

ANV SECURITY GROUP INC.  
Form 10-K  
July 16, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: March 31, 2010

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No.: 000-53802

ANV Security Group, Inc.  
(Exact Name of Registrant as Specified in Its Charter)

Nevada  
(State or Other Jurisdiction of Incorporation  
or Organization)

13-3089537  
(I.R.S. Employer Identification No.)

2/F, Tower B, Jiada R & D Building, Nanshan District, Shenzhen, China 518057  
(Address of Principal Executive Offices)

0086-755-8665-6436

(Registrant's telephone number, including area code)

2105 - 11871 Horseshoe Way, Richmond, BC, Canada V7A 5H5

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value \$.001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (s 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information

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statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.   

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company filer. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer    Accelerated filer    Non-accelerated Filer    Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes    No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of March 31, 2010: \$ 7,684,000

The number of shares of the registrant’s common stock outstanding as of March 31, 2010: 33,190,071

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## FORWARD-LOOKING STATEMENTS

**CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS** There are statements in this report that are not historical facts. These forward-looking statements can be identified by use of terminology such as believe, hope, may, anticipate, should, intend, plan, will, expect, estimate, project, positioned, strategy and similar expressions. You should be aware that these forward-looking statements are subject to risks and uncertainties that are beyond our control. For a discussion of these risks, you should read this entire Report carefully, especially the risks discussed under Risk Factors. Although management believes that the assumptions underlying the forward looking statements included in this Report are reasonable, they do not guarantee our future performance, and actual results could differ from those contemplated by these forward looking statements. The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. In the light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in this Report will in fact transpire. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. We do not undertake any obligation to update or revise any forward-looking statements.

## PART I

References to “us”, “we” and “our” in this report refer to ANV Security Group, Inc together with our subsidiaries.

### ITEM 1. BUSINESS.

#### General Development of Business

#### Organizational History

We were originally called “B.G. S. Energy, Inc.” and were incorporated under the laws of the State of Nevada on May 29, 1981. We were organized to engage in, alone or in conjunction with others, the exploration for, and where warranted, the development of oil, gas and mineral properties, the sale of oil, gas and mineral related leases. We became public in 1981 in a best efforts public offering and thereafter operated various oil and gas properties. We owned various oil and gas leases in Utah, Oklahoma, Kentucky, Texas and other states from time to time in 80’s. In 1988 we changed our name to Dini Products Inc. and continued our oil and gas operations. Our revenues decreased and in 1992 we became dormant and did not have any operations for many years until we acquired all of the shares of Canada ANV Systems, Inc., a British Columbia corporation (“CANV”) in June 2009 and changed our name to ANV Security Group, Inc. Our plan is to become a fully integrated developer, designer, manufacturer, marketer, installer and servicer of web based security systems for residential, commercial and government customers operating in Canada, The Peoples Republic of China and the United States of America. We are currently headquartered in Greater Vancouver, Canada. After the end of the period covered by this report we engaged in certain acquisitions in the Peoples Republic of China which will materially expand and change the character of our business during the fiscal year to end March 31, 2011.

## The Video and Alarm Industry in General

According to a Frost & Sullivan report dated December, 2007, which is available from the web site of [www.MarketResearch.com](http://www.MarketResearch.com) on a fee basis, North America is the world's largest security equipment market, the demand from North America accounted for 26% of the total global demand. The report predicts that the North American security equipment market will grow by an annual rate of 20%. According to Frost & Sullivan's report, the global IP ("Internet Protocol") video surveillance market will grow by an annual rate of 40% over the next few years, The size of the global IP security market is projected to reach \$5.0 billion dollars in 2010. According to an IDC market analysis report dated May, 2009, which is available for a fee from the website [www.idc.com](http://www.idc.com), between year 2007 and 2009, global digital network camera sales will exceed these of traditional analog cameras and the report predicted that the sales of IP cameras in US and Canada will be more than 20 million pieces in 2010.

Management believes that in the next few years, the maturity of broadband networks, video compression technology, and updating media processor performance, will provide a good foundation for the realization and application of various low-cost, high-performance IP video surveillance products. IP monitors are continually replacing traditional monitors in new and existing security systems. We believe that our products are well positioned to participate in these trends.

## Operations and Development Plan

We design, manufacture, assemble and market advanced and professional security systems that include H.264 IP Camera and DVS series, NVS Center Management System and high-end network DVR. We also offer our patent pending USC18 Global Network Video Alarm Services Platform, This web based service platform provides ANV users with real time video monitoring, instant remote video storage, and instant VoIP/SMS/E-mail notification. ANV's products and services are typically used for crime deterrence, real time direct viewing and secure off premises crime evidence preservation on our remote server.

Our primary business focus is to provide a global network video alarm service utilizing the USC18 Platform and H.264 IP Camera, DVS and DVR for our dealers, distributors, system integrators and government entities.

Our products are employed in video alarm system installations in private residences; commercial and industrial properties; in Canada, the United States and the Peoples Republic of China.

In November 2007 we entered into an agreement with an established electronics manufacturer in Guandong, Peoples Republic of China for the manufacture of H.264 IP Cameras, DVS, NVD and other security system products to our specifications. We sell our products and video alarm services to wholesalers, dealers and installers We have also prepared a franchise offering document that complies with Canadian and Provincial Law and sold franchises for installation of our systems in Canada. We have acquired three Canadian franchisees that are installing our systems and in 2008 we realized revenues from these efforts. In addition we are directly marketing our systems in areas where we have not granted territories to franchisees. Included in these sales has been a shopping mall in Westminster California. As of March 31, 2010, approximately 300 of our cameras were installed in approximately 117 customer locations.

## Our Products & Services

Our products are based on H.264 video compression technology. H.264 is a high end standard for video compression that produces video output similar to MPEG4 while requiring lower data throughput rates. H.264 uses the latest innovations in video compression technology to provide clear video quality from the a relatively small amount of video data. H.264 delivers the same quality as MPEG-2 at a third to half the data rate and up to four times the frame size of MPEG-4 Part 2 at the same data rate. We believe that because H.264 achieves the best compression efficiency it will become the preferred standard for a broad range of applications, such as IP Cameras and surveillance, HDTV, broadcast, DVD, video conferencing, remote health care, remote online education worldwide, video-on-demand, streaming and multimedia messaging. H.264 delivers excellent quality across a wide operating range including 3G and HD. Applications of H.264 include high-quality video mobile phones, iChat, Internet, broadcast or satellite delivery, because H.264 provides exceptional performance at impressively low data rates.

We have spent more than three years and invested approximately \$ 3 million dollars in developing our H.264 IP Cameras, DVS, NVD hardware and software of NVS (“Network Video System”) and integrating the Huawei chipset into our systems. Now we have successfully developed five series, and twenty varieties of H.264 IP products. We believe that every one of our products would require significant lead time for a potential competitor to replicate.

Presently, Texas Instrument and Huawei (a large privately owned China-based telecom equipment manufacturer) are the two largest companies in the world capable of providing the H.264 chipset. ANV and its OEM factory are one of six Huawei H.264 licensees, and ANV also is a primary partner of Huawei in North America.

At March 31, 2010, our product line consists of six series and twenty five varieties of H.264 video surveillance equipment including the following:

### 1. H.264 IP Camera series:

All of our cameras are designed to work with our central management software through a built in Web Server that allows remote control through a Web browser

ANV100-50SN IP Camera is an embedded device designed for network video surveillance application. It is basic, full-color, wired, indoor network camera.

ANV101-50SN-IR is full-color, wireless, day and night dual-use, outdoor network camera with infrared lights; It is waterproof and has anti fog components. The infrared range can be up to 30 meters. Applications include banks, supermarkets, office buildings and other places requiring night video surveillance.

The ANV102-50SN IP Camera is designed for network video surveillance application.

It is full-color, wired, infrared, day and night dual-use, indoor dome network camera.

ANV103 –D1 intelligent high-speed wireless Dome offers a super-clear, high integration solution for users by remote video surveillance based on local area networks (LAN) or wide Internet Area Network (WAN).It is equipped with zoom lens, and high-performance digital signal processing (DSP) cameras, embedded platforms, and digital decoder integrated. It represents a new generation of high-tech surveillance product development trend. It supports arbitrary position and continuous scan, to achieve an omnidirectional surveillance; We believe it is suitable for large businesses, intelligent buildings, banking security, urban roads, airport, and railway stations.

The ANV104-WS wireless IP Camera is designed for network video surveillance application. It uses the single chip SOC with powerful Linux RTOS (Real-time Operating System) to realize high performance and low cost digital video processing. Optimized H.264 video compression algorithm assures clearer and smoother video transmission.



ANV105-WS-RF-IR is a specialized integrated IP camera designed for the small and middle-size commercial or residential application. In addition, this IP camera can work with a wireless alarm gateway; support and integrate with remote controls and wireless detectors, such as infrared sensors, PIR, curtain sensors, smoke detectors, gas detectors and other devices. And there is also an unique emergency function for summoning help.

ANV106-WS-IR-RF is a specialized integrated IP camera designed for the small and middle-size commercial and residential systems. This IP camera can work with our wireless alarm gateway; support remote control and wireless detectors, such as infrared sensors, PIR, curtain sensors, smoke detectors, gas detectors and other devices.

ANV107-WS-IR is specialized integrated IP camera designed for the small commercial and residential application. This IP Camera is full-color, wireless, day and night dual-use, for use indoors where economical integration network cameras with infrared lights is important and is roughly the size of cell phone.

ANV200-50SN-WS is an embedded Wireless & Storage IP camera device with WiFi and SD Card designed for network video surveillance application. It uses the single chips SOC with powerful Linux RTOS (Real-time Operating System) realize high performance and low cost digital multimedia process. Furthermore, central management software can be used for integrated surveillance and management of multiple network cameras where large video surveillance systems are required.

ANV201-MP-WS Series 2.0 mega pixel IP Camera is designed for high definition network surveillance based on Micron CMOS sensor with a high-performance multimedia processor. It adopts the embedded Linux OS. It supports H.264 Main Profile, Baseline Profile, MJPEG, JPEG and other video encoding standards. It has the advanced mega pixel technology with SD card storage and still image capability. It can communicate with IPTV terminal devices. It is a set of video capture, image processing, video transmission, video storage, video management functions in one type of high-definition, high-performance network camera. The design concept is all in one (highly integrated), Ready to go (Plug and Play), which greatly facilitates the user to install, use and maintain. It will be marketed to customers in the high-end surveillance market , including governments and banks where sophisticated and elaborate security system are frequently installed.

