

MARKET OVERVIEW

Financial markets all performed well in the third quarter of 2010, and in many cases matched or surpassed their previous 52-week highs. The S&P 500® Index gained 11.29% for the quarter ended September 30, 2010. Last quarter's fears about sovereign debt crises abated, and although domestic economic news did not improve, the market managed to post healthy gains.

By the end of the quarter, the notion of "bad news is good news" was a common mantra among portfolio managers. This idea is based on the belief that any continuing bad economic news will be increasingly likely to cause the Fed to respond via continued quantitative easing ("QE"), which is essentially stimulative monetary policy – injecting more money into the system. Anticipation of QE caused interest rates to move much lower in the quarter, matching yields that we saw at the depth of the recession. Basic economic theory tells us that more money in the system (and lower interest rates) leads to inflated asset prices, i.e. stocks go up. Up they went, as did many commodities such as gold, oil, corn and so on.

Because market action was largely driven by macroeconomic factors, there was little differentiation between individual securities. *Beta* – sensitivity to market moves – was predominantly the driving force. Those stocks which are most levered and most correlated with broad moves in the market went up the most.

There was a bias toward growth strategies, although most growth managers underperformed their benchmarks.

PERFORMANCE OVERVIEW

The Stephens Small Cap Growth Fund (Class A) was up 10.07% (without sales charge) in the third quarter, trailing its benchmark, the Russell 2000® Growth Index by 2.76%.

Energy stocks rebounded from the prior quarter's challenges. The blowout and oil spill in the Gulf of Mexico was finally capped, and activity is set to resume as the moratorium is lifted. Commodity prices edged higher as well. Core Laboratories N.V. finished the quarter as the Fund's largest holding, and it was one of the biggest contributors to return. Nearly all of the Fund's energy holdings posted gains this quarter, and our overweight position here helped.

Although they were up, Consumer Discretionary stocks underperformed the broad market. Some of our specialty retail companies lagged. Aeropostale Inc. was weak during the quarter as they faced more competitive pressures. Citi Trends Inc. had a disappointing earnings report, and we subsequently sold our position.

We continue to have an overweight position in Financials, but that is largely because of our exposure to Portfolio Recovery Associates Inc. and Encore Capital Group Inc., two companies focused on debt collections. They both lagged the market this quarter, but we remain confident in our investment thesis, as they have continued to post good results.

Healthcare stocks also trailed the broad market, but there were some highlights. Neogen Corp. had stellar performance this quarter as their solutions for food safety issues gained greater awareness and use. Biotechnology stocks were the best performers within Healthcare, and our recent additions here contributed to the Fund's returns.

Technology stocks were some of the biggest winners. Merger and acquisition activity has fueled gains in many of the small and mid sized companies as larger tech stocks look to use their healthy balance sheets to improve their competitive positions. One of our holdings, ArcSight Inc., was acquired by Hewlett-Packard Co. for a significant premium. It was the Fund's largest contributor to performance. Many other tech stocks in the storage, networking, or security markets rallied on take-out speculation.

Performance data as of 9/30/10

Class A	3 Month	YTD	1 Year	3 Year	Since Inception (12/1/05)	Expense Ratio Gross	Expense Ratio Net [Ⓔ]
Stephens Small Cap Growth Fund (w/ Sales Charge)	4.28%	3.48%	8.51%	-6.11%	0.31%	1.55%	1.36%
Stephens Small Cap Growth Fund (w/out Sales Charge)	10.07%	9.17%	14.55%	-4.41%	1.43%		
Russell 2000® Growth Index	12.83%	10.23%	14.79%	-3.75%	1.66%		
S&P 500® Index	11.29%	3.89%	10.16%	-7.16%	-0.01%		

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 1.35% 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 remained the Fund's largest sector, and grew as a percent of assets to nearly 32%, due to its outperformance. We sold a few stocks in Healthcare, bringing it down to 20.7%. Our weightings in Energy and Financials are still significantly greater than that of our benchmark. Industrials and Materials are similarly underweight, although we have recently been doing more work in the Materials segment, and added a new stock in that sector.

Valuations were little changed. Growth continued to rebound, even up from last quarter's 30% year-over-year comparison. Today, our median holding reported 35.5% earnings growth in the most recent quarter. Expectations for the next twelve months remained at a robust 25% growth. We ended the quarter with almost 4% in cash, in part because of some of our stocks having been acquired.

The split between earnings catalyst and core growth stocks shifted more in favor of catalyst, which now constitutes nearly 60% of the portfolio.

OUTLOOK

What is unusual about this market environment: asset classes that are normally *inversely* correlated went up in tandem. Stocks were up, gold was up, but bonds were also up. Behind the move in each, there is a story, but these stories are mutually exclusive. Common sense tells us this shouldn't be happening.

Stocks gained because investors believe that additional quantitative easing will boost asset prices (many believe that this is the goal of the Fed). Bonds gained as yields continued to fall, pricing in more stimulative monetary policy. Many commodities rallied because of a weaker dollar, but also because of strength in emerging markets. Of particular note is the move in gold, which signals a move toward safety, and also hints of a growing fear of currency devaluation.

So, which is it? Who is right? Bond managers or equity investors? And what is the move in gold telling us? Why are there serious concerns about deflation in the midst of a massive rally in commodity prices? Inquiring minds want to know.

These are big questions, and for the investor that can figure out what will happen next, there are great rewards. The temptation of predicting the response to the Fed's next move has proved to be overwhelming to many. And now it seems as if the market is only concerned with the "risk on" or "risk off" trade. Choose the right asset and hold on tight – nothing else matters.

Or does it?

These certainly are important issues, and we are working as hard as ever trying to understand the dynamics of this market. Our belief is that such low interest rates and QE should continue to cause assets prices to rise. In this scenario, bonds could suffer, while stocks and commodities may post gains, at least in nominal terms. However, we also believe that inflation is already a problem and could worsen. Headline Consumer Price Index figures have been muted by such a heavy weight in housing and rent, but the Producer Price Index is considerably higher. More and more, the Fed wants inflation, because higher commodity prices without increases in wages may only dampen consumer spending.

However, we are also as focused as ever at trying to discover and invest in the very best growth stocks. As other investors are only taking the 30,000 foot view, we think there is more opportunity in the details.

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. Earnings Growth is a measure of growth in a company's net income over a specific period, often one year. **Earnings growth for a fund holding does not guarantee a corresponding increase in the market value of the holding 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	2.01%
Portfolio Recovery Associates, Inc.	1.73%
NuVasive, Inc.	1.49%
Riverbed Technology, Inc.	1.49%
Mercadolibre, Inc.	1.44%
Encore Capital Group, Inc.	1.39%
Advisory Board Co.	1.34%
Aruba Networks, Inc.	1.32%
VistaPrint NV	1.29%
LKQ Corp.	1.23%

TOTAL TOP TEN HOLDINGS* **14.73%**

* Excludes Money Market Fund holdings.

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

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