

Item 1 - Cover Page

Karsten Advisors

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Wrap Fee Program Brochure

February 12, 2013 Brochure

This wrap fee program brochure provides information about the qualifications and business practices of Karsten Financial Services, LP (DBA Karsten Advisors) "Karsten". If you have any questions about the contents of this brochure, please contact us at (817) 295-7400 or tom@karstenfinancial.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about Karsten also is available on the SEC's website at www.AdviserInfo.sec.gov.

Item 2 - Material Changes

This Brochure is prepared in the revised format required by the SEC beginning in 2011. Registered Investment Advisers are required to use this format in order to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The new Brochure requirements include providing a Summary of Material Changes (the "Summary") reflecting any change to our policies, practices, or conflicts of interest made since our last annual update. This Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on May 2, 2012. Of course the complete Brochure is available to clients at any time upon request.

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Item 4 - Services, Fees and Compensation

Karsten Financial Services, LP (DBA Karsten Advisors) ("Karsten") was formed in 2011 and provides financial planning, portfolio management and general consulting services to its clients. Such services are offered through the "Karsten Advisors Wrap Program" or the "Program", which has been designed to simplify the payment of management fees and brokerage expenses. As of December 31, 2012, Karsten managed \$137,542,265 in discretionary assets.

Thomas A. Karsten is the principal owner of Karsten. Please see **Brochure Supplements**, Appendix A, for more information on Mr. Karsten and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

Portfolio Management

At the beginning of a client relationship, Karsten meets with the client, gathers information and performs research and analysis as necessary. This limited financial planning normally addresses areas such as general cash flow planning, retirement planning, and insurance analysis. The goal of this service is to assess the financial circumstances of the client in order to more effectively develop the client's Investment Plan. Financial Planning is not typically offered as a stand-alone service or for a separate fee, but is typically provided in conjunction with the management of the portfolio. Based on this work, Karsten generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile" or "Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan" or "Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments Karsten will make on behalf of the client in order to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Karsten based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, Karsten will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, Karsten will have the authority to supervise and direct the portfolio without prior consultation with the client.

Notwithstanding the foregoing, clients may impose certain written restrictions on Karsten in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the

composition or performance of their investment portfolios would necessarily be consistent with similar clients of Karsten.

General Consulting

In addition to the foregoing services, Karsten may provide general consulting services to clients. These services are generally provided on a project basis, and may include, without limitation, minimal cash flow planning for certain events such as education expenses or retirement, estate planning analysis, income tax planning analysis and review of a client's insurance portfolio, as well as other matters specific to the client as and when requested by the client and agreed to by Karsten. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

General Fee Information

Fees paid by clients to participate in the Karsten Advisors Wrap Program include brokerage expenses (e.g., commissions, ticket charges, etc) as well as the management fee paid to Karsten. Under this all-inclusive billing arrangement, Karsten will assess one client fee that captures the management, brokerage and ordinary administrative portions collectively. The standard rate schedule is set forth below.

There are two exceptions to this all-inclusive fee arrangement. One exception occurs when Karsten elects to utilize the services of Morningstar Investment Services to manage all or a portion of a client's investment portfolio. Any funds managed under the Morningstar program will be assessed an **additional 0.1%** annual fee to cover the trading costs associated with the program. More information regarding the Morningstar program can be found in ***Item 6 - Portfolio Manager Selection and Evaluation*** of this ADV.

In addition, when certain alternative investments are purchased and/or held in client accounts, the account custodian may assess an additional initial and/or annual fee. This fee is not covered in the wrap fee charged by Karsten. Also, if there is an early redemption charge on a sell to cover client requested withdrawals or termination, this will be passed to the client.

Fees paid to Karsten are exclusive of and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). Clients will pay certain fees in addition to the fees of the Karsten Advisors Wrap Program, as described elsewhere. The client should review all fees charged by funds, Karsten and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

Clients participating in the Karsten Advisors Wrap Program may pay higher or lower fees than clients purchasing such services separately, depending on the cost of services if provided separately and the level of trading in a particular client's account. Karsten Advisors Wrap Program fees which Karsten does not pay to third parties in connection with transaction and execution expenses are retained by Karsten. Because of this, Karsten may have a disincentive to trade securities in client accounts.

