

Garner Asset Management Corporation

5700 Granite Parkway, Suite 200
Plano, Texas 75024
214-387-6095
robert.gamc@mindspring.com

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This brochure provides information about the qualifications and business practices of Garner Asset Management Corporation. If you have any questions about the contents of this brochure, please contact us at 214-387-6095. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Garner Asset Management Corporation also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Because much of the information in this Part 2A of Form ADV is additional information not previously provided in our Part II of Form ADV, we recommend that you read this Part 2A of Form ADV in its entirety.

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ADVISORY BUSINESS

Advisory Firm Description

Garner Asset Management Corporation ("GAMC" or the "Firm") provides its clients with investment management services which are tailored to meet each client's investment goals and objectives. Clients complete a financial profile that addresses their future financial needs and risk tolerance. After the profile is completed, clients and the Firm jointly determine the service most appropriate for the client's situation. Garner Asset Management Corporation has been in business since July 1998. The principal and sole owner is Robert S. Garner.

Types of Advisory Services

The firm provides continuous investment management services. These services include:

- Establishing financial goals.
- Developing a target asset allocation.
- Specific investment recommendations.
- Placing trades in the client's account as appropriate.
- Ongoing support:
 - Unlimited support to the client for the Investment Account establishment and/or transfer assistance.
 - Portfolio monitoring.
 - Quarterly reports.

Tailored Advisory Services

Clients may restrict GAMC from purchasing or selling a particular investment or sector. These restrictions may be changed by notifying the firm in writing.

Client Assets Under Management

As of December 31, 2010, GAMC managed \$59.2 million on a discretionary basis and \$0 on a non-discretionary basis.

FEES AND COMPENSATION

Garner Asset Management Corporation is a fee-only firm and receives compensation only from clients. The Firm does not receive commissions or other compensation in relation to any product or service recommended.

GAMC's annual fee is based on the amount of a client's assets under management (see table below), and may be adjusted up or down based on the complexity of the client's situation. The minimum annual fee is \$550.

Portion of Investment Portfolio	Annual Rate
\$0 to \$500,000	1.1%
\$500,000 to \$1,000,000	1.0%
\$1,000,000 to \$1,500,000	0.9%
> \$1,500,000	negotiable

Clients with portfolios comprised only of mutual fund products will 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.

Fees are calculated based on the portfolio valuation as determined by the account custodian at the close of market on the first business day of each period. Fees are billed quarterly in advance at the rate of one fourth of the annual fee shown above and may be deducted from clients' accounts. 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.

Clients pay all fees charged by the custodian and broker, including wire transfer, trade commissions, and margin interest. At the close of the quarter, GAMC calculates the total transaction fees each client paid during the quarter, and deducts this expense from the investment management fee charged to each client. Reports to clients of cost basis of any securities purchased under this pricing schedule will show the cost including payment of transaction fees. Only accounts held in custody by Charles Schwab & Co., Inc. may engage GAMC under this fee arrangement.

Since the Firm deducts transaction fees from its investment management fee, it could be an incentive for GAMC to trade less frequently for clients than if they were to pay such fees directly.

When GAMC recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is GAMC's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by the Firm, which would also negatively affect GAMC's ability to deliver its services efficiently. Not all mutual fund trades enacted by GAMC incur this transaction fee. When recommending mutual funds for client portfolios, GAMC recommends only no-load funds.

The Garner Portfolio Manager Account Agreement allows for the client to terminate the agreement immediately upon receipt of written notice, and GAMC may terminate with thirty days' written notice. At the date of termination, any prepaid and unearned fees will be refunded to the client on a pro rata basis. GAMC will provide summary statements in the event of termination during a quarter.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

GAMC does not charge performance based fees.

TYPES OF CLIENTS

GAMC provides investment advice to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts, estates or charitable organizations

The preferred minimum account size is \$50,000, which is negotiable.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

GAMC uses fundamental analysis of financial attributes of a company, such as revenue, in evaluating investments for client accounts.

The Firm uses the following sources of information in its analysis:

- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Research materials prepared by others
- Company press releases
- Financial newspapers

The investment strategies used by GAMC to implement investment advice include the following:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Short sales

The Firm does not guarantee the future performance of the account or any specific level of performance, the performance of any investment decision or strategy that the Firm may use, or the performance of the Firm's overall management of the account. The client is reminded that investment decisions made for the account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

DISCIPLINARY INFORMATION

GAMC has no disciplinary actions to report.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

GAMC is not affiliated with a broker/dealer and does not have any other financial industry activities or affiliations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

GAMC has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as “employees”) and focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- misuse of confidential information;
- personal securities trading and
- outside business activities.

