India-Pakistan tensions paused, not over: Should you do any tactical alignment in investment portfolios during border hostilities?

By Preeti Motiani, Published on: May 12, 2025,

India and Pakistan have announced a pause in the current tensions. However, yesterday's press briefing by Military officials made it clear that Operation Sindoor is still ongoing, and any provocations by the Pakistan Army will receive the befitting response from the Indian Armed Forces. The Indian-Pakistan tensions have paused for some time. However, it can flare up at any time.

In such hostile environments, how should you manage your **investment portfolio**?

Investors should remain calm and stay invested: Harshad Chetanwala, Co-Founder, MyWealthGrowth - a financial advisory firm, says, "I think we at India's end may not go for any knee-jerk reaction as we completely understand how we are placed from a future growth perspective and the opportunities that are ahead for us. Having said that, we as investors need not panic regarding our investments. Any geopolitical issues related to the country can make the market volatile, but the key is to have patience and stay invested."

Concurring with this view, Vishal Dhawan, Founder and CEO of Plan Ahead Wealth Advisors, says, “In such a hostile environment, investors need to ensure that their current investment portfolio does not undergo significant changes. Typically, it is not a good idea to take any action now. Historically, previous conflicts have shown that the impact on equity markets is short-lived. Investors should continue with their existing SIP commitments and stick to their asset allocation irrespective of how stock markets behave in the short run. If an investor has any short-term goals that are upcoming, only then should they think about exiting the stock market.”

Col Sanjeev Govila (retd), Certified Financial Planner, CEO, Hum Fauji Initiatives, a financial advisory firm, says, "Historical data (Kargil 1999, 2001 Parliament attack, Uri surgical strike) shows markets typically recover fast (within a few weeks to 4-6 months) after geopolitical shocks. Hence, investors should not panic sell their investment portfolio. However, investors can consider sector reallocation for their **stock portfolio** to gain during volatile times. This includes defence stocks, FMCG and healthcare and reduces exposure to sectors vulnerable to supply chain disruptions. One can also increase allocation to the sovereign debt instruments like RBI bonds."

Keeping cash at home Chetanwala believes that, from a safety perspective, there is certainly no need to rush to the bank to withdraw cash.

However, Dhawan says, "Depending on expenses, it is always ideal to keep one month's expenses in cash. This can also help with other emergencies."

Govila says, "Individuals should keep roughly 2-3 months of essential expenses as an emergency fund at home. The cash should be kept in varied denominations of Rs 100, Rs 500 and others. One can also consider keeping 5-10% of liquid assets in gold coins as a historical safe haven."