

Performance

Bridges Investment Fund had a total return of 10.8% for the one-year period ending December 31, 2025. By comparison, the S&P 500 had a total return of 17.9% during 2025. The Fund had annualized total returns of 25.3%, 12.0%, and 14.0% for the 3, 5, and 10-year periods ending December 31, 2025, compared to total returns of 23.0%, 14.4%, and 14.8% for the S&P 500. Three, five, and ten-year periods are annualized. The Fund's gross expense ratio is 0.71%.

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. The 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 2025 and outlook for 2026

After a rocky start to the year, U.S. equities recovered to post a third consecutive year of double-digit gains in 2025. The S&P 500 ended the year with a 17.9% total return despite experiencing a nearly 20% peak-to-trough decline through early April.

Spending by large-cap technology companies was the primary driver of corporate earnings growth in 2025 and of upward estimate revisions for 2026. Earnings growth expectations for 2026 (+15%) and 2027 (+15%) remain well above long-term averages.

Valuations for U.S. equities are elevated relative to historical norms, but profitability is also meaningfully higher. Importantly, the majority of the market's gains in 2025 were driven by earnings growth rather than multiple expansion. For valuations to reset materially lower, we would likely need to see a sustained decline in margins or a meaningful deterioration in top-line growth expectations. That said, the durability of earnings growth appears increasingly central to the market's strength, and earnings growth has continued to narrow.

From November 30, 2022 (release of ChatGPT) through year-end 2025, the S&P 500 returned approximately 75% on a total return basis, while the equal-weighted S&P 500 rose roughly 37%. In other words, most stocks underperformed the index, and by a wide margin. As a result, the weight of the ten largest companies in the index increased from 26% at the end of 2022 to approximately 41% by the end of 2025, a record high.

Unlike in 2023 and 2024, market leadership in 2025 was also characterized by the underperformance of quality, a core pillar of our investment philosophy. Periods of lower-quality outperformance often coincide with elevated risk appetite and strong confidence in sustained growth.

While such environments can persist, we believe durability is eventually repriced as capital costs normalize and investor focus shifts back toward sustainable profitability. Over the long term, we believe a bias toward quality will reward patient investors.

Economic conditions appear relatively calm as we head into 2026, with sentiment seemingly higher than in recent years given the trajectory of earnings growth. While we remain optimistic about corporate earnings prospects, we see an increasing risk of a growth scare given current expectations, in addition to the unforeseen risks that are likely to emerge.

In recent years, the market has proven to be very resilient to episodes of short-term volatility, likely a reflection of durability in corporate profits. In fact, the S&P 500 experienced an intra-year drawdown of at least 19% in three of the past six years, yet only once did the index post a full-year loss (2022). In each of the other years, the S&P 500 delivered total returns of at least 15%.

As we have historically done, we will seek to use future periods of volatility to opportunistically improve the quality of the portfolio's holdings and enhance the portfolio's aggregate implied forward return.

Given rising market concentration, including the Fund's largest holdings, we will continue to look for opportunities beyond the largest companies in the portfolio, but only where we believe such changes are additive to the Fund's long-term return potential.

Our Portfolio

The Fund's investment philosophy is based on our belief that companies that have durable competitive advantages and significant opportunities to grow over long periods of time can compound returns that they earn on their equity capital to drive growth in shareholder value at attractive rates.

As such, our investment process focuses on identifying business that clearly demonstrates the elements that we believe are most important in our investment philosophy:

1. High quality business - as evidenced by a strong balance sheet, and a demonstrated ability to generate free cash flow
2. Durable competitive advantage - as evidenced by the ability to earn high returns on equity capital over many years.
3. Shareholder friendly management that uses adroit capital allocation skills to grow a business' intrinsic value.
4. Opportunities to leverage competitive advantage by competing in markets that appear to have long runways for growth, and/or the opportunity to meaningfully increase share in slower-growing markets.
5. Are available at valuations that are sensible given the elements outlined above, and that trade near, or well below, our estimate of "fair value" over a long investment horizon.

Consistent with our investment philosophy and our investment process, the Fund's portfolio is primarily comprised of companies with strong balance sheets, high levels of profitability, and

a demonstrated ability to grow free cash flow and business value over the long-term despite periodically challenging economic conditions.

The Fund's ten largest individual stock holdings as of December 31, 2025, were:

Alphabet	11.2%
NVIDIA	9.5%
Microsoft	8.8%
Amazon	7.5%
Apple	6.2%
Meta Platforms	5.0%
Mastercard	4.2%
Palo Alto Networks	3.8%
Visa	3.6%
Berkshire Hathaway	3.0%

A summary of major portfolio holding changes we made to the Fund in 2025 included:

New Buys:

Carlisle Companies	Stryker
Chemed	Ulta Beauty

Adds:

BWX Technologies	Intuitive Surgical
Copart	Lowe's
Floor & Décor Holdings	United Rentals

Trims:

Adobe	Microsoft
Alcon	NVIDIA
Alphabet	Palo Alto Networks
Amazon	Pool Corporation
Apple	Progressive
Blackrock	ServiceNow
Casey's General Stores	Union Pacific
JP Morgan Chase & Co.	Visa
Mastercard	Zoetis

Sells:

AptarGroup	UnitedHealth Group
EOG Resources	

The companies most additive to the Fund's return in 2025 included Alphabet, NVIDIA, Microsoft, JP Morgan, & Meta Platforms.

The largest detractors to the Fund's return in 2025 included UnitedHealth Group, ServiceNow, Adobe, Floor & Décor, and Old Dominion Freight Line.

We believe the Fund's holdings are reasonably valued looking out over the next several years. We also believe that the higher average return on equity for the Fund's holdings is an indication of quality and profitability as compared to the S&P 500. At present, the Fund's portfolio trades at 24.3x estimated 2026 earnings with an average return on equity of 27.5%, which compares with the 21.6x estimated 2026 earnings and 26.1% return on equity for the S&P 500.

With Gratitude

We are grateful for your patience, support and your continued investment in Bridges Investment Fund.

Sincerely,

A handwritten signature in blue ink that reads "Jack Holmes". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jack Holmes, CFA
Chief Investment Officer

Must be preceded or accompanied by a Prospectus.

The opinions expressed herein are those of Jack Holmes and are subject to change. They are not guaranteed and should not be considered investment advice.

Please click [here](#) for the Fund's top ten holdings as of 12/31/2025. Holdings are subject to change at any time and are not a recommendation to buy or sell any security.

The S&P 500 Index is a broadly based, unmanaged composite of 500 stocks and is widely recognized as representative of price changes for the U.S. equity market in general. You cannot invest directly in a specific index.

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 Bridges Investment Fund is distributed by Quasar Distributors, LLC.