

THE GARNER ASSET MANAGEMENT CORPORATION

WRAP FEE PROGRAM

*Sponsored
By*

GARNER ASSET MANAGEMENT CORPORATION

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This brochure provides clients with information about The Garner Asset Management Corporation and The Garner Asset Management Corporation Wrap Fee Program that should be considered before becoming a client of Garner Asset Management Corporation. This information has not been approved or verified by any governmental authority.

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ABOUT THE PROGRAM

OVERVIEW

The Garner Asset Management Corporation Wrap Fee Program (the “Program”) is a fee-only investment advisory program sponsored by Garner Asset Management Corporation (“GAMC”). The Program provides individuals, pension and profit sharing plans, trusts, estates, and charitable organizations, the ability to trade in individual debt and equity securities, mutual funds, index funds, exchange-traded funds, options, and other eligible securities without incurring separate brokerage commissions or transaction charges.

JOINING THE PROGRAM

To join the Program a person must:

1. Either provide GAMC with a recently completed financial plan, or engage GAMC to complete such a plan;
2. Complete the investment advisory agreement (the “Advisory Agreement”) with GAMC and become a client (“Client”) of the Program;
3. Complete a new account agreement with a custodian or broker/dealer (“Custodian”) approved by GAMC for participation in the Program; and
4. Open a securities brokerage account with the Custodian (“Account”) and deposit those Client assets designated for participation in the Program (“Program Assets”) into the Account.

GAMC prefers a minimum investment amount to start of \$50,000. Minimum annual fee for investment management is \$550/household. These minimums are negotiable under certain circumstances such as a Client’s potential business with GAMC, close family or friends of GAMC personnel, or other extenuating circumstances.

CLEARING OF SECURITIES TRANSACTIONS AND CUSTODY

All transactions in the Account are cleared through the Custodian’s broker/dealer. The approved Custodian(s) will maintain custody of the Client’s Program Assets. However, because fees may be deducted from the Client’s account by the Custodian and sent directly to GAMC upon receipt of instruction from GAMC, GAMC is deemed having a form of custody. (Otherwise, GAMC may direct the Custodian to move funds only to accounts with the same name.) Clients are asked to provide written authorization for this fee deduction on the application to open an account with the Custodian. Some Clients prefer to pay GAMC by check.

INVESTMENT ADVISORY PROCESS

After an analysis of the information provided by the Client, GAMC shall assist the Client in developing an appropriate investment strategy for the assets in his/her Account (the “Investment Strategy”). Thereafter, Clients will be contacted periodically and are requested to provide GAMC with information regarding changes to their financial situation or investment objectives. GAMC shall periodically reassess the current Investment Strategy based on any other information provided by the Client regarding this/her profile.

The Agreement that Clients enter with GAMC provides that the Client grants GAMC complete discretion (through Limited Power of Attorney) to determine both the securities purchased and sold and the amounts of those purchases and sales. Clients may place restrictions on GAMC's discretion in writing.

All Clients are encouraged to contact or meet on a quarterly basis with GAMC to review their Account reports, update their Client information, and determine whether changes should be made to their Investment Strategy. There are no restrictions on Clients to contact or consult with GAMC regarding the Program or their Account.

FEES FOR THE GARNER ASSET MANAGEMENT CORPORATION WRAP PROGRAM

Clients in the Program pay a single annualized fee for participation in the Program (the "Program Fee") ranging between 0.90% and 1.10% of the market value of the assets being managed. This fee is negotiable, and may also be based on the complexity of each Client's individual situation. Program Assets are generally aggregated by family. See table below.

The Program Fee is payable quarterly, in advance, based upon the market value of the assets in the Account as reported by the Custodian at market close on the last day of the previous quarter. Additional deposits and withdrawals of funds and/or securities to the Program may be made to the Account at any time. Program Fees for additions and withdrawals are calculated *pro rata* for partial billing periods based upon the value of the assets in the Account and the number of days in the calendar quarter. The initial deposit into the Client's account is charged *pro rata* in arrears for the partial quarter. Fee calculations for additions and withdrawals are also calculated in arrears.

