



CAPITAL MARKETS UPDATE

October 29, 2020

WATCH THE WEBINAR REPLAY

| *For Institutional Use Only - Not for Public Distribution* |

www.BridgesTrust.com

IMPORTANT DISCLOSURES | ADDITIONAL INFORMATION

Bridges Trust and logo reference independent services offered by Bridges Trust Company ("BTC"), Bridges Trust Company of South Dakota ("BTC-SD") and Bridges Investment Management Inc. ("BIM"). Trust services are provided by BTC, a trust company chartered through the Nebraska Department of Banking and Finance, and BTC-SD, a trust company chartered through the South Dakota division of Banking. BTC, BTC-SD and certain individual clients of BIM directly utilize the investment management services provided by BIM. BIM is an investment adviser registered with the U.S. Securities Exchange Commission ("SEC") with further information available at www.adviserinfo.sec.gov/firm/108028 and www.bridgesinv.com. Registration with the SEC does not imply a certain level of skill or training.

BTC, BTC-SD and BIM are under common ownership by Bridges Holding Company. Bridges Holding Company is principally owned by MGI Holdings, Inc., a subsidiary of McCarthy Group, LLC, as well as certain management officers of Bridges Investment Management, Inc.

Accounts and models managed by BIM follow materially different investment strategies from the composition and performance of indices referenced herein and are not managed to mirror a specific index. Unless indicated otherwise, indices are unmanaged, cannot be invested into directly, are inclusive of reinvested dividends, and do not include the deduction of transaction, custodial or investment management fees that would further reduce actual performance if included. Indices are the property of their respective owners, all rights reserved. Periods greater than one year are annualized. Additionally, holdings within specific model portfolios identified herein do not represent all securities purchased, sold, or recommended for advisory clients.

These materials and the commentary provided by presentation speakers contain forward-looking statements representing opinions of BIM and Guest Speakers. Recipients are cautioned that all forward-looking statements and opinions involve risks and uncertainty. Although we believe the assumptions underlying the forward-looking statements and opinions expressed and contained herein are reasonable, any of the assumptions could prove inaccurate; and therefore, there can be no assurance that the forward-looking statements or opinions will be achieved. All information, including that used to compile charts and/or tables, is obtained from sources believed to be reliable, but BTC, BTC-SD and BIM do not guarantee its reliability.

This presentation is provided to clients and prospective clients of BTC, BTC-SD and BIM for informational purposes only and is not a recommendation to purchase, hold, or sell any security. This presentation shall not be construed or relied upon for tax or legal advice and is not an offer or solicitation in any jurisdiction in which we are not authorized to do business.

Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product referenced directly or indirectly in this presentation will be profitable, equal any corresponding indicated historical performance level(s), or be suitable for your portfolio. Investing in stock includes numerous specific risks including but not limited to the fluctuation of dividend, loss of entire principal and potential illiquidity of the investment in a falling market. Bonds are subject to numerous risks including but not limited to issuer risk of default, loss of principal, as well as market and interest rate risk if sold prior to maturity. Bond and bond mutual fund values and yields will decline as interest rates rise and bonds are subject to availability and price changes. Alternative investments include numerous risks including but not limited to price transparency, capital calls, loss of principal, illiquidity, volatility, and reduction of ownership for unsatisfied capital calls.

The S&P 500 index measures the stock performance of 500 large companies listed on U.S. stock exchanges and is provided as a benchmark representing the U.S. stock market. The Russell 2000® Index measures the performance of approximately 2,000 small-capitalization companies in the Russell 3000® Index, based on a combination of their market capitalization and current index membership. The EAFE Index is a stock index offered by MSCI that covers non-U.S. and Canadian equity markets that serves as a performance benchmark for the major international equity markets as represented by 21 major MSCI indices from Europe, Australasia, and the Middle East. The Red Rocks Global Listed Private Equity index is comprised of 40 to 75 listed private equity companies and provides broad exposure to the growth and returns generated by hundreds of private companies.

Each investor's situation is unique so please work with your Trust Officer or Investment Adviser, as applicable, to develop an individualized plan before investing.

Investing involves risk including the possibility of loss of one's investment.

Past performance is no guarantee of future results.

BRIDGES | TRUST®



Ted Bridges, CFA
CEO & Chief Investments Officer



Nick Wilwerding, CFA, CAP
Senior Vice President



Dan Walker, CFA
Senior Analyst

FEATURED GUEST | STRATEGAS

Jason Trennert
STRATEGAS | CEO & Chairman



WE LOOK FORWARD TO SHARING THIS NEW SPACE WITH YOU SOON.



