



December 30, 2024

Make global diversification your New Year resolution as asset allocation within a country is not enough: Devina Mehra

Synopsis

Devina Mehra, Founder of First Global, encourages Indians to consider global investing through RBI's liberalised remittance scheme instead of relying solely on gold. She highlights the importance of diversifying investments globally, including tech and pharma sectors, and the growing significance of consumption services like Swiggy and Zomato. She also announces the release of her book covering her market learnings.



[Devina Mehra](#), Founder & CMD, [First Global](#), says Indians no longer need to rely solely on gold for currency investments. The [Reserve Bank of India's](#) liberalised remittance scheme (LRS) offers a great opportunity. You can invest in various places around the world. The scheme is quite generous in terms of the amount you can send. Many Indians may not consider global investing seriously, often thinking it only means buying a few well-known US stocks or a Nasdaq ETF, but that's not the full picture of global investing.

You have recently said that gold does not seem to be a particularly safe asset. If you take a look at gold versus Nifty, gold has by far outperformed Nifty on a year-to-date basis. What is your view on gold, especially when fundamentally so much is happening in terms of geopolitics? On the other side, the rupee is plunging. Would not that make gold more attractive compared to equities right now or would it be the other way around?

Devina Mehra: I would say that first of all always have an allocation to gold in your portfolio. But it cannot be a very high allocation because the data shows that gold has not been a safe asset in dollar terms. The early 80's price of gold was not crossed for more than 20 years. It went down 60% in the interim. From the next high, it went down 40%. So, that has happened. Gold has had drawdowns or losses which are just as high as any other asset class.

So, why does gold look so much better to us? Our grandmothers were not wrong in buying gold because gold at that time was the only currency hedge available. When I started working, the dollar was Rs 12, today it is 85-plus. So, there has been an 85% depreciation in the course of less than a career, and that is why the rupee chart of gold looks fine.

But the point is, now you do not have to hedge your currency bets only via gold. Now the liberalised remittance scheme (LRS) of the RBI, is very attractive. You can invest anywhere in the world. In terms of quantum, it is a fairly generous scheme. And this is a cause for me that Indians do not think of investing globally or they think investing globally means buying the five US stocks they have heard of or just buying a Nasdaq ETF. That is not global investing.

I have a product which invests all across the globe in all asset classes, which starts at only \$10,000, that

is like eight-and-a-half lakh rupees. Normally, in a private bank, you would not get it for less than a million dollars. Indians should diversify and they cannot diversify globally without looking at the currency. One of the New Year resolutions should be [global diversification](#) because [asset allocation](#) within a country alone is not good enough.

But Rs 12 against dollar, I do not even remember when that was. A long time ago perhaps. A multi-bagger. I hope you did buy some dollars at 12 when you started working.

Devina Mehra: That time, it was a criminal offense to buy dollars. Even when you were traveling, you got \$500 once every three years. This is well after I had started working. Once in three years. Otherwise, you had to go with \$20 on the other trips.

Just shifting focus to consumption because I am very intrigued to hear your thoughts on Swiggy, Zomato and even Paytm. All of these have done quite well in the last few months. Do you expect that to continue come 2025?

Devina Mehra: That is not where we have exposure. So, I would not have a very close view of any of those things. Though, I now see that there is a lot of padding on the cost in the food delivery services. I do not personally use it, but I see the data and so at some point I think there might even be some backlash on that. But yes, that has been in terms of where the growth has been in the economy.

Definitely that has been an area where there has been quite remarkable growth. The fact that it has replaced something else is a different matter, as because of many of these services, kirana stores are shutting down. But yes, this has been there. We are normally quite cautious in companies with very limited history. We move cautiously on that.

You are overweight on pharma, but in what category? Is it just the CDMO players, which everyone has got positive about or are you looking at diagnostics, hospitals?

Devina Mehra: It is a mix. We have been overweight now for almost two years. So, from about the beginning or maybe the second quarter of 2023, we started becoming overweight pharma because our systems liked a lot of pharma names. If you look at the period prior to that, there was a long period where pharma underperformed quite a lot. This happened with capital goods also in 2021, and people did not look at it for two more years because of this impression that it was a dog sector, which it had been for 12 years prior to that. Pharma also was in that mode.

On pharma and healthcare together, we are quite overweight.

We hear you are coming out with a book in January, just a few days from now. Give us a sense of what the book is about.

Devina Mehra: This is about all that I have learnt from the markets in 30 odd years. It is something which will resonate both with the new investors as well as the veterans, because my whole thing has been to examine everything from first principles, including the things which people think are kind of the mantras of the market; like invest in only your circle of competence. I have examined what works, what does not work, what you should think about and which are the mantras which are actually myths and what are the investing mantras you should have, almost like blogs on investing on various aspects of investing.

I think it will be quite an interesting book. My lifetime's learnings are there. It should be interesting for people to read and I have made it quite simple and you do not have to be a finance expert barring a couple of chapters which you can skip. It is like targeted at people who may not have a background in finance.