

MARKET OVERVIEW

What a difference a year can make! Who among the strategists, economists, and market pundits thought the S&P 500® Index would be up nearly 50% in one year? Probably none of them. They were surprised at the quick rally off the bottom last March. They were surprised (and relieved) at the follow-through in the second quarter. They were skeptical throughout the summer and nervous heading into the Christmas selling season. But the market kept on going.

The new year brought us new sentiment. People started believing that this wasn't just a bear market rally – that perhaps we really have turned the corner. In talks with our friends and clients this January, we repeatedly heard that investors were increasingly optimistic and had too much cash on the sidelines. They were anxiously and opportunistically waiting for the pull-back, ready to “jump back in”. Right on queue, the market delivered.

The funny thing is pull-backs don't feel like pull-backs. They feel like the market is going down, and psychologically it is difficult to “jump back in” when things are moving lower. So, the pull-back came and quickly went, and many investors never even blinked.

The result is that the first quarter of 2010 was characterized by the same trends that have been driving this market since exactly a year ago. The rally is still very broad based, and in percentage terms the best performers have been the smallest stocks, those priced less than \$5 per share, and the stocks that are not profitable. What is perhaps the most widely used phrase of all 2009 remains relevant for at least one more quarter: **low quality rally**.

The S&P 500® Index is up 5.39% for the quarter ended March 31, 2010. All flavors of Russell indices were up, but there was a perfectly inverse relationship with respect to market cap – the smaller the capitalization, the larger the returns. At every market cap level, value strategies beat growth.

PERFORMANCE OVERVIEW

The Stephens Mid Cap Growth Fund (Class A) gained 8.32% (without sales charge) for the first quarter of 2010. The Fund's benchmark, the Russell Midcap® Growth Index was up 7.67% over the same period.

Consumer Discretionary stocks were the best performers in absolute terms, and the Fund did relatively well compared to the benchmark. Results among retailers in general have been strong as the economy has rebounded. Ross Stores Inc. hit all time highs, as sales remained at healthy levels. Our positioning in stocks that benefit from the digital media distribution has helped the Fund. Netflix Inc. in particular was a strong performer.

After several difficult periods, Healthcare stocks were the Fund's largest source of outperformance. Merck KGaA announced their intent to acquire one of our holdings, Millipore Corp for a large premium. It was a top contributor. Resmed Inc. was also a source of strength for the Fund, after posting another big earnings surprise.

After a long run last year, Technology stocks trailed the broad market this quarter. It was an area of relative outperformance for the Fund, however. ARM Holdings PLC was once again a top performer, as were our holdings in the computer networking industry.

Results among Financials were split between growth stocks and those with a value orientation. Small, value Financials were some of the best performers in the market, and this is one of the reasons for our relative underperformance.

Energy stocks suffered in Q1, and our overweight position here hurt the Fund. Oil prices have continued to move higher, although natural gas has pulled back to the \$4 level. We are still very optimistic about energy stocks, and continue to look for opportunities in the group.

We had some fundamental issues with our investments in the prison industry, and we sold our position in Corrections Corp of America. Our holdings in Industrials slightly lagged the benchmark, but there were bright spots, like Iron Mountain Inc.

Healthcare wasn't the only sector that benefitted from merger and acquisition activity. Airgas Inc. jumped in value as potential suitors have made bids for the company.

Performance data as of 3/31/10

| Class A | 3 Month | YTD | 1 Year | 3 Year | Since Inception (2/01/06) | Expense Ratio Gross | Expense Ratio Net [«] |
|--|---------|-------|--------|--------|------------------------------|---------------------------|--------------------------------------|
| Stephens Mid Cap Growth Fund (w/ Sales Charge) | 2.66% | 2.66% | 44.59% | -2.62% | -1.23% | 2.78% | 1.51% |
| Stephens Mid Cap Growth Fund (w/out Sales Charge) | 8.32% | 8.32% | 52.51% | -0.85% | 0.05% | | |
| Russell Midcap® Growth Index | 7.67% | 7.67% | 63.00% | -2.04% | 0.45% | | |
| S&P 500® Index | 5.39% | 5.39% | 49.77% | -4.17% | -0.07% | | |

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value will fluctuate, and when sold, may be worth more or less than their original cost. Performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 866-735-7464. The Fund imposes a 2% redemption fee on shares held less than 30 days. Performance data does not reflect the redemption fee. If reflected, total returns would be reduced. Performance data shown without Sales Charge does not reflect the deduction of the sales load or fee. If reflected, the load or fee would reduce the performance quoted. Performance data shown with Sales Charge reflects the maximum sales charge of 5.25%.

