

# 2 KNIGHTS WEALTH MANAGEMENT, LLC

[www.2KNIGHTSWEALTH.COM](http://www.2KNIGHTSWEALTH.COM)

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FORM ADV PART 2A  
FIRM BROCHURE  
MARCH 25, 2024

This brochure provides information about the qualifications and business practices of 2 Knights Wealth Management, LLC. If you have any question about the contents of this brochure, please contact us at (216) 798-5511. 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.

2 Knights Wealth Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about 2 Knights Wealth Management, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. 2 Knights Wealth Management, LLC's CRD number is 307238.

## ITEM 2 - MATERIAL CHANGES

We have one material change to report since our last annual update to this firm's brochure on January 30, 2023.

- Cover Page – The firms address has changed from 4235 Giles Road, Moreland Hills, OH 44022 to 30195 Chagrin Blvd, #118N Pepper Pike, OH 44124
- Item 4 – Mr. Chait sold his ownership interest in the firm to Mr. Mehra who is now the sole owner.
- Item 5- Our portfolio management fee schedule has been updated to reflect our new fees

## ITEM 3 – TABLE OF CONTENTS

ITEM 2 - MATERIAL CHANGES .....	2
ITEM 3 – TABLE OF CONTENTS .....	3
ITEM 4 – ADVISORY BUSINESS.....	4
ITEM 5 – FEES AND COMPENSATION .....	4
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT .....	6
ITEM 7 – TYPES OF CLIENTS .....	6
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	6
ITEM 9 – DISCIPLINARY INFORMATION.....	8
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	8
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING .....	8
ITEM 12 – BROKERAGE PRACTICES.....	9
<b>ITEM 13 – REVIEW OF ACCOUNTS.....</b>	<b>10</b>
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....	11
ITEM 15 – CUSTODY .....	11
ITEM 16 – INVESTMENT DISCRETION.....	11
ITEM 17 – VOTING CLIENT SECURITIES .....	12
ITEM 18 – FINANCIAL INFORMATION.....	12

## ITEM 4 – ADVISORY BUSINESS

### OWNERSHIP/ADVISORY HISTORY

2 Knights Wealth Management, LLC (“we”) is an Ohio limited liability company founded in 2020 by Rakesh Mehra. We became registered as an Ohio investment adviser in March 2020. In March 2022, we registered with the U.S. Securities and Exchange Commission.

### ADVISORY SERVICES OFFERED

We provide personalized confidential investment management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with clients and may include: determination of financial objectives, identification of financial problems, cash flow management, investment management, education funding and retirement planning.

We are strictly a fee only investment management firm. We do not sell products or services for which we receive commissions. We are not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fee is accepted.

Other professionals (e.g., financial planners, lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as needed basis. Conflicts of interest will be disclosed to the clients if they occur.

All current clients have signed investment management agreements that grant full discretion to us, however in certain cases clients are consulted prior to trades being executed.

The goals and objectives for each client are discussed with the client. In some cases, a formal investment policy statement is created that reflects your goals and objectives. You may impose restrictions on investing in certain types of securities, sectors or countries which are reflected in the investment policy statement.

On more than occasional basis we furnish advice to clients on matters not involving securities such as education and retirement planning.

### TAILORED SERVICES

The goals and objectives for each client are documented before any investing takes place. Clients may impose restrictions on investing in certain securities or types of securities.

### WRAP PROGRAM

We do not sponsor or manage a wrap fee program.

### CLIENT ASSETS MANAGED

As of December 31, 2023, we manage \$77,465,806 in discretionary assets and \$12,867,000 in non-discretionary assets.

## ITEM 5 – FEES AND COMPENSATION

We provide investment management to investors in exchange for an annual management based on a percentage of assets under management.

