Diversification play in a volatile world, India-centric wealth needs global hedges

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The wealth creation outlook in India is moving beyond domestic equities, fixed income instruments, and real estate. The depreciation of the rupee against the dollar and euro has led to a structural shift in the wealth creation narrative. High-net-worth individuals (HNWI) and business families are now focussing on building dollar-linked assets and switching to offshore diversifications. The shift from rupee-focussed wealth to a systematic currency diversification reflects the yearning for portfolio resilience amid the turbulent time. However, global diversification should not be a panic response. Instead, the approach needs to be well-balanced across all key asset classes.

Everything you need to know about this story

Summary, key takeaways, timeline, glossary and FAQs — all in one place.

A New Generation of Wealth Creators

India today is home to approximately 390,000 HNWIs and their combined financial wealth has increased to around $1.64 trillion in 2025. The number is growing on the back of rapid development of entrepreneurial and startup ecosystems in the country and the sustained faith in the country's economic growth.

In fact, the vibrant startup ecosystem has led to the emergence of a new league of HNWIs who are essentially first-generation entrepreneurs. They have built wealth in India with innovation, enterprise, and risk. They are now keen to preserve and grow wealth across generations. The discussion is now shifting from maximising returns to building resilient, multi-generational portfolios. The transition brings the idea of global diversification into sharper focus.

The Risk of Home Bias

As a matter of fact, HNWIs have reasons to stay optimistic about the domestic economy. India remains one of the fastest-growing major economies. The growth prospect looks positive thanks to favourable demographics, consumption being the key theme, the government's continued focus on infrastructure development and a strong policy framework. The domestic economy has been showing resilience amid global headwinds and geopolitical turmoil. There is nothing wrong with being overweight on India.

However, concentration in a geography or a particular currency can increase vulnerability. Many affluent families and individuals have sizeable exposure to India through their businesses, real estate holdings and financial investments. When wealth, income and currency exposure are all connected to one market, portfolios become prone to synchronized shocks. As a result, phases of market corrections, currency depreciation, policy changes or sector-specific volatilities can adversely impact portfolio valuations.

The recent slide of rupee gave that sense to the wealthy individuals and business families. Diversification across geographies with a balanced approach safeguards against such concentration risk. Hence, global investment is not a bet against India. Instead, it is a strategy to balance domestic exposure and build portfolio resilience.

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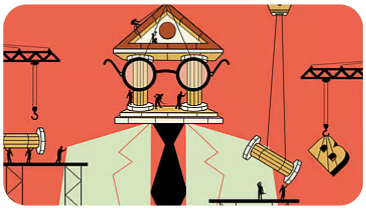

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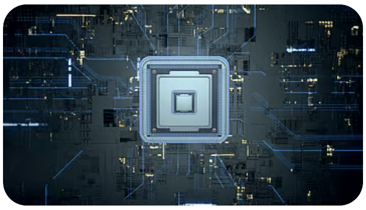

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Building Multi-Generational Wealth

For HNWIs, it makes sense to allocate a portion of their portfolios to dollar-linked investments. There are certain practical reasons for that. They have purchased properties overseas. Many of their children pursue education overseas and build global careers. They often end up setting up bases in various countries. As family aspirations become global, portfolios need to evolve accordingly.

Holding assets denominated in major global currencies such as the US dollar, euro, etc. is the way to preserve wealth across key markets as well as keep dollar liabilities in check. Diversification serves as an effective hedge against rupee fluctuations or any geopolitical developments. Different markers have different cycles. Hence, diversification provides flexibility for future generations no matter where they choose to live or work. The goal is not just to accumulate wealth. It ensures that the wealth remains accessible and yield-generating across generations and geographies.

Opportunities Beyond Domestic Markets

The global investing landscape offers access to innovations that are shaping the future. Investors can invest in semiconductor manufacturing, artificial intelligence, cloud computing segments. At the same time, sectors such as aerospace, defence, luxury brands and global real estate investment trusts (REITs) offer opportunities beyond domestic investments. These avenues are not just geographic allocations. They are strategic allocations to innovation, evolving technology infrastructure, and long-term structural growth trends.

A framework for resilient wealth creation

In an increasingly interconnected world, portfolios should evolve from a domestic approach to global ones. For HNWIs and ultra-HNWIs, allocating a certain portion of wealth—usually a fifth of the portfolio—to global assets can serve as an effective balancing force. India will undoubtedly remain a cornerstone of wealth creation for decades to come. But preserving and growing wealth in an uncertain world requires looking beyond national borders and conventional instruments. It is not about choosing between India and the world. It is about embracing both and having the precise mix of equity, debt, private markets, public markets, and global listed equities. Be it private equity in the US, real estate in Europe or Middle East, global investment opportunities can act as a layer of resilience.

(The author is Managing Director & CEO – Private Wealth, JM Financial Services. Views are personal.)