

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

**Connors Investor Services, Inc.  
1210 Broadcasting Road  
Wyomissing, PA 19610**

**Telephone: 610-376-7418  
Toll Free: 877-376-7418  
Fax: 610-376-3181**

**Website address: [www.connorsinvestor.com](http://www.connorsinvestor.com)**

**This brochure provides information about the qualifications and business practices of Connors Investor Services, Inc. If you have any questions about the contents of this brochure, please contact us at 610-376-7418 or [info@connorsinvestor.com](mailto:info@connorsinvestor.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 Connors Investor Services, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Item 2 Material Changes

There have been no other material changes to report other than the new format of this Form ADV Parts II A and B, as required by the US Securities and Exchange Commission.

Item 3 Table of Contents

Table of Contents

Item 1 Cover Page - Page 1

Item 2 Material Changes - Page 2

Item 3 Table of Contents - Page 3

Item 4 Advisory Business - Page 4

Item 5 Fees and Compensation - Page 5

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

Item 7 Types of Clients - Page 7

Item 8 Methods of Analysis, Investments Strategies and Risk of Loss - Page 8

Item 9 Disciplinary Information - Page 9

Item 10 Other Financial Industry Activities and Affiliations - Page 10

Item 11 Code of Ethics - Page 11

Item 12 Brokerage Practices - Page 12, 13

Item 13 Review of Accounts - Page 14

Item 14 Client Referrals and Other Compensation - Page 15

Item 15 Custody - Page 16

Item 16 Investment Discretion - Page 17

Item 17 Voting Securities - Page 18

Item 18 Financial Information - Page - 19

Item 19 Requirements for State Registered Advisors - Page - 20

#### Item 4 Advisory Business

##### Item 4 A

The registrant provides investment advice to individuals, pension and profit-sharing plans, trusts, charitable institutions, investment partnerships, and corporations. Registrant may from time to time also provide sub-advisory services to other registered investment advisors and banking institutions. The firm has been in business since 1969. The principal owner of the firm is James M. Connors.

##### Item 4 B

The registrant uses a combination of fundamental and technical analysis in the selection of securities. Common stocks are selected primarily on the basis of fundamental analysis, including an examination of the industries in which such companies compete as well as the companies themselves.

Technical analysis is also used in stock selection, principally in an attempt to purchase, at propitious times and prices, stocks otherwise considered to be attractive on the basis of fundamentals.

Options are written on the basis of favorable quantitative characteristics, such as annualized return and downside protection, after the underlying security has been selected.

Fixed income securities are selected on the basis of fundamental analysis of the issuer, with considerable weight given to ratings issued by corporate rating services.

The principal sources of information used by the registrant are financial media, research materials prepared by others, corporate rating services, on-line computer resources, other investment advisory services and company prepared materials. Inspections of corporate facilities, meeting with management and contact with competitors and/or customers are also employed.

The investment strategies used to implement investment advice include long-term purchase of common stocks and bonds and covered option writing. The Registrant believes it has developed expertise in options. It utilizes both individual equity options and index options to tailor solutions around client needs.

##### Item 4 C

We assess each client's attributes and needs at the time of initial acceptance, and periodically. Generally, we have full discretion to manage each account without specific limitations. However, a few accounts impose limitations, possibly on continuation of positions held prior to engaging our firm, or other client specific concerns.

##### Item 4 D

We do not sponsor wrap fee programs. We are participants in three wrap fee programs:

Morgan Stanley Smith Barney Consulting & Evaluation Services (formerly Vision Program)

UBS Managed Account Consultants Program

Wells Fargo Advisors Private Advisor Network

The management fee arrangements are the same as detailed below, and are fully disclosed to the clients. We manage wrap program accounts in the same manner as we manage direct accounts.

##### Item 4 E

As of December 31, 2011, we managed \$ 361,917,640 in client assets on a discretionary basis, and \$ 0 on a non-discretionary basis.

