

***STEPHENS INC.***  
***111 Center Street***  
***Little Rock, Arkansas 72203***  
***(501) 374-4361***

Informational Brochure regarding the

# **Stephens Advisor**

## **Non-Discretionary Program**

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

**Form ADV - Schedule H**

---

---

## Table of Contents

	Page
<b>Overall Program/Introduction</b>	
Description of Stephens	1
Description of SA - Non Discretionary Program	1
Types of Clients	2
Advisory Fee	2
Stephens Advisor - Non Discretionary Fee Schedule	2
Investment Advisor Agreement	3
Account Minimum	3
Other Stephens Wrap Advisory Programs	3
<b>Supervisory Process</b>	
Stephens Adviser's Education and Business Standards	4
Supervision and Review of Accounts	5
Performance Calculations	7
Client Meetings	8
Reports	8
<b>Additional Compensation to Stephens Inc.</b>	
Cash Reserves	8
Mutual Funds	9
Registered Offerings	9
<b>Additional Information</b>	
Overall Cost	9
Compensation for Referrals	10
Other Activities	10
Policy and Procedures for Proxy Voting	11
Investment Advisory Code of Ethics	11
ERISA Accounts	11
Best Execution	11
Principal Transactions	12
Other Potential Conflicts of Interest	12
<b>Cross Reference</b>	14

---

**STEPHENS INC.**  
**Informational Brochure regarding the**  
**Stephens Advisor**  
**Non Discretionary Program**  
**Schedule H**

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 is also registered as an investment advisor with the Securities and Exchange Commission. Stephens also provides other investment advisory services and a sister company of Stephens is an insurance agency. Stephens is actively engaged in lines of business other than investment advisory services. Stephens provides securities brokerage services, retail brokerage services, institutional sales and trading services, market making services, research services, underwriting services, investment banking services and other related services, in addition to investment advisory services. Investment advisory service is not Stephens’ predominant line of business.

The Stephens Advisor Non-Discretionary Program (“SA”) is an investment advisory program offered by Stephens. Clients receive advice from professional advisor representatives on an individualized basis, with the intent to address the particular investment needs and objectives of the client. SA, 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 Advisor**  
**Non Discretionary Program**

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 goal of the SA Program is to seek to address the particular investment situation, needs and objectives of investment clients through individualized advice and recommendations.

Stephens Advisers provide advice and make recommendations to clients at client’s request or as the Stephens Adviser deems appropriate. Stephens Advisers in the SA Program do not have discretionary authority over client assets, and all transactions in client assets are directed by client or client’s designee.

---

## **Types of Clients**

The SA Program is available to individuals, banks, foundations, pension and profit sharing plans, trusts, IRA's, endowments, corporations, partnerships and other entities requiring investment advisory services.

## **Advisory Fee**

SA advisory fees apply to standard accounts and include investment advice, securities execution fees, certain, custodial services, associated account reports and investment portfolio reports. 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. Fees will be payable quarterly in advance. In the event a client's account is closed between quarter-end, fees will not be prorated as of the date of termination. The fees will be deducted from the client's account quarterly in advance, unless otherwise agreed in writing. For more information regarding the above, contact your Stephens Adviser.

If a percentage fee is used, the fee, from the opening of the account to the end of the then-current calendar quarter will be obtained by multiplying the market value of assets placed in the account by one-fourth of the applicable annual fee rate(s), prorated for the remaining percentage of the then-current calendar, unless otherwise agreed in writing. Similarly, a fee will be charged when additional assets are placed in the account, in an amount determined by multiplying the market value of the additional assets placed in the account by one-fourth of the applicable annual fee rate(s), prorated for the remaining percentage of the then-current calendar, unless otherwise agreed in writing.

If a percentage fee is used, the fee for any subsequent quarterly period will be the amount obtained by computing the adjusted market value of cash and securities in the portfolio as of the close of business on the last day of the immediately preceding quarterly period and multiplying the resultant market value by one-fourth of the applicable annual fee rate(s), unless otherwise agreed in writing.

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.

## **Stephens Advisor - Non Discretionary Fee Schedule**

All SA accounts are charged a "wrap fee" at the annual rate set forth in the table below based upon a percentage of the assets in the account for Stephens' advisory, execution, custodial and related services. Additional fees may be charged for other services, such as receipt or delivery of securities or other assets, cash disbursements, wire transfers, account research or production of historical account records and other services.

