

# Costly cardinal errors for 2026

Even seasoned investors repeat the same behavioural mistakes year after year. From poor asset allocation to chasing tips and market bubbles, Devina Mehra outlines ten investing errors that can quietly erode wealth if left unchecked in 2026.

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Devina Mehra, founder and managing director of First Global, is a veteran market strategist and author with over three decades of investing experience.

Whether you are a rookie investor or a veteran, I can guarantee that you are likely committing several of these Cardinal errors.

## #1 Not doing conscious asset allocation

Quick, can you tell me how your assets are allocated right now: how much in equity, in debt/ fixed income, in real estate, in gold/ silver – give or take 5% in each category. I know many of you will flunk this test.

And that is really Step One of doing anything sensible or systematic with your portfolio.

After all, even in Google maps you have to put in your starting point before it can guide you to the destination.

Take a couple of hours on a January weekend and figure this out. After that getting to where you want to be will be much simpler.

## #2 Being on either end of the risk spectrum

For some this means spending a lifetime in [fixed deposits](#) and tax-saving instruments because they wanted to study everything before dipping their toes in the [stock market](#). But time is passing and your money is not working hard for you. On the other hand, others plunge straight into day trading, crypto trading and derivative trading which can land you in the financial ICU.

### **#3 Using stock market investments for entertainment**

It has been my long-held belief that a large percentage of people invest in equity markets for the purpose of entertainment or social standing.

Good investing is often boring! It does not add to your social cachet to say that you are invested in fixed deposits, two debt funds and 4 multi-cap mutual fund or PMS schemes with maybe a gold or silver instrument thrown in. What do you talk about at cocktail parties then?

Keep 10% as play money and be sensible with the rest.

### **#4 Ignoring your DP statement beyond page 2**

Yeah, we all like to talk about our winners but not about the 70 or 100 stocks that are sitting in our portfolio, the debris of previous Bull Markets and [IPOs](#) that we treat as we do our exes.

This new year do yourself a favour, harden your heart and get out of everything that doesn't make sense.

### **#5 Having 90-100% of assets in India**

This is a big one and most Indians are guilty of this. When I started working the dollar was 12 rupees – there has been 90% depreciation in the course of less than a career; so, in any long-term financial planning for goals decades hence, do not be stuck with single country single currency single asset (SCCAR) risk.

Corollary: The US is not the globe, so buying a handful of US stocks you know of is not adequate Global diversification. Neither is entrusting your money to fund managers who are offering Global products but have no global expertise.

### **#6 Getting in and out of the market at the wrong time**

Every research study in every single country has shown that sentiment is a Contra indicator.

When you are feeling anxious, fearful wondering whether you should stop your investment is precisely the time when you should remain invested because the next period returns are likely to be above normal.

Conversely when money making appears too easy as it did in the first half of 2024 is when you should pause, instead of piling in.

Most investors do the exact reverse: buy when there is buoyancy and sell when there is despondency.

### **#7 Being too skewed towards a few themes – new and old**

The eternal truth of markets is that themes change: countries, asset classes, sectors all go in and out of fashion.

Getting into an asset class that has done well of late or a sectoral theme where typically a lot of new fund offerings are coming in will systematically cause underperformance.

Equally do not think that you will be the genius to spot a completely new technology or theme ahead of the market.

## **#8 Thinking you can get out ahead in a bubble**

Many times, investors and traders can see that there is a bubble forming in a particular asset or category of stocks but they still want to play the bubble thinking they would get out before it actually bursts.

Unfortunately, the history of Financial Markets shows that all bubbles pop so suddenly that almost nobody has the time to get out.

If you want evidence, no better than Sir Issac Newton who thought he could do this for the South Sea company stock bubble but actually lost his entire fortune!

## **#9 Waiting to make it back in the same stock**

When we lose money on a stock; say we bought it at 90 and it is currently at 60, we want to exit when it comes back to 90.

The market has absolutely no interest in your purchase price and many stocks will never come back to that price. Over two thirds of the stocks that have been listed on the Indian bourses don't even trade anymore.

The only sensible strategy is to get out of losing investments and get into whatever is the best possible portfolio as of today.

## **#10 Going by tips instead of a system**

Many investors think that they invest according to a certain criterion but in reality, most of their portfolio is made up of some stock recommended either by an expert on the media, a friend, a influencer or somebody on a Telegram group.

We do more analysis on the features of a smartphone before we buy it than we do on a stock.

Respect the money you have earned by the sweat of your brow.

Do not play fast and loose with it.

So how many of these 'errors' did you find in your own investment landscape?

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