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## ET Alpha Wealth Summit: Markets forget wars, don't stress too much on geopolitics, says Devina Mehra

### Synopsis

Devina Mehra advises investors to prioritize long-term portfolio construction over geopolitical events, citing over a century of market history where wars have had minimal lasting impact. She also stresses the importance of genuine global diversification, as market leadership frequently rotates between countries and sectors, cautioning against blindly investing in international products without due diligence.



Investors spend far too much time worrying about geopolitical events and far too little time focusing on [long-term portfolio](#) construction, according to [Devina Mehra](#), who says more than a century of [market history](#) shows that wars rarely leave a lasting impact on stock markets.

Speaking at the [ET Alpha Wealth Summit](#), Mehra said her analysis of over 125 years of market data covering major geopolitical events—from the two World Wars and the Gulf Wars to the September 11 attacks and military conflicts in Libya and Afghanistan—revealed a remarkably consistent pattern.

"The conclusion is very clear: do not react too much to geopolitics because it all evens out," she said.

According to Mehra, markets have historically moved past geopolitical shocks within months unless the country involved in the conflict is directly affected and defeated. She recalled making a similar argument when tensions between Russia and Ukraine escalated in early 2022.

"On the day the war broke out, I said markets would forget about it in six months. I didn't find an exception in the historical data," she said.

While geopolitical events can temporarily influence commodity prices and corporate earnings, Mehra argued that most major financial crises have historically emerged from economic and financial imbalances rather than military conflicts.

Her second message to investors was not to assume that the United States will always dominate global markets.

Mehra pointed out that market leadership changes regularly across countries, sectors and investment styles. Between 2003 and 2008, for instance, the US market delivered relatively modest returns while India, Brazil and broader emerging markets significantly outperformed.

"People think the US is the world, but there have been long periods when the US underperformed," she said.

She cited the shifting narratives that accompanied those cycles. During the mid-2000s, investors believed emerging markets and the BRICS economies would permanently replace the US as global growth leaders. A decade later, those narratives were reversed as American markets regained leadership.

She also made a case for genuine global diversification, noting that market leadership frequently rotates. Countries that rank among the worst performers in one year often emerge among the best performers in subsequent years.

At the same time, she cautioned investors against blindly investing in international products. Global investing, she said, is significantly more complex than investing in domestic markets and requires specialised expertise.

Mehra warned that some investment products are launched primarily because they are easy to market rather than because they offer compelling investment opportunities. Investors should therefore pay close attention to fund manager capabilities and track records before allocating money overseas.