---

**Equity and Balanced Accounts**

2.00% for the first \$500,000  
1.50% for the next \$500,000  
1.00% for the next \$4,000,000  
.75% for the next \$5,000,000  
assets over \$10,000,000 – negotiable

**Fixed Income Accounts**

1.00% for first \$500,000  
.85% for next \$500,000  
.75% for next \$4,000,000  
assets over \$5,000,000 - negotiable

Also, please review the section of this Brochure entitled “Additional Compensation to Stephens Inc.”

**Investment Advisor Agreement**

Entering into an advisory relationship in the SA Program with Stephens involves the opening of a custodial/brokerage account pursuant to a standard brokerage account agreement and execution of an investment advisory agreement. The client may, in appropriate circumstances, also enter into a margin account agreement and/or option account agreement. The term of the advisory agreement shall be for a period of one year beginning on the effective date of the contract, provided that the parties shall automatically renew it for successive additional one-year terms without further action. At the time of entering into such contract, the client has a right to terminate the contract without penalty within five (5) business days after the entering into the contract. At any time, either the client or Stephens may terminate the contract without penalty, upon fifteen (15) days notice given in writing to the other party hereto. Upon termination of the contract and payment of all sums, which may be owed under the contract, Stephens shall make such disposition of the portfolio securities or other property of the client held by it as may be directed by the client. The client will agree to pay Stephens the reasonable fees, costs and expenses incurred for such disposition as for collection, including attorney fees, of any unpaid balances under the contract.

An account application, custodial/brokerage account agreement and advisory agreement are completed for each account and signed by the advisory client, and maintained by Stephens. These documents contain account name and address, investment objectives and specific financial information. Advisory account information is updated upon notification from the advisory client of any material changes and noted within the customer file.

**Account Minimum**

Generally, a minimum of \$100,000 in assets is required for the establishment of an SA investment advisory account. However, exceptions may be made to this policy. There is no minimum advisory fee established for SA advisory accounts.

**Other Stephens Wrap Advisory Programs**

The Stephens Capital Management (“SCM”) program is sponsored by Stephens. 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”) and the Stephens Capital Management Fixed Income Strategy (“SCMFIS”), the Real Return Strategy Program (“RRS”) 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. 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 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.

Professional Wealth Management Program ("PWM") is a discretionary investment advisory program offered by Stephens Inc. Clients receive advice by seasoned professionals who manage client assets with individual attention to the client's investment needs and objectives.

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 mutual 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.**

### **Supervisory Process**

#### **Stephens Advisers Education and Business Standards**

As a general rule, Stephens requires each Stephens Adviser to have a college degree and extensive experience with securities brokers, asset managers, investment bankers, financial institutions, insurance companies, or equivalent institutions. Such standards may be waived in exceptional cases.

---

### **Supervision and Review of Accounts**

Primary responsibility for the supervision of these accounts lies with the applicable Stephens Branch Office Manager (“BOM”). BOM’s conduct a monthly review of activity in SA accounts, considering suitability of transactions and general performance. BOM’s may also consider levels of activity, timing of transactions, transactions in restricted securities, profitability, concentration in one security and individual objectives and needs of the client based on information provided by the client. In addition to the monthly reviews, designated principals at Stephens’ home office make quarterly reviews of the investment performance and investment strategy of selected accounts. The reviewers may refer accounts to the Compliance Department for further analysis if necessary. Reviewers are not assigned accounts by any formula or numerical standard.

The following individuals provide supervisory reviews of Stephens Adviser Accounts:

- (1) Richard Randolph (Wick) Alexander  
Date of Birth: 11/04/1966  
Education: University of Texas  
Graduated: 1989/BA  
Five-Year Business Background: Stephens Inc. 04/2001 – present  
SVP/ Branch Office Manager Private Client Group – Austin, Texas
- (2) Robert A. Ames  
Date of Birth: 01/22/1943  
Education: US Military Academy, West Point, NY  
Graduated: 1964/BS (Engineering)  
Tulane University, New Orleans, La.  
Graduated: 1972/MOR (Operations Research)  
US Army War College, Carlisle, Pennsylvania  
Graduated: 1985/Executive Management  
Salve Regina University, Newport, RI  
Graduated: 1998/MS (Management)  
Five-Year Business Background: Stephens Inc. 12/2003 - present  
VP/Branch Office Manager Private Client Group – Charlotte, North Carolina.
- (3) Christopher Thomas Smith  
Date of Birth: 8/03/1972  
Education: Wofford College, Spartanburg, SC 29307.  
Graduated: 1994/BA  
Five-Year Business Background: Legg Mason Wood Walker – 09/2003 to 02/2006  
Citigroup Global Mkts. – 02/2006 to 07/2006  
Stephens Inc. 07/2006 – present  
VP/Branch Office Manager Private Client Group – Columbia, South Carolina.
- (4) David Michael Phillips, Jr.  
Date of Birth: 05/10/1968