2.

DVS 300 series:

Digital Video Server (ANV H.264 DVS300 -1/2/4 CH -D1-WS) is an embedded surveillance device specially designed for network applications. It can upgrade the existing analog CCTV camera to digital IP camera.

3.

NVD600

This Network Video Decoder is an embedded large-scale decode device specially designed for network applications. DVR series: It can transfer the digital video into analog video.

4.

Digital Video Recording Devices

DVR-4CH-D1-ABDS: H.264 high-end full D1 realtime 4ch DVR, up to 800 fps PAL/960 fps NTSC.

DVR-8CH-D1-ABDS: H.264 high-end full D1 realtime 8ch DVR, up to 800 fps PAL/960 fps NTSC.

DVR-16CH-D1-ABDS: H.264 high-end full D1 realtime 16ch DVR, up to 800 fps PAL/960 fps NTSC.

DVR-4CH-D1-LCD: H.264 LCD D1 4ch DVR with high quality video and superior network functions.

DVR-4CH-MOBILE: new H.264 4ch mobile DVR with special and powerful anti-shock designing.

5.

NVS Central Video Management Software (“CMS”).

The CMS can manage up to 1728 IP cameras simultaneously, and can set and control every IP camera separately, support 32 channels output of TV walls, centralized storage, data transmission and electric map.

ANV provides a comprehensive line of products due to the many varied climatic and operational environments in which the products are expected to perform. In addition to selling from a standard catalog line, the Company at times modifies an existing product to meet a customer’s requirements. Our products are concentrated principally among its iCam™ H.264 IP camera, DVS and DVR product lines.

Our competitive advantage is to offer our patent pending USCI8™ global network video alarm services to the end user. This web based service platform provides ANV users with great ease of functions, including real time video monitoring, instant remotely video storage, life sharing, and instant e-mail, SMS (text to cell phone) and voice notification to customers. The systems are designed to provide instant- remote video storage in ANV server. We offer residential, small business and large business plans at prices ranging from \$25CDN to \$80CDN per month. Our platform capability can contain at least 40,000 registered end-users, and the bandwidth of our remote storage center is able to accept over 10000 data streams entering storage at same time. The system is expandable to contain over millions end-users and ownership is dividable.

6.

Mobile Digital Video Recording Series

FB Mini is a small system designed to monitor activity recorded by mini-equipment. It uses an advanced and embedded operating system, combined with the most advanced H.264 video compression/decompression technology, network technology, GPS positioning technology. This equipment is compact, flexible, and easy to install. It allows the use of SD card storage media (up to 32G) which are hot swappable and has a good damping effect to ensure the integrity of the video data in storage in the system and protect it from damage. The system is specially designed to power-down when required to protect data. , The system is designed to appear simple and easy to use while being having the ability to operate over a wide temperature range and being sufficiently rugged to survive various adverse conditions. It has an Alloy Sealed design to protect fom extreme temperature, water and dust. The system utilizes Microsoft’s ASF format to enable PC playback. The system features brown-out protection to protect the SD card and supports 2D1 +2 CIF, a single card and dual-card options. Some models also include GPS for mobile use. The models include:

FB6001: Mini Mobile DVR, 4 channel, SD Card

FB6002: Mini Mobile DVR, 4 channel, SD Card, GPS, 3G

FB7001: Mini Mobile DVR, 4 Channel, Hard Disk

FB7002: Mini Mobile DVR, 4 Channel, Hard Disk, GPS, 3G

FB5000: Mini Smart Mobile DVR, 1 Channel, SD Card, GPS, 3G, Audio ( for Police use)

#### Customers

Our products are sold principally to wholesalers, independent dealers, installers, retail stores, system integrators, distributors and franchisees. Sales are made principally by field sales engineers and inside customer service representatives. Our sales effort is supported by in-house customer service coordinators and technical support groups which provide product information, application engineering, design detail, field project management, and hardware and software technical support.

As of March 31, 2010 we had three Canadian franchisees and other potential franchisees who may purchase franchises under one of two plans in China. Our franchise agreements require the franchisee to purchase a franchise, to maintain an inventory, to pay a royalty, an advertising cost contribution and a fee related to our broadband (USCi8.com) monitoring service. Our ultimate customer is a property owner who installs the product and pays for both the equipment and a monthly fee. Our Canadian franchisees pay us \$25,000 to \$30,000 for their franchise and are required to maintain certain inventories. Our franchisees receive approximately 30% price differential from our listed prices and 40% of the monthly fee paid by the end user.

#### Internet Contract

We have entered into a bandwidth service agreement with Peer 1 Network Enterprises, Inc. ("Peer 1" of Vancouver, B.C.) The agreement with Peer 1 commenced January 21, 2008 and was for a one year term with automatic one year renewals absent notice of termination. The agreement is in its first renewal term and required that we make certain up-front payments for equipment and pay a monthly fee that is dependent on bandwidth usage. During the year ended March 31, 2009 the total amount we paid to Peer 1 was \$2,683.39. We incurred a due of \$ 1092 to Peer 1 during the quarter ended September 30, 2009. We believe that Peer 1 has sufficient equipment and bandwidth available to meet our needs for the foreseeable future. However, if Peer 1 were no longer available to serve us or if we deemed it advisable not to renew our contract with Peer 1, management believes that many other bandwidth service providers are available in the Vancouver area to meet our requirements at similar prices.

#### Manufacturing Contract

On November 30, 2007 we entered into a manufacturing agreement (the "OEM Agreement") with Shenzhen Huanghe Digital Technology Co., Ltd of Guandong, PRC ("SHDT"). The OEM Agreement is for an one year term with automatic one year renewals and requires that SHDT manufacture products for us to our specification and warrant the same to conform to our specifications and be free from defects. The OEM Agreement sets prices and delivery schedules for our orders and requires that SHDT be able to fulfill our requirements. We are obligated to defend SHDT should a claim be made that any of our products infringe on the rights of others. Management believes that SHDT can meet our requirements for the foreseeable future. If SHDT were unable to produce products for us, we would experience delays in receiving product and disruption to our operations, but we believe we would be able to locate an alternative manufacturer in the PRC.

## Patent Application

In March 2009 we filed a US patent application, No12/405,147, which followed our provisional patent application “Systems and Methods for Providing Web Based Self Serviced Video Monitoring and Security Features for Systems Comprising IP Video Terminals and Web Servers” in March 2008. This patent relates to our web based system and management believes that it is central to our business. However, we cannot give any assurance that a patent will be granted, and that if granted it will give meaningful protection from others or that our patent would not be found by a court to infringe upon patents held by others.

Our patent application includes technology for (i) A video security system having a server and a video terminal device including; (ii) At least one database for storing network and physical configuration information relating to the terminal device operable to remotely communicate with the server through a distributed network; (iii) One or multiple storage servers for storing video data received from the terminal devices; and (iv) A method of managing a video terminal device that includes assigning a unique device ID to the video terminal device then sending an event and an associated video stream from the video terminal device to the Server, and storing the event and the associated video stream in a database and a storage server in association with the unique device ID. Another method of storage set forth in our patent application involves creating a user account on a Server, selecting services for associating with the devices, allocating storage server space for storing video data stream files, and making available to the user stored video files.

## Competition

The video and alarm security services business is highly competitive and fragmented with a number of major firms and thousands of smaller regional and local companies. Competition is based primarily on price in relation to quality of service. Rather than compete purely on price, we emphasize the quality and special features of our web-based video alarm security service. Our competitors also include manufacturers and potential manufacturers of surveillance equipment. Several of our competitors, such as ADT Worldwide, a subsidiary of Tyco Industries, Ltd. and Honeywell International, Inc. are large established multinational corporations with far greater resources than we do. In the PRC we will compete with large dominant firms including China Security Surveillance and Technology, Inc. All of these competitors have greater resources and name recognition than we do. Other competitors include the following companies or their affiliates: Samsung, Sony, Panasonic, Axis, Tyco, D-link, Linksys, Vivotek, Basler, Tiandy, etc. Several electronics manufacturers have the ability to make cameras and other surveillance system components competitive to ours but have elected not to enter this market to date.

## Backlog

We do not currently have any material backlog and fill customer requirements on a current basis.

## Sales, Marketing and Advertising

We market our products to consumers through our wholesaler, dealer, installer, franchisees as well as direct marketing efforts by our sales staff. We promotes and markets our products and services through industry trade shows worldwide, product brochures and catalogues, direct marketing and electronic mailings to existing and prospective customers, webinars, in-house training seminars for customers and end users, road shows which preview new products and try usci8.com platform, and advertising through trade and end user magazines and newspaper, and our web site ([www.anvsecuritygroup.com](http://www.anvsecuritygroup.com)). ANV’s products are sold principally to independent wholesalers, dealers, installers, system integrators, and franchisees. Sales are made principally by field sales engineers and inside customer service representatives. ANV’s sales effort is supported by in-house customer service coordinators and technical support groups which provide product information, application engineering, design detail, field project management, and hardware and software technical support.



## Environmental Matters

Laws and regulations relating to protection of the environment have not had a material impact on our business.

## Proprietary Rights

In addition to our patent application we have entered into employment agreements with our key employees that require them to keep all of our proprietary information confidential and require that any invention of theirs while our employee, except for those not related to our business, becomes our property. Our OEM Agreement provides us with similar protections. We can not assure that such protections will prove adequate should they be challenged in litigation.

## Research and Development

We are dependent on continual research and development efforts to maintain our competitive position with our products. As of March 31, 2010 we had accumulated \$142,274 of research and development expense but did not incur any research and development expense in the fiscal year ended March 31, 2010. We expect to incur significant research and development expense in our current fiscal year. Our research and development effort relates to product design and enhancement as well as computer source code and other programming matters.

Our R & D aspects are based on H.264 video techniques, combined with global advanced internet technology, wired and wireless communication tech, surveillance and alarm tech, and telecom payment. We give our future R & D plan as follows:

Develop peer to peer technologies to enable more convenience in service provision; develop mobile applications to transmit surveillance video through mobile phones and automobiles; develop simultaneous charging surveillance of IP Camera and retail POS terminals; develop downloading and playing images through Google and YouTube; realize the arbitrary storage of surveillance video; develop intelligent facial recognition and registration plate recognition; develop real time , remote health care, remote online education worldwide, and other remote learning and image-based applications

## Employees

As of March 31, 2010, we had 5 employees in our Vancouver office, All of which are full-time, including 2 in administrative and management, 2 in engineering and technical, and 1 in sales and marketing; we had 15 employees in our Shenzhen China head office, all of which are full-time, including 3 in administrative and management, 10 in sale and marketing, 2 in technical support.

