

STEPHENS INC.

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Informational Brochure regarding the

Stephens Allocation Strategies

This brochure provides clients with information about Stephens Inc. and the Stephens Allocation Strategies Program that should be considered before becoming a client of the Stephens Allocation Strategies Program. This information has not been approved or verified by any governmental authority.

Form ADV - Schedule H

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Schedule H
Informational Brochure regarding the
Stephens Allocation Strategies Program
(Private Client Group)

Stephens Inc. (“Stephens”) is a full service broker/dealer and investment bank. It is registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (“FINRA”), the New York Stock Exchange, Inc. (NYSE), the Chicago Stock Exchange (CHX), the Municipal Securities Rulemaking Board (MSRB), the Chicago Board Options Exchange, Inc. (CBOE) and the Securities Investor Protection Corporation (SIPC). Stephens is also registered as a Futures Commission Merchant with the Commodities Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA). Stephens Inc. is also registered as an investment advisor with the Securities and Exchange Commission; however, Stephens Inc. derives greater revenues from its broker/dealer and investment banking activities than it derives from its investment advisor activities. A sister company of Stephens is an insurance agency.

The Stephens Allocation Strategies Program (“SAS”) is an investment advisory discretionary program offered by Stephens. Clients receive advice and investment management services from investment advisor representatives, on an individualized basis, under the SAS Program with the intent to address the particular investment needs and objectives of the client through the SAS Program. SAS, Stephens and its advisor representatives involved in this program may also provide brokerage and other services to certain clients or engage in other functions and duties associated with Stephens’ business as advisor and broker/dealer, to which they may devote as much time as necessary.

Stephens Allocation Strategies Program
Discretionary Program

The Stephens Allocation Strategies Program (“SAS”) is an asset allocation program sponsored and administered through Stephens Inc. whereby the client is offered a strategy of purchasing a portfolio of “no load” or “load waived” mutual funds and Exchange Traded Funds (“ETFs”) representing a broad spectrum of equities and fixed income markets through Stephens Inc. Mutual funds and ETF’s are collectively referred to as “Funds” in this Schedule H.

FUND’S STRATEGIES

Stephens Inc., acting as the registered investment advisor manages the selection of funds representing each asset class included in the SAS Asset Allocation Models in the Stephens Allocation Strategies Program and establishes standard SAS model asset allocation portfolios for differing risk and time horizon parameters. Ongoing investment monitoring, fund replacement, periodic rebalancing, investment performance measurement and quarterly reporting is provided by Stephens Inc., throughout the life of the account. Stephens Inc. having discretion to manage the investments of each SAS Account, in accordance with the client’s Investment Advisory Agreement will provide all required broker-dealer compliance functions for the SAS Models.

Based on individual consultations with the client and the Risk Tolerance Questionnaire, an SAS asset allocation model recommendation is developed by Stephens for the client's account, intended to reflect the investment objectives, risk tolerance and investment time horizon communicated to Stephens by client. Following client's approval of the recommended asset allocation, Stephens will initiate and execute all transactions that are required to manage the client's account in accordance with such asset allocation. Best execution is sought for all transactions.

Stephens has investment discretion to change the funds representing any asset class, to add or eliminate asset classes from the asset allocation model and to adjust the standard SAS asset allocation models, all consistent with the client's investment profile as communicated to Stephens.

The SAS Program is a "wrap fee programs" in which the client pays a single fee for investment management and related services, executions, custody and clearing charges. Fees for other services, such as wire transfer fees, document copying fees, account research fees and other services will be charged at Stephens' standard rates in addition to the "wrap fee". Additionally, fees charged by the funds included in each client's portfolio will be borne by the client. The client understands that, among other mutual fund fees, many mutual fund companies impose short-term trading fees with respect to purchase and redemptions of fund shares effected within a time frame designated by the mutual fund company (such as, but not limited to sixty (60) or ninety (90) days) and that mutual fund companies may impose other fees from time to time. Any such fees imposed by any mutual fund company with respect to SAS Account assets will be charged to the account, whether resulting from fund transfers, withdrawals, rebalancing transactions, or other transactions in the account. Some balances may be invested in money market mutual funds.

Clients often receive this information by electronic delivery.

SERVICES

With respect to SAS accounts in the SAS Program, the assigned Financial Consultant at Stephens Inc. is responsible for reviewing performance of the accounts with the client periodically, subject to supervision by the Stephens Allocation Strategies Investment Committee. The day-to-day investment decisions and security selections are made by Stephens Inc. Fund transactions will be directed by Stephens Inc. in SAS accounts. The goal of the Stephens Allocation Strategies Program is to assist clients by attempting to bring together funds capable of creating reasonable returns with limited risk through an investment strategy, consistent with client's investment profile that utilizes a diversified portfolio in which each asset class represented in the portfolio is managed by professional fund managers.

Other services provided under the SAS Program include: investment management, custody of securities, securities brokerage and execution services, client risk profiles, assistance in defining client goals, asset allocation modeling, periodic rebalancing, quarterly performance reports,

accounting support and automated billing. We will provide periodic reports of your account and your risk profile and investment goals.