CAPITAL MARKETS PRE-PANDEMIC

CAPITAL MARKETS MID-PANDEMIC

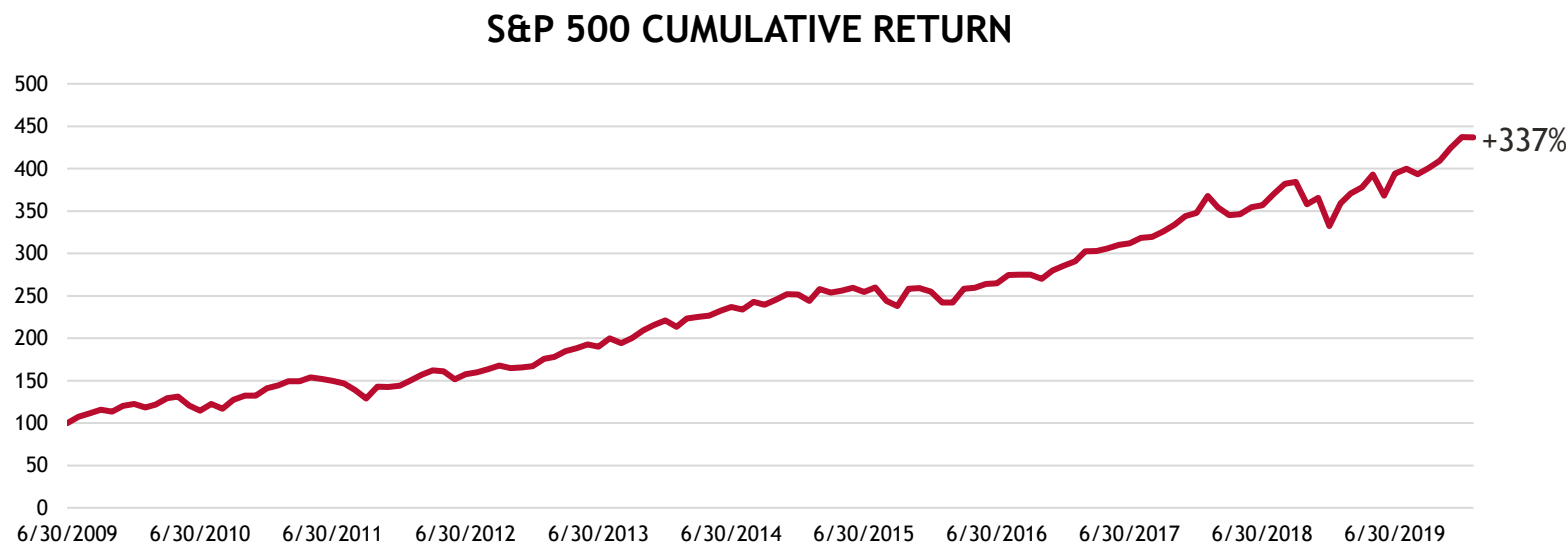
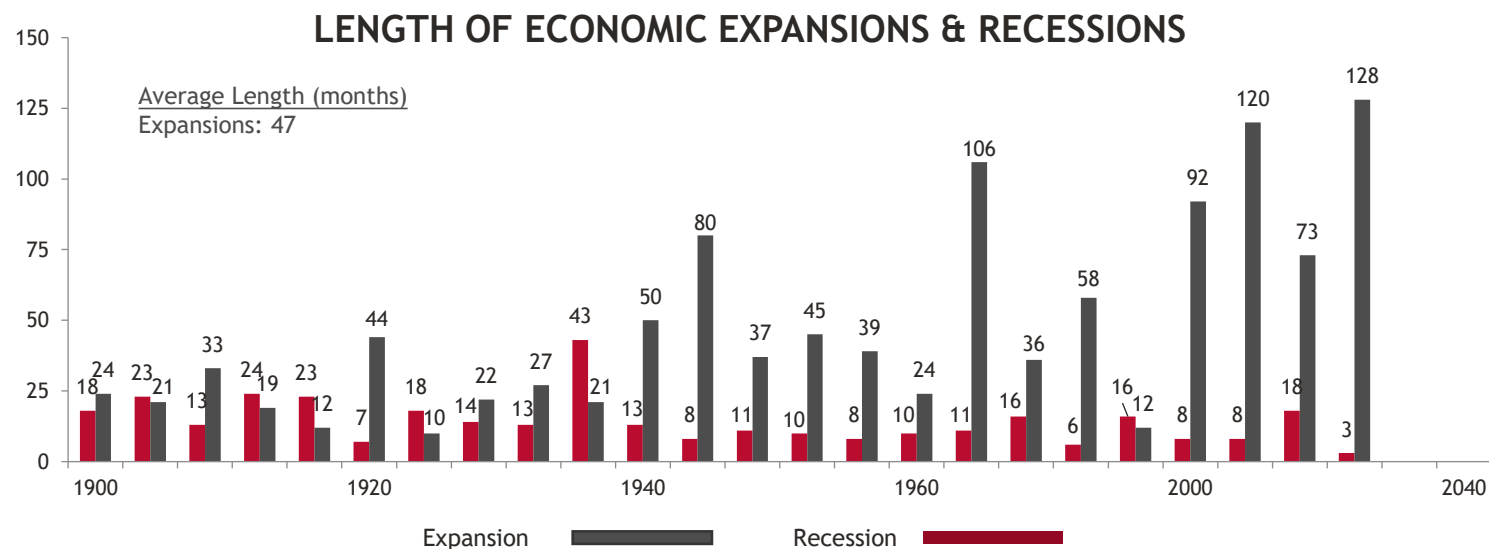
ECONOMIC REACTION & STIMULUS RESPONSE