Wrap Fee Program Fees

Karsten's annual fee for investment management services provided under this Agreement shall be based on the market value of the assets under management in each account and be calculated as follows:

\$0 - \$100,000	2.50%
\$100,001 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,500,000	1.00%
\$2,500,001 and above	0.75%

The above fees are charged quarterly in advance and are calculated based on the value of the managed assets on the last day of the prior quarter. Fees may be negotiable at the discretion of Karsten; therefore a client could pay more or less than this fee schedule indicates. The specific fee schedule for each client is enumerated in the client agreement. If management begins after the start of a quarter, management fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

In some cases, at Karsten's discretion, account termination fees may be absorbed by Karsten when accounts are being transitioned from another firm. Clients may incur additional charges for other account services provided that are not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for transfers of securities.

Either Karsten or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Karsten from the client will be invoiced or deducted from the client's account prior to termination.

General Consulting Fees

When Karsten provides general consulting services to clients, these services are generally separate from Karsten's financial planning and portfolio management services. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally based on an hourly rate of \$250.

Other Compensation

Thomas Karsten, Jeffrey Paladini and Marcus Walker (collectively "the IARs") of Karsten are also registered representatives of Triad Advisors, Inc., a FINRA/MSRB/SIPC member, and registered broker-dealer. As such, they are entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Karsten's policy is to fully disclose all forms of compensation before any such transaction is executed.

Since the inception of Karsten, clients generally will not pay both a commission to the IAR's and also pay an advisory fee to Karsten on the same assets. The IARs might have received commissions or other compensation on certain investments now subject to Karsten's advisory services fee if the client purchased the investment through one of the IARs in their capacity as a registered representative of a broker-dealer before the client became a Karsten advisory client (that is, prior to signing the Karsten Investment Advisory Agreement). Any such commissions or compensation would have been disclosed on the confirmation sent by the broker-dealer at that time of purchase.

In addition, Karsten IAR's may recommend that clients participate in certain initial public offering ("IPO") and secondary offering ("follow-on offering") opportunities. Karsten IARs make these opportunities available in their capacity as representatives of Triad Advisors, Inc. A conflict of interest exists to the extent that, with respect to assets it manages for clients, Karsten recommends the purchase of IPO because Triad Advisors, Inc. and the IAR's then receive selling compensation in connection with these transactions. This compensation is disclosed in the offering prospectuses or the confirmations for such transactions. Karsten IAR's will not invest client assets in IPO opportunities without consent from its clients (i.e., the IAR's will not exercise their discretion to purchase IPOs).

Certain Karsten employees are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. Karsten employees, in their individual capacities as licensed insurance agents, may sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Karsten recommends the purchase of insurance products where employees receive insurance commissions or other additional compensation.

Item 5 - Account Requirements and Types of Clients

The Karsten Advisors Wrap Program is generally offered to individuals, trusts, estates, investment companies, pension and profit sharing plans, corporations and banks or thrift institutions. Karsten does not generally impose a minimum portfolio value eligible for conventional investment advisory services or a minimum fee.

Item 6 - Portfolio Manager Selection and Evaluation

The Karsten Advisors Wrap Program was designed to simplify for clients the payment of management fees and brokerage expenses. Karsten is the primary Portfolio Manager for the Program. However, when appropriate in light of the Investment Plan for a particular client, Karsten may utilize the sub-advisory services of Morningstar Investment Services ("Morningstar") for all or a portion of a managed portfolio.

Morningstar pairs with investment advisers to deliver stock portfolios designed for the individual investor through its Select Stock Baskets program. Utilizing the equity research expertise of Morningstar, Karsten will design a stock portfolio commensurate with the client's investment objectives and risk tolerance. Morningstar then actively manages that portfolio on an ongoing basis, within the framework of Karsten's Program.

The Morningstar program was selected based on Morningstar's long success in the field of equity research expertise. Morningstar has been a leader in this field for decades, relied upon by thousands of advisers as well as individual investors for reliable research. With the launch of the Investment Services program, advisers can combine their own talents with those of Morningstar for the benefit of the client.

Morningstar's performance is judged by comparing investment results to appropriate benchmarks. Karsten will continually review the activities in the Morningstar portfolios, and will assess whether each one is meeting the goals for investment activity, performance results and other factors. Karsten does not believe it is necessary to utilize a third part to verify the accuracy of Morningstar's reported results.

