

January 24, 2017

Dear Shareholder

Performance

Bridges Investment Fund had a total return of 7.09% for the one year period ending December 31, 2016. By comparison, the S&P 500 had a total return of 11.96%, while the Russell 1000 Growth Index finished up 7.08% for the year. The Fund had total returns of 5.53%, 12.28%, and 6.18% for the 3, 5, and 10 year periods ending December 31, 2016, compared to total returns of 8.87%, 14.66%, and 6.95% for the S&P 500, and 8.552%, 14.50%, and 8.33% for the Russell 1000 Growth Index over the same periods of time. Three, five, and ten year periods are annualized. The Fund's gross expense ratio is 0.82%.

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance stated above. Performance data current to the most recent month end may be obtained by calling 866-934-4700.

Review of 2016 and Outlook for 2017

In 2016, U.S. equities provided solid total returns within the context of a choppy and volatile trading environment that was driven by concerns of recession in the first quarter, the surprising Brexit election in the second quarter, and the surprising election of Donald Trump in November. While these headlines created significant day-to-day stock price volatility, corporate earnings, outside of the energy sector, held together reasonably well over the course of the year and supported positive aggregate total returns for U.S. equities.

Key potential risks to our outlook for stocks include: 1) the onset of recession in the U.S. and/or worsening international economic conditions; 2) corporate earnings disappointments (which could result from persistent dollar strength), 3) a narrowing of stock valuations due to sharply higher interest rates, 4) the inability of the Trump Administration to make meaningful progress against their broad policy agenda, and 5) an escalation of global political instability and/or terrorism.

Despite the potential risks outlined above, we remain constructive on the outlook for stocks in 2017-18, and beyond, because we believe equity valuations remain close to our estimate of fair value, and because we believe corporate earnings will continue to grow on balance despite a continued challenging global economic environment. We believe that several factors that have been a headwind for U.S. corporate profits over the past eighteen months could moderate in 2017-18: commodity prices could continue their recovery, interest rates could rise, and the dollar's strength could moderate. Some combination of higher commodity prices, higher interest rates, and a flattening out of the dollar could benefit aggregate corporate earnings.

We have established a 2017 year-end fair value target range of 2350-2425 for the S&P 500 (about 18.0x estimated 2017 earnings of \$130-135), which implies upside of roughly 7-8%

from the S&P's 2016 year-end level of 2238. Our preliminary year-end 2018 fair value target range is 2500-2550 (18.0x estimated 2018 earnings of \$140-145).

We expect above average capital markets volatility in 2017, driven primarily by uncertainty surrounding the ability of President Trump to achieve success on his core policy initiatives in the areas of tax reform, government regulation reduction, health care reform, and international trade policy. The strong stock market rally since the November 8 election (the S&P 500 is up 5%+ since the election) implies that investors are already discounting material success for the Trump Administration. To the extent that Trump is unable to make quick and meaningful progress against his stated goals, stocks could give back some or all of their recent gains. Conversely, if Trump is able to work with Congress to achieve meaningful tax rate reductions, a decrease in business regulation, and health care reform, equities could respond favorably as those factors could result in higher corporate profitability over the next few years.

Longer term, we believe equities are currently priced to return between 6-9% annually over the next 5 to 10 years, assuming long term earnings growth of 5-7% and a P/E of 15-18x (versus a long historic average P/E of 16x for the S&P 500).

We continue to favor equities that have strong business franchises and an ability to grow revenues, cash flows, earnings, dividends, and underlying business value at solid rates despite a continued sluggish and highly competitive global economic environment. We believe that companies that are able to achieve solid growth in business value should be able to generate total returns for their shareholders that are commensurate with business value growth.

Our Portfolio

The Fund's portfolio continues to be comprised primarily of companies with strong balance sheets, high levels of profitability, and a demonstrated ability to grow business value over the long run despite periodically challenging economic conditions.

