

SECOND QUARTER 2006

Stephens Mid Cap Growth Fund

Market Overview

Volatility — this single word could sum up the second quarter of 2006. Out of 63 trading days in the quarter, the Russell 2000 Growth® Index closed up or down more than 1% on 25 different occasions, more than 2% ten times, and in June alone it moved more than 3% three times.

A variety of macroeconomic and geopolitical concerns seemed to be the cause of the increased volatility. The Federal Reserve continued to raise interest rates to combat an uptick in inflation. At the same time, elevated energy prices were also putting a drag on consumer spending, as was a weakening housing market. From a geopolitical standpoint, nuclear tensions with Iran and North Korea, combined with existing troubles in the Middle East have only added to the equity risk premium. Consequently, equity markets were down significantly for the quarter.

The S&P 500 Index was down (1.44%) for the quarter, and the Russell Midcap® Growth Index lost (4.69%). In a symmetrical fashion, the market segments that were the best performers in Q1 were the biggest losers in Q2.

Investor sentiment seems so focused on macro- issues that good news on an individual stock level sometimes gets lost. The old cliché could be turned around to say that investors can't see the trees for the forest. We have not wavered, however. Within our disciplined approach, we are still finding plenty of growth opportunities, and we are opportunistically using the volatility to our advantage — building positions in high quality growth companies.

Performance

	3 month	Since Inception (2/01/06)
Stephens Mid Cap Growth Fund (w/ Sales Charge)	-11.87%	-9.19%
Stephens Mid Cap Growth Fund (w/out Sales Charge)	-6.99%	-4.20%
Russell Mid Cap® Growth Index	-4.69%	-3.36%
S&P 500® Index	-1.44%	-0.14%

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 60 days. Short term performance, in particular, is not a good indication of the Fund's future performance, and an investment should not be made based solely on returns. 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%

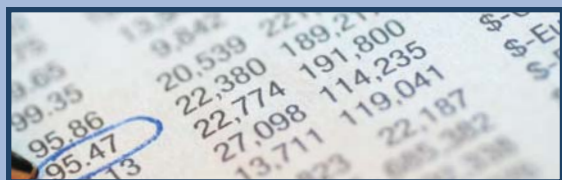
The broad based rally that we enjoyed in Q1 came to a halt in May. The Stephens Mid Cap Growth Fund was down (6.99%) for the second quarter of 2006. Our benchmark, the Russell Midcap® Growth Index was down slightly less, at (4.69%).

As a sector, Energy best represents the volatility we have seen in the broad market, and in fact is a driving force behind that volatility. In aggregate, our energy holdings were up more than 11% for the period, and it was not only our best sector in terms of absolute performance, but it was also where we excelled versus our benchmark. One of our favorite energy companies, Tetra Technologies Inc. NYSE:TTI, was our single largest contributor to performance in Q2, up 29%. We continue

to be slightly overweight in the sector and positioned in energy service companies, as opposed to exploration and production.

Higher interest rates, higher energy prices, and a slowdown in housing should impact consumer spending, and consequently Consumer Discretionary stocks were down this quarter. We have slightly reduced our exposure to the group, as we are finding fewer compelling opportunities in which to invest.

Normally healthcare issues outperform in times of increased uncertainty, but this quarter was clouded by various rulings from the F.D.A and fears of changes in reimbursement guidelines. Our underweight position in biotechnology companies proved to be a headwind in Q1, but in Q2 we were rewarded for not owning many of these companies, as they were some of the worst performers. Areas of concentration for the Fund are in companies that provide tools and services for drug discovery, those that sell diagnostic tools, and companies that offer systems to automate and



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improve information systems. Despite a slightly weaker environment for the hospitals, not-for-profit hospitals, which make up the majority of the market, are still spending on new systems and technology to satisfy the competitive needs of these companies to continue to increase their efficiency and patient outcomes.

Technology was weak across the board, with the exception of software. The software companies in which we invest can sometimes defy larger technology trends as their end markets are narrow enough that they tend to rise and fall with the health of their customers rather than technology spending in general. FactSet Research Systems Inc. NYSE:FDS is such an example; they sell software for investment professionals.

Portfolio Characteristics

At the end of Q1 we expressed concern over an increase in company valuations combined with slower earnings growth. Today, both metrics are headed in a better direction. This market correction has caused valuations to come in — the Fund's median P/E based on the next twelve month's earnings estimate declined to 22 versus 25 for the previous quarter's end. The earnings growth forecast¹ has increased to 22% from 20%, and the earnings growth for the most recently reported quarter has remained very robust at 22%, exceeding our benchmark's 20%.

Technology, Healthcare, and Consumer Discretionary remained the Fund's three most heavily weighted sectors at 28%, 21%, and 19%, respectively.

Outlook

Our concern last quarter about increased valuations and slowing growth unfortunately proved to be valid. The market did indeed give up some of the gains made in Q1. On the bright side, the market stabilized in June and seemed to be behaving in a more rational fashion.

We are not out of the woods yet, though. The U.S. economy faces headwinds from inflation, interest rates, and a housing correction; however we have yet to see the impact. For instance, demand for gasoline has increased despite record prices and a call for greater conservation. Until we see signs that the economy is truly slowing, and that inflation is under control, the Federal Reserve will continue to raise interest rates. Conventional wisdom would indicate that we should not expect a rally in equity markets until investors believe that rates have stabilized.

Most economic data lag the current reality, and it is possible that the Fed over-corrects and takes rates too high just as these other headwinds finally show up. Conversely, perhaps the stabilization of the market in June is evidence that we are almost out of the woods — equity markets tend to be leading indicators. While we monitor these issues, and consider the possible outcomes, we always focus on individual company fundamentals. Clearly there are some companies that are directly affected by interest rates, energy, and so on. For us these are just additional inputs into our bottom-up analysis. As most investors are focused on guessing about the direction of key macroeconomic issues, we continue to find growth opportunities in individual companies and compelling investment themes.

¹ Earnings growth based on First Call mean estimate for the next twelve months. The **Price to Earnings (P/E) Ratio** is calculated by dividing current price of the stock by the company's trailing 12 months' earnings per share. The Russell Mid Cap[®] 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.

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.

The Fund invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility.

Quasar Distributors, LLC, distributor (7/06)

Top Ten Holdings

Covance Inc.	1.70%
Gen-Probe Inc.	1.68%
GameStop Corp.	1.64%
Tetra Technologies Inc.	1.61%
Euronet Worldwide Inc.	1.57%
ResMed Inc.	1.54%
Scientific Games Corp.	1.53%
HCC Insurance Holdings Inc.	1.52%
The Corporate Executive Board Co.	1.50%
Iron Mountain Inc.	1.42%
TOTAL TOP TEN HOLDINGS*	15.71%

* 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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