Earth Energy Investments AG (EEI)

Universal-Investment-Gesellschaft mbH

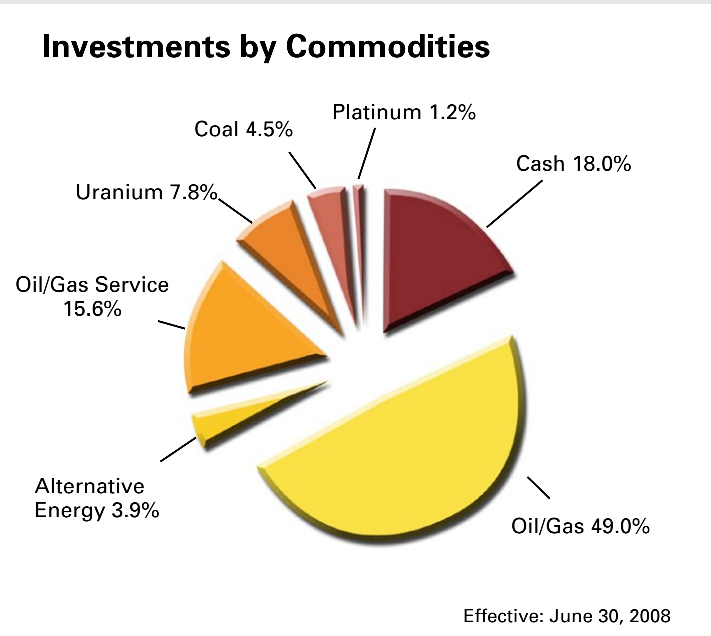
Earth Energy Fund UI NEWSLETTER June 2008

OVERVIEW

The Earth Energy Fund UI was launched on October 9, 2007. The fund aims at maximising returns by investing in companies in the energy sector. The focus is on mid to large cap companies whose growth and resource potential is not yet reflected in the current share price. The fund invests in global companies in the oil, gas, uranium, oil sands, coal and alternative energy sectors. The universe comprises companies which are involved in the exploration, production or processing of energy resources.

PERFORMANCE

Information about the fund performance is shown on the homepage of the fund company Universal-Investment-Gesellschaft mbH: Link.*



* Federal Financial Supervisory Authority (BaFin) regulations specify that the promotional presentation of performance data for periods of under one year is not permitted for financial instruments of less than one year (§ 4 Para. 4 No. 1 WpDVerOV - Ordinance Specifying Rules of Conduct and Organisation Requirements for Investment Companies). Information to this effect may only be disclosed on the product provider's website as part of its product range information. We are therefore no longer able to publish performance data on a month-by-month comparison and since-launch basis.

Earth Energy Fund UI

FUND DETAILS

WKN:	WKN A0MWKJ
ISIN:	DE000A0MWKJ7
AUM:	EUR 52.23 m
Share price:	EUR 52.36
Number of stocks:	34 in June 2008
Legal structure:	UCITS III
Currency:	EUR (no currency hedging planned)
Established:	October 9th, 2007
Initial share price:	EUR 50
Front load:	up to 5%
TER (expected):	approx. 2% p.a.
Performance fee:	15% p.a., hurdle rate 7% p.a., high watermark
Financial year:	October 1st to September 30th
Dividends:	re-invested
Fund company:	Universal-Investment-Gesellschaft mbH, Frankfurt/Main, Germany
Adviser:	Earth Energy Investments AG, Zug, Schweiz
Custodian:	UBS Deutschland AG, Frankfurt/Main, Germany
Cut-off time:	4 p.m. CET
Investing via:	UBS Luxemburg
Valuation:	Equities: last price of order day Currencies: 5 p.m. CET
Valuta:	T +2
Contact:	UVS Universal-Vertriebs-Services GmbH EIN UNTERNEHMEN DER UNIVERSAL-INVESTMENT

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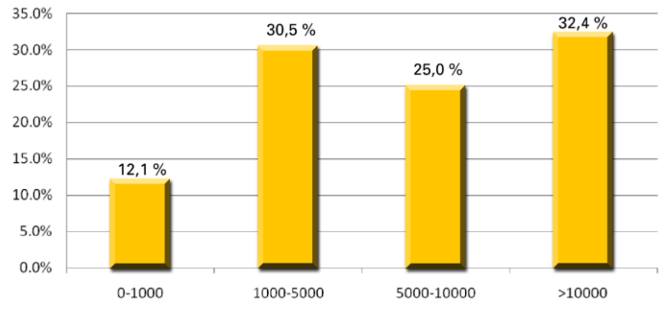
PORTFOLIO

