

Strategic Financial

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February 20, 2011

This brochure provides information about the qualifications and business practices of Strategic Financial. If you have any questions about the contents of this brochure, please contact us at the telephone number and/or e-mail address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Strategic Financial is a registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the advisor.

Additional information about Strategic Financial is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

This Part 2 represents our initial filing of this disclosure brochure.

ITEM 3

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ITEM 4: ADVISORY BUSINESS

Who we are

Ken Gross Financial, Inc. dba Strategic Financial (referred to as “we,” “our,” “us,” or “Strategic Financial”), has been registered as an investment advisor since September 1999. Our principal officer is Kenneth Gross.

Services we offer

Comprehensive Financial Services: We provide comprehensive financial planning and segmented planning services which generally include asset allocation and investment recommendations based on needs of client using long term strategies. We generally provide specific investment recommendations which you can execute at your broker, or have us implement on your behalf using a limited power of attorney.

This review may include any one or combination of the following as needed or requested by the client:
Statement of Financial Position

- Cash Flow Analysis & Budgeting
- Income Tax Planning, Preparation and Representation
- Financial Independence Analysis
- Investment Portfolio Planning
- Investments Management
- Estate Planning
- Insurance Needs Review

Investment Consultations: We may occasionally offer investment opinions on a one-time basis. This service is not comprehensive in nature and usually addresses a specific problem or circumstance.

All recommendations are based on the particular circumstances of the individual client. Needs, goals, financial resources and time horizon are considered. You may place restrictions on investments in certain securities or types of securities.

Assets under management

As of December 31, 2010, we manage assets of \$41 million on a non-discretionary basis. We do not provide discretionary management services

ITEM 5: FEES AND COMPENSATION

Comprehensive Financial Services: These services are provided for a negotiated fixed fee. We negotiate our fees with you each year based on your particular circumstances, portfolio size and strategies to be used. Our fixed fee does not exceed 2% of the assets we manage on your behalf.

We bill one-third of the total negotiated fee every 4 months, based on the date we begin providing services to you.

Investment Consultations: The charge for these consultations is \$225 per hour, collected after the services are provided.

We give the option for you to provide authorization for us to deduct our fees directly from your investment account. Important information about the deduction of management fees:

- You must provide authorization for us to deduct fees by initialing the appropriate section of our contract.
- You will receive a detailed invoice each 4 months which outlines our fees and how they are calculated at the same time we request payment from the custodian.
- You will receive a statement from your custodian which shows your holdings.
- You are responsible for reviewing the accuracy of the fees being billed, as the custodian will not do so.

You may elect to pay by check rather than having payment deducted directly from your account.

If you would like to end our relationship, you may do so by providing written notice. We will prorate the advisory fees earned through the termination date and send you an invoice for the advisory fees due.

Other Costs Involved

In addition to our advisory fee shown above, you are responsible for paying fees associated with investing for your account. These fees include:

- mutual fund loads (if applicable). These charges are paid to brokers as a form of commission.
- management fees for ETFs and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- brokerage costs and transaction fees for any securities or fixed income trades. These are generally charged by your custodian and/or executing broker.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

We believe the fees mentioned above are competitive; however you may be able to obtain similar services from other sources at a lower price.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not receive performance fees for managing accounts.

ITEM 7: TYPES OF CLIENTS

Our clients are typically individuals, families and family trusts.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of analysis used to formulate investment advice and investment strategies include financial publications such as Barrons, Wall Street Journal, and others. Third-party rating agencies such as MorningStar and Value Line are used to do comparative analysis. Specific mutual fund company websites are referred to as well as prospectus or offering documents.

Typically, we will try to identify combination of mutual funds or exchange traded fund that cover a broad range of asset classes, i.e., large-cap funds, good or small-cap funds, foreign funds including emerging market funds, and funds that are income oriented as opposed to growth oriented.

For some clients who we deem it appropriate, we will purchase a group of 20 stocks using Value Line Investment Survey to screen for companies that we believe are fairly valued, have good growth potential, and are timely. We typically hold these groups of stocks for roughly 6 months. We do not feel that rotating the stocks every six months is frequent trading but, trading costs are incurred. Income tax rates are also higher for nonretirement accounts.

Particular types of securities such as mutual funds, stocks, or bonds each carry their own particular type of risk. Stock mutual funds, since they are made up of individual stocks, are subject to specific company events, market events, or political events that may cause investors to lose confidence and self. However, the diversification that is achieved by investing mutual fund does mitigate individual company risk. Individual stocks have these same risk characteristics.

Risks in bonds and bond mutual fund include credit worthiness of the issuer and the fact that interest rates will have market prices over time. We feel that the longer to maturity the greater the risk.

All investments involve different degrees of risk. You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment advisor and each investment advisor representative providing investment advice to you. We have no information of this type to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As a registered investment advisor, we are required to disclose when we or our principal have any other financial industry affiliations. Neither we nor our principal has outside business affiliations.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

We have adopted a set of enforceable guidelines (Code of Ethics), which describes unacceptable conduct by Strategic Financial and our associated persons. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of this Code of Ethics.

