

TOP 10 HOLDINGS¹

COMPANY	% of PORTFOLIO
1. Core Laboratories NV	2.60
2. Portfolio Recovery Assocs.Inc.	2.46
3. ARM Holdings PLC (ADS)	2.36
4. IDEXX Laboratories Inc.	1.94
5. Advisory Board Company	1.93
6. ResMed Inc.	1.89
7. Ansys Inc.	1.87
8. Icon PLC (ADS)	1.86
9. HMS Holdings Corp.	1.80
10. Stericycle Inc.	1.79

Excludes Money Market Fund holdings. Portfolio holdings and characteristics are subject to change.

SECTOR WEIGHTINGS¹

Consumer Discretionary	13.75%
Consumer Staples	2.56%
Energy	9.42%
Financials	6.31%
Health Care	30.17%
Industrials	7.41%
Information Technology	30.37%



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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.

SMALL-MID CAP GROWTH SEPARATE ACCOUNT PERFORMANCE

The Stephens Small-Mid Cap Growth Composite lost 3.91% pure gross¹ (-4.25% net) for the second quarter, while the Strategy's benchmark, the Russell 2500[®] Growth Index lost 9.77%.

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 Strategy performed relatively inline in this sector. Strength in media related companies and restaurants offset weakness in specialty retailers.

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

Our performance in Technology also exceeded that of the benchmark. Visa announced their intention of acquiring one of our top holdings, Cybersource Corp. (CYBS) — it was our biggest contributor to performance. Once again, ARM Holdings PLC (ARMH) was a source of strength.

Our differentiated approach in Financials is paying off. Debt collection firm Portfolio Recovery Associates Inc. (PRAA) is enjoying a "perfect storm" environment, and its stock posted double digit returns in the quarter.

¹This information is shown as supplemental only and complements the full disclosure presentation located on the back. The Russell 2500[®] Growth Index measures the performance of those Russell 2500[®] 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 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. ¹Pure gross returns 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.

In addition to a management fee, the accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes advisory, custody, execution and other services provided in connection with the program. Bundled fee accounts make up 100% of the composite for all periods shown. Additional information regarding policies for calculating and reporting returns is available upon request.

The bundled fee schedule begins at 2.75% of assets under management. Actual investment advisory fees incurred by clients may vary.

The Small-Mid 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 March 31, 2010. In addition, a performance examination was conducted on the Small-Mid Cap Growth Separate Account Composite beginning February 1, 2005. A copy of the verification report is available upon request.

Beginning September 30, 2007, composite policy requires the temporary removal of any 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 decisions.

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 prices of such stocks may be more volatile than those of larger company stocks. Clients' investment results and principal value will fluctuate.

PORTFOLIO CHARACTERISTICS¹

The Strategy's sector weights were largely unchanged. Technology remained our largest, at a little more than 30% of assets. Healthcare and Consumer Discretionary were about 30% and 14%, respectively.

As the market pulled back, so did valuations. Our median holding now trades at 18.6 times the next twelve month's earnings, versus 21.7 in the prior quarter. Actual growth decelerated from last quarter's strong 20.8%; our median stock posted 15% growth in the most recently reported quarter. Expectations for growth moved higher as forecasts for the next twelve months show 16.2% 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.

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 2500® Growth	Composite Dispersion
						Pure Gross ¹	Net		
2009	554	19	22	16	21	36.59%	34.72%	41.65%	0.39%
2008	387	12	21	12	21	-39.76%	-40.70%	-41.50%	0.28%
2007	391	17	20	16	19	25.28%	23.59%	9.69%	0.11%
2006	285	12	20	12	20	4.58%	3.16%	12.26%	0.08%
2005**	90	10	18	10	18	18.40%**	17.93%**	12.13%**	N.A.

**Results shown for the year 2005 represent partial period performance from February 1, 2005 through December 31, 2005.

*Strategy Assets are shown as supplemental information and includes non-discretionary UMA assets managed within the SMID Strategy. N.A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Small-Mid Cap Growth Separate Account Composite contains fully discretionary accounts invested primarily in small and mid-cap common stock of U.S. companies. Securities purchased for this composite generally have market capitalizations at the time of purchase of \$12.5 billion and below 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 2500® 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.

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.