Funds will be the primary investments used in the SAS client account investment portfolios. Past performance is no guarantee of future results.

Custodial Services:

Stephens will also provide custodial account services. Custodial services provided by Stephens include automated mutual fund trading and custody of securities in your account, periodic statements, certain tax reporting, delivery of fund prospectuses and proxy materials and other similar services. Your account will be subject to the terms and conditions described in the Investment Advisory Agreement, Stephens' standard account agreement and any separate agreement or agreements executed in connection with the account. If any of the assets on the account are held in custody by any person, firm or entity other than Stephens, the custodial fees of such other custodian will be charged to the account and will be in addition to the wrap fee for the account.

Collection of Fees:

Stephens is authorized to deduct from your account each quarter in advance the amount of the total quarterly wrap fee as described in the Investment Advisory Agreement, and the other fees, if any, applicable to your account for such calendar quarter. Stephens will issue quarterly reports to you reflecting the current positions and the performance of the investments. It is contemplated that such performance reports will be prepared by Stephens Inc.

Trading Authorization:

In connection with the SAS Program, Stephens Inc. shall have discretionary authority to buy or sell securities for the client account. Each Client will designate Stephens Inc. to manage its SAS account (collectively hereafter "Portfolio Investments"). Stephens Inc. shall have discretionary authority, subject to the client's instructions or investment guidelines, to buy, sell and trade fund securities for client's SAS account, including but not limited to authority to reinvest dividends and other income distributions on a similar basis and to rebalance client portfolios on a periodic basis. Each client may from time to time request a modification of the asset allocation or withdraw assets from the SAS Program, subject to applicable account size minimums established by Stephens Inc. from time to time and subject to limitations adopted by Stephens Inc. on the frequency of such changes.

Except with respect to the payment of applicable fees or other obligations owed to Stephens, or for correction of errors, Stephens Inc. is not authorized to withdraw or transfer any money, securities, or property out of a client's account, without authorization from the client.

Client acknowledges and understands that brokerage or securities transaction execution services provided by any person or entity other than Stephens Inc. are separate from and in addition to the wrap fee for the account. Additionally, regular service charges shall apply to Client's account for account administration services other than investment management services, securities execution services and securities custody services provided by Stephens Inc.

Stephens Inc. and its affiliates may perform advisory and/or brokerage services, including investment reporting, for various clients, and Stephens may give advice or take actions for other clients that differ from the advice given or the timing or the nature of any action taken for your account. In addition, Stephens Inc. may, but is not obligated to, purchase or sell or recommend for purchase or sale any security which Stephens or any of its affiliates may purchase or sell for their own accounts or the account of any client. Cash awaiting investment or reinvestment may be invested in a money market mutual fund offered through Stephens Inc., pursuant to an automatic cash sweep program.

Stephens will not charge commissions on securities transactions that are executed through Stephens for these accounts.

Types of Clients:

The SAS Program is available to individuals, foundations, trusts, IRAs, endowments, corporations, partnerships and other entities interested in investing in a managed fund asset allocation program.

Selection of Portfolio Manager:

When client assets come into the SAS Program, the following procedures are used to choose the mix of funds to place in a portfolio. The client completes a Risk Tolerance Questionnaire and provides other information about client's investment objectives and investment time horizons. The information provided will be used by Stephens Inc. to develop a recommended asset allocation and a recommended array of funds with which to populate the recommended asset allocation. Upon client's approval of the asset allocation, the client's assets will be invested in the funds utilized in the SAS Program in accordance with the approved allocation of assets for client's SAS account.

Process of Selecting Funds and/or Developing Asset Allocation Recommendations:

Whichever SAS asset allocation model is chosen (whether a standard SAS model or a customized asset allocation), client assets will be invested pursuant to the asset allocation through an array of actively managed funds selected by the SAS Investment Committee.

The SAS selection process is a four step proprietary process for actively managed fund selection.

The SAS process begins with Morningstar's database of 14,000+ actively managed funds and screen these funds through a filter of initial criteria that includes objectives such as three year manager tenure, five year inception date, size of fund and three and five year performance numbers. From this screening, the process takes semi-finalists and screens those funds on both a quantitative and qualitative analysis. On a quantitative basis, we then evaluate such factors as annual performance, standard deviation, which measures volatility of returns; R squared, which measures the relationship of returns to the benchmark; alpha, which measures excess returns due to manager's skill. On a qualitative basis, we also evaluate such factors as a deeper understanding of the fund's investment

philosophy, an understanding of trading disciplines for buying and selling of securities and knowledge of the configuration of the portfolio management team.

The process continues with a Due Diligence visit to funds considered potential finalists in the selection process and the choosing of a selected fund an alternate fund per asset class by the Investment Committee.

The relationship with the selected funds is established to provide for a regular flow of communication and materials between the funds and Stephens. The funds selected from the process attempt to produce a “Best of Breed” portfolio of actively managed funds across the selected asset classes.

