



# AMERGERIS

## Future Economic Growth within Ex-Yugoslavian Economies

The Investment strategy of Amergeris Global Opportunities Fund 1 (EUR), based in Malta, is to take advantage of significant, potential, future Economic Growth within ex-Yugoslavian economies, especially Croatia, Bosnia and Herzegovina, and Slovenia.

If these 3 ex-Yugoslav economies are considered overall as a group, all have relatively-favourable economic indicators: relatively-low rates of Inflation; moderately-low levels of controlled unemployment; low and stable interest rates; stable exchange rates; low levels of government borrowing as reflected via low annual budget deficits and proportionately-low National Debts; low levels of labor unionization; relatively low levels of direct Taxation. Therefore, the entire group are favorable destinations for Foreign Direct Investment on account of favorable economic indicators and the absence of any prohibitive F.D.I. regulations; the whole group have deregulated to encourage foreign, private investment with resultant, significant past accumulations of foreign Capital and Net Investment inflows. Moreover, all have significant, future, potential growth prospects for their economies and thus for their Stock Markets at both micro economic and macro-economic levels.

Potential growth in the stock values of newly-privatized companies, post-Privatization, are much greater in Slovenia and Croatia which have significantly-larger current sectors of state-owned enterprises than in Bosnia and Herzegovina. 21 of the 85 largest listed companies

operating in Croatia are state-owned. State-owned enterprises generated one-sixth of the value-added by the Slovenian economy and employed one out of eight people in the Slovenian corporate sector, 2011. In contrast, the potential for Privatization is much less in Bosnia and Herzegovina where state ownership accounts for only 0.5% of total corporate ownership; domestic, private ownership accounting for 93.4% already.

However, within this group of ex-Yugoslav economies, there are significant differences between Croatia and Slovenia on the one hand, both at the lower end of first-world Developed economies, in contrast with Bosnia and Herzegovina, at the upper end of second-world Middle Developed Countries on the other hand.

In contrast with both Croatia and Slovenia, Bosnia and Herzegovina has: significantly-higher, current Economic Growth; substantially-lower direct Taxation imposed upon both Income and Capital; considerably-lower levels of government borrowing and public-sector debt. Therefore, despite its significantly lower Standard of Living (current Gross Domestic Product per capita is only 19.92% that of Croatia and only 14.09% that of Slovenia), its Balance of Payment Deficit on the Current Account (compared with Balance of Payment Surpluses on the Current Accounts for both Croatia and Slovenia) and its significantly-lower Aggregate Monetary Demand (current Gross National Expenditure is only 50.80% that of Slovenia and only 48.07% that of Croatia), Bosnia and Herzegovina has

greater future, potential favourability for Foreign Direct Investment, especially since foreign, private ownership accounts for only 5.4% of total corporate ownership in Bosnia and Herzegovina, conferring almost-unlimited potential prospects for F.D.I. In contrast, 35 of the largest 85 quoted companies in Croatia are already

foreign-owned. Consequently, future growth prospects for the micro-economy and macro-economy and higher resultant stock/share values are greatest in Bosnia and Herzegovina; albeit concomitantly with the highest potential downside risks.

ECONOMIC INDICATORS	CROATIA	BOSNIA AND HERZEGOVINA	SLOVENIA
NATIONAL RATES OF ECONOMIC GROWTH PER ANNUM, 2017	0.80%	2.70%	1.10%
STANDARDS OF LIVING / GROSS DOMESTIC PRODUCT G.D.P. PER CAPITA, 2016	USD 23,642	USD 4,709	USD 33,425
NATIONAL RATES OF UNEMPLOYMENT, 2017	10.90%	7.90%	7.90%
NATIONAL INFLATION RATES PER ANNUM, 2017	1.00%	0.90%	1.20%
NATIONAL INTEREST RATES, 2017	2.50% p.a.	4.50% p.a.	0.70% p.a.
DOMESTIC CURRENCY EXCHANGE RATES, 2017	EURO STABLE	BOSNIA CONVERTIBLE MARKA KM 1 = EUR 0.51129 POST-JUNE 2014 FIXED; STABLE	EURO STABLE
DOMESTIC DIRECT TAXES INCOME TAX RATES, 2017 CORPORATE TAX RATES, 2017	PROGRESSIVE 15% - 45% 18%	FLAT RATE 10% 10%	PROGRESSIVE 16% - 50% 19%
FEDERAL BUDGET DEFICITS PROPORTIONS OF G.D.P. 2016	0.8% PER ANNUM	0.70% PER ANNUM	1.80% PER ANNUM
ECONOMIC INDICATORS	CROATIA	BOSNIA AND HERZEGOVINA	SLOVENIA
NATIONAL DEBTS PROPORTIONS OF G.D.P. 2016	84.20%	29.90%	79.70%
TOTAL LEVELS OF PAST FOREIGN DIRECT INVESTMENT F.D.I. 2016	EUR 1,505 million	EUR 650 million	EUR 1,311 million
NET INVESTMENT INFLOWS PROPORTIONS OF G.D.P. 2016	N/A	1.6%	2.50%
FOREIGN EQUITY CAPS PROFIT EXPATRIATION CEILINGS	NO NO	NO NO	NO NO
BALANCE OF PAYMENT CURRENT ACCOUNTS ANNUAL DEFICIT / SURPLUS PROPORTIONS OF G.D.P.	SURPLUS 4.8% 2015	DEFICIT 5.5% 2015	SURPLUS 6.80% 2016
NATIONAL LEVELS OF LABOR UNIONIZATION	17% 2013	N/A	23% 2011
GENERAL GOVERNMENT EXPENDITURE AS PROPORTIONS OF G.D.P. 2015	19.60%	N/A	18.90%
AGGREGATE MONETARY DEMAND A.M.D. GROSS NATIONAL EXPENDITURE G.N.E.	USD 47,396.97 billion	USD 22,783.69 billion	USD 44,849.12 billion
NATIONAL POPULATIONS, 2016	4,171 million	3,517 million	2,065 million

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