

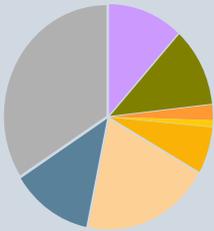
TOP 10 HOLDINGS¹

COMPANY	% of PORTFOLIO
1. Cadence Design Systems, Inc.	2.42%
2. IDEXX Laboratories, Inc.	2.31%
3. Autodesk, Inc.	1.87%
4. Spotify Technology	1.84%
5. Verisk Analytics Inc	1.81%
6. MarketAxess Holdings Inc.	1.80%
7. Copart, Inc.	1.79%
8. Roku, Inc.	1.77%
9. Take-Two Interactive Software	1.75%
10. Match Group, Inc.	1.75%

Excludes Money Market Fund Holdings. Portfolio holdings and asset allocations are subject to change and are not recommendations to buy or sell a security. Current and future portfolio holdings are subject to risk.

SECTOR WEIGHTINGS¹

Communication Services	11.77%
Consumer Discretionary	11.48%
Consumer Staples	2.23%
Energy	0.95%
Financials	6.76%
Health Care	20.07%
Industrials	12.68%
Information Technology	34.06%
Materials	0.00%



Stephens Investment Management Group, LLC

9 Greenway Plaza
Suite 1900
Houston TX 77046

CUSTOMER SERVICES,
SALES & MARKETING
(800) 458-6589

WEBSITE:
stephensimg.com

MARKET OVERVIEW

Let there be no doubt that the market is forward looking. Even as Covid-19 infections spread to the highest levels yet, and many states and cities responded with lockdowns, the market rejoiced as multiple vaccines became available. The market also shrugged off a relatively messy and hotly-contested presidential election. It seemed almost as if any news was interpreted as “good news”. The S&P 500® Index gained 12.15% in value in the fourth quarter of 2020.

Economic data was mixed. Unemployment data improved slightly, but remains at elevated levels. GDP levels rebounded from their lows in the summer, but were still negative on a year-over-year basis. The Federal Reserve has maintained its very accommodative stance with near-zero short-term rates and a massive balance sheet. At the same time, Congress is considering additional stimulus checks to individuals. At the end of the year, leading economic indicators showed a significant improvement.

Anticipation of the vaccine-driven reopening fueled a risk-on attitude, and cyclical stocks outperformed. Value strategies beat their growth counterparts, and smaller companies beat larger ones. Valuations across all equities reached some of the highest levels on record.

MID CAP GROWTH COMPOSITE PERFORMANCE

The framework we provided last quarter is still relevant: investors tend to oscillate from periods of anticipation and speculation to periods of “reckoning”. In the speculative time frames, investors tend to paint with a broad brush, lumping stocks together on the basis of sectors, industries, factors, and risk, paying less attention to the idiosyncratic differences among stocks. In periods of reckoning, as investors are forced to deal with new information, they apply this calculus to each company, and dispersion increases as companies are judged on their individual merits in light of the new reality.

Q4 was yet another period dominated by anticipation and speculation. Enthusiasm regarding the impending reopening reached almost euphoric levels. This is not to say that the enthusiasm was misplaced, but that much of the good news was priced in during the quarter. The market behaved as it would coming out of a recession, disproportionately rewarding lower quality companies and those more exposed to the economic cycle.

Given our bias toward high quality, secular growth companies, this was a stylistic headwind for us. Despite the difficult environment, we managed to slightly beat our benchmark. The Stephens Mid Cap Growth Composite posted a return of 20.36% (20.21% net) versus the benchmark’s return of 19.02%. Mid Cap stocks of companies without earnings beat those with profits by nearly 400 basis points this quarter.

The Communications Services sector followed the same trend as last quarter – it was the best performing group, and our overweight positioning boosted our returns. Roku, Inc. was our single biggest contributor to returns. We added to our position in Electronic Arts Inc. on a pull back. We added a new position in Warner Music Group, in part based on pricing power with streaming music.

Consumer Discretionary stocks lagged the broad market, but our holdings fared much better. MercadoLibre Inc. was our second best contributor to returns, and we aggressively trimmed our position into the strength as it has moved beyond our definition of mid cap. Some of the trends in Q3 were still evident this quarter, namely the reversal of fortunes for hotels and restaurants. As a result, we underperformed in that industry. That was balanced out by our performance among specialty retailers, as they are poised to do well as the economy reopens.