Once chosen, selected actively managed funds are regularly monitored by Stephens. Throughout the quarter the actively managed funds are regularly monitored for performance, news and participation in conference calls. At quarter’s end, the investment committee meets to compare the line-up on performance to selected investment benchmarks and evaluate other criteria relating to the operation of the funds. If our warning triggers are observed, a fund may be subjected to a probationary review and comparative analysis. Warnings triggers are based upon factors such as style inconsistency, manager changes at firms, performance issues or changes in investment philosophy.

Upon completion of the probationary review, the investment committee will determine whether that fund will remain in the SAS Model line-up or be replaced with an alternate fund in that asset class.

Additionally, SAS Program Models make available ETF alternatives. In addition to the funds in the SAS Model line-up, an allocation of a portion of a client’s assets may be invested pursuant to an alternative investment style to give the account enhanced exposure to specific sectors, such as real estate, energy, commodities, international investments, emerging markets or other particular market sectors. When the client approves a proposed asset allocation plan, the client’s account may be established and assets invested in the SAS funds in accordance with the agreed asset allocation to begin to operate the plan.

FEE SCHEDULES

Fees for the SAS Program will be billed to the Client and collected by Stephens Inc. from the Client’s Account(s) quarterly in advance at the rates set forth in the Client’s Investment Advisory Agreement, based on the value of the assets in your Account(s). Accounts that begin or terminate for any reason within a calendar quarter will be charged on a pro rata basis.

Stephens Inc. may in its sole discretion pay all or a portion of the above stated fees to other parties involved in providing service with respect to Client Account(s) to the extent permitted by applicable law. Stephens’ compensation shall not be based on a share of capital gains upon or capital appreciation of funds or any portion of funds or other investments in the Account. In addition to the “wrap fee” Stephens may also receive certain revenues from third-parties in connection with investments made through the Account, including among others the following

types of revenues: mutual fund 12b-1 fees, fund administrative servicing fees, deferred sales charges on previously purchased funds, fund management fees, transaction charges and service fees incurred with third parties, and IRA fees. Other parties may receive a portion of these third-party fees. Further information regarding charges and fees assessed by a fund is available in the appropriate prospectus or disclosure statement.

Fees:

The fee schedules set forth below will be in effect for the Accounts, unless otherwise agreed to by all parties. Fees are calculated quarterly in advance based on the preceding calendar quarter end asset value of the Program Account and are debited from the Account at the beginning of each calendar quarter. The fees and/or commissions charged are negotiable and may differ from client to client based on a number of factors. These factors include, but are not limited to, the type and size of the account, and the number and range of supplemental advisory and client-related services to be provided to the account. These fee arrangements could include flat fee and/or commission compensation. Fees will be payable on a schedule as negotiated by the parties.

The initial fee will be based upon the amount of assets with which the Client establishes the Account.

Annual Account Fee

Total Assets	Fees
\$50,000 – \$149,999	2.25%
\$150,000 - \$499,999	1.75%
\$500,000 - \$999,999	1.50%
\$1,000,000 - \$1,999,999	1.25%
Above \$2,000,000	1.00%

A minimum Fee will be assessed per account. Any number of Accounts for the benefit of one Client and immediate family members may be linked together to meet a Fee breakpoint, all as based on Client directives.

SAS fees apply to standard accounts and include investment management, brokerage execution services, custodial services, associated accounting reports and investment management reports. Only in special circumstances are the fees negotiable or otherwise varied from the above schedules. In the event a client's account is closed between quarter-ends, fees will not be prorated as of the date of termination. Stephens Inc. deducts the quarterly fee from the client's accounts.

A Stephens account application and agreement must be completed by each client and maintained by Stephens. The Stephens account application contains account name and address, investment objectives and specific financial information. Client information may be updated from time to time upon notification from the client of any material changes and noted within the customer file.

Typically, a portion of any revenue that the firm realizes in connection with an advisory account will be included in the calculation of the compensation to be paid by the firm to the investment advisory account representative; and, therefore, the investment advisory account representative will experience conflicts of interest similar to those experienced by the firm.

Brokerage/Clearing/Custody Charges:

All charges for executions of securities transactions, clearing and custody provided by Stephens Inc. are included in the “wrap fee.” Charges for services provided by other firms or entities are not included in the wrap fee and will be paid separately by the client out of the account. Stephens’ fees for other services, such as wire transfer fees, document copying fees, research fees and fees for other services will be charged to the account at Stephens’ standard rates for such services.

Miscellaneous:

Stephens Inc. or its employees may themselves own securities of the kind recommended for the Account.

CLIENT ADVISORY AGREEMENT

Entering into an advisory relationship for the SAS Program, involves the execution by Client of an Investment Advisory Agreement (“Agreement”). Any party to the Agreement, upon written notice to the other parties, may terminate the Agreement. If the account is to be liquidated as the result of a termination notice, it is understood that Stephens may take up to fifteen (15) trading days to effect such liquidation following the date the liquidation request was received by Stephens. Proceeds will be payable to client within fifteen (15) business days of termination.

Termination of the Agreement will not affect the liabilities or obligations of the parties arising from transactions initiated prior to termination. At the time of entering into such Agreement, the client will be afforded a right to terminate the Agreement without penalty within five (5) business days after the entering into the Agreement. Each client agrees to pay Stephens’ reasonable costs and expenses of collection, including attorney fees, for any unpaid balances under the contract.

