

Connors Investor Services, Inc.
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Contact: Debora M. Covell, Chief Compliance Officer
1210 Broadcasting Road
Wyomissing, PA 19610

This Brochure provides information about the qualifications and business practices of Connors Investor Services, Inc. (the “Registrant”). If you have any questions about the contents of this Brochure, please contact us at (610) 376-7418. 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 Connors Investor Services, Inc. also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Connors Investor Services, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

The following provides a summary of material changes that have been made to this Brochure since it was last amended on March 30, 2021. Clients are encouraged to read the Brochure in detail and contact Connors Investor Services, Inc. (the “Registrant”) with any questions.

- On September 24, 2021, the Registrant filed a registration statement for the Connors Hedged Equity Fund—a mutual fund to be registered under the Investment Company Act of 1940. The fund’s registration statement was effective January 18, 2022 by the SEC. The Registrant may recommend that clients invest in the Connors Hedged Equity Fund or use its investment discretion to cause clients to be invested in the fund. This arrangement creates conflicts of interest, because the Registrant stands to receive an asset-based management fee from the fund. For more information about the conflicts of interest associated with the Registrant’s management of the fund or information on how you can restrict the Registrant’s use of the fund in your account, please see Items 4, 5, 7, 10, and 11.

ANY QUESTIONS: Connors Investor Services Inc.’s Chief Compliance Officer, Debora M. Covell, remains available to address any questions that an existing or prospective client may have regarding this Brochure.

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Item 4 **Advisory Business**

Connors Investor Services, Inc. (the “Registrant”) is a corporation formed in the State of Delaware. The Registrant is principally owned by the Connors, James M. Irrevocable Trust, which the Registrant’s President serves as co-trustee.

- B. As discussed below, the Registrant offers investment advisory services to its clients, (generally: individuals, high net worth individuals, pooled investment vehicles, pension and profit-sharing plans, trusts, estates, charitable organizations, investment partnerships, and business entities). The Registrant **does not** provide financial planning or related consulting services. As described in greater detail below, the Registrant is the investment adviser to various private investment funds. In this Brochure, we refer to clients who are individuals or institutions investing through managed accounts as clients and we refer to the pooled investment vehicles as the affiliated private funds.

INVESTMENT MANAGEMENT SERVICES

The Registrant provides investment management services on a discretionary basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To commence the investment advisory process, an investment adviser representative will first determine each client’s investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute transactions for the account based upon such reviews.

MISCELLANEOUS

No Financial Planning or Non-Investment Consulting/Implementation Services. The Registrant does not provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant **does not** serve as an attorney, accountant, or insurance agency, and no portion of its services should be construed as legal, accounting, or insurance brokerage services. Accordingly, Registrant **does not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by Registrant or its representatives. If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Affiliated Mutual Fund. The Registrant is the investment adviser to the Connors Hedged Equity Fund, a diversified series of Connors Funds, an open-end, management investment company. If Connors or a client determine that the fund’s investment strategy is suitable for a client, the Registrant will recommend that clients invest in or use its discretion to

invest in the Connors Hedged Equity Fund. Even though the Registrant operates the same or similar strategy employed by the Connors Hedged Equity Fund in a separately managed account strategy, the Registrant recommends the Connors Hedged Equity Fund over the separately managed account strategy for operational and economic reasons. The Registrant favors the Connors Hedged Equity Fund over non-affiliated mutual funds and will generally not consider other unaffiliated mutual funds or ETFs for client accounts when employing the underlying strategy. The Connors Hedged Equity Fund incurs up to 0.25% in distribution and service fees (12b-1 fees) that other comparable funds may not incur. The Registrant may invest up to 100% of a client's assets managed by the Registrant in the fund. The Registrant addresses this conflict of interest by seeking to invest clients in the Connors Hedged Equity Fund only when it is appropriate for the client, disclosing it in this Brochure, and inviting clients and prospective clients to notify (i) their contact at the Registrant, or (ii) the Registrant's Chief Compliance Officer, to restrict or place limitation on the Registrant's ability to invest in the fund.

