

MARKET OVERVIEW

The 14-month long rally that began last March finally succumbed to mounting fears of a double-dip recession and other macro worries. April's performance was healthy, but the markets became more and more concerned about Greece's sovereign debt. "Contagion" was the word of the day, as fears spread to Spain's and Portugal's economies as well. The U.S. Dollar rallied, and yields on Treasuries fell as they once again seemed like a "safe haven".

European debt isn't the only problem. And it served as a reminder that there are numerous clouds looming on the horizon. Chief among which is that it is not clear that the U.S. economy is out of the woods yet. New home sales fell dramatically after the tax credit expired and employment data still looks weak. The burgeoning federal deficit and debt is a concern, and next year's tax hikes will surely dampen the recovery.

Events in the Middle East and in Asia reminded us that geopolitical risks are ever present. North Korea attacked and sank a South Korean vessel, killing 46 sailors. Tensions are still high between Israel and Iran, as Iran moves forward with its nuclear program.

The oil spill disaster in the Gulf of Mexico will have harmful consequences for years, but today the markets are grappling with the moratorium on drilling and the potential losses to the economies of gulf coast states and the energy industry as a whole.

As volatility ticked back up, equity markets were down dramatically across the board. The S&P 500® Index lost 11.43% of its value for the quarter ended June 30, 2010. All of the Russell U.S. Equity Indexes were down, many of them 10% or more. There was no clear bias towards growth or value. Small cap issues fared slightly better than their large cap counterparts.

PERFORMANCE OVERVIEW

The Stephens Mid Cap Growth Fund (Class A) lost 6.69% (without sales charge) for the second quarter, while the Fund's benchmark, the Russell Midcap® Growth Index lost 10.20%.

The silver lining of Q2 was that the low quality bias finally reversed. In this quarter, the best performers were the companies with the most consistent earnings, highest profitability, and fastest growth; conversely, the non-earners and the least profitable were the worst performers. Clearly, this worked in our favor.

BP's tragic accident and oil spill and the subsequent moratorium on off-shore drilling sent Energy stocks lower. The lull in activity will present short term challenges for our holdings, however this event is a glaring example that finding new oil supplies is becoming increasingly more difficult. There appears to be no more low hanging fruit. The incremental barrel of oil that our economy demands is either in a capital intensive oil sand, or it is off-shore in deep water and technically very challenging to find and produce. This gives us greater confidence that supply-side constraints will likely lead to higher oil prices, and that the economics of higher prices should eventually flow to the service companies that enable these processes. Our overweight position in Energy worked against us, but our investments were much less affected than those in the benchmark.

Consumer Discretionary stocks also suffered. The stocks had come so far, so fast off the bottom that they were easy targets for profit taking, particularly with renewed fears of a stalled recovery. The Fund performed relatively well in this sector. Many of our holdings in media related companies and restaurants continued to post gains. Netflix Inc. (NFLX) and Chipotle Mexican Grill Inc. (CMG) were both top performers.

Healthcare fared better than the overall market and performed relatively inline with the benchmark. Stericycle Inc. (SRCL), which provides waste management services to hospitals, outperformed as concerns over the impact of health care reform on hospitals abated. Breast cancer gene diagnostic company Myriad Genetics Inc. (MYGN) suffered from volume declines as patients postponed visits to gynecologists and oncologists.

Performance data as of 6/30/10

Class A	3 Month	YTD	1 Year	3 Year	Since Inception (2/01/06)	Expense Ratio Gross	Expense Ratio Net[«]
Stephens Mid Cap Growth Fund (w/ Sales Charge)	-11.63%	-4.20%	18.50%	-7.39%	-2.70%	2.78%	1.51%
Stephens Mid Cap Growth Fund (w/out Sales Charge)	-6.69%	1.08%	25.00%	-5.70%	-1.51%		
Russell Midcap® Growth Index	-10.20%	-3.31%	21.30%	-7.53%	-1.99%		
S&P 500® Index	-11.43%	-6.65%	14.43%	-9.81%	-2.77%		

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 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 to ensure the total amount of Fund normal operating expenses does not exceed 1.50% of the Fund's average daily net assets until March 31, 2011. Investment performance reflects fee waiver, in the absence of such waivers, total return would be reduced.

