

MARKET OVERVIEW

The “macro concerns” we mentioned last quarter grew into fears of contagion, a banking crisis, and another recession. Volatility spiked, and investors shied away from risk – taking money out of equities. It was a painful quarter, as the S&P 500® Index was down nearly 14% and the Russell Midcap® Growth Index was down 19.33%. As investors reduced risk exposure, small and mid cap stocks suffered more than large. Even higher quality issues provided only a little relative shelter.

The situation around Greece’s sovereign debt grew worse, and many believe that default may be inevitable. Other struggling Euro-zone countries’ economies would be pressured, and it is presumed that some European banks would fail. The real fear is that no one really understands the extent of the banking system’s exposure to Greek debt and the cascade of problems that might stem from a default. Major U.S. banks were not immune, and many of those stocks suffered throughout the quarter.

Additionally, the domestic economy remained sluggish. Unemployment figures have not improved. The unsustainable government spending has some worried that the U.S. is headed down the same path as Greece. Standard & Poor’s downgraded the U.S.’s credit rating. Despite the downgrade, interest rates finished the quarter near record lows.

With the domestic economy still stagnant and Europe faltering, investors began to worry about global growth – questioning the resilience of emerging economies like China. Commodity prices fell throughout the quarter. Even gold, which has been the de facto safe haven, gave up some of its gains.

PERFORMANCE OVERVIEW

The Stephens Mid Cap Growth Fund (Class A) was down 15.97% (without sales charge) for the third quarter of 2011, outperforming the Russell Midcap® Growth Index by more than three percent. As noted in the first half of the year, quality growth stocks contributed to the outperformance.

The Energy sector underperformed the mid cap market in the third quarter but the Fund’s holdings outperformed the benchmark. Long time holding, Petrohawk Energy Corp. (HK), was acquired by Australian resource company BHP Billiton for a 65% premium and was the Fund’s top contributor. Our long term thesis in energy is still intact, and any short term slowdown will only exacerbate the structural supply issues that currently exist in the oil market.

The Fund outperformed the benchmark this quarter in Consumer Discretionary names. Our continued focus on companies that can gain market share in a slowing consumer spending environment helped the Fund again this past quarter. In particular, TJX Cos., the parent Company of TJ Maxx and Marshalls, was a solid contributor for the Fund during the period.

Healthcare as a sector, often considered a defensive group, posted losses as risk of government cuts looms. Illumina Inc., a manufacturer of life science tools used in basic research, was the Fund’s worst contributor. Healthcare information technology and Biotechnology were bright spots, however, and contributed to the sector’s outperformance versus the Index. Cerner Corp. and Alexion Pharmaceuticals Inc. produced strong gains during the quarter and were top contributors.

The Fund’s Technology holdings slightly outperformed the index stocks in the quarter in what was a difficult technology market. Activision Blizzard Inc. (ATVI) was one of few stocks to post a gain in the quarter on the consistency of its core franchise and anticipation of new products. Industrials underperformed in the quarter but the Fund’s focus on business services companies rather than more cyclical industrials led to relative stock outperformance.

The Fund’s Financial holdings slightly underperformed for the quarter. Our exposure to capital markets related names such as Lazard Ltd. hurt the Fund as market volatility and growing European contagion fears led to a slowdown in capital markets activity.

Performance data as of 9/30/11

Average Annualized Total Returns

	3 Month	YTD	1 Year	3 Year	5 Year	Since Inception	Since Inception Date	Expense Ratio Gross	Expense Ratio Net [Ⓔ]
Stephens Mid Cap Growth Fund Class A (w/out Sales Charge)	-15.97%	-7.95%	4.61%	5.67%	3.16%	1.52%	2/1/06	2.01%	1.51%
Stephens Mid Cap Growth Fund Class A (w/Sales Charge)	-20.39%	-12.81%	-0.91%	3.79%	2.05%	0.56%	2/1/06		
Stephens Mid Cap Growth Fund Class I	-15.90%	-7.73%	4.96%	5.95%	3.45%	3.75%	8/31/06	1.76%	1.26%
Russell Midcap® Growth Index	-19.33%	-11.59%	0.80%	5.89%	1.64%	A: 0.99% I: 2.06%			
S&P 500® Index	-13.87%	-8.68%	1.14%	1.23%	-1.18%	A: -0.10% I: -0.67%			

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 Class A 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 through March 31, 2012. Investment performance reflects fee waiver, in the absence of such waivers, total return would be reduced.