CONDITIONS FOR MANAGEMENT

Generally, a minimum of \$150,000 in assets is required for the establishment of an investment advisory account under the Stephens Allocation Strategies Program. However, an account pursuing only an Exchanged Traded Fund investment strategy, as more fully set forth on the SAS Asset Allocation Consent Form, may be established at a minimum account size of \$50,000 in assets. However, exceptions may be made to these policies. Stephens Inc. or the client can terminate SAS agreements at any time upon written notice.

OTHER STEPHENS WRAP PROGRAMS

Stephens Inc. sponsors the Stephens Capital Management (“SCM”) program. SCM is a separate program, which manages client assets on a discretionary basis and a non-discretionary basis, utilizing both equity and fixed income strategies. This would include Stephens Capital Management Discretionary (“SCMD”), the Stephens Capital Management Fixed Income

Strategy (“SCMFIS”), the Real Return Strategy (“RRS”) Program and the Asset Allocation and Advisory Program (“AAA”).

Stephens Inc. sponsors the Stephens Small-Mid Cap Growth Program (“SMID”). The investment portfolio of SMID accounts is managed by Stephens Investment Management Group, LLC (SIMG), an affiliate of Stephens Inc. SIMG will manage and direct the investment of the assets in each Stephens Small-Mid Cap Growth Program client’s account on a discretionary basis in accordance with its small and mid cap equity investment style and on the basis of the individual objectives and needs of the client within the criteria established by the SMID program.

The Stephens Fixed Income Management (“SFIM”) program is also sponsored by Stephens Inc. SFIM is a separate program limited solely to fixed income investments with no equity component.

The Stephens Asset Maximizer (“SAM”) program is also sponsored by Stephens. SAM is a separate managed account program, which, utilizes outside money managers in equity, fixed income and mutual funds strategies to manage client account assets on a discretionary basis. Stephens does not exercise any discretion under this program.

The Stephens Advisor (“SA”) is a non- discretionary program sponsored by Stephens Inc. In the SA Program, professional registered personnel (the “Stephens Advisers”) provide advice to clients utilizing equity strategies, fixed income strategies, balanced strategies, or other strategies, or a combination of strategies.

The Professional Wealth Management (“PWM”) program is sponsored by Stephens Inc. The PWM Program is a separate program, which manages client assets on a discretionary basis utilizing both equity and fixed income strategies.

The StephensChoice Program (“SC”) is a platform designed by Stephens to assist clients qualified retirement plans or other deferred compensation programs to establish an appropriate asset allocation for the investment of plan assets through investment in a portfolio of “no load” or “load waived” mutual funds through Stephens based upon a line-up of funds representing a range of designated asset classes.

Brochures for the above programs may be obtained from Stephens located at 111 Center Street, Little Rock, Arkansas 72201.

INVESTMENT COMMITTEE AND MANAGEMENT PROCESS

Investment Committee

Management of accounts in the Stephens Allocation Strategies Program are overseen and reviewed by the Stephens Allocation Strategies Investment Committee, which is composed of:

Michael Cronkhite, CPA
Mimi Myer Hurst, CFA
Ashley A. Palermo

Kent Oots, PH. D, CFA
Saul M. Rousseau

Education and Business Standards

As a general rule, Stephens Inc. requires SAS Financial Consultants to have a college degree and at least five years business experience with investment bankers, financial institutions, insurance companies, or equivalent institutions. Such standards may be waived in exceptional cases.

Educational and Business Background for Key SAS Personnel

- (1) Michael George Cronkhite
Date of Birth: 04/15/72
Education: University of AR, Fayetteville, AR
Graduated: 1994/BSBA in Accounting
C.P.A. 1995
Five Year Business Background: Stephens Inc. 9/2002 - Present

Mr. Cronkhite is a Senior Vice President of Stephens Inc. and the Wealth Management Director for Stephens Private Client Group. Mr. Cronkhite is a member of the Stephens Allocation Strategies Investment Committee and oversees the daily operations of the Stephens Allocation Strategies Program. Mr. Cronkhite is licensed the following: General Securities Representative (“Series 7”), Uniform Securities Agent State Law Examination (“Series 63”) and the Uniform Investment Adviser Law Examination (“Series 65”). As an employee of Stephens Inc., Mr. Cronkhite does not provide accounting services, and Stephens Inc. does not provide accounting services to its clients.

- (2) Mimi Myer Hurst
Date of Birth: 6/14/57
Education: University of Arkansas, Fayetteville, AR.
Graduated: 1979/BA
Chartered Financial Analyst 9/1989
Five-Year Business Background: Stephens Inc., 09/01 – present

Mrs. Hurst is a Vice President of Stephens Inc. and the Chairperson of the Stephens Allocation Strategies Investment Committee. Mrs. Hurst is responsible for managing the day-to-day operations of the investment components of StephensChoice platform and of the State of Arkansas Deferred Compensation Plan, known as the Arkansas Diamond Plan. She is also Chairperson of the StephensChoice Investment Committee and is a member of the SCM Investment Committee. Mrs. Hurst has the following licensing: General Securities Representative (“Series 7”), NASAA - Uniform Combined State Law Examination (“Series 66”) and a Chartered Financial Analyst.