GAMC's Investment Advisory Agreement and the Client's agreement with the Custodian may authorize the Custodian to deduct the Program Fee from the Client's Account and remit it directly to GAMC. In arrangements where the Program Fee is deducted directly from the Client's Account, the Custodian will send the Participant a statement, at least quarterly, indicating all amounts disbursed from their Account, including the amount of the Program Fee paid directly to GAMC.

Assets Under Management	Annual Wrap Program Fee
\$500,000 or less	1.1%
\$500,001 to \$1,000,000	1%
\$1,000,001 to \$1,500,000	.9%
Greater than \$1,500,000	Negotiable

Clients with portfolios comprised only of mutual fund products will be also be charged on assets under management at the annual rate of 0.40%. This rate may be adjusted up or down based on the complexity of the Client's situation and is accurately disclosed in each Garner Portfolio Manager Account Agreement.

FEE COMPARISON

Under the Program, Clients receive both investment advisory services and the execution of transactions in Eligible Securities for a single, combined annualized fee, the Program Fee. Participation in the Program may cost the Client more or less than purchasing such services separately. The number of transactions made in the Client's Account, as well as the

commissions charged for each transaction, will determine the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. The Program Fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

OTHER CHARGES

Program participants may incur certain charges imposed by third parties in addition to the Program Fee. Such charges include but are not limited to charges imposed directly by a mutual or money market fund purchased in the Client's Account which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses, including mark-ups and mark-downs), certain deferred sales charges on previously-purchased mutual funds, odd-lot differentials, spreads paid to market makers from whom securities were obtained by the broker-dealer, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and securities transactions.

MANAGEMENT OF YOUR PORTFOLIO

All Clients in the Program shall grant GAMC discretionary authority to buy, sell, and otherwise trade eligible securities for their Account and to liquidate previously-purchased securities that the Client has transferred to his/her Account. Assets in the Client's Account designated for a particular Investment Strategy shall be managed by GAMC in accordance with the Client's Investment Strategy.

REPORTS FROM THE GARNER ASSET MANAGEMENT CORPORATION WRAP FEE PROGRAM

Clients in the Program will receive a report directly from Custodian that may include such relevant Portfolio and/or market-related information such as an inventory of the investments in the Client's Portfolios and Portfolio performance on at least a quarterly basis, as well as disbursements from the account. These reports also will show all transactions occurring in the account for the period, including the deduction of the Program Fee.

GAMC sends Clients quarterly statements of portfolio holdings, annual summaries of income, investment management fees paid, and realized gains and losses.

TERMINATING PARTICIPATION IN THE PROGRAM

Either the Client or GAMC may terminate the Client's participation in the Program at any time upon receipt of written instruction to that effect. The Client may terminate the Agreement without penalty within five (5) business days after entering the agreement. If the program is terminated during a quarter, the Program Fee will be assessed *pro rata* and refunded to the Client in a timely manner. GAMC will provide Clients with summary statements on a year-to-date basis upon termination.

ABOUT GARNER ASSET MANAGEMENT CORPORATION

MANAGEMENT AND EDUCATION STANDARDS

Mr. Robert Garner is the only individual providing investment advice on behalf of GAMC to its Clients. As additional professional staff is added to GAMC, all members will be required to have the minimum of Bachelor of Science degrees in Business Administration from major colleges or universities, and/or be Certified Financial Planners®, as licensed by the CFP Board of Standards, and/or Chartered Financial Analysts®, as chartered by the CFA Institute, and/or have equivalent work experience in the industry.

ROBERT GARNER

Born 1970

The University of Texas, Austin, Texas, BBA and MPA Accounting, 5/1994

CPA (Certified Public Accountant), 1994 - 2001

Recent Business Background:

Garner Asset Management Corporation, President and Chief Compliance Officer,
04/1998-Present

Arthur Andersen LLP, CPA, Auditor, 1994 – 1998

OTHER BUSINESSES

GAMC is not currently engaged in any other business activities.