---

Education: Westminster College  
Graduated: 1990/BA Economics  
Five-Year Business Background: Stephens Inc. 07/1996 – present  
Branch Office Manager Private Client Group – Conway, Arkansas

(5) Timothy Joel Hynes  
Date of Birth: 11/08/1959  
Education: Arkansas State University, Jonesboro, AR  
Graduated: 1982/BS Marketing/Finance  
Five-Year Business Background: Stephens Inc. 06/1999 – present  
SVP/Branch Office Manager Private Client Group – Fayetteville, Arkansas

(6) James Michael Scott  
Date of Birth: 10/24/1956  
Education: University of Arkansas, Fayetteville, AR  
Graduated: 1980/BSBA  
Five-Year Business Background: Stephens Inc. 09/1999 – present  
SVP/Branch Office Manager Private Client Group – Hot Springs, Arkansas

(7) John T. Gay  
Date of Birth: 05/28/1966  
Education: Arkansas State University, Jonesboro AR,  
Graduated: 1988/BS Education  
Touro University, Cypress California  
Graduated: 2007/ MBA  
Five-Year Business Background: A.G. Edwards 3/14/1997 – 1/01/2008  
Wachovia Securities, LLC 1/01/2008 – 8/15/2008  
Stephens Inc. 08/2008 – present  
VP/Branch Office Manager Private Client Group – Jonesboro, Arkansas

(8) Henry Kenneth Bennett  
Date of Birth: 03/01/1947  
Education: Arkansas State University, Jonesboro, AR  
Graduated: 1970/BSE  
Five-Year Business Background: Stephens Inc. 06/1981 - present  
SVP/Branch Office Manager Private Client Group – Little Rock, Arkansas; Nashville,  
Tennessee, New Haven and Connecticut.

(9) Kent Layne Oots  
Date of Birth: 12/20/1955  
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 9/1994  
VP/Branch Office Manager Private Client Group – Little Rock, Arkansas; Nashville, Tennessee, New Haven and Connecticut.

(10) Sarah Richardson  
Date of Birth: 08/02/1963  
Education: Arkansas State University, Jonesboro, AR  
Graduated: 1985/BS  
Five-Year Business Background: Stephens Inc. 02/1990 - present  
AVP/Asst. Branch Office Manager Private Client Group – Little Rock, Arkansas; Nashville, Tennessee, New Haven and Connecticut.

(11) Giles Augustus Coors III  
Date of Birth: 4/29/1956  
Education: University of Mississippi  
Graduated: 1978/BS Banking and Finance  
Five-Year Business Background: Paine Webber 8/2000 – 8/2004  
Stephens Inc. 08/2004 – present  
VP/Branch Office Manager Private Client Group – Memphis, Tennessee

(12) Andrew McDara Blau  
Date of Birth: 1/11/1963  
Education: Denison University  
Graduated: 1985/BA  
Five-Year Business Background: Stephens Inc. 01/2004 – present  
SVP/Branch Office Manager Private Client Group – New York, New York

(13) Wayne A. Thomas  
Date of Birth: 07/11/1953  
Education: University Mississippi, Oxford, Ms.  
Graduated: 1975/BBA Banking/Finance  
Five-Year Business Background: Morgan Keegan & Co., Inc.  
1/18/2002 – 1/14/2009  
Stephens Inc. 01/2009 – present  
VP/Branch Admin. Manager Private Client Group – Ridgeland, Mississippi

### **Performance Calculations**

Stephens uses a computerized portfolio accounting system to record transactions and to report performance of SA accounts. For purposes of such reporting and for computing applicable fees, Stephens generally relies on third-party price quotation services. If a price is unavailable or believed to be stale or unreliable, Stephens may determine the value in good faith and may use other sources to help determine the value. No independent third party reviews performance reports.

---

Stephens Advisers may recommend a wide variety of different types of investments for SA accounts, including equity and debt securities of various kinds, exchange traded funds, mutual funds and other pooled investment products or other securities. If the client has signed a margin agreement and an option account agreement, Stephens Advisers also may use margin, short-term trading, short sales and option strategies, including but not limited to covered calls and protective puts.

In the SA Program, Stephens Advisers pursue a variety of different investment strategies and utilize a variety of resources for different clients, including but not limited to, investment research prepared by Stephens or by others.

