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FIRST GLOBAL 

DEVINA MEHRA

Founder & Fund Manager

Be One Step Ahead

FIRST GLOBAL

‘Be One Step Ahead’

For the past 30 years, the First Global Group has been a known and very well-respected name in the investment and securities world.

After starting out in the investment banking and institutional broking space, First Global has evolved into a large Global Asset Manager managing funds using quantitative methods, across the world.

First Global's transition to an Indian multinational corporation started over 20 years ago when it became the first Asian (ex-Japan) member of the London Stock Exchange in 1999 and then the NASD.

First Global is regulated by the Securities and Exchange Board of India (SEBI), Financial Conduct Authority (FCA) in the United Kingdom, by Financial Industry Regulatory Authority (FINRA) in USA and by the Cayman Islands Monetary Authority (CIMA).



Ms. Devina Mehra
Founder & Fund Manager

Using Artificial Intelligence, Machine Learning, and deep data, First Global has built a one-of-a-kind Asset Management investment strategy. Their primary goal is to merge data intelligence with human intelligence, gained through decades of business experience. What they call a Human + Machine Investment model.

What is targeted for the investor is superior returns with lower volatility. The Group considers protecting downside risk for the investors an extremely key objective of the Investment process.

The results bear out the merits of this approach.



Founder's Corner

Ms. Devina Mehra (Founder & Fund Manager)

The Founder of the First Global Group, Devina Mehra, is an MBA from IIM, Ahmedabad and was awarded the Institute's Gold Medal. She also got 8 Gold Medals at Lucknow University for her academic performance.

She broke the 60-year record for the University for the Highest Aggregate Marks scored in the B.A. (Maths, Statistics, English) examination. Ms. Devina Mehra has been heading the Research and later, Asset Management function at First Global since inception, a cell in charge of identifying key changes and inflection points in markets across the world for its global clients.

The inception of First Global was as a proprietary concern of Ms. Mehra when she got membership of the Bombay Stock Exchange in 1993 which was later corporatised, along with a corporate membership of the National Stock Exchange. Prior to this, she had a 7 year career in Citibank in its Investment Banking and Corporate Risk/ Credit Strategy Group.

After a very successful stint in setting up India's leading institutional broking & securities firm in the 1990s, she spearheaded the globalization of the group starting in 1999-2000 when First Global became the first Asian (ex Japan) member of the London Stock Exchange and the NASD.

First Global has thus been covering global markets for over two decades.

First Global's research has been globally lauded and covered in every single well-known financial and business publication.

Ms. Devina Mehra has been widely quoted in the Wall Street Journal, CNBC, Financial Times, Forbes, Fortune, Business Week, Barron's etc. She has also been interviewed extensively on finance and markets on several channels in India and abroad.

The journey

"We have always been a firm pioneering what we do. We always follow the out-of-the-box approach and think of new things ahead of everybody else. Thus, we started covering Global companies before anyone had thought of it and now have been doing it for over two decades. Even our approach to Portfolio Management Services was the same. We said we will start this service only when we have a system which can deliver consistent, reliable, replicable results, without excess volatility. If we do not have any edge, we won't offer anything. We will do it only when we can deliver", says Ms. Devina Mehra.

She adds, "Because of that perspective, over the last few years, we invested our time, energy, and money into developing some of the most sophisticated investment models in the world, which frankly very few people in the world have.

We continue to refine them with the help of engineers sitting in India and data scientists in Central Europe. So, we took the investment to the area of science and not towards the area of art. That is our biggest USP".

The Success Story

When asked about the success story of First Global.



Ms. Mehra says, "We need to keep adapting to new things which are changing the landscape. If you're an auto company, you need to think about how electric vehicles will change your business. If you do not change, you will finally find yourself obsolete. If you're a fast-food company and don't employ robotics to make processes robust and scalable, you'll just be dependent on the human beings and it will be difficult for you to expand your business due to lack of quality and consistency at different outlets. Hence, by building technology, one can build huge scale and we are the first, and the only one to think on those lines as it is not easy to make such systems and deploy them".