Our annual management fee schedules are as follows:

**Management fees for individually managed portfolios (using mostly individual securities) for clients:**

<b>Custodian Reported Account Value</b>	<b>Annual Management Fee</b>
First \$2.5 Million	1.00%
\$2.5 Million up to \$5 Million	0.75%
\$5 Million up to \$25 Million	0.60%
>25 Million	0.50%

**Management Fee for Balanced Portfolios:**

<b>Custodian Reported Account Value</b>	<b>Annual Management Fee</b>
Up to \$1 Million	1.00%
\$1 Million up to \$5 Million	0.75%
\$5 Million up to \$10 Million	0.60%
> \$10 Million	0.50%

**We invoice clients in advance, at the beginning of each quarter, based on the custodian reported account value as of the last business day of the preceding quarter.**

We reserve the right, in our sole discretion, to negotiate and to charge different advisory fees for certain accounts based on the client's particular needs as well as overall financial condition, goals, risk tolerance, and other factors unique to the client's relationship with the firm. Fees charged to large account clients may be subject to negotiation as a result of the initial or potential size of the accounts. Differences in advisory fees paid by certain clients may also reflect account inception dates, or the entirety of the client's relationship with the firm. We may, under appropriate circumstances, make special fee arrangements with clients and may also elect

Our clients typically authorize their account custodian to debit one or more of their accounts for our management fees and to directly remit that management fee to us. Clients may also choose to be billed for fees incurred, instead of deducting fees from their assets under management.

In addition to our management fee, clients will incur custodian fees and brokerage fees. In some cases, custodian fees are included in the brokerage fees. Since our management fees are charged on an "Assets Under Management" basis, it is in both our clients' interest as well as ours to seek out ways to limit expenses. Therefore, on behalf of our clients, we have negotiated commission and custodial fee rates down to what we consider to be nominal levels to help save our client's money and improve their after-fee returns.

We may decide from time to time to put a portion of clients' assets into exchange-traded funds, open-ended mutual funds or closed-end mutual funds to achieve a certain investment result. When using any of the funds mentioned, clients should be aware they are paying two levels of advisory fees for the management of those assets. One fee is paid directly to us and the other indirectly through the management fees assessed by the funds contained in their portfolio. Clients may also incur brokerage and other transaction costs. For additional information, please

see "Item 12 Brokerage Practices later in the documents.

#### TERMINATION OF SERVICES

You may terminate any service for any reason within the first five (5) business days after signing an advisory contract, without any cost or penalty. Thereafter, the advisory contract may be terminated at any time by giving ten (10) days' written notice. When we receive written notice of termination, you will receive a prorated refund of any unearned fees for the quarter.

#### RETIREMENT ROLLOVER CONFLICTS OF INTEREST

When we recommend you rollover a retirement account for us to manage, this creates a financial incentive because we charge a fee for our services. We attempt to mitigate the conflict of interest by acting in your best interest and applying an impartial conduct standard to all rollovers. Please note that you are not under any obligation to roll over a retirement account to an account managed by us.

### ITEM 6 – PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) or provide side by side management.

### ITEM 7 – TYPES OF CLIENTS

We provide personalized confidential investment management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations and small businesses. We generally require a minimum investment of \$250,000 for a client to be separately managed. Our minimum is negotiable, and we reserve the right to decline business at our discretion.

### ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information we use include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate ratings services, timing services, company filings including annual reports, prospectuses, SEC filings and press releases.

Our stock investment strategy is based on the objectives stated by the client during consultations. The client may change the objectives at any time. Our primarily uses a long-term strategy when investing for clients (securities held at least a year). Under the current tax code, it makes sense to be a long-term investor for most of our clients because the tax rates are more favorable under long-term capital gains than those under short-term capital gain rates.

Our Actively Managed Mutual Fund strategy is based on the Modern Portfolio Theory of investing. The strategy is comprised of three main portfolios, with varying degrees of risk/return; conservative, moderate and moderately aggressive. Each portfolio contains one or more, but is not limited to, the following assets classes: small cap stocks, large cap stacks, corporate bonds,

agency bonds, treasury bonds, real estate, municipal bonds, precious metals and cash. The percentage allocated to each asset class is dependent on the risk profile.

The portfolio is rebalanced to a defined allocation for each asset class at least once per calendar quarter and may be rebalanced more often for example, when additional funds are added to a client's account.

