

FIRST GLOBAL, WHICH has grown to become one of India's leading PMS companies with \$600 million (over ₹5,000 crore) of managed assets, both in India and abroad, has delivered over 187% returns to investors as of February 2024 from its India PMS since March 2020, its first full month of operation. The benchmark Nifty 50 has given 105% over the same period. Devina Mehra, Founder, Chairperson & MD of First Global, says it has always been about delivering results, not stories, for those who trust her with their money. In an interaction with *Business Today*, Mehra, 59, talks about her company's investment strategies, the use of data and technology to boost investing skills, and the way forward for the industry. Edited excerpts:

▶▶▶ **As we begin FY25, where are you advising HNIs to invest their fresh funds?** Every investor must look at asset allocation, which determines most of their gains. I never say one must have 100% exposure to equity, even for young investors. Just as in Google Maps, you not only have to put the destination, but [also] the starting point. So, the first thing to find out is: What is your current asset allocation? This is the key, not just for retail but even for family offices or large investors. Equity, fixed income, gold, real



“ALWAYS BE DATA-DRIVEN WHILE INVESTING”

First Global's Founder and CMD Devina Mehra on her company's PMS outperformance, technology and industry

BY SAKSHI BATRA



PHOTO BY MILIND SHELTE

estate, and even geographical allocations—all have to be considered before deciding where one must invest next.

▶▶▶ **Will mid-caps and small-caps underperform large-cap stocks in FY25?** That probability seems higher. I had been warning about the risks in this space for a while. No theme runs forever. The stupendous rally we have seen over the past year for small- and micro-caps can't be replicated every year. One forgets history; in 2008, the small-cap

trials since October 2021; what we are now asking is whether the story is over. Our systems have not given that signal yet. We have been overweight on autos, pharma, and construction for the past one year. We are watching IT services for a turnaround.

▶▶▶ **How was the performance of your key strategies in FY24?** Our equity strategy, that is, the India Super 50 portfolio, which is pure equity, has given a little over 40% returns

superior risk management. Our systems also use a lot of artificial intelligence (AI) and machine learning (ML), which help in identifying trends better and faster than humans, and [the] results are predictable. I had a PMS licence since 2000 but launched a product after 20 years, only because when dealing with people's money, I prefer to have some predictability and consistency; we started once we had these systems, and therefore, on a risk-adjusted basis, no one is even near us when it comes to returns.

you win only if you do not lose.'

▶▶▶ **At a time when everyone wants to generate alpha in the markets, how can PMS firms create differentiation in terms of investing styles?**

I'd like to share what [late economist and Nobel Prize winner] Daniel Kahneman [used to] say: In any field of human endeavour where there is judgement involved, a properly designed system will outperform human beings. Always be data-driven; human beings are prone to falling for stories. For instance, our systems highlighted that of the 4,000-plus listed firms, only 16-17 have posted earnings growth every year for 10 years; [as for] companies with any growth for 20 years-plus, we only have HDFC Bank.

“Investing is a game of skill and luck... [It] is a loser's game, so you win only if you do not lose”

index crashed nearly 80%. It came back only in 2016, and by that time, the index constituents had changed to a large extent. The issue with small- and micro-caps is also that when things get worse, there is no exit, and therefore I would advise caution.

▶▶▶ **What are the themes that will dominate in FY25?** We prefer to revisit our preferences on a quarter-to-quarter basis. We have been overweight on capital goods and indus-

in FY24, while the multi-asset investment strategy, which is for those people who want lesser risk and diversification beyond equity, saw returns of nearly 33%; both have outperformed the benchmarks by about 10 percentage points.

Unfortunately, what we have witnessed is that most thematic schemes/funds come at a time when the best of the run-up has happened. Also, I believe active investing over index investing is better, provided the fund manager can provide

▶▶▶ **What should investors look for while selecting PMS schemes?** I would advise [them] not to buy very thematic or narrowly focussed schemes. Don't just look at returns; risk-adjusted returns are essential as well. Always ask your fund manager the way they manage risks. Don't just look at near-term historic performance to decide where to put your money. Investing is a game of skill and luck, and I always say 'Investing is a loser's game, so

▶▶▶ **In terms of reaching out to new potential investors and geographies, what are the collective steps that the PMS industry needs to take?**

Unlike the mutual funds industry, PMS firms have not come together to market the product; it has been largely individualistic, but I hope the industry comes together at some point to work together in this aspect. **BT**

@sakshibatra18