## Seasonality

We do not anticipate that our business will be seasonal to any material extent although installation of outdoor security and surveillance systems may be more difficult during winter months in area with more severe climates.

Item 1A. Risk Factors.

Risks Relating To Our Business

You should carefully consider the risks described below before investing in our publicly traded securities. The risks described below are not the only ones facing us. Our business is also subject to the risks that affect many other companies, such as competition, technological obsolescence, labor relations, general economic conditions, geopolitical events, climate change and international operations. Additional risks not currently known to us or that we currently believe are immaterial also may impair our business operations and our liquidity.

We face risks related to general domestic and global economic conditions and to the current credit crisis.

Our current operating cash flows, which combined with access to the credit markets, provides us with significant discretionary funding capacity. However, the current uncertainty arising out of domestic and global economic conditions, including the recent disruption in credit markets, poses a risk to the economies in which we operate that has impacted demand for our products and services, and may impact our ability to manage normal relationships with our customers, suppliers and creditors. If the current situation deteriorates significantly, our business could be materially negatively impacted, including such areas as reduced demand for our products and services from a slow-down in the general economy, or supplier or customer disruptions resulting from tighter credit markets.

In order to grow at the pace expected by management, we will require additional capital to support our long-term business plan. If we are unable to obtain additional capital in future years, we may be unable to proceed with our long-term business plan and we may be forced to curtail or cease our operations.

We will require additional working capital to support our long-term business plan, which includes identifying suitable targets for horizontal or vertical mergers or acquisitions, so as to enhance the overall productivity and benefit from economies of scale. Our working capital requirements and the cash flow provided by future operating activities, if any, will vary greatly from quarter to quarter, depending on the volume of business during the period and payment terms with our customers. We may not be able to obtain adequate levels of additional financing, whether through equity financing, debt financing or other sources. Additional financings could result in significant dilution to our earnings per share or the issuance of securities with rights superior to our current outstanding securities. In addition, we may grant registration rights to investors purchasing our equity or debt securities in the future. If we are unable to raise additional financing, we may be unable to implement our long-term business plan, develop or enhance our products and services, take advantage of future opportunities or respond to competitive pressures on a timely basis, if at all. In addition, a lack of additional financing could force us to substantially curtail or cease operations.

We sometimes extend credit to our customers. Failure to collect the trade receivables or untimely collection could affect our liquidity.

We extend credit to some of our customers while generally requiring no collateral. Generally, our customers pay in installments, with a portion of the payment upfront, a portion of the payment upon receipt of our products by our customers and before the installation, and a portion of the payment after the installation of our products and upon satisfaction of our customer. Sometimes, a small portion of the payment will not be paid until after a certain period following the installation. We perform ongoing credit evaluations of our customers' financial condition and generally have no difficulties in collecting our payments. However, if we encounter future problems collecting amounts due from our clients or if we experience delays in the collection of amounts due from our clients, our liquidity could be negatively affected.



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536,074 Midtown Miami, FL, Community Development District Special Assessment (Infrastructure Project), B , 5%, 5/01/29 175,000 179,816 Palm Beach County, FL, Health Facilities Rev. (Sinai Residences of Boca Raton Project), 7.5%, 6/01/49 115,000 128,517 Pasco County, FL, Estancia At Wiregrass Community Development District, Capital Improvement, 7%, 11/01/45 105,000 117,179 Seminole Tribe, FL, Special Obligation Rev., A , 5.25%, 10/01/27 (n) 280,000 293,577 South Lake County, FL, Hospital District Rev. (South Lake Hospital), A , 6%, 4/01/29 85,000 94,174 South Lake County, FL, Hospital District Rev. (South Lake Hospital), A , 6.25%, 4/01/39 125,000 138,409 St. John s County, FL, Industrial Development Authority Rev. (Presbyterian Retirement), A , 6%, 8/01/45 610,000 657,635 Sumter County, FL, Industrial Development Authority Hospital Rev. (Central Florida Health Alliance Projects), A , 5%, 7/01/26 20,000 22,133 Sumter County, FL, Industrial Development Authority Hospital Rev. (Central Florida Health Alliance Projects), A , 5%, 7/01/29 20,000 21,672 Sumter County, FL, Industrial Development Authority Hospital Rev. (Central Florida Health Alliance Projects), A , 5.125%, 7/01/34 40,000 42,796 Sumter County, FL, Industrial Development Authority Hospital Rev. (Central Florida Health Alliance Projects), A , 5.25%, 7/01/44 125,000 132,556 Tuscany Reserve Community Development District, FL, Special Assessment, B , 5.25%, 5/01/16 170,000 171,346 Westridge, FL, Community Development District, Capital Improvement Rev., 5.8%, 5/01/37 (a)(d) 960,000 364,800

\$10,448,473 Georgia - 2.6% Americus and Sumter County, GA, Hospital Authority Rev. (Magnolia Manor Obligated Group), A , 6.25%, 5/15/33 \$95,000 \$102,037 Americus and Sumter County, GA, Hospital Authority Rev. (Magnolia Manor Obligated Group), A , 6.375%, 5/15/43 95,000 101,624

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Georgia - continued		
Atlanta, GA, Tax Allocation (Eastside Project), B, 5.4%, 1/01/20	\$ 500,000	\$ 518,635
Atlanta, GA, Water & Wastewater Rev., A, 6%, 11/01/22	370,000	456,066
Brunswick, GA, Hospital Authority Rev. (Glynn-Brunswick Memorial Hospital), 5.625%, 8/01/34	170,000	184,637
Clayton County, GA, Development Authority Special Facilities Rev. (Delta Airlines, Inc.), A, 8.75%, 6/01/29	200,000	249,216
Clayton County, GA, Development Authority Special Facilities Rev. (Delta Airlines, Inc.), B, 9%, 6/01/35	150,000	156,381
DeKalb County, GA, Water & Sewer Rev., A, 5.25%, 10/01/31	15,000	17,375
Georgia Main Street Natural Gas, Inc., Gas Project Rev., A, 5%, 3/15/22	660,000	769,659
Georgia Main Street Natural Gas, Inc., Gas Project Rev., A, 5.5%, 9/15/28	335,000	401,755
Marietta, GA, Development Facilities Authority Rev. (Life University), 7%, 6/15/39	265,000	277,177
Savannah, GA, Economic Development Authority Rev. (AASU Student Union LLC), ASSD GTY, 5.125%, 6/15/39	335,000	364,627
		\$ 3,599,189
Guam - 0.4%		
Guam Government Department of Education (John F. Kennedy High School), A, COP, 6.875%, 12/01/40	\$ 295,000	\$ 328,320
Guam Government, A, 7%, 11/15/39	90,000	102,144
Guam International Airport Authority Rev., C, 5%, 10/01/16	25,000	26,527
Guam International Airport Authority Rev., C, 5%, 10/01/17	45,000	48,670
		\$ 505,661
Hawaii - 0.6%		
Hawaii Department of Budget & Finance, Special Purpose Rev. (15 Craigside Project), A, 9%, 11/15/44	\$ 140,000	\$ 166,180
Hawaii Department of Budget & Finance, Special Purpose Rev. (Hawaiian Electric Co. & Subsidiary), 6.5%, 7/01/39	390,000	451,632
State of Hawaii, DZ, 5%, 12/01/31	200,000	233,790
		\$ 851,602
Idaho - 2.9%		
Idaho Health Facilities Authority Rev. (IHC Hospitals, Inc.), ETM, 6.65%, 2/15/21	\$ 2,750,000	\$ 3,627,113
Idaho Health Facilities Authority Rev. (The Terraces of Boise Project), B2, 6%, 10/01/21	210,000	211,833
Idaho Health Facilities Authority Rev. (The Terraces of Boise Project), B3, 5.25%, 10/01/20	110,000	111,350
		\$ 3,950,296
Illinois - 9.8%		
Annawan, IL, Tax Increment Rev. (Patriot Renewable Fuels LLC), 5.625%, 1/01/18	\$ 200,000	\$ 187,726
Bellwood, IL, 5.875%, 12/01/27	200,000	197,536
Bellwood, IL, 6.15%, 12/01/32	200,000	196,964
Bolingbrook, IL, Sales Tax Rev., 6.25%, 1/01/24	500,000	462,560
Chicago, IL, O Hare International Airport Rev., Customer Facility Charge, AGM, 5.25%, 1/01/32	80,000	87,968
Chicago, IL, O Hare International Airport Rev., Customer Facility Charge, AGM, 5.25%, 1/01/33	40,000	43,746
Chicago, IL, O Hare International Airport Rev., Customer Facility Charge, AGM, 5.5%, 1/01/43	155,000	164,108
Chicago, IL, Tax Increment Allocation (Pilsen Redevelopment), B, 6.75%, 6/01/22	290,000	290,827
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 12/01/29	165,000	187,044
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 12/01/30	330,000	372,719
Chicago, IL, Transit Authority Sales Tax Receipts Rev., 5.25%, 12/01/31	60,000	67,520
Du Page County, IL, Special Service Area No. 31 Special Tax (Monarch Landing Project), 5.625%, 3/01/36	250,000	251,213
Illinois Finance Authority Rev. (Evangelical Retirement Homes of Greater Chicago, Inc.), 7.25%, 2/15/45	850,000	901,136
Illinois Finance Authority Rev. (Franciscan Communities, Inc.), A, 4.75%, 5/15/33	200,000	197,062
Illinois Finance Authority Rev. (Franciscan Communities, Inc.), A, 5.125%, 5/15/43	215,000	219,446
Illinois Finance Authority Rev. (Lutheran Home & Services), 5.625%, 5/15/42	185,000	188,744
Illinois Finance Authority Rev. (Provena Health), A, 7.75%, 8/15/34	485,000	592,170
Illinois Finance Authority Rev. (Rehabilitation Institute of Chicago), A, 6%, 7/01/43	200,000	229,164
Illinois Finance Authority Rev. (Roosevelt University Project), 6.25%, 4/01/29	670,000	706,488
Illinois Finance Authority Rev. (Silver Cross Hospital & Medical Centers), 6.875%, 8/15/38	485,000	557,090
Illinois Finance Authority Rev. (Smith Village), A, 6.25%, 11/15/35	1,000,000	1,004,350
Illinois Finance Authority Student Housing Rev. (Illinois State University), 6.75%, 4/01/31	240,000	284,213
Illinois Finance Authority Student Housing Rev. (Northern Illinois University Project), 6.625%, 10/01/31	615,000	731,112



