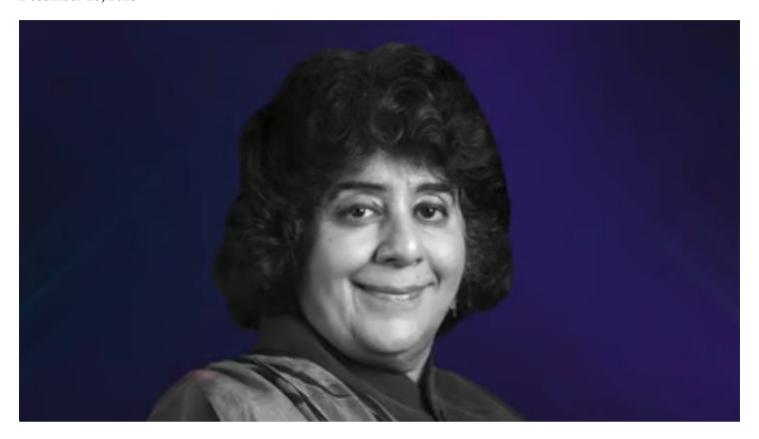


## Markets Unlikely To Crash But Limit Exposure To Small Caps, Says First Global's Devina Mehra

While exposure to small-caps should not be non-existent, their movements can be highly volatile, she said.

**December 28, 2023** 



Devina Mehra says a market crash is unlikely even as benchmarks continue to scale new highs. But advises caution when investing in small caps.

This year has proven to be highly favorable for small-, mid- and even micro-cap investments, Mehra, chairperson and managing director of First Global, told NDTV Profit.

While there are promising opportunities in mid cap, she suggests being cautious about small caps, particularly those within the market capitalisation range of Rs 1,000-5,000 crore. Keep exposure to small caps limited as the movements can be highly volatile and subject to dramatic falls, she said.

The BSE SmallCap has surged nearly 46%, outperforming the near 18% gains in the Sensex. The BSE MidCap has risen over 42% so far in the year.

And while large caps should be preferred, Mehra expressed concern over the banking sector that has the largest weight in the index. "Issue with banks is that it is a leveraged sector, with a high propensity to give negative surprises."

There is no correlation between foreign inflows and market direction, she said. The indices have fared better even when foreign investors pulled out funds in the past, she said.

## **Pockets Of Opportunity**

First Global is 'overweight' on industrials and capital goods for over two years since October 2021, Mehra said. Among recent additions, Mehra is focused on the automotive and auto components, which has performed well this year.

"Additionally, we've found value in the pharmaceutical space and included a few construction names. This broadly outlines our positioning in the Indian markets," she said.

Watch the full interview here:

