

***Item 1 – Cover Page***



1701 Chili Ave  
Rochester NY 14624

585-235-3600 phone & fax

[www.corealpha.com](http://www.corealpha.com)

**Part 2A of form ADV Brochure**

**This brochure provides information about the qualifications and business practices of Core Alpha, Inc. If you have any questions about the contents of this brochure, please contact us at 585-235-3600 or [szollo@corealpha.com](mailto:szollo@corealpha.com). 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 Core Alpha, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**While Core Alpha, Inc. is a registered investment adviser with the Securities and Exchange Commission, the word registered does not imply a certain level of skill or training.**

May 20, 2021

## ***Item 2 - Material Changes***

Core Alpha has the following material change in this brochure from the last amendment filed on April 28, 2021. Core Alpha engages SEI Advisor Network for sub-advisory services. See Item 4, Advisory Services.

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#### ***Item 4 – Advisory Business***

Core Alpha was founded by Scott J Zollo in 2000. (See brochure supplement for Scott J Zollo) He is the sole owner of the firm. The firm specializes in dynamic asset allocation. Asset allocation is the process of choosing among possible asset classes such as stocks, bonds, real estate, and cash. Dynamic asset allocation, which is also known as tactical asset allocation or active asset allocation, is a form of asset allocation that seeks to increase returns and reduce risk by actively shifting allocations within a portfolio as market conditions change. The portfolios are constructed with no-load mutual funds, load waived mutual funds, exchange traded funds, exchange traded notes, Structured Notes / CD's and variable annuity sub accounts.

The firm is currently managing four types of portfolios:

- CORE portfolios will invest primarily in mutual funds with possibility of some exchange traded funds.
- Explorer portfolios will invest primarily in exchange traded funds with possibility of some open-end mutual funds.
- American Funds' portfolios will invest in American Funds mutual funds.
- SEI Managed accounts solution will invest primarily in mutual funds, exchange traded funds and some individual securities.

By request the firm may allow clients to have input on investment selection and/or asset allocation.

#### ***SEI – Managed Account Solutions***

SEI Advisor Network provides, independent financial intermediaries, such as Core Alpha, with turnkey wealth management services through outsourced investment strategies: administration and technology platforms; trust, banking and institutional services; and practice management. Core Alpha utilizes SEI Managed account solutions “MAS” which is a wrap fee program which charges a bundled fee that includes advisory, brokerage and custody services. The Client appoints Core Alpha as its investment advisor to assist the Client in selecting an appropriate asset allocation strategy and selecting available sub-advisors that have been assigned to the strategy by SEI. The Client appoints SEI, through its manager of manager's structure, to manage the assets in each MAS portfolio in accordance with the strategy selected by the client. Core Alpha's will be compensated based on its standard fee schedule stated in Item 5. Please see SEI investments Management Corporation's Wrap Fee Program Brochures for a full description of all services, fees and compensation.

As of December 31, 2020, Core Alpha, Inc. was managing \$54,192,516 on a discretionary basis and \$12,117,055 on a non-discretionary basis. Discretionary is defined as giving Core Alpha, Inc. the ability to make changes on the client's behalf.

### ***Item 5 – Fees and Compensation***

#### **Progressive Fee Schedule**

	Annualized Fee
\$0 to \$399,999	1.00%
\$400,000 to \$699,999	.75%
\$700,000 and Up	.50%

#### **WRAP FEE PROGRAM**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transactions costs, fund expenses, and other administrative fees. Core Alpha participates in a wrap fee program with SEI for some of its client accounts. Please see SEI's wrap fee brochure for further information and fees.

#### **NON WRAP FEE CLIENT ACCOUNTS**

Investors with multiple accounts will be charged on the combined value of all accounts. Fees will be charged on a quarterly or annual basis. Fees are paid in advance. The fee may be deducted out of the portfolio, paid by check, or from another account. Fees may be negotiable based on client situations. The client may cancel the advisory agreement at any time. Final fees and payment will be memorialized in the client agreement. Cancellation must be made in writing with instructions leaving current investment allocation or a 100% money market position. The remaining prepaid fees will be returned to the client on a pro-rated basis by request. Pro-rated is defined as refunding the portion of the fee during which the account was not under management. All relationships before 12/31/2017 will continue with a Flat fee rate.

### ***Item 6 – Performance-Based Fees and Side-By-Side Management***

Core Alpha does not charge any performance-based fees and therefore does not have conflicts as a result of side-by-side management. Side-by-side management is when a firm charges some clients based on a performance-based fee and other clients on another type of fee such as an asset based fee.

## ***Item 7 – Types of Clients***

Core Alpha, Inc. provides investment advice to individuals, trusts, and small business. The firm generally has a \$ 75,000 minimum account size to open a CORE portfolio and \$2,000 minimum account size to open an Explorer portfolio and SEI portfolios. Account minimums may be lowered based on the situation of the client.