Item 7 - Performance-Based Fees and Side-By-Side Management

Karsten does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Karsten has no performance-based fee accounts, it has no side-by-side management.

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

Methods of Analysis

In accordance with the Investment Plan, Karsten will primarily invest in mutual funds, ETF's, individual bonds, individual stocks, REIT's, private placements and options for client accounts. From time to time alternative investments may also be used.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Karsten may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

Clients may hold one or more legacy positions in accounts at the time Karsten is retained to manage the portfolio. Because this often creates a concentrated equity position in the portfolio, usually for tax reasons these positions may be held in the portfolio for some time. Karsten may monitor these positions and may help the client to reduce the position over time, depending on the specific arrangements made by the client. From time to time Karsten may select individual stocks for client accounts outside of the Morningstar program, described earlier, although this is not a widespread practice in the firm. When selecting individual stocks, Karsten will generally focus on fundamental analysis, which involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product lines, the experience and expertise of the company's management, and the outlook for the company's industry.

Investment Strategies

Karsten's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Trading – generally considered holding a security for less than thirty (30) days.

Options Trading/Writing: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Risk of Loss

While Karsten seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

Management Risks. While Karsten manages client investment portfolios based on Karsten's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying mutual funds and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Karsten allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Karsten's specific investment choices could underperform their relevant indexes.

Risks of Investments in Mutual Funds, ETFs and Other Investment Pools. As described above, Karsten may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

Equity Market Risks. Karsten will generally invest portions of client assets directly into equity investments, either individual stocks or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Risks Related to Alternative Investment Vehicles. From time to time and as appropriate, Karsten may invest a portion of a client's portfolio in alternative vehicles. The value of client portfolios will be

based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time.

Fixed Income Risks. Karsten may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Foreign Securities Risks. Karsten may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

Item 9 - Voting Client Securities

As a policy and in accordance with Karsten's client agreement, Karsten does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Karsten with questions relating to proxy procedures and proposals; however, Karsten generally does not research particular proxy proposals.

Item 10 - Brokerage Arrangements

Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, Karsten seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Karsten may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of Karsten's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Karsten participates in the advisory platform of both Pershing Advisor Solutions and Schwab Advisor Services, (together the “Brokers”). While there is no direct link between the investment advice Karsten provides and participation in the programs, Karsten receives certain economic benefits from the programs. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of Karsten’s fees from its clients’ accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of Karsten’s accounts, including accounts not held at the Brokers. The Brokers may also make available to Karsten other services intended to help Karsten manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the Brokers may make available, arrange and/or pay for these types of services to be rendered to Karsten by independent third parties. The Brokers may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to Karsten, and/or the Brokers may pay for travel expenses relating to participation in such training. Finally, participation in the programs provides Karsten with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the programs do not necessarily depend upon the proportion of transactions directed to the broker. The benefits are received by Karsten, in part because of commission revenue generated for the brokers by Karsten’s clients. This means that the investment activity in client accounts is beneficial to Karsten, because the Brokers do not assess a fee to Karsten for these services. This creates an incentive for Karsten to continue to recommend the Brokers to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, Karsten believes that the Brokers provide an excellent combination of these services. These services are not soft dollar arrangements, but are part of the institutional platform offered by the Brokers.

Aggregated Trade Policy

Karsten may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows Karsten to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

Karsten will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of Karsten’s Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Karsten’s transactions in a given security on a given business day, with transaction costs generally shared pro-rata based on each client’s participation in the transaction. On occasion, owing to the size of a particular account’s pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts.

Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

Karsten will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Karsten. Karsten's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Karsten will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

Custody

The Brokers are the custodian of nearly all client accounts at Karsten. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Karsten of any questions or concerns. Clients are also asked to promptly notify Karsten if the custodian fails to provide statements on each account held.

From time to time and in accordance with Karsten's agreement with clients, Karsten will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades and other similar issues.

Investment Discretion

As described above under ***Item 4 – Services, Fees and Compensation***, Karsten manages portfolios on a discretionary basis. This means that after an Investment Plan is developed for the client's investment portfolio, Karsten will execute that plan without specific consent from the client for each transaction. For discretionary accounts, a Limited Power of Attorney ("LPOA") is executed by the client, giving Karsten the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. Karsten then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Karsten and the requirements of the client's custodian. The discretionary relationship is further described in the agreement between Karsten and the client.

