

American Values Investments, Inc.

Firm Brochure

(describes in conversational language information contained in Part 2 of form ADV)
March 2011

American Values Investments, Inc. (formerly LeCraw Investment Management) was established in 1996 and is located in Gray, Tennessee. We serve primarily as a third party money manager providing "American Hero" stock portfolios to financial service providers and institutions. We are an SEC registered firm.

Our Mission

"Identifying American Hero Companies"

Identifying American Hero Companies is a first step in our company's efforts toward the greater goal of providing ways for investors to help America become the "city upon a hill" envisioned by John Winthrop in 1620.

If we are diligent about our mission, more investors will have access to our American Hero Portfolios and, therefore, direct ownership in American Hero Companies. More investment capital from a larger base of supportive, long-term shareholders leads to stronger, better and brighter American Hero Companies, which, in turn leads to a stronger, better and brighter America.

Given our mission it is only fair for investors to understand that, even though we believe our investment strategy has good potential for competitive financial returns, we intend to always keep the higher purpose of helping America before the lesser, but still important, goal of investment performance.

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This brochure has not been approved by the Commission or any state securities authority and registration does not imply a certain level of skill or training.

2 - Material Changes

There are no material changes at this time.

3 - Table of Contents

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4 - Advisory Business

Sub-Advisor Services

The majority of our business consists of serving as a sub-advisor to other investment advisory firms providing equity portfolios for their clients. These firms maintain the client relationship and are responsible for assessing the investment goals and risk tolerance for each client. Similar to a mutual fund AVI provides equity portfolios consisting of American Hero Company stocks which the advisory firm can use for client assets. Normally, American Hero Portfolios are one of several portfolios used by an investment advisor for a given client.

Actively Managed Discretionary Investment Management

Only on a limited basis do we serve family, friends and employee accounts, or accredited investors which make up the remaining part of our business. Under this scenario AVI maintains the client relationship and is responsible for assessing the investment goals and risk tolerance for each client. Smaller accounts are usually invested in no-load mutual funds and larger accounts are invested in a combination of American Hero Portfolios and short-term high quality bonds. Quarterly reports are provided for these clients. We serve as either a sub-advisor or direct manager on funds totaling approximately 22 million.

Financial planning

As a general rule, AVI does not offer financial planning services to individuals with the exception of family, friends, and employees.

Types of Investments

As a sub-advisor, AVI offers two American Hero Portfolios each containing only American Hero Stocks. These portfolios are described more fully in Section 8.

For our direct clients with larger accounts (usually over \$50,000) we use a combination of American Hero Portfolios and high quality, short-term bonds. Smaller accounts are usually invested in a combination of no-load mutual funds.

American Hero Companies

American Hero Companies are those public companies that best reflect the values of Integrity, Humility, Diligence and Caring. Companies are rated in fourteen different areas including, but not limited to: Teamwork, Servant Leadership, Employee Relations and Customer Relations. A company must score at least 375 out of 500 in our proprietary rating system in order to achieve Hero status. Our experience, after reviewing several thousand companies, indicates that less than 5% will earn the designation of American Hero Company.

Education and Business Standards

Anyone giving advice on behalf of AVI is required to have sufficient knowledge and experience in personal financial matters which is determined by the management of AVI. They also must hold any licenses or other certifications required by applicable regulations.

The company President and Vice-President serve as our Investment Committee for American Values Investments, Inc. Below is their education and business background.

Carter Buck LeCraw, CFP

- Bachelor of Science (BS) in Industrial Management earned from Georgia Tech in 1975
- Certified Financial Planner™, CFP® (*description below)
- Founder and currently serving as CEO and Chairman

George King Parks, CFP

- Bachelor of Economics earned from Davidson College in 1980
- Certified Financial Planner™, CFP® (*description below)
- Served as Vice President since March 2001
- Currently serves as Investment Committee Chairman and as an Investment Advisor Representative

* Certified Financial Planner™, CFP®, designation is a professional certification mark for financial planners conferred by the Certified Financial Planner Board of Standards, Inc. To receive authorization to use the designation, the candidate must meet education, examination, experience and ethics requirements, and pay an ongoing certification fee.

5 - Fees and Compensation

As a sub-advisor fees are based on asset size and range up to 60 basis points per annum depending upon the agreement with each investment firm to which we provide services. The advisor and its custodian normally charge additional fees.

When serving our direct clients our fees are based on asset size and are 60 basis points with a minimum annual fee of \$30,000. (Amounts less than 5 million would, therefore, equate to a fee greater than 60 basis points) Some clients are "grandfathered under our former "retail" rates when we served predominantly as an investment advisory firm to the general retail market. Fees for our direct clients for the current month are normally deducted from each client's account monthly and around the middle of the month. Fees are based on the asset size at the end of the previous month.

6 - Performance-Based Fees and Side-By-Side Management

American Values Investments doesn't participate in Performance-Based Fees or Side-By-Side Management.