The following table summarizes the changes we made in the Fund in 2016:

BRIDGES INVESTMENT FUND CHANGES FOR 2016

NEW BUYS:

Ameriprise Financial
Amgen
Apache Corp
Cerner
EOG Resources
Fedex
Fiserv
Home Depot
Level 3 Communications
Lowe's
Thermo Fisher Scientific

ADDS:

Chevron
Cognizant Tech Solutions
Continental Resources
Facebook
Perrigo

TRIMS:

Altria
Biogen
Cognizant Tech Solutions
Davita
Disney
Eaton
Express Scripts
Gilead Sciences
Lowe's
Phillip Morris Int'l
Qualcomm
Roper
T Rowe Price Group
Union Pacific

ELIMINATED:

Cerner
iShares MSCI EAFE ETF
iShares Nasdaq Biotech Index Fund
Perrigo

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

The companies that were the most additive to the Fund's return in 2016 included Apple, Berkshire Hathaway, Capital One, Chevron, Continental Resources, Eaton, iShares Mid Cap ETF, iShares Small Cap ETF, J.P. Morgan, Qualcomm, and Union Pacific.

The companies that were the largest drag on performance in 2016 included Allergan, Celgene, Disney, Express Scripts, Gilead Sciences, Perrigo, and Starbucks.

Interestingly, many of the Fund's worst performers in 2015 were among the Fund's best performers in 2016, and vice versa.

In 2016, "value" outperformed "growth," and smaller companies generally outperformed larger companies. And, many of the commodity-related and economically-sensitive companies that performed poorly in 2015 enjoyed strong recoveries in 2016. Finally, health care stocks generally struggled in 2016 (extending a period of poor relative performance that dates to July, 2015). These factors all combined to contribute to the Fund's equities lagging the S&P 500 in 2016, following a better year of relative performance in 2015.

That said, we believe the Fund's holdings are both 1) well-positioned to grow their business value over the next several years, and 2) valued at levels that are attractive given our assessment of their business value growth potential.

We believe the Fund's holdings are attractively valued looking out over the next several years. At present, the Fund's portfolio trades at 24.9x estimated 2017 earnings and 25.0x estimated 2018 earnings, and have projected long term annual earnings growth of 12-13%. This compares with the 17.0x 2017 P/E, 15.4x 2018 P/E, and 5-7% long term annual earnings growth projected for the S&P 500.

We believe that the Fund's companies are well-positioned to grow shareholder value at attractive rates in the future. Our companies have strong balance sheets and business models that we believe should allow them to grow revenues, earnings, and free cash flow at attractive rates over the long run.

The Fund's investment process continues to emphasize the following core tenets:

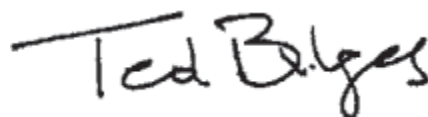
1. A focus on high quality companies with good prospects for growing their business value over time
2. A strong valuation discipline
3. A long term approach to equity investing

Our investment management approach is based on the premise that over the long run, good businesses produce good investment returns for their shareholders. We seek to identify and own undervalued businesses that are growing business value for their shareholders at attractive rates.

Over time, we expect to benefit from our investment approach in two ways: 1) as our companies move from undervalued toward our estimate of fair value, and 2) from the growth in our companies' underlying business value over time.

We remain confident that our investment approach should be effective over the long run, as stock prices tend to track underlying changes in business value over time.

The Fund will hold its 54th annual meeting on March 28, 2017. Fund management will provide its outlook for the capital markets and the Fund for 2017 and beyond. We appreciate your continued investment in the Fund, and encourage all shareholders to attend this year's annual meeting.



Edson L. Bridges III, CFA
President and Chief Executive Officer

Must be preceded or accompanied by a Prospectus.

Opinions expressed herein are those of Edson L. Bridges III and are subject to change. They are not guarantees and should not be considered investment advice.

The S&P 500 Index is a broadly based unmanaged composite of 500 stocks which is widely recognized as representative of price changes for the U.S. equity market in general. The Russell 1000 Growth Index is an unmanaged composite of stocks that measures the performance of the stocks of companies with higher price-to-book ratios and higher forecasted growth values from a universe of the 1,000 largest U.S. companies based on total market capitalization. You cannot invest directly in a specific index.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

Cash Flow is the net amount of cash and cash-equivalents moving into and out of a business.

The Price-to-Earnings Ratio or P/E ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings.

Earnings growth for a Fund holding does not guarantee a corresponding increase in market value of the holding or the Fund.

Mutual fund investing involves risk. Principal loss is possible. Small and medium capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. The Fund invests in foreign securities which involve political, economic and currency risks, greater volatility and differences in accounting methods.

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security. Please [click here](#) for Fund holdings.

While the fund is no-load, management fees and other expenses still apply.

The Bridges Investment Fund is distributed by Quasar Distributors,