Affiliated Private Investment Funds. The Registrant is the General Partner of CIS Aggressive Growth Partners, CIS Balanced Investment Partners, CIS Balanced Investment Partners II, CIS Hedged Growth Partners, CIS Income & Growth Partners, CIS Index Overwrite Partners and CIS Microcap Growth Partners (collectively referred to as the "*affiliated private funds*"). The Registrant, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the *affiliated private funds*. The terms and conditions for participation in the *affiliated private funds*, including management fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in any private investment fund.

Affiliated Private Investment Fund Risk Factors: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Conflict Of Interest. Because the Registrant earns compensation from the *affiliated private funds* that may exceed the fee that Registrant would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become an investor in the *affiliated private funds* presents a **conflict of interest**. No client is under any obligation to become an investor in the *affiliated private funds*. **The Registrant's Chief Compliance Officer, Debora M. Covell, remains available to address any questions regarding this conflict of interest.**

Affiliated Private Investment Fund Valuation. The current value of any *affiliated private investment fund* **could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.** If an *affiliated private investment fund* has invested in a third-party fund, the investment manager of that fund is responsible for determining the value of interests in that fund. The Registrant will rely on values provided by the third-party fund's manager.

Unaffiliated Private Investment Funds. Registrant may also provide investment advice regarding unaffiliated private investment funds. Registrant, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Unaffiliated Private Investment Fund Risk Factors: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Unaffiliated Private Investment Fund Valuation: In the event that Registrant references private investment funds owned by the client on any supplemental account reports prepared by Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. The current value of any private investment fund **could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.**

Retirement Plan Rollovers. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. The Registrant's Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

Investors Introduced by Unaffiliated Adviser. Investors may be introduced to Registrant by unaffiliated registered investment advisers (each, an "Adviser"). Adviser (and its representatives) shall be exclusively responsible for: (1) assisting the client in determining the initial and ongoing suitability for Registrant's investment portfolios and/or strategies, (2) ongoing communications with the client; and (3) receiving and ascertaining the client's directions, notices and instructions, and forwarding them to Registrant, in writing. Registrant's obligation shall be to manage the client's assets consistent with the directions received from Adviser. The client shall be responsible for communicating any such directions or instructions directly to Adviser. Registrant shall be entitled to rely upon any such direction, notice, or instruction (including any information or documentation regarding

client's investment objectives, risk tolerances and/or investment restrictions) until Registrant has been advised, in writing, of changes therein. Registrant shall have no responsibility to the client or the Adviser for the Adviser's failure to communicate any and all such directions, notices and instructions in a timely manner. Registrant shall only be responsible for the assets for which it maintains investment authority.

Use of Mutual Funds and Exchange Traded Funds. While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that Investors allocate investment assets to publicly available mutual funds and exchange traded funds ("ETFs") that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds or ETFs without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, revising Registrant's previous recommendations and/or services.

Sub-Advisory Engagements. The Registrant may serve as a sub-advisor to unaffiliated registered investment advisors according to the terms and conditions of a written Sub-Advisory Agreement. With respect to its sub-advisory services, the unaffiliated investment advisors that engage the Registrant's sub-advisory services maintain both the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for the Registrant's designated investment strategies and/or programs. If the custodian/broker-dealer is determined by the unaffiliated investment adviser, Registrant will be unable to negotiate commissions and/or transaction costs, and/or seek better execution. As a result, Investors may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case through alternative clearing arrangements recommended by Registrant. Higher transaction costs adversely impact account performance.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. **Unaffiliated Wrap/Managed Account Programs:** Registrant does not offer a wrap fee program for its investment advisory services. However, Registrant is a participating investment adviser in certain unaffiliated wrap and managed account fee programs. In the event that client engages the Registrant to provide investment advisory services as part of an unaffiliated wrap-fee program (for example, through Morgan Stanley, Wells Fargo, or UBS), Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive

investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. Correspondingly, in the event that Registrant is engaged to provide investment advisory services as part of an unaffiliated managed account program, Registrant will likewise be unable to negotiate commissions and/or transaction costs or select a broker-dealer for execution. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts. **Registrant's Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client may have regarding participation in a wrap fee or managed account program.**

- E. As of December 31, 2020, the Registrant had \$980,098,500 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

A.