[«]The Investment Advisor has contractually agreed to reduce its fees of the Fund to ensure the total amount of Fund normal operating expenses does not exceed 1.50% of the Fund's average daily net assets until March 31, 2011. Investment performance reflects fee waiver, in the absence of such waivers, total return would be reduced.

PORTFOLIO CHARACTERISTICS

Technology is still the Fund's largest sector at about 29% of assets. Consumer stocks grew from about 14% to over 15%. All other sectors were largely unchanged.

In previous quarters we had seen expectations for earnings growth rebound, and in this quarter we saw actual growth do the same. The most recently reported quarter's year over year earnings growth for the Fund's median holding was up to 22.3%, from only 7.3% a quarter ago. Expectations moved up incrementally from 13.4% last quarter to 14.4% today. Valuations remained about the same, and the Fund's median holding now trades at 19.4 times the next twelve months earnings forecast.

OUTLOOK

Timing is everything. Almost. You have to have a fundamentally sound idea or plan of action first, *then* timing becomes everything. For those that read our quarterly commentaries regularly, you may remember that at the beginning of 2009 we wrote about "what could go right." We explicitly stated that getting the timing exactly right would be tough, but that the stage was being set for a rally.

Exactly a year ago, after only three weeks from (what we can now retrospectively identify as) the market bottom, we said:

The market itself, however, is a leading indicator. And this means that it may be the first thing to show signs of improvement. With the fear and skepticism that is present, most of us won't recognize it as a leading indicator, but will probably refer to it as just another "bear market rally". It's probably too early to say that these important metrics and the market itself have turned up, but the downward momentum is over...

With all that cash on the sidelines, are you ready to go shopping?

Ok, now that we've taken a victory lap, why is this relevant? Last quarter in our outlook we argued that we are due for a reversal in the value-biased low quality led rally, to a market that rewards companies with the best fundamental outlook, i.e. high-quality growth stocks.

We stand by this thesis, for all the same reasons as before. The "easy" money has been made. Cost-cutting can only last so long. True organic revenue growth is scarce, and investors will pay up for it. Fundamentals should eventually win out.

Admittedly, we were early with this prediction and may be early still, but our conviction is reinforced more than ever. Regarding the general market and the economy, we remain concerned about the risks of inflation and the recent surge in commodity prices that may dampen the recovery. But as volatility subsides and macro concerns fade, investors can focus more on the merits of individual stocks.

The Russell Midcap Value Index measures the performance of mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Midcap® Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Price to Earnings (P/E) ratio reflects the multiple of earnings at which a stock sells. You cannot invest directly in an index.

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling (866)735-7464, or visiting www.stephensfunds.com. Read it carefully before investing.

Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

Mutual fund investing involves risk. Principal loss is possible. The Fund invests in small and/or mid sized companies, which involve additional risks such as limited liquidity and greater volatility than larger companies. The fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods.

NOT FDIC INSURED MAY LOSE VALUE NOT BANK GUARANTEED

Quasar Distributors, LLC, distributor

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TOP TEN HOLDINGS

| | |
|-----------------------------|-------|
| ARM Holdings PLC - ADR | 2.20% |
| ResMed, Inc. | 1.88% |
| Salesforce.com, Inc. | 1.79% |
| Iron Mountain, Inc. | 1.78% |
| F5 Networks, Inc. | 1.65% |
| Express Scripts, Inc. | 1.63% |
| Alliance Data Systems Corp. | 1.61% |
| IDEXX Laboratories, Inc. | 1.56% |
| Cerner Corp. | 1.55% |
| Global Payments, Inc. | 1.51% |

TOTAL TOP TEN HOLDINGS* **17.16%**

* Excludes Money Market Fund holdings.

Fund holdings and asset allocations are subject to change and are not recommendations to buy or sell and security. *Current and future portfolio holdings are subject to risk.*

FOR MORE INFORMATION, CONTACT:

Stephens Funds®

c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

Stephens Investment Management Group, LLC

111 Center Street
Little Rock, AR 72201

3700 Buffalo Speedway, Suite 900
Houston, TX 77098

WWW.STEPHENSFUNDS.COM

1.866.735.7464