BRIDGES | INVESTMENT MANAGEMENT

July 15, 2026

The Bridges Investment Fund had a total return of 12.4% in the second quarter of 2026, compared to a 15.2% total return for the S&P 500 over the same period.

For the twelve-month period ended June 30, 2026, the Fund had a total return of 8.9% versus 22.3% for the S&P 500. For the three-year period ended June 30, 2026, the Fund had an average annual total return of 16.2%, versus 20.6% for the S&P 500.

For the five-year period ended June 30, 2026, the Fund had an average annual total return of 9.5% versus 13.4% for the S&P 500. For the ten-year period ended June 30, the Fund had an average annual total return of 14.5% versus 15.5% for the S&P 500. The fund's 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 the 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.

The Fund's performance in 2026 has been negatively impacted by security selection within the technology sector, specifically the overweight to software and underweight to semiconductors. Healthcare and Financial holdings have also negatively impacted performance in the short-term. Consumer Staples and Industrials were the largest contributors to relative performance.

Artificial Intelligence (AI) is accelerating demand faster than the global economy can supply it. What began as a shortage in advanced semiconductors has steadily expanded into nearly every layer of the AI ecosystem. This unprecedented urgency to spend is underpinning economic growth and fueling a surge in corporate profitability.

Against this backdrop of accelerating earnings and investment, the stock market brushed off geopolitical concerns to start the year, with the S&P 500 rallying 15% in the second quarter, its strongest quarterly gain since Q2 2020. The rally was once again led by semiconductor stocks, which appreciated more than 80% in the quarter. The weight of semiconductor stocks within the S&P 500 has quadrupled over the past five years, from less than 5% to nearly 20% today, illustrating the extraordinary amount of capital flowing toward businesses enabling the buildout of AI infrastructure.

While the technology-led rally has drawn comparisons to the late 1990s, we believe the current environment is fundamentally different. Most notably, recent market gains have been driven primarily by earnings growth, not just sentiment.

In fact, despite the S&P 500 advancing more than 40% over the past two years, the market’s forward price-to-earnings multiple has actually declined, which is a sign of how strong corporate earnings have been and are expected to be.

Although market leadership is starting to evolve, the drivers of returns have remained largely consistent. Momentum has remained a powerful factor over the past two years, reinforcing leadership among companies delivering the strongest earnings growth and contributing to historically wide performance dispersion across the market. With the S&P 500 expected to deliver more than 25% earnings growth in 2026, followed by mid-teens growth in 2027, investors have continued to reward companies with accelerating earnings while re-rating those without near-term growth acceleration.

In our view, that has created an increasingly attractive opportunity set among quality businesses whose long-term growth prospects remain intact. Even so, we recognize that AI has the potential to reshape competitive advantages across industries. We remain focused on evaluating how these evolving dynamics may affect the long-term growth runways, competitive positioning, and intrinsic value of the businesses we own or aspire to own.

We also believe the broader AI investment cycle is set to evolve. The scarcity of computers is likely to influence both economic and stock market dynamics in the near term, but over the longer term we expect many of these bottlenecks to ease. As that occurs, the opportunity set could shift toward businesses best positioned to harness AI to improve productivity.

For now, the returns on enterprise adoption have been somewhat mixed, reflecting uncertainty around AI “tokenomics” and other associated implementation costs. While scarcity has defined this phase of the AI investment cycle, we believe the market will increasingly reward businesses that can translate AI investment into lasting productivity gains, sustainable earnings growth, and, ultimately, shareholder value.

Jack Holmes
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 top ten holdings as of 6/30/2026. Holdings are subject to change at any-time.

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. You cannot invest directly in a specific index.

AI “tokenomics” references the study of how Artificial Intelligence tokens (units of data processed by AI models) are consumed, measured, and connected to business outcomes, enabling cost optimization and value generation.

The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS). EPS is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

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.