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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Illinois - continued		
Illinois Railsplitter Tobacco Settlement Authority, 6%, 6/01/28	\$ 1,365,000	\$ 1,591,440
Lincolnshire, IL, Special Service Area No. 1 (Sedgebrook Project), 6.25%, 3/01/34	198,000	202,285
Plano, IL, Special Service Area No. 4 (Lakewood Springs Project Unit 5-B), 6%, 3/01/35	1,406,000	1,421,860
University of Illinois Rev. (Auxiliary Facilities Systems), A, 5.125%, 4/01/29	1,880,000	2,079,205
		\$ 13,415,696
Indiana - 5.1%		
Indiana Bond Bank Special Program, Gas Rev., A, 5.25%, 10/15/18	\$ 230,000	\$ 262,306
Indiana Finance Authority Rev. (BHI Senior Living), A, 6%, 11/15/41	275,000	307,744
Indiana Finance Authority Rev. (I-69 Section 5 Project), 5.25%, 9/01/34	205,000	223,116
Indiana Finance Authority Rev. (I-69 Section 5 Project), 5.25%, 9/01/40	305,000	326,795
Indiana Finance Authority Rev. (Ohio River Bridges East End Crossing Project), A, 5%, 7/01/35	180,000	192,710
Indiana Finance Authority Rev. (Ohio River Bridges East End Crossing Project), A, 5%, 7/01/40	460,000	487,227
Indiana Finance Authority Rev. (Ohio River Bridges East End Crossing Project), A, 5%, 7/01/44	125,000	131,831
Indiana Finance Authority Rev. (Ohio River Bridges East End Crossing Project), B, 5%, 1/01/19	155,000	167,088
Indiana Health & Educational Facilities Finance Authority Rev. (Sisters of St. Francis Health Services, Inc.), E, AGM, 5.25%, 5/15/41	660,000	705,863
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Clarian Health), A, 5%, 2/15/39	1,745,000	1,792,534
Indiana Health & Educational Facilities Finance Authority, Hospital Rev. (Community Foundation of Northwest Indiana), 5.5%, 3/01/37	945,000	1,000,613
University of Southern Indiana Rev. (Student Fee), J, ASSD GTY, 5.75%, 10/01/28	300,000	349,617
Valparaiso, IN, Exempt Facilities Rev. (Pratt Paper LLC Project), 6.75%, 1/01/34	260,000	293,350
Valparaiso, IN, Exempt Facilities Rev. (Pratt Paper LLC Project), 7%, 1/01/44	605,000	684,128
		\$ 6,924,922
Iowa - 1.0%		
Iowa Finance Authority Midwestern Disaster Area Rev. (Iowa Fertilizer Co.), 5%, 12/01/19	\$ 205,000	\$ 216,980
Iowa Finance Authority Midwestern Disaster Area Rev. (Iowa Fertilizer Co.), 5.5%, 12/01/22	215,000	226,509
Iowa Finance Authority Midwestern Disaster Area Rev. (Iowa Fertilizer Co.), 5.25%, 12/01/25	215,000	229,414
Iowa Student Loan Liquidity Corp., A-2, 5.5%, 12/01/25	155,000	167,026
Iowa Student Loan Liquidity Corp., A-2, 5.6%, 12/01/26	155,000	166,873
Iowa Student Loan Liquidity Corp., A-2, 5.7%, 12/01/27	20,000	21,537
Iowa Student Loan Liquidity Corp., A-2, 5.75%, 12/01/28	290,000	311,683
		\$ 1,340,022
Kansas - 0.6%		
Atchison, KS, Hospital Rev. (Atchison Hospital Assn.), A, 6.75%, 9/01/30	\$ 320,000	\$ 345,235
Wichita, KS, Health Care Facilities Rev. (Presbyterian Manors, Inc.), A, 6.375%, 5/15/43	170,000	182,342
Wichita, KS, Health Care Facilities Rev. (Presbyterian Manors, Inc.), IV-B2, 3.375%, 11/15/20	35,000	34,469
Wyandotte County/Kansas City, KS, Unified Government Utility System Improvement Rev., A, 5%, 9/01/44	200,000	221,906
		\$ 783,952
Kentucky - 3.5%		
Kentucky Counties Single Family Mortgage Rev., A, NATL, 9%, 9/01/16	\$ 5,000	\$ 5,002
Kentucky Economic Development Finance Authority Health Care Rev. (Masonic Homes of Kentucky, Inc.), 5.375%, 11/15/42	130,000	130,459
Kentucky Economic Development Finance Authority Health Care Rev. (Masonic Homes of Kentucky, Inc.), 5.5%, 11/15/45	80,000	80,728
Kentucky Economic Development Finance Authority Health Facilities Rev. (AHF/Kentucky-Iowa, Inc.), 8%, 1/01/29	298,000	301,579
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A, 5.375%, 8/15/24	300,000	338,730
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Baptist Healthcare System), A, 5.625%, 8/15/27	100,000	112,155
Kentucky Economic Development Finance Authority, Hospital Facilities Rev. (Owensboro Medical Health System), A, 6.375%, 6/01/40	570,000	646,608
Louisville & Jefferson County, KY, Metro Government Health Facilities Rev. (Jewish Hospital & St. Mary's Healthcare), 6.125%, 2/01/37 (Prerefunded 2/01/18)	1,315,000	1,557,289
Louisville & Jefferson County, KY, Metropolitan Government Healthcare Systems Rev. (Norton Healthcare, Inc.), 5.25%, 10/01/36	1,265,000	1,324,936

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Owen County, KY, Waterworks System Rev. (American Water Co. Project), A , 6.25%, 6/01/39	205,000	234,623
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\$ 4,732,109

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Louisiana - 2.1%		
Beauregard Parish, LA (Boise Cascade Corp.), 6.8%, 2/01/27	\$ 1,000,000	\$ 1,012,490
Jefferson Parish, LA, Hospital Service District No. 2 (East Jefferson General Hospital), 6.25%, 7/01/31	300,000	332,580
Jefferson Parish, LA, Hospital Service District No. 2 (East Jefferson General Hospital), 6.375%, 7/01/41	185,000	201,435
Louisiana Public Facilities Authority Hospital Rev. (Lake Charles Memorial Hospital), 6.375%, 12/01/34	605,000	658,960
St. Charles Parish, LA, Gulf Zone Opportunity Zone Rev. (Valero Energy Corp.), 4%, 12/01/40 (Put Date 6/01/22)	605,000	649,528
		\$ 2,854,993
Maine - 0.3%		
Maine Finance Authority Solid Waste Disposal Rev. (Casella Waste Systems, Inc.), 6.25%, 1/01/25 (Put Date 2/01/17)	\$ 360,000	\$ 368,107
Maryland - 0.8%		
Anne Arundel County, MD, Special Obligation (National Business Park-North Project), 6.1%, 7/01/40	\$ 140,000	\$ 149,580
Maryland Health & Higher Educational Facilities Authority Rev. (Anne Arundel Health System, Inc.), A , 6.75%, 7/01/39	735,000	889,144
		\$ 1,038,724
Massachusetts - 7.0%		
Boston, MA, Metropolitan Transit Parking Corp., Systemwide Parking Rev., 5.25%, 7/01/36	\$ 300,000	\$ 339,192
Commonwealth of Massachusetts, General Obligation, B , 5%, 8/01/21	910,000	1,106,933
Massachusetts College Building Authority Rev., C , 3%, 5/01/42	80,000	69,589
Massachusetts Development Finance Agency Rev. (Adventcare), A , 6.75%, 10/15/37	695,000	723,933
Massachusetts Development Finance Agency Rev. (Alliance Health of Brockton, Inc.), A , 7.1%, 7/01/32	950,000	950,076
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-1 , 6.25%, 11/15/31	130,267	113,188
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-1 , 6.25%, 11/15/39	31,732	26,041
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), A-2 , 5.5%, 11/15/46	8,656	6,033
Massachusetts Development Finance Agency Rev. (Linden Ponds, Inc.), Capital Appreciation, B , 0%, 11/15/56	43,059	336
Massachusetts Development Finance Agency Rev. (North Hill Communities), A , 6.25%, 11/15/33	100,000	107,514
Massachusetts Development Finance Agency Rev. (North Hill Communities), A , 6.5%, 11/15/43	100,000	108,032
Massachusetts Development Finance Agency Rev. (The Broad Institute, Inc.), A , 5.25%, 4/01/37	580,000	649,252
Massachusetts Development Finance Agency Rev. (Tufts Medical Center), I , 7.25%, 1/01/32	445,000	537,516
Massachusetts Development Finance Agency, Resource Recovery Rev. (Covanta Energy Project), A , 4.875%, 11/01/27	410,000	415,601
Massachusetts Development Finance Agency, Resource Recovery Rev. (Covanta Energy Project), C , 5.25%, 11/01/42	705,000	721,405
Massachusetts Development Finance Agency, Solid Waste Disposal Rev. (Dominion Energy Brayton), 5.75%, 12/01/42 (Prerefunded 5/01/19)	85,000	103,504
Massachusetts Educational Financing Authority, Education Loan Rev., H , ASSD GTY, 6.35%, 1/01/30	290,000	311,234
Massachusetts Educational Financing Authority, Education Loan Rev., I-A , 5.5%, 1/01/22	25,000	28,127
Massachusetts Health & Educational Facilities Authority Rev. (Jordan Hospital), E , 6.75%, 10/01/33	250,000	250,183
Massachusetts Health & Educational Facilities Authority Rev. (Simmons College), 8%, 10/01/29	150,000	161,858
Massachusetts Health & Educational Facilities Authority Rev. (Suffolk University), A , 6.25%, 7/01/30	725,000	851,426
Massachusetts Health & Educational Facilities Authority Rev. (Suffolk University), A , 5.75%, 7/01/39	455,000	494,590
Massachusetts Port Authority Facilities Rev. (Conrac Project), A , 5.125%, 7/01/41	40,000	43,484
Massachusetts School Building Authority, Dedicated Sales Tax Rev., AMBAC, 4.75%, 8/15/32	840,000	915,365
Massachusetts School Building Authority, Dedicated Sales Tax Rev., B , 5%, 10/15/32	390,000	449,877
		\$ 9,484,289
Michigan - 3.2%		
Detroit, MI, Sewage Disposal System Rev., B , NATL, 5.5%, 7/01/22	\$ 955,000	\$ 1,100,943
Detroit, MI, Sewage Disposal System Rev., Senior Lien, A , 5.25%, 7/01/39	580,000	613,878
Detroit, MI, Water Supply System Rev., Senior Lien, A , AGM, 5%, 7/01/23	15,000	15,755
Detroit, MI, Water Supply System Rev., Senior Lien, A , AGM, 5%, 7/01/25	15,000	15,711
Grand Valley, MI, State University Rev., 5.5%, 12/01/27	135,000	147,925
Grand Valley, MI, State University Rev., 5.625%, 12/01/29	65,000	71,250
Michigan Finance Authority Rev. (Trinity Health Corp.), 5%, 12/01/35	1,000,000	1,105,270
Royal Oak, MI, Hospital Finance Authority Rev. (William Beaumont Hospital), 5%, 9/01/39	475,000	518,482
Royal Oak, MI, Hospital Finance Authority Rev. (William Beaumont Hospital), 8.25%, 9/01/39 (Prerefunded 9/01/18)	485,000	627,338
Wayne County, MI, Airport Authority Rev. (Detroit Metropolitan Wayne County Airport), B , 5%, 12/01/44	35,000	38,069
Wayne County, MI, Airport Authority Rev. (Detroit Metropolitan Wayne County Airport), B , BAM, 5%, 12/01/39	40,000	44,218