- (3) Ashley A. Palermo
Date of Birth: 08/19/64
Education: Louisiana State University, Baton Rouge LA

Graduated: 1986 /BA in Marketing
University of New Orleans, New Orleans, LA
Graduated: 1990/MBA in Finance
Five-Year Business Background: Stephens Inc., 10/2000 - present

Ms. Palermo is a Senior Vice President of Stephens Inc. and the Product Manager for Stephens Inc. Ms. Palermo is a member of the Stephens Allocation Strategies Investment Committee and oversees the daily operations of the Stephens Allocation Strategies Program. Ms. Palermo is licensed the following: General Securities Representative (“Series 7”), General Securities Sales Supervisor (“Series 8”), Uniform Securities Agent State Law Examination (“Series 63”) and the Uniform Investment Adviser Law Examination (“Series 65”).

(4) Kent Layne Oots
Date of Birth: 12/20/55
Education: Joliet Jr. College, Joliet, IL
Graduated: 1976/AA
College of St. Frances, Joliet, IL
Graduated: 1978/BA
Northern Illinois, Dekalb, IL
Graduated: 1984/MA & PHD
Chartered Financial Analyst 9/94
Five Year Business Background: Stephens Inc., 7/1991 - present

Mr. Oots, a Vice President of Stephens Inc., is a member of the Stephens Allocation Strategies Investment Committee. Mr. Oots is also a member of the Stephens Asset Maximizer Investment Committee, Fixed Income Management Committee of the Stephens Fixed Income Asset Management Advisory Program. Mr. Oots is licensed the following: National Futures Association Principal (“Series 3”), General Securities Representative (“Series 7”), General Securities Sales Supervisor (“Series 8”), Registered Options Principal (“Series 4”), Supervisory Analyst (“Series 16”), General Securities Principal (“Series 24”), Municipal Security Principal (“Series 53”), Uniform Securities Agent State Law Examination (“Series 63”), the Uniform Investment Adviser Law Examination (“Series 65”) and the Research Analyst Exam. (“Series 86 and 87”).

(5) Saul Maddox Rousseau
Date of Birth: 09/13/69
Education: University of Arkansas, Fayetteville, AR
Graduated: 1992/BS in Economics
Five-Year Business Background: Stephens Inc., 8/1992 - present

Mr. Rousseau is a Senior Vice President of Stephens Inc. and the Mutual Fund Coordinator for Stephens Inc. Mr. Rousseau is a member of the Stephens Allocation Strategies Investment Committee, StephenChoice Investment Committee and the Stephens Asset Maximizer Investment Committee. Mr. Rousseau is licensed the following: General Securities Representative (“Series 7”), General Securities Sales Supervisor (“Series 8”), Uniform Securities

Agent State Law Examination (“Series 63”) and the Uniform Investment Adviser Law Examination (“Series 65”).

Review of Accounts:

Client account review reports are prepared and provided to clients on a quarterly basis and account reviews are conducted for clients in the SAS Program on an annual basis. The review will include items such as; portfolio performance highlights, monitoring asset allocation, portfolio performance review, analysis of risk/return, individual manager review, and portfolio holdings. Reviews are to provide client with an assessment of their overall account performance in light of stated objectives and strategies implemented.

Saul Rousseau and Ashley Palermo have the daily responsibilities for oversight of the Stephens Allocation Strategies Program operation. They are responsible for serving as liaison between Stephens Financial Consultants and clients. They also coordinate account set up and client profiles review and account implementation.

The Stephens Allocation Strategies Investment Committee responsibilities are to review funds, standard SAS model allocations, performance of SAS funds and asset allocation models and to review changes or adjustments to the line-up of funds included in the SAS Program or changes or adjustments to the standard SAS asset allocation models.

Performance Calculations:

A client’s actual returns will vary based upon individual time-weighted total return of their account, as well as the timing of the client’s funding of the account and the client’s objectives, restrictions and advisory fees. We utilize a computerized portfolio system licensed from a third party is utilized to calculate the performance of client accounts and to prepare portfolio performance reports for clients. Stephens regularly reviews the calculation of this performance information to ensure that it is calculated on a consistent basis.

The performance review includes a comparison of the performance of the funds with the performance of selected market indices and peer group averages to evaluate the performance of funds over time.

To determine the value of securities in your account, we generally rely on third party quotation services and on the net asset value of fund shares as reported by the funds or third party services. If a price is unavailable or believed to be unreliable, we may determine the price in good faith and may use other sources such as the last recorded transaction.

Client Meetings:

Stephens Inc. Financial Consultants (“Financial Consultants”) will offer to meet periodically with SAS Program clients. Clients are encouraged to contact Stephens Inc., at any time if they have questions or would like to have additional meetings.

If you have experienced any changes regarding your financial profile, investment objective or risk tolerance, please contact your Financial Consultant to see if any adjustments are necessary to your investment strategy.

