BRIDGES INVESTMENT FUND, INC.

January 15, 2018

Dear Shareholder:

Performance

Bridges Investment Fund had a total return of 21.98% for the one year period ending December 31, 2017. By comparison, the S&P 500 had a total return of 21.83%, while the Russell 1000 Growth Index finished up 30.21% for the year. The Fund had annualized total returns of 9.44%, 13.78%, and 7.81% for the 3, 5, and 10 year periods ending December 31, 2017, compared to total returns of 11.41%, 15.79%, and 8.50% for the S&P 500, and 13.79%,17.33%, and 10.00% 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 0.84%.

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 2017 and Outlook for 2018

U.S. equities enjoyed strong total returns in 2017, propelled by 1) better than expected corporate earnings growth, 2) a benign interest rate environment, 3) anticipation of corporate income tax cut legislation (which happened in December), and 4) an expansion of equity valuation metrics.

The year was notable for the lack of normal stock price volatility – stock prices essentially worked gradually higher throughout the year.

Stock price gains were broad. Technology was the strongest sector in the market; large cap stocks and growth-oriented companies were generally stronger than smaller cap companies and value-oriented stocks.

We remain positive on the outlook for equities in 2018.

Our constructive stance on stocks is based on the following factors:

1. We expect corporate earnings to continue to show positive growth, which should be helped by corporate income tax cuts.

2. Valuations for stocks are close to our estimate of fair value, given expected earnings growth over the next several years, and a relatively low interest rate environment.

We have established a 2018 year-end fair value target range of 2,700-3,100 for the S&P 500 (about 19.0x estimated 2018 earnings of $150-157), which implies upside of roughly 8-10% from the S&P's 2017 year-end level of 2,674. Our preliminary year-end 2019 fair value target range is 2,875-3,325 (19.0x estimated 2019 earnings of $164-170). Our single point year-end fair value estimates for the S&P 500 for 2018 and 2019 are 3,000 and 3,200, respectively.

Risks to our generally constructive outlook for equities include: 1) a significant slowdown in corporate earnings growth; 2) faster than anticipated inflation (consensus inflation expectations are currently the lowest in many years); 3) investor unwillingness to pay high-teens or low 20's multiples for stocks (essentially, a change in prevailing investor sentiment from "constructive" to "concerned"); 4) a deterioration in the domestic political climate around the 2018 mid-term elections; 5) slow or no progress by the Trump Administration against stated policy objectives and/or an exodus of the Administration's key leaders; and 6) a resumption/worsening of global terrorist activity

We expect a return to more normal levels of stock price volatility over the 2018-19 time frame. While this increases risk to equity investors in the short run, it also creates more opportunities to add to strong companies at relatively more attractive valuations. We would not be surprised to see the stock market both 20% lower and 20% higher than 2017 year-end levels over the course of 2018.

The strong gains in stocks over the past five years have lowered implied returns over the next three to five years, but we believe that stocks remain attractive relative to bonds.

Longer term, we believe equities are currently priced to return between 5-9% annually over the next 5 to 10 years, assuming long term earnings growth of 5-7% and a P/E range of 15-20x (versus a long historic average P/E of 16x for the S&P 500). We expect corporate earnings growth will be higher than long-term trend during 2018 (+10% for the S&P 500 versus 2017), driven by improving economic conditions world-wide, and corporate tax cuts in the U.S. This may support higher equity valuations than normal as long as earnings momentum remains positive.

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 2017:

New Buys:	**Adds:**	**Trims:**	**Sells:**
Boeing	Celgene	Altria	Apache
Goldman Sachs	Facebook	Ameriprise Financial	Bioverativ
Iqvia	FedEx	Apple	DaVita
Martin Marietta Materials	Gilead Sciences	Capital One	Goldman Sachs
	Home Depot	Eaton	Level 3
	iShares Core S&P Small Cap ETF	Express Scripts	T Rowe Price
	Thermo Fisher Scientific	Gilead Sciences	
	Visa	MasterCard	
		Philip Morris Int'l	
		Union Pacific	
		Visa	
		Wells Fargo	

The companies that were the most additive to the Fund's return in 2017 included Alphabet, Amazon, Apple, Blackrock, Facebook, MasterCard, PayPal, and Visa.

The companies that were the largest drag on performance in 2017 included Allergan, Celgene, Disney, Express Scripts, Gilead Sciences, Qualcomm, and Starbucks.

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 reasonably attractive over the long-run 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 28.6x estimated 2018 earnings and 25.2x estimated 2019 earnings, and have projected long term annual earnings growth of 12-14%. This compares with the 17.8x 2018 P/E, 16.2x 2019 P/E, and 5-7% long term annual earnings growth projected for the S&P 500. The Fund's holding in Amazon (P/E of 169x 2018 estimated earnings, P/E of 95x estimated 2019 earnings) skews the aggregate portfolio valuation metrics materially higher.

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 at attractive rates of growth 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 high quality, 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 (positive change in valuation), and 2) from the growth in our companies' underlying business value over time (increasing revenues, earnings, dividends, and free cash flow).

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 the long-run.

The Fund will hold its 55th annual meeting on Tuesday, April 3, 2018. Fund management will provide its outlook for the capital markets and the Fund for 2018 and beyond. We appreciate your continued investment in the Fund, and encourage all shareholders to attend this year's annual meeting.

Ted Bridges

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.

Fund holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Current and future portfolio holdings are subject to risk. Please refer to the Schedule of Investments for complete fund holdings."

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.

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

The Bridges Investment Fund is distributed by Quasar Distributors,