## ***Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss***

The first step in the investment process is to identify the client's goals and risk tolerances. Using this information, the client's assets will be allocated to one of the four following portfolios: income, balance, growth, or aggressive growth for the CORE portfolios. The explorer program offers the following portfolios; controlled growth, dynamic growth or apex growth. The portfolios will have exposure to several asset classes such as stocks, bonds and commodities, among others. The percentage of asset classes will be made based on current forecasts using fundamental and technical analysis. These forecasts will not be 100% accurate. As a result, clients should be prepared to bear the risk of loss. The risk of loss will increase from income portfolio to the aggressive growth portfolio for the Core program. The risk of loss will increase from controlled growth to the Apex growth for the Explorer program. The CORE portfolios will invest primarily in open-end mutual funds with some exchange traded funds. The Explorer portfolios will invest primarily in exchange traded funds with some open-end mutual funds. The selection of the funds will be based on a screening process with quantitative and qualitative factors such as performance, volatility, fees, and evaluation of management. The portfolios will be monitored continually attempting to verify that they are achieving their risk / return objectives.

### ***Risk of Loss***

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **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.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### ***Item 9 – Disciplinary Information***

Core Alpha and its principles do not have any pending or resolved legal or disciplinary events.

### ***Item 10- Other Financial Industry Activities and Affiliations***

Through associated persons of Core Alpha Inc. the applicant is engaged in the following business:

- **Mutual Funds Associates, Inc. -** Certain IARs are also registered as broker dealer agents with Mutual Fund Associates, Inc. a FINRA registered broker dealer offering investment products to clients such as Mutual Funds and Variable Annuities. Mutual Funds Associates will not be the custodian broker/dealer for the Core Alpha portfolios and will not profit from any of the investments held in the portfolios. Mutual Funds Associates does have a referral arrangement with Core Alpha. This presents a conflict of interests as the IAR may also receive commissions in his role as a broker dealer agent for securities transactions effected on behalf of the client.

Core Alpha will always put the best interests of the client first. Clients should be aware of this conflict. Additionally, Core Alpha will always put the interest of its client first when referring clients to Mutual fund Associates, Inc. for brokerage services. Please see item 14 for more details.

- Accu-Vest Planning, Inc. - IARs of Core Alpha may also be registered insurance agents of Accu-Vest Planning, Inc., a financial planning firm that offers clients insurance products such as life insurance. Accu-Vest Planning, Inc. does not profit from any of the investments held in the portfolios. However, the IAR may receive commissions for the sale of insurance products in his role of registered insurance agent. Clients should be aware of this conflict of interest; however, Core Alpha will always put the interest of its clients first.



## ***Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.***

### Code of Ethics

1) Act in a professional and ethical manner at all times. 2) Act for the benefit of the Clients. 3) Act with independence and objectivity. 4) Act with skill, competence, and diligence. 5) Communicate with Clients in a timely and accurate manner. 6) Uphold the rules governing capital markets.

Core Alpha follows the CFA Institute Asset Manager Code of Professional Conduct where applicable. A complete copy of the Code of Ethics will be provided to any client or prospective client by request. It is also available at [www.cfainstitute.org](http://www.cfainstitute.org).

Employees and Family members have and will invest in the Core Alpha portfolios and will be treated the same as clients. No conflicts exist because of the nature of the securities that we own, for example, mutual funds and EFT. All trading will be done on a group basis. Employees and family members will be part of a group.

## ***Item 12 – Brokerage Practices***

The main factors in the selection of a custodian are the amount of no transaction fee mutual funds, or sub accounts, trading costs, trading tools, access to technology and support services. These services are used in the management of all client accounts.

Core Alpha does not currently receive any soft dollar benefits from the custodians that it works with. “Soft dollars” are payments by the custodian to an investment advisor in connection with client securities transactions which can be used to purchase third party research and services. Core Alpha does not receive client referrals from custodians that it works with and does not request or require that client trades are directed to a specified broker-dealer.

Although Core Alpha participates in SEI’s wrap fee program for some client accounts, those clients whose accounts are not in this program can expect to pay third-party fees and expenses, including, but not limited to, brokerage/transaction fees, administrative fees, mutual fund fees, etc. Core Alpha may recommend, but does not require, that clients use certain broker dealers.

### ***Item 13 – Review of Accounts***

Client portfolios will be placed in one of four groups based on the client's risk tolerance, investment time horizon, and financial situation. Accounts in the same groups will have the same investments except when a mutual fund is closed to new investors. Similar percentages will be invested in each fund. Exchanges or trades are generated for the group members' account using an automated system. Using this system, groups are reviewed on a weekly basis. The goal of the weekly reviews is to construct portfolios that maximize return for a given level of risk. Scott J Zollo, President and Chief Investment Officer of Core Alpha, Inc. is responsible for portfolio review.

The custodian will be responsible for client statements and exchange confirmation statements, mutual fund, ETF, variable annuity subaccount prospectus, annual reports and proxy information. Customized reports are available from Core Alpha by request of the client.

