

Nir Bar Dea (Bridgewater) Bloomberg Wealth

Bridgewater's Future Playbook and Geopolitical Insights

Date: March 7, 2025 | Duration: 0 hours 22 minutes

Participants

Sonali Basak (Bloomberg) (Journalist) - Speaking time: Approx. 30%

Nir Bar Dea (Bridgewater) (CEO) - Speaking time: Approx. 70%

Overview

Nir Bar Dea discusses Bridgewater's strategic adjustments in response to macroeconomic shifts, the integration of AI in investment processes, and his personal journey. He emphasizes the importance of adapting to a changing world while addressing geopolitical challenges, particularly in the Middle East.

Objective: To discuss Bridgewater's strategic direction in light of macroeconomic changes and geopolitical challenges.

Key Points

1. Macroeconomic Paradigm Shift

Bar Dea outlines three significant shifts affecting the investment landscape: a macroeconomic paradigm shift away from globalization, the concentration of wealth in portfolios, and the impact of technological disruption, particularly AI. He stresses the need for investors to adapt to these changes.

Relevant Quotes:

"'You have to embrace that change in the macro paradigm and prep yourself for a different reality.' - Nir Bar Dea, 00:22"

2. AI in Investment Processes

Bar Dea explains Bridgewater's use of AI through their Artificial Intelligence Investment Associate strategy, which aims to enhance decision-making by leveraging machine learning. He highlights the unique alpha generated by this approach compared to traditional human-led methods.

Relevant Quotes:

"'We are not moving from a human led investment process to a machine led investment process.' - Nir Bar Dea, 06:09"

3. Future of Bridgewater

Bar Dea reflects on the evolution of Bridgewater's workforce, emphasizing the need for employees to possess analytical and conceptual skills that complement technological advancements. He discusses the firm's commitment to adapting its

technological advancements. He discusses the firm's commitment to adapting its talent strategy for long-term success.

Relevant Quotes:

"What can humans do that machines can't do?" - Nir Bar Dea, 08:08"

4. Geopolitical Insights on the Middle East

Bar Dea shares his personal connection to the ongoing conflict in Israel and Gaza, expressing hope for a future peace driven by a resilient new generation of leaders. He discusses the importance of addressing both humanitarian concerns and the need for a sustainable resolution.

Relevant Quotes:

"Until the hostages are released, there's no solution." - Nir Bar Dea, 19:10"

Sentiment and Tone

Overall: Mixed

Significant Shifts:

Bar Dea's tone shifts from optimistic about technological advancements to somber when discussing geopolitical issues.

Points of Agreement:

Both speakers agree on the necessity of adapting investment strategies to current macroeconomic realities.

Highlights and Notable Moments

Bar Dea's insights on the integration of AI in investment strategies.

His personal narrative of overcoming educational challenges to lead Bridgewater.

References and Mentions

Bridgewater's AI Investment Associate strategy.

Historical context of geopolitical shifts post-World War II.

Tasks and Next Steps

1. Develop a strategy for AI integration in investment processes

Create a comprehensive plan to enhance the use of AI in investment decision-making at Bridgewater.

Context: Focus on leveraging machine learning to improve alpha generation.

Assigned to: Nir Bar Dea | Due: Not specified

Team: AI Development Team, Investment Strategy Team

Steps to automate:

Conduct a review of current AI capabilities and identify gaps.

Develop training materials for staff on AI tools and methodologies.

Pilot a project using AI for a specific investment strategy.

Gather feedback from the pilot project and refine the approach.

Prepare a report on the outcomes and next steps for broader implementation.

2. Evaluate talent development strategies

Assess current talent development programs to ensure they align with the future needs of the firm.

Context: Focus on skills that complement AI capabilities.

Assigned to: HR Department | Due: Next quarter

Team: HR Manager, Training Coordinator

Follow-up

1. Monitor geopolitical developments in the Middle East

Stay updated on the evolving situation in the Middle East and its implications for investment strategies.

Follow-up details: Provide regular updates to the executive team on key developments.

Assigned to: Geopolitical Analysis Team | Check by: Ongoing

Communications

1. Communicate Bridgewater's strategic vision

Draft and send a communication to all employees outlining the strategic direction and focus areas for the next 50 years.

Required Communication: Email detailing the vision and expectations for the future.