Energy stocks showed signs of life, after a prolonged period of underperformance. Despite great enthusiasm for clean energy and renewables, the economy still depends on traditional energy sources. A reopening and the subsequent increase in economic activity, especially travel, could create much higher energy demand. This is a very small component of our portfolio today, but we had success with Parsley Energy as it was acquired by Pioneer Natural Resources.

We bested the benchmark in Financials, largely due to the contribution from SVB Financial Group. They are well positioned to take advantage of a rising rate environment, and also benefit from strong equity performance.

Our Healthcare holdings were basically in-line with the benchmark. We continued to have success with IDEXX Laboratories, Inc. Their focus on veterinary services and pet health helps it remain relatively immune from policy-driven volatility. Align Technology, Inc. was another top performer, as they reported a blow-out quarter, driven by greater adoption of their alternative to traditional braces and orthodontics.

We were generally in-line with our Industrials performance. Many of these companies are more exposed to the business cycle, so we did well to keep up. HEICO Corporation was the best performer in the sector, as air travel started to rebound. We initiated a position in Mercury Systems, which supports the Federal government across a variety of programs.

Technology stocks beat the broad market this quarter. Despite it being our largest sector, we are underweight versus the massive exposure in the benchmark. Our semiconductor-related holdings were some of the biggest contributors. We initiated positions in FireEye, Inc., a leading cyber-security firm, and in Five9, Inc., the leader in cloud-based call center software.

¹The information is shown as supplemental only and complements the full disclosure presentation located on the back. The Russell Midcap® Growth Index measures the performance of those Russell Midcap® companies with higher price-to-book ratios and higher forecasted growth values. You cannot invest directly in an index. The S&P 500® Index is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. Copyright © 2021, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. See additional information regarding S&P ratings at <https://www.spglobal.com/terms-and-conditions>. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index, which represents approximately 8% of the total market capitalization of the Russell 3000® Index. You cannot invest directly in an index.
* See our attached GIPS Report in the Important Legal Disclosures section

PORTFOLIO CHARACTERISTICS¹

We added seven new positions this quarter and eliminated three. Technology remains our largest sector and grew to about 34% of assets. Healthcare shrank a little from last period, and now sits at 20%. Industrials, Communication Services, and Consumer Discretionary are all about 12% of assets. Relative to the benchmark we are overweight Communication Services and underweight Technology.

Valuations continued to expand in Q4, ending the year at very elevated levels from a historical perspective. Our weighted harmonic average P/E ratio on the next twelve months earnings expectations is 36. Growth began to rebound from the lows of the summer, and our median company grew earnings by 16% and revenues in excess of 9%. Forward estimates show continued acceleration.

There was a big shift in our split between *core growth* and *earnings catalyst* this quarter. Some of this was organic and due to trading and relative performance, but we also re-categorized some of our holdings as this rapidly changing economic environment has had an impact on business models. Core growth represents 64% of the portfolio, while catalyst makes up the remaining 36%.

OUTLOOK

Over the years here, I've spilled a lot of ink on the topic of inflation. For me, it's been the most interesting economic puzzle. Last quarter, I said this:

What if all that money growth isn't being transmitted to the baskets of goods that CPI and PCE track, at a time when deflationary forces of ecommerce and technological innovation are very powerful? What if that money is going into assets (via investment and saving) rather than goods (via consumption)? Are record-high equity valuations a sign of a different kind of inflation? What about collectible cars or art? Have you seen what has happened to the price of high-end watches lately? Commercial real estate has been negatively impacted by Covid, but have you seen residential real estate in prime locations?

This is just a working theory, but I'm starting to think that we may not see inflation in CPI or PCE for a very long time, and that the Fed will keep their foot on the gas, only to inflate asset prices. Is this why we are seeing record valuations across so many stocks?

I stand by this theory, except on timing. I now believe we will see inflation in the traditional sense (CPI and PCE) this year.

