

ROEN FINANCIAL REPORT

ALTERNATIVE ENERGY COMPANIES

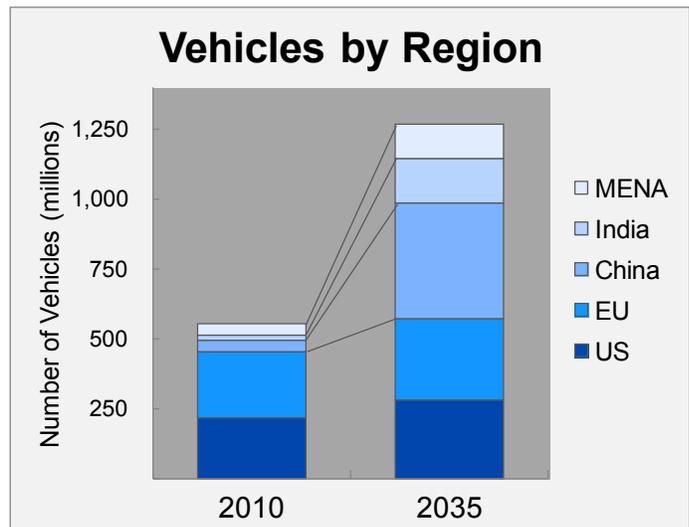
The Future of Alternative Energy is Oil

There is one factor above all others that will drive the future of alternative energy, and that is the price of oil. If you understand the future of oil (the ultimate commodity), then you will be much farther along in understanding the prospects of alternative energy. This article takes a look at where oil markets are likely heading, and what it means for alternative energy investments.

The recently released United Nations *World Energy Outlook for 2011* (WEO) projects that globally, fossil fuels will remain the dominant energy source for the next quarter century. Even though the share of total energy provided by fossil fuels is forecast to drop from 81% to 75%, the actual amount consumed will increase. For example, by 2035 oil demand is projected to grow 14% from 87 to 99 million barrels/day.

Oil production, however, is forecast to plateau in the next five years, then start to decline (if there is doubt in your mind about peak oil, WEO puts that to rest). Revenues from oil will still increase, though, as there will be no letup in demand. Oil export revenues should almost double by 2035, rising to \$420 billion.

The major force set to drive up the price of oil will be vehicle demand. The WEO projects that the global car fleet is expected to double by 2035 (see chart above). Note that growth rates in China, India, and the Middle East/North Africa (MENA) will be huge. In fact, the number of cars in China is expected to be greater than that of the United States or the European Union (EU). Car sales in developing countries should surpass those in developed



The number of vehicles on the road will double in 25 years, with China and India leading the growth.

Source: United Nations World Energy Outlook for 2011

countries by 2020. Even with increased efficiency and alternative fuels, demand for gasoline will continue to swell, which in turn will drive up oil prices.

How high could oil prices go? The WEO predicts that in 25 years oil will climb to \$210/barrel. Even adjusted for inflation, that is still 50% higher than the average price for oil last year. While it may hurt at the pump, higher price will help to make investments in alternative energy projects all the more attractive.

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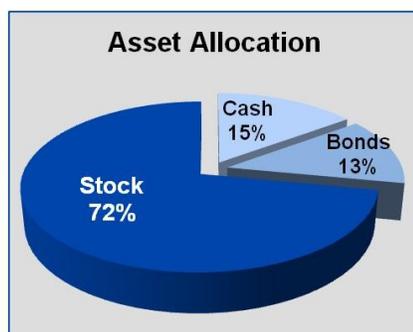
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Changes to the Mutual Fund Portfolio

After a successful run of two and a half years, the Mutual Fund Portfolio will be changing with the next issue of the *Roen Financial Report*. The average fund has returned 15.9%, using a relatively safe approach since it is a well diversified portfolio.

Until now, the Mutual Fund Portfolio has covered a broad range of funds in order to develop a diversified portfolio. Going forward, this section will feature the best alternative energy mutual funds and exchange traded funds (ETFs).



