

June 30, 2024

Bridges Investment Fund had a total return of 6.49% in the second quarter of 2024, vs. 4.28% for the S&P 500 over the same period. Year to date, the Fund had a total return of 18.15%, versus 15.29% for the S&P 500, and for the twelve-month period ended June 30, 2024, the Fund had a total return of 28.96% versus a 24.56% total return for the S&P 500. For the three-year period ended June 30, 2024, the Fund had an average annual total return of 8.97% versus 10.01% for the S&P 500. For the five-year period ended June 30, 2024, the Fund had an average annual total return of 15.63% versus 15.05% for the S&P 500. For the ten-year period ended June 30, 2024, the Fund had an average annual total return of 12.31% versus 12.86% for the S&P 500. The Fund's expense ratio is 0.73%.

*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.*

U.S. equities advanced during the second quarter of 2024, propelled by solid corporate earnings performance, and investor expectations of eventual interest rate cuts by the Federal Reserve in the latter part of the year.

Several of the salient market themes of the past year persisted in the second quarter:

1. Strong absolute and relative performance by the largest capitalization U.S. companies
2. Outperformance of large capitalization stocks relative to midcap and small cap stocks

The strong start to 2024 for equities has pushed valuations higher, increasing near term equity market risk. The S&P 500 P/E on estimated 2024 earnings was 19.5x at the beginning of the year; the P/E on estimated 2024 earnings was 22.4x at the end of the second quarter. The S&P 500 P/E on estimated 2025 earnings was 17.2x at year end 2023, and 19.7x at the end of the second quarter.

While equity valuations have expanded, they are not significantly above our estimate of "fair value" for U.S. equities.

And, the strong performance year to date performance of the top ten companies in the S&P 500 has skewed the valuation for the index materially; by comparison, valuations for the S&P 500 equal-weighted index are much lower, and have expanded

much less to date this year, versus the S&P 500. At year-end 2023, the S&P 500 equal-weighted index traded at 14.5x estimated 2024 earnings and 13.3x estimated 2025 earnings; at the end of the second quarter, the equal-weighted index traded at 15.1x estimated 2024 earnings and 13.8x estimated 2025 earnings.

The two most salient risks in the intermediate outlook in our view are:

1. Slowing / weaker corporate earnings if and as economic growth cools, and
2. Persistently stubborn inflation

We continue to view short term stock price volatility as creating the opportunity to add to, or initiate positions in businesses that have durable competitive advantage and attractive potential to grow shareholder value over the long run.

Our investment focus remains on identifying and owning high quality businesses that can compound returns on capital and equity over a period of many years.

We continue to focus on identifying and owning companies that have: 1) durable competitive advantage, 2) a demonstrated ability to drive solid financial performance across a variety of economic conditions, 3) attractive opportunities to grow, and 4) sensible valuations.

While we expect that capital markets volatility may increase in the second half of the year, we have a high degree of confidence in the ability of our companies to continue to achieve good financial results over the long run, and we expect that shareholder returns will eventually reflect those operating results.

As of July 1, Jack Holmes, Bridges Trust's new CIO, and Connor Pugno, Senior Analyst, will assume primary portfolio management responsibilities for Bridges Investment Fund.


Both Jack and Connor have been with Bridges Trust for a number of years. Both are Chartered Financial Analysts (CFAs). Importantly, both have been integral to the success of Bridges Investment Fund in recent years, and integral to the Firm's ongoing development of its investment process and the various equity investment strategies we deploy across the Firm.

Jack and Connor have strong analytical skills, breadth and depth of capital markets experience, and are team players: they understand that the building and deployment of effective portfolios is critically dependent on the skills, insights, analysis, creativity, and efforts of everyone on the Firm's investment team.

I have deep confidence in their investment abilities, and in their sense of stewardship surrounding the Fund's portfolio and its shareholders.

It has been a privilege to lead the Fund's team since 1994, and I am grateful for the patience and support of the Fund's shareholders, both over past decades and into the future. I will continue to be involved on the Firm's investment team, and I will continue to be a shareholder of the Fund.

As always, we are appreciative of your investment in the Fund, we continue to be constructive about the long-term prospects for the Fund's holdings.

A handwritten signature in black ink that reads "Ted Bridges". The signature is written in a cursive, slightly slanted style.

Edson L. Bridges III  
Chief Executive Officer and  
Chairman of the Board

Must be preceded or accompanied by a Prospectus.

The 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.

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.

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.

**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.

**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.

