

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 Small Cap Growth Fund (Class A) lost 6.35% (without sales charge) for the second quarter, while the Fund's benchmark, the Russell 2000® Growth Index lost 9.22%.

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 specialty retailers continued to post gains.

For the second quarter in a row, Healthcare was the Fund's largest source of outperformance relative to the benchmark. The Fund benefited from merger and acquisition activity, as Dialysis Corp of America (DCAI) was acquired for a significant premium. Phase Forward Inc. (PFW) and Psychiatric Solutions of America (PSYS) also rose on the news of being acquired. Advisory Board Co. (ABCO) was one of the Fund's top contributors, based on a resumption of growth and a complex industry environment that is driving demand for their services.

<i>Performance data as of 6/30/10</i>						Expense	Expense
Class A	3 Month	YTD	1 Year	3 Year	Since Inception (12/1/05)	Ratio Gross	Ratio Net [Ⓔ]
Stephens Small Cap Growth Fund (w/ Sales Charge)	-11.30%	-5.99%	11.97%	-7.67%	-1.75%	1.55%	1.36%
Stephens Small Cap Growth Fund (w/out Sales Charge)	-6.35%	-0.82%	18.23%	-5.99%	-0.60%		
Russell 2000® Growth Index	-9.22%	-2.31%	17.96%	-7.54%	-0.90%		
S&P 500® Index	-11.43%	-6.65%	14.43%	-9.81%	-2.32%		

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 1.35% 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 roughly inline with that of the benchmark, although there were individual stocks that had volatile moves. Visa announced their intention of acquiring one of our top holdings, Cybersource Corp. (CYBS) -- it was our biggest contributor to performance. Our biggest detractor to performance was TiVo Inc. (TIVO). An appeals court decided to hear a review of the patent case which they had previously won, and the stock sold off in light of the new risks.

Our differentiated approach in Financials is paying off. Debt collection firms Portfolio Recovery Associates Inc. (PRAA) and Encore Capital Group Inc. (ECPG) are enjoying a "perfect storm" environment, and their stocks posted double digit returns in the quarter.

PORTFOLIO CHARACTERISTICS

The Fund's sector weights were largely unchanged. Technology remained our largest, at about 29% of assets. Healthcare and Consumer Discretionary were at 23% and 17%, respectively. The annual rebalance of the Russell 2000[®] Growth Index happened at the end of the quarter, so our relative sector weights changed significantly. Energy and Financials are now double or more the weight in the benchmark, and our position in Industrials is less than half of the Russell's. 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 19 times the next twelve month's earnings, versus 21 in the prior quarter. Actual growth continued to rebound; our median stock posted 30% growth in the most recently reported quarter. Expectations for growth also moved higher as forecasts for the next twelve months show 26.4% earnings growth.

Earnings catalyst stocks remained at about 55% of the portfolio, while *core growth* comprised the other 45%.

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 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. 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

7/10

TOP TEN HOLDINGS

Portfolio Recovery Associates, Inc.	1.98%
Core Laboratories NV	1.98%
Encore Capital Group, Inc.	1.54%
VistaPrint NV	1.50%
Advisory Board Co.	1.45%
NuVasive, Inc.	1.40%
Eclipsys Corp.	1.38%
Ansys, Inc.	1.30%
LKQ Corp.	1.27%
HMS Holdings Corp.	1.25%

TOTAL TOP TEN HOLDINGS* 15.05%

* 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.*

FOR MORE INFORMATION, CONTACT:

Stephens Funds[®]
c/o U.S. Bancorp Fund Services, LLC
P.O. Box 701
Milwaukee, WI 53201-0701

**Stephens Investment
Management Group, LLC**
111 Center Street
Little Rock, AR 72201

3700 Buffalo Speedway, Suite 900
Houston, TX 77098

WWW.STEPHENSFUNDS.COM

1.866.735.7464