Adding clarity to understand the difficulty of implementing technology to make investment decisions, she says,

"It is relatively easy to make a car with robots since a robot has to do a countable number of steps. But to do investing using machines becomes a very complicated thing as investing is not a straightforward, linear process that if you do 'x', you'll get 'y'. It can change very dramatically in various situations. Therefore, building a great machine model in investing is extremely difficult and extremely challenging. Unlike making a burger or making a pizza,



where only x number of steps are to be done, and a machine can do it thousand times, millions of times, exactly the same way. But in investing, every situation is different; today is different from tomorrow, tomorrow is different from the day after tomorrow. Isn't it difficult for a machine to think like that? Therefore, coding the intelligence into the machine, making it adapt to the newer information, and developing self-learning and adaptive systems is a massive area. And we haven't even scratched the surface yet".

"This is why human expertise is very much required to make a machine-led system that makes sense. Which is why pure techies usually cannot do it successfully. Our thinking has always been that, if we need to do investments for the people, we need to have an edge. And that edge is science, that edge is technology. Setting up this edge has taken several years, codification of our decades of experience, a lot of technical effort & expertise, and of course, this is a journey that is not complete; it is evolving constantly even now. But even what we have built till now gives us an edge which is evident not just in returns, but also risk-adjusted returns", Ms. Mehra adds.

First Global now has teams, not just of fundamental analysts (most of whom have been with the group for the last two decades) but also a team of mathematicians & engineers running extremely

sophisticated Artificial Intelligence and Machine Learning systems.

Products, Services & Schemes

First Global is the topmost Portfolio Management Service Company in India, in terms of Performance. They manage assets around the globe as well as in India. First Global has thousands of investors, who entrust their wealth with them, and it is managed safely with great returns.

First Global PMS offers all kinds of support to satisfy their clients. It also includes investing in all the portfolio categories.

Their Schemes Include:

- GLOBAL INVESTING
- Global Investment PMS - Global Multi-Asset Allocation Portfolio (GMAAP) starting at \$10,000 (approx Rs.7.5 lacs)
- Global Investment Fund - The First Global - Global Freedom Fund SPC (FG-GFF). Starts at \$100,000

Both these products are Multi-asset, long only products investing across geographies and asset classes (Equities, Fixed income, REITs, Commodities etc). No other comparable product exists in the world that provides top quality expertise and truly global access at such low entry points.

› INDIA PMS

- India Super 50 (IS50) which is a diversified equity portfolio with 40-50 holdings at most times
- India Multi-Asset Allocation Portfolio (IMAAP)

This replicates the Equity portion of the IS50 with the additional overlay of other asset classes.

› GLOBAL FIXED INCOME

- Global Fixed Income Portfolio (GFIP)
- Fixed Income Global Strategies Fund (FIGS)

› WEALTH MANAGEMENT

- › Indian Advisory Product FG-HUM on Smallcase platform

› STRUCTURED PRODUCTS

› BROKING & TRADING

- Equity: Cash & Derivatives
- Commodities
- Fx
- Margin Calculator

Quality Assurance

Portfolio Management Service is about asset management. In the current industry, there are a lot of human-driven approaches that lead to committing a lot of mistakes, as human beings are prone to making a lot of errors and have a number of

biases. First Global has re-engineered the entire process of investment i.e., Portfolio Management or Asset Management.

“Our approach is a quantitative approach in which we code machines to make investment choices and decisions, which are then looked at by human beings in the fund management team. This is how it goes through two levels of checks and balances. Hence, the decisions that come out are far more robust than if only humans were doing it. Other Portfolio Management Service companies do old-fashioned investment research and take investment decisions based on meetings, management quality, management vision, and everything that brings emotions into play” says Ms. Mehra.

