

Drake & Associates, LLC

Firm Brochure

This brochure provides information about the qualifications and business practices of Drake & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at (414) 409-7226 or by email at: tony.drake@drakeandassociates.net. 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 Drake & Associates, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Drake & Associates, LLC's CRD number is: 154854

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

Drake & Associates, LLC has no material changes to report since the previous annual filing on January 31, 2015.

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Item 4: Advisory Business

A. Description of the Advisory Firm

Drake & Associates, LLC is a Limited Liability Company organized in the state of Wisconsin.

This firm has been in business since October 1, 2010, and the principal owner is Anthony Samuel Drake.

B. Types of Advisory Services

Drake & Associates, LLC (hereinafter "D&A") offers the following services to advisory clients:

Investment Supervisory Services

D&A offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. D&A creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

D&A will use portfolios from LSA Portfolio Analytics. LSA designs the portfolios and will give D&A buying signals. All portfolios will be held at TD Ameritrade. D&A evaluates the current investments of each client with respect to their risk tolerance levels and time horizon and then determines which portfolio is appropriate for the client. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Selection of Other Advisors

D&A may direct clients to a third party money manager. D&A will be compensated via a fee share from the advisors to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, D&A will always ensure those other advisors are properly licensed or registered as investment advisor.

Services Limited to Specific Types of Investments

D&A generally limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, hedge funds, REITs, insurance products including annuities, private placements, and government securities. D&A may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

D&A offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent D&A from properly servicing the client account, or if the restrictions would require D&A to deviate from its standard suite of services, D&A reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. D&A DOES NOT participate in any wrap fee programs.

E. Amounts Under Management

D&A has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$ 22,600,000.00	\$0.00	12/31/2015

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Total Assets Under Management	Annual Fee
\$0 - \$49,999	2.40%
\$50,000 - \$99,999	2.30%
\$100,000 - \$249,999	2.20%
\$250,000 - \$499,999	2.15%
\$500,000 - \$999,999	2.00%
\$1,000,000 and Above	Negotiable

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with five days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the quarter up to and including the day of termination. (*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Selection of Other Advisors Fees

D&A will direct clients to a third party money manager. D&A will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between D&A and the third party money manager. The fees shared will not exceed any limit imposed by any regulatory agency. The fee schedule is as follows:

AUM	This RIA's Split	Third Party's Split
\$50,000 - \$99,999	1.00%	1.30%
\$100,000 - \$249,999	1.00%	1.20%
\$250,000 - \$499,999	1.00%	1.15%
\$500,000 - \$999,999	1.00%	1.00%
\$1,000,000 - \$1,999,999	1.00%	0.95%
\$2,000,000 or more	Negotiable	Negotiable

The third party money manager will collect the fees from the client's account then pay D&R the requisite portion. Fees are paid quarterly in advance, and clients may terminate their contracts with ten days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Payment of Selection of Other Advisors Fees

Selection of Other Advisors fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by D&A. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

D&A collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be deposited back into client's account within fourteen days.

The fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the quarter up to and including the day of termination. (*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

E. Outside Compensation For the Sale of Securities to Clients

Neither D&A nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

D&A does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

D&A generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

Minimum Account Size

There is an account minimum, \$50,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

D&A's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

Charting analysis involves the use of patterns in performance charts. D&A uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investment Strategies

D&A uses short term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

Investment Strategies

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

D&A generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SR) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither D&A nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither D&A nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Anthony Samuel Drake is as a licensed insurance agent in the state of Wisconsin. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Drake & Associates, LLC always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Drake & Associates, LLC in their capacity as an insurance agent.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

D&A will direct clients to third party money managers. D&A will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between D&A and each third party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that D&A has an incentive to direct clients to the third party money managers that provide D&A with a larger fee split. D&A will always act in the best interests of the client, including when determining which third party manager to recommend to clients. D&A will ensure that all recommended advisors or managers are licensed or notice filed in the states in which D&A is recommending them to clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

D&A does not recommend that clients buy or sell any security in which a related person to D&A or D&A has a material financial interest.

Form ADV 2A Version: 1/20/2016

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of D&A may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of D&A to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. D&A will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of D&A may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of D&A to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. D&A will always transact client's transactions before its own when similar securities are being bought or sold.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian, TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA., was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. D&A will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. *Research and Other Soft-Dollar Benefits*

D&A receives research, products, or services other from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that D&A must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for D&A to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

2. Brokerage for Client Referrals

D&A receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

D&A will not allow clients to direct D&A to use a specific broker-dealer to execute transactions. Clients must use D&A recommended custodian (broker-dealer). By requiring clients to use our specific custodian, D&A may be unable to achieve most favorable execution of client transactions and this may cost clients money over using a lower-cost custodian.

B. Aggregating (Block) Trading for Multiple Client Accounts

D&A maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing D&A the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least monthly only by Anthony Samuel Drake, Managing Member. Anthony Samuel Drake is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at D&A are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least monthly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

D&A does not receive any economic benefit, directly or indirectly from any third party for advice rendered to D&A clients.

B. Compensation to Non - Advisory Personnel for Client Referrals

D&A does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

D&A, with Client's written authority, has limited custody of client's assets through direct fee deduction of D&A's Fees only. Constructive custody of all client's assets and holdings is maintained primarily at TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC/NFA. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

For those client accounts where D&A provides ongoing supervision, the client has given D&A written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides D&A discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Item 17: Voting Client Securities (Proxy Voting)

D&A will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

D&A does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither D&A nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

D&A has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements For State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

D&A currently has only one management person/executive officer; Anthony Samuel Drake. Anthony Samuel Drake's education and business background can be found on the Supplemental ADV Part 2B form.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Anthony Samuel Drake's other business activities can be found on the Supplemental ADV Part 2B form.

C. How Performance Based Fees are Calculated and Degree of Risk to Clients

D&A does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

D. Material Disciplinary Disclosures for Management Persons of this Firm

No management person at D&A or D&A has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)

Neither D&A, nor its management persons, has any relationship or arrangement with issuers of securities.