From: Nir Bar Dea | By: End of the month

Recipients: All employees

Research

1. Macroeconomic Paradigm Shifts (General)

Understanding how the transition from globalization to a more mercantilist world affects investment strategies and economic policies.

Query: impact of macroeconomic paradigm shifts on global investment strategies

Research Results:

Anticipatory macroeconomic governance: exploring future-oriented ...

Source: eujournalofuturesresearch.springeropen.com | Date: 2025-02-17

This research paper, published in February 2025, focuses on anticipatory macroeconomic governance, exploring how forward-thinking strategies can improve economic resilience and sustainability. The study identifies key theoretical dimensions and relationships that can guide future research in this area. It emphasizes the importance of integrating anticipatory practices into economic decision-making processes to enhance resilience in the face of uncertainty. However, it does not provide empirical analysis of investment strategies within the specified timeframe.

URL: <https://eujournalofuturesresearch.springeropen.com/articles/10.1186/s40309-025-00248-6>

Macroeconomic crises and green recovery spending - Nature

Source: www.nature.com

This Nature article introduces the CLIMREC dataset, analyzing green spending in 40 major economies' responses to the 2008 financial crisis and the COVID-19 pandemic. The research reveals that most governments prioritized emissions-neutral economic stabilization over clean energy transition, suggesting that macroeconomic crises may

stabilization over clean energy transition, suggesting that macroeconomic crises may hinder, rather than help, climate mitigation efforts. While the article explores the impact of crises on climate policy, it doesn't directly address the impact of macroeconomic paradigm shifts on global investment strategies over the last five years.

URL: <https://www.nature.com/articles/s44168-025-00226-5>

Effect of Change in Macroeconomic Variables on Aggregate Private ...

Source: www.researchgate.net

This research paper examines the impact of macroeconomic variables (interest rates, inflation, and exchange rates) on aggregate private investment growth in Kenya from 1972 to 2023. It finds a statistically significant negative effect of interest rate changes (after a three-year lag) and a statistically significant positive effect of inflation changes (after an eight-year lag). Exchange rate changes showed no significant impact. The study recommends managing inflation and interest rates within target ranges to boost investment.

URL: https://www.researchgate.net/publication/389081189_Effect_of_Change_in_Macroeconomic_Variables_on_Aggregate_Private_Investment_Growth_in_Kenya

ChatGPT and Deepseek: Can They Predict the Stock Market ... - arXiv

Source: arxiv.org

This research paper investigates whether ChatGPT can predict stock market movements and macroeconomic conditions using information extracted from the Wall Street Journal. The study finds that ChatGPT, unlike other LLMs like DeepSeek, demonstrates predictive power, particularly regarding investors' underreaction to positive news during economic downturns or high uncertainty. While the paper focuses on ChatGPT's ability to predict market returns and risk premiums, it does not directly address the impact of macroeconomic paradigm shifts on global investment strategies over the last five years.

URL: <https://arxiv.org/html/2502.10008v1>

Full Text Transcription

Sonali Basak (Bloomberg) | 00:02

So near people had heard you just say this. And I was paying attention to this too, because it was the last time you spoke to Bloomberg, you said that the playbook used by investors for the last 10 to 15 years can't be the same playbook that you use for the 10, 15 years ahead of us. And I've been thinking ever since, what is Bridgewater's playbook?

Nir Bar Dea (Bridgewater) | 00:22

So just to expand, because I think things played out basically in that way. And we look at markets today, you look at the last month, and just to lay out how the world has shifted and therefore how Bridgewater has aligned itself with the shift in the world, there are three big shifts that we've been watching. One, and I'll go through that really quickly. There's a macroeconomic paradigm shift. That's what I was talking about back