## Item 5 Fees and Compensation

### Item 5 A

The registrant furnishes comprehensive personal investment counsel service to a number of clients. The maximum management fee on individually managed client accounts is 0.35% per quarter on the first \$500,000 of assets under management; 0.25% per quarter on the next \$500,000; and 0.20% per quarter on assets in excess of \$1,000,000. Different fees may be charged for portfolios based upon asset mix characteristics. Fees are based on the portfolio balances at the beginning of each quarter and are payable in advance for the quarter. Certain older agreements, which are no longer being issued, provide for lower fees. Certain accounts may be charged a performance-based fee, where appropriate. Fees are negotiable depending upon specific circumstances. Certain limited partnerships may charge higher fees. Please consult the offering documents of these partnerships for more information.

### Item 5 B

With the client's permission, management fees may be deducted from the client's custodial account. Some clients directly pay the management fee. Clients may select either method. Fees are calculated based on the account's fee schedule and value of the account at the beginning of the quarter and billed in advance for the quarter.

### Item 5 C

Clients may pay custodial fees, mutual fund fees and account maintenance fees charged by third parties in connection with our advisory services. Clients will incur brokerage fees and other transaction costs. See Item 12 regarding brokerage.

### Item 5 D

Clients pay management fees in advance for the quarter. The management agreement can be terminated by a client or the registrant at any time by notice to the other party. In the event of termination, fees for the balance of the quarter are refunded. The fee for the quarter is pro-rated based on the termination date. A refund for the balance is refunded to the client or to the custodial account. If the management agreement is terminated within five days of the date executed, no fee is payable.

### Item 5 E

None of our supervised persons accepts compensation for the sale of securities or other investment products.

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

Item 6

In some cases, registrant has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. Registrant will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, registrant shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for registrant to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Registrant has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7      Types of *Clients*

Item 7

The registrant provides investment management services to individuals, including high net worth individuals, retirement plans such as IRAs and 401Ks, employer pension and profit sharing plans, trusts, charitable institutions, corporations, and limited partnerships. From time to time, the registrant may provide investment advisory services to other registered investment advisory firms and banking institutions on a sub-advisory basis. The registrant does not advise any registered mutual funds. The registrant generally requires a portfolio value of at least \$500,000 for the establishment of an investment advisory account.

Some clients employ the registrant for management of only a portion of their security investments, usually a portion in which they would like to engage in option writing or use for small company stock investments, and do not avail themselves of comprehensive investment counsel assistance.

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

Item 8 A-C

The registrant uses a combination of fundamental and technical analysis in the selection of securities. Common stocks are selected primarily on the basis of fundamental analysis, including an examination of the industries in which such companies compete as well as the companies themselves.

Technical analysis is also used in stock selection, principally in an attempt to purchase, at propitious times and prices, stocks otherwise considered to be attractive on the basis of fundamentals.

Options are written on the basis of favorable quantitative characteristics, such as annualized return and downside protection, after the underlying security has been selected.

Fixed income securities are selected on the basis of fundamental analysis of the issuer, with considerable weight given to ratings issued by corporate rating services.

The principal sources of information used by the registrant are financial media, research materials prepared by others, corporate rating services, on-line computer resources, other investment advisory services and company prepared materials. Inspections of corporate facilities, meeting with management and contact with competitors and/or customers are also employed.

The investment strategies used to implement investment advice include long-term purchase of common stocks and bonds and covered option writing. The Registrant believes it has developed expertise in options. It utilizes both individual equity options and index options to tailor solutions around client needs.

Investing in securities involves risk of loss that clients should be prepared to bear.

Options are used by the registrant to seek to reduce risk, protect from downside movement or increase cash flow. However, in doing so relative performance can be held back in strongly rising markets.

Option strategies may incur higher transaction costs due to higher frequency of trading.

Generally, small company investing can have risks which include increased volatility and illiquidity as compared to large company investing.

Additionally, the registrant can design higher concentration portfolios which may result in higher risk.

The registrant serves as general partner for several investment partnerships. Each of these partnerships has an investment focus that may be different that that used for individual accounts, and the partnerships may be considered to have different risks than an individual account. The documentation for each partnership describes these investment strategies and risks more specifically as to such partnership.



Item 9      Disciplinary Information

Item 9 A-C

The registrant has no disciplinary information to report.

Item 10 Other Financial Industry Activities and Affiliations

Item 10 A

Neither the firm nor any management person is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Item 10 B

Neither the firm nor any management person is registered or has an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of these.

