

July 14, 2025

Bridges Investment Fund had a total return of 10.07% in the first quarter of 2025, compared to the 10.94% total return for the S&P 500 Index over the same period.

For the twelve-month period ended June 30, 2025, the Fund had a total return of 11.64% versus 15.16% for the S&P 500. For the three-year period ended June 30, 2025, the Fund had an average annual total return of 20.97%, versus 19.7169% for the S&P 500. For the five-year period ended June 30, 2025, the Fund had an average annual total return of 15.17% versus 16.64% for the S&P 500. For the ten-year period ended June 30, 2025, the Fund had an average annual total return of 12.91% versus 13.65% 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 has been helped in 2025 by strong performance of its holdings in the Technology sector, particularly NVIDIA and Microsoft. Healthcare and Industrial holdings have been the biggest detractors from performance over the past three months.

The first half of the year demonstrated the remarkable resilience of the stock market, once again. Despite a myriad of reasons to be cautious, the rapid selloff in equities was short-lived, with the S&P 500 rallying back to all-time highs by the end of the second quarter.

This most recent correction was erased in just 89 trading days, a record for the fastest 15%+ selloff and subsequent recovery to a new all-time high. The stock market appears more willing to shrug off bad news, including geopolitical concerns that have historically led to more prolonged market corrections. This may be a reflection of growing investor complacency, and/or the apparent resiliency of current stock market leadership, less reliant on materials/goods, more focused on technology/services businesses.

Regarding this most recent selloff, two key developments likely restored investor optimism from the depths of the April decline. First, a de-escalation in tariff rhetoric eased fears of a worst-case, prolonged trade war. Second, the major "hyperscalers" reiterated capital expenditure outlooks during Q1 earnings calls, reinforcing the structural demand story around Artificial Intelligence (A.I.) and cloud infrastructure, key drivers of corporate earnings growth and investor sentiment.

U.S. earnings have meaningfully outperformed global peers in recent years, but that growth has become increasingly concentrated. The divergence in profitability for large and small companies is likely driving the historically wide valuation spreads for U.S. stocks. At the end of June, the market-cap weighted S&P 500 traded for 22x earnings, while the equal-weighted S&P 500 traded at 17x earnings. Small and mid-cap stocks, whose earnings remain below 2022 highs, traded for 15x and 16x earnings, respectively.

There are two ways to look at this. On the one hand, the largest companies are generating a disproportionate amount of earnings growth, and the durability of that growth is deserving of a valuation premium. On the other, the valuation bar is much lower for the rest of the market, and margin improvements, including those tied to A.I., could eventually benefit other businesses. In aggregate, we believe earnings breadth will improve over time, potentially leading the average stock to outperform the broader index in the years ahead.

Despite all the macroeconomic noise, corporate earnings have held reasonably well. While estimates have been revised lower for 2025 and 2026, expectations still call for over 9% growth for both years. With Q1 results benefiting from a pull-forward in demand, we believe the bar is higher for Q2 and Q3 earnings. Investor sentiment may drive short-term volatility, but corporate earnings remain the most important underpinning of long-term market strength, in our view.

As this year has demonstrated, making predictions for the stock market based on the economy is incredibly difficult, other than it generally pays to error on the side of optimism long-term. Fortunately, our equity investment process does not rely on short-term macro forecasting.

Given today's below-average equity risk premium for large-cap stocks, valuation hurdles have become more challenging as we underwrite both new and existing investments. This has recently led us to finding more value “down market,” where growth and profitability assumptions appear more reasonable. We continue to maintain a strong bias toward quality, focusing on businesses we believe are positioned to generate above-average returns on capital over the long term.

We are appreciative of your investment in the Fund and continue to be constructive about the long-term prospects for the Fund's holdings.



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 the fund's top ten holdings as of 6/30/2025. Holdings are subject to change at any time.

The S&P 500 Index is a broadly based, unmanaged composite of 500 stocks and 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.

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.