IDENTIFIED RISKS TO CAPITAL MARKETS

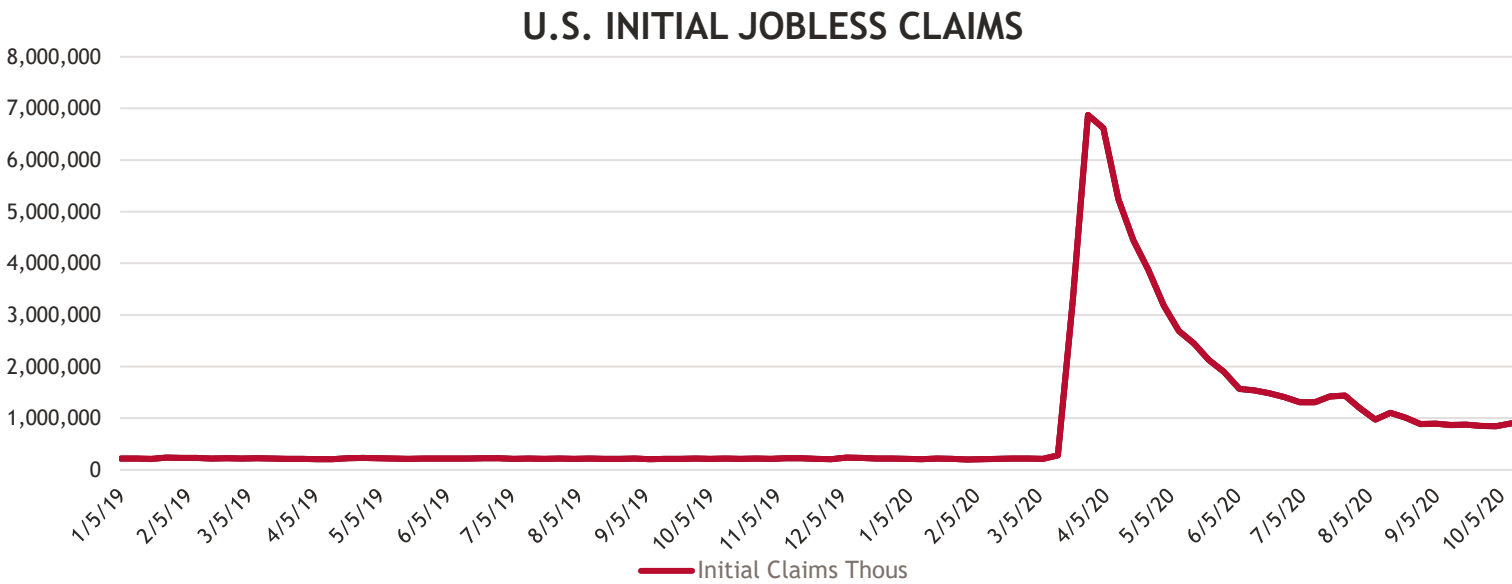
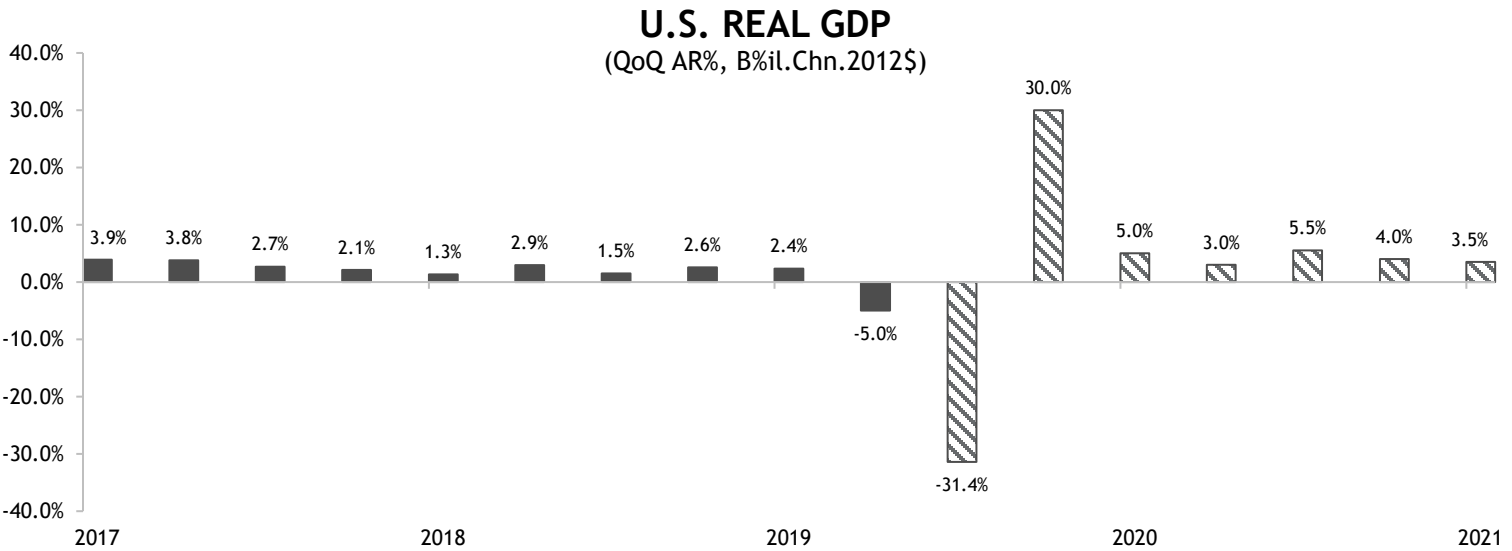
POSITIONING CAPITAL FOR FUTURE OPPORTUNITIES

