

Stephens Asset Management, Inc.

Fee-Only Investment Advisor

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Firm Brochure

(Part 2A of Form ADV)

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF STEPHENS ASSET MANAGEMENT, INC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT: (916) 863-6330, OR BY EMAIL AT: SAMRIA@PACBELL.NET. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VIERFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR BY ANY STATE SECURITIES AUTHORITY.

March 30, 2012

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Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisors to provide a Firm Brochure in narrative “plain English” format. We have revised our ADV Part 2 for to reflect this new rule.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone and one will be mailed to you at no cost.

Advisory Business

Firm Description

Stephens Asset Management, Inc. was founded in 1989 by Val G. Stephens, J.D. There are currently four employees including one Investment Adviser, and three administrative staff. In the past the firm has been registered with the S.E.C. (Securities and Exchange Commission). Due to changes in federal regulations, the firm is currently in the process of registering with the California D.O.C. (Department of Corporations) as a Registered Investment Adviser.

Stephens Asset Management, Inc. provides investment management and retirement planning to individuals, families and their related entities, such as trusts, family businesses and closely held corporations (including 401(k) investment management). Stephens Asset Management, Inc. works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include: identification of financial issues, tax planning, risk exposure review, education funding, estate planning, charitable goals, special needs planning, and/or other issues specific to the client.

The firm's compensation is solely from fees paid directly by clients. The firm does not receive commissions based on the client's purchase of any financial product, including insurance. No commissions in any form are accepted. No referral fees are paid or accepted. No benefits are received from custodians/broker-dealers based on client securities transactions ("soft dollar benefits").

Stephens Asset Management, Inc. does not act as a custodian of client assets. Assets under management of Stephens Asset Management, Inc. are held in the client's name by independent custodians such as Charles Schwab & Co.

We may recommend other professionals (e.g., lawyers, accountants, insurance agents, real estate agents, etc.) when needed or when requested by the client. Other professionals are engaged directly by the client on an as-needed basis even when recommended by the Advisor. Conflicts of interest will be disclosed to the client and managed in the best interest of the client.

Principal Owners

Val G. Stephens owns 100% of Stephens Asset Management, Inc. There are no intermediate subsidiaries.

Types of Advisory Services

The primary advisory services offered by Stephens Asset Management, Inc. are investment management and retirement planning.

In performing its services Stephens Asset Management, Inc. is not required to verify any information received from the client or from the client's other professionals. Each client is advised that it remains his/her responsibility to promptly notify Stephens Asset Management, Inc. when there is any change in his/her financial situation and/or financial objectives for the purpose of reviewing, evaluation, or revising previous recommendations and/or services.

The following are typical services offered to clients:

Investment Management and Retirement Planning

This service includes: identification of financial issues, tax planning, risk exposure review, education funding, estate planning, charitable goals, special needs planning and/or other issues specific to the client. The engagement also includes implementation of recommendations

accepted by the client, unlimited telephone support, meetings as required and on-going planning services.

Investment management includes complete portfolio management services. Client accounts are established at a third party custodian (such as Charles Schwab & Co.) and the client typically authorizes the firm to exercise “discretionary trading authority.” This authority allows the firm to purchase and sell securities on behalf of the client. Such security transactions are guided by the client’s tolerance for risk as described in the Investment Policy Statement, a document prepared in close consultation with the client. (Please see page 5, “Investment Strategies.”)

Ancillary Services and Special Projects

Projects may be undertaken that are described in a separate engagement letter.

Conflicts of Interest

Stephens Asset Management, Inc. will provide a written statement to its financial planning clients when a conflict exists between the interests of the investment advisor and the interests of the client. This statement will include, at a minimum, the following:

- a. a conflict exists between the interests of the investment advisor and the interests of the client,
- b. the client is under no obligation to act upon the investment advisor’s recommendation, and
- c. if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment advisor.

Tailored Relationships

At Stephens Asset Management, Inc. advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client. The goals and objectives for each client are documented in our client files, either in hard copy or in electronic files.

Managed Assets

As of December 31, 2011 Stephens Asset Management, Inc. managed approximately \$43,136,000 in assets for about 84 client businesses or households. Virtually all of the assets are managed on a discretionary basis.