Item 10 C

The firm is a General Partner of a number of Limited Partnerships.

The registrant is a general partner of CIS Venture Partners, a private investment fund that is in turn invested solely in one private venture capital fund that is managed by a separate investment manager. In addition, the registrant serves as general partner and investment manager to the following partnerships:

CIS Aggressive Growth Partners  
CIS Alternative Investment Partners  
CIS Balanced Partners  
CIS Hedged Growth Partners  
CIS Income and Growth Partners  
CIS MicroCap Growth Partners  
CIS Index OverWrite Partners

In its capacity as general partner and/or investment manager to each of the above referenced funds, the registrant receives fees for such services. In some cases, the fees received from these investment funds are greater than the fee the registrant might receive from an individual account that would be the same size as the fund. In discussing whether a potential client should establish an individual account or invest in one or more of the investment funds, the registrant attempts to provide detailed information to the potential client to allow it to make a decision as to which method is most appropriate for the specific client's needs. In some cases, a potential client may not have sufficient assets to establish an individual account, but may be permitted to invest in one of the fund.

The existence of the investment funds may conflict with the responsibilities of the registrant to individual clients, in part because it may be more efficient (i.e., profitable) for the registrant to manage a single pooled investment fund compared to a number of individual accounts. The registrant, however, has established procedures to assure that investment services provided to individual accounts and to the funds are fair to both. No preference is given to one category of client over another, and available investments are allocated among all appropriate accounts.

The registrant primarily uses one bank for its normal banking needs, including checking account and other traditional banking services, working capital line of credit, etc. This bank also provides custodial services to a number of clients of the registrant. In addition, the registrant also invests some client accounts in the publicly traded stock of this bank, and certain of the principals of the registrant own stock of this bank in their personal investment accounts, but the combined holdings of all clients and all principals is less than 1% of the outstanding stock of this bank. While these multiple business relationships with this bank indicate a certain level of confidence in this bank, the bank is not a "related person" of the registrant as defined by the SEC. The registrant perceives no conflict of interest in its business transactions with this bank. Clients are free to choose any custodian (bank or brokerage firm), and the registrant is free to change its checking and loan services to any other bank at any time. As for the investment in the bank's stock, such investment may be changed at any time, as may any investment made by the registrant for its clients, depending on general market factors and the perceived desirability of holding this bank stock compared to other possible investments.

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

Item 11 A

The firm has adopted a Code of Ethics which has been adopted by all employees, directors and officers. A copy of the Code of Ethics is available upon request.

Item 11 B

Registrant is the general partner in CIS Hedged Growth Partners, CIS Income and Growth Partners, CIS Aggressive Growth Partners, CIS Balanced Partners, CIS MicroCap Growth Partners, CIS Index OverWrite Partners, CIS Venture Partners, and CIS Alternative Investment Partners, all limited partnerships. The registrant may recommend to a prospective client that it become an investor in one of the foregoing partnerships, rather than establishing an individual investment account with the registrant. As the registrant receives fees from each of the partnerships, it may be considered a conflict of interest for the registrant to recommend potential clients invest in the partnerships. The registrant does not perceive this as a conflict, however. The registrant desires to obtain new clients, who either establish individual accounts or invest in one or more of the partnerships. The registrant does not “prefer” one type of client over another, the decision is made by the client depending on the specific facts related to the client. The registrant will earn management fees in either case, paid by the individual client account or through the investment in the partnership. Thus, the “interest” the registrant has in signing a new client is the same. The registrant does not have any interest in the underlying investments of any the partnerships, those partnerships are invested in securities similar to those that an individual account might purchase, none of which provide any commission or financial interest to the registrant.

Item 11C

Each officer, director who is an employee, and employee furnishes quarterly the details of every securities transaction executed for his own account or for any other account in which he has any direct or indirect beneficial interest, and an annual statement of all reportable holdings.

Item 11 D

The firm has adopted a Code of Ethics which has been adopted by all employees, directors and officers. A copy of the Code of Ethics is available upon request.

## Item 12 Brokerage Practices

### Item 12 A 1 a

Registrant receives research and other products or services in connection with client securities transactions through certain negotiated arrangements with a custodian. These include pricing services as well as computer hardware and software, and other information used in the management of client accounts. The result of this arrangement is that registrant does not have to pay for the research, products or services received under the arrangement.

