

## ‘Diversification is crucial: a single crisis can wipe out years of gains’

[Shipra Singh](#) | 2 June 2026



Devina Mehra, MD and Chairperson, First Global

### SUMMARY

The First Global founder explains why asset allocation matters more than stock picking, why she remains underweight on the US and why she avoids real estate and private credit.

For nearly three decades, investor Devina Mehra has built her portfolio around a simple principle: never let a single market determine your financial future.

The approach paid off over the past year. While her Indian equity portfolio delivered 0% returns, the global portion returned 39% in rupee terms.

“The 1997 Asian financial crisis was a wake up call for me that a single market risk is not worth it. No matter how well a country is growing in a year, a single crisis can wipe out most of your wealth,” said the founder and managing director of First Global, who began investing overseas in 1999.

“India is not even 3% of the world market cap, so there is no reason why investors’ entire investment should be in India,” she said.

As part of the *Mint Guru Portfolio* series, Mehra discusses why diversification remains central to her investing philosophy, why she remains underweight on the US, her concerns around artificial intelligence (AI) hype, why she avoids real estate and the importance of disciplined risk management.

## Asset allocation

For Mehra, global diversification is only one part of the investing equation. The bigger lesson, she says, is that investors often overestimate the importance of stock selection and underestimate the role of asset allocation.

“Asset allocation accounts for 85-90% of returns,” she said.

Her investment philosophy has remained largely unchanged through multiple market cycles, geopolitical events and technological disruptions over the past 18 months. If anything, recent market behaviour has reinforced her conviction that risk management matters more than chasing the next big winner.

“Investing is a loser’s game. The first thing you have to ensure is that you don’t take a big hit on capital,” Mehra said. “Don’t be too skewed towards a single sector, a single country or a single asset class.”

That approach is evident in her own portfolio. Roughly 70% is invested in equities, while fixed income and commodities account for about 15% each. Excluding her primary residence, Mehra has no real estate exposure.

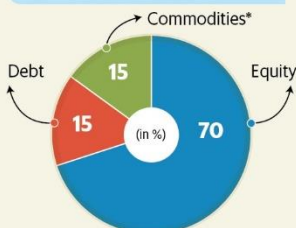
The global portion now constitutes nearly 85% of the portfolio. Less than 40% of that is invested in the US, with the remainder spread across other countries. “Investors often equate global with US, but that shouldn’t be the case.”

Even within equities, the emphasis remains on diversification rather than concentrated bets. Large-caps account for about 60% of her holdings, while exposure to companies with market capitalization below ₹5,000 crore remains tightly controlled.

Her investment process follows a discipline designed to avoid endowment bias.

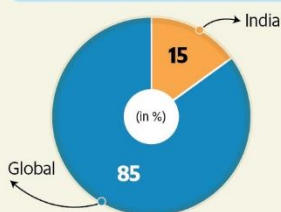
“Every quarter, I review my portfolio from a ‘base-zero’ perspective. The question we at First Global ask is: if I had cash today, where would I invest it? Otherwise, you suffer from endowment bias, where you value what you already own more than you should.”

## ASSET ALLOCATION



\*includes gold, silver, energy and mining-related exposure

## PORTFOLIO MIX



**Devina Mehra,**  
founder and CMD, First Global

## PORTFOLIO RETURN



CAGR returns

## WHAT IS YOUR EQUITY MIX?



▶ Large caps are about **60%**. Small caps (below **₹5,000 crore** market cap companies) are **6-8%** and remaining in mid-caps

## WHAT IS YOUR DEBT ALLOCATION?



▶ In India, entirely through MFs. Currently mostly arbitrage funds due to tax efficiency. Globally, through ETFs.

## HOW HAS THE RECENT US MARKET RALLY IMPACTED YOUR PORTFOLIO PERFORMANCE?



▶ In the last year I have actually been underweight on the US. Despite that, my globally diversified, multi-asset portfolio returned about **24%** in dollar terms and **37%** in rupee terms.

## WHICH SECTORS IN INDIA CURRENTLY LOOK ATTRACTIVE TO YOU?



▶ Auto, auto ancillaries and pharma remain core positions, with rising opportunities in industrials, capital goods and power, though allocations remain dynamic.

## WHAT ROLE DOES GOLD PLAY IN YOUR PORTFOLIO?



▶ Gold and silver have always been part of my multi-asset portfolios, typically in single digits. But I am not a structural gold bull. In dollar terms, gold has historically been more volatile than equities.

## QUICK TAKES

▶ **If markets fall by 10%:**  
I am already fully allocated, so won't change much.

▶ **If markets fall by 20%:**  
I may shift some allocation from precious metals into equities.

▶ **If markets rally sharply:**  
Stay put. That's what equities are meant to do.

