BRIDGES | INVESTMENT FUND, INC.

January 16, 2019

Performance

Bridges Investment Fund had a total return of -3.76% for the one-year period ended December 31, 2018. By comparison, the S&P 500 (SPX or "the Index") had a total return of -4.38%, while the Russell 1000 Growth Index had a total return of -1.51% for the year. The Fund had annualized total returns of 7.93%, 6.65%, and 12.20% for the 3, 5, and 10-year periods ended December 31, 2018, compared to total returns of 9.26%, 8.49%, and 13.12% for the S&P 500, and 11.15%,10.40%, and 15.29% 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 0.80%, as disclosed in the most recent prospectus.

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 2018 and Outlook for 2019

Volatility returned to the capital markets with a vengeance in 2018, after an uncharacteristically placid 2017. Downside volatility was especially pronounced in late January – early February, when the SP&P 500 declined 12% in eight trading days.

After the sharp decline early in the year, stocks moved steadily higher through the end of the third quarter, propelled by strong corporate earnings growth.

However, equities sold off sharply in early October, initially based on hawkish comments from new Federal Reserve Chairman Powell. While Powell moderated his stance later in the quarter, investors also focused on a variety of other issues in the quarter, ranging from concerns about the strength of future earnings growth, the timing of the next recession, risks around trade and tariff negotiations with China, softening global economic data, and continued dysfunction in Washington.

The fourth quarter was the worst for stocks since 2008, and equities posted their worst December since 1931. The S&P 500 declined 20.2% between October 2 and December 26 (technically a "bear market"), and while the SPX rallied 6.5% over the last four trading days of the year, the Index ended the year with a total return of -4.38%, its first negative year since 2008.

The critical question for investors is whether the fourth quarter's stock decline is signaling the onset of a recession, or whether the fourth quarter pullback in stock prices represents a normal correction within the context of a continuation of the current economic expansion.

While economic data has shown signs of softening since mid-2018, in our view, there are few indications that a recession is imminent.

The decline in stock prices during the fourth quarter of 2018 improved equity valuations materially. The S&P 500 ended the third quarter with a valuation of 16.4x estimated 2019 earnings, and it closed 2018 trading at 14.6x estimated 2019 earnings. (Notably, consensus earnings estimates for the S&P 500 for 2019 fell from $179 to $171 during the quarter).

We have established a 2019 year-end "fair value" target range of 2,550-3,175 for the S&P 500 (15.0x-18.0x estimated 2019 earnings of $170-177), which implies upside of roughly 15% from the S&P's 2018 year-end level of 2,506 to the midpoint of our range of fair value. Our preliminary year-end 2020 fair value target range is 2,700-3,350 (15.0-18.0x estimated 2020 earnings of $180-187). Our single point year-end fair value estimates for 2019 and 2020 are 2,900 and 3,100 respectively.

We expect continued equity market volatility in 2019, and we would not be surprised if stocks traded 20-25% below and above the 2018 year-end level of the S&P 500 of 2,506 during the upcoming year.

The salient risks that impact our outlook for 2019 are the same as those that contributed to the capital markets volatility in the fourth quarter:

1. Corporate earnings growth is likely to slow in 2019, as the effects of the 2017 corporate income tax recede. In our view, company management commentary coincident with the release of fourth quarter earnings in January will be more important than usual, given the market's reaction to third quarter earnings, which were generally in line with expectations, but which in many cases were viewed as "not good enough" and/or were accompanied by tepid forward commentary by management.

2. Economic data showed some softening during the fourth quarter; investors will be keenly attuned to data points that may suggest the onset of the next recession as the first half of 2019 unfolds.

3. The Fed's response to economic data in the first half of 2019 will be critical; a continued hawkish stance would likely result in periods of material stock price weakness.

4. Trade policy with China will also be an important factor impacting capital markets; further political dysfunction and uncertainty emanating from Washington is also a key risk factor in the first half of 2019.

While we expect 2019 to be volatile and challenging, we are constructive on the long-term outlook for equities given the level of current valuations and our expectation that long-term corporate earnings growth will be positive.

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-term despite periodically challenging economic conditions.

The Fund's ten largest individual stock holdings as of December 31, 2018, included:

MasterCard	7.57%
Apple	6.84
Alphabet	5.39
Amazon	4.86
iShares S&P Mid Cap ETF	4.30
Visa	3.42
iShares S&P Small Cap ETF	3.36
Booking Holdings	3.01
Berkshire Hathaway Class B	2.64
Union Pacific	2.50

The following table summarizes the changes we made in the Fund in 2018:

New Buys:
Microsoft
Old Dominion
S&P Global
United Health
XPO Logistics

Adds:
BlackRock
Boeing
Booking Holdings
Continental Resources
EOG Resources
FedEx
Home Depot
Iqvia
Lowe's
Martin Marietta Materials

Trims:
Booking Holdings
Celgene
MasterCard

Sells:
UPS

The companies that were the most additive to the Fund's return in 2018 included Amazon, MasterCard, PayPal, Starbucks, Thermo Fisher Scientific, and Visa.

The companies that were the largest drag on performance in 2018 included Apple, Blackrock. Capital One, Celgene, Facebook, FedEx, iShares Core S&P Mid Cap ETF, and Wells Fargo.

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.

From a valuation standpoint, we believe the Fund's holdings are attractively valued looking out over the next several years. At present, the Fund's portfolio trades at 16.0x estimated 2019 earnings and 14.0x estimated 2020 earnings, with a projected long-term annual earnings growth of 11-13%. This compares with the 14.7x 2019 P/E, 13.3x 2020 P/E, and 5-6% long term annual earnings growth projected for the S&P 500.

Within the context of challenging and volatile capital markets conditions, investment philosophy and process are important guides that provide us with a framework to evaluate investment opportunities. Our investment process continues to emphasize core tenets of: 1) focusing on high quality businesses with favorable prospects for growing intrinsic value at attractive rates over time, 2) incorporating a strong valuation discipline, and 3) employing a long-term approach to the process of investing in equities.

Our primary investment goal is to identify and own companies that have strong franchise characteristics and attractive valuation metrics, such that business value growth generated over the long-term leads to positive shareholder returns.

Our investment management approach is based on the premise that over the long run, good businesses produce growth in underlying business value, which in turn drives investment returns for their shareholders that is commensurate with business value growth.

We seek to identify and own high-quality businesses that trade at a discount to our appraisal of their fair value, and that are growing business value for their shareholders at attractive rates.

We continue to favor equities that have strong and durable business franchises and a demonstrated ability to grow revenues, free cash flow, earnings, dividends, and underlying business value at solid rates notwithstanding a sluggish and highly competitive global economic environment.

Over time, we expect to benefit from our investment approach in two ways: 1) as our companies move from being undervalued relative to our appraisal of fair value toward our estimate of fair value (positive change in valuation), and 2) from the growth in our companies' underlying business value over time, which is driven by increasing revenues, earnings, dividends, and free cash flow.

We are confident that our investment approach should be effective over time, as stock prices tend to track underlying changes in business value over the long-run. Periods of broad stock market weakness, such as the fourth quarter of 2018, create more opportunities for us to identify attractive new equity investment candidates, and/or to add to existing holdings at attractive valuation levels.

The Fund will hold its 56th annual meeting on April 2, 2019. Fund management will provide its outlook for the capital markets and the Fund for 2019 and beyond. We appreciate your continued investment in Bridges Investment Fund and we encourage all shareholders to attend this year's annual meeting.

Ted Bridges

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

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,