INVESTMENT MANAGEMENT SERVICES

The Registrant provides discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee is calculated on a percentage of the market value of the assets placed under the Registrant's management. The Registrant's annual investment advisory fee shall vary from 0.25% up to 1.25% and shall be based upon various factors including the investment objective, the amount of assets to be invested and the complexity of the engagement.

- B. Investors may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. In most cases, the Registrant shall deduct fees and/or bill Investors quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

Registrant may charge a lesser investment advisory fee, charge a flat fee, or waive its fee entirely based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, Registrant employees and family members, courtesy accounts, competition, negotiations with client, etc.). As a result, similarly situated Investors could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Debora Covell, remains available to address any questions that a client or prospective client may have regarding advisory fees.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab &

Co., an SEC-registered and FINRA/SIPC member broker-dealer/custodian (“*Schwab*”) serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions). In addition, client accounts may invest in open-end mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by Investors as a fund shareholder. These internal fees and expenses are in addition to the fees charged by the Registrant.

Clients who invest in the Connors Hedged Equity Fund, an affiliated mutual fund, are subject to its internal fees and expenses. A portion of those fees include a management fee paid to the Registrant. The current annual management fee paid to the Registrant is 0.80% (subject to any contractually agreed upon expense reimbursement outlined in the fund’s prospectus). Those management fees accrue daily and are paid to the Registrant at the end of each month. In calculating a client’s quarterly fee as described in Item 5.A, the Registrant waives the fee for the portion of the client’s assets invested in the Connors Hedged Equity Fund. This practice creates a conflict of interest as the Registrant may earn more (or less) compensation by investing a client’s assets into the Connors Hedged Equity Fund in your account. For example, if a client has negotiated a 0.50% annual investment advisory fee with the Registrant, the Registrant has an incentive to invest all or a portion of the client’s assets into the Connors Hedged Equity Fund. This is the case because the Registrant will waive its 0.50% investment advisory fee with respect to the portion of the client’s assets invested in the Connors Hedged Equity Fund, but those the Registrant will stand to earn its 0.80% management fee payable from the fund’s assets. With the exception of the Registrant’s equity owners that interact with clients and prospective clients (i.e., the Registrant’s President, Peter Connors) no other employee’s compensation is directly influenced by this conflict of interest.

- D. **Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian.
- E. Registrant’s annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires a \$500,000 minimum asset level for investment management services. The Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive its minimum asset requirement based upon certain criteria (i.e. historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with the client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- F. Neither Registrant, nor its representatives, accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any of its supervised persons accept performance-based fees—that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7 Types of Investors

The Registrant's Investors generally include individuals, high net worth individuals, pooled investment vehicles, pension and profit-sharing plans, trusts, estates, charitable organizations, investment partnerships, a registered investment company, and business entities. The Registrant generally requires a \$500,000 minimum asset level for investment management services. The Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive its minimum asset requirement based upon certain criteria (i.e. historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with the client, etc.).

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to Investors:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Investment Risk. Investing in securities involves risk of loss that Investors should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled

with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend the use of options transactions. Option writing involves a high level of inherent risk. (*See* discussion below).

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for their accounts

Covered Call Writing. If the event that a client owns a concentrated individual equity position in the account managed by Registrant, Registrant may, upon the client's consent, engage in covered call writing (i.e., the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio). This type of transaction is generally used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and to incur potential unintended and/or undesired tax consequences (i.e., incurring a capital gains tax). No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences (i.e., losing ownership of the security, incurring capital gains taxes).

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, private funds, exchange traded funds, and mutual funds, on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Affiliated Mutual Fund (Connors Hedged Equity Fund).**

The Registrant is the investment adviser to the Connors Hedged Equity Fund, a diversified series of Connors Funds, an open-end, management investment company. Certain of the Registrant's employees act as portfolio managers to the Hedged Equity Fund and Peter Connors, the President of the Registrant, is a trustee on the Board of Trustees, which is responsible for the supervision of the fund. More information about the Connors Hedged Equity Fund, the conflicts of interests arising from the Registrant's relationship with the fund, and how those conflicts of interest are addressed are described in Item 4 under the heading "Affiliated Mutual Fund".