Reports:

Clients will receive brokerage statements, i.e., confirmations and monthly statements, in the regular course of business, unless otherwise instructed. In addition, an account summary is mailed quarterly to the advisory client. The account summary is a more detailed statement of the advisory client's account, as of the close of the last business day of each quarter.

ADDITIONAL COMPENSATION TO STEPHENS INC.

There are certain instances, including those outlined below when Stephens may receive income from third parties as a result of managing SAS accounts in addition to the actual fees, which SAS clients pay.

Money Market Options:

Stephens Inc. has discretion to select money market mutual funds, or comparable investments, in which to hold cash reserves. The selections are limited to investments authorized by Stephens Inc. in its capacity as custodian. The alternatives authorized by Stephens Inc. include select money market mutual funds and, from time to time, its in-house "pending reinvestment" account. The money market mutual fund may pay Stephens Inc. a distribution fee. The income to Stephens Inc. is in addition to the fees that are received from these accounts. Cash balances arising from the sale of securities, dividend and interest payments and funds received from clients are invested automatically on a daily basis.

Funds placed in a client's account by personal check usually will be invested within two business days after deposit to the selected money market mutual fund. Due to the foregoing practices, Stephens Inc. may obtain federal funds prior to the date that deposits are credited to client accounts and thus may realize some economic benefit because of the delay in investing these funds.

Funds

Under the SAS Program, client's accounts will be invested in funds. Individual funds may pay fees to Stephens Inc. as a result of these investments. These fees received by Stephens would be in addition to the fees received from clients. The existence of such applicable fees is more fully described in the fund prospectus mailed to each client on initial investment.

Funds available through the program are limited to fund families with which Stephens has a selling agreement and which may be purchased on a no-load or load waived basis, which would exclude most proprietary funds of competing Brokers Dealers and certain other funds.

Additional Fees

SAS Program fees are based on the assumption that client assets will be invested in funds included in the SAS account. In any event, Stephens Inc. will comply with Rule 205-3 of the Investment Advisers Act of 1940.

ADDITIONAL INFORMATION

Overall Cost

The SAS Program may cost the client more or less than purchasing such services separately depending upon such factors as trading activity, account size and investment adviser minimums for non-wrap accounts.

We encourage you to carefully consider your options in establishing or maintaining an advisory fee-based account. As a general matter, a fee-based advisory account approach may be considered appropriate for customers who rely on investment advice or investment management services or who engage in moderate to high levels of trading activity. A fee-based approach may be more economical for customers who engage in active trading, since the price per trade is reduced as the number of trades increases under a fee-based approach. However, fee-based advisory account arrangements may not be appropriate for customers who rely primarily on their own independent resources and judgments for making their investment selections and decisions and do not wish to purchase advisory services. Customers who engage in a lower level of trading activity might prefer a traditional brokerage account with a commission payable on each transaction, particularly if the customer typically does not utilize advisory services for trading decisions, as transaction cost savings might be realized in the context of a traditional pay-per-trade commission structure.

Compensation for Referrals:

Stephens, from time to time, may enter into arrangements with other broker/dealers, investment advisers or other persons whereby such parties may refer customers seeking advisory services to Stephens pursuant to Rule 206 (4)-3, the “Solicitation Rule”.

Parties referring advisory clients to Stephens may receive compensation as a result of the client’s participation in the program. The amount of compensation may be more than what the referring party would receive if the client participated in other Stephens’ programs or paid separately for investment advice, brokerage, and other services. Consequently, the referring party may have a financial incentive to recommend the SAS Program over other programs or services.

Other Activities:

An affiliate of Stephens has more than a 25% ownership interest in Hotchkis & Wiley Capital Management, LLC. An affiliate of Stephens is the sole owner of all of the voting securities of Stephens Investment Management Group, LLC. Both H&W and SIMG are investment advisors registered with the SEC. H&W and SIMG provide investment advisory services for corporate, pension, public, endowment, foundation, mutual fund and other clients. H&W advises its own family of mutual funds. SIMG serves as investment adviser to one or more mutual funds. Stephens may act as a selected dealer, agent or as broker/dealer with respect to portfolio transactions (including securities and other financial transactions) of the mutual funds and investment advisory accounts advised by H&W or SIMG. In addition, Stephens may provide H&W or SIMG with investment research services. Stephens may also sell shares of mutual funds advised by H&W or SIMG to clients of Stephens.

Policies and Procedures for Proxy Voting:

It is Stephens' policy to vote proxies and utilize Investment Advisory policies and procedures, which are reasonably designed to vote client securities in the best interests of the client and to address how potential conflicts of interest are handled.

Stephens will make available information of the firm's proxy voting policy and procedures including information regarding how Stephens Inc. voted proxies, if requested.

In response to any request as to how the client's proxies were voted, the Chief Compliance Officer – Investment Advisory would provide the information to the client.