quickly. There's a macroeconomic paradigm shift. That's what I was talking about back in Doha, where we've come out of a period of decades of globalization that started with the fall of the Berlin Wall. China joined wto, that led to expansion of profit margins and enjoyed kind of disinflation. That was a long period of excessive gains in the world. And the problem is that those gains were distributed very unequally. They led to the rise of China, they led the emerging markets economy in China, but they also led to the hollowing out of the manufacturing base in the middle class in the Western world. And as a result of that, it started political shift that ended up bringing a new regime here in the US In Europe, in Canada. And back then I was saying, hey, look, this tailwind that we're enjoying now is going to end and you have to embrace that change in the macro paradigm and prep yourself for a different reality. I said other two quick things and then kind of touch on how Bridgewater has aligned itself for it. The second thing that has happened during that time is that while wealth got distributed, I talked about Asia and China, the Middle east portfolios actually got a lot more concentrated. If you look at our institutional investors, they have more than doubled their allocation to private assets. Even if you look at their liquid part of the portfolio, unbelievably contrary to the US I heard the questions kind of at the end of the last interview of is the US Still a great place to invest? Well, a lot of the investments has gone to US equities. 70 cents of every dollar inequities got has gone to US equities. And that means that they are incredibly vulnerable going to this new economic paradigm. And the third thing, which I'm going to talk about more a little bit later, is all this is happening when we are facing a once in a generation technological disruption. We've been talking about AI for a long time, but it's here, the intelligence is here, and the macroeconomic impacts of that are just trickling in. So capex this year will double last year and it starts to move the needle. But the questions around productivity and therefore employment and social implications is still outstanding. Bridgewater's playbook has been looking at this for a long time and saying, how do we position ourselves across these three things in order to be there for our clients when they need us most? And I'm happy to talk about that more.

Sonali Basak (Bloomberg) | 03:02

Yeah, let's start with the last piece of that, because on a day like today, maybe everyone's thinking about the short term, but the long term trend has been thinking about what I would do, what is the good, the bad and the ugly of it all.

Nir Bar Dea (Bridgewater) | 03:16

So, man, there's so much words that are being said about this topic and I'm going to add some words on top of that. But I'll kind of give you our framework to think about it. We've been forever thinking about the best combinations of humans and technology. Because if you think about our mission, our mission is to understand how the world works through combining humans and technology. Because no one human mind can wrap their head around everything in the world. And that means that we've always searched for how technologies can replace what humans are doing so humans can do what technology can't do. And what I can tell you is that I think it's a fool's errand to try to be precise about how this is going to play out. I'll give you two examples of that. What I said, technology is here. One school is saying we are headed to agentic, full agent AI, which means we will sit back and everything is going to be replaced by AI

agent AI, which means we will sit back and everything is going to be replaced by AI that could happen. Others are saying this is going to be general purpose technology, which is still very impactful, but it's wildly different than fully agentic AI. And people can be very specific about where they think that's going to land. I don't think anybody knows. And the most important thing is to prep yourself for a wide range of outcomes. I'll give you another example which I think is really important to kind of process with regards to the macroeconomic paradigm that's shifting and that is that the optimists say, yes, we are in a modern mercantilist world. It's the opposite of globalization, a world where we have less efficiencies because governments are trying to avoid the vulnerabilities of globalization. The optimists say, well, we are headed to a productivity miracle. It's going to be great because these technologies are going to more than offset whatever we lose from the less collaborative world. Okay, that could happen. It could totally happen. But the pessimists say, hey, the reason we're here in the first place is because there were massive gains in this macroeconomic paradigm that were distributed very unequally. We had big winners and losers. While the pessimists say AI is going to exacerbate that tremendously. When we have massive winners and losers, it's going to be disruptive to society. How those things net out has such a wide cone. And I think again, it's a fool's errand to kind of try to predict exactly what's going to happen. So my advice and what we do at Bridgewater, we try to be practitioners. So get your hands dirty, understand the technology deeply, and then prep yourself for a wide range of outcomes of how this could play out.

Sonali Basak (Bloomberg) | 05:43

Speaking of getting your hands dirty, Bridgewater has been using AI for its own processes. Late last year, you launched a fund over at Bridgewater, starting with \$2 billion, that uses machine learning as the primary basis for decision making, is built on proprietary technology. What have you learned from this in terms of how machine learning based investing is different from human LED investing?