NEXT WEEK'S ELECTION & MARKET RAMIFICATIONS

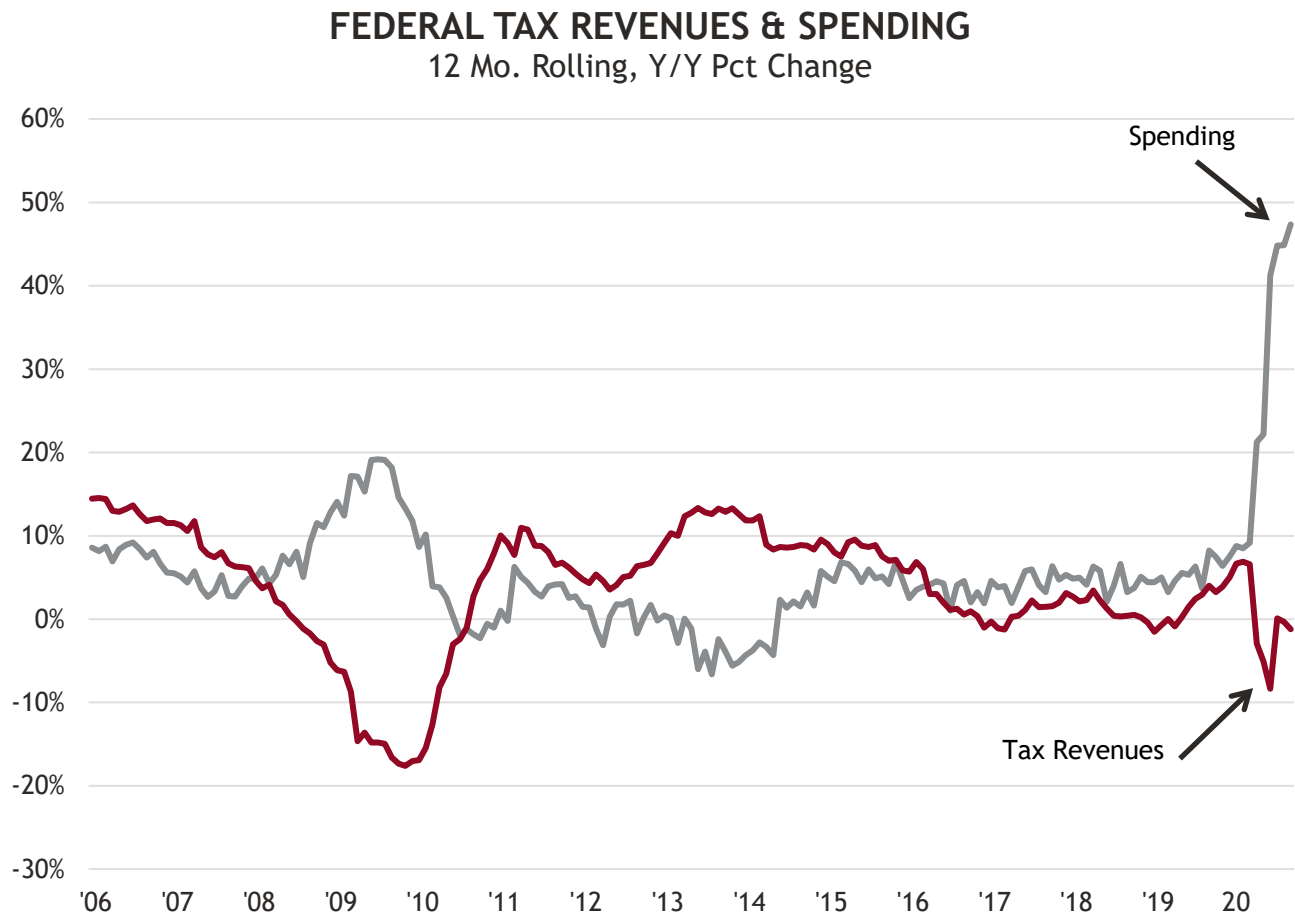
LONGEST EXPANSION IN HISTORY



Length of Economic Expansions & Recessions Source: Strategas. Data as of 10/27/2020.
S&P 500 Cumulative Return Source: Zephyr. Cumulative return measures the percentage increase in