As for money growth, M2 is up over 25% in the last year. This is pretty unprecedented. At the same time, the Fed has set short-term rates at essentially zero. It's hard to be more accommodative. Well, at least from a monetary standpoint. If you wanted to be more accommodative, you'd have to look to fiscal tools. Oh wait, we've been using those in an unprecedented manner as well. The combination of stimulus checks, PPP, and higher unemployment benefits resulted in disposable income *rising* by about 17% in the middle of the Covid-induced recession. You read that right. Real disposable personal income rose on a year-over-year basis more than any other time. A hallmark of most recessions is that disposable income is down. Extreme situations (the global health crisis) called for extreme solutions.

The vaccines have arrived with potentially more around the corner. I personally know quite a few people who have already received it. Equity markets have been frothing in anticipation of the great reopen that will go along with the vaccines. Barring something completely unexpected, it is imminent. So, the unusual measures of zero rates, QE, massive money growth, fiscal stimulus, direct transfers to individuals, that were a result of the health crisis can go away now that the vaccine is here? Nope.

The Fed keeps saying they'll let the economy run hot. Remember, they changed the 2% inflation target to a 2% *average*, implying that since it's been below 2%, they won't mind if it's in excess of 2% for a while. Congress is working on new stimulus payments. Improved unemployment benefits persist.

The exogenous shock of Covid-19 wasn't unique to the US economy. The global economy suffered as virtually no country was spared from the wrath of the disease (although tip of the hat to New Zealand on their relative success). As vaccines get distributed globally, every country will be reopening. For the first time ever, it seems as if every country on the planet is going to be experiencing an economic expansion at the same time.

Supply chains are still not operating normally, and inventories are very lean. Vaccines and an improvement in Covid-19 should almost immediately unlock pent-up demand. But it won't unlock supply. It will take time for companies to re-hire and bring employees back into the organization. Initially, productivity will be low as workers are re-trained. The inflation pressure isn't just from increased demand, but also reduced supply, at a time with a glut of liquidity.

Whether you believe in the merits of cryptocurrencies or not, it's undeniable that something profound is happening with Bitcoin. Some of the appreciation is a result of Bitcoin becoming much more institutionally viable. Custody operations and trading have become more robust. In theory, it is also a great hedge against inflation. Bitcoin is telling us something.

OUTLOOK

Bitcoin is also a symbol of the enthusiasm, or dare I say euphoria, in the market today. It seems as if investors are in a state of positive sentiment override – everything that happens, any new developments are perceived with a positive bias. Early last year, strategists and investors believed that a democratic administration would be less market-friendly, potentially raising corporate taxes and increasing the regulatory burden relative to the Trump administration. Sometime in the Fall, investors changed their minds, deciding that it wouldn't be that bad at all, and in fact might be a net positive because of additional fiscal stimulus. After the election, those same strategists made the case it was a good outcome for the market because of gridlock - with a republican-controlled Senate, it would be hard to make any significant changes, and the market loves stability. The market moved higher. As I write this, post Georgia Senate runoffs, we no longer have gridlock, but the so-called Blue Wave investors initially feared. No matter! The market keeps going higher.

In my mental model for the market of shifting between periods of speculation and anticipation to periods of reckoning and recalibration, we are near peak speculation. There will be surprises. There will be periods of reckoning. And those are the environments where alpha can be unlocked by active managers who are prepared.

In early February of 2020, we became concerned about Covid-19, and went to great lengths to prepare a game plan in the portfolio. We didn't want to move the portfolio around based on our speculation, but we wanted to be fully prepared if and when it became evident Covid-19 would be a problem. Much of our success last year was based on this work. We are doing the exact same thing now with respect to our concerns on inflation. We aren't making changes to the portfolio based on speculation, but we are going to be well prepared as we monitor the situation with a laser focus.

Earnings growth for a portfolio holding does not guarantee a corresponding increase in the market value of the holding or the portfolio. Earnings Growth is a measure of growth in a company's net income over a specific period, often one year. Return on Equity is the amount of net income returned as a percentage of shareholders equity and measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

