BRIDGES INVESTMENT FUND, INC.

July 22, 2019

Dear Shareholder:

Bridges Investment Fund had a total return of 4.69% in the second quarter of 2019, which bettered the 4.30% advance in the S&P 500 and the 4.64% rise in the Russell 1000 Growth Index over that same period. For the twelve-month period ended June 30, 2019, the Fund had a total return of 8.71% versus a 10.42% total return for the S&P 500 and a 11.56% total return for the Russell 1000 Growth Index. For the three-year period ended June 30, 2019, the Fund had an average annual total return of 15.40% versus 14.19% for the S&P 500 and 18.07% for the Russell 1000 Growth Index. For the five-year period ended June 30, 2019, the Fund had an average annual total return of 9.08% versus 10.71% for the S&P 500 and 13.39% for the Russell 1000 Growth Index. For the ten-year period ended June 30, 2019, the Fund had an average annual total return of 12.90% versus 14.70% for the S&P 500 and 16.28% for the Russell 1000 Growth Index.

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of the 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. The gross expense ratio of the Fund is 0.79%

The second quarter of 2019 saw a material increase in equity market volatility.

In April, the S&P 500 returned 4.05%. In May, the S&P 500 declined 6.35%. In June, the S&P 500 had a total return of 7.05%, resulting in a total return for the second quarter of 4.30%. mall and midcap stocks were positive during the second quarter as well, as the Russell 2000 had a total return of 2.09%.

U.S. equities posted an all-time high on June 20, as the S&P 500 closed at 2,952, eclipsing the high made in September of 2018 of 2,942. The S&P 500 closed the quarter 25% above its December 24, 2018 low.

The equity market rally in the first half of 2019 was driven by: 1) A more dovish stance by the Fed; 2) rising investor optimism regarding the probabilities of a resolution to the trade conflict with China, and 3) decent U. S. corporate earnings performance within the context of increasing signs of economic softness around the global economy.

These three factors remain the most important risk factors for equity investors to consider during the second half of 2019. The strong price performance for stocks during the first half of 2019 discounts an expectation of second half interest rate cuts by the Fed, the achievement of a reasonable trade deal with China, and continued solid corporate earnings performance during the remainder of 2019 and into 2020.

Disappointment around these factors would likely result in meaningful pullback in stock prices.

We expect that stock price volatility will remain elevated for the duration of 2019, because of the uncertainty inherent in the outcomes around Fed policy, trade negotiations, and corporate earnings progress.

Despite strong returns for stocks during the first half of the year, aggregate valuations for stocks, as measured by the S&P 500, are close to our estimate of fair value for year-end 2019. At present, the consensus earnings estimate for the S&P 500 for 2019 is $166 per share (down from $178 at the end of the third quarter of 2018), and $178 per share for year-end 2020.

We believe the S&P 500 is fairly valued at 18x forward earnings, which would imply a fair value estimate of 3,000 for the Index at year-end 2019, and 3,200 for year-end 2020, about 9% above current levels (the Index closed the second quarter at 2,942).

Longer-term, we believe equities are reasonably attractive relative to the current 10-year Treasury yield of 2.00%. The current equity risk premium – the earnings yield of the S&P 500 relative to the 10-year Treasury yield – is 3.6%, somewhat above its historic average level, implying that stocks are relatively more attractive than bonds.

During the second quarter, we established new positions in Delta Air Lines, Palo Alto Networks, Schwab, and SVB Financial. We added to our positions in Adobe, Blackrock, Boeing, FedEx, Iqvia, Lowes, Old Dominion, and UnitedHealth Group.

We eliminated positions in Allergan, Altria, Biogen, Cigna, Cognizant Technology, Gilead Sciences, Philip Morris International, Qualcomm, and XPO Logistics, and trimmed our position in Celgene.

In our view, these transactions significantly upgrade the long-term business value growth potential of our portfolio.

We will continue to look for opportunities to upgrade the Fund’s portfolio during periods of equity market volatility.

Our focus remains on identifying and owning strong business franchises that are well-managed, have attractive opportunities for long-term business value growth, and that trade at sensible valuations.

We appreciate your continued investment in the Fund.

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

Must be preceded or accompanied by a Prospectus.

Earnings growth is not representative of the Fund's future performance.

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.

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.

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.

The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index, which is a capitalization-weighted stock market index, maintained by FTSE Russell, that seeks to be a benchmark of the entire U.S stock market.

Forward earnings are an estimate of a next period's **earnings** of a company, usually to completion of the current fiscal year and sometimes of the following fiscal year.

Earnings per share is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security. For a complete list of Fund holdings, please click here.