



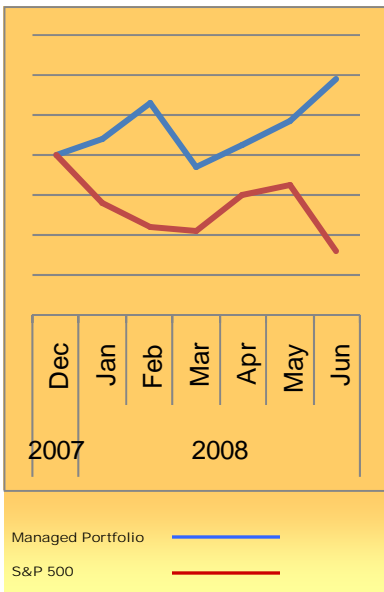
# Managed Account Portfolio Newsletter

## Summer 2008 Update

Portfolio Allocations:  
June 30, 2008:

<b>ProFunds Precious Metals</b>	<b>47%</b>
<b>Profunds Money Market</b>	<b>53%</b>

NIKOH/HIA Managed Account  
2008 Performance



**W**e are very pleased to report that the Hokin Investment Advisor Mutual Fund Program at ProFunds finished the first half of 2008 up 9.56%. This is in sharp contrast to most of the major US equity indexes which generally finished the second quarter negatively. The broad-based S&P 500 completed the second quarter down 12.83% and that number included some very strong performing companies in the energy and oil industries. Without the boost from these companies, the numbers would look even worse for US equities.

The short and simple explanation of this last quarter's performance is that we mostly avoided the general US equity market. Our only significant venture into a stock portfolio allocation was in the ProFunds Precious Metals

Fund which emulates the Dow Jones Precious Metals Index, enhanced at 150%. This fund does not have a significant correlation to the general market. While it is a volatile sector, it performed well in the second quarter. Our largest position was generally the money market this last quarter followed by the precious metals fund.

We do not anticipate a major change in our near-term strategy, but our flexibility allows us to choose whether to increase or decrease our holdings within a very short time. Interest rate changes are an area of focus for the short-term. The US market may have a short term comeback and when conditions are appropriate we will be watching very closely to enter a rally. We may venture into the Rising Rates Opportunity Fund which emulates the inverse of the 30-year US Treasury Bond enhanced at 125%.

Please call me with any

questions regarding your portfolio or any other financial matters that I can provide you assistance with. We have a number of other financial solutions which we would be glad to discuss with you including individualized stock portfolio management, retirement programs, e.g. 401(k)s and IRA rollovers, 529 college savings plans, annuities and mutual funds. We also have strong relationships with experts in health, long term care and life insurance.

Our website, though still under construction, can provide you with financial information including an archive of past articles. Also included are some great links and calculators to help you with financial solutions. Please visit [www.hokininvestments.com](http://www.hokininvestments.com). Any constructive feedback will be appreciated so we can create an even more useful and valuable experience. As always, your referrals have been and are appreciated. Please do not hesitate to call. We look forward to hearing from you.

PERFORMANCE	1 mo	3 mo	6 mo	12 mo	Since Inception	Inception Date
Data Current to 06/30/08						
NIKOH/HIA Managed Portfolio	5.16%	10.8%	9.56%	7.35%	53.08%	6/30/05
S&P 500 Index	-8.43%	-3.23%	-12.83%	-13.12%	7.44%	from 6/30/05

Performance Data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted.

## WHY ARE OIL & GAS PRICES SO HIGH?

*When will they come down?  
What's keeping them up?*

**What is going on?** Before 2002, oil prices usually hovered around \$20 a barrel. By early 2006, they were above \$60 a barrel. They were at \$62 a barrel in May 2007. One year later, oil prices have doubled. In October 2004, a gallon of regular unleaded gas averaged just under \$2.00. Now it might cost you twice that.

Is this just a supply-and-demand story? Has demand for oil and gas doubled in the last four years? Have worldwide supplies shrunk notably over the same period? It's a bit more complex than that. Let's look at some of the factors analysts cite for the soaring prices.