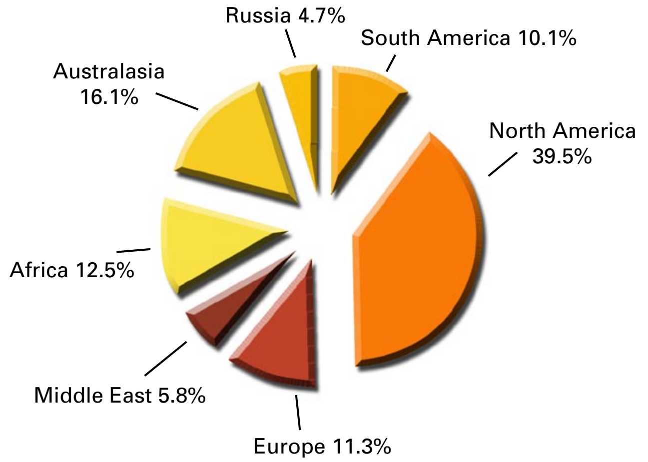
At the end of June the number of positions was 34, the cash quote was 18% and the average weighted market cap $27.1bn. The geographical split (according to operational activities), weighting by sectors and the non-weighted breakdown by market cap are shown in the following graphs.

Breakdown according to market cap
(non weighted)



Effective: June 30, 2008

Investments by Region



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OUTLOOK

OIL & GAS

We start with the same refrain as before – the international oil price continues its upward march, breaching $140 per barrel on the 26th June. Oil equities separated from the general market and started following the oil price higher in April, in response to the growing tension between the commodity and equities. This trend changed back, however, from middle June, when energy equities started to decline along with equity markets in general, in spite of continued oil price strength.

Development of oil price

Source: Google Finance

The short term trend in energy and equity markets in general, is influenced by a number of factors, which include concern about the impact of high oil prices on global economies, and the consequent impact on demand for, and consumption of petroleum products. A decline on US gasoline demand relative to 2007 is already apparent, and the effect of the removal of subsidies in China still has to be seen. The medium to long term trends, in our view, are still driven by supply and supply will not keep pace due to negative reserve replacement trends and capacity constraints. The role of speculators in the high oil price, as alleged by OPEC and some US senators, has been dismissed by the International Energy Agency (EIA) and leaders of the world's biggest oil companies, who highlight political barriers to exploration and investment as a contributing factor to the supply squeeze. The IEA said in a report on 1 July that supply will remain tight to 2013 due to shrinking OPEC capacity, in spite of a lower global demand growth projection of 1.6% per year. We therefore remain bullish on oil producers medium term, and particularly on oil service companies, whose backlogs extend beyond 2010. Even if the oil price were to fall back to $100/bbl, exploration and development activities will continue unabated in the quest to replace reserves, and the demand for services and equipment will remain strong.

URANIUM Uranium spot prices dropped to USD 57/lb, whereas the long term price has stayed constant at just below USD 90/lb. We feel that the spot price is very close if not at its floor at these levels, as a price of USD 60/lb is borderline to encourage new exploration. As mentioned previously, there is definitely a waiting game currently being played out between producers and users, to see who folds first. New supply to the market has been problematic, with many new producers struggling to meet their production forecasts. Global sentiment is steadily becoming more accepting of nuclear as a major part of the energy supply equation, and we continue to monitor the call for new plant builds, most recently in the UK.

COAL All projections for future energy supply have coal as increasing in importance and percentage. This is counter intuitive given increasing efforts to reduce carbon emissions. The reality is that we will still be heavily reliant on coal as a major source of base-load electricity supply well into the future, as we wait for alternatives to pick up the base-load. Prices for both coking and thermal coal are at record highs, and supply constraint issues continue to place upward pressure on prices. Exports of prime quality coking coal from the USA have recently seen contract prices as high as USD 315/mt FOB ("free-on-board"). The flip side to high coal prices, as indeed to high energy prices in general, is the possible derailing of aggressive growth in emerging economies as energy and commodity prices apply the brakes to surging growth.

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