Global indices skewed beyond India: ‘Women of Wealth’ make case for offshore diversification

First Global's Devina Mehra cautioned against viewing offshore investing through a narrow lens.

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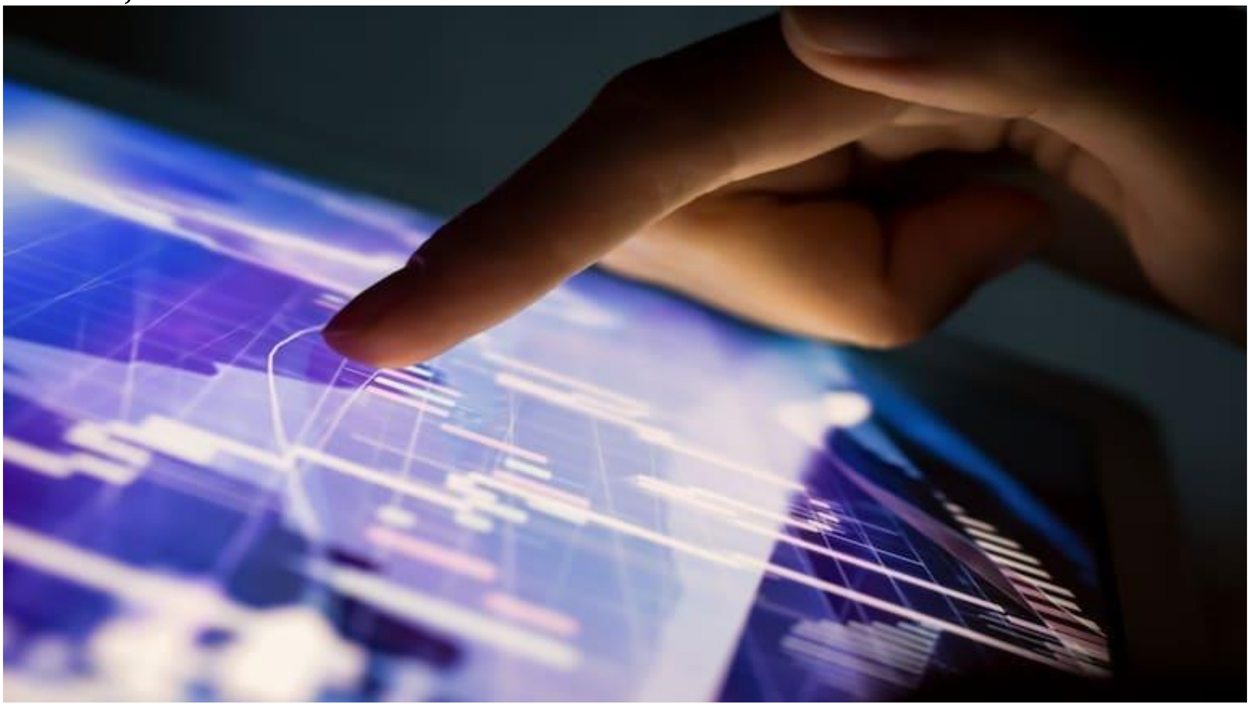

A single stock can rival the weight of an entire country in global equity benchmarks, said Lakshmi Iyer of Bajaj Alternate Investment Management, highlighting how global indices are structured very differently from most Indian investor portfolios.

Pointing to the composition of the MSCI Emerging Markets Index, Iyer spoke at Waterfield Advisor's latest 'Heritage Huddle' event, that India accounts for only about 13% of the benchmark. Meanwhile, individual heavyweights such as Taiwan Semiconductor Manufacturing Company carry significant influence close to India's weightage.

“The MSCI EM index, the weightage of China is higher than India in totality. India is about 13%,” she said, adding that such shifts in global market leadership are difficult for individual investors to track in real time.

A gap between global capital and local portfolios

Iyer’s remarks point to a broader mismatch: while global indices allocate capital dynamically across regions and sectors, Indian portfolios tend to remain heavily skewed toward domestic equities.

This home bias, experts said, can limit exposure to global opportunities, especially in sectors where India has limited representation, such as semiconductors or frontier technologies.

At the same time, the structure of global indices also highlights concentration risks, where a handful of companies or countries dominate returns.

‘The globe is not the US’

Building on this, First Global's Devina Mehra cautioned against viewing offshore investing through a narrow lens.

“The globe is not the US,” Mehra said, noting that market leadership has historically shifted across regions.

She pointed out that while the US has dominated returns in the past decade, earlier cycles saw emerging markets significantly outperform, underscoring the need for diversified global exposure.

Mehra also warned against the tendency to chase recent outperformers, particularly in global markets where returns have been driven by a narrow set of stocks. “If you systematically invest in what has done well of late, systematically you will underperform,” she said.

Why timing global markets is difficult

For Iyer, the challenge lies not just in identifying global opportunities, but in acting on them consistently.

“Humanly it is impossible to identify that… the churn is happening really fast, the revenue drivers are changing really fast,” she said.

Given this, she suggested that investors consider broad-based exposure, such as index-linked strategies, rather than attempting to pick specific geographies or sectors.

Global exposure beyond public markets

From a private markets perspective, India Alternative's Shivani Sinha Sachdeva said global diversification should also be viewed through the lens of access to themes and opportunities.

While she remained constructive on India’s long-term growth, she noted that investors today have a wider universe of sectors and business models — some of which may not be fully captured in domestic public markets.

At the same time, she highlighted that India itself is increasingly attracting global capital, particularly as exit activity in private equity has strengthened.

Balancing home strength with global diversification

Despite the case for offshore allocation, the panel maintained that India should continue to remain the core of investor portfolios, given its structural growth outlook.

Global exposure, in that sense, is less about replacing domestic investments and more about complementing them.