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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Michigan - continued		
Wayne County, MI, Airport Authority Rev. (Detroit Metropolitan Wayne County Airport), C, 5%, 12/01/39	\$ 30,000	\$ 31,621
Wayne County, MI, Airport Authority Rev. (Detroit Metropolitan Wayne County Airport), C, 5%, 12/01/44	35,000	36,744
		\$ 4,367,204
Minnesota - 0.1%		
Minneapolis & St. Paul, MN, Housing Authority Rev. (City Living), A-2, GNMA, 5%, 12/01/38	\$ 69,367	\$ 69,974
Mississippi - 2.3%		
Mississippi Business Finance Corp., Pollution Control Rev. (Systems Energy Resources Project), 5.875%, 4/01/22	\$ 1,500,000	\$ 1,500,600
Mississippi Development Bank Special Obligation (Marshall County Industrial Development Authority Mississippi Highway Construction Project), 5%, 1/01/28	120,000	137,970
Mississippi Home Corp., Rev. (Kirkwood Apartments), 6.8%, 11/01/37 (d)(q)	605,000	392,101
Mississippi State University, Educational Building Corp. Rev., 5%, 8/01/36	440,000	484,717
University of Southern Mississippi Educational Building Corp. Rev. (Campus Facilities Project), 5.25%, 9/01/32	220,000	249,108
University of Southern Mississippi Educational Building Corp. Rev. (Campus Facilities Project), 5.375%, 9/01/36	80,000	89,931
V Lakes Utility District, MS, Water Systems Rev., 7%, 7/15/37	300,000	300,156
		\$ 3,154,583
National - 1.1%		
Charter Mac Equity Issuer Trust, FHLMC, 6%, 10/31/52 (n)	\$ 1,000,000	\$ 1,117,690
Resolution Trust Corp., Pass-Through Certificates, 1993, 9.75%, 12/01/16 (z)	455,481	453,468
		\$ 1,571,158
New Hampshire - 0.9%		
New Hampshire Business Finance Authority Rev. (Elliot Hospital Obligated Group), A, 6%, 10/01/27	\$ 585,000	\$ 640,768
New Hampshire Health & Education Facilities Authority Rev. (Memorial Hospital at Conway), 5.25%, 6/01/21	530,000	538,952
		\$ 1,179,720
New Jersey - 9.6%		
New Jersey Economic Development Authority Rev. (GMT Realty LLC), B, 6.875%, 1/01/37	\$ 1,000,000	\$ 1,016,470
New Jersey Economic Development Authority Rev. (Kapkowski Road Landfill Project), 6.5%, 4/01/31	950,000	1,135,554
New Jersey Economic Development Authority Rev. (Lions Gate Project), 5%, 1/01/34	30,000	30,109
New Jersey Economic Development Authority Rev. (Lions Gate Project), 5.25%, 1/01/44	65,000	65,664
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 11/15/26	500,000	515,330
New Jersey Economic Development Authority Rev. (Seabrook Village, Inc.), 5.25%, 11/15/36	500,000	507,935
New Jersey Economic Development Authority Rev. (The Goethals Bridge Replacement Project), 5.375%, 1/01/43	255,000	276,063
New Jersey Economic Development Authority Rev. (The Goethals Bridge Replacement Project), 5.5%, 1/01/27	40,000	45,938
New Jersey Economic Development Authority Rev. (The Goethals Bridge Replacement Project), 5%, 1/01/28	40,000	44,068
New Jersey Economic Development Authority Rev. (The Goethals Bridge Replacement Project), AGM, 5%, 1/01/31	125,000	137,296
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 4.875%, 9/15/19	515,000	528,024
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 5.125%, 9/15/23	365,000	384,538
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), 5.25%, 9/15/29	515,000	541,734
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), A, 5.625%, 11/15/30	105,000	113,250
New Jersey Economic Development Authority, Special Facilities Rev. (Continental Airlines, Inc.), B, 5.625%, 11/15/30	95,000	102,628
New Jersey Tobacco Settlement Financing Corp., 1-A, 4.5%, 6/01/23	1,925,000	1,908,426
New Jersey Tobacco Settlement Financing Corp., 1-A, 4.75%, 6/01/34	3,405,000	2,538,530
New Jersey Tobacco Settlement Financing Corp., 1-A, 5%, 6/01/41	3,355,000	2,538,527
New Jersey Tobacco Settlement Financing Corp., Capital Appreciation, 1-B, 0%, 6/01/41	2,830,000	695,954
New Jersey Tobacco Settlement Financing Corp., Capital Appreciation, 1-C, 0%, 6/01/41	35,000	8,245
		\$ 13,134,283
New Mexico - 0.5%		
Farmington, NM, Pollution Control Rev. (Public Service New Mexico), D, 5.9%, 6/01/40	\$ 500,000	\$ 552,860
New Mexico Hospital Equipment Loan Council, Hospital Rev. (Rehoboth McKinley Christian Hospital), A, 5%, 8/15/17	110,000	113,367
		\$ 666,227





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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
New York - 8.6%		
Brooklyn, NY, Arena Local Development Corp. (Barclays Center Project), 6%, 7/15/30	\$ 135,000	\$ 152,283
Buffalo & Erie County, NY, Industrial Land Development Corp. Rev. (Buffalo State College), A, 5.375%, 10/01/41	200,000	222,098
Build NYC Resource Corp. Rev. (South Bronx Charter School for International Cultures and the Arts), A, 5%, 4/15/43	100,000	93,923
Hudson Yards, NY, Infrastructure Corp. Rev., A, 5%, 2/15/47	360,000	376,600
Hudson Yards, NY, Infrastructure Corp. Rev., A, 5.75%, 2/15/47	370,000	427,361
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.5%, 8/15/30	190,000	223,636
New York Dormitory Authority Rev., Non-State Supported Debt (Bronx-Lebanon Hospital Center), LOC, 6.25%, 2/15/35	115,000	131,790
New York Environmental Facilities Corp., Clean Drinking Water Revolving Funds, 5%, 6/15/41	685,000	772,043
New York Environmental Facilities, C, 5%, 5/15/41	945,000	1,063,749
New York Liberty Development Corp., Liberty Rev. (One Bryant Park LLC), 6.375%, 7/15/49	545,000	615,594
New York Tobacco Settlement Financing Corp., Asset-Backed Rev., B, 5%, 6/01/21	305,000	328,714
New York, NY, City Industrial Development Agencies Rev. (American Airlines, Inc.), 7.75%, 8/01/31	385,000	424,532
New York, NY, City Industrial Development Agency Special Facility Rev. (American Airlines, Inc.), B, 8.5%, 8/01/28	500,000	511,135
New York, NY, City Transitional Finance Authority Building Aid Rev., S-3, 5.25%, 1/15/39	440,000	485,500
New York, NY, Municipal Water Finance Authority, Water & Sewer System Rev., AA, 5%, 6/15/34	1,980,000	2,221,243
New York, NY, Municipal Water Finance Authority, Water & Sewer Systems Rev., DD, 4.75%, 6/15/35	790,000	850,008
Niagara County, NY, Industrial Development Agency, Solid Waste Disposal Rev. (Covanta Energy Project), A, 5.25%, 11/01/42	725,000	744,017
Onondaga, NY, Civic Development Corp. Rev. (St. Joseph's Hospital Health Center), 5%, 7/01/25	30,000	31,491
Onondaga, NY, Civic Development Corp. Rev. (St. Joseph's Hospital Health Center), 5.125%, 7/01/31	25,000	25,768
Port Authority NY & NJ, Cons Thirty Seventh, AGM, 5.125%, 7/15/30	1,450,000	1,467,980
Port Authority of NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 12/01/36	255,000	295,249
Port Authority of NY & NJ, Special Obligation Rev. (JFK International Air Terminal LLC), 6%, 12/01/42	290,000	332,241
		\$ 11,796,955
North Carolina - 1.4%		
Durham, NC, Durham Housing Authority Rev. (Magnolia Pointe Apartments), 5.65%, 2/01/38	\$ 894,748	\$ 860,202
New Hanover County, NC, Hospital Rev., AGM, 5.125%, 10/01/31	895,000	992,788
University of North Carolina, Greensboro, Rev., 5%, 4/01/39	110,000	125,049
		\$ 1,978,039
North Dakota - 0.1%		
Burleigh County, ND, Health Care Rev. (St. Alexius Medical Center Project), A, 5%, 7/01/31	\$ 45,000	\$ 48,329
Burleigh County, ND, Health Care Rev. (St. Alexius Medical Center Project), A, 5%, 7/01/35	40,000	42,711
		\$ 91,040
Ohio - 2.5%		
Bowling Green, OH, Student Housing Rev. (State University Project), 5.75%, 6/01/31	\$ 175,000	\$ 182,441
Buckeye, OH, Tobacco Settlement Financing Authority, A-2, 5.875%, 6/01/47	480,000	381,413
Butler County, OH, Hospital Facilities Rev. (UC Health), 5.5%, 11/01/40	590,000	650,027
Butler County, OH, Hospital Facilities Rev. (UC Health), 5.75%, 11/01/40	130,000	145,384
Gallia County, OH, Hospital Facilities Rev. (Holzer Health Systems), A, 8%, 7/01/42	710,000	779,892
Lake County, OH, Hospital Facilities Rev. (Lake Hospital Systems, Inc.), 5.625%, 8/15/29	435,000	470,961
Muskingum County, OH, Hospital Facilities Rev. (Genesis Health System Obligated Group), 5%, 2/15/33	195,000	198,627
Muskingum County, OH, Hospital Facilities Rev. (Genesis Health System Obligated Group), 5%, 2/15/44	100,000	100,613
Muskingum County, OH, Hospital Facilities Rev. (Genesis Health System Obligated Group), 5%, 2/15/48	195,000	190,962
Southeastern Ohio Port Authority, Hospital Facilities Rev. (Memorial Health System), 5.75%, 12/01/32	300,000	307,884
		\$ 3,408,204
Oklahoma - 1.0%		
Norman, OK, Regional Hospital Authority Rev., 5%, 9/01/27	\$ 155,000	\$ 160,924
Norman, OK, Regional Hospital Authority Rev., 5.375%, 9/01/29	90,000	92,624
Norman, OK, Regional Hospital Authority Rev., 5.375%, 9/01/36	235,000	239,637
Oklahoma Development Finance Authority Continuing Care Retirement Community Rev. (Inverness Village), 5.75%, 1/01/37	305,000	311,442
Tulsa, OK, Municipal Airport Trust Rev. (American Airlines, Inc.), B, 5.5%, 6/01/35	175,000	181,874
Tulsa, OK, Municipal Airport Trust Rev. (American Airlines, Inc.), B, 5.5%, 12/01/35	385,000	402,625