aggregate value of the S&P 500 from 6/30/2009 to 1/31/2020.
For illustrative purposes Past performance is no guarantee of future returns.



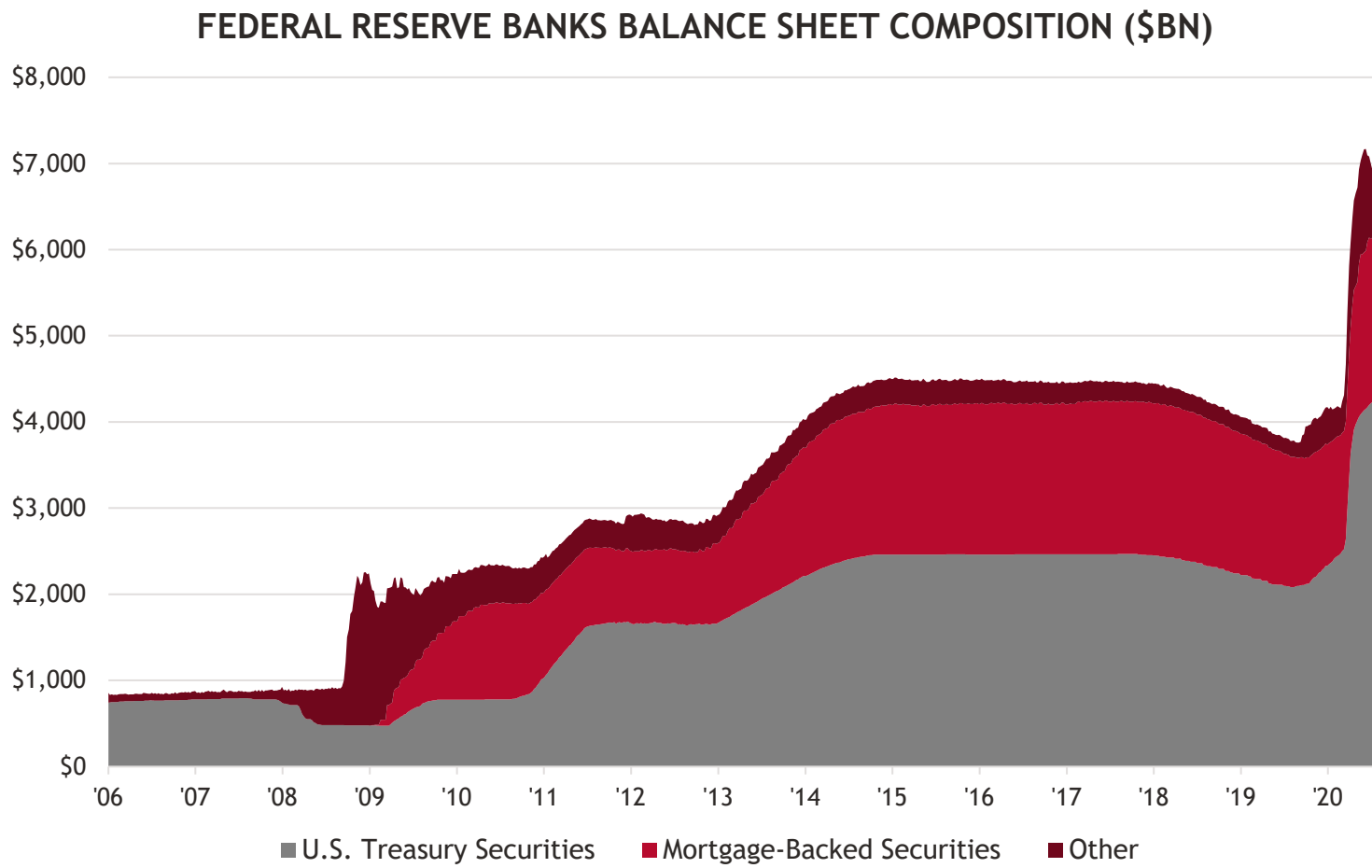
Source: Strategas. Data as of 10/27/2020. For illustrative purposes. Past performance is no guarantee of future returns.