### Item 12 A 1 b

Though there may be incentive to select or recommend a broker-dealer based on the registrant's interest in receiving the research or other products or services, the registrant seeks to receive the most favorable execution in behalf of the clients interest on a fair basis.

### Item 12 A 1 c

The registrant seeks never to make a client pay up for commissions higher than those charged by other broker-dealers in return for benefits from the arrangement described above. However, when registrant has discretionary authority to select brokers it may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same research services provided by the broker. Registrant evaluates the overall reasonableness of brokerage commissions paid in light of the execution and service factors noted above and the rates reasonably available elsewhere on comparable transactions.

### Item 12 A 1 d

Research services furnished by brokers through which registrant effects securities transaction may be used in servicing all of registrant's accounts and not all services may be used by registrant in connection with the accounts which paid commissions to the brokers providing such services.

### Item 12 A 1 e

The firm receives the following services: Research Analytics; Market Data Services; Options Price Reporting, for the purpose of analyzing individual securities for inclusion in client portfolios. All services are used for the management of investment portfolios for our clients.

### Item 12 A 1 f

In suggesting brokers to clients and in exercising its discretionary authority to select brokers, registrant gives considerable weight to the effectiveness demonstrated by brokers on past orders of a similar nature. The factors involved, which may vary depending on the type of account of the particular transaction, include: the quality of execution; the timeliness and accuracy of transaction documents; the ability to execute block trades, using a transaction that will average the execution price among accounts; efficiency in working with a bank custodian, where necessary; willingness to provide assistance directly to the client, if desired; and the availability of reduced commission rates. A rotational trading system is used when placing block orders. Block orders are entered alphabetically by custodian. Certain bank custodial firms are grouped together for best execution purposes, but are still maintained in the rotation.

Registrant receives research services from many of the brokers through which it executes transactions, including those brokers specified by clients. The receipt of research services is frequently a factor considered by registrant in exercising its discretionary authority to select brokers to execute transactions. The research services received are of the type which the brokers prepare for their clients generally, or for particular classes of clients, and normally consist of written reports relating to the overall economy, particular industries or individual corporations.

### Item 12 2 a

The registrant often receives referrals for new clients from brokers. If the referral becomes a client of registrant, the client may direct that his portfolio transactions be executed through that broker. In addition, even if a referred client does not direct trades to be executed through that broker, the registrant may, in

exercising its discretionary authority to select brokers, choose brokers who have in the past referred clients to the registrant. The registrant may also suggest brokers, who have referred clients to it, to clients who want to maintain their accounts at a brokerage firm but do not presently have a broker relationship. In selecting or suggesting brokers, the registrant uses the criteria described below, and does not pay brokerage commissions higher than otherwise obtainable in exchange for client referrals, nor is there any agreement or arrangement between the registrant and referring brokers.

Item 12 2 b

In suggesting brokers to clients and in exercising its discretionary authority to select brokers, registrant gives considerable weight to the effectiveness demonstrated by brokers on past orders of a similar nature. The factors involved, which may vary depending on the type of account of the particular transaction, include: the quality of execution; the timeliness and accuracy of transaction documents; the ability to execute block trades, using a transaction that will average the execution price among accounts; efficiency in working with a bank custodian, where necessary; willingness to provide assistance directly to the client, if desired; and the availability of reduced commission rates. A rotational trading system is used when placing block orders. Block orders are entered alphabetically by custodian.

Item 12 3 a

NA

Item 12 3 b

Some of our clients instruct us to use a particular brokerage firm. In cases where the client has directed that its transactions be effected through a particular broker, the registrant may not be able to include such client's account in such aggregate order, or may not be able to obtain a lower commission rate for that order at the rate previously negotiated by the client with the broker. Accordingly, a client who directs the registrant to use a particular broker should be aware that such direction may have the effect of increasing cost to the client, because the client's negotiated commission rate may be higher than that which the registrant is able to obtain on a specific order. Moreover, the transaction costs among the registrant's clients may be different even on the same purchase or sale because of the individually negotiated rates with each broker. In addition, irrespective of price, the broker specified by a client may or may not be able to provide execution services for a particular security that are comparable to those of the broker selected by the registrant. Thus, it is the client's obligation to consider these factors when choosing a broker and negotiating the commission rate.