VOTING CLIENT PROXIES

GAMC votes proxies on behalf of its Clients. A Client may request a copy of GAMC's proxy policy, and may also request records showing how GAMC has voted on his or her behalf. Generally GAMC votes to change auditors and board members. GAMC does not support stock options as a form of executive compensation.

POLICY AND PROCEDURES REGARDING PRIVACY OF CLIENT INFORMATION

GAMC collects certain nonpublic personal identifying information about its Clients (such as their name, address, social security number, etc.) from information provided on investor questionnaires, applications and other forms as well as communications (electronic, telephone, written or in person) with them or their authorized representative (such as their attorney, accountant, etc.). GAMC also collects information about Client's brokerage accounts and transactions (such as purchases, sales, account balances, inquiries, etc.).

GAMC does not disclose the nonpublic personal information collected about its Clients to anyone except in furtherance of its business relationship with them and then only to those persons necessary to effect the transactions and provide the services that are authorized by the Client (i.e., the broker-dealer, custodians, etc.) or as otherwise provided by law.

As also permitted by law, GAMC may disclose certain information about its Clients to third parties that perform administrative services for GAMC. These third parties are prohibited from using or sharing the information for any other purpose. If Clients decide at some point to either terminate GAMC's services or become an inactive Client, GAMC will continue to adhere to its privacy policy, as may be amended from time to time.

GAMC also maintains physical, electronic and procedural safeguards that comply with applicable federal or state standards to protect the nonpublic personal information of its Clients.

ADDITIONAL POLICIES AND PROCEDURES

GAMC maintains and enforces written policies reasonably designed to: (i) prevent the misuse of material nonpublic information by GAMC or any person associated with GAMC and (ii) monitor the personal securities transactions of its associated persons to minimize any potential material conflicts of interest between GAMC, any person associated with GAMC and any of its Clients.

To minimize conflicts of interest, and to maintain the fiduciary responsibility GAMC has for its Clients, GAMC has established the following policy: An officer, director, or employee of GAMC shall not buy or sell securities for a personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with GAMC, unless the information is also available to the investing public on reasonable inquiry. No person associated

with GAMC shall prefer his or her own interest to that of any Client. Personal trades in securities being purchased or sold for Clients may be effected simultaneously with or after trades are effected for Clients. GAMC personnel may not anticipate trades to be placed for Clients.

GAMC's Code of Ethics allows the purchase of IPOs or private placements only with prior permission from the Chief Compliance Officer. Clients may request to receive, at no cost, a copy of GAMC's Code of Ethics, which contains GAMC's policies on employee trading, gifts, and outside business activities. Gifts of nominal value are acceptable.

CONFLICTS OF INTEREST

GAMC may have access to various mutual fund families through the Custodian Clients select. Some Custodians may charge a transaction fee to purchase or sell some mutual fund families and not for others. Because GAMC pays transaction fees it incurs for Clients, GAMC may have an incentive to trade less or to select only mutual funds without associated transaction fees in order to decrease GAMC's expenses. GAMC has a policy in place to monitor its selections of "transaction fee" versus "non transaction fee" mutual funds.

ABOUT OTHER PARTIES

USE OF CUSTODIANS

GAMC recommends "qualified custodians" for Clients' accounts, with each Client signing a separate agreement with the Custodian. In recommending a Custodian (usually Charles Schwab & Co., Inc.), GAMC considers the range and quality of the products the Custodian offers, the technical support provided, execution quality, commission rates, the financial responsibility and responsiveness of the Custodian to both GAMC and its Clients. GAMC recognizes its responsibility to attain best execution, and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade by trade basis. However, GAMC evaluates its entire Custodial relationship in assessing best execution on a client-by-client basis. Although GAMC has not entered into any formal soft dollar arrangements, the following is provided in the interest of full disclosure. GAMC may receive access to research, proprietary account management and data transmission services offered by brokers and/or the applicable Custodian to enable GAMC to trade Clients' accounts electronically. The applicable Custodian also may provide GAMC with educational and compliance material, such as newsletters and access to seminars and conferences.