Fees and Compensation

Description

Stephens Asset Management, Inc. bases its fees on a percentage of Assets Under Management and hourly charges for ancillary services. All fees are negotiable. Typically, the initial consultation with a prospective client will be offered at no charge.

Investment Management and Retirement Planning

Initial fees are determined by contract and are based on a variety of factors, including but not limited to historical relationship, total assets, investable assets, types of assets, future additional assets, gross income, anticipated future earning capacity, complexity of planning needs, relationships with other professionals, related accounts, and negotiations with clients. Lower fees from comparable services may be available from other sources.

Minimum managed account will be \$250,000 unless extenuating circumstances are found to exist as determined by the advisor.

Client fees are based on a percentage of assets under management and will not exceed annually:

1.50% of the first	\$	0 to \$	250,000
1.25% of the next	\$	250,001 to \$	500,000
1.00% of the next	\$	500,001 to \$	1,000,000
0.75% of the next	\$	1,000,001 to \$	2,000,000
0.50% of the next	\$	2,000,001 to \$	3,000,000
0.25% of the next	\$	3,000,001 to \$	and above

Compensation will be payable three months in advance. Clients may receive a refund for the unused portion of fees paid in advance by giving Advisor a thirty day written notice of termination. Fees paid on hourly charges will not exceed \$300 per hour.

The firm does not require or solicit prepayment of more than \$500 in fees per client, six month or more in advance.

Ancillary Services and Special Projects

Special Projects will be billed at the rate of \$300/hour. The client will be advised of any ancillary services in advance and the client and the advisor will reach a fee agreement before special projects begin.

Fee Billing

Clients may choose to have fees deducted quarterly from a designated brokerage account at their qualified custodian to facilitate billing, or to be invoiced quarterly. The client must consent in advance to direct debiting of their investment account for management and retirement services.

Clients using Ancillary Services are billed monthly in arrears, or as otherwise specified in an engagement letter. These fees cannot be paid by direct debit of a brokerage account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange-traded funds. These transaction charges are usually relatively small and are incidental to the purchase or sale of a security. In some cases, custodians also charge monthly, quarterly or annual custody fees.

Mutual funds and exchange traded funds generally charge a management fee for their services as investment managers. The management fee is included in the expense ratio. Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and may charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to Stephens Asset Management, Inc.

Termination of Agreement

The client may terminate this agreement without penalty within five business days of the execution of the client contract. After this five-day period, either party with a thirty-day written notice may terminate the agreement. Written notice of termination should be sent to the address set forth herein. All fees will be pro-rated to the end of the thirty-day period. Client will be liable for all out of pocket expenses due to account termination and re-registration. Quarterly performance reports will be produced only for the last full quarter prior to receipt of written termination notice.

Compensation for Sales of Investment Products

The firm's compensation is solely from fees paid directly by clients. The firm does not receive commissions based on the client's purchase of any financial product, including insurance. No commissions in any form are accepted.

Performance-Based Fees

Sharing of Capital Gains

Stephens Asset Management, Inc. does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client. However, the nature of asset-based fees allows Stephens Asset Management, Inc. to participate in the growth of the client's wealth. This also means that our fees can decline when the client's portfolio declines in value.

Types of Clients

Description

Stephens Asset Management, Inc. generally provides investment advice to individuals, families, businesses, trusts and estates. Advice may extend to entities related to the client such as charitable organizations, including foundations and endowments. Client relationships vary in scope and length of service.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Fundamental analysis is the primary method utilized at Stephens Asset Management, Inc. The main sources of information include Morningstar reports, fund prospectuses, financial newspapers and magazines, research materials prepared by others, and annual reports. Employees of Stephens Asset Management, Inc. also participate in live and /or recorded conference calls and industry conferences.

Investment Strategies

The primary investment strategy we use for client accounts is strategic asset allocation with a strong emphasis on value investing. We may use passively-managed index and exchange-traded funds as well as actively managed funds. Portfolios are generally globally diversified to control the risk associated with traditional markets. We emphasize the importance of liquidity and invest only in assets that trade daily on the major exchanges.

