Devina Mehra on why piling into gold, silver right now may be a mistake

Jash Kriplani | 22 January 2026

Devina Mehra, chairperson of First Global, discusses asset allocation, gold and silver, and global equity trends.

SUMMARY

The veteran market strategist explains why portfolio balance matters more than chasing "safe" assets in uncertain markets.

Assets traditionally seen as safe havens, such as gold and silver, have moved centre stage, with investors flocking to them amid rising global uncertainty. Volatile equity markets have left many questioning how their asset allocation should be structured in the current environment.

To make sense of the shifting landscape, *Mint* spoke to Devina Mehra, founder, chairperson and managing director of First Global, on her views across asset classes.

Market sentiment appears cautious at the moment. How do you read this environment?

What stands out to me is that an increasing number of commentators are openly discussing market risks. That's quite different from the usual narrative centred on the India growth story.

Historically, when sentiment turns broadly pessimistic, it often acts as a contrarian indicator. From that perspective, I would actually read this mood as a positive sign. But markets are not predictable, especially in the short run.

What do you see as the key drivers for markets going ahead?

I do expect corporate earnings to start improving from the December-ending quarter onwards. On valuations, contrary to popular belief, they are not out of line with historical trends if you analyse them industry by industry.

Looking at index-level valuations can be misleading because index compositions change significantly over time. Interest rates have also fallen, which is positive for equity markets.

Are there any areas of concern you are tracking closely?

One area of concern is the fiscal side. Tax collections are running well short of budget estimates, partly because nominal GDP growth has been weaker than anticipated. This raises questions about the government's fiscal headroom, especially given ongoing discussions around capital expenditure and support measures.

India has underperformed globally in 2025. How should equity investors interpret that?

India has been among the weaker-performing equity markets globally, around 36th out of 42 major markets. Historically, however, some markets near the bottom of performance rankings do bounce back in subsequent years. This is not a forecast, but an observation based on historical data. Importantly, I never make one-year return projections. Equity returns are inherently unpredictable, even over two- or three-year periods.

A big factor behind India's underperformance was currency movement. The rupee depreciated sharply, nearly 20% against the euro in 2025. While the rupee touched around 90 to the dollar, the dollar itself was among the weaker global currencies. Currency depreciation significantly impacted returns for foreign investors. Returns from Indian markets in euro terms were negative in 2025.

What is your view on gold and silver as asset classes right now?

Precious metals can play a role in a diversified portfolio, but only as a single-digit allocation. Gold, in particular, is often misunderstood as a safe haven. Historically, the dollar price of gold has been more volatile than the S&P 500 over long periods. It is a diversification tool, not a low-risk asset.

At current prices, adding meaningfully to gold allocations is highly debatable. For context, gold's 1980 high was not surpassed for 27 years in dollar terms and saw drawdowns of more than 60%. In rupee terms, gold often appears more attractive largely due to currency depreciation. Our grandparents were right in buying gold because that was the only dollar-denominated asset they could access at the time. Overseas market investments were not an option then.

What about silver?

We have a single-digit allocation to gold and silver together, but I don't think it should be a dominant part of a portfolio. Silver has already tripled in rupee terms over the last two years. From here, it is difficult to assess how much more upside remains.

Silver is both a precious and an industrial metal, so it has additional demand drivers. Recent price spikes were driven not just by industrial demand, but also by positioning and technical factors in trading market.

How do you view global equity leadership right now?

Market leadership has narrowed globally. In the US, a handful of large technology stocks have driven most of the returns. This concentration is visible across global indices as well, with technology, fuelled by artificial intelligence (AI) themes, playing a dominant role, including in Asia.

This year, 43% of the S&P 500's returns came from the seven major tech stocks. In 2023 and 2024, that figure was over 60%. While the concentration is lower now, it remains elevated. Even in global indices, most of the gains have come from technology.

Beyond US AI plays, tech stocks in Asia have also performed well. China and broader emerging markets have delivered strong returns recently. China, for instance, is up meaningfully in dollar terms.

Can China make a strong comeback again?

It's possible. We have been underweight the US for a year, overweight Europe since the beginning of 2025, and overweight China for longer than that. The US still remains the largest allocation, but we are underweight relative to benchmarks.

There have been periods in the past when US markets underperformed. Between 2003 and 2007, for instance, the US market did not bounce back even though it was already in the doldrums post the tech crash. During the same period, the emerging markets index rose almost four times, while India went up six times. That followed nearly nine years of flat returns.

Markets can test investors far longer than they expect. We often search for neat reasons to explain market moves, but that is not always how markets work. In 2020, for example, several companies had revenues close to zero, yet markets still performed well.

How should investors react to geopolitical risks and news flow?

Data shows that while geopolitical events may cause short-term volatility, their long-term impact on markets, outside the directly affected countries, tends to fade within months. This pattern has repeated consistently. What is more concerning now is the potential structural shift in the US's global standing, particularly around institutional credibility, rule of law, and the independence of bodies such as the US Federal Reserve.

Those changes could have longer-lasting implications. We are effectively dismantling the post–World War II global order without clarity on what will replace it.

What would your core advice to investors be in the current environment?

Investors should focus less on headlines and more on data, asset allocation, risk management and long-term discipline. Markets often move in ways that defy predictability.

The events of 2020 showed that even when economic activity collapses, markets can rise due to liquidity and policy responses. The key is to remain diversified, avoid overreacting to short-term narratives, and recognise that uncertainty is a permanent feature of investing.