

### Stephens Mid Cap Growth Fund

#### Market Overview

The economic and geopolitical risks that were prevalent throughout 2006 seemed to subside in the fourth quarter. The mid-cycle slowdown that we have referred to has begun to play out, and the consequence is a rally in equities. The housing market has slowed. The “bubble” that was, is no longer an overhang on the economy and the slowdown has not caused any major, nationwide ramification except those isolated in the home building and mortgage industries. Energy prices have returned to lower levels, and gasoline prices specifically aren’t crowding out consumer spending. And although the Federal Reserve still worries, inflation pressures have eased.

Despite these signals that the economy is slowing – and some intraquarter fears that consumer spending would dramatically suffer – it appears as though a “soft landing” for the economy is in order. Investors generally believe that the next move in interest rates will be lower, further fueling a recovery in stocks.

The Dow Jones Industrial Average hit all time highs in the quarter. Other market indices were doing the same or were at levels not seen since the bull market of 2000. The S&P 500 was up 6.70% for the quarter, and the Russell Mid Cap® Growth was up 6.95%. Value strategies generally outperformed growth, but the difference wasn’t as pronounced as it had been for the third quarter.

#### Performance

	3 month	Since Inception (2/01/06)	Expense Ratio
Stephens Mid Cap Growth Fund (w/ Sales Charge)	-0.61%	-7.30%	1.50%
Stephens Mid Cap Growth Fund (w/out Sales Charge)	4.94%	-2.20%	
Russell Midcap® Growth Index	6.95%	4.28%	
S&P 500® Index	6.70%	12.59%	

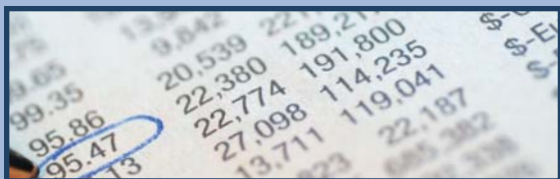
*Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value will fluctuate, and when sold, may be worth more or less than their original cost. Performance current to the most recent month-end may be lower or higher than the performance quoted and can be obtained by calling 866-735-7464. The Fund imposes a 2% redemption fee on shares held less than 60 days. Performance data does not reflect the redemption fee. 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 Stephens Mid Cap Growth Fund was up 4.94% without sales charge for the fourth quarter of 2006, and finished the year down 2.20% without sales charge (recall that the Fund’s inception date was 2/01/06).

Consumer stocks were slightly better than average performers for the Fund. Business was robust for GameStop Corp.GME once again as excitement about the Sony PS3 and Nintendo’s Wii generated increased sales – the stock was up nearly 20%. Our biggest contributor to performance was Station Casinos Inc.STN which was acquired by a private equity group. It was up more than 40% for the period.

Energy was also a positive contributor. Newfield Exploration Co.NFX and Southwestern Energy Co.SWN were up 19% and 17% respectively.

Relative to the Fund’s benchmark, our performance in Healthcare was basically inline, up marginally for the quarter. Core growth holdings like ResMed Inc.RMD and Gen-Probe Inc.GPRO performed nicely, up 22% and 11%. Another core growth holding, Covance Inc.CVD, traded off 11% during the quarter after the company issued more conservative guidance. The company fundamentals and strength in the clinical research outsourcing industry remain strong, however.



FOURTH QUARTER 2006

### Stephens Mid Cap Growth Fund

Technology remains our largest sector at approximately 30% of assets. It was also our largest contributor to performance and an area of relative outperformance. For example, SunPower Corp. SPWR, a maker of solar panels, was up 34% for the quarter.

#### Portfolio Characteristics

Our sector weights were largely unchanged this quarter. The Fund remains overweight in Technology and Healthcare sectors, and underweight in Consumer and Industrials sectors. The Fund's median market cap is roughly \$3.5B, which is less than our benchmark, indicating our bias towards smaller companies.

The Fund had a meaningful acceleration in its earnings growth rate, further distancing it from the benchmark. Although our median company's P/E multiple ticked up to 21.7, the Russell Mid Cap® Growth's did too, at 17.6, mostly a result of the strong performance in Q4. Our median holding's expected earnings growth rate jumped to 22.4% versus a decline for the benchmark down to 15.0%. The biggest divergence was in the actual reported growth for the most recent quarter; for the Fund it climbed from 21% in Q3 to 24%, while the benchmark's growth slowed to 17% from 18%.

#### Outlook

Not all of the evidence is in, but it does appear as though the "soft landing" scenario is playing out. The subsequent reacceleration in the economy and the market would theoretically be an ideal environment for small and mid-cap stocks.

We are encouraged by the individual opportunities we find on a stock-by-stock basis, and the reacceleration in our holdings' growth rates, not only relative to our benchmark, but also in absolute – 24% growth is very robust, particularly for companies this size.

As we begin the new year, we still believe that small and mid-cap growth stocks are due some mean reversion<sup>1</sup> in terms of relative performance. While not relying on that alone, it is nevertheless a tailwind to what could be fundamentally shaping up as a market that would also favor our style.

<sup>1</sup>Mean Reversion- the tendency of prices and returns to revert to their long-term averages after periods of relative under- or outperformance.

The Price to Earnings (P/E) Ratio reflects the multiple of earnings at which a stock sells and is calculated by dividing the current market price of a stock by the earnings per share.

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. The Dow Jones Industrial Average (DJIA) is an unmanaged index of common stocks comprised of major industrial companies and assumes reinvestment of dividends. 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](http://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 than larger companies.**

**Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.**

Quasar Distributors, LLC, distributor 1/07

#### Top Ten Holdings

Polo Ralph Lauren Corp.	1.89%
GameStop Corp.	1.72%
Covance Inc.	1.67%
Resmed Inc.	1.64%
Gen-Probe Inc.	1.63%
Cerner Corp.	1.61%
Iron Mountain Inc.	1.58%
Psychiatric Solutions Inc.	1.56%
Precision Castparts Corp.	1.56%
Euronet Worldwide Inc.	1.41%

**TOTAL TOP TEN HOLDINGS\* 16.27%**

\* 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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