

MARKET OVERVIEW

On the heels of two years of healthy returns, the market continued its upward trajectory in the first quarter of 2011. The S&P 500® Index posted a gain of 5.92%. Small and mid cap stocks fared even better – the Russell 2000® Growth Index was up 9.24%.

Political unrest in the Middle East led to toppled regimes in Egypt and Tunisia and a civil war in Libya. Many other neighboring countries experienced various levels of protest. Fears of supply disruption led to higher oil prices. Other commodity prices continued their upward journey, with gold, silver, and many agricultural goods hitting 52-week highs. Additionally, the massive earthquake and subsequent tsunami in Japan killed thousands of people, destroyed hundreds of billions of dollars of infrastructure, and left behind a nuclear disaster that might possibly be on scale with Chernobyl or even worse.

The market's resilience and ability to shrug off many of these negative events continued to surprise many investors. The domestic economic situation showed a few signs of improvement. Although unemployment still sits at roughly 9%, it has come off its peak. Earnings results were generally good. Business confidence has improved, and corporate America's balance sheets appear healthy.

There is no doubt that the stimulative monetary policy is playing a part in rising asset prices as well. Although it is clearly not sustainable, for now the combination of interest rates at essentially zero and the Quantitative Easing mechanism have fueled some of the market's rise.

PERFORMANCE OVERVIEW

The Stephens Small Cap Growth Fund (Class A) was up 11.18% (without sales charge) for the first quarter of 2011, beating the Russell 2000® Growth Index by nearly two percentage points. Small caps in general did well, and growth stocks in particular. Our bias toward high quality growth companies contributed to our outperformance.

Consumer stocks in general continued to lag the overall market, but our holdings here did much better. After a stellar fourth quarter, Shutterfly Inc. was a top performer once again in Q1. The Fund's largest consumer holding, Ulta Salon Cosmetics & Fragrance Inc. was also a top contributor.

Energy was also a great source of strength for the Fund, and our overweight position helped. The price of oil rose with other commodities, but also as a result of fears concerning supply disruptions in the Middle East. After the oil spill and moratorium in the Gulf of Mexico last year, activity has slowly been picking back up.

Once again, Healthcare stocks trailed the broad market due to their more conservative nature. There were bright spots however: HMS Holdings Corp. was a top contributor. We also outperformed among Biotechnology stocks.

Technology stocks were generally strong, and as our largest sector, it helped our returns. Merger and acquisition activity remained at a healthy level. The Fund benefited from Qualcomm's acquisition of Atheros Communications Inc. Another top performer was Stratsys Inc., a manufacturer of 3-D printers.

Although we were underweight Industrials, our holdings here did well, in particular those with exposure to agriculture markets.

Performance data as of 3/31/11

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 Small Cap Growth Fund Class A (w/out Sales Charge)	11.18%	11.18%	32.66%	10.27%	4.28%	6.21%	12/1/05	1.42%	1.36%
Stephens Small Cap Growth Fund Class A (w/Sales Charge)	5.34%	5.34%	25.65%	8.30%	3.16%	5.14%	12/1/05		
Stephens Small Cap Growth Fund Class I	11.21%	11.21%	32.96%	10.51%	-	8.04%	8/31/06	1.17%	1.11%
Russell 2000® Growth Index	9.24%	9.24%	31.04%	10.16%	4.34%	A: 6.30% I: 7.05%			
S&P 500® Index	5.92%	5.92%	15.65%	2.35%	2.62%	A: 3.03% I: 2.53%			

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 to ensure the total amount of Fund normal operating expenses does not exceed 1.35% for Class A and 1.10% for Class I of the Fund's average daily net assets until March 31, 2012. Investment performance reflects fee waiver, in the absence of such waivers, total return would be reduced.

PORTFOLIO CHARACTERISTICS

Although down slightly from last quarter, Technology stocks remained the Fund's largest at nearly 29%. Healthcare and Financials were also a little smaller than in the prior period. Conversely Energy, Industrials, and Consumer each grew by about 1%.

Valuations continued to edge up from last year, but only slightly. The Fund's median company traded at 22 times its next twelve months earnings estimate, while those same earnings were expected to grow at 22% versus the prior twelve months. Actual growth rates remain above forecasts, although lower than last quarter's. The Fund's median holding traded at a premium to the benchmark's, but it also exhibited faster growth.

We have had a notable shift toward earnings catalyst stocks in the last few months. The ratio now sits at roughly 60% catalyst, 40% core growth. That being said, we also have more stocks exhibiting characteristics of both categories.

OUTLOOK

In behavioral economics, the notion of *hyperbolic discounting* is a model of explaining why people make time-inconsistent decisions. Essentially, we heavily discount the cost (or benefit) of things in the future, while recognizing the full benefit (or cost) in present time. It helps explain why people procrastinate or defer activities that they know will benefit them in the future when the cost is now. Think: flossing your teeth, doing your taxes, going to the gym, starting that diet. In each case, the cost is now, but the benefit accrues further down the road. For matters where there is instant gratification, the decision is much easier. When both the cost and the benefit are in the future, easy conclusions can be reached. *Of course I want to start going to the gym, I'll be healthier, look better, live longer, and so on...*

But when the time comes to actually drive to the gym and start that workout, the decision changes. The cost is now: the price of the gym membership, the drive there, the time it takes to workout, the inconvenience of changing clothes, etc., but the benefit is all in the future. You won't walk out of the gym being noticeably healthier right away. So you decide to skip the gym that day, but tomorrow...you'll go for sure.

Do you see where I'm going here? Of course we want a balanced budget. Yes, we need to reduce the level of Federal debt. No, we can't keep interest rates at zero forever. QE2 should come to an end, and the initiation of QE3 would probably be unwise. However, politically, these issues are all *hyperbolically discounted*. And even though we all know what the right thing to do is, it's very hard to actually get it done. So now you have an important sounding way of saying the same thing as "kicking the can down the road".

It's unclear how far we can keep kicking, and what the eventual catalyst to change our current trajectory will be. An oil shock? An inflationary spiral? An administration and congress that finally deal with the issue? So called "bond vigilantes" cracking down on U.S. debt?

In the meantime, things are getting a little better. A virtuous cycle is possible – it's what the optimists are counting on. Employment data has improved (although partially because people are dropping out of the workforce). Gross Domestic Product is growing. Corporate profits have been healthy, and business confidence is good. In as much as the stock market is a leading indicator, that's a good sign as well.

The conclusion is similar to the one we have been expressing over the last few quarters. Things are getting better, but the easy money has been made. There are some looming macro-related problems with which the market and the economy will eventually struggle, but not necessarily in the near term. The exception of course is inflation, or maybe not inflation per se, but a price shock. Since the "easy money has been made", we are excited about the potential differentiation in the market. We believe that the complexities in today's economy will cause investors to favor higher quality companies that can exhibit superior organic growth. It just so happens to be our specialty.

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

The Russell 2000® Growth Index measures the performance of those Russell 2000 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

Core Laboratories NV	1.69%
Portfolio Recovery Associates, Inc.	1.68%
Aruba Networks, Inc.	1.49%
Encore Capital Group, Inc.	1.47%
Ulta Salon, Cosmetics & Fragrance, Inc.	1.44%
VistaPrint Ltd.	1.37%
Pioneer Drilling Co.	1.35%
HMS Holdings Co.	1.32%
United Natural Foods, Inc.	1.29%
IMAX Corp.	1.27%

TOTAL TOP TEN HOLDINGS* **14.37%**

* 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