

FIRST QUARTER 2006

Stephens Small Cap Growth Fund

Overview

We have been making the case that small cap growth stocks are poised for a period of out-performance, and this may be the first major confirmation that we are witnessing a rebound. Remember, the Russell 2000® Growth Index has been the worst performing Russell Index over the past ten years, despite this quarter's massive gains. Part of our thesis is simply a reversion to the mean and small cap stocks continuing their relative out-performance over much longer time frames. Whether or not it was a classic January effect is debatable. But what is certain is that equity markets, particularly small caps, rallied in January and throughout the first quarter of 2006. It has been a very broad based rally; within the Russell 2000® Growth Index every economic sector showed positive performance. The S&P 500 Index was up 4.21% for the quarter, and the Russell 2000® Growth Index was the best performing of all of the Russell indices, up a whopping 14.36%.

In a broad rally such as this, it can be difficult to beat a very diversified benchmark such as the Russell 2000® Growth Index. The Stephens Small Cap Growth Fund was up 13.50% for the first quarter of 2006, which slightly trailed our benchmark.

Performance

	3 month	YTD	Since Inception (12/01/05)
Stephens Funds Small Cap Growth (w/ Sales Charge)	7.50%	7.50%	5.97%
Stephens Funds Small Cap Growth (w/out Sales Charge)	13.50%	13.50%	11.80%
Russell 2000® Growth Index	14.36%	14.36%	12.02%
S&P 500 Index	4.21%	4.21%	2.99%

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 90 days until 6/1/2006, and a period of 60 days thereafter. 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.

Sectors and Stocks

In somewhat of a turn of events, every sector in the Russell 2000® Growth Index was up 10% or more. Of the otherwise evenly distributed performance, Materials was the only relative standout this quarter, up over 26%.

Within the Fund, one of the best relative performers was in the Consumer sector. Within that sector, our strategy of investing in companies that serve some rapidly growing niche market has fared well. One of the Fund's largest holdings, GameStop Corp (NYSE:GME), was also one of the strongest performers during the quarter. Despite shortages of Next Generation video game consoles, GameStop managed to exceed investor expectations. As the shortages are resolved, GameStop is well positioned to take advantage of this new product cycle. Our timely addition to a stock we mentioned last quarter, United Natural Foods (NASDAQ:UNFI), also proved to be a good investment this quarter, up over 32%.

The Fund underperformed in Healthcare. The driving force behind this was our underweight position in Biotech stocks, which were up over 13% for the quarter. Our earnings based investment discipline is not well suited to early stage biotech companies since many of these companies are losing money at an increasing rate. We do recognize the growth in biotechnology and other early stage pharmaceuticals, and we have made sizable investments in firms that supply tools, technology, and services to the pure play biotech companies. Over brief periods of time the stock price of these companies may lag relative to that of their customers, but we have more comfort in the stability and predictability of their business models. Holdings in our investment theme of digital imaging in healthcare, such as Hologic Inc. (NASDAQ:HOLX), continue to perform well. After a great Q4, it was up 45% in Q1.



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After a very strong Q4 for Technology, it was an area of weakness in Q1. One of the reasons the Fund's performance trailed in this sector is the lack of exposure to telecom equipment stocks. However, semiconductor issues performed well for the Fund, as did its holdings with internet related businesses.

Portfolio Characteristics

Due to the strong performance of small cap growth stocks, valuation multiples have increased. The median company's* price-to-earnings ratio¹ (P/E) has expanded to 25.8, and for the Fund's benchmark, it is now 18.7. At the same time, forecasted earnings growth has moderated to 21.4% for our median company*, and 18.7% for the Russell 2000® Growth Index. PEG ratios² have ticked up, and are now at or above 1.0 for both the Fund and the benchmark. However, we have experienced an up-tick in actual earnings growth to 33.8%, while the benchmark is only at 17.4%.

The ratio of core growth vs. earnings catalyst stocks in the portfolio changed only slightly in favor of catalyst to roughly 38/62 from 40/60 last quarter. This change is primarily a result of the dramatic performance of the market having a larger impact on our earnings catalyst stocks. The only meaningful sector changes were a slight reduction in Technology and a slight increase in exposure to Healthcare.

Outlook

We still fully believe that small cap growth is a "sweet spot" of risk/reward, and that over longer periods of time it will outperform the broader market. We also feel that small cap growth stocks are due some mean reversion, and that this recent performance may be just the beginning. The recent run in small cap stocks implies that investors' expectations for Q1 earnings will probably be high. If company fundamentals and earnings results don't match these expectations, it is reasonable to assume that we may give back some of these gains from Q1.

In a broad based market rally, there is little differentiation between "good" companies and "bad". Consequently it can be difficult for good managers to differentiate themselves from their benchmarks. In some cases, as in 2003, the "bad" companies (lower quality, more expensive, less growth, etc.) outperformed the "good" ones. However, over time we believe that the market will eventually reward those companies with better fundamentals and better growth prospects — and that is where we attempt to position the Fund.

¹ 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.

² The **PEG (P/E to growth rate)** is a ratio used to determine a stock's value while taking into account earnings growth. Earnings growth is measured as a year-over-year growth on recently reported quarter on a median basis.

* The median company is chosen from the Fund's portfolio, which consists of 117 companies. The median company is the 59th largest out of 117 for each of the respective categories.

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.

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 (4/06)

Top Ten Holdings

Euronet Worldwide, Inc.	1.63%
Psychiatric Solutions, Inc.	1.43%
Microsemi Corp.	1.32%
CoStar Group Inc.	1.28%
The Corporate Executive Board Company	1.25%
Trimble Navigation Limited	1.23%
Gen-Probe Inc.	1.23%
Zumiez Inc.	1.23%
CyberSource Corp.	1.21%
GameStop Corp.	1.21%
TOTAL TOP TEN HOLDINGS*	13.02%

* 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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