Nir Bar Dea (Bridgewater) | 06:09

So I'd say I feel very lucky because of Bridgewater DNA. As we're coming to this inflection point, I said earlier from the 80s, the idea that no human brain can possibly get their head around everything in the world meant that we always try to replace humans with machines. So we are not moving from a human led investment process to a machine led investment process. We are moving. We were using scientific calculators and then we were using Excel sheets, and then we were using the most complicated expert system, this is AI before AI, to make investment decisions in a systematic, fundamental way. So for us, this is another step along. And what we have learned through this process of what we call ia, this is the Artificial Intelligence Investment Associate. That's a strategy that we rolled out in the beginning of last year that does the same thing our people do, but a machine learning first way. We learned through scientific breakthroughs within Bridgewater that you can reason that you can generate alpha in a machine learning first way. That strategy competes with our expert system in humans and generates unique alpha that is uncorrelated to what our humans do. That's been running out for a year and a half. And it's, and it's. Comparable. And that's mind blowing in the space of possibilities of what could happen. So one last thing. Beyond the numbers that are happening this year or in any

happen. So one last thing. Beyond the numbers that are happening this year or in any given short period of time, the most important thing is it keeps us up to date on where things are going, not only within the asset management industry, but also as you think about how this is going to impact the macro economy.

Sonali Basak (Bloomberg) | 07:45

So it's interesting, at the time of the launch, your COO at Bridgewater, Greg Jensen, said the fund had the potential to change the hiring and composition of staff. What skills do you think the future employees of Bridgewater are going to need? And you know, we were kind of joking a little earlier. Maybe the junior analysts don't go away, but boy, do they have to be doing something different, which has always been the case, truly.

Nir Bar Dea (Bridgewater) | 08:08

Because when you have an expert system that does a lot of what humans do in other funds, as an example, you really start to move people to do what machines couldn't do. So we have been shifting the type of humans we bring into Bridgewater for 50 years. And that means from really looking for analytical skills and financial backgrounds to people that are conceptual and can ask philosophical questions and query as an example, because they're going to be very levered with technology and how they explore their questions. That's been and I think this is a big shift, but it's a big shift in the same direction of what can humans do? The future analysts, what can they do that machines can't do? I'll say the one thing that is on my mind that I'm worried about. When you think about that arc, you have to think about what trains people over time. So there are basic jobs that people have in many places where you sleep under your desk and you do the tough work that then lead you to be able to do the higher level, more conceptual things. One of the things we're thinking about is, hey, we are well positioned already to replace a lot of the basic tasks with machines. But what does that mean to talent development over a long period of time? You have to be conscious not only of today, but what does it mean for your talent strategy over long term?

Sonali Basak (Bloomberg) | 09:25

You know, how does this fit into the broader trajectory of Bridgewater? When I think about where you stand today, you've inherited this firm that's now roughly a half century old. How do you position the firm for the future? This is all in the scope of positioning for the next 50 years. What is Bridgewater 2.0?

Nir Bar Dea (Bridgewater) | 09:45

So I think the best way to hit this is to go back to the three things that I've said, because it kind of, it's where our heads are at. There's. There are things that have been. There is a bedrock of Bridgewater. Bridgewater, truly. And I think I said this on this stage you years ago, just after you were named CEO with Eric Schatzker. Bridgewater is about getting an incredible group of people together and have this very, very unique culture that puts in the center of everything the desire to be excellent and constantly learn. Because that's the only way to accomplish this incredible mission of mapping the deepest understanding of how the world works in a systematic,

mapping the deepest understanding of how the world works in a systematic, fundamental way through a combination of humans and technology that stayed the same. If you look at the three things that I've said, I said the macroeconomic paradigm is shifting. And because of that, that means that beta, the tailwind is done. Alpha generation, the positive uncredited alpha, the pure alpha as an example. Return for 33 years is more important than ever. A deep understanding of cause, effect, linkages of how the world works. More important than ever. We have to hold the hand of our clients in days like today and months like the last month where they're asking how are these new policy is going to flow through the economy, what's going on? So tremendous focus on improving the quality of our understanding in our alpha. I said the second thing is concentrated portfolios. For 50 years you've said this, we're celebrating our 50th year this year. It's always been about partnering with CIOs and CEOs of the largest pools of capital in the world and helping them achieve their goals. These are investment goals, resiliency, diversification. We've been very, very focused over the last couple of years to make sure that we can increase the impact across their portfolio because their allocation to pure alpha is going to be small. But in a trillion dollar portfolio, they're going to want to know that you have the capability to invest. Not in the US as an example, if everybody's investing in the us, We've been really focused on building the capability to invest in China as an example, our onshore strategy last return 30%. And I say that not because of the number I said, because it shows where our focus has been. And the last thing is what we've talked about, which is in a world that technology, technology is going to disrupt us tremendously. Making sure that you have a partner in Bridgewater, that is the curve, that is where the scientific breakthroughs are happening that you can lean on to show you where things are headed. Those are the Big three areas that we've been focused on.