Item 11 - Client Information Provided to Portfolio Managers

Morningstar will have access to the client's account in order to actively manage the stock portfolio designed by Karsten in conjunction with Morningstar. No other information regarding the client will be provided to Morningstar.

Item 12 - Client Contact with Portfolio Managers

Karsten is the primary portfolio manager under the Karsten Advisors Wrap Program. While Karsten may utilize the services of Morningstar and may provide Morningstar commentary to clients, clients do not typically communicate directly with Morningstar personnel. No restrictions are placed on client's ability to contact or consult with Karsten Advisors.

Item 13 - Additional Information

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Karsten or the integrity of Karsten's management. Karsten has no disciplinary events to report.

Other Financial Industry Activities and Affiliations

As noted in *Item 4 - Services, Fees and Compensation*, Thomas A. Karsten, Jeffrey C. Paladini and Marcus B. Walker of Karsten are also registered representatives of Triad Advisors, Inc., a FINRA/MSRB/SIPC member, and registered broker/dealer. Please see *Item 4 - Services, Fees and Compensation* for more information.

Karsten also offers tax preparation and bookkeeping services. Fees for these services are separately negotiated and charged but are generally provided on an hourly basis, payable in arrears.

Code of Ethics and Personal Trading

Karsten has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Karsten's Code has several goals. First, the Code is designed to assist Karsten in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Karsten owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires Karsten associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Karsten's associated persons (managers, officers and employees). Under the Code's Professional Standards, Karsten expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Karsten associated persons are not to take inappropriate advantage of their positions in relation to Karsten clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time Karsten's associated persons may invest in the same securities recommended to clients. Under its Code, Karsten has adopted procedures designed

to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

Participation or Interest in Client Transactions

As outlined above, Karsten has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. However, in the event of other identified potential trading conflicts of interest, Karsten Investment's goal is to place client interests first.

Consistent with the foregoing, Karsten maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a Karsten associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer. If associated persons trade with client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Karsten's written policy.

Review of Accounts

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Karsten. Thomas A. Karsten, President, as well as Jeffrey C. Paladini and Marcus Walker, Investment Advisory Representatives of Karsten Advisors, all review accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, Karsten provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and may contain other information. Additional reports are available at the request of the client.

Client Referrals and Other Compensation

As noted above, Karsten may receive some benefits from the Brokers based on the amount of client assets held at the Brokers. Please see ***Item 6 - Portfolio Manager Selection and Evaluation*** for more information. However, neither the Brokers nor any other party is paid to refer clients to Karsten.

Financial Information

Karsten does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this Item.

Set forth below is the Summary of Material Changes for Karsten Advisors:

Date of Change	Description of Item
May 2012	Thomas Karsten, Jeffrey Paladini and Marcus Walker are now registered representatives of Triad Advisors, Inc. Please see <i>Item 4 - Services, Fees and Compensation, Item 13 - Additional Information</i> , and <i>Brochure Supplements</i> , Appendix A, for additional information.

Item 1 - Cover Page
of
Brochure Supplement for
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(817) 295-7400

February 12, 2013

This brochure supplement provides information about Tom Karsten, and supplements the Karsten Advisors (“Karsten”) brochure. You should have received a copy of that brochure. Please contact Karsten at (817) 295-7400 if you did not receive Karsten’s brochure, or if you have any questions about the contents of this supplement.

Additional information about Tom Karsten is available on the SEC’s website at
www.AdviserInfo.sec.gov.

Item 2 - Educational Background and Business Experience

Thomas A. Karsten (year of birth 1969) is President of Karsten Advisors, which he founded in 2011. Tom began his career as a Financial Planner with Pearson Financial Services in 1992, which was later renamed Karsten Tax & Financial when he acquired ownership in 2000. Tom joined DeWaay Financial Network, LLC in 2010 as Registered Representative and he is an Investment Advisory Representative at DeWaay Advisory LLC until 2012 when he joined Triad Advisors, Inc. Prior to that, he worked at H.D. Vest Investment Services from 1993 to 2010.

Tom received a Bachelor of Arts degree from the University of Houston in 1992 with a degree in Kinesiology and a Masters of Business Administration from Texas Christian University in 1995. He obtained his CERTIFIED FINANCIAL PLANNER™ certification* in 1995 and became an Enrolled Agent** (EA) in 1993.