“While investment has nothing to do with emotions at all. Because emotions make your decision-making biased, and those biased decisions get colored by your judgement and preferences, ending up making your decisions worse. And most important, these are not consistent across time and markets. A very systematic approach to both investments as well as risk management is why our performances are right at the top and leads investors to trust us because we are marrying our 30 years of experience with cutting-edge technology, which combines to make an unbeatable combination in investing.

I started with old- style research in the '90s and my effort has also been to codify all that my team and I have learnt over the decades into the system. Our AI & ML are now so sophisticated that they can not just analyse financials but also catch any manipulation” she adds.

Factors affecting the Portfolio Management Services

One of the major drivers of people looking for Portfolio Management Services for investment is due to failure of mutual funds to deliver good returns. Indians are very under-invested in Equities i.e., hardly 4-5% of household wealth is invested into Equities. Which is virtually a drop in the ocean.

When asked about the same, Ms. Mehra says,

“I feel over time, this percentage can and should rise. But the question is, it will rise if and only if investors find that their fund managers can deliver consistent results beating inflation or fixed deposit rates. But unfortunately, most fund managers in India have been unable to deliver anywhere close to those returns. And because of that, it becomes a problem for investors that even if they have money and assets to deploy, they go for purchasing gold or real estate. They have been disenchanted by Equity market investing because of

the traditional approach of fund managers to manage their money. The scenario for Equity investments is very compelling because Gold will no longer provide the same level of returns as it had in the past for a variety of reasons and the fact that the Real Estate in India is a very ill-liquid asset class”.

“Because once you buy a piece of land, or house, you cannot sell it for a few months or years. Whereas Equity is very liquid, you can get your money in 3 days. So, there are many compelling reasons to invest in Equities from a macro perspective. But the money will go to investment management firms, Portfolio Management Services that have the necessary capabilities to deliver a return. Because, the investor will come looking for returns over what they will make in gold or fixed deposit” she adds.

Industry challenges

One of the biggest challenges in Portfolio Management Services as a form of investment is people have mutual funds, they have PMS services, AIFs (Alternate investment funds). One of the biggest issue in all these investment schemes is the **high entry amount** i.e., 50 lakh rupees.

That's the minimum amount people require, to get access to such quality of services, which in my view is too high and should be around 20 lakhs or 30 lakhs. Such a big amount isn't easy to invest for most people, to get access to good quality fund managers like First Global.

The entry barrier is very high. First Global gets messages from hundreds of investors wanting smaller ticket products between 10-20 lakh rupees. But, we are unable to offer them services under the regulations. Hence, it would be great if the regulator takes a relook at the minimum thresholds that will widen the market for people wanting better quality services in the PMS business. That is why, it is one of the most important aspects to keep in mind.

Another aspect is Taxation, which is very high for PMS products and other alternate products. If in some way taxation can be rationalized, and brought somewhere lower than what it is now, it would help in boosting the industry. It will boost the ability of investors to make more money, which in turn will create further economic growth. These are some of the significant challenges in the PMS industry that needs attention.

Future Roadmap

The future is more about expanding and adding value to your approach. To survive in the competition, it becomes necessary to look for opportunities that lead to constant improvements.

Talking about their future plans, Ms. Mehra says,

"One immediate product expansion is to provide a product for the smaller investor. Although, it cannot be a turnkey discretionary product like the PMS, we are just in the process of launching an advisory basket product on the Smallcase platform. Given the number of emails we get asking for this, we are very excited about sharing our expertise with those who cannot invest in the PMS product because of the INR 50 lacs minimum.

Of course, our Global product already starts at US Dollars 10,000 (approx INR 7.5 lacs).

The other challenge for now, is to expand the areas from which we can gather assets. We have the technology engine built, and we are executing it. Now the goal is to be present in every major market. And that is what we are now working on. The one challenge now will be to change their investing styles and models, and make them modern. But that is not

our major challenge. Our challenge is to go deeper into different parts of the world, and that is what we are doing right now. Because we manage money in United States, United Kingdom, Australia, Europe, West Asia, Singapore etc, we need to keep expanding our reach in all these markets. We are taking investments from being an art to being a science”.