\$ 1,389,126

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Oregon - 0.6%		
Cow Creek Band of Umpqua Tribe of Indians, OR, C , 5.625%, 10/01/26 (n)	\$ 650,000	\$ 651,164
Forest Grove, OR, Campus Improvement Rev. (Pacific University Project), A , 4.5%, 5/01/29	90,000	93,905
Forest Grove, OR, Campus Improvement Rev. (Pacific University Project), A , 5%, 5/01/40	110,000	118,089
		\$ 863,158
Pennsylvania - 8.8%		
Allegheny County, PA, Hospital Development Authority Rev. (University of Pittsburgh Medical Center), A , 5.375%, 8/15/29	\$ 440,000	\$ 494,160
Allentown, PA, Neighborhood Improvement Zone Development Authority Tax Rev., A , 5%, 5/01/35	100,000	103,794
Allentown, PA, Neighborhood Improvement Zone Development Authority Tax Rev., A , 5%, 5/01/42	420,000	433,453
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 1/01/27	90,000	92,973
Bucks County, PA, Industrial Development Authority Rev. (Lutheran Community Telford Center), 5.75%, 1/01/37	120,000	121,000
Chartiers Valley, PA, Industrial & Commercial Development Authority (Friendship Village), A , 5.75%, 8/15/20	1,000,000	1,001,920
Clarion County, PA, Industrial Development Authority, Student Housing Rev. (Clarion University Foundation, Inc.), 5%, 7/01/34	35,000	36,178
Cumberland County, PA, Municipal Authority Rev. (Asbury Atlantic, Inc.), 5.25%, 1/01/41	290,000	292,256
Cumberland County, PA, Municipal Authority Rev. (Diakon Lutheran Social Ministries), 6.125%, 1/01/29	695,000	759,427
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 12/15/16	745,000	770,427
Delaware County, PA, Authority Rev. (Mercy Health Corp.), ETM, 6%, 12/15/26	500,000	519,140
East Hempfield, PA, Industrial Development Authority Rev. (Millersville University Student Services), 5%, 7/01/39	40,000	41,092
East Hempfield, PA, Industrial Development Authority Rev. (Millersville University Student Services), 5%, 7/01/46	20,000	20,435
Lebanon County, PA, Health Facilities Authority Rev. (Good Samaritan Hospital), 5.9%, 11/15/28	210,000	210,048
Lehigh County, PA, Water and Sewer Authority Rev. (Allentown Concession), A , 5%, 12/01/43	1,135,000	1,237,468
Lehigh County, PA, Water and Sewer Authority Rev. (Allentown Concession), Capital Appreciation, B , 0%, 12/01/37	955,000	319,285
Luzerne County, PA, AGM, 6.75%, 11/01/23	455,000	525,602
Montgomery County, PA, Higher Education & Health Authority Rev. (AHF/Montgomery), 6.875%, 4/01/36	75,000	78,349
Montgomery County, PA, Industrial Development Authority Retirement Community Rev. (ACTS Retirement - Life Communities, Inc.), 5%, 11/15/28	350,000	376,331
Pennsylvania Economic Development Financing Authority, Sewer Sludge Disposal Rev. (Philadelphia Biosolids Facility), 6.25%, 1/01/32	335,000	365,274
Pennsylvania Higher Educational Facilities Authority Rev. (Edinboro University Foundation), 5.8%, 7/01/30	80,000	85,992
Pennsylvania Higher Educational Facilities Authority Rev. (Edinboro University Foundation), 6%, 7/01/43	110,000	115,944
Philadelphia, PA, Authority for Industrial Development Rev. (MaST Charter School), 6%, 8/01/35	50,000	53,771
Philadelphia, PA, Authority for Industrial Development Rev. (Philadelphia Performing Arts Charter School Project), 6.5%, 6/15/33	230,000	240,079
Philadelphia, PA, Authority for Industrial Development Rev. (Philadelphia Performing Arts Charter School Project), 6.75%, 6/15/43	320,000	333,440
Philadelphia, PA, Authority for Industrial Development Rev. (Tacony Academy Charter School ), 6.875%, 6/15/33	100,000	104,919
Philadelphia, PA, Authority for Industrial Development Rev. (Tacony Academy Charter School Project), A-1 , 7%, 6/15/43	140,000	145,558
Philadelphia, PA, Authority for Industrial Development Rev. (Tacony Academy Charter School), 7.375%, 6/15/43	110,000	117,104
Philadelphia, PA, Municipal Authority Rev., 6.5%, 4/01/34	135,000	155,929
Pittsburgh, PA, Urban Redevelopment Authority Rev., C , GNMA, 4.8%, 4/01/28	915,000	921,835
Westmoreland County, PA, Industrial Development Authority Rev. (Redstone Retirement Community), A , 5.875%, 1/01/32 (Prerefunded 1/01/16)	600,000	643,032
Westmoreland County, PA, Industrial Development Retirement Authority Rev. (Redstone Retirement Community), A , 5.75%, 1/01/26 (Prerefunded 1/01/16)	1,250,000	1,337,588
		\$ 12,053,803
Puerto Rico - 1.8%		
Commonwealth of Puerto Rico Highway & Transportation Authority Rev., AGM, 5.5%, 7/01/29	\$ 5,000	\$ 4,940
Commonwealth of Puerto Rico, Public Improvement, A , NATL, 5.5%, 7/01/16	30,000	30,576
Puerto Rico Electric Power Authority Rev., NATL, 5%, 7/01/19	65,000	66,646
Puerto Rico Electric Power Authority Rev., KK , NATL, 5.5%, 7/01/16	15,000	15,389
Puerto Rico Electric Power Authority Rev., LL , NATL, 5.5%, 7/01/17	10,000	10,367
Puerto Rico Electric Power Authority Rev., PP , NATL, 5%, 7/01/24	5,000	4,958
Puerto Rico Electric Power Authority Rev., UU , NATL, 4.5%, 7/01/18	15,000	15,151
Puerto Rico Electric Power Authority Rev., UU , AGM, 5%, 7/01/22	20,000	20,098
Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Control Facilities Financing Authority (Cogeneration Facilities - AES Puerto Rico Project), 6.625%, 6/01/26	420,000	381,528



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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Puerto Rico - continued		
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 5%, 4/01/17	\$ 45,000	\$ 44,475
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 5%, 4/01/18	30,000	29,489
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 4%, 4/01/20	15,000	13,843
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 5%, 4/01/21	50,000	48,141
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 5%, 4/01/22	60,000	56,983
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 5%, 4/01/27	100,000	88,819
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 5.125%, 4/01/32	40,000	34,099
Puerto Rico Industrial, Tourist, Educational, Medical, & Environmental Control Facilities Financing Authority, Higher Education Rev. (Ana G. Mendez University System Project), 5.375%, 4/01/42	55,000	45,177
Puerto Rico Industrial, Tourist, Medical, & Environmental Central Facilities (University of Sacred Heart), 4.375%, 10/01/31	45,000	35,910
Puerto Rico Industrial, Tourist, Medical, & Environmental Central Facilities (University of Sacred Heart), 5%, 10/01/42	25,000	19,548
Puerto Rico Public Finance Corp., E , ETM, 6%, 8/01/26	80,000	104,537
Puerto Rico Public Finance Corp., E , ETM, 6%, 8/01/26	820,000	1,071,502
Puerto Rico Sales Tax Financing Corp., Sales Tax Rev., C , 5%, 8/01/40	450,000	370,782
		\$ 2,512,958
Rhode Island - 0.7%		
Rhode Island Health & Educational Building Corp. Rev., Hospital Financing (Lifespan Obligated Group), A , ASSD GTY, 7%, 5/15/39	\$ 660,000	\$ 773,243
Rhode Island Tobacco Settlement Authority, 6%, 6/01/23	170,000	170,959
		\$ 944,202
South Carolina - 3.1%		
Charleston County, SC, Transportation Sales Tax, 5%, 11/01/22	\$ 455,000	\$ 559,964
Dorchester County, SC, School District No. 2, Growth Remedy Opportunity Tax Hike, 5.25%, 12/01/29 (Prerefunded 12/01/14)	500,000	506,160
Laurens County, SC, School District No. 55, Installment Purchase Rev., 5.25%, 12/01/30	700,000	727,300
Newberry, SC, Investing in Children s Education (Newberry County School District Program), 5%, 12/01/30	400,000	417,404
Richland County, SC, Environmental Improvement Rev. (International Paper), A , 3.875%, 4/01/23	525,000	554,610
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 11/15/32	199,626	167,354
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), A , 6%, 11/15/47	156,572	117,597
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), Capital Appreciation, B , 0%, 11/15/47	85,554	1,458
South Carolina Jobs & Economic Development Authority Rev. (Woodlands at Furman), Capital Appreciation, B , 0%, 11/15/47	79,443	1,354
South Carolina Jobs & Economic Development Authority, Health Facilities Rev. (Lutheran Homes of South Carolina, Inc.), 5.125%, 5/01/48	40,000	39,902
South Carolina Public Service Authority Rev., A , 5.125%, 12/01/43	280,000	314,706
South Carolina Public Service Authority Rev., B , 5.125%, 12/01/43	675,000	758,666
		\$ 4,166,475
Tennessee - 4.5%		
Chattanooga, TN, Health Educational & Housing Facility Board Rev. (Catholic Health Initiatives), A , 5.25%, 1/01/45	\$ 1,035,000	\$ 1,145,083
Johnson City, TN, Health & Educational Facilities Board, Hospital Rev. (Mountain States Health Alliance), A , 5.5%, 7/01/31	1,120,000	1,177,277
Sullivan County, TN, Health, Educational & Housing Facilities Board Hospital Rev. (Wellmont Health Systems Project), C , 5.25%, 9/01/36	1,085,000	1,131,449
Tennessee Energy Acquisition Corp., Gas Rev., A , 5.25%, 9/01/21	1,710,000	1,966,158
Tennessee Energy Acquisition Corp., Gas Rev., A , 5.25%, 9/01/22	270,000	310,195
Tennessee Energy Acquisition Corp., Gas Rev., A , 5.25%, 9/01/26	165,000	192,903
Tennessee Energy Acquisition Corp., Gas Rev., C , 5%, 2/01/25	240,000	272,292