General Partner to Affiliated Private Funds. As discussed above, the Registrant is the General Partner of the *affiliated private funds*. The Registrant may refer certain Investors to the *affiliated private funds*. No client is under any obligation to make an investment in the *affiliated private funds*.

The Registrant is also general partner of CIS Venture Partners and CIS Venture Partners 2013. Each private investment fund has invested solely in one corresponding private venture capital fund managed by a separate investment manager.

Founders, LLC. The Registrant is a partial owner of an affiliated entity, Founders, LLC ("Founders"), which provides administrative trust services under a white label in conjunction with "Counsel Trust Company." In some instances, Registrant may recommend that Investors utilize Founders / Counsel Trust Company for trust and administrative trust services in exchange for certain fees. Therefore, the recommendation that a client utilize Founders / Counsel Trust Company's services presents a conflict of interest because the Registrant and/or its related persons may indirectly benefit from the payment of these fees to Founders / Counsel Trust Company. This indirect benefit may provide an incentive to recommend Founders / Counsel Trust Company based on economic benefits, rather than on a particular client's need. No client is under any obligation to engage Founders or Counsel Trust Company to provide such services. Investors are reminded that they may engage other, non-affiliated trust company or administrative trust service providers. **The Registrant's Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its Investors.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Advisers Act, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. As disclosed above, the Registrant has a financial interest in its affiliated mutual fund and the *affiliated private funds*. More information about the Connors Hedged Equity Fund, the conflicts of interests arising from the Registrant's relationship with the fund, and how those conflicts of interest are addressed are described in Item 4 under the heading "Affiliated Mutual Fund".

The Registrant, on a non-discretionary basis, may recommend that qualified Investors consider investing in the *affiliated private funds*. The terms and conditions for participation in the *affiliated private funds*, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. Registrant's Investors are under absolutely no obligation to make an investment in *affiliated private funds*. The Registrant's Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflicts of interest these arrangements create.

- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to Investors. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's Investors) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Access Persons must also provide quarterly transaction reports detailing the purchase or sale of all reportable securities during the previous quarter. Also, at least once every twelve (12) months period, each Access Person must provide the Chief Compliance

Officer or his/her designee with a written report of the Access Person's current securities holdings.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to Investors. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those Investors that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/ custodian.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to Investors) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's Investors shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible 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. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee.

Non-Soft Dollar Additional Benefits

Registrant receives from Schwab (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist the Registrant to better monitor and service client accounts maintained at these institutions. The support services that Registrant obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by Registrant to further its investment management business operations.

Certain of the support services or products received may assist the Registrant in managing and administering client accounts. Others do not directly provide this

assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's Investors do not pay more for investment transactions effected or assets maintained at a Schwab or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements.

Schwab Advisor Services

Schwab Advisor Services (formerly called Schwab Institutional) is *Schwab's* business serving independent investment advisory firms like Registrant. Schwab Advisor Services provides Registrant and its Investors 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 and additional economic benefits (“Additional Benefits”). Some of those support services and Additional Benefits help Registrant manage or administer its Investors' accounts while others help Registrant manage and grow its business. As part of the Additional Benefits, *Schwab* may also provide monetary assistance to Registrant or to third parties on Registrant's behalf to defray certain costs towards certain technology, compliance, legal, business consulting and other related expenses. *Schwab's* support services are generally available on an unsolicited basis (Registrant does not have to request them) and at no charge to Registrant. The availability of these services from *Schwab* benefits Registrant because Registrant does not have to produce or purchase them. Registrant is not required to pay for *Schwab's* services. The Registrant has no expectation that these Additional Benefits will be offered again; however, the Registrant reserves the right to negotiate for these Additional Benefits in the future. *Schwab* provides the Additional Benefits to Registrant in its sole discretion and at its own expense, and neither the Registrant nor its Investors pay any fees to *Schwab* for the Additional Benefits. A more detailed description of *Schwab's* Additional Benefits follows.

