BRIDGES | INVESTMENT FUND, INC.

July 6, 2020

Bridges Investment Fund had a total return of 26.30% in the second quarter of 2020, which bettered the 20.54% advance in the S&P 500 over the same period. For the twelve-month period ended June 30, 2020, the Fund had a total return of 13.90% versus a 7.51% total return for the S&P 500. For the three-year period ended June 30, 2020, the Fund had an average annual total return of 13.04% versus 10.73% for the S&P 500. For the five-year period ended June 30, 2020, the Fund had an average annual total return of 10.69% versus 10.73% for the S&P 500. For the ten-year period ended June 30, 2020, the Fund had an average annual total return of 13.24% versus 13.99% for the S&P 500. The Fund's expense ratio is 0.80%.

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.

During the first quarter of 2020, the U.S. stock market experienced an unprecedented decline due to the onset of the COVID-19 virus, and the economic impact of efforts to mitigate the spread of the virus across the globe, which brought the U.S. economy to a full stop in a matter of several weeks. The S&P 500 declined 34% in the 23 trading days between February 19 and March 23, the largest decline in its history over such a short period of time.

The monetary and fiscal policy responses to the resulting recession, which saw unemployment spike to over 20% in the U.S., were both fast and more importantly, massive.

U.S. equities bottomed on March 23, with the S&P 500 briefly trading below 2,200, after having set an all-time high on February 19 just short of 3,400.

Stocks performed very well during the second quarter, recovering much of the ground that was given up in late February and into mid-March.

The S&P 500 closed the second quarter at 3,100, 40% above the March 23 low, up 20% for the quarter, and about 9% below the February 19 all-time high.

The speed and magnitude of the March 23-June 30 stock market advance surprised many investors and market commentators, especially given 1) the virus continued to spread rapidly in the U.S. during June, as many states began to reopen their economies, and 2) many economic datapoints, while showing signs of improvement, still remain deep in recessionary territory.

The wide gap between recessionary economic conditions and worsening data around the growth of the virus on the one hand, and the strong performance of stocks in the second quarter on the other hand, has raised questions around the sustainability of the stock market's recovery.

We believe that there are several reasons why stocks have recovered quickly from the March low, and why stocks may continue to work higher on balance over time:

1. The huge monetary stimulus implemented in March has created excess liquidity, some of which has found its way into equities;

2. Interest rates remain at very low levels, which support higher than normal valuations for stocks;

3. Investors, in a very low interest rate environment, have become more willing to look past corporate earnings for 2020 (and possibly 2021), given the sharp decline in corporate profitability due to the recession, and given the difficulty in forecasting the timing, shape, and magnitude of an eventual economic recovery.

Despite the sharp rally in the stock market over the past several months, there remain significant risks to the outlook over the next year or two.

First, the virus continues grow in the U.S., with daily cases rising sharply in some states. It is uncertain if or when a vaccine may be developed, and it is possible that the virus' growth could accelerate in the fall when schools reopen.

Second, the U.S. economy, while showing improvement from March data, still remains firmly in recession territory, and the pace of economic improvement will be affected by the virus.

Third, even if the virus is contained by the development of effective treatments, consumer sentiment may be slow to recover, particularly if large segments of the population are uncomfortable abandoning social distancing behavior, which could negatively impact important economic sectors such as travel, entertainment, and hospitality.

Finally, the sharp increase in social unrest in recent months could impact the outcomes in the November elections; significant post-election changes could include tax increases to pay for the large fiscal rescue/stimulus programs implemented in March, and/or sharp increases in wealth transfer payments for social programs.

We raised some cash in the Fund in the second quarter as the stock market rallied sharply, and as some of the Fund's largest positions moved closer to, or somewhat above, our estimate of fair value.

During the quarter, we trimmed Apple, Booking Holdings, Capital One, and Mastercard. We added to our positions in Edwards Lifesciences and ServiceMaster. The net effect of these trades was to increase cash by about $3 million.

The Fund had 15 equity positions that had total returns in excess of 30% (versus the S&P 500's 20% gain) during the second quarter, and eight positions returned more than 40%. The Fund had nine positions that returned less than 10% during the quarter; six of the nine were financial services companies, a sector that has been negatively impacted by persistently low interest rates in recent years. Amazon, Apple, MasterCard, Microsoft and Paypal were strong net contributors to the Fund's positive performance during the quarter; Berkshire Hathaway, Delta Air Lines, Charles Schwab and Wells Fargo were notable laggards.

We remain constructive on the longer-term outlook for U.S. equities, given our expectation that 1) an effective vaccine to combat the virus will eventually be developed, and 2) economic conditions and in turn corporate profitability will recover, but we expect continued high levels of stock price volatility over the second half of 2020 and into 2021, given the risks and uncertainties outlined above.

Our focus remains on identifying high quality businesses with structural advantages, particularly companies that may benefit from the significant changes that are accelerating as the economy seeks to cope with the virus. We believe that companies with strong balance sheets, a demonstrated ability to generate excess free cash flow, and that have large and growing market opportunities, should perform well on balance over the next several years in what we expect will be a challenging economic and capital markets environment.

We hope that all of our shareholders remain safe and healthy during this difficult period of time.

Ted Bridges

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 guaranteed 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. It is not possible to invest directly in an index.

Free Cash Flow is earnings before depreciation, amortization, and non-cash charges minus maintenance capital expenditures.

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security. Please click here for Fund holdings.

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