### ***Item 14 – Client Referrals and Other Compensation***

The advisor has an agreement with Mutual Funds Associates, Inc. and its registered representatives for the client's referrals. Commissions will be paid to Mutual Funds associates for client referrals. Mutual Funds Associates, a FINRA broker/dealer, will not be the custodian broker / dealer for the Core Alpha portfolios. Due to this referral arrangements, a conflict of interest exists with respect to referrals made by affiliated entities because of the referral fees received. Clients should ensure they understand these arrangements before making an investment decision.

### ***Item 15 – Custody***

Clients will receive monthly statements by mail or online directly from the qualified custodian and should carefully review those statements. A qualified custodian is a specialized financial institution responsible for safeguarding client's financial assets such as stocks or mutual funds and arranges settlement on purchases and sales.

### ***Item 16 – Investment Discretion***

Core Alpha, Inc. does accept discretionary authority to manage portfolios on behalf of clients. Discretionary authority will be limited to the selection of mutual funds, exchange traded funds, and exchange traded notes and variable annuity sub accounts. Client must sign an agreement granting the firm this authority.

### ***Item 17 – Voting of Client Securities***

Core Alpha will not accept authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian.

### ***Item 18 – Financial Information***

Core Alpha does not require more than \$500 in fees per client. The firm only requires fees be paid three months in advance, not six months or more in advance. As a result, disclosure of financial information is not required but, by request, Core Alpha will voluntarily supply financial information to clients.

# Privacy Disclosure Document

CORE ALPHA, INC.  
1701 Chili Ave.  
Rochester, NY 14624

Core Alpha, Inc.'s primary client goal is to protect your privacy.

To conduct regular business, we may collect nonpublic personal information from sources such as:

- Information reported by you on applications or other forms you provide to us.

Information about your transactions with us, our affiliates, or others.

However, Core Alpha, Inc. does not share or disclose any nonpublic personal information about its current or former customers, except as permitted by law. All information will remain confidential.

## *Information Safeguarding*

Core Alpha, Inc. will internally safeguard your nonpublic personal information by restricting access to only those employees who provide products or services to you or those who need access to your information to service your account. In addition, we will maintain physical, electronic and procedural safeguards that meet federal and/or state standards to guard your nonpublic personal information.

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**Brochure Supplement 2019**

Scott J Zollo, CFA  
1701 Chili Ave  
Rochester NY 14624  
585-235-3600

This Brochure supplement provides information about Scott Zollo that supplements the Core Alpha, Inc. brochure. You should have received a copy of that brochure. Please contact Scott Zollo if you did not receive Core Alpha's brochure or if you have any questions about the contents of this supplement.

Additional information about Scott J Zollo is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Item 2- Educational Background and Business Experience***

Scott J Zollo President & Chief Investment Officer- Date of Birth 12/15/1971

### ***Education***

BS in Finance from Rochester Institute of Technology, 1994

MS in Finance from Rochester Institute of Technology, 1996

Chartered Financial Analyst (CFA) 1999. Please see [www.cfainstitute.org](http://www.cfainstitute.org) more information on this professional designation.

FINRA Examinations: Series 6(10.18.91); Series 62(12.15.97); Series 63(1.24.92); Series 24(11.3.98) Please see [www.finra.org](http://www.finra.org) more information on these FINRA licenses.

New York State Life & Health insurance license (8.13.93) -Please see <http://www.ins.state.ny.us> more information on NY state insurance licenses.

### ***Employment***

Scott Zollo was the senior manager for Accu-Vest Planning and Mutual Funds Associates from 1994 to 2008. In 2008, he became president of both firms. Scott Zollo became President and Chief Investment Officer of Core Alpha, Inc in 2000.

## ***Item 3 - Disciplinary information***

Scott J Zollo doesn't have any legal or disciplinary events.

## ***Item 4 - Other Business Activities***

Scott J Zollo is a licensed registered representative with Mutual Funds Associates, Inc., a Broker Dealer, which recommends commission based financial products to its clients. He is also a licensed insurance agent with Accu-Vest Planning Inc. which recommends commission based insurance products to its clients. While there exists a conflict of interest in Mr Zollo's relationship with Mutual Fund Associates, Inc. and Accu-Vest Planning, Inc., Core Alpha always puts the interest of its clients first. However, the client should be aware of this relationship and that Mr. Zollo may receive additional compensation in the form of commissions as a registered broker dealer agent and registered insurance agent.

## ***Item 5- Additional Compensation***

Scott Zollo is paid by Mutual Funds Associates, Inc. for referring clients to Core Alpha, Inc. based on assets under management.

***Item 6 - Supervision***

Being the President of Core Alpha Inc., Scott Zollo does not have a direct supervisor.

***Item 7 - Required for State-Registered Advisors***

Scott J Zollo doesn't have any legal, bankruptcy, or disciplinary events.