The investment strategy for a specific client is based upon the objectives, income needs, and tax situation stated by the client during consultations. The client may change these objectives at any time. The client's goals and objectives are recorded during meetings and via correspondence with the client. All investment decisions are made "in-house". We do not "sub-let" the investment selection process to other managers.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face investment risks including the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

Disciplinary Information

Legal and Disciplinary

The firm and its management personnel have not been involved in any legal or disciplinary events related to past or present activities.

Other Financial Industry Activities and Affiliations

Activities

Stephens Asset Management, Inc. does not participate in any other industry business activities.

Affiliations

Stephens Asset Management, Inc. does not have arrangements that are material to its advisory business or its clients with any related person.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of Stephens Asset Management, Inc. have committed to a Code of Ethics and the fiduciary obligation to always act in the best interests of the client. The key points are: putting the clients' interests first, objectivity, confidentiality, competence, fairness, integrity, honesty, regulatory compliance, full disclosure, and professionalism. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Stephens Asset Management, Inc. and its employees may at times buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades.

The Chief Compliance Officer of Stephens Asset Management, Inc. is Val Stephens. Mr. Stephens reviews and approves all employee trades each quarter. His personal trades are reviewed by the Office Manager, Ann Weeks. The personal trading reviews ensure that the personal trading of employees was not based on inside information and that clients of the firm receive preferential treatment. The trades are not of a significant enough value to affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

Stephens Asset Management, Inc. does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. Stephens Asset Management, Inc. recommends custodians based on the proven integrity and financial responsibility of the firm, best execution of orders at reasonable commission rates, and the quality of client service.

Stephens Asset Management, Inc. recommends discount brokerage firms and trust companies (qualified custodians), such as Vanguard and Charles Schwab & Co. Stephens Asset Management, Inc. does not receive fees or commissions from any of these arrangements, although Stephens Asset Management, Inc. may benefit from electronic delivery of client information, electronic trading platforms and other services provided by custodians for the benefit of clients. Stephens Asset Management, Inc. may also benefit from other services provided by custodians, such as research, continuing education and practice management advice. These benefits are standard in a relationship with these custodians and are not in return for client recommendations or transactions.

Stephens Asset Management, Inc. reviews the execution of trades at custodian annually. Trading fees charged by the custodians are also reviewed on an annual basis. Stephens Asset Management, Inc. does not receive any portion of the trading fees.

Soft Dollars

Stephens Asset Management, Inc. does not receive soft dollar benefits from the custodians to whom we recommend clients.

Directed Brokerage

We do not direct brokerage for specific client transactions.

Review of Accounts

Periodic Reviews

The frequency of investment reviews are completed at least annually and more frequently as needed (see “Review Triggers” below). All trades are personally reviewed and approved by Val Stephens.

Review Triggers

Account reviews for Investment Management clients are performed more frequently when market conditions dictate, or when a client’s objectives change. A review may be triggered by periodic rebalancing, client request, changes in market conditions, changes in tax laws, or other important changes. We do not engage in the practice known as short term “market-timing”.

Regular Reports

At the end of each calendar quarter, advisor prepares a report which includes a performance report (showing rates of return) and a holdings report. We benchmark our performance so clients can compare their portfolios to unmanaged market indexes.

At the end of each calendar year, advisor expands the above report to include a complete tax report showing realized gains and losses, unrealized gains and losses, an income report and a complete transaction ledger.

Client Referrals and Other Compensation

Incoming Referrals

Stephens Asset Management, Inc. has been fortunate to receive many client referrals over the years. The referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other sources. The firm does not pay for referrals.

Referrals to Other Professionals

Stephens Asset Management, Inc. does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Account Statements

All assets are held at qualified custodians who provide account statements directly to clients at their address of record at least quarterly. Occasionally, qualified clients may invest in private placements which are not held at qualified custodians. In these cases, statements are generally provided directly by the investment principal at least annually. Clients are encouraged to carefully review the statements provided by their custodians.

Custody

The advisor has no custody or possession of client assets under management. All accounts are registered in the client’s name and the advisor receives a copy of all client statements from the custodian.

Investment Discretion

Discretionary Authority for Trading

Stephens Asset Management, Inc. accepts discretionary authority to manage securities accounts on behalf of clients. Stephens Asset Management, Inc. has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, if discretionary authority or a limited power of attorney has not been given, Stephens Asset Management, Inc. consults with the client prior to each trade to obtain concurrence. Discretionary trading authority facilitates placing trades in clients' accounts on their behalf so that we may promptly implement the investment policy that they have approved.