Sonali Basak (Bloomberg) | 12:05

Now we'll get back to where things are headed. But before we get there, I just want to give the audience a chance to get to know you a little bit. Because the more I've learned about you, the more your story is kind of like nothing I've ever. It is like nothing I've ever seen in finance. So you didn't graduate from high school initially. You eventually went to Wharton and then you started at Bridgewater as a 33 year old intern. How?

Nir Bar Dea (Bridgewater) | 12:31

I mean, Shadali, my Jewish mother, for you saying that I didn't graduate high school on this stage is probably like her heart is broken right now. But it's true. And I've never shared this actually, so I've said many times that I look different. I know I'm different. The amount of people that commented on the fact that I'm not wearing a tie today, I am different. I come from the other side of the world. I come from Israel. I've talked historically about being a third generation to grandparents that were Jewish refugees, family that was murdered in the Holocaust. And I talked about how the story of my life is connected to seeing them establish a country. And I talked about how an incredible group of people with values can do incredible things. I always jump the story and say, and then I end up at Bridgewater. To your point, if you double click on that story, and I've been reflecting on this a lot lately. I was a bad student in high school. I didn't get a diploma in the end of 12 years. And I was very, very lucky that in Israel there is a mandatory service that everybody has to at the age of 18. And because people like

mandatory service that everybody has to at the age of 18. And because people like my grandparents that come from Libya and Hungary and Poland, looking different, different backgrounds, different languages needed to come together to accomplish this really incredible task of putting the country together. They knew they had to make the most out of total human capability and do that through the service. So the service ignores everything that happens up until the age of 18 and based on your merit based reassesses you. I tested at 18 thinking that I was incompetent and tested extremely highly. And that changed my life. It led to a very successful service. And the reason that's important is because 15 years later, you're right, I'm a 33 year old already with gray hair, winter intern at Bridgewater. It's me and six other hungover Dartmouth 20 year olds. And my English is not great and I'm out of context and it's pretty confusing and to say that I feel lost is not even the beginning of it. But again, I'm at an organization that is trying to make the most in an meritocratic way out of the human capital that it has, because we're trying to accomplish this incredible goal. And it leads me to kind of three big lessons. One, luck matters. Luck matters. I was lucky to be in a society where I got a second shot in the service. And I was lucky to come across Bridgewater. I could have come across a different organization. The second thing, and I connected back to the AI point that you talked about. Differences in thinking and unique contributions are very valuable. And I think that's especially true in a world where a lot of the generic intelligence is going to be commoditized. And the third thing is the way to capture unique ways of thinking is to aspire, at least to have a real meritocracy. That's true in Israel. It's true at Bridgewater. I think that is the key in us unlocking and facing some of the biggest challenges we have as corporations and as a society.

Sonali Basak (Bloomberg) | 15:26

So another major part of your background, as you've been talking about, is your Israeli heritage, and you were talking about complicated geopolitics. In the past year alone, you've been back to Israel. You've spent a lot of time in the Middle east, including Saudi Arabia, Qatar, Bahrain, all in your capacity as the CEO of Bridgewater. What can you share about the trajectory of the Middle east? And do you see a path to peace when it comes to the conflict in Israel?

Nir Bar Dea (Bridgewater) | 15:55

Wow. Let me start where I feel like I have to. October 7th is incredibly personal for me, and not just October 7th, but also what happens subsequently. There are still 59 hostages in Gaza. There is suffering in Gaza, there's suffering in Israel. There's suffering in the entire region. These are family members, my community. This is my community of Bridgewater. Some of them are neighboring countries. These are partners of Bridgewater in neighboring countries. It's been a year and a half of trauma, truly trauma. And my heart goes to everyone on this. It is important for me to say that I'm proud to be Jewish. I'm proud to be Israeli. I'm proud of my country, men and women. And I feel very lucky that I've had the chance in this job, to your point, to go around the world and including in the Middle east, in places that matter and represent, hopefully, the best of Israel, and learn about the best in many of the countries that you've mentioned, forge real friendships with people and incredible, incredible Leaders and your question about where things are headed. I've said this before. I

