BRIDGES INVESTMENT FUND, INC.

January 6, 2020

Performance

Bridges Investment Fund had a total return of 32.13% for the one-year period ending December 31, 2019. By comparison, the S&P 500 had a total return of 31.49%. The Fund had annualized total returns of 15.76%, 10.76%, and 12.00% for the 3, 5, and 10-year periods ending December 31, 2019, compared to total returns of 15.27, 11.70%, and 13.56% for the S&P 500. Three, five, and ten-year periods are annualized. The Fund's gross expense ratio is 0.79%.

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 2019 and Outlook for 2020

U.S. stocks posted strongly positive returns in 2019, as equities recovered sharply from the negative returns of the fourth quarter of 2018, and went on to finish the year at all-time high levels.

The positive environment for stocks was supported by four primary factors: 1) the Federal Reserve moved to a decidedly accommodative stance in early January; 2) trade negotiations with China unfolded with less acrimony than might have been expected entering the year; 3) economic data showed global business conditions were stable, despite the onset of trade tariffs in late 2018; and 4) U.S. companies generated financial performance over the course of the year that was generally better than consensus expectations.

Consequently, equity investors accorded higher valuations to equities on balance as 2019 wore on: the S&P 500 entered 2019 at 2,507, trading at 14.3x estimated 2019 earnings of $175 per share; the S&P 500 ended 2019 at 3,231, trading at 18.0x estimated 2020 earnings of $180.

In our view, the expansion in equity valuations during 2019 was warranted, given the decline in the 10-year Treasury yield of 2.69% to 1.92%; at its year-end close, the 10-year Treasury stood well below its average yield over the past decade (2.47%). Lower interest rates, in our view, materially increase the value of future cash flows for shareholders in high quality publicly traded businesses.

Our outlook for 2020 and beyond is positive, within the context of understanding that equity valuations have moved significantly higher over the past year.

We expect corporate earnings to show modest growth in 2020, which combined with a continuation of historically low interest rates, should support continued growth in underlying business value for equities.

That said, we see a number of risks in the outlook: 1) the risk of recession and slowing corporate profits will likely materialize at some point; 2) U.S.-China trade tensions remain high; 3) there will likely be uncertainty through the 2020 U.S. election cycle; 4) aggregate global debt levels remain high (which will become a problem if/when interest rates move higher); and 5) geopolitical tensions and escalating conflict can lead to market disruptions without warning.

We continue to believe that longer term, implied forward returns for equities are more attractive than for bonds.

We have established a 2020 year-end fair value range of 3,600-3,800 for the S&P 500 (19x estimated 2020 earnings of $173-185), which implies upside of roughly 15% from the S&P's 2019 year-end level of 3,231 to the midpoint of our range of fair value. Our preliminary year-end 2021 fair value range is 3,800-4,000 (19x estimated 2021 earnings of $190-200). Our single point year-end fair value estimates for 2020 and 2021 are 3,700 and 3,900 respectively.

We expect increased levels of equity market volatility in 2020, and we would not be surprised if stocks traded 20-25% below and above the 2019 year-end level of the S&P 500 of 3,231 during the upcoming year.

While we expect 2020 to be volatile and challenging, we are constructive on the long-term outlook for equities given the level of current equity valuations and interest rates, 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, 2019, included:

Apple	9.73%
MasterCard	8.68
Alphabet	5.47
Amazon	4.71
Visa	3.83
Microsoft	3.78
ishares Core S&P Mid-Cap ETF	2.94
Booking Holdings	2.83
Union Pacific	2.58
BlackRock	2.56

The following table summarizes the changes we made in the Fund in 2019:

New Buys:
Adobe
Alcon
Autodesk
Delta Air Lines
Estee Lauder
IAA
Palo Alto Networks
Progressive
Schwab
Salesforce
Silicon Valley Bancshares
TransUnion
Ulta Beauty

Adds:
BlackRock
Boeing
Home Depot
Microsoft
Old Dominion Freight Line
United Healthcare

Trims:
Apple
Continental Resources
iShares Core S&P Mid-Cap ETF
iShares Core S&P Small-Cap ETF
MasterCard

Sells:
Allergan
Altria
Biogen
Cigna
Celgene
Cognizant Tech Solutions
EOG Resources
FedEx
Gilead
Martin Marietta Materials
Philip Morris International
Qualcomm

The companies that were the most additive to the Fund's return in 2019 included Apple, MasterCard, Visa, Microsoft, Amazon, and Facebook.

The companies that were the largest drag on performance in 2019 included FedEx, Cigna, Continental Resources, Biogen, EOG Resources, Silicon Valley Bancshares, and Ulta Beauty.

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 24.0x estimated 2020 earnings and 20.6x estimated 2020 earnings, with a projected long-term annual earnings growth of 10-12%. This compares with the 18.0x 2020 P/E, 16.5x 2021 P/E, and 5-6% long term annual earnings growth projected for the S&P 500.

In 2019, we made relatively more portfolio changes compared to recent years, as our company research work identified several attractive opportunities. We also trimmed several core holdings where valuation approached or exceeded our estimate of fair value, and we eliminated some positions where business fundamentals deteriorated or where valuation reached very high levels.

Investment Philosophy and Process

We continue to rely on our investment philosophy and investment process to provide a framework for our portfolio management of the Fund within the context of challenging and volatile capital markets conditions.

Our equity investment process entails three core elements: 1) we seek to own high quality businesses that have structural or competitive advantage, because we believe high quality businesses with competitive advantage can deliver attractive returns over time; 2) we seek businesses that have significant long-term opportunities to grow; and 3) we apply rigorous approaches to valuation in order to identify companies that are priced attractively from a long-term perspective given the quality of their franchise and the size of their business growth opportunities.

Our primary investment goal is to identify and own companies that have strong franchise characteristics and attractive valuation metrics, such that the business value growth that our companies generate over the long-term leads to positive shareholder returns. A long time horizon is critical to our approach, because it allows sufficient opportunity for our companies to compound business value at attractive rates, such that share price can appropriately reflect growth in underlying business value.

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

We continue to favor companies 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 within the context of a sluggish and highly competitive global economic environment.

Over time, we expect to benefit from our investment approach in two ways: 1) from an improvement in valuation, 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 believe 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 create opportunities for us to identify attractive new equity investment candidates, and/or to add to existing holdings at attractive valuation levels.

We are grateful for your continued investment in Bridges Investment Fund.

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.

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.

Cash Flows: The total amount of money being transferred into and out of a business, especially as it affects liquidity.

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,