In 1999, Tom was named Burleson's Citizen of the Year. In 1998, The Tarrant Business Press named Tom one of the "40 under 40 Future Business Leaders". In 2006, Tom was selected as one of the best Certified Financial Planners in the Dallas – Fort Worth area by D Magazine.

He has participated in and led many sessions at H. D. Vest's National Conference. In addition, he assisted H.D. Vest with the development of the training programs for the Achiever's Academy and Elite Academy. He has spoken at national conferences for broker dealers, sales meetings for mutual fund companies and at universities.

His interests include golf, skiing and endurance running, having completed many marathons and numerous other events. He enjoys travel and spending time with his wife Kim and their three children: Mattie, Ketrick and Aidan.

* The CFP® certification is granted by Certified Financial Planner Board of Standards, Inc. (CFP Board). To attain the certification, the candidate must complete the required educational, examination and experience requirements set forth by CFP Board. Certain designations, such as the CPA, CFA and others may satisfy the education component, and allow a candidate to sit for the CFP® Certification Examination. The Examination tests the candidate's ability to apply financial planning knowledge to client situations. The 10-hour exam is divided into three separate sessions over a 2-day period. At least 3 years of qualifying full-time work experience are required for certification. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process.

** The Enrolled Agent ("EA") is a person who has earned the privilege of representing taxpayers, before the Internal Revenue Service. Enrolled agents, like attorneys and certified public accountants (CPAs), are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can practice before. There are two ways to become an EA. A person can become an enrolled agent by demonstrating special competence in tax matters by taking a written examination, achieve passing score on all parts, apply for enrollment and pass a background check or can become an EA by virtue of past service and technical experience with the IRS that qualifies one for enrollment.

Item 3 - Disciplinary Information

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however Tom has no such disciplinary information to report.

Item 4 - Other Business Activities

Tom is also a Registered Representative of Triad Advisors Inc., a FINRA/MSRB/SIPC member, and registered broker/dealer. As such, he is entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Karsten's policy is to fully disclose all forms of compensation before any such transaction is executed. Normally, clients will not pay both a commission to Tom Karsten and also pay an advisory fee to Karsten on assets held in the same account. These fees are normally exclusive of each other.

Item 5 - Additional Compensation

As stated above, Tom has no other income or compensation to disclose.

Item 6 - Supervision

As the President of Karsten Advisors, Tom Karsten supervises all duties and activities of the firm, and is responsible for all advice provided to clients. He can be reached at (817) 295-7400.

Item 1 - Cover Page
of
Brochure Supplement for
Jeffrey C. Paladini, CFP®, EA
CRD# 4341198

of
Karsten Advisors
550 Bailey Avenue
Suite 150
Fort Worth, Texas 76107

(817) 295-7400

February 12, 2013

This brochure supplement provides information about Jeff Paladini, and supplements the Karsten Advisors (“Karsten”) brochure. You should have received a copy of that brochure. Please contact Karsten at (817) 295-7400 if you did not receive Karsten’s brochure, or if you have any questions about the contents of this supplement.

Additional information about Jeff Paladini is available on the SEC’s website at
www.AdviserInfo.sec.gov.

Item 2 - Educational Background and Business Experience

Jeff Paladini (year of birth 1975) is the Managing Partner of Karsten Advisors, which was founded in 2011. Jeff began his career in Financial Planning in 1999 with H.D. Vest Investment Services and was later a Registered Representative and Registered Investment Adviser Representative. He joined Karsten Financial, LP in 2005 and in 2010 was affiliated with DeWaay Financial Network, LLC as a Registered Representative and Registered Investment Adviser Representative at DeWaay Advisory LLC until 2012. At that point he joined Triad Advisors, Inc.

Jeff obtained his Bachelor of Business Administration degree from Texas State University in 1999 with a degree in Finance. He obtained his CERTIFIED FINANCIAL PLANNER™ certification* in 2004 and became an Enrolled Agent** (EA) in 2006.

Jeff resides in Arlington with his wife, Holly, and their two sons: Kaden and Karsten.

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** The Enrolled Agent ("EA") is a person who has earned the privilege of representing taxpayers, before the Internal Revenue Service. Enrolled agents, like attorneys and certified public accountants (CPAs), are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can practice before. There are two ways to become an EA. A person can become an enrolled agent by demonstrating special competence in tax matters by taking a written examination, achieve passing score on all parts, apply for enrollment and pass a background check or can become an EA by virtue of past service and technical experience with the IRS that qualifies one for enrollment.