PERFORMANCE OVERVIEW CONTINUED

Our performance in Technology was much better than that of the benchmark. We saw strong fundamentals in our companies that benefit from spending priorities in data networking, digital media and smartphone markets. ARM Holdings PLC (ARMH) was once again a top contributor, joined by Akamai Technologies Inc. (AKAM) and F5 Networks Inc. (FFIV).

Financials was the worst performing sector for the Fund during the quarter. Fears of regulatory reform and its impact on future profitability created an overhang in the group and led to profit taking. In addition, our investments in capital markets companies Greenhill & Co. (GHL) and Lazard Ltd. (LAZ) both underperformed as Merger and Acquisition (M&A) activity slowed. We remain confident that a strong M&A cycle should emerge if corporate confidence and profits continue to be restored.

PORTFOLIO CHARACTERISTICS

There were small changes in the Fund's sector weights. Technology and Consumer Discretionary continued to grow and finished the quarter at 30% and 16%, respectively. Healthcare is the Fund's second largest sector, at 20% of assets. The annual rebalance of the Russell Midcap[®] Growth Index happened at the end of the quarter, so our relative sector weights changed significantly. Energy is nearly double the weight in the benchmark, and we are significantly underweight in Materials. We are very aware of these relative bets, and we are diligent in our analysis of these sectors and are monitoring the risk.

As the market pulled back, so did valuations. Our median holding now trades at 17 times the next twelve month's earnings, versus 19.4 in the prior quarter. Actual growth continued to rebound; our median stock posted 28% growth in the most recently reported quarter. Expectations for growth also moved higher as forecasts for the next twelve months show 17% earnings growth.

OUTLOOK

The pendulum swings again. Sentiment on Wall Street seems to always overshoot. Just in the last 18 months we've gone from the depths of the "next great depression", to the euphoria of a V-shaped recovery that no one thought possible, and now back to an economic soft patch and fears of a double dip recession. Does perception match reality today?

At the beginning of this year, we were a little early in our belief that the market was poised to favor high quality growth stocks, but this quarter it was spot on. We also believe that this will not be a short lived phenomenon. The factors we referred to before are still present. The next few quarters will compare against the anniversary of the cost cutting so many companies enjoyed last year. Real, organic revenue growth is still relatively rare.

Volatility and uncertainty have crept back into the market, and this has forced investors to more carefully consider their appetite for risk. It's only logical to assume that investors will place a premium on companies with consistent track records and those with improving fundamentals and growth rates. So, we cannot say for sure what absolute returns will be (although we are reminded of Warren Buffett's quote: "Be fearful when others are greedy, and greedy when others are fearful"), but we are confident that our bias towards quality growth stocks will prevail over time.

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. You cannot invest directly in an index. Earnings Growth is a measure of growth in a company's net income over a specific period, often one year. **Earnings growth for a fund holding does not guarantee a corresponding increase in the market value of the holding or the Fund.**

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.

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

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TOP TEN HOLDINGS

ARM Holdings PLC - ADR	2.15%
Salesforce.com, Inc.	2.02%
F5 Networks, Inc.	1.97%
ResMed, Inc.	1.94%
Stericycle, Inc.	1.68%
IDEXX Laboratories, Inc.	1.61%
Core Laboratories NV	1.60%
Express Scripts, Inc.	1.60%
Ross Stores, Inc.	1.60%
Iron Mountain, Inc.	1.56%

TOTAL TOP TEN HOLDINGS* **17.73%**

* Excludes Money Market Fund holdings.

Fund holdings and asset allocations are subject to change and are not recommendations to buy or sell and security. *Current and future portfolio holdings are subject to risk.*

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