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It never makes sense to try to be brave in a bear market: Devina Mehra

BY ET NOW | MAR 13, 2020, 11.44 AM IST

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The problem in this market is that nobody has a lot of cash. Very few have the courage and the conviction is missing. How should one approach this market now?

One should approach it very cautiously. We are in **bear market** territory and if you go back to all the earlier bear markets, whether it was to do with dotcom, SARS or Asian crisis or 2008 crisis -- bear **markets** do not get over in a month or two.

You are saying one should not really expect a V-shape or sharpish rally whenever markets bottom out. Are you saying that we are in for a prolonged period of pain and no gain for couple of quarters and months?

Probably more than that. If you look at the history of bear markets, whenever there has been a crisis -- be it a dotcom or the 2008 crisis or even the Asian crisis, the bear market lasted a year and a half up to three years. That is the kind of timeframe you are looking at. We were cautious going into 2020 as it is, because globally, 2019 was a blow out year. **Nasdaq** was up 37%; **Russia** 50% and so on. A lot of asset classes did very well.

We were particularly cautious going into equities in 2020. Obviously, you did not know what the trigger would be but it is rare that after that kind of year, you get another very good year. It happened in 2006 and 2007 but then came 2008 which was absolutely brutal.

Currently, for equities, you have to be cautious. There would be an interim period but you have to wait till you have a confirmation that the bear market is truly over. We do not expect that to happen in a very short timeframe because the scale of disruption is unprecedented in our lifetimes at least.

Should you be brave, a cowboy who would dare to buy this fall? Or would you say just wait it out, hang on, let the dust settle down?

Definitely you have to wait. Do not try to be brave. It never makes sense in a bear market to try to be brave. It is okay if you buy it 10-15% higher. Once you get real confirmation that it is over and that may not be for some time. It is not as if this is going to give away in a couple of weeks. You have plenty of time to do that. The other thing is to look at your asset allocation decisions because that is there and that is the investment that determines almost all of your returns, more than any specific **equity** or stock selection.

So look at your asset allocation pie and rebalance. In fact we had started doing it for the last few months because we were very cautious going into 2020 and more so by February. While our equity **portfolios** have also outperformed, the asset allocation portfolios are up for the year. The way the markets are, I do not think you are going to be boasting about your multibaggers in a hurry.

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