Item 3 - Disciplinary Information

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however Jeff has no such disciplinary information to report.

Item 4 - Other Business Activities

Jeff is also a Registered Representative of Triad Advisors, Inc., a FINRA/MSRB/SIPC member, and registered broker/dealer. As such, he is entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Karsten's policy is to fully disclose all forms of compensation before any such transaction is executed. Normally, clients will not pay both a commission to Jeff Paladini and also pay an advisory fee to Karsten on assets held in the same account. These fees are normally exclusive of each other.

Item 5 - Additional Compensation

As stated above, Jeff has no other income or compensation to disclose.

Item 6 - Supervision

Tom Karsten, President of Karsten Advisors is responsible for supervising Jeff Paladini and for reviewing accounts. Tom Karsten can be reached at (817) 295-7400.

Item 1 - Cover Page
of
Brochure Supplement for
Marcus B. Walker, CFP®, CLU, ChFC
CRD# 4582200

of
Karsten Advisors
550 Bailey Avenue
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Fort Worth, Texas 76107

(817) 295-7400

February 12, 2013

This brochure supplement provides information about Marcus Walker, and supplements the Karsten Advisors (“Karsten”) brochure. You should have received a copy of that brochure. Please contact Karsten at (817) 295-7400 if you did not receive Karsten’s brochure, or if you have any questions about the contents of this supplement.

Additional information about Marcus Walker is available on the SEC’s website at
www.AdviserInfo.sec.gov.

Item 2 - Educational Background and Business Experience

Marcus Walker (year of birth 1979) joined Karsten Advisors in 2011 as a Relationship Manager specializing in financial planning, insurance, and offering investment and tax advice to businesses and individuals. Marcus joined DeWaay Financial Network, LLC in 2012 as a Registered Representative and subsequently joined Triad Advisors, Inc. later in the year. Prior to that, he worked at H.D. Vest Investment Services from 2005 to 2011.

Marcus received a BBA degree from The University of Texas at Arlington in 2001 with a degree in Finance. He obtained his CERTIFIED FINANCIAL PLANNER™ certification* in 2009. He also received his Chartered Life Underwriter (CLU) designation**, along with his Chartered Financial Consultant (ChFC) designation*** in 2010 through the American College.

Marcus resides in Arlington with his wife, Tara.

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** CLU® (Chartered Life Underwriter®): For 85 years the CLU® has been the respected risk management credential for advisors. Designees have completed eight or more college-level courses representing an average study time of 400 hours. Topics for required courses include insurance and financial planning, life insurance law, estate planning, and planning for business owners and professionals. Elective courses include such advanced topics as income taxes, group benefits, retirement planning, and health insurance. CLU® designees must meet experience and continuing education requirements and must adhere to a high ethical standard. The mark is awarded by The American College, a non-profit educator with the top level of academic accreditation.

***ChFC® (Chartered Financial Consultant®): The ChFC® designation has been a mark of excellence for almost thirty years and currently requires nine college-level courses, the most of any financial planning credential. Average study time to earn the ChFC® exceeds 450 hours. Required courses cover extensive education and application training in financial planning, income taxation, investments, and estate and retirement planning. Additional electives are chosen from such topics as macroeconomics, financial decisions for retirement, and executive compensation. ChFC® designees must meet experience requirements and adhere to continuing education and ethical standards. The credential is awarded by The American College, a non-profit educator with an 85-year heritage and the highest level of academic accreditation.

Item 3 - Disciplinary Information

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however Marcus has no such disciplinary information to report.

Item 4 - Other Business Activities

Marcus is also a Registered Representative of Triad Advisors, Inc., a FINRA/MSRB/SIPC member, and registered broker/dealer. As such, he is entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Karsten's policy is to fully disclose all forms of compensation before any such transaction is executed. Normally, clients will not pay both a commission to Marcus Walker and also pay an advisory fee to Karsten on assets held in the same account. These fees are normally exclusive of each other.

Item 5 - Additional Compensation

As stated above, Marcus has no other income or compensation to disclose.

Item 6 - Supervision

Tom Karsten, President of Karsten Advisors is responsible for supervising Marcus Walker and for reviewing accounts. Tom Karsten can be reached at (817) 295-7400.