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SEC File No: 801-15510

**Form ADV - Schedule H**

***STEPHENS INC.***  
***111 Center Street***  
***Little Rock, Ar. 72201***  
***(501) 377-2000***

Informational Brochure regarding the  
**Stephens Capital Management Fixed Income Strategy  
Discretionary Program**

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

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**STEPHENS INC.**  
**Schedule H**  
**Informational Brochure regarding the**  
**Stephens Capital Management Fixed Income Strategy**  
**Discretionary Program**

Stephens Inc. 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 NYSE AMEX Equity Firm ("AMEX"), 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 Inc. 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. Stephens also provides other investment advisory services, and one or more affiliates of Stephens are also registered with the SEC as an investment advisor, and another affiliate 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.

Stephens Capital Management (SCM) is an investment advisory division of Stephens Inc., a large privately owned investment-banking firm founded in 1933 in Arkansas. A registered investment advisor since 1982, SCM currently oversees equity and fixed income assets for retirement plans, foundations, endowments, insurance companies, other corporations, government entities and individuals. SCM and certain of its employees may also provide brokerage and other services to certain clients or engage in other functions and duties associated with the broker/dealer, to which they may devote as much time as necessary.

Certain investment advisory services are provided to clients through the Stephens Capital Management Fixed Income Strategy Program. SCM will manage and direct the investment of the capital in each Stephens Capital Management Fixed Income Strategy Program client's account on the basis of the individual objectives and needs of the client within the criteria established by this program.

**Stephens Capital Management Fixed Income Strategy Program**

In the Stephens Capital Management Fixed Income Strategy Program ("SCMFIS"), SCM manages client assets on a discretionary basis using a fixed income strategy. All accounts are advised and managed by the Fixed Income Management Committee, which has overall

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responsibility for investment policy, strategy and security selection. The committee is responsible for making day-to-day investment decisions.

The committee employs a strategy of disciplined management of primarily AAA government and agency bond portfolios with the objective of maximizing risk-controlled returns over full market cycles. The goal of the Fixed Income Strategy Program is to seek to earn a high total return on income securities for the client consistent with the client's investment objectives. SCMFIS seeks to fully invest cash balances into investment grade debt instruments.

Clients choosing the Fixed Income Strategy will own a portfolio comprised of U.S Treasury and Agency securities but may also include up to 20% in investment grade corporate bonds. The average maturity of the portfolios will be managed to take advantage of our intermediate term outlook for interest rates.

The style of management of the fixed income portfolios of SCM is duration management. All portfolios are constructed primarily from U.S. Government and agency securities with maturities of less than ten years, but may also include up to 25% in investment grade corporate bonds unless otherwise directed by the client.

Duration decisions are made by William L. Tedford and Alan B. Tedford. Their research is based on over forty years of combined experience in studying Federal Reserve monetary policy as it impacts inflation. As a team, their research analyzes the relationships between inflation and interest rates. Based on these relationships, forecasts are made of the future behavior of inflation and interest rates. The duration of managed portfolios are then adjusted to benefit from expected price changes of the interest bearing securities.

Clients may set their own boundaries for duration variance from any given benchmark. For accounts with no such restrictions the portfolio duration historically has fluctuated from two to six years.

### **Types of Clients**

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

### **Management Fee Schedule For Fixed Income Strategy Accounts**

SCM calculates its fee based on a percentage of assets under management.

<u>Asset Value of Clients Account</u>	<u>Annual Fee</u>
On the first \$ 5,000,000	.550%
On the next \$10,000,000 or portion thereof	.375%
On the next \$15,000,000 or portion thereof	.250%
All over \$30,000,000	.200%

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SCM fees apply to standard accounts and include management, brokerage services, (1) 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 be prorated as of the date of termination. The fee is deducted from the client's account by SCM quarterly unless otherwise agreed in writing. Clients will receive a Fee Statement shortly after the deduction of the fee.

The fee for the period from the date assets are first credited to the account to the end of the then-current calendar quarter shall be determined by computing the average market value of cash and securities in the portfolio as of the close of business on the last day of each calendar month (that ends on or after the date assets are first credited to the account referred to above) of the calendar quarter, adjusted to reflect the effect of any capital contributions to the account or capital distributions from the account, , during each such month, and multiplying the resultant average market value by one-fourth of the applicable annual fee rate(s) indicated above, pro-rated for the percentage of the current calendar quarter during which the portfolio is under management.

The fee for any subsequent calendar quarter shall be determined by computing the average market value of cash and securities in the portfolio as of the close of business on the last day of each calendar month of the calendar quarter, adjusted to reflect the effect of any capital contributions to the account or capital distributions from the account, during each such month, and multiplying the resultant average market value by one-fourth of the applicable annual fee rate(s) indicated above.