#### INVESTMENT AND SECURITIES RISKS

Risk is the possibility that you may lose some or all of your investment, or that your investment may not increase in value. In equity investing, you need to take into account the following risks:

- Security Risk – The risk that a stock will decline in value, either temporarily or permanently.
- Market Risk – The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Liquidity Risk – The possibility that you will be unable to sell an asset at the time and price that you want. You may be forced to retain the asset or accept less than you believe the asset to be worth.
- Political Risk – Events such as wars, embargos, coups, and the appointments of individuals with unfavorable economic policies can affect the financial markets.
- Interest Rate Risk – When interest rates change, bond prices usually move inversely to the direction of the change in interest rates. Interest rate risk is the risk that after bonds
- Economic Risk – There is a risk that the economy as a whole will suffer a downturn. This risk generally impacts all the financial markets.
- Industry Risk – There is a risk that a specific industry may suffer a downturn.
- Tax Risk – Given the ballooning Federal and State debt levels, tax rates may rise in the future. Higher taxes may make investments less profitable for both businesses and investors, which would mean lower equity investment returns in the form of capital appreciation or dividends.
- Credit Risk – Many fixed income investments have the risk of default, which means that the issuer is unable to make further income and/or principal payments. Some fixed income securities are explicitly or implicitly backed by the U.S. Government (Treasury bonds, Ginnie Mae, bonds of Fannie Mae and Freddie Mac, Federal Home Loan Bank, Federal Farm Credit Bank). These bonds are generally considered to be default-risk free, though that presumption does not seem to be as much of a guarantee as it felt like 10-20 years ago.

Even though we strive for conservatism and protection, some bear markets have been bad enough where even conservative, blue-chip stock selection has not been enough to protect against temporary losses of principal value. In our stock selection process, we strive to protect

clients against permanent impairments of principal value.

#### ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. We have no information applicable to this item.

#### ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

##### BROKER DEALER AFFILIATION

We are not affiliated with a broker-dealer.

##### FUTURES/COMMODITIES FIRM AFFILIATION

We are not affiliated with a futures or commodities broker.

##### OTHER INDUSTRY AFFILIATIONS

We do not have any other industry affiliations.

##### RECOMMENDATION OF THIRD-PARTY INVESTMENT ADVISER

We do not recommend the services of third-party investment advisers.

#### ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING

##### DESCRIPTION

We have adopted a Code of Ethics that emphasizes that client interests must come before personal interests. Compliance is a mandatory part of our business and is non-negotiable. All employees are required to sign a copy of the Code of Ethics upon employment and annually thereafter.

Our Code of Ethics involves the confidentiality of client information, a prohibition of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

##### MATERIAL INTEREST IN SECURITIES

We do not have material financial interest in any securities.

##### INVESTING IN OR RECOMMENDING THE SAME SECURITIES

Pre-approval for personal trades is required, other than for U.S. Government Debt, Certificates of Deposit and mutual funds. If a personal trade is not completed on the day of approval, then pre-approval is required on each subsequent day the personal trade is attempted.

Employees and other accounts subject to our Personal Trading Policy are required to have their custodian send duplicate statements to our Chief Compliance Officer (CCO). Trades are matched with the pre-approval record. Another person will pre-approve and review the transactions of



the CCO.

New employees are required to furnish the CCO with copy of their holdings on joining the firm along with copies of statements of people in their household, any account the employee has authority over outside of our management.

We and our related persons may buy or sell securities identical to those recommended to clients for their personal accounts if clients are given priority over our transactions. To avoid any potential conflict of interest between us and our clients, securities transactions for all the accounts of related persons in the same security as that purchased or sold for clients should be entered only after completion of the reasonably anticipated trading in that security for those accounts on any given day. The only exception is for employee accounts which are in our portfolio management system and trade along with the clients. If a new client is engaged after we or our related persons buy or sell such a security, then a similar transaction can be made for the new client.

We or our related persons may buy, sell or hold securities for ourselves or certain clients while entering into the opposite investment decision for one or more other client accounts. Conflicts of interest may occur such as selling or buying the same securities that are executed by us on behalf of clients in the opposite direction of recommendations to client accounts. These are naturally occurring, inadvertent market crosses that are not considered cross transactions by us.

## ITEM 12 – BROKERAGE PRACTICES

### RECOMMENDATION CRITERIA

We do not maintain custody of your assets. Your assets must be maintained in an account at a “qualified custodian”, which generally a broker-dealer or bank. We recommend that you use Fidelity Investments, registered broker-dealers, members of FINRA/SIPC. We are independently owned and operated and not affiliated with Fidelity Investments. They will hold your assets in a brokerage account and buy and sell securities when we instruct them to. When we recommend Fidelity Investments as the custodian/broker, you will decide whether to do so and open an account with them by entering into an account agreement directly with them; we do not open the account for you, although we will assist you in doing so.

### RESEARCH AND SOFT DOLLARS

“Soft dollars” are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. We do not receive any soft dollars.

### BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from any broker-dealer or custodian.

### DIRECTED BROKERAGE

Certain brokers benefit from directed trades, wherein pre-agreed commission schedules within

market norms are followed to compensate them. In general, our directed brokers provide the following additional services that include but are not limited to: quality research information; culled company financial data; additional information and data as may be requested; research summaries on stocks and bonds; general economic and market conditions.

Therefore, we require asset management clients to use Fidelity Investments as the custodial firm for their accounts and for execution of transactions in those accounts. We have an obligation to seek best execution for our clients. By directing brokerage to Fidelity, you may pay higher fees or transaction costs than those obtainable by other broker-dealers. In most cases, we believe you are paying a discounted and reasonable rate. You may pay higher or lower fees if you select another broker-dealer.

Not all advisory firms require you to direct brokerage to a specific broker/dealer. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

#### TRADE AGGREGATION

We may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and your account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client's accounts, the timing of the trades, the liquidity of the securities or the discretionary or non-discretionary nature of the trades. If we do not aggregate orders, purchasing securities around the same time may receive a less favorable price than other clients. This means that the practice of not aggregating may cost you more money.

## ITEM 13 – REVIEW OF ACCOUNTS

#### PERIODIC REVIEWS

Our owner, Rakesh Mehra, reviews client accounts quarterly. Account reviews are performed more frequently when market conditions dictate.

#### OTHER REVIEWS

Factors which trigger additional review of client portfolios include changes in the nature of any single security held by the client or about to be purchased by a client, changes in the mix of stocks and cash instruments and/or stocks and bonds, changes in the client's income or financial situation and/or tax law changes which would require a client to pay higher taxes. Thus, as a matter of course, there is constant supervision of each portfolio.

## REPORTS

Clients receive a quarterly inventory of their investments (called a Portfolio Appraisal). The inventory lists each holding, shares, cost, current market price and annual income at the present rate.

Shortly after the end of a tax year, clients with taxable portfolios will receive a report detailing the capital gains and losses which occurred in each of their portfolios. Additionally, all clients receive monthly or quarterly custodial statements detailing positions, transactions and fees.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

### OTHER COMPENSATION

We do not receive an economic benefit for providing investment advice or other advisory services.

### CLIENT REFERRALS

We do not pay client referrals or use solicitors.

## ITEM 15 – CUSTODY

We have authority to debit management fees directly from client accounts. For this reason, we are deemed to have custody of client funds. You will receive account statements from your custodian at least quarterly. These statements should be reviewed carefully. We also send a report to you quarterly, as described in Item 13, above. We urge you to compare the account statements received from your custodian with the reports we send you quarterly. The portfolio appraisal you receive from us each quarter will have a reminder notice stating the following: "We have provided this information regarding your account(s) based on sources we believe to be reliable and accurate. We urge you to take a moment to compare the account balances contained in this report to those balances reflected on the statements that you receive directly from your account's custodian. Please contact us with any questions you may have. Also, please notify us promptly if you do not receive statements on all accounts from your custodian on at least a quarterly basis."

## ITEM 16 – INVESTMENT DISCRETION

We offer discretionary investment management services. With discretionary investment management services, you will sign a client investment management agreement that includes a limited power of attorney that allows us to select the securities to be bought and sold and the amount of securities to be bought and sold in your account(s). It also allows us to place each such trade without your prior approval. In addition to our investment management agreement, your custodian may request that you sign the custodian's limited power of attorney prior to their execution. This varies with each custodian. We will discuss all limited power of attorney prior to their execution. In all cases, however, such discretion is to be exercised in a manner consistent with the state investment objectives for the client's account, and any other investment policies, limitations or restrictions.

You may limit our discretionary authority by giving us written instructions. You may also change/amend such limitations by once again providing us with written instructions.

#### ITEM 17 – VOTING CLIENT SECURITIES

Unless the client designates otherwise, 2 Knights Wealth Management, LLC votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. A copy 2 Knights Wealth's proxy voting policy and record of voting is available upon request.

#### ITEM 18 – FINANCIAL INFORMATION

##### BALANCE SHEET

We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet.

##### FINANCIAL CONDITION

We are required in this Item to provide you with certain financial information or disclosures about our financial condition if we have a financial commitment that impairs our ability to service you. We do not have a financial commitment that impairs our ability to service our clients.

##### BANKRUPTCY

We have not been the subject of a bankruptcy proceeding.