PORTFOLIO CHARACTERISTICS

Healthcare grew to 19% of the Fund's assets at the end of the quarter. Technology shrank by 1% but is still the largest at just over 27%. Energy's underperformance reduced our exposure to 9%, although we have been selectively and opportunistically adding to positions there. Consumer ended the quarter at nearly 17% of assets. Healthcare and Technology are overweight relative to our benchmark, while Materials and Consumer Discretionary are underweight.

Not surprisingly, valuations compressed a great deal. The Fund's median holding now trades at 15.2 times its next twelve month earnings forecast, versus 19.6 times earnings just three months ago. The benchmark saw a similar compression: from 16.2x to 12.7x. Projected and actual growth rates have not changed much at all. Our median company is expected to grow earnings 18% over the next year. Actual growth is still very robust, at 23%.

OUTLOOK

Looking at the numbers above, it's not hard to see the disconnect: valuations have come down, but growth rates have not. Over time they will likely converge. If the valuations are "correct", then we will certainly see revisions to growth expectations and a slowing of growth. If growth doesn't slow, then these valuations are far too cheap and should rebound.

Our best guess is that reality lies somewhere in-between. We are starting to see the signs of some downward earnings revisions. Company management teams have little to gain by setting aggressive growth targets, so conservatism will rule the day (perhaps too much so). And if the cuts to growth are less than what the fear-driven market levels imply, then it is quite possible that we will see a bounce.

That being said, we cannot ignore the macro level problems today: potential Greek default, European banking crisis, slowing growth in China, geopolitical unrest in the Middle East, etc. While we certainly have some serious domestic economic issues, from a relative standpoint, we think the U.S. still looks like the lesser risk prospect.

The inflation fears we have expressed in the past have subsided temporarily. With a slowing global economy and a pull-back in commodities, it will be hard to see inflation in the near term. In as much as inflation is a function of monetary policy however, we worry that is the only real option out of the mountainous debt problem the U.S. faces.

Although the market conditions have changed in the last few months, we strongly believe that this is all part of the overall trend we have been seeing for quite a while now. Namely: *growth is slowing, and the easy money has been made.*

Within the volatility and noise, there are unique companies that have been benefitting from true *secular* growth, that aren't as dependent on global GDP growth or affected by what happens to sovereign debt in Europe. In fact, these companies tend to be smaller companies that serve niche markets. As always we are relentlessly trying to identify these opportunities.

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.

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. You cannot invest directly in an index. **Forward EPS Growth:** Earnings per share (EPS) is calculated by taking the total estimated forward earnings divided by the number of shares outstanding by the price per share. **Forward earnings does not guarantee a corresponding increase in the market value of the holdings or the Fund.**

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

TOP TEN HOLDINGS

Cerner Corp.	2.18%
Stericycle, Inc.	1.81%
Core Laboratories NV	1.71%
Whole Foods Market, Inc.	1.65%
Ross Stores, Inc.	1.64%
Red Hat, Inc.	1.61%
Activision Blizzard, Inc.	1.57%
Iron Mountain, Inc.	1.55%
Precision Castparts Corp.	1.43%
ARM Holdings PLC - ADR	1.40%

TOTAL TOP TEN HOLDINGS* **16.55%**

* Excludes Money Market Fund holdings.

Fund holdings and asset allocations are subject to change and are not recommendations to buy or sell any security.

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

9 Greenway Plaza, Suite 1900
Houston, TX 77046

WWW.STEPHENSFUNDS.COM

1.866.735.7464