Procedure

Stephens' procedures to implement the Firm's proxy voting policy, is as follows:

- a. Voting Procedures
 - Proxy materials are received on behalf of clients in Stephens' Reorganization Department ("Reorg. Department");
 - Copies of the Voting Form and the Annual Proxy are sent to respective investment advisory area for review;
 - Stephens will vote the proxy through the Reorg Department in accordance with applicable voting guidelines, either by electronically voting or by mailing the proxy in a timely and appropriate manner.
 - Unless the responsible advisor or advisory committee loses confidence in management of the issuer or the client directs the vote, Stephens will vote the shares as recommended by the Board of Directors of the issuer.
- b. Proxy Voting Guidelines
 - Who is responsible for Voting Proxies?
Stephens Allocation Strategies Investment Committee
- c. Conflicts of Interest
 - On an annual basis Stephens will disclose to affected clients any identified potential material conflicts of interest by providing a list of said conflicts via the U.S. Mail.
 - Where Stephens has identified a specific potential material conflict of interest relating to one or more matters to be voted on by shareholders, Stephens: (1) will notify affected clients of the potential conflict of interest, (2) will disclose how the proxy will be voted absent a voting direction from the client, and (3) will give affected clients the opportunity to vote the proxy themselves.
 - Stephens will maintain a record of the voting resolution of any conflict of interest.

Investment Advisory Code of Ethics:

Stephens has adopted an Investment Advisory Code of Ethics ("Code"), which defines the requirements and expectations for the business conduct of all of its Investment Advisory employees, including employees of SAS. Furthermore, all Stephens' employees are expected to adhere to Stephens' Mission and Values Statement and Code of Professional Conduct.

The fundamental position of Stephens is that all aspects of its business are to be conducted in an ethical and legal manner in accordance with federal law and the laws of all states where the investment advisory divisions do business. In accordance with that position general principles apply:

1. The interests of Stephens' clients always come first. Any personal securities transaction, which would be detrimental or potentially detrimental to any client account and any personal securities transaction, which is designed to profit by the market effect of any client account, must be avoided.
2. All personal securities transactions should be conducted in such a manner as to be consistent with the Code and to avoid actual or potential conflicts of interest or abuse of a Stephens' employee's knowledge of customer information or customer transactions.
3. Investment adviser personnel should not take inappropriate advantage of their positions. Information concerning the identity of security holdings and financial circumstances of clients is confidential.
4. Independence in the investment decision-making process is paramount.

Accordingly, there are certain standards of conduct, which Stephens Inc. investment advisory employees follow to reduce potential conflicts with the interests of our clients.

Stephens Inc. will provide a copy of the Code to any client or prospective client upon request.

ERISA Accounts:

The laws and regulations applicable to ERISA accounts restrict such accounts from engaging in certain types of transactions, including some types of transactions described herein in which non-ERISA SAS accounts might engage. Stephens intends to abide by such ERISA restrictions and to deal in and with any ERISA account in the SAS Program in accordance with policies and practices designed to achieve compliance with all applicable ERISA laws and regulations.

Best Execution:

Investment advisory clients are advised that they have the option to seek execution of transactions recommended by the Financial Consultant through broker/dealers other than Stephens. However, on transactions executed through Stephens, Stephens will not charge a commission to the client, except when an underwriting issue in which Stephens participates is purchased for an account; in this case, the sales concession and underwriting fees are built into the offering price. Transactions on foreign exchanges or in gold or silver bullion or bullion coins may entail a brokerage commission to the foreign broker or bullion dealer, in which Stephens may or may not share.

Stephens will strive to obtain "best execution" of transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

When trades are executed through Stephens they are generally executed on an agency basis in consideration of SEC Rule 206(3) which generally prohibits principal transactions in advisory

accounts except with disclosure to and consent from the customer. These requirements, as a practical matter, may impose delays on the time at which principal transactions may be effected for these accounts, and thereby may impair the execution quality of such transactions for such customers.

Principal Transactions:

Stephens, acting as a principal for its own account, will not knowingly sell any security to or purchase any security from an advisory client, without obtaining the client's prior consent to each such transaction and disclosing the capacity in which it is acting.

Principal transactions in securities in which Stephens acts as a market-maker will only be effected for SAS clients if Stephens matches or betters the highest bid/lowest ask prices as reflected on NASDAQ, if applicable, and the client's prior consent to such transaction has been obtained. No mark-downs or mark-ups from the highest bid/lowest ask price will be charged. Stephens, acting as a market-maker, has the potential for profit or loss on securities it sells to or buys from a customer as principal depending on the price in which Stephens executes the transaction.

Other Potential Conflicts of Interest:

Stephens is a diversified financial services company that directly or through affiliates provides a wide variety of investment banking, securities, insurance and other investment-related services to a broad array of customers. These relationships could give rise to potential conflicts of interest. Any of the following types of transactions could present a potential for a conflict of interest.

