

Stephens Small Cap Growth Fund

Market Overview

Domestic equity markets were up nearly across the board, with mid-cap stocks once again showing their leadership and only the largest market cap indices posting losses for the quarter. The strong performance and lower levels of volatility carried over from Q4 of 2006 until concerns in the Chinese markets and complications in the Middle East once again shook the market. The correction was sharp and swift, but most equities rallied back in the last weeks of the quarter.

The S&P 500 finished up only 0.64% for the period, while the Russell 2000® Growth was up 2.48%. Among smaller capitalization companies, growth strategies fared better, but value outperformed elsewhere.

On the economic front, there are several factors that indicate our economy may be slowing or about to slow. The housing market continues to slow and sub-prime mortgage lenders have suffered significantly, creating additional fears about default rates. Consequently, tighter lending standards and lower home prices have led to a reduction in mortgage equity withdrawals, limiting the U.S. consumer's ability to continue borrowing and spending. Gasoline prices have ticked up recently, also creating a potential drag on consumer spending.

The U.S. economy remains resilient today, however. It may take months for these effects to fully show up on the bottom line, but in the meantime there is some evidence that growth is slowing.

Performance as of 3/31/07

	3 month	YTD	1 Year	Since Inception (12/1/05)	Expense Ratio Gross	Expense Ratio Net
Stephens Small Cap Growth Fund (w/ Sales Charge)	-1.35%	-1.35%	-7.03%	2.98%	1.62%	1.46%
Stephens Small Cap Growth Fund (w/out Sales Charge)	4.08%	4.08%	-1.88%	7.22%		
Russell 2000® Growth Index	2.48%	2.48%	1.56%	10.20%		
S&P 500® Index	0.64%	0.64%	11.83%	11.22%		

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. 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 1.50% of the Fund's average daily net assets indefinitely. Investment performance reflects fee waivers, in the absence of such waivers, total return would be reduced.

The Stephens Small Cap Growth Fund gained 4.08% (without sales charge) for the quarter, beating its benchmark by 1.60%. The Fund's improved performance was mostly a result of a broad-based return to quality and growth.

Healthcare was a performance leader in both relative and absolute measures. Our top holding in the sector, Hologic Inc.^{HOLX} continued making new highs on improved earnings and fundamentals. The Fund also benefited from its holdings in Adeza Biomedical Corp.^{ADZA}, which was acquired for a 55% premium.

Last quarter, we mentioned our success with video game retailer, GameStop Corp.^{GME}, and once again it was a big contributor to performance as it is in the midst of a video game console upgrade cycle. Specialty retailers such as Zumiez Inc.^{ZUMZ} continued to post gains as well. One area of weakness for the Fund was in Consumer Staples, where United Natural Foods Inc.^{UNFI} traded lower on news that their two largest customers are merging.

Within Technology there were mixed results. The Fund had winners with stocks in the software-as-a-service industry and in select semiconductor issuers as well. However, we suffered some in the computer server segment as larger competitors priced products below cost in order to take back market share, we subsequently liquidated our position in Rackable Systems Inc.^{RACK}



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FIRST QUARTER 2007

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Energy remains an overweight sector for the Fund at 8% of assets, and it was once again a positive contributor to performance. In addition to our holding in traditional oil and gas exploration and production companies and energy service companies, we also have exposure to alternative energy stocks that serve the solar and wind power markets, although they are not classified as "Energy".

Portfolio Characteristics

The Fund did not change much in terms of sector weightings, number of holdings or even the ratio of core growth to earnings catalyst companies. Our biggest relative bets are an overweight position in Technology and in Energy and an underweight position in Industrials. The Fund is still fairly diversified with the top ten holdings accounting for less than 15% of assets.

The notion of slowing growth may be showing up in the earnings growth data at the end of the quarter. Although the Fund's and the Fund's benchmark's P/E ratios and next twelve months projected earnings growth rates¹ didn't change much (23.3 P/E and 24.4% growth for the Fund and 17.6 P/E and 19.0% growth for the Russell 2000® Growth)², the actual reported growth took a meaningful downturn, especially for the benchmark. Last quarter, the Fund's median company grew earnings at 30.8%, this quarter it is 26.4%, while the benchmark's shrank from 15.7% to a meager 10.7%.

Outlook

It is not new news that the economy may be slowing. The factors that would lead to this have been in place for quite some time. As it usually happens though, it takes several quarters for the changes in economic environment to trickle down to individual company earnings. It appears as though this may be happening now. We are still hopeful that this slowdown is only just that, and that it will not lead to a recession. If this is the case, then it has historically been a good time to own equities.

Earnings growth has been strong for years, across the board. A strong U.S. economy coupled with the amazing growth in China and India has been the proverbial rising tide. Our value investing compatriots have been benefiting from owning "cheap" stocks that were also growing at a historically high rate because of this underlying growth. But as these economies slow, particularly domestically, not all boats will be lifted, and in such a case investors may once again put a premium on real growth. When growth is scarce, investors are more willing to pay up for it. And we are building this portfolio, one stock at a time, focused on delivering the highest quality and fastest growing companies the small cap universe has to offer.

¹ Projected Earnings Growth Rate indicators reflect the opinions of industry analysts as to the growth potential of a company's earnings.

² Median data

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 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. 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. 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 4/07

Top Ten Holdings

Euronet Worldwide Inc.	1.72%
Trimble Navigation Ltd.	1.43%
Lightbridge Inc.	1.37%
Core Laboratories N.V.	1.35%
Hologic Inc.	1.32%
Guess? Inc	1.27%
Tetra Technologies Inc.	1.26%
Nuvasive Inc.	1.25%
Vocus Inc.	1.24%
Psychiatric Solutions Inc.	1.22%

TOTAL TOP TEN HOLDINGS* **13.43%**

* 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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