Item 12 B

The registrant attempts to place aggregate orders for the purchase or sale of a particular security for the accounts of several clients whenever possible in order to obtain lower execution costs. In cases where the client has directed that its transactions be effected through a particular broker, the registrant may not be able to include such client's account in such aggregate order, or may not be able to obtain a lower commission rate for that order at the rate previously negotiated by the client with the broker. Accordingly, a client who directs the registrant to use a particular broker should be aware that such direction may have the effect of increasing cost to the client, because the client's negotiated commission rate may be higher than that which the registrant is able to obtain on a specific order. Moreover, the transaction costs among the registrant's clients may be different even on the same purchase or sale because of the individually negotiated rates with each broker. In addition, irrespective of price, the broker specified by a client may or may not be able to provide execution services for a particular security that are comparable to those of the broker selected by the registrant. Thus, it is the client's obligation to consider these factors when choosing a broker and negotiating the commission rate.

Item 13      Review of Accounts

Item 13 A

Each account is reviewed by at least one of the principals of the firm identified at least once each quarter, and when option hedging is employed, at least several times a quarter. Certain factors trigger additional reviews – such as a large change in the level of cash in the account, news affecting a security held in the account or significant change in the economic/market outlook of the registrant. Potential account changes are considered in light of desired diversification by type of holding; individual security and industry; income requirements; risk constraints; tax consideration; cash levels; and the overall investment policy of the firm at the time.

Item 13 B NA

Item 13 C

Clients should expect quarterly letters and accompanying quarterly statements from the registrant, showing account balances, positions, and performance. These reports are written.

Item 14      *Client Referrals and Other Compensation*

Item 14 A  
NA

Item 14 B

The registrant compensates organizations and certain broker-dealers for client referrals. A portion of fees received from accounts which are introduced by these referral sources are paid to those sources. The registrant's participation with these referral sources may raise a potential conflict of interest. Fee arrangements for each organization are mutually agreed to by negotiation and are fully disclosed to the client. The registrant has agreed not to charge clients introduced by these sources fees or costs greater than the fees or costs the registrant charges its advisory clients who were not introduced by these sources, and who have similar portfolios under management with the registrant.

Item 15      *Custody*

Item 15

Clients should expect at least quarterly statements of their separately managed account(s) to be mailed, emailed, or otherwise delivered directly from their custodians. These statements should be checked against statements received from the advisor. Due to varying accounting systems, pricing services, and rounding protocols, clients may expect slight variations in securities pricing and account values between custodial and advisor statements.

The registrant does not have actual custody of any of the assets in the Partnerships of which it is the General Partner, however, the registrant is deemed to have custody as defined by the Securities and Exchange Commission by virtue of its role as General Partner. All assets of the Partnerships are in custody of a bank unaffiliated with the registrant. Each Partnership engages an independent counsel attorney who reviews and authorizes the transfer of Partnership funds to the registrant. The independent representative is provided with a detailed bill each time advisory fee payments are requested. The custodian bank will transfer funds for advisory fees or for partial redemption of capital only after receiving written authorization from the independent representative. The custodian in turn provides the independent representative and the Partnerships with statements listing all amounts disbursed from the accounts monthly.



Item 16      Investment Discretion

Item 16

Registrant's management agreements generally specify the types of securities that may be bought or sold. There generally are no restrictions on the total amount of a security to be bought or sold. However, the registrant endeavors to follow a prudent diversification policy. The client may from time to time direct the registrant not to buy or not to sell or to retain certain securities and registrant will endeavor to comply in order to best serve the specific client's needs.

Item 17      Voting *Client* Securities

Item 17 A

Registrant will accept authority to vote clients securities. Client may direct the registrant in writing NOT to vote his/her securities. Client may request information from the registrant as to how securities were voted for the past proxy season, and may obtain a copy of the registrant's Proxy Voting Policy upon request.

Item 17 B

NA

Item 18 Financial Information

Item 18 A NA

Item 19      Requirements for State-Registered Advisers

Item 19 A  
NA

Item 19 B  
NA