### **Client Meetings**

Stephens Advisers are directed to review each account with the client, at least annually. Clients are encouraged to contact Stephens at any time if they would like to have additional meetings or discussions.

### **Reports**

Stephens will send to each client whose account is carried at Stephens, a confirmation of each transaction executed in the account and periodic account statements, in the regular course of business. In addition, a portfolio analysis report will be provided quarterly to advisory clients. The portfolio analysis report is a statement of the advisory client's account organized to show the performance of the portfolio.

### **Additional Compensation to Stephens Inc.**

There are certain instances when Stephens may receive income as a result of carrying SA accounts in addition to the advisory fees discussed above.

### **Cash Reserves**

Stephens Advisers will discuss with their client on selection of money market mutual funds, or comparable investments, in which to hold cash reserves. The selections are limited to investments authorized by Stephens in its capacity as custodian. The alternatives authorized by Stephens include select money market mutual funds and, from time to time, its in-house "pending reinvestment" account. The money market mutual funds may pay Stephens a distribution fee. The income to Stephens is in addition to the fees that are received from your account. Cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are invested automatically in such money market type investments, 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 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.

---

## **Mutual Funds**

Client may direct the Stephens Adviser to invest the Assets placed in the Client's account from time to time in investment company securities. Individual mutual funds may pay fees to Stephens as a result of investing for the client. These fees received by Stephens would be in addition to the fees received from clients. The existence of such applicable fees is disclosed in the client contract and is more fully described in the fund prospectus.

Stephens, on behalf of clients, may from time to time engage in transactions with Hotchkis & Wiley Capital Management LLC ("H&W") or with Stephens Investment Management Group LLC ("SIMG") or with mutual funds H&W or SIMG advise. H&W is an investment advisor registered with the SEC in which affiliates of Stephens hold a substantial ownership interest. H&W provides investment advisory services to corporate, pension, public, endowment, foundation, mutual fund and other clients, and H&W advises its own family of mutual funds. SIMG is an investment adviser registered with the SEC in which affiliates of Stephens hold the entire ownership interest. SIMG provides investment advisory services for separate account clients and for mutual funds known as the Stephens Funds®.

H&W advised mutual funds and SIMG advised mutual funds may be offered through Stephens' broker dealer services and/or investment advisory division, as part of an investment program more fully described herein under the section entitled "Other Activities".

Clients that invest in H&W advised mutual funds or in SIMG advised mutual funds would bear a proportionate share of the fees and expenses of those funds including the management fees or other fees paid to H&W or SIMG. These fees and expenses include commissions or fees, if any, paid to Stephens in connection with portfolio transactions. Please refer to each mutual fund's prospectus for a full discussion of the fees and expenses of each mutual fund.

## **Registered Offerings**

Stephens may recommend that some clients invest in registered offerings in which a sales concession and underwriting fees are built into the offering price. Stephens' receipt of the sales concession and underwriting fees on registered offerings would be in addition to the advisory fee paid to Stephens by the client.

## **Additional Information**

### **Overall Cost**

The SA 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 SA 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 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, and SIMG also serves as investment adviser to mutual funds known as the Stephens 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**

Stephens will not take any action with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Client may be invested from time to time, except to provide proxy materials to Client.

### **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 SA. 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 are our first consideration. 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 SA accounts might engage. Stephens intends to abide by such ERISA restrictions and to deal in and with any ERISA account in the SA 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 Stephens Adviser 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**

Pursuant to SEC Rule 206(3), Stephens Inc., 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.

As a practical matter, the above requirements may impose delays on the time at which principal transactions may be effected for advisory accounts, and thereby may impair the execution quality of such transactions for advisory clients. Accordingly, transactions are generally executed on an agency basis.

Principal transactions in securities in which Stephens acts as a market-maker will only be effected for SA 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 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).
- (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.



We are pleased you are considering Stephens 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 Stephens Adviser at their respective branch offices. Clients often receive this information by electronic delivery.

\*\*\*\*\*

**For SEC Reference Purpose Only**

**Cross References**

	<i>Page(s)</i>		<i>Page(s)</i>		<i>Page(s)</i>
Item 7(a)	cover	Item 7(f)	7,8,9,10,11,12,13,14,15	Item 7(j)	8
#7(b)	ii	#7(g)	4	#7(k)	1 through 15
#7(c)	2,3	#7(h)	4,7	#7(l)	1,6 through 15
#7(d)	9	#7(i)	8	#7(m)	1,2,3,4
#7(e)	10				