

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 2000® Growth Index was down 22.25%. 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 Small Cap Growth Fund (Class A) was down 20.77% (without sales charge) for the third quarter of 2011, outperforming the Russell 2000® Growth Index by almost two percent. Quality growth companies continued to contribute to our performance.

Energy was the worst performing sector in the small cap market for the quarter, and the Fund’s overweight had a negative impact on performance. Investors sold energy stocks aggressively on fears of a global economic slowdown and the potential negative impact on oil demand and prices. North American oil service stocks like Pioneer Drilling Co. (PDC) and Key Energy Services Inc. (KEG) were hit the hardest while companies more exposed to offshore or international markets held up better. 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’s consumer stocks outperformed the benchmark this past quarter. In particular, our investments in entertainment related issues both helped and hurt the portfolio during the period. Lions Gate Entertainment Corp. was a positive contributor to the Fund as investors continue to seek ways to profit from content in the emerging digital entertainment world. IMAX Corp., however, was a large negative contributor to the Fund as the Company disappointed investors with poor year-to-date box office results.

Although the sector of Healthcare posted losses as risk of government cuts looms, it is often considered a defensive group and it outperformed the broad market. We, in turn, outperformed the benchmark by a large margin, as our bet on health information technology produced strong gains for the quarter. Four of the Fund’s top five contributors were in Healthcare: Athenahealth Inc., Advisory Board Co., Cepheid, and Quality Systems Inc.

Technology slightly underperformed the market in the quarter and was a negative performer for the Fund. After being one of our best performers through the first half of year, GT Advanced Technologies Inc. (GTAT) pulled back significantly in the quarter on concerns about the health of the solar and LED markets. Netlogic Microsystems Inc. (NETL) was a bright spot in the quarter as they announced they are being acquired by a larger semiconductor company for a 57% cash premium.

Industrials underperformed in the quarter but the Fund’s focus on business services companies rather than more cyclical industrials led to relative stock outperformance.

Financial holdings underperformed the benchmark during the quarter. We continue to remain overweight the sector due to our positions in more counter cyclical debt collection and pawn shop companies.

Performance data as of 9/30/11

Average Annualized Total Returns

	<i>Performance data as of 9/30/11</i>		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)	-20.77%	-9.06%	5.26%	5.25%	2.61%	2.08%	12/1/05	1.42%	1.36%
Stephens Small Cap Growth Fund Class A (w/Sales Charge)	-24.93%	-13.84%	-0.23%	3.36%	1.51%	1.14%	12/1/05		
Stephens Small Cap Growth Fund Class I	-20.62%	-8.84%	5.64%	5.54%	2.88%	3.11%	8/31/06	1.17%	1.11%
Russell 2000® Growth Index	-22.25%	-15.57%	-1.12%	2.07%	0.96%	A: 1.18% I: 1.08%			
S&P 500® Index	-13.87%	-8.68%	1.14%	1.23%	-1.18%	A: 0.18% 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 21% of the Fund's assets at the end of the quarter. Technology is still the largest at just over 24%. Energy's underperformance reduced our exposure to 9%, although we have been selectively and opportunistically adding to positions there. Consumer ended the quarter at just over 15% of assets. Healthcare and Consumer are slightly overweight relative to our benchmark, while Materials and Industrials are underweight.

Not surprisingly, valuations compressed a great deal. The Fund's median holding now trades at 15.5 times its next twelve month earnings forecast, versus 21 times earnings just three months ago. The benchmark saw a similar compression: from 15.2x to 11.5x. Projected and actual growth rates have not changed much at all. Our median company is expected to grow earnings 23% over the next year. Actual growth is still very robust, at 30.7%.

We made a slight shift from *earning catalyst* stocks back to more *core growth* stocks this quarter. The split now stands at 42-58 in favor of catalyst.

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 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

Advisory Board Co.	1.92%
Portfolio Recovery Associates, Inc.	1.53%
EZCORP, Inc.	1.52%
First Cash Services, Inc.	1.48%
HMS Holdings Corp.	1.46%
Ulta Salon, Cosmetics & Fragrance, Inc.	1.45%
Buffalo Wild Wings, Inc.	1.45%
Core Laboratories NV	1.43%
Cepheid, Inc.	1.41%
Encore Capital Group, Inc.	1.37%

TOTAL TOP TEN HOLDINGS* 15.02%

* 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:

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