

Iran War Shock: Why 'Diversified' Portfolios May Still Lose Money in 2026

Investment Guidelines: If your portfolio is sitting mostly in the wrong sectors, you feel the pain -- even if you think you are diversified.

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Read Time: 4 mins

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Stock Market Investment: 'Diversification' has always been the buzz word among investors -- spread money across stocks, [gold](#), and bonds to stay safe.

In 2026, this widely-held belief is being tested. One may own a dozen different stocks, a few [mutual funds](#), and some gold. But still lose money together.

A combination of the ongoing Iran war and global market trends has shown that just 'asset diversification' is not enough, the end goal should be 'sector diversification'.

Why? Because you may be diversified in number. But not diversified in behaviour. For instance, if you have 10 IT stocks, and the AI disruption leads to a significant decline in the sector, your portfolio will [end up in deep red](#). On the contrary, if you have stocks across sectors, your risks are mitigated.

'Sector Shock Hurting Portfolios'

According to [CA Saeed Sumant](#), Assistant Professor at MIT World Peace University, the Iran conflict has pushed [oil prices](#) higher. This has increased inflation fears. This is hurting sectors like:

- Aviation
- Transport
- Manufacturing
- Consumer goods

At the same time, energy, defence, and commodities are benefiting. So, the market is not rising or falling together. Some sectors are rising sharply. Others are falling hard.

If your [portfolio](#) is sitting mostly in the wrong sectors, you feel the pain -- even if you think you are diversified.