

Know the difference between developed and emerging markets

As economic expansion becomes more evenly distributed around the world, in both developed and emerging markets, looking beyond domestic borders may help you find better investment opportunities.



International investments are generally separated into two main categories.

INTERNATIONAL INVESTING



DEVELOPED MARKETS

A developed market refers to a country where you would see many similarities with the United States.

- More economic security
- Robust industries
- Stable infrastructure

Examples of developed market countries:
United Kingdom, France, Germany and Japan



EMERGING MARKETS

An emerging market refers to a country that isn't as developed as the U.S. and is where you would likely see:

- Rapid growth and development
- Lower per capita income
- Less mature financial markets

Examples of emerging market countries:
Brazil, Russia, India and China

Developed and emerging markets may offer valuable opportunities for informed investors.

Developed markets	Emerging markets
 <p>Varied growth opportunities Other developed markets tend to be at different points in the business cycle and offer investors different opportunities for growth.</p>	 <p>Higher potential growth Emerging market economies tend to grow much faster than their developed market counterparts, which can lead to stronger earnings growth.</p>
 <p>Broader diversification Since developed markets all have different policies, advantages and disadvantages, investing in other developed markets offers another layer of diversification.</p>	 <p>Even more diversification Emerging market economies also often perform differently than those in developed markets, so they can offer yet another level of diversification.</p>

Developed and emerging markets also include risks you should consider.

Developed and emerging markets share these risks:	
 <p>Foreign securities risk Foreign securities may be more volatile, harder to price and less liquid than U.S. securities.</p>	 <p>Economic risk Another country could see changes in labor, raw materials, inflation or monetary policies.</p>
 <p>Political risk Another country's government could become unstable, or it could experience political unrest.</p>	 <p>Currency risk Another country's currency could become volatile and drop in comparison to the U.S. dollar.</p>



Risks may be greater with **emerging markets**, but any additional risks may also be offset by additional opportunities.

You should only invest in developed and emerging markets if you and your advisor agree that it aligns with your risk tolerance and long-term investment goals.



Talk to your financial advisor about the allocation of international markets that may be right for you.



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