Source: Strategas. Data as of 10/27/2020. For illustrative purposes. Past performance is no guarantee of future returns.

FEDERAL RESERVE BALANCE SHEET

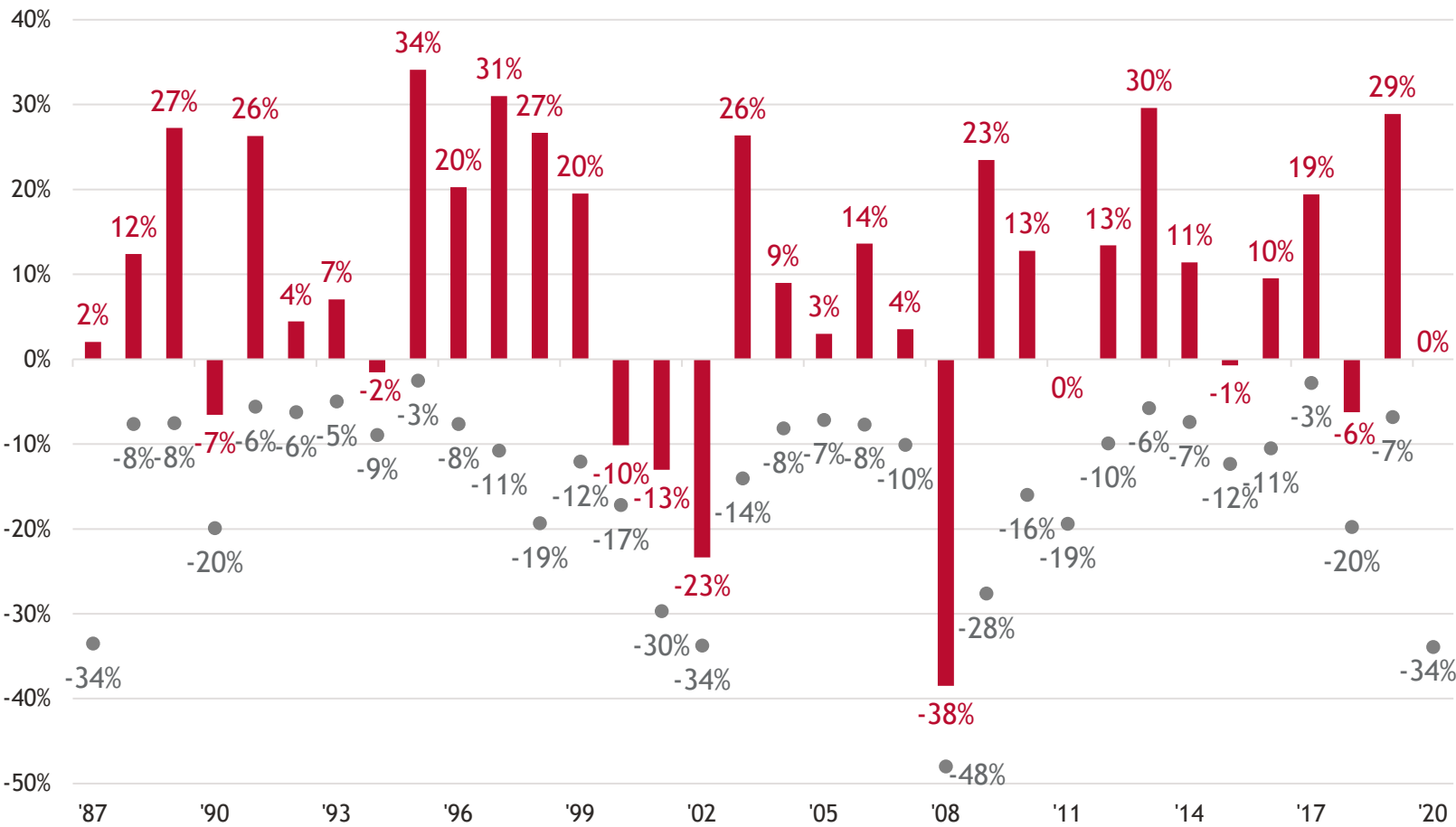
Time Series 2006 - 2020



Source: Strategas. Data as of 6/30/2020

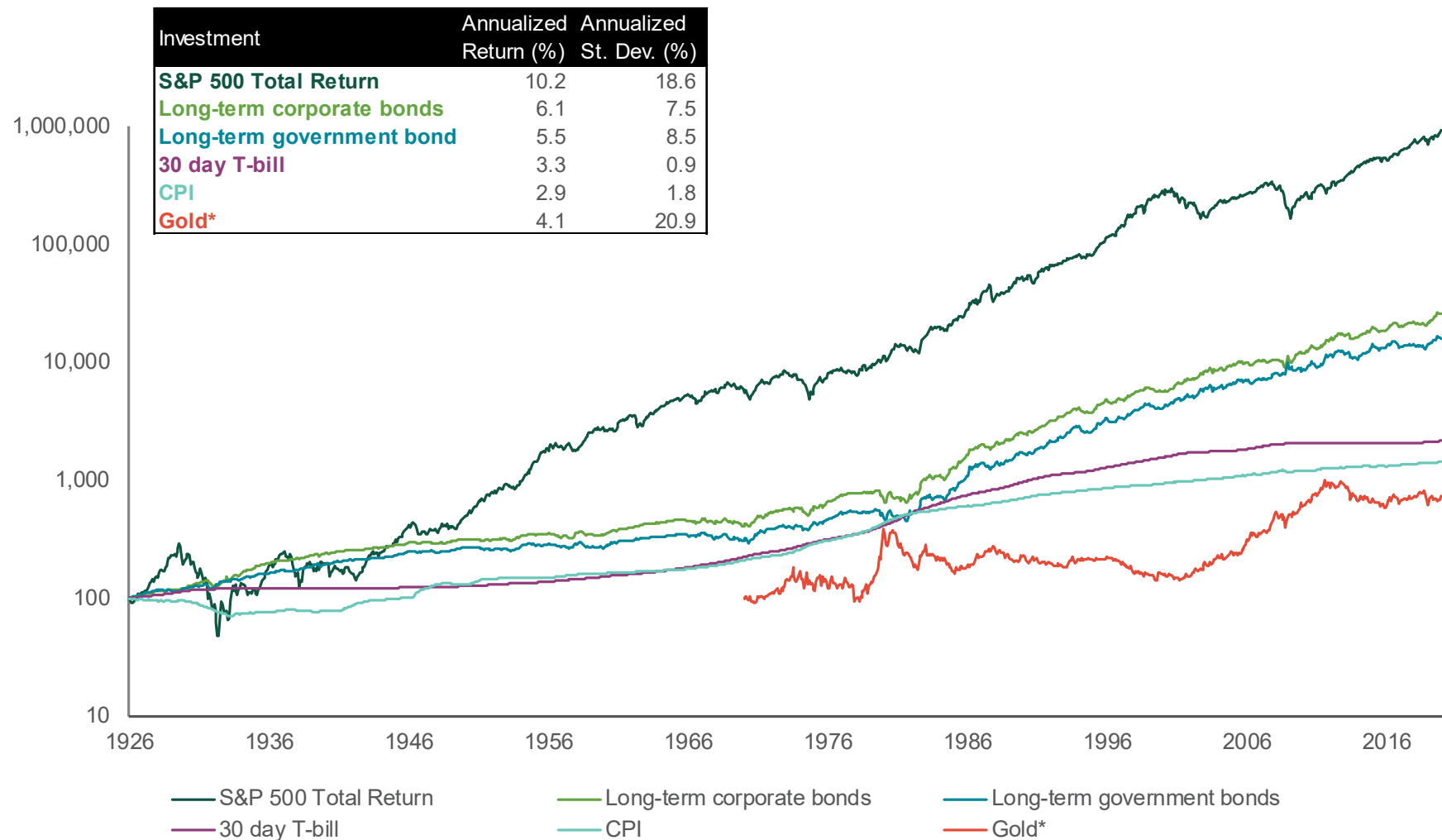
INTRA-YEAR DECLINE

S&P 500 CALENDAR YEAR RETURN VS. LARGEST INTRA-YEAR DECLINE



Source: Strategas.
S&P 500 Return is inclusive of reinvested dividends and does not include the deduction of transaction, custodial, or investment management fees.
Past performance is no guarantee of future results.