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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Texas - 14.7%		
Austin, TX, Convention Center (Convention Enterprises, Inc.), A, SYNCORA, 5.25%, 1/01/24	\$ 305,000	\$ 319,308
Austin, TX, Convention Center (Convention Enterprises, Inc.), A, SYNCORA, 5%, 1/01/34	45,000	45,252
Brazos River, TX, Harbor Navigation District (Dow Chemical Co.), B-2, 4.95%, 5/15/33	400,000	426,028
Clifton, TX, Higher Education Finance Corp. Rev. (Idea Public Schools), 6%, 8/15/33	105,000	124,128
Clifton, TX, Higher Education Finance Corp. Rev. (Idea Public Schools), 5.75%, 8/15/41	75,000	83,806
Clifton, TX, Higher Education Finance Corp. Rev. (Idea Public Schools), 6%, 8/15/43	165,000	193,954
Clifton, TX, Higher Education Finance Corp. Rev. (Uplift Education), A, 6.125%, 12/01/40	215,000	244,704
Clifton, TX, Higher Education Finance Corp. Rev. (Uplift Education), A, 6.25%, 12/01/45	135,000	153,779
Dallas and Fort Worth, TX, International Airport Rev., B, 5%, 11/01/44	370,000	403,862
Dallas and Fort Worth, TX, International Airport Rev., C, 5%, 11/01/45	780,000	849,872
Dallas County, TX, Flood Control District, 7.25%, 4/01/32	750,000	751,343
Dallas Fort Worth, TX, International Airport Rev. Improvement, B, AGM, 5%, 11/01/25	3,000,000	3,019,770
Dallas, TX, Civic Center Convention Complex Rev., ASSD GTY, 5.25%, 8/15/34	845,000	918,422
Decatur Hospital Authority Rev. (Wise Regional Health System), A, 5.25%, 9/01/44	100,000	103,058
Gulf Coast, TX, Industrial Development Authority Rev. (CITGO Petroleum Corp.), 4.875%, 5/01/25	280,000	283,438
Gulf Coast, TX, Industrial Development Authority Rev. (CITGO Petroleum Corp.), 8%, 4/01/28	375,000	375,349
Harris County, TX, Cultural Education Facilities Finance Corp. Medical Facilities Rev. (Baylor College of Medicine), D, 5.625%, 11/15/32	540,000	616,540
Harris County, TX, Cultural Education Facilities Financial Corp., Thermal Utilities Rev. (Teco Project), A, 5.25%, 11/15/35	140,000	156,836
Harris County, TX, Health Facilities Development Corp., Hospital Rev. (Memorial Hermann Healthcare Systems), B, 7.25%, 12/01/35 (Prerefunded 12/01/18)	205,000	259,247
Houston, TX, Airport System Rev., Subordinate Lien, A, 5%, 7/01/31	150,000	165,386
Houston, TX, Airport Systems Rev., B, 5%, 7/01/26	175,000	203,004
Houston, TX, Airport Systems Rev., Special Facilities (Continental Airlines, Inc.), 6.5%, 7/15/30	445,000	499,815
Houston, TX, Airport Systems Rev., Special Facilities Rev. (Continental Airlines, Inc.), B, 6.125%, 7/15/17	120,000	120,190
Houston, TX, Airport Systems Rev., Special Facilities Rev. (United Airlines, Inc. Terminal E Project), 4.5%, 7/01/20	115,000	118,680
Houston, TX, Airport Systems Rev., Special Facilities Rev. (United Airlines, Inc. Terminal E Project), 4.75%, 7/01/24	310,000	323,848
Houston, TX, Airport Systems Rev., Special Facilities Rev. (United Airlines, Inc. Terminal E Project), 5%, 7/01/29	595,000	605,597
Houston, TX, Industrial Development Corp. (United Parcel Service, Inc.), 6%, 3/01/23	420,000	429,034
La Vernia, TX, Higher Education Finance Corp. Rev. (KIPP, Inc.), A, 6.25%, 8/15/39	195,000	214,420
Lufkin, TX, Health Facilities Development Corp. Rev. (Memorial Health System), 5.5%, 2/15/37	60,000	63,440
Matagorda County, TX, Pollution Control Rev. (Central Power & Light Co.), A, 6.3%, 11/01/29	275,000	315,271
North Texas Education Finance Corp., Education Rev. (Uplift Education), A, 5.125%, 12/01/42	170,000	177,094
North Texas Tollway Authority Rev., 6%, 1/01/38	765,000	898,691
North Texas Tollway Authority Rev. (Special Projects System), D, 5%, 9/01/31	1,200,000	1,371,492
Port of Bay, TX, City Authority (Hoechst Celanese Corp.), 6.5%, 5/01/26	660,000	661,010
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (MRC The Crossings Project), A, 7.5%, 11/15/34	100,000	110,822
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (MRC The Crossings Project), A, 7.75%, 11/15/44	185,000	204,492
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (MRC The Crossings Project), A, 8%, 11/15/49	135,000	150,547
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (MRC The Crossings Project), B-2, 5%, 11/15/19	20,000	20,229
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement System, Inc.), A, 5.45%, 11/15/38 (a)	723,000	272,390
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement System, Inc.), A, 6.05%, 11/15/46 (a)	147,000	55,382
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement System, Inc.), C, 6.25%, 5/09/53 (a)	13,000	4,898
Red River, TX, Health Facilities Development Corp., Retirement Facilities Rev. (Sears Methodist Retirement System, Inc.), D, 6.05%, 11/15/46 (a)	26,000	9,796
San Jacinto, TX, Community College District, 5.125%, 2/15/38	430,000	468,390
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Air Force Village Foundation, Inc.), 6.125%, 11/15/29	550,000	595,997
Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Air Force Village Foundation, Inc.), 6.375%, 11/15/44	415,000	446,096
	770,000	685,670



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Tarrant County, TX, Cultural Education Facilities Finance Corp. Retirement Facility (Stayton at Museum Way),  
8.25%, 11/15/44  
Texas Gas Acquisition & Supply Corp III., Gas Supply Rev., 5%, 12/15/31