Personal Trading for Associated Persons

At times the interests of Strategic Financial, or our employees, may correspond with your interests, and then Strategic Financial, or our employees, may invest in the same securities that are recommended to you. Because this represents a potential conflict of interest, employee securities accounts are reviewed at least quarterly in order to recognize patterns that indicate trading based on expected client trades. In addition, employee trades for general securities transactions (e.g. stocks, bonds) will generally be “last in” and “last out” for the trading day. Moreover, considering the types of investments that are generally recommended, our recommended investments are too small to noticeably affect the market. In any case Strategic Financial will not “race” clients into limited partnership offerings.

Strategic Financial subscribes to the Code of Ethics and Professional Responsibility stipulated by the Certified Financial Planner Board of Standards and contained in the *CFP Licensee Manual*, a copy of which is available upon request.

ITEM 12: BROKERAGE PRACTICES

We provide services on a non-discretionary basis. You may elect to provide us with a limited power of attorney to place trades on your behalf. If you elect to provide the limited power of attorney, we will require that you open an account at Charles Schwab & Co., Inc. If you elect to place your own trades, we have no requirement for where assets are held.

The Custodian and Brokers We Use

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see “Item 15: Custody”). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities

when we instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot place trades on your behalf.

Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

Your Brokerage and Custody Costs

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your

trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

Services That Benefit You.

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs

- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "*How We Select Brokers/Custodians*") and not Schwab's services that benefit only us.

ITEM 13: REVIEW OF ACCOUNTS

A review of all accounts is done every 6 months, or more often upon request, by Ken Gross, President, CFP. Each individual holding is reviewed to ensure that it is still the quality of mutual fund, stock, bond, bond fund, etc. that we can still be confident in. The overall allocation of the portfolio is also reviewed and rebalanced to keep what we believe is an appropriate equity/fixed income mix for the particular client.

Clients also receive written quarterly reports. These reports include the performance of the portfolio as compared to S&P 500, US Treasury 30 day yield, and Thompson All Equity Index. The periods reported are most recent quarter, year to date, and from inception through the quarter.

The reports also include changes in holdings year to date, summary page from MorningStar for mutual funds held and Value Line for individual stocks held.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see "Item 12: Brokerage Practices"). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not directly or indirectly compensate anyone for client referrals.

ITEM 15: CUSTODY

If you give us authority to deduct our fees directly from your separately managed account, we have custody of those assets. In order to avoid additional regulatory requirements in these cases, we follow the procedures outlined in “Item 5: Fees and Compensation.” You will also receive quarterly statements directly from custodian of the account that details all transactions in the account. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab’s account statements to the periodic portfolio reports you will receive from us.

ITEM 16: INVESTMENT DISCRETION

We do not accept investment discretion for any client account.

ITEM 17: VOTING CLIENT SECURITIES

We do not accept the authority to vote proxies on your behalf. You will receive proxies and other related paperwork directly from your custodian. Upon request we will provide guidance about voting a specific proxy solicitation.

ITEM 18: FINANCIAL INFORMATION

As a registered investment advisor, we are required to provide you with certain financial information or disclosures about our financial condition. Strategic Financial has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

BROCHURE SUPPLEMENT
ITEM 1: COVER SHEET

Kenneth D. Gross

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February 20, 2011

This Brochure Supplement provides information about Kenneth D. Gross that supplements the Strategic Financial Brochure. You should have received a copy of that Brochure. Please contact Kenneth D. Gross, President at (805) 494-1825 or ken.gross@gte.net if you did not receive Strategic Financial's Brochure or if you have any questions about the content of this supplement.

Additional information about Kenneth D. Gross is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Kenneth D. Gross was born in 1955.

Educational Background

<u>School Name</u>	<u>Degree</u>	<u>Year</u>	<u>Major(s)/Area of Study</u>
Salt Lake City College		1974	Business
College for Financial Planning, Denver CO	Assoc	1992	Certified Financial Planner
University of Utah		1975	Business
Various Tax Courses		1989-96	Enrolled Agent

Employment Background

Employment Dates: 8/1997 - Present
Firm Name: Strategic Financial
Type of Business: Investment Advisor
Job Title & Duties: President. Comprehensive Financial Planning and Taxes

Professional Designations

Certified Financial Planner (CFP) – 1992

The CFP designation is issued by the Certified Financial Planner Board of Standards, Inc. In order to receive a CFP designation, the candidate must have a bachelor's degree or higher from an accredited college or university and have 3 years of full-time personal financial planning experience. In addition, the candidate must complete a CFP board-registered program or hold one of the following: CPA, ChFC, Chartered Life Underwriter(CLU), CFA, Ph.D. in business or economics, Doctor of Business Administration or attorney's license. Once the designation is earned, the CFP must complete 30 hours of continuing education every 2 years.

ITEM 3: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. There is no information of this type to report.

ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. Gross is not involved in any other business activities.

ITEM 5: ADDITIONAL COMPENSATION

Mr. Gross does not receive any economic benefit from any non-client for providing advisory services.

ITEM 6: SUPERVISION

Mr. Gross, President, is the owner and sole person providing investment advice on our behalf. His telephone number is (805) 494-1825.

ITEM 7: REQUIREMENTS FOR STATE-REGISTERED ADVISORS

Investment advisors who are registered with a state regulatory agency rather than the SEC are required to provide information about a wider range of disciplinary information than that described above. Mr. Gross has no disciplinary information to report.