ASSET CLASS PERFORMANCE



Source: Northern Trust Global Asset Allocation, Ibbotson, Data shown on logarithmic scale from 12/31/1925 to 12/31/2019. *Gold data begins 1/31/1970. Past performance is no guarantee of future results. Periods greater than one year are annualized except where indicated. Returns reflect the reinvestment of dividends and other earnings and are shown before the deduction of investment management fees, unless indicated otherwise. Returns of the indexes do not reflect the deduction of investment management fees, trading costs or other expenses. It is not possible to invest directly in an index. Indexes are the property of their respective owners, all rights reserved

CAPITAL MARKET EXPECTATIONS

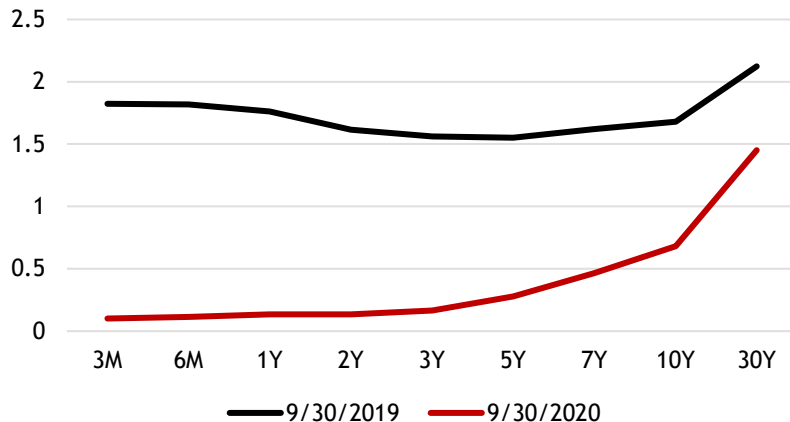
9/30/2020 Levels | S&P 500 \$3,363 | Ten Year Treasury %0.68 | Inflation -1.61%

S&P 500 Corporate Profits

	Reported Earnings	YoY % Change	Dividends	Payout Ratio
*2020e	\$131	-19%	\$58	44%
2019	\$162	1%	\$58	35%
2018	\$160	22%	\$54	34%
2017	\$131	11%	\$50	38%
2016	\$118	1%	\$46	39%
2015	\$117	-1%	\$45	38%
2014	\$118	7%	\$40	34%
2013	\$110	5%	\$36	33%
2012	\$105	6%	\$32	30%
2011	\$99	15%	\$27	27%
2010	\$86	41%	\$23	27%

Source: Factset financial data and analytics. *Consensus estimates as of Sept 30, 2020.

Yield Curve



Source: Factset financial data and analytics. Yield curve shows the relationship between interest rates and time to maturity.

Investing involves risk including the risk of loss. Past performance is no guarantee of future results.

Price/Earnings NTM (Next Twelve Months)



Source: Factset financial data and analytics. Sep 30, 2000 - Sep 30, 2020.

Capital Market Characteristics

Capital Market Characteristics	Current*	Historic Average*
U.S. Investment Grade Credit Spread (5Y)	91 bps	104 bps
U.S. Equity Risk Premium	3.90%	3.35%
U.S. Equity Dividend Yield	1.72%	1.86%
S&P 500 LTG EPS	9.89% ¹	4.49% ²
S&P 500 Price/Earnings 2020 est	26x	
S&P 500 Price/Earnings 2021 est	20x	
Bridge's Estimated Fair Value Price/Earnings	19x ¹	

Source: ¹Except Bridges Estimated Fair Value Price/Earnings & S&P 500 LTG EPS, data from Factset. ²Compound annual growth rate of "Last Twelve Month" Earnings Per Share over 20 years ending 9/30/2020. *Current represents figures as of 9/30/2020. **Historic Average is the average of the past 20 years ending 09/30/2020.

CAPITAL MARKET EXPECTATIONS

9/30/2020 Levels | S&P 500 \$3,363 | Ten Year Treasury %0.68 | Inflation -1.61%

Bridges Capital Market Forecasts 2020 - 2021

S&P 500 Earnings (2020)	\$130 - \$150	Year-End Fair Value Range	3,000 - 3,200
S&P 500 Earnings (2021)	\$160 - \$170	Year-End Fair Value Range	3,350 - 3,500
Ten Year Treasury Range	0.50 - 2.00%	Year-End Target	1.00%

Source: Factset, Bridges Investment Management.

Long-Term Total Return Expectations

Asset Class	Bