

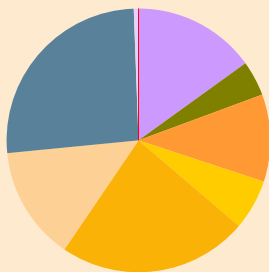
TOP 10 HOLDINGS<sup>1</sup>

Company	% of PORTFOLIO
1. Advisory Board Co.	188
2. HMS Holdings Corp.	168
3. Portfolio Recovery Asscs. Inc.	161
4. Core Laboratories NV	159
5. Lions Gate Entertainment Corp.	157
6. Buffalo Wild Wings Inc.	153
7. United Natural Foods Inc.	153
8. CoStar Group Inc.	149
9. National CineMedia Inc.	143
10. Zoll Medical Corp.	139

*Excludes Money Market Fund Holdings. Portfolio holdings and asset allocations are subject to change and are not recommendations to buy or sell a security. Current and future portfolio holdings are subject to risk.*

SECTOR WEIGHTINGS<sup>1</sup>

Consumer Discretionary	15.04%
Consumer Staples	4.31%
Energy	10.70%
Financials	6.18%
Health Care	23.25%
Industrials	13.97%
Information Technology	25.97%
Materials	0.57%
Utilities	0.00%



Stephens Investment Management Group, LLC

9 Greenway Plaza  
Suite 1900  
Houston TX 77046

CUSTOMER SERVICES,  
SALES & MARKETING  
(800) 458-6589

WEBSITE:  
stephensimg.com

MARKET OVERVIEW

While the third quarter of 2011 was characterized by volatility and risk aversion, and consequently negative returns, the fourth quarter delivered a massive rebound. The S&P 500® Index gained 11.82% for the fourth quarter of 2011 and finished up 2.11% for the year. The Russell 2000® Growth Index rebounded 14.99% in the quarter, but couldn't quite get back into positive territory for the year, ending with a loss of 2.91%.

The reason for the sharp rally wasn't that the situation in Greece and Europe showed big signs of improvement; the drama (tragedy?) continued. Europe's struggled with the debt burden and the austerity measures aimed at fixing them. However, it seemed that U.S. investors suffered from fatigue of the daily news flow regarding the problems in Europe, and began shifting their focus back home.

Here in the U.S., despite this being the "worst recovery since the Great Depression", it has been a recovery nonetheless. Although growth is slowing, we have seen modest improvements in employment, and inflation fears eased some. In the holiday selling season, the American consumer proved he wasn't quite dead yet. In retrospect, the low point in sentiment, and thus a low point for equity valuations at the end of Q3 set the stage for a powerful rally, fueled by the absence of more bad news.

SMALL CAP GROWTH SEPARATE ACCOUNT COMPOSITE PERFORMANCE

The Stephens Small Cap Growth Composite was up 11.95% gross (11.75% net), trailing our benchmark, the Russell 2000® Growth Index, by 3.04% for the fourth quarter of 2011.

The performance reversal from the previous quarter was most pronounced in Energy. In Q3 it was the worst performing sector, but in this quarter Energy topped the list. In spite of a slowing global economy, oil prices have been resilient all year, and improved throughout the quarter. Our overweight position here helped the Strategy's performance. We benefitted from M&A activity as Complete Production Services Inc. was bought for a healthy premium. Key Energy Services Inc. was the Strategy's top contributor.

Consumer stocks rebounded, but not as much as the broad market. Our holdings in video content and digital media performed well again this period. We sold our position in Diamond Foods Inc., which was the Strategy's biggest negative contributor. Positive business fundamentals were overwhelmed by legal and accounting concerns. We expect to remain on the sidelines until we learn more.

Sticking with the reversal theme, athenahealth Inc., one of Healthcare's top contributors last quarter, was at the bottom of the list this time. Healthcare in general lagged the broad market as well. We did have continued success with Advisory Board Co. and HMS Holdings Corp. which were the Strategy's two largest positions at the end of the quarter.

Technology stocks were a highlight for the Strategy, as we outperformed the benchmark by way of security selection. While we had our fair share of "winners", with stocks like OSI Systems Inc., Cymer Inc., and Stratasys Inc., we did just as good of a job avoiding big "losers" – there were no Tech stocks in our bottom 15 contributors. There was some benefit to M&A activity here too, when RightNow Technologies Inc. was acquired by Oracle.

PORTFOLIO CHARACTERISTICS<sup>1</sup>

Technology is still the Strategy's largest sector, at 26% of assets. Healthcare is a close second, at 23%. We trimmed some exposure to Consumer names: Consumer Discretionary was down to 15% and Consumer Staples at 4%. We are still underweight Materials and Industrials.

<sup>1</sup>The information is shown as supplemental only and complements the full disclosure presentation located on the back. The Russell 2000® Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values. You cannot invest directly in an index. 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.

**Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.**

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance is calculated using actual fees incurred. Prior to June 2, 2005, accounts in the composite were charged a bundled fee based on a percentage of assets under management. The bundled fee covered investment management, trading and other account expenses. Gross returns for this period are shown as supplemental information and are stated gross of all fees and transaction costs; net returns are reduced by all fees and transaction costs incurred. Additional information regarding policies for calculating and reporting returns is available upon request. The management fee schedule begins at 1.25% of assets under management. Actual investment advisory fees incurred by clients may vary.

The Small Cap Growth Separate Account Composite was created December 1, 2005. Performance for the period prior to December 1, 2005 occurred while the Portfolio Management Team provided services on behalf of the prior firm, Stephens Inc., and the Portfolio Management Team members were the only individuals responsible for selecting the securities to buy and sell. Compliance with GIPS has been verified firm-wide by Ashland Partners & Company LLP from December 1, 2005 through September 30, 2011. In addition, a performance examination was conducted on the Small Cap Growth Separate Account Composite beginning October 7, 2004. A copy of the verification report is available upon request.

Composite policy requires the temporary removal of an account from the composite which incurs a client initiated significant cash inflow or outflow of 10% or more of the value of the net assets of the account in any 30-day period. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

**The investment objectives, risks, charges and expenses should be carefully considered before investing. SIMG nor their representatives provide legal or tax advice. Please consult your tax advisor before making any decision.**

There are additional risks associated with investments in smaller and/or newer companies because their shares tend to be less liquid than securities of larger companies. Further, shares of small and new companies are generally more sensitive to purchase and sales transactions involving the company's stock and to changes in the company's financial condition or prospects and therefore, the price of such stocks may be more volatile than those of larger company stocks. Clients' investment results and principal value will fluctuate.

## PORTFOLIO CHARACTERISTICS<sup>1</sup>

After the low points in September, valuations rebounded a little. The Strategy's median holding now trades at 18.2x its forecasted next twelve months earnings, versus 15.5x just three months prior. As expected, earnings growth rates have slowed some. Current predictions put the next twelve months' growth at 19.4% for our median holding, while the median company in our benchmark is expected to grow 18.9%. Actual growth slowed as well. In the most recently reported quarter, our median company showed 20.8% growth.

The ratio of *earnings catalyst* to *core growth* stocks shifted back in favor of catalyst this quarter. It now stands at 60/40.

## OUTLOOK

Are you tired of hearing about macro-economic troubles? Do you just wish that something – anything – would happen with Greece, to force the issue so we can begin to move on? It's not just European economic woes, I could go on and on about the jawboning regarding U.S. economic policy.

It seems that fatigue is starting to set in. It's not that these issues aren't important, they are! But in the short run there's not much we can do about them. As long term investors, we don't want to get sucked in to the temptation of trying to make short term trading calls on guessing the outcomes of these events. Will this be the quarter (or year) when Greece defaults? Or when the Euro dissolves? Or the tensions in between Iran and Israel actually lead to war?

For three and a half years, investors have been keenly focused on macro-level issues. For the last two years, the mantra has been "risk-on" or "risk-off" depending on the day of the week.

In case we had forgotten, it turns out that it is very difficult to predict the outcome of these matters, and perhaps even more difficult to time the execution (both the entry and the exit – buy and hold doesn't work for this type of trading!) of a financial transaction that capitalizes from said prediction. It's so hard in fact, that my guess is that most people have lost money playing that game. And even if they aren't playing, they're tired of focusing on it. Now what?

Back to the basics, of course. The U.S. economy seems to be getting better, albeit slowly. Employment figures are improving. The holiday selling season was actually pretty good. Consumer and business confidence are both on the mend. This hasn't been like other recoveries, however. It has been much slower and less...certain, for lack of a better word. Economically, this is uncharted territory. And for portfolio managers and investors, it means that there is no "playbook", no obvious consensus.

Our vision for the next quarter and the coming year isn't as clear as it was about the prior quarter. Optimism might be too strong of a word, but barring some exogenous shock to the system, it seems as though things should continue to improve here domestically. We continue to find exciting businesses and innovative companies. And as long as these other macro crises fail to materialize or at least are deferred or avoided, we can have a productive environment for stock-picking.

**Earnings growth for a fund holding does not guarantee a corresponding increase in the market value of the holding or the fund. Earnings Growth** is a measure of growth in a company's net income over a specific period, often one year. **Return on Equity** is the amount of net income returned as a percentage of shareholders equity and measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

## IMPORTANT LEGAL DISCLOSURES

Year	Total Firm Assets (millions)	Strategy Assets*		Composite Assets		Annual Performance Results			
		USD (millions)	Number of Accounts	USD (millions)	Number of Accounts	Composite		Russell 2000® Growth	Composite Dispersion
						Gross	Net		
2010	919	878	18	779	16	27.81%	26.94%	29.09%	0.05%
2009	554	521	15	459	14	38.41%	37.53%	34.47%	0.25%
2008	387	362	15	320	12	-39.92%	-40.33%	-38.54%	0.08%
2007	391	353	10	192	8	15.66%	14.92%	7.05%	0.05%
2006	285	261	9	219	8	7.98%	7.29%	13.35%	N.A
2005	90	80	10	55	9	15.85%	15.09%	4.15%	N.A
2004**	1	1	1	1	1	10.54%**	10.54%**	11.03%**	N.A

\*\*Results shows for the year 2004 represent partial period performance from October 7, 2004 through December 31, 2004.

\*Strategy Assets are shown as supplemental information.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**Small Cap Growth Separate Account Composite** contains fully discretionary account invested primarily in small cap common stock of U.S. companies. Securities purchased for this composite generally have market capitalizations at the time of purchase of \$2.5 billion or less which appear to have clear indicators of future earnings growth or that appear to demonstrate other potential for growth of capital. In addition to common stock the composite may also purchase convertible and preferred stock as well as certain Exchange Traded Funds. This composite is actively managed and securities in the composite are frequently purchased and sold by the manager. For comparison purposes the composite is measured against the Russell 2000® Growth Index.

**Stephens Investment Management Group, LLC has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®).**

Stephens Investment Management Group, LLC is a registered investment advisor specializing in equity investment management, specifically small and mid-capitalization growth companies. The firm maintains a complete list and description of composites, which is available upon request.