IMPORTANT LEGAL DISCLOSURES

Year	Total Firm Assets (millions)	Strategy Assets*		Composite Assets		Annual Performance Results				3 Yr Annualized Standard Deviation	
		USD (millions)	Number of Accounts	USD (millions)	Number of Accounts	Composite		Russell Midcap® Growth	Composite Dispersion	Composite Gross	Russell Midcap® Growth
						Gross	Net				
2020	7,062	975	25	878	22	41.77%	41.09%	35.59%	0.34%	22.26%	21.45%
2019	5,416	654	17	263	13	33.57%	32.85%	35.47%	0.29%	14.79%	13.88%
2018	4,301	342	13	216	11	3.22%	2.68%	-4.75%	0.12%	14.13%	12.82%
2017	4,442	338	12	240	11	29.68%	29.01%	25.27%	0.20%	11.72%	10.88%
2016	3,644	287	13	201	9	7.98%	7.24%	7.33%	0.09%	13.13%	12.17%
2015	2,897	152	12	38	10	-0.27%	-1.01%	-0.20%	N.A.	12.01%	11.29%
2014	3,430	165	6	31	4	4.19%	3.40%	11.90%	N.A.	11.71%	10.87%
2013	3,054	155	6	35	4	34.63%	33.60%	35.74%	N.A.	13.54%	14.62%
2012	1,222	85	6	7	2	16.74%	15.78%	15.81%	N.A.	16.44%	17.91%
2011	933	40	3	1	1	3.26%	2.44%	-1.65%	N.A.	18.13%	20.82%

* Strategy Assets are shown as supplemental information as these assets include UMA assets managed within the Mid Cap Growth Strategy
N.A. - Composite Dispersion information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Mid Cap Growth Composite contains fully discretionary accounts and pooled investment vehicles invested primarily in mid cap common stock of U.S. companies. Under normal market conditions, most of the securities purchased for this composite have market capitalizations between \$1.0 billion and the market capitalization of the largest company in the Russell Midcap® Index at the time the security was initially purchased by accounts in the composite which appear to have clear indicators of future earnings growth or that appear to demonstrate other potential for growth of capital. In addition to common stock the composite may also purchase convertible and preferred stock as well as certain Exchange Traded Funds. This composite is actively managed and securities in the composite are frequently purchased and sold by the manager. For comparison purposes the composite is measured against the Russell Midcap® Growth Index.

Stephens Investment Management Group, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Stephens Investment Management Group has been independently verified for the periods December 1, 2005 through September 30, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The *Mid Cap Growth Composite* has had a performance examination for the periods June 2, 2006 through September 30, 2020. The verification and performance examination reports are available upon request.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Stephens Investment Management Group, LLC is a registered investment advisor specializing in equity investment management, specifically small and mid-capitalization growth companies.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of fees and include the reinvestment of all income. Net of fee performance is calculated using actual fees incurred. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The management fee schedule begins at 1.00% of assets under management. Actual investment advisory fees incurred by clients vary.

The Mid Cap Growth Composite creation and inception dates are June 2, 2006.

Prior to September 1, 2011, composite policy required the temporary removal of any account from the composite which incurred a client initiated significant cash inflow or outflow of 10% or more of the value of the net assets of the account in any 30 day period. The temporary removal of such an account occurred at the beginning of the month in which the significant cash flow occurred and the account re-entered the composite at the beginning of the month after the cash flow. This policy was deleted effective September 1, 2011. Additional information regarding the treatment of significant cash flows is available upon request.

The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. The three-year annualized ex-post standard deviation of the composite and annual composite dispersion are calculated using gross-of-fees returns.

Certain accounts in this composite direct trading to broker-dealers that execute trades for no commission. Assets in these accounts are 4.54% of total composite assets as of December 31, 2020.

This composite was redefined January 1, 2020 to include pooled investment vehicles following SIMG's Mid Cap Growth Strategy.

Prior to January 1, 2020, this composite was known as the Mid Cap Growth Separate Account Composite.

Firm AUM does not include accrued dividends.

A list of composite descriptions, a list of limited distribution pooled fund descriptions and a list of broad distribution pooled funds are available upon request.

The investment objectives, risks, charges and expenses should be carefully considered before investing. SIMG nor their representatives provide legal or tax advice. Please consult your tax advisor before making any decisions.

There are additional risks associated with investments in smaller and/or newer companies because their shares tend to be less liquid than securities of larger companies. Further, shares of small and new companies are generally more sensitive to purchase and sales transactions involving the company's stock and to changes in the company's financial condition or prospects, and, therefore, the prices of such stocks may be more volatile than those of larger company stocks. Clients' investment results and principal value will fluctuate.