▶ **If oil spikes further:**  
won't do much; around 2011 oil was above \$100 for about 3 years.

## Q: ONE SIGNAL THAT WORRIES YOU TODAY?

**Potentially wasting** our demographic dividend because we are not creating enough jobs for young people

## Q: WHAT GIVES YOU CONFIDENCE?

**Markets always** move in cycles. Living through volatility is part of equity investing.

## Q: WHAT ARE YOU MOST BULLISH ON OVER THE NEXT 3-5 YEARS?

**I deliberately** avoid high-conviction bets. Data changes constantly, and nobody has a crystal ball for five or ten years.

mint

Mehra's investment process follows a discipline designed to avoid endowment bias.

That does not translate into wholesale portfolio churn. In most quarters, 85-90% of her holdings remain unchanged. But the exercise serves as a safeguard against emotional attachment to investments.

# Beyond AI

Despite the sharp rally in US equities over the past year, Mehra's gains did not come from riding US stock markets. Instead, her portfolio remained diversified across geographies and asset classes, including fixed income.

Even with that relatively conservative positioning, the portfolio delivered returns of about 23-24% in dollar terms, or roughly 35% in rupee terms, over the past year. The positioning reflects a deliberate shift she has been making over the past two years. At the start of 2025, she cut exposure to the US and increased allocations to Europe and China, where she had already been overweight since 2024. Before the latest geopolitical conflict began, she further reduced US exposure and redirected capital towards commodities, particularly oil and metals.

Today, US equities account for less than 40% of her global portfolio. More recently, she has added exposure to countries such as Mexico and Malaysia—markets that she says remain off the radar for many investors.

Her cautious stance on the US is also reflected in her reading of the AI-driven market narrative. While semiconductor and technology stocks have dominated headlines, Mehra argues that investors are oversimplifying what is happening beneath the surface.

"The AI story up to 2024, and to an extent 2025, was the Mag Seven stocks in the US. But that story had started unravelling in 2025 itself because five of those seven stocks underperformed," she said.

According to her, the market is no longer being driven solely by a handful of technology giants.

"If you look at the US, even the Russell 2000 has given about two-and-a-half times the returns that the S&P has, and every single sector in the Russell 2000 is positive," she said.

Traditional businesses such as Walmart, Costco and Johnson & Johnson have also performed well, even though investor attention remains fixed on AI.

Mehra is particularly cautious about semiconductors, which she describes as a highly cyclical industry. While massive AI-related capital expenditure has created strong demand and pricing power for chipmakers and equipment manufacturers, she questions whether the current pace of investment can continue indefinitely.

"Who knows two years later whether this kind of investment will be going into AI?" she said.

More broadly, she warns investors against getting swept up by popular narratives. "Always be very, very careful of the stories being told," she said, arguing that many of the loudest AI projections come from companies and investors who stand to benefit from continued enthusiasm around the theme.

## Risk over returns

Mehra's conservatism becomes even more apparent when discussing other asset classes.

She has never been a believer in real estate as an investment, despite Indians' longstanding cultural preference for property ownership. She owns only one house—the one she lives in. “Beyond that, I have never invested in real estate,” she said.

According to her, most real-estate success stories ignore crucial factors such as maintenance costs, taxes, holding periods and liquidity constraints. “Everyone has a story about an uncle who bought land in Gurgaon and made a fortune. But very few people account for the costs and the years that went by.”

The inability to exit quickly is another major concern.

Her views on fixed income are equally conservative. While many investors chase higher yields through lower-rated bonds and private-credit opportunities, Mehra sees debt primarily as a tool for reducing portfolio volatility.

For that reason, she avoids concentrated exposure to individual corporate bonds and prefers diversified instruments such as government securities, debt funds and ETFs. “I believe if you have to take risk in fixed income for a few extra basis point returns, you might as well invest in equities,” she said.

She is particularly sceptical about the growing popularity of private-credit funds.

“You are lending to companies that often cannot access traditional bank financing, and at the same time you are taking liquidity risk. For an extra 1-2% return, I don't think that trade-off makes sense.”

The same cautious approach extends to gold. While gold and silver allocations have always been part of her multi-asset portfolio, they have typically remained in the single digits.

“Due to the recent rally, that exposure has naturally risen to roughly 14% currently in my India multi-asset portfolio. We at the fund are mulling over rebalancing it down to below 10%.”

Mehra has never been a structural gold bull. “In dollar terms, gold has historically been more volatile than equities. After peaking in 1980, gold took 27 years to reclaim those highs. Investors forget these long drawdown periods.”

For investors, however, her message remains straightforward: focus on asset allocation, diversify globally and resist the temptation to chase the market's favourite story.