Limited Power of Attorney

Clients must sign a limited power of attorney before Stephens Asset Management, Inc. is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application for our main custodians. For accounts not held with our main custodians, clients may sign a separate limited power of attorney document giving discretionary authority to Stephens Asset Management, Inc.

Voting Client Securities

Proxy Votes

The client may elect to vote their own proxies or to appoint the advisor to vote the proxies on his or her behalf. Such an election is not permanent and may be changed at any time by contacting the advisor.

Financial Information

Financial Condition

Stephens Asset Management, Inc. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because Stephens Asset Management, Inc. does not serve as a custodian for clients funds or securities and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

Regulatory Disclosures

All material conflicts of interest have been disclosed regarding the investment advisor, its representatives and any of its employees, which could reasonably be expected to impair the rendering of unbiased and objective advice.

The firm and its management personnel:

- a. have not been the subject of a bankruptcy proceeding
- b. have not been involved in an arbitration claim
- c. have not been involved in a civil, self-regulatory organization, or administrative proceeding
- d. are not engaged in any other business activity
- e. do not have any relationship or arrangement with any party, including any issuer of securities, that is material to its advisory business or to the firm's clients.

The firm and its employees are not compensated for advisory services with performance-based fees. (Please see page 3, “Fees and Compensation.”)

The education and business background of the firm’s executive officer, Val G. Stephens, are disclosed in the “Brochure Supplement” at the end of this brochure.

Brochure Supplement (Part 2B of Form ADV)

Supervised Person
Val G. Stephens

Stephens Asset Management, Inc.

7844 Madison Avenue Suite 120

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As of March 30, 2012

This brochure supplement provides information about Val G. Stephens that supplements the Stephens Asset Management, Inc. brochure. You should have received a copy of that brochure. Please contact our office if you did not receive our brochure or if you have any questions or comments about the contents of this supplement.

Stephens Asset Management, Inc.

Education Background and Business Experience

Background

The principal of the firm, Mr. Val G. Stephens, J.D., is a native Californian who received his undergraduate degree from Brigham Young University. After serving for two years as an intelligence officer in the United States Air Force, Mr. Stephens entered the study of law in Sacramento, California, at McGeorge School of Law, University of the Pacific. He has worked continuously in the investment and financial services industry since graduation from law school, initially in the insurance business and then in real estate syndication. In 1989, Mr. Stephens founded his own fee-only (no commission) investment advisory firm. Since that time he has been employed as President of Stephens Asset Management, Inc., an investment management and consulting firm located in Fair Oaks (Sacramento), California.

Education and Business Highlights

Undergraduate: Brigham Young University, Bachelor of Arts (BA).	1971
Employment: United States Air Force, Intelligence Officer.	1971
Graduate Degree: McGeorge School of Law, University of the Pacific, Juris Doctor (JD).	1976
Employment: Northwestern Mutual Life	1976
License: "Uniform Securities Agents State Law Exam" (FINRA Series 63 Exam)	1976
Employment: Johnstown American (Real Estate Syndication) Senior Vice President, Marketing	1984
License: "Direct Participation Programs Representative Exam" (FINRA Series 22 Exam).	1984
License: "General Securities Representative Exam" (FINRA Series 7 Exam)	1984
Incorporation: Stephens Asset Management, Inc.	1989
Registration: S.E.C. Registered Investment Advisor (ending in 2012)	1989
Registration: D.O.C. Registered Investment Advisor (pending)	2012

NOTE: FINRA stands for Financial Industry Regulatory Authority, and the licenses referenced above were obtained while working for firms associated with the FINRA. Since 1989, however, Stephens Asset Management, Inc. has been registered directly with the Securities and Exchange Commission (S.E.C.) or the Department of Corporations (D.O.C.) and not with a FINRA member firm. By regulation, therefore, the principle of the firm is not allowed to maintain these licenses and they are no longer active.

Disciplinary Information

Mr. Stephens has not been involved in any disciplinary events related to past or present activities.

Other Business Activities

None

Additional Compensation

None

Supervision

Mr. Stephens is the President and Chief Compliance Officer of Stephens Asset Management, Inc.