Services that Benefit the Client

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 Registrant might not otherwise have access or that would require a significantly higher minimum initial investment by Registrant's Investors. *Schwab's* services described in this paragraph generally benefit Registrant's Investors and their accounts.

Services that May Not Directly Benefit the Client

Schwab also makes available to Registrant other products and services that benefit Registrant but may not directly benefit Registrant's Investors or their accounts. These products and services assist Registrant in managing and administering its Investors' accounts. They include investment research, both *Schwab's* own and that of third parties. Registrant may use this research to service all or some substantial number of its Investors' 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);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of Registrant's fees from Registrant's Investors' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Registrant

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

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- 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 Registrant. *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 Registrant with other benefits such as occasional business entertainment of its personnel.

Additional Benefits Currently Received

Registrant receives certain Additional Benefits that may or may not be offered to the Registrant again in the future. At the present time, the Additional Benefits include the following:

- a \$1,750 discount from *Schwab* toward the cost of *Schwab*'s PortfolioCenter® software for the benefit of the Registrant, that Registrant uses to help effectively manage its Investors' accounts.

Accordingly, the recommendation by Registrant or its representatives that a client select *Schwab* as designated broker-dealer/custodian for their accounts or transfer their account assets from another broker-dealer/custodian to *Schwab* presents a **conflict of interest**, because Registrant has the incentive to make such a recommendation based on its interest in receiving the Additional Benefits to benefit its business interests, rather than based on Investors' interest in receiving the best value in custody services and the most favorable execution of transactions.

To mitigate this **conflict of interest**, Registrant will only recommend that a client select *Schwab* as broker-dealer/custodian if it reasonably believes that the arrangement in the best interests of its Investors based upon the factors discussed throughout this Item 12. Further, because the Additional Benefits are generally provided on an unsolicited basis and at no charge to Registrant, Registrant does not believe that this conflict of interest is material. **Registrant's Chief Compliance Officer, Debora M. Covell, remains**

available to address any questions that a client or prospective client may have regarding this conflict of interest.

1. The Registrant does not receive referrals from broker-dealers.

Directed Brokerage. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that the client directs Registrant to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **The Registrant’s Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its Investors, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several Investors at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s Investors differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Investors in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation. **Registrant’s Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest such arrangements may create.**

Item 13 Review of Accounts

- A. Account reviews are conducted on an ongoing basis by the Registrant’s representatives. All investment supervisory Investors are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All Investors (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Investors are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant receives economic benefits from *Schwab* including free or discounted support services and products. Investors should review that item for additional information.
- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, the Registrant will pay that solicitor a referral fee in accordance with applicable law. Any referral fee will be paid solely from the Registrant's investment management fee, and will not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, at the time of the solicitation the solicitor will provide each prospective client with a copy of the current version of this Brochure and a separate written disclosure statement disclosing the terms of the arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Investors are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides Investors with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

The Registrant discloses at Item 9 of ADV Part 1 that it has custody as a result of its relationship to the *affiliated private funds*. The *affiliated private funds* are audited by an independent CPA annually and copies of the audited financials are distributed to the limited partners. **The Registrant's Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client or prospective client may have about custody-related issues.**

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions within the discretionary account.

Investors who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

Unless a client directs otherwise in writing, Registrant, in conjunction with the proxy voting and due diligence services provided by Broadridge Financial Solutions, Inc., or its successors or assigns, shall be responsible for directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted. Registrant and/or the client shall correspondingly instruct each custodian of the assets to forward to Registrant copies of all proxies and shareholder communications relating to the assets. Registrant, in conjunction with the services provided by Broadridge Financial Solutions, Inc., shall monitor corporate actions of individual issuers and investment companies consistent with Registrant's fiduciary duty to vote proxies in the best interests of its Investors. With respect to individual issuers, Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Registrant maintains records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. In addition, information pertaining to how Registrant voted on any specific proxy issue is also available upon written request. Investors may obtain a copy of the Registrant's proxy voting policies and procedures upon request.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its authority over client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Debora M. Covell, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.