Failure to uphold the Code of Ethics may result in disciplinary sanctions. Any client or prospective client may request a copy of the Firm’s Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm’s business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients’ interests come before employees’ personal interests and before the Firm’s interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees’ interests on the one hand and clients’ interests on the other.
- Employees must operate on the Firm’s behalf and on their own behalf consistently with the Firm’s disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Non-Public Information

The Code of Ethics contains a policy against the use of non-public information in conducting business for the Firm. Employees may not convey non-public information nor depend upon it in placing personal or client securities trades.

Personal Securities Trading

GAMC or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. Such trades may be placed only after trades are placed on behalf of clients that day. Personal trades by employees in equity securities held by clients with over \$100 million in market capitalization have no restrictions.

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease such activity.

BROKERAGE PRACTICES

In recommending a custodian, 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 recommends Charles Schwab & Co. Inc. ("Schwab") for clients' accounts, with each client signing a separate agreement with the custodian. GAMC enacts most trades through Schwab. The Firm recognizes its responsibility to attain best execution, and recognizes that limiting its trading relationships may affect its ability to provide best execution on a trade by trade basis. However, the Firm evaluates its entire custodial relationship in evaluating best execution on a client by client basis.

Research and Other Soft-Dollar Benefits

GAMC currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated by individual trades the Firm places in client accounts. The custodian(s) used by GAMC's clients provide the Firm with services that allow the Firm to operate more efficiently, such as electronic availability of client account information and trade confirmations, and access to specialized customer service personnel. GAMC receives access to certain custodians' proprietary account management and data transmission services to enable the Firm to trade clients' accounts electronically. Custodians of GAMC's clients' accounts also provide the Firm with educational and compliance material, such as newsletters and access to seminars and conferences.

Brokerage for Client Referrals

GAMC does not pay any party for client referrals.

Directed Brokerage

GAMC prefers that clients use Charles Schwab and Co. as the Qualified Custodian of their accounts; however this is not a requirement. On rare occasions, clients may direct the Firm to use a custodian other than Charles Schwab & Co., Inc. In these instances, transaction fees are paid by the client. Because GAMC is not able to negotiate commissions with these "outside custodians", the Firm cannot bear its full responsibility for obtaining best execution for trades in these accounts.

Order Aggregation

GAMC rarely places aggregate orders, combining orders for the same trade in the same security on one day across all appropriate client accounts. Since the majority of the accounts are held at Charles Schwab & Co., Inc. ("Schwab"), this does not penalize GAMC's client from a commission cost basis for two reasons. One, Schwab charges commissions on an account by account basis, whether the order is placed as a block or individually. Second, GAMC deducts the transaction fees incurred by its clients from the investment management fee. However, clients may attain better prices if GAMC trades the same security for different clients on the same day. This would be mitigated if the Firm were to use block trades.

REVIEW OF ACCOUNTS

Mr. Garner, President and Chief Compliance Officer, conducts all reviews of managed accounts. Reviews are conducted as a matter of course at least monthly and more frequently as needed. All clients are encouraged to meet with the firm at least annually. Additional reviews may be triggered by events such as a client meeting, change in a client's risk tolerance, financial position or investment objective, change in a company or fund's management, unusual market or economic circumstances or other unforeseen events.

GAMC sends clients

- quarterly performance reports for the portfolio,
- target vs. actual asset allocation

Clients also receive quarterly invoices detailing the management fees incurred by the account during the quarter, and shows the deduction of the transaction fees for the prior quarter from the investment management fee.

CLIENT REFERRALS AND OTHER COMPENSATION

GAMC does not provide compensation for client referrals and does not market through third party arrangements.

CUSTODY

GAMC clients receive account statements directly from the account custodian. Clients should carefully review those statements and take the time to compare the account statements they receive from the account custodian with those they receive from GAMC. If the client finds significant discrepancies, the custodian and GAMC should be notified.

INVESTMENT DISCRETION

GAMC has full trading authority over client accounts under a limited power of attorney as described in the Client Agreement. GAMC determines the investments, and how much of each should be purchased or sold on each client's behalf.

VOTING CLIENT SECURITIES

GAMC votes proxies for securities held in client accounts. The Firm generally votes as recommended by management, except for those matters that involve employee and director option packages and incumbent auditors. Clients have the option of specifically instructing Mr. Garner how to vote on their behalf and he would comply with the request(s). Records of past voting action are maintained onsite for five years. Clients may request a copy of GAMC's proxy voting policy and how the Firm had voted on their behalf.

FINANCIAL INFORMATION

There is no financial condition that is reasonably likely to impair GAMC's ability to continue to provide services to its clients. GAMC is not required to provide financial statements.