Leaders and your question about where things are headed. I've said this before. I have a deep belief that, look, tragedy and trauma and suffering leads to resiliency, and resiliency leads to evolution. If you look at the Second World War and the new world order that came out of, if you look at the Great Depression and the new economic paradigm that came out of, if you look at the Holocaust and my grandparents rising from the ashes and building a country, if I said that a great group of people can come together and share values and forge a different future, I go back to all the people that have been in the Middle east, not just in Israel, but in Saudi Arabia and Bahrain, in the uae, there's an incredible resilient generation that has suffered a lot. And I am actually more hopeful than ever that that generation can create a completely different future going forward in the Middle east and 100 year peace.

Sonali Basak (Bloomberg) | 17:57

What role does Saudi Arabia, does Qatar, does the US play in negotiating peace here? And is there a 2.0 version of the Abraham Accords?

Nir Bar Dea (Bridgewater) | 18:09

I mean, that's really not for me to answer. The thing I would say is yes, I think Saudi Arabia, the us, the uae, Bahrain, when I say there's a generation, there's a generation of leaders that when I talk to these people, they're, they're just like me. They have the same exact aspirations as I have. And I think a coalition of that group of people in Israel and in the region is the way to create what you call the sticking Abraham Accord. And it's coming. I'm more hopeful today, Sonali, honestly, than I've been five years ago. Because out of this suffering, there's a crystallization, the realization that creates a necessity to evolve and take the region in a different direction.

Sonali Basak (Bloomberg) | 18:54

And I want to get your thoughts clearly on this because the human toll has been devastating both in Israel and in Gaza and, and beyond. Really, at this point. How do you see the conflict playing out given that the cease fire talks have stalled?

Nir Bar Dea (Bridgewater) | 19:10

Well, if I said that it's a fool's errand to guess where AI is going, this is truly a fool's errand to guess. But I would say this. Until the hostages are released, there's no solution. Also, until there is a future for the Palestinian people, there is no solution. And there are solutions that can be put together, but they will be put together by a new generation taking leadership and coming together and making sacrifices that previous generations were unwilling to do.

Sonali Basak (Bloomberg) | 19:46

You know, a lot of people look around and they say in the wake of World War II, when you look, now there are a lot of the protections that were put in place to make sure that the world didn't fracture again. Some of those protections are now under threat, particularly with the changing guards across countries. Do you worry about that?

Nir Bar Dea (Bridgewater) | 20:08

I mean, personally, yes, I think that's a part of the macroeconomic paradigm. There is

I mean, personally, yes, I think that's a part of the macroeconomic paradigm. There is also a geopolitical paradigm that has shifted the world post World War II. Out of the trauma of World War II started a series of events that led us to not only put protections and institutions, but increased collaboration decade after decade after decade, leading us to a long period of extreme collaboration over the last 30 years. There is no question that that paradigm, geopolitical and macroeconomic paradigm is being undone now. There are reasons why that's getting undone. There are problems that were created that I mentioned earlier in this conversation that need to get fixed. But if that's not done well, you can, instead of correcting the problems that the system had, you can create a disaster. And I worry that, you know, between correcting the problems and causing complete chaos, we can easily end up being in chaos.

Sonali Basak (Bloomberg) | 21:07

Before I let you go, this is kind of another bummer of a question, so I apologize. But do you think the world is more dangerous today than it's been in a long time?

Nir Bar Dea (Bridgewater) | 21:17

The world is more dangerous today than it's been in recent history. But I think this is one of the problems that we have as humans. If you go back, not that long, go back 150 years. If you're in the US in 1800s, it is tough. You have militias, women have no rights. Black people have no rights. Then you have the Spanish Flu. Then you have the Great Depression. Then you have World War I, World War II, you have the assassination of Kennedy and Martin Luther King. We have a bias. Remember the last 30 years, which were particularly calm. So the world is more dangerous today. But this is not a bigger problem than we have seen in the history of our parents and grandparents. We can deal with this as long as we embrace reality, understand it well, and come together to find solutions.

Sonali Basak (Bloomberg) | 22:08

Thank you for such a clear conversation. That is near Bardea, of course, the CEO of Bridgeada. Thank you.

Nir Bar Dea (Bridgewater) | 22:14

Thank you. It's great to be here.