- (1) Investment advisory clients have the option to seek execution of transactions recommended by SCM through broker-dealers other than Stephens Inc. However, on transactions executed through Stephens Inc., Stephens Inc. will not charge a commission to the client except when shares of an underwriting issue in which Stephens Inc. is in the syndicate are purchased for the account, in which case the sales and underwriting fees are built into the offering price.

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.

### **Investment Management Agreement**

Entering into an advisory relationship with SCM for the SCMFIS program involves the execution of an Investment Management Agreement. The terms of the agreement between the Client and SCM 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 SCM 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, SCM shall make such disposition of the managed securities or other property of the client held by it as may be directed by the client. The Client agrees to pay SCM the reasonable fees, costs and expenses incurred for

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such disposition as for collection, including attorney fees, of any unpaid balances under the contract.

From time to time, but only in special circumstances, the fees may be negotiable or otherwise varied. These fee arrangements could include flat fee, commission and/or performance compensation. Fees will be payable on a schedule as negotiated by the parties.

Information about the client is communicated to the portfolio managers on the initial opening of the advisory account. A new account application is completed for or by the advisory client and maintained by Stephens. The new account application contains 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.

### **Conditions for Management**

Generally, a minimum of \$1,000,000 in assets is required for the establishment of investment advisory accounts under the SCMFIS Program. However, exceptions may be made to this policy. In addition, there is a \$5,500 minimum management fee for advisory accounts.

### **Other Stephens Wrap Advisory 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”) and the Stephens Capital Management Fixed Income Strategy (“SCMFIS”), the Asset Allocation and Advisory (“AAA”) and the Real Return Strategy (“RRS”) Program.**

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 Inc. SAM is a separate program, which manages client assets on a non-discretionary basis, utilizing outside money managers in equity, fixed income and mutual fund strategies.

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

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clients utilizing equity strategies, fixed income strategies, balanced strategies, or other strategies, or a combination of strategies.

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.

The **Professional Wealth Management (“PWM”)** program is a discretionary investment advisory program offered by Stephens Inc. Clients will receive advice from a selected advisory representative of Stephens who will assist them in managing the assets held in the client’s PWM account, 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.

The **Stephens Managed Assets Program (“MAP”)** is an asset allocation program sponsored by Stephens Inc. whereby the client selects certain participating investment managers companies (the “Investment Managers”) to direct their investments of Client’s assets. In this program, Stephens acts as the registered investment advisor establishing a separate account for the client. A separate account is a portfolio of individual securities privately managed by an institutional money manager (“Sub-Manager”). A separate account may include a mix of equities; fixed income and cash equivalents.

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

### **Investment Manager and Management Process**

**Investment Committee** Management of accounts in the Stephens Capital Management Fixed Income Strategy Program is overseen and reviewed by the Fixed Income Management Committee, which is composed of:

William Lee Tedford, Jr., Chairman

Joseph Warren Simpson

Alan Bradley Tedford

### **Portfolio Managers**

The Fixed Income Management Committee has delegated certain portfolio management responsibilities to the SCMFIS portfolio managers.

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## **Education and Business Standards**

As a general rule, Stephens Inc. requires SCM representatives 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 SCMFIS Personnel**

(1) Alan Bradley Tedford

Date of Birth: 12/10/74

Education: University of Arkansas, Fayetteville, AR,

Graduated: 1997/BSBA

Five-Year Business Background: Stephens Inc., 07/98 - present

Mr. Tedford is a Senior Vice President of Stephens Inc. and a committee member of the Fixed Income Management Committee and the Real Return Strategy Committee. Mr. Tedford is also a Portfolio Manager of SCM. Mr. Tedford has the following licensing: General Securities Representative ("Series 7"), Uniform Securities Agent State Law Examination ("Series 63") and the Uniform Investment Adviser Law Examination ("Series 65").

(2) William Lee Tedford, Jr.

Date of Birth: 02/17/39

Education: University of Arkansas, Fayetteville, AR,

Graduated: 1960/BSBA

Five-Year Business Background: Stephens Inc., 09/66 - present

Mr. Tedford is an Executive Vice President of Stephens Inc. and Chairman of the Fixed Income Management Committee and the Real Return Strategy Committee. Mr. Tedford is also a Portfolio Manager of SCM. Mr. Tedford has the following licensing: General Securities Representative ("Series 7"), General Securities Principal ("Series 24"), General Securities Sales Supervisor ("Series 8"), Uniform Securities Agent State Law Examination ("Series 63") and the Uniform Investment Adviser Law Examination ("Series 65").

