



## Keeping up with the growth of the world's middle class

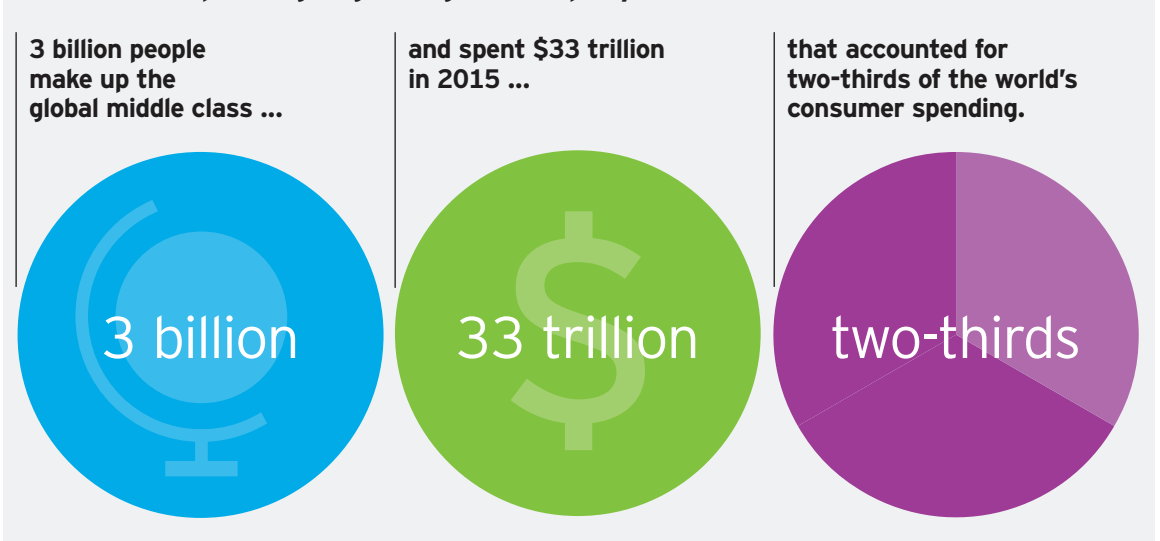
For decades, the US middle class fueled business development through their shopping habits. However, the economic downturn changed the spending habits of these once-reliable consumers.

### Globally, it's a different story

The middle class has been expanding rapidly in recent years in such countries as India, Brazil and China, whose middle class is expected to double to more than 600 million people by 2020.<sup>1</sup>

Overall, the size of the global middle class is expected to increase to 4.9 billion by 2030 thanks to rising incomes and falling poverty.<sup>2</sup> This could translate to a rise in middle class spending power from \$33 trillion in 2015 to almost \$56 trillion in 2030.<sup>3</sup>

### Middle class spending is growing more rapidly outside the US (USD)



Source: Homi Kharas, July 2016, "How a Growing Global Middle Class Could Save the World's Economy".

### There is a world of investment opportunities beyond our shores

What we take for granted in the US – owning a car, appliances or a smartphone – is newly attainable in many countries. And as more developing nations move into the middle class, leading to increased disposable income for goods and services, the more potential for opportunity there is for US investors.

## Consider international investing

Through international investments, individuals can participate in various world economies, business cycles, currencies, stock-price valuations and even global leaders. Many investors are already familiar with large US companies that sell products overseas – such as Apple. But many companies with well-known global brands have international roots, and may not be included in mutual funds or other investment strategies that are focused on US companies.

### Many brands you use every day are produced by non-US companies<sup>4</sup>

| Company                   | Country        |
|---------------------------|----------------|
| L'Oréal                   | France         |
| adidas AG                 | Germany        |
| Sony                      | Japan          |
| Royal Philips Electronics | Netherlands    |
| Samsung                   | South Korea    |
| Nestlé                    | Switzerland    |
| GlaxoSmithKline           | United Kingdom |



These sample brands are not all inclusive. The companies mentioned are for illustrative purposes, do not necessarily represent specific fund holdings and should not be considered recommendations to purchase or sell a particular security.

## Talk to your financial professional

Your challenge as an investor is to find ways to position your portfolio for future growth. Having exposure to the growing global middle class may be a strategy to consider. Talk to your financial professional about US and international companies that may be positioned to serve this expanding population.

## Explore High-Conviction Investing with Invesco

1 Source: China Institute for Reform and Development, "Transformations and Reforms for Nurturing A Middle-Income Group of 600 Million," Chi Fulin, Dec. 1, 2012.

2 Source: Organization for Economic Cooperation and Development, OECD Yearbook 2012, "An Emerging Middle Class," Mario Pezzini, January 2012

3 Source: Organization for Economic Cooperation and Development, Working Paper No. 285, "The Emerging Middle Class in Developing Countries," Homi Kharas, January 2010. Homi Kharas, July 2016, "How a Growing Global Middle Class Could Save the World's Economy".

4 As of November 2016

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

*The risks of investing in securities of foreign issuers, including emerging markets, can include fluctuations in foreign currencies, political and economic instability, and foreign taxation issues.*

Note: Not all products, materials or services available at all firms. Financial professionals, please contact your home office.