BRIDGES INVESTMENT FUND, INC.

First Quarter 2022 Shareholder Letter

April 22, 2022

Bridges Investment Fund had a total return of -8.08% in the first quarter of 2022, which trailed the -4.60% decline in the S&P 500. For the twelve-month period ended March 31, 2022, the Fund had a total return of 12.26% versus a 15.65% total return for the S&P 500. For the three-year period ended March 31, 2022, the Fund had an average annual total return of +19.37% versus +18.92% for the S&P 500. For the five-year period ended March 31, 2022, the Fund had an average annual total return of +16.25% versus +15.99% for the S&P 500. For the ten-year period ended March 31, 2022, the Fund had an average annual total return of +13.41% versus +14.64% for the S&P 500.

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.

After posting strong returns during 2021, the S&P 500 experienced a decline during the first quarter of 2022, the first negative quarterly return for the index since the first quarter of 2020. Stock prices were negatively impacted by sharply higher inflation (driven by higher energy prices and ongoing global supply chain issues), the onset of war in the Ukraine, and higher interest rates, all of which hurt equity valuations.

Stock price volatility increased markedly during the first quarter. The VIX Index, which measures stock price volatility, peaked at 36 in early March, before settling back to 21 at quarter end. The S&P 500 declined 14% from the end of 2021 to February 24 (coincident with the Russian invasion of the Ukraine), before rallying into the end of the quarter.

Equity valuations continued to contract during the first quarter, given the combination of lower stock prices and continued growth in corporate earnings.

A key issue for investors going forward in 2022 is how stock prices will respond to an eventual slowdown in earnings growth (as year-over-year quarterly earnings comparisons against 2021 earnings become more difficult) during a period of rising interest rates. Equities are a "long duration" asset: much of the current value of a stock is comprised of the net present value of the underlying company's future free cash flows. As interest rates rise, the value of future cash flows declines. While it remains to be seen what the sensitivity of equity valuations is to rising interest rates over a full cycle of Fed tightening, stock price action during the first quarter of 2022 indicates that investors are lowering the valuations that they are willing to pay in the short run for equities.

The Fund's approach to investing has been and will remain decidedly long-term. We believe that our long-term perspective confers competitive advantage, because it allows us to evaluate businesses over the fullness of time and reduces the risk that we will over-react to events that impact stock prices in the short run but that are transitory in nature.

In volatile equity market conditions, it is important to understand how we seek to manage risk. We seek to manage the portfolio's risk by 1) owning high quality businesses that we believe have durable competitive advantage; 2) maintaining appropriate diversification; 3) being mindful of the valuation of the businesses that we own; and 4) investing across a long time horizon, such that our companies have an opportunity to compound their value over time.

We believe the remainder of 2022 will be very challenging for equity investors, as the Fed continues to raise interest rates to reign in inflation, and as the rate of corporate earnings growth slows against difficult year-over-year comparisons.

We will continue to look for opportunities to use interim stock market volatility and price weakness to add to businesses that we believe offer the best combination of quality, business value growth potential, and attractive valuation characteristics.

We appreciate your support and your ongoing 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.

Diversification does not assure a profit nor protect against loss in a declining market.

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. For a complete list of Fund holdings, please click here and for the Top Ten Holdings List please click here.

The Bridges Investment Fund is distributed by Quasar Distributors, LLC.