChatGPT. And if you know the right questions to ask and dig down, a lot of that data collection is going to be commoditized. And a lot of that analysis, that can be public knowledge.

So my advice to aspiring investors, finance people is you still have to learn that sort of stuff, but learn how to integrate with AI, be creative. That's going to add value. Judgment is not going to go out of style. Judgment is just not going to be cannibalized. So that's something where you develop. And along that same train of thought, information that leads into judgment and where that information is scarce and valuable, that's really important. So the way that we're developing is more AI and technology tools, but we're also spending more time on insights, probably that relate to deeper conversations with people and management teams. And the strategy ends up bifurcating, if you will. But it will be different. The job is different now, and it'll be even more different in the future.



[24:08] Rob Campbell, CFA

I want to go back to where we started, which was these big forces. And you took us on quite a circuitous path to understand them. But if I pull a couple of learnings out of that, or just key insights, it's one, read. Be a student of history. Things that are happening today do rhyme with what's happened in the past, whether it's the recent past, but often much longer in our history. We are human after all, and we do share that with those who came before us, whether it was a couple decades ago or thousands of years ago. Read fiction as well. There are lessons in there that are worthwhile too. So, it's not just about business books that you want to be reading.

Your comment on judgment had me wondering too. We've talked a lot about what's changing today and what that might mean for investors.

What's the same though? What hasn't changed?

[24:58] Paul Moroz, CFA

Humans: fear and greed. And so that's why, Rob, it'll be the exact same. People will get scared, people will get greedy, and that plays out in the stock market. And that's why judgment is important. That's why process is important.

[25:13] Rob Campbell, CFA

Or to go back to Shakespeare, what's past is prologue. Very good, Paul, fascinating as always. Thank you.

Paul Moroz, CFA

Thanks, Rob.

Rob Campbell, CFA

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