(3) Joseph Warren Simpson

Date of Birth: 05/01/57

Education: Southern Methodist Univ., Dallas, TX

Graduated: 1979/BBA

University of Arkansas, Fayetteville, AR

Graduated: 1981/MBA

Five-Year Business Background: Stephens Inc., 07/87 - present

Mr. Simpson is an Executive Vice President of Stephens Inc., Managing Director of SCM, Chairman of the Capital Management and the Equity Management Committees of SCM, and a member of the StephensChoice Investment Committee. Mr. Simpson is also a Portfolio Manager of SCM. Mr. Simpson has the following licensing: General Securities Representative ("Series 7"), General Securities Principal ("Series 24"), Uniform Securities Agent State Law Examination ("Series 63") and the Uniform Investment Adviser Law Examination ("Series 65").



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(4) Edward P. Frost

Date of Birth: 09/06/54

Education: University of Arkansas, Little Rock, AR.

Graduated: 1977/BS

Five Year Business Background: Stephens Inc. 10/99 - present

Mr. Frost is a Vice President of Stephens Inc. Technical and Compliance Supervisor of retirement accounts, and a member of the StephensChoice Investment Committee. Prior to joining Stephens Inc., Mr. Frost worked as an independent consultant to retirement plan sponsors and participants since 1976. Mr. Frost has the following licensing: 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"). Mr. Frost is also licensed through the Arkansas Insurance Department for the sale of life, health and variable products.

### **Review of Accounts**

Edward P. Frost is responsible for supervisory approval of new advisory accounts and the daily review of trading activity. Warren Simpson is responsible for oversight of daily operations for SCM.

The Portfolio Managers' monthly reviews consist of analysis of activity in SCMFIS accounts, considering suitability and general performance. Further considerations are levels of activity, timing of transactions, 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, the advisory staff completes regular quarterly reviews of the total value of the account and assets in each security and category. The reviewers may refer accounts to the Compliance Department for further analysis if necessary.

A computer system is used which, through a cross-reference capability, triggers additional reviews by securities owned. Accounts are reviewed regularly by alphabetical sequence as to asset allocation, percentage in each category, each percentage of gains and losses, and income and related factors in reference to the client's objectives. SCM reviewers are not assigned accounts by any formula or numerical standard. All reviewers adhere to the policies and investment criteria implemented by the Fixed Income Management Committee.

### **Performance Calculations**

Fixed Income performance is calculated on a quarterly basis. The calculation is based on all fully discretionary fixed income components, excluding any accounts with management restrictions. Quarterly returns include all fixed income accounts open for the entire quarter, equally weighted. Yearly returns are for all fixed income accounts open for the entire year, equally weighted. The fixed income performance numbers are reviewed to determine that the performance information reflects the actual experience of accounts under management.

### **Client Meetings**

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SCM offers to meet annually with advisory clients. Clients are encouraged to contact SCM, at any time if they have questions or would like to have additional meetings.

### **Reports**

Clients whose accounts are kept with Stephens Inc. will receive brokerage account statements, i.e., confirmations and monthly statements, in the regular course of business. In addition, an account summary and fee statement is mailed quarterly to the advisory client. The account summary is a more detailed statement of the advisory client's account, which closes the last business day of each quarter.

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

There are certain instances when Stephens may receive income as a result of managing SCMFIS accounts in addition to the actual fees, which SCM clients pay.

### **Cash Reserves**

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 sales of securities, redemption of debt 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.

Where an unaffiliated third party acts as custodian of account assets, SCM has no discretion to select where cash reserves will be held. The client and/or custodian will make the selection.

### **Additional Information**

#### **Overall Cost**

SCMFIS 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

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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 Inc. from time to time may enter into arrangements with other broker/dealers, other financial institutions or other entities, whereby such parties may refer clients seeking advisory services to SCM for use of the SCM Fixed Income Strategy Program pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940, the “Solicitation Rule.” Details are disclosed in the Investment Management Agreement.

Stephens Inc. also has an internal incentive program for employees to refer clients to SCMFIS.

In both of these instances, parties referring advisory clients to the SCMFIS 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 SCMFIS Program over other programs or services.

### **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 the SCMFIS Program. 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.

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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 SCMFIS accounts might engage. Stephens intends to abide by such ERISA restrictions and to deal in and with any ERISA account in the SCMFIS 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 Investment Adviser through broker/dealers other than Stephens Inc. However, on transactions executed through Stephens Inc., 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.

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 Inc. acts as a market-maker will only be effected for SCMFIS clients if Stephens Inc. 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

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been obtained. No mark-downs or mark-ups from the highest bid/lowest ask price will be charged. Stephens Inc. 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

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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) 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.
- (i) 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.

- (j) 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 provide these disclosures in compliance with applicable laws and regulations pursuant to the Investment Advisory Act of 1940. Except for money market mutual fund transactions, such as sweeps, we do not expect to invoke these rules. Our practice is not to engage in Principal Transactions or Agency Cross Transactions.

### **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, Stephens Capital Management at: (501) 377-2056 or (501) 377-8067. Clients often receive this information by electronic delivery.

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### **For SEC Reference Purpose Only**

#### **Cross References**

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