150,000

162,014

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Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
Municipal Bonds - continued		
Texas - continued		
Texas Private Activity Surface Transportation Corp. Senior Lien Rev. (NTE Mobility Partners Segments 3 LLC Segments 3A & 3B Facility), 7%, 12/31/38	\$ 170,000	\$ 208,199
Texas Private Activity Surface Transportation Corp. Senior Lien Rev. (NTE Mobility Partners Segments 3 LLC Segments 3A & 3B Facility), 6.75%, 6/30/43	135,000	161,453
Texas Tech University Rev., Refunding & Improvement, A, 5%, 8/15/30	195,000	226,450
Texas Tech University Rev., Refunding & Improvement, A, 5%, 8/15/31	85,000	97,539
Texas Tech University Rev., Refunding & Improvement, A, 5%, 8/15/32	80,000	90,716
Travis County, TX, Health Facilities Development Corp. Rev. (Westminster Manor Health), 7%, 11/01/30	130,000	147,900
Travis County, TX, Health Facilities Development Corp. Rev. (Westminster Manor Health), 7.125%, 11/01/40	195,000	219,572
Tyler, TX, Health Facilities Development Corp. (East Texas Medical Center), A, 5.25%, 11/01/32	230,000	232,985
		\$ 20,067,205
U.S. Virgin Islands - 0.2%		
Virgin Islands Public Finance Authority Rev. (Diageo Project), A, 6.75%, 10/01/37	\$ 205,000	\$ 235,213
Vermont - 0.2%		
Burlington, VT, Airport Rev., A, 4%, 7/01/28	\$ 90,000	\$ 85,312
Vermont Economic Development Authority, Solid Waste Disposal Rev. (Casella Waste Systems, Inc.), 4.75%, 4/01/36 (Put Date 4/02/18)	170,000	166,928
		\$ 252,240
Virginia - 3.0%		
Embrey Mill Community Development Authority, VA, Special Assessment Rev., 7.25%, 3/01/43	\$ 410,000	\$ 418,840
Norfolk, VA, Redevelopment & Housing Authority Rev. (Fort Norfolk Retirement Community), A, 6.125%, 1/01/35	195,000	195,548
Richmond, VA, Public Improvement, A, 5%, 3/01/23	1,365,000	1,669,026
Virginia Small Business Financing Authority Rev. (Elizabeth River Crossings Opco LLC Project), 6%, 1/01/37	470,000	521,921
Virginia Small Business Financing Authority Rev. (Elizabeth River Crossings Opco LLC Project), 5.5%, 1/01/42	755,000	805,313
Virginia Small Business Financing Authority, Hospital Rev. (Wellmont Health Project), A, 5.25%, 9/01/37	470,000	488,156
		\$ 4,098,804
Washington - 6.0%		
King County, WA, Sewer Rev., 5%, 1/01/40	\$ 1,395,000	\$ 1,526,646
Olympia, WA, Healthcare Facilities Authority Rev. (Catholic Health Initiatives), D, 6.375%, 10/01/36	1,095,000	1,245,639
Skagit County, WA, Public Hospital District No. 001 Rev. (Skagit Valley Hospital), 5.75%, 12/01/32	90,000	98,374
State of Washington, R, 5%, 7/01/22	2,350,000	2,860,162
Washington Health Care Facilities Authority Rev. (Multicare Health Systems), B, ASSD GTY, 6%, 8/15/39	440,000	517,964
Washington Health Care Facilities Authority Rev. (Providence Health & Services), A, 5%, 10/01/33	1,105,000	1,238,849
Washington Higher Education Facilities Authority Rev. (Whitworth University), 5.875%, 10/01/34	280,000	316,924
Washington Housing Finance Community Nonprofit Housing Rev. (Rockwood Retirement Communities), 5.125%, 1/01/20	400,000	403,960
		\$ 8,208,518
West Virginia - 0.1%		
Ohio County, WV, Commission Tax Increment Rev. (Fort Henry Centre), A, 5.85%, 6/01/34	\$ 125,000	\$ 128,744
Wisconsin - 4.7%		
Wisconsin General Fund Annual Appropriation Rev., A, 5.75%, 5/01/33	\$ 660,000	\$ 780,833
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), A, 5%, 7/15/26	200,000	220,700
Wisconsin Health & Educational Facilities Authority Rev. (Aurora Health Care, Inc.), A, 5%, 7/15/28	60,000	65,524
Wisconsin Health & Educational Facilities Authority Rev. (Fort Healthcare, Inc.), 6.1%, 5/01/34	750,000	750,885
Wisconsin Health & Educational Facilities Authority Rev. (Meritor Hospital), A, 5.5%, 5/01/31 (Prerefunded 5/01/21)	725,000	908,092
Wisconsin Health & Educational Facilities Authority Rev. (Meritor Hospital), A, 6%, 5/01/41 (Prerefunded 5/01/21)	490,000	629,214
Wisconsin Health & Educational Facilities Authority Rev. (Wheaton Franciscan Services), 5.25%, 8/15/34	935,000	964,630
Wisconsin Public Finance Authority Senior Living Rev. (Rose Villa Project), A, 5.125%, 11/15/29	110,000	108,791
Wisconsin Public Finance Authority Senior Living Rev. (Rose Villa Project), A, 5.5%, 11/15/34	100,000	99,931
Wisconsin Public Finance Authority Senior Living Rev. (Rose Villa Project), A, 5.75%, 11/15/44	95,000	95,866
Wisconsin Public Finance Authority Senior Living Rev. (Rose Villa Project), A, 6%, 11/15/49	75,000	76,540



## Portfolio of Investments (unaudited) continued

Issuer	Shares/Par	Value (\$)
<b>Municipal Bonds - continued</b>		
Wisconsin - continued		
Wisconsin Public Finance Authority Senior Living Rev. (Rose Villa Project), B-3, 3.75%, 11/15/19	\$ 75,000	\$ 75,923
Wisconsin Public Finance Authority, Airport Facilities Rev. (Transportation Infrastructure Properties LLC), B, 5%, 7/01/22	140,000	155,067
Wisconsin Public Finance Authority, Airport Facilities Rev. (Transportation Infrastructure Properties LLC), B, 5.25%, 7/01/28	1,325,000	1,457,686
Wisconsin Public Finance Authority, Airport Facilities Rev. (Transportation Infrastructure Properties LLC), B, 5%, 7/01/42	75,000	75,964
		\$ 6,465,646
<b>Total Municipal Bonds</b>		<b>\$ 207,039,943</b>
<b>Money Market Funds - 1.1%</b>		
MFS Institutional Money Market Portfolio, 0.09%, at Net Asset Value (v)	1,435,537	\$ 1,435,537
<b>Total Investments</b>		<b>\$ 208,475,480</b>
Other Assets, Less Liabilities - 2.1%		2,932,770
ARPS, at liquidation value (Issued by the fund) - (2.9)%		(3,900,000)
VMTPS, at liquidation value (Issued by the fund) - (52.1)%		(71,100,000)
<b>Net assets applicable to common shares - 100.0%</b>		<b>\$ 136,408,250</b>

- (a) Non-income producing security.
- (d) In default. Interest and/or scheduled principal payment(s) have been missed.
- (n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was \$2,062,431, representing 1.5% of net assets applicable to common shares.
- (q) Interest received was less than stated coupon rate.
- (v) Underlying affiliated fund that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.
- (z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	Acquisition Date	Cost	Value
Resolution Trust Corp., Pass-Through Certificates, 1993, 9.75%, 12/01/16	10/17/01-1/14/02	\$455,481	\$453,468
% of Net assets applicable to common shares			0.3%

The following abbreviations are used in this report and are defined:

ARPS	Auction Rate Preferred Shares
COP	Certificate of Participation
ETM	Escrowed to Maturity
LOC	Letter of Credit
VMTPS	Variable Rate Municipal Term Preferred Shares

**Insurers**

AGM	Assured Guaranty Municipal
AMBAC	AMBAC Indemnity Corp.
ASSD GTY	Assured Guaranty Insurance Co.
BAM	Build America Mutual
CALHF	California Health Facility Construction Loan Insurance Program
FGIC	Financial Guaranty Insurance Co.

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FHA	Federal Housing Administration
FHLMC	Federal Home Loan Mortgage Corp.
GNMA	Government National Mortgage Assn.
NATL	National Public Finance Guarantee Corp.
SYNCORA	Syncora Guarantee Inc.

*Portfolio of Investments (unaudited) continued*

**Derivative Contracts at 8/31/14**

**Futures Contracts at 8/31/14**

Description	Currency	Contracts	Value	Expiration Date	Unrealized Appreciation (Depreciation)
<b>Liability Derivatives</b>					
<b>Interest Rate Futures</b>					
U.S. Treasury Note 10 yr (Short)	USD	188	\$23,646,875	December - 2014	\$(19,517)
U.S. Treasury Bond 30 yr (Short)	USD	22	3,082,063	December - 2014	(8,517)
					\$(28,034)

At August 31, 2014, the fund had cash collateral of \$290,600 to cover any commitments for certain derivative contracts.

See attached supplemental information. For more information see notes to financial statements as disclosed in the most recent semiannual or annual report.

## Supplemental Information

8/31/14 (unaudited)

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

### (1) Investment Valuations

Debt instruments and floating rate loans (other than short-term instruments), including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Short-term instruments with a maturity at issuance of 60 days or less generally are valued at amortized cost, which approximates market value. Futures contracts are generally valued at last posted settlement price as provided by a third-party pricing service on the market on which they are primarily traded. Futures contracts for which there were no trades that day for a particular position are generally valued at the closing bid quotation as provided by a third-party pricing service on the market on which such futures contracts are primarily traded. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. Other financial instruments are derivative instruments not reflected in total investments, such as futures contracts. The following is a summary of the levels used as of August 31, 2014 in valuing the fund's assets or liabilities:

Investments at Value	Level 1	Level 2	Level 3	Total
Municipal Bonds	\$	\$207,039,943	\$	\$207,039,943
Mutual Funds	1,435,537			1,435,537
Total Investments	\$1,435,537	\$207,039,943	\$	\$208,475,480
<b>Other Financial Instruments</b>				
Futures Contracts	\$(28,034)	\$	\$	\$(28,034)

For further information regarding security characteristics, see the Portfolio of Investments.

### (2) Portfolio Securities

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The cost and unrealized appreciation and depreciation in the value of the investments owned by the fund, as computed on a federal income tax basis, are as follows:

Aggregate cost	\$191,820,610
Gross unrealized appreciation	18,815,229
Gross unrealized depreciation	(2,160,359)
Net unrealized appreciation (depreciation)	\$16,654,870

The aggregate cost above includes prior fiscal year end tax adjustments, if applicable.



Supplemental Information (unaudited) continued

**(3) Transactions in Underlying Affiliated Funds    Affiliated Issuers**

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the fund assumes the following to be an affiliated issuer:

	Beginning	Acquisitions	Dispositions	Ending
	Shares/Par	Shares/Par	Shares/Par	Shares/Par
Underlying Affiliated Fund	Amount	Amount	Amount	Amount
MFS Institutional Money Market Portfolio	4,865,834	21,873,026	(25,303,323)	1,435,537
	Realized	Capital Gain	Dividend	Ending
Underlying Affiliated Fund	Gain (Loss)	Distributions	Income	Value
MFS Institutional Money Market Portfolio	\$	\$	\$2,207	\$1,435,537

**ITEM 2. CONTROLS AND PROCEDURES.**

- (a) Based upon their evaluation of the effectiveness of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")) as conducted within 90 days of the filing date of this Form N-Q, the registrant's principal financial officer and principal executive officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
- (b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**ITEM 3. EXHIBITS.**

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2): Attached hereto.

**Notice**

A copy of the Agreement and Declaration of Trust, as amended, of the Registrant is on file with the Secretary of State of The Commonwealth of Massachusetts and notice is hereby given that this instrument is executed on behalf of the Registrant by an officer of the Registrant as an officer and not individually and the obligations of or arising out of this instrument are not binding upon any of the Trustees or shareholders individually, but are binding only upon the assets and property of the respective constituent series of the Registrant.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: MFS HIGH YIELD MUNICIPAL TRUST

By (Signature and Title)\* ROBIN A. STELMACH  
Robin A. Stelmach, President

Date: October 16, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* ROBIN A. STELMACH  
Robin A. Stelmach, President

(Principal Executive Officer)

Date: October 16, 2014

By (Signature and Title)\* DAVID L. DILORENZO  
David L. DiLorenzo, Treasurer  
(Principal Financial Officer

and Accounting Officer)

Date: October 16, 2014

\* Print name and title of each signing officer under his or her signature.