**The commodities market.** We've seen a historic bull market in commodities recently, with oil, soybean, wheat, gold, and silver prices at record inflation-adjusted highs. It isn't cooling down just yet. All the speculators investing in the commodities market have helped to drive prices higher.

**The weak dollar.** What fueled the commodities bull market? Many economists point to the dollar, which has declined about 35% in value against

other benchmark currencies since February 2002. When the dollar weakens, investors tend to buy commodities like oil futures as a hedge against inflation. Also, when the dollar loses value against other currencies like the euro and the pound, it makes oil cheaper for overseas investors.

The Federal Reserve has signaled that it is through cutting interest rates for the near future, and many people think that this will boost the dollar's value against other major currencies. (The dollar tends to slide when the Fed cuts the key interest rate.) So that may encourage a drop in oil prices, and in retail gas prices.

**Sustained demand.** If somebody told you to cut back on your driving, would you do it? Could you? Many Americans can't. We complain about higher and higher gasoline prices, but we ultimately sigh and put up with them. In addition to ongoing American consumer demand for gasoline, industries worldwide demand crude oil. As the economies of China, India and other new major-league economic players have developed, their needs for oil and gas have correspondingly increased, raising demand a bit.

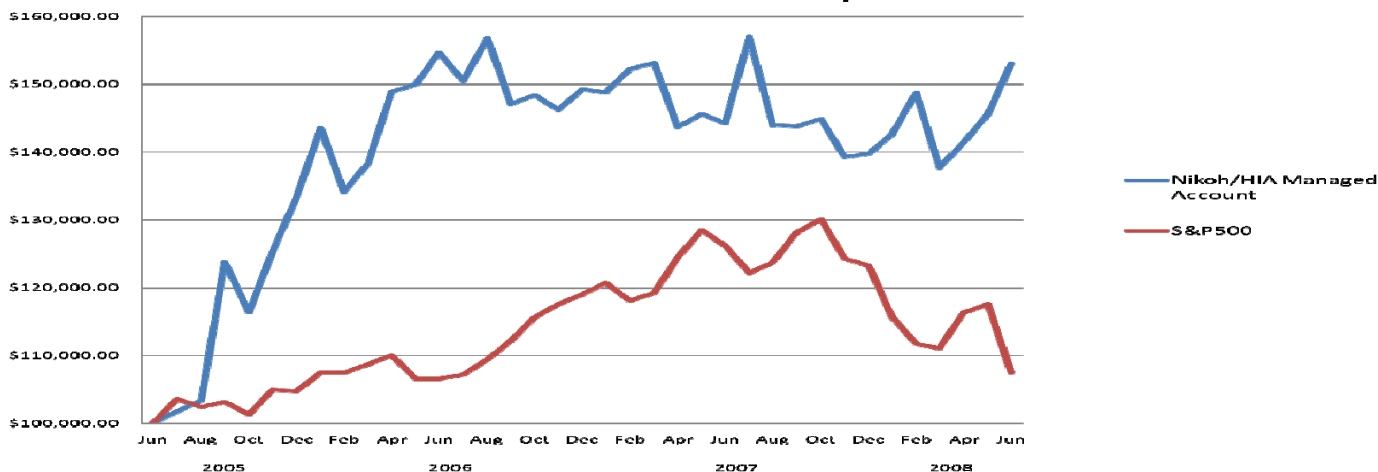
**What will make prices fall?** As mentioned, some analysts believe a recover-

ing dollar will be the big factor. Others point to reduced worldwide demand for oil as an effect of record prices. OPEC has revised its demand forecasts downward twice in the last three months.

Industrial needs aside, the American driver might be a major factor here. Change is occurring; SUV and truck sales are declining; people are adjusting their driving habits, and driving less. The U.S. is a prime market for oil exporters, and if consumer demand for gasoline lessens, oil prices seemingly have to fall. So your consumer sacrifice might send a message to Big Oil.

**How is your money?** When you see headlines about the economy, it may make you think of your financial situation, and what you might be able to do to improve it. In times like these, it's a good idea to review your overall financial health by discussing topics like investing, saving and retirement. Think about scheduling such a talk with me today, for what you learn might help you not only this year, but for years to follow. Please call me if you have any questions.\*

Performance since inception



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