- (a) Client account assets may be invested in interests of money market funds, mutual funds, other investment companies, privately offered investment funds and other collective vehicles (collectively, "Funds") for which Stephens or its affiliates may act as investment advisor, sponsor, administrator, distributor, selling agent, or in other capacities ("Affiliated Funds"). In addition, Client account assets may be invested in interests of Funds for which Stephens or its affiliates do not act as investment adviser, sponsor, administrator or in other capacities. Stephens or its affiliates may receive fees for services provided to such Funds, including (but not limited to) fees payable under a plan adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended ("12b-1 fees") and fees paid to compensate Stephens for providing administrative services, distribution services, shareholder services, investment advisory services or other services to or for the benefit of such Funds.
- (b) Client account assets may be used to purchase or sell or otherwise deal with securities or other instruments for which (i) Stephens, (ii) an affiliate or employee of Stephens, (iii) an entity in which Stephens or an affiliate has a direct or indirect interest, or (iv) another member of a syndicate or other intermediary (where an entity referred to in (i), (ii), or (iii), above is or was a member of the syndicate), has acted, now acts, or in the future may act as an underwriter, syndicate member, market maker, dealer, broker, principal, agent, research analyst or in any other similar capacity, whether the

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- purchase, sale or dealing occurs during the life of the syndicate or after the close of the syndicate.
- (c) Stephens, or any other broker-dealer that is or may become affiliated with Stephens (the “affiliated brokers”), is expected to act as broker or dealer to execute transactions on behalf of Client’s account. Client will not be charged a separate fee for brokerage services provided to the Account by affiliated brokers.
 - (d) Stephens or its affiliates may effect transactions for Client’s account with other accounts for which Stephens or an affiliate provides investment advisory services (“Cross Trades”). Such Cross Trades are intended to enable Stephens to purchase or sell a block of securities at a set price and possibly avoid an unfavorable price movement that may be created through entrance into the market with such purchase or sell order. Stephens may receive compensation from other accounts involved in a Cross Trade.
 - (e) Subject to applicable regulations, Stephens or its affiliates may execute “Agency Cross Transactions” for the Client’s account. Agency Cross Transactions are transactions where Stephens, or any affiliate of Stephens, acts as broker for both the Client’s account and the other party to the transaction. In such transactions, Stephens, or any of Stephens’s affiliates acting as broker, may receive commissions from the other party to such transaction, to the extent permitted by law, in addition to its customary investment management or advisory fee for Client’s account.
 - (f) Clients of other divisions of Stephens and Clients of other advisory representatives of Stephens, as well as Stephens, its principals, employees, affiliates and their family members, may hold, and may engage in transactions in, securities purchased or sold for Client or about which Stephens may give or may have given Client advice. The Client’s account may purchase as investments securities of companies with which Stephens or its affiliates maintain investment banking relationships or other relationships or securities of companies in which Stephens or its affiliates have an ownership or other investment interest.
 - (g) Subject to applicable law, Stephens may pay certain fees to, and/or share revenues with, affiliates and their parties in connection with referrals for investment advisory accounts.
 - (h) Stephens, or its affiliates, may provide more than one type of service to Client (or a related organization), including (but not limited to), investment management services, investment advisory services, financial advisory services, underwriting services, placement agency services, investment banking services, securities brokerage services, securities custodial services, insurance agency services, insurance brokerage services, administrative services or other services, or any combination of services, all on such terms as may be agreed between Stephens (or its affiliate) and Client (or its related organization).

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- (i) Other divisions and other advisory representatives of Stephens perform investment advisory services for clients other than Client and such other divisions or other advisory representatives of Stephens may give advice or take action with respect to other clients that may be similar to or different from the advice given or action taken for Client's account, in terms of securities, timing, nature of transactions and other factors. Stephens will, to the extent practicable, attempt in good faith to allocate investment opportunities among its clients, including Client, on a fair and equitable basis. However, other divisions and other advisory representatives of Stephens will not undertake to make any recommendation or communication to Client with respect to any security which such other divisions or advisory representatives may purchase or sell (either as principal or for any other client's account) or recommend to any other client, or in which such other divisions or advisory representatives, or their respective principals, employees, affiliates or their family members, may engage in transactions.
 - (j) Stephens may determine in particular circumstances that, while it would be both desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of Stephens' client accounts, there is a limited supply or demand for the security or other investment. Under such circumstances, Stephens will seek to allocate the opportunity to purchase or sell that security or other investment among those accounts on an equitable basis; and Stephens will not be required to assure equality of treatment among all of its clients (including that the opportunity to purchase or sell that security or other investment will be proportionally allocated among those clients according to any particular or predetermined standards or criteria) or to undertake to make investment opportunities offered or provided to clients of other divisions of Stephens or to clients of other representatives of Stephens available to Stephens or to clients of the representative assigned to Client's account, including Client.
 - (k) Stephens may aggregate purchase or sale orders in a particular security for Client's account with orders for other clients' accounts when appropriate. However, Stephens is under no obligation to aggregate orders. Where, because of prevailing market conditions, it is not possible to obtain the same price or time of execution for all of the securities or other investments purchased or sold for Client's account in an aggregated order, Stephens may average the various execution prices and charge or credit Client's account with the average price.

Who to Contact

We are pleased you are considering Stephens Inc. as your investment adviser. If you have any questions about the information contained in this brochure or about any aspect of the services we provide, please do not hesitate to call your Financial Consultant at (501) 377- 2000.

For SEC Reference Purpose Only

Cross References

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