7 - Types of Clients

Investment Professionals

Investment Professionals can offer our American Hero portfolios if a sub-advisory agreement is completed. If you are an investment professional and would like to consider offering our American Hero Portfolios to your clients feel free to contact us directly

Institutions

If you are an accredited investor or represent an institution and would like more information you may contact us directly.

Individuals and Families

Because of our substantial minimum annual fee, individuals and families normally access our investment services through other "retail" investment advisory firms and not directly through AVI. Below is a list of some retail investment advisory firms that have access to our American Hero portfolios.

Values First Advisors

www.valuesfirstadvisors.com
(423) 218-1403

Covestor Investment Management

<http://cv.im/models/profile/american-values>
877-873-8830

If you have an investment advisor that is not listed above you may contact us directly to see if AVI can arrange for your investment advisory firm to gain access to our American Hero portfolios.

Custodians

Below is a list of some of the custodians which have been used to manage our direct client assets and/or accounts of retail investment advisors that have access to our portfolios. If your financial advisor manages an account for you at one of these custodians our portfolios may be available. You or your investment advisor can contact us for more information.

- **TD Ameritrade**
- **Charles Schwab**
- **First Tennessee Bank**
- **Folio Institutional**
- **Interactive Brokers**

8 - Methods of Analysis, Investment Strategies and Risk of Loss

Introduction - American Hero Investing uses the discipline of time tested investment basics while incorporating integrity, diligence, humility, and caring. The process manages risk with diversification and by avoiding speculation. American Hero Investing is a concerted effort to be driven by faith and grace rather than fear and greed. Perhaps the greatest benefit is the alignment of investments with many of the same values America was founded which has the potential to create more wealth for investors, companies, and society at large.

Portfolios - Currently, we have two portfolios described below:

1. **American Hero Index** - This portfolio consists of an equal weight of the 76 top-scoring American Hero Companies.
2. **American Hero Equity** - This portfolio consists of 20-30 stocks from within the American Hero Universe. They are selected based on the criteria listed below:

Portfolio Characteristics

1. **American Heroes Only** - First and foremost American Hero Investing only invests in American Hero Companies. These are public companies that have attained a minimum score of 375 from our proprietary 500 point scoring system. Companies are rated in 14 categories which come under the four main values of Integrity, Humility, Diligence and Caring. Scoring is so stringent that less than 5% of all public companies attain the minimum score of 375.
2. **Long term** - Long term means investing in a stock until a better alternative at a better value is available sometimes years.
3. **Diversification** - Diversification smoothes returns over the long term and captures more of the long term upside trend. The American Hero Model will always contain some exposure to the top seven sectors of the market.
4. **Concentration** - Following the success of investment legends like Benjamin Graham, Philip Fisher, and Warren Buffet, we have found using a smaller number of high quality stocks has provided market competitive returns. A limited number of stocks can be better understood and more closely monitored.
5. **Equal Weight** - By being equal weighted each stock has the opportunity to contribute to performance in a meaningful way. It also allows for a blending of growth and value stocks.
6. **Multi-Cap Blend** - The universe of American Hero Companies (120+) covers a balanced and broad spectrum of the overall market. As a result the portfolio is a multi-cap blend.

Active Management

1. **Values Research** - We have a team member, Benny Van Huss, whose sole responsibility is to identify American Hero Companies. He uses a proprietary process that has been developed and refined over many years. The Research committee must give final approval for the American Hero designation. Each company is reviewed annually.
2. **Rebalancing** - Rebalancing is a disciplined approach to selling high and buying low. It will also shift allocation from over performing sectors to under performing sectors capturing any returns from mean reversion.
3. **Stock Selection/monitoring** - The American Heroes selected for inclusion in the portfolio are those that best enhance human well being in economically efficient ways. Stocks are selected based on twelve fundamental metrics.

Risks

There is substantial risk when committing funds to equity markets. We do not try to "time" the market and normally maintain 90-100% exposure to the equity markets within our American Hero portfolios. Past performance is no assurance of future results.

9 - Disciplinary Information

American Values Investments, Inc. has had no disciplinary actions against the firm.

10 - Other Financial Industry Activities and Affiliations

AVI is doing a limited amount of consulting on asset allocation models, financial planning, and stock selection to another Investment Advisory firm, Values First Advisors that has access to our portfolios for their clients. This does have some potential for a conflict of interest, but the service agreement has been specifically designed to minimize conflicts of interest.

11- Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Code of Ethics

On July 2, 2004, the U.S. Securities and Exchange Commission adopted a new rule and rule amendments under Section 204 of the Investment Advisers Act of 1940. Under this new rule, every registered investment advisory firm is required to adopt a Code of Ethics. Accordingly, AVI has adopted a Code of Ethics, the full text of which is available to you upon request.

AVI has several goals in adopting this Code. First, AVI desires to comply with all applicable laws and regulations governing its practice. We believe that compliance with such regulations is a signal to our clients that we exist to serve them, not ourselves, and that we support the efforts of those organizations dedicated to upholding the law.

Next, the management of AVI has determined to set forth guidelines for professional standards, under which all associated persons are to conduct themselves. AVI has set high standards, the intention of which is protect client interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with clients. All associated persons are expected to strictly adhere to these guidelines, as well as the procedures for approval and reporting established in the Code. AVI has instituted, as a deterrent, a policy of disciplinary actions to be taken with respect to any associated person who violates the Code.

AVI has adopted specific policies and procedures designed to assist in the implementation of the guidelines outlined in the Code. Our procedures include specific steps taken with regard to the treatment of aggregated or bundled trading activities. This also includes policies and procedures relating to the required approval and reporting of the personal securities transactions of our personnel; required holdings reports for personnel; insider trading education and prohibitions; and client privacy protection. Such policies and procedures will serve to assist in reviewing the effectiveness of the implementation of the Code on an ongoing basis.

12 - Brokerage Practices

For investors accessing our portfolios through other investment advisory firms the brokerage firm will be determined by you and/or your investment advisor, not AVI.

For investors who invest directly with AVI we have used several different brokerage firms including TD Ameritrade, Charles Schwab, First Tennessee and Credit Suisse. We can normally use the custodian where the funds are currently invested. The custodian who currently handles the majority of our direct client business is TD Ameritrade.

Conflicts of interest with TD Ameritrade.

TD Ameritrade offers a wide range of services that are beneficial to our clients including timely execution of trades, monthly account statements, discount trading commissions, access to thousands of no-load mutual funds, web-based account services and stock research. But, TD Ameritrade pays AVI a small percentage of the transaction fees in the form of "soft dollars". These "soft dollars" accrue to AVI, but can only be used to purchase products or services that would be beneficial to potentially all of our clients. Potential uses for soft dollars would be to pay for stock research, portfolio management software, web-based account performance information, etc.

Soft dollar benefits could influence AVI personnel to trade more often in a client's account (which would result in more fees to the client) in order to generate additional soft dollars benefits for AVI. Measures have been taken to minimize any unnecessary trading and feel the soft dollars have no material influence in our frequency of trading. The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934.

13 - Review of Accounts

For investors who access our American Hero Portfolios through other investment advisors

These investors' accounts are monitored not by the other investment advisor and not AVI. AVI does actively monitor and manage the American Hero portfolios into which the assets of these investors have been invested. This includes the initiating of buying or selling of stocks within these portfolios. This is normally on a discretionary basis such that AVI is not required to get approval before initiating these transactions.

For investors who access our Hero portfolios as direct clients of AVI

The AVI Investment Committee approves monitors and changes model portfolios which may or may not include American Hero portfolios. These model portfolios are used for clients with different levels of risk tolerance and different account sizes. Investment Advisory Representatives use an investment temperament form to help determine which of the model portfolios best fits the needs of each client. These same reps are responsible for monitoring any changes in client temperament which may lead to a change in model portfolios.

Normally, once a model is chosen for a client, the trading team, implements the trades using the advisor tools available through TD Ameritrade. The investment committee monitors the performance of the models and makes any changes deemed suitable for each model portfolio.

Clients receive confirmation of each transaction from the broker-dealer – normally TD

Ameritrade. Clients also receive monthly statements from the broker-dealer showing all transactions, share holdings and account value by mail or electronically. In addition, AVI sends a quarterly notice by email which provides an electronic link allowing clients to view account performance, portfolio holdings, and the latest billing information. For those clients who prefer AVI sends a hard copy of this information by regular mail on approximately the 15th day of the first month following the end of each calendar quarter.

AVI uses American Hero Portfolios as the main vehicle for the equity portion of the accounts of direct clients who have larger accounts. Smaller accounts are normally invested in no-load mutual funds.

14 - Client Referrals and Other Compensation

Other Compensation: Referral Fees

AVI does not pay referral fees.

15 - Custody

AVI does not serve as a custodian. The client will receive account statements directly from the qualified custodian or broker-dealer that maintains the assets. AVI recommends that clients compare their various account statements to see if there are any discrepancies.

16 - Investment Discretion

For investors who access our American Hero Portfolios through other investment advisors

AVI does not have overall discretionary authority on these accounts, but does have discretionary authority to buy and sell equities within the Hero Portfolio portion of an investors account.

For investors who access our Hero portfolios as direct clients of AVI

AVI will has discretionary authority to determine which securities are to be bought and sold, the amount of the securities to be bought and sold, and the timing of such transactions.

All clients will have the opportunity to select the custodian and/or broker-dealer of their choice; however, clients in need of custodial services will generally have T.D. Ameritrade recommended to them. Depending on the choice made by the client, AVI may or may not have the opportunity to negotiate commissions paid by the client, and AVI's ability to obtain best execution may be impaired.

AVI clients will receive account statements directly from the qualified custodian, such as a bank or broker-dealer that maintains those assets. We suggest carefully reviewing account statements received from the qualified custodian. Clients receiving account statements from AVI should compare the account statements they receive from the qualified custodian with those they receive from AVI.

17 - Voting Client Securities

American Values Investments, Inc. does not normally vote your proxy.

18 - Financial Information

A copy of our current financial condition, (current balance sheet) is available upon request.