This large and growing field of alternative energy funds offers an easy way to invest in a diversified portfolio of companies. Funds will be ranked by many factors, including returns, fees, yield, tax efficiency, bear market risk and other factors. Readers can then easily identify funds that best suit their investment needs.

Since these funds are very focused on one sector, I will be keeping the asset allocation model (above). Investors may find the alternative energy sector too volatile to meet all their investment goals, but alternative energy mutual funds may be suitable for a portion of one's portfolio. As always, consult with your investment professional before making important financial decisions.

Fidelity	Schwab	Vanguard	Mutual Fund		Allocation Target	Buy		11/30 Price	Price Gain*	
			Ticker	Fund		Price	Date			
CASH EQUIVALENTS										
0.4%										
			MONEY MARKET		7%	1.00	5/1/09	1.00	0.0%	
	*		Short Term Bonds	SIGVX	RidgeWorth US Gov Ultra-Sh	8%	10.07	2/1/11	10.11	0.4%
*	*	*		TWUSX	American Century Sht-Trm Gvt		9.74	2/1/10	9.83	0.9%
BONDS										
7.7%										
*	*	*	Intern.	BGNMX	American Century Ginnie Mae	5%	10.09	2/1/10	11.23	11.3%
*	*	*	AAA	BTFTX	American Century Trgt Mat 20	3%	97.98	2/1/10	112.08	14.4%
*				FLBIX	Fidelity Spartan L/T Tr Bd Idx		10.65	5/1/09	12.70	19.2%
		*	Municipal	VWSTX	Vanguard Short-Term Tax-Ex	5%	15.85	5/1/09	15.90	0.3%
	*			NSMIX	Columbia Short Term Muni		10.57	2/1/10	10.52	-0.5%
*	*	*		DSIBX	Dreyfus Shrt-Interm Muni		13.03	2/1/11	13.21	1.4%
EQUITIES										
20.6%										
*	*	*	Financial	FBRFX	FBR Large Cap Financial	4%	9.78	5/1/09	11.28	15.3%
*				FSPCX	Fidelity Select Insurance		48.57	2/1/11	44.55	-8.3%
*	*	*	Gold	TGLDX	Tocqueville Gold	3%	54.96	2/1/10	81.24	47.8%
*				FSAGX	Fidelity Select Gold		31.12	5/1/09	49.84	60.2%
		*	Medical	SBHIX	Saratoga Health and Biotech	11%	15.97	2/1/10	18.43	15.4%
*				FPHAX	Fidelity Select Pharmaceutical		8.13	5/1/09	13.26	63.1%
*	*			LOGSX	Live Oak Health Sciences		12.07	2/1/10	13.83	14.6%
*			Nat. Res.	FSDPX	Fidelity Select Materials	11%	69.92	2/1/11	64.05	-8.4%
*	*			RYBIX	Rydex Basic Materials Inv		55.18	2/1/11	48.18	-12.7%
*	*	*		ICENX	ICON Energy		16.59	2/1/10	19.60	18.1%
*			Real Estate	FRIFX	Fidelity Real Estate Income	5%	7.32	5/1/09	10.27	40.3%
*	*	*		MRESX	Managers Real Estate		8.63	2/1/11	8.25	-4.4%
		*	Technology	STPIX	Saratoga Technology & Com	12%	8.98	2/1/10	13.35	48.7%
*				FSCSX	Fidelity Select Software & Com		53.17	5/1/09	84.64	59.2%
*	*	*		BUFTX	Buffalo Science & Tech		16.24	2/1/11	15.44	-4.9%
*	*	*	International	SSIFX	Sextant International	9%	11.64	5/1/09	14.41	23.8%
	*			RNWFx	American Fnd New World R5		53.90	2/1/11	48.21	-10.6%
*			Mid Cap	BCMSX	Brown Capital Mgmt Mid Ins	7%	19.16	2/2/11	18.52	-3.3%
*	*	*		NBGEX	Neuberger Berman Gen Tr		38.18	2/1/10	50.60	32.5%
*	*	*	Small Cap	ICMAX	Intrepid Small Cap	10%	16.49	2/2/11	16.74	1.5%
*	*	*		RSEFX	Royce Special Equity Svc		14.47	5/1/09	20.88	44.3%
Average Fund Return					15.9%					

*Hypothetical gain from recommendations through close on November 30, 2011. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities on this list. See "Important Information" on page 7.

The Future of Alternative Energy is Oil, continued from page 1

How much could alternative energy usage grow? The graph on this page shows how projections of U.S. consumption broken down by various energy types. The number in parentheses shows growth rates from now through 2035. The results are very revealing.

Fossil fuels remain the dominant energy type consumed, and grows slowly but steadily through 2035. For example, liquid fuels are projected to grow 11% to 41.7 quadrillion BTUs (note that the liquid fuels are mostly gas and oil, but include bio-fuels such as ethanol).

For many analysts, nuclear remains a key supplier of electricity for the next 25 years. They see it as the only reliable supplier of base load power in a world concerned about importing foreign oil and reducing carbon emission. The unprecedented disaster at the Fukushima nuclear plant, however, may change this. Japan and other countries are re-evaluating their nuclear portfolios, and any policy shifts away from nuclear will push demand for fossil fuels and alternatives even higher.

Renewables are projected to supply much less energy than fossil fuels, with all renewables combined providing only 10% of energy consumed. What I find interesting as an investor, though, is the rate of growth that renewables are expected to have. Biomass and other renewables, which includes wind, solar, waste-to-energy plants and others, are set to grow at

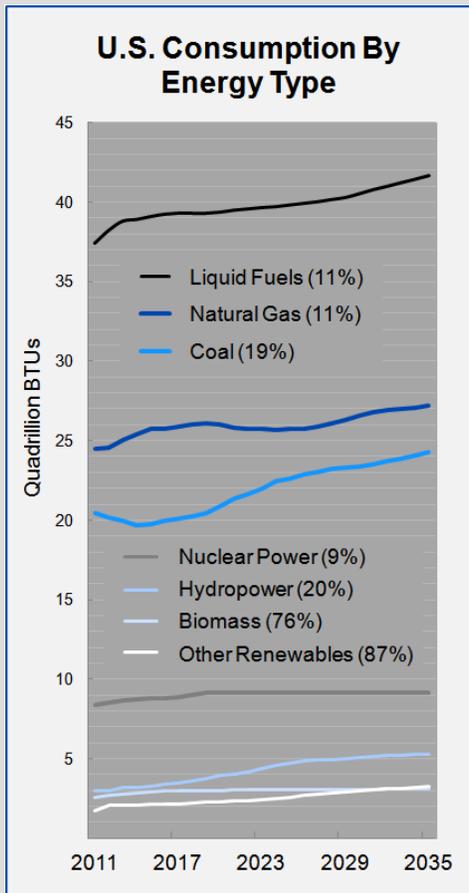
many times the rate of more conventional power. Though renewables will not reach the levels of any single fossil fuel by 2035, they should, in the words of WEO, "...grow faster than any other energy form in relative terms."

What does this mean for alternative energy investments? The higher the demand for oil goes, the more competition there will be for diminishing exports, and the more attractive alternative energy projects will become. Because large amounts of capital are needed to build out projects in wind, solar smart grid, etc, long-term investment opportunities will abound. WEO predicts that, independent of oil and gas investments, there could be the need for **\$18 trillion** in the energy supply infrastructure over the next 25 years.

In addition the WEO report makes a convincing case for shifting away from fossil fuel subsidies, and putting them toward renewables. There are currently \$409 billion in fossil fuel subsidies, which only encourages wasteful

consumption and are unnecessary for a mature industry. Almost half of the countries where fossil fuel subsidies exist are starting to phase them out. In contrast, \$66 billion in subsidies was spent on renewables in 2010.

As the alternative energy industry grows, well managed companies will turn this into shareholder value which should, over the long term, grow faster than their fossil fuel counterparts.



Oil will remain dominant, but growth of renewables will far outpace that of any other energy source. Source: U.S. Energy Information Administration

Paradigm Portfolio: Anatomy of a Trade

As architect of the Paradigm Portfolio, I am constantly scouring the universe of stocks that will be key players in the shift toward more efficient use of our global energy resources. A key industry in this is rail, which moves freight and passengers using a fraction of the energy of its asphalt-bound counterparts.

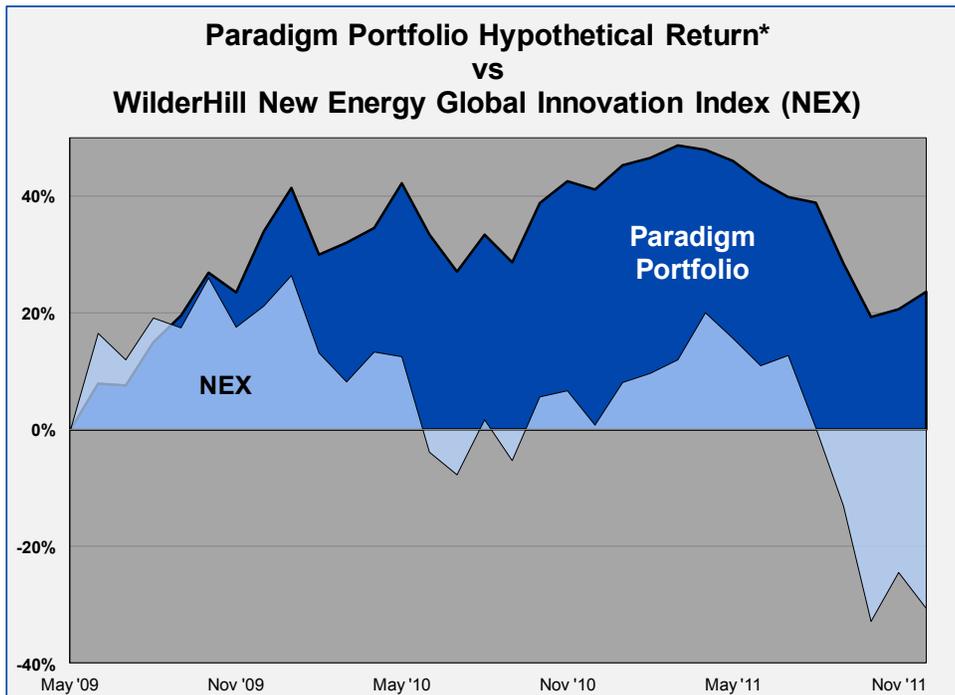
I am not the only investor to believe in rail. Most notably the bold move by Warren Buffett to buy Burlington Northern Railroad (BNI) in 2010 confirms the value of rail (as does the **47% profit** the Paradigm Portfolio posted on Burlington Northern in just 10 months).

Currently, Union Pacific Corporation (UNP) represents rail in the Paradigm Portfolio, a solid company that has more than **doubled in price** since it was added to the portfolio in May 2009. But is it still the best railroad stock? Unlike Monopoly,

where owning all the railroad companies can be a good move, having several railroad stocks would create an unbalanced sector diversification for the portfolio. It is therefore important to know when to switch out to a better investment prospect.

My analysis shows that CSX Corporation (CSX) is superior to UNP in several respects. CSX has better market-to-book, cash flow, and price/earnings ratios. It also has stronger analysts recommendations. Most importantly, I consider where both stocks are trading at compared to where I believe their price should be based on past and future earnings. UNP lands in the overvalued camp, whereas CSX sits squarely at fair value. This gives CSX much more room to grow.

Though I believe these are both high-quality companies, it is time to take profits from UNP and put those resources to better use.



The return of the average stock in the Paradigm Portfolio has handily beat the widely watched WilderHill New Energy Global Innovation Index (NEX).

Disclosure: At the time of publication, individuals involved with the *Roen Financial Report* and Swiftwood Press, LLC owned or controlled shares of Advanced Battery Technologies Inc, Google Inc, Mastec Inc, MEMC Electronics Materials Inc, Nextera Energy Inc, Trina Solar Ltd. (ADR), United Technologies Corp and Valmont Industries Inc. In the interest of full disclosure, Mesa Energy was brought to my attention and may use my recommendation in shareholder marketing efforts. I would not endorse Mesa, however, if I did not have full confidence through my own independent analysis.

*Hypothetical gain from portfolio recommendations through November 30, 2011. Positive gains appear in bold. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities on this list. See "Important Information" on page 7. Always consult with your financial professional before investing.

Large Cap Legacy (LCL)					Added		11/30/11		P/E	Yield	Comment
Ticker	Company name	Industry	Size	State	Price	Date	Price	Gain*			
CSX	CSX Corp.	Transportation	Mid	FL	---	12/1/11	21.71	---	12.3	2.4	Add
GE	General Electric Co.	Industrial	Large	CT	12.74	5/1/09	15.91	24.9%	12.0	4.1	
GOOG	Google, Inc.	Software	Mid	CA	528.04	6/1/11	599.39	13.5%	19.2	---	
HON	Honeywell	Industrial	Mid	NJ	31.17	5/1/09	54.15	73.7%	15.4	3.0	
JCI	Johnson Controls, Inc.	Industrial	Mid	WI	19.95	6/1/09	31.48	57.8%	11.7	2.6	
NEE	NextEra Energy	Utilities	Mid	FL	54.13	5/1/09	55.44	2.4%	14.5	4.2	
SI	Siemens ADR	Electronic Instruments & Controls	Mid	Foreign	66.94	5/1/09	101.41	51.5%	8.8	4.5	
UNP	Union Pacific Corp.	Transportation	Mid	NE	49.10	5/1/09	103.41	110.6%	15.1	2.5	Remove
UTX	United Tec	Industrial	Mid	CT	49.27	5/1/09	76.60	55.5%	13.3	2.7	

Small Cap Appreciation (SCA)					Added		11/30/11		P/E	Yield	Comment
Ticker	Company name	Industry	Size	State	Price	Date	Price	Gain*			
ABAT	Advanced Battery Technologies,	Electrical equipment	Micro	NY	2.76	5/1/09	0.98	-64.6%	1.8	---	
ADSK	Autodesk, Inc.	Software	Small	CA	43.07	4/1/11	34.07	-20.9%	25.5	---	
ANSS	ANSYS, Inc.	Software	Micro	PA	52.68	2/1/11	61.97	17.6%	29.3	---	
BGC	General Cable Corporation	Technology	Small	KY	22.96	11/1/11	26.50	15.4%	10.9	---	
CREE	Cree, Inc.	Manufacturing	Micro	NC	54.67	9/1/10	24.88	-54.5%	25.9	---	
ENS	EnerSys	Industrial	Small	PA	22.37	9/1/11	24.05	7.5%	8.9	---	
ERII	Energy Recovery, Inc.	Industrial	Micro	CA	3.59	11/1/10	2.88	-19.8%	---	---	
FSYS	Fuel Systems Solutions, Inc.	Transportation	Micro	CA	15.45	5/1/09	17.80	15.2%	102.8	---	
GLW	CorningGlass	Electronic Instruments & Controls	Small	NY	17.12	8/3/09	13.27	-22.5%	6.6	2.2	
ITRI	Itron, Inc.	Electronic Instruments & Controls	Small	WA	57.65	12/1/10	35.43	-38.5%	---	---	
KDN	Kaydon Corporation	Industrial	Micro	MI	31.32	5/1/09	31.58	0.8%	18.1	2.8	
MTZ	MasTec, Inc.	Construction Services	Small	FL	12.46	5/1/09	16.01	28.5%	10.2	---	
NLC	Nalco Holding Company	Chemical Manufacturing	Small	IL	22.24	6/1/10	38.75	74.2%	17.1	0.4	
POWI	Power Integrations, Inc.	Semiconductors	Micro	CA	21.36	5/1/09	35.15	64.6%	26.2	0.6	
ROP	Roper Industries, Inc.	Electrical Equipment	Small	FL	55.59	3/1/10	85.19	53.2%	18.9	0.6	
RS	Reliance Steel & Aluminum	Manufacturing	Small	CA	35.12	5/1/09	49.11	39.8%	10.0	1.1	
THO	Thor Industries, Inc.	Transportation	Small	OH	22.85	5/1/09	24.20	5.9%	12.4	2.5	
TTEK	Tetra Tech, Inc.	Commercial Services & Supplies	Small	CA	19.54	7/1/10	22.39	14.6%	14.2	---	
VECO	Veeco Instruments Inc	Semiconductors	Small	NY	48.59	7/1/11	24.89	-48.8%	3.5	---	
VMI	Valmont Industries, Inc.	Construction - Supplies and Fixtures	Small	NE	64.43	5/1/09	85.18	32.2%	13.7	0.9	

Paradigm Pure Play (PPP)					Added		11/30/11		P/E	Yield	Comment
Ticker	Company name	Industry	Size	State	Price	Date	Price	Gain*			
AMSC	American Superconductor Corpor	Electrical equipment	Micro	MA	33.92	11/1/09	3.97	-88.3%	---	---	
CVA	Covanta Holding Corporation	Utilities	Small	NJ	14.05	5/1/09	14.93	6.3%	27.2	2.2	
ENOC	EnerNOC, Inc.	Business Services	Micro	MA	27.30	3/1/10	9.84	-64.0%	---	---	
FSLR	First Solar, Inc.	Semiconductors	Small	AZ	112.22	6/1/10	47.86	-57.4%	6.6	---	
MSEH	Mesa Energy Holdings, Inc.	Production	Micro	TX	1.19	2/1/10	0.14	-87.9%	---	---	
POWR	PowerSecure International, Inc	Electrical equipment	Micro	NC	4.16	5/1/09	6.35	52.6%	6.3	---	
SOL	ReneSola Ltd. (ADR)	Semiconductors	Small	Foreign	9.85	3/1/11	2.00	-79.7%	1.6	---	
TLVT	Telvent Git, S.A	Information Technology	Micro	Foreign	40.00	1/4/10	39.47	-1.3%	28.9	---	
TSL	Trina Solar Limited (ADR)	Semiconductors	Small	Foreign	22.30	8/1/10	8.00	-64.1%	2.9	---	
WFR	MEMC Electronic Materials, Inc	Semicond and Semicond Equipment	Small	MO	16.33	5/1/09	4.17	-74.5%	---	---	
WND.V	Western Wind Energy Corp	Utilities	Micro	Foreign	1.97	2/1/10	1.99	1.0%	---	---	



Company Profile

Ecotality, Inc. (ECTY)

Electric cars have competitive advantages over gasoline vehicles. They have no tailpipe emissions, and in many ways perform better due to improved torque. They are also in the very early stages of deployment. It is hard to accurately project sales, but according to J.D. Power and Associates, current sales of electric vehicles of around 11,000 a year will rise to 100,000 in 2015. Some estimates put that number much higher, up to a million vehicles. This makes long-term investments in this sector look very attractive.

One company which is a “pure play” in the non-petroleum powered vehicle arena is Ecotality. This Arizona-based company covers several technologies, including energy storage, fast charging systems and commercial charging stations.

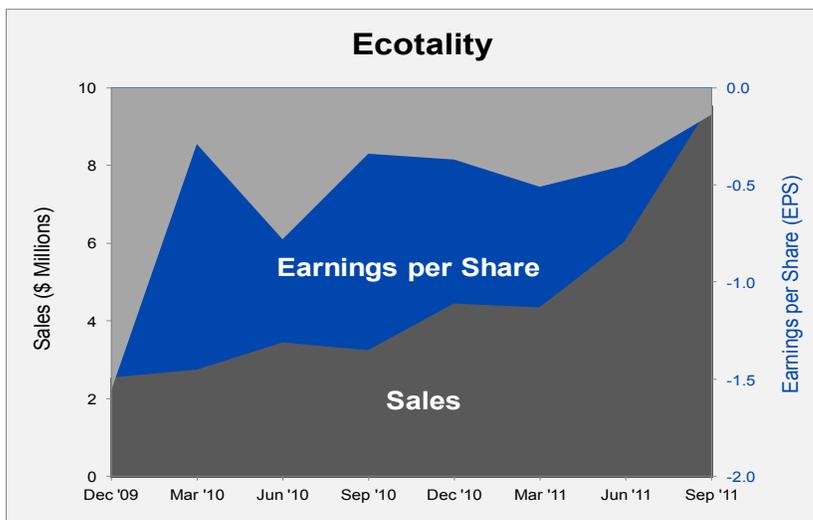
Ecotality’s sales and earnings look very positive. The graph below shows that in two years sales have almost quadrupled, totaling \$24.2 million in the past four quarters. Earnings per share have also dramatically increased, though it is important to note that they are still in negative territory, indicating that the company has yet to make a profit. If the current trends continue, though, profits should start showing by 2013.

One thing that makes me cautious about Ecotality is its stock chart. The share price has been steadily falling, both in the long-term and short-term. When the stock was issued in 2006 on the leniently-regulated Over-the-Counter (OTC) market, it traded well over \$100/share. Now ECTY trades at

less than \$2.00/share, prompting me to believe some of the early investors were more interested in short-term profits than long-term company growth.

Despite this history, three things make me interested in looking at ECTY now. First, Ecotality has been listed on the NASDAQ exchange since May 2010. This means there is much more stringent reporting oversight than when it was OTC listed. Second, since June of this year, company officers have been buying back shares, amounting to 2% of the shares outstanding. Third, Ecotality recently announced a pilot project to install charging stations at Wal-Marts in California, Oregon and Washington.

I feel Ecotality is a promising prospect at current prices, and may be attractive to some investors as a speculative play. Once profits start appearing it could be a good candidate for adding to the Paradigm Portfolio.



Both sales and earnings per share have been climbing in the past 2 years.

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ROEN FINANCIAL REPORT

VOLUME 3, ISSUE 12

Be Generous This Giving Season

Though we love to complain, most of us in this country are blessed. We have a roof over our heads, hot and cold running water and food to eat. Regrettably this is not true for much of the world, where people want for even the most basic needs.

For example, according to the United Nations there are still 47 countries in the world where more than half the population have unimproved sanitation. This lack of a basic human need causes a domino effect of higher rates of disease and infant mortality.

Fortunately, there are many dedicated, hard-working organizations committed to improving living conditions of the world's less fortunate. One of the best development organizations I have



WORLD
NEIGHBORS

Inspiring People • Strengthening Communities

found is **World Neighbors**, a non-profit committed to finding lasting solutions to hunger, poverty and disease. World Neighbors takes a long-term view, investing in people through education and training.

When I was a Peace Corps volunteer in the 1980s, I witnessed many development organizations firsthand, and believe me, some are more effective than others. World Neighbors is the real deal—they know the techniques that actually improve people's lives, and have the expertise and discipline to implement them. Check them out at www.wn.org, or call (800) 242-6387.

Whatever charity you choose, please give generously this holiday season. And best wishes from the *Roen Financial Report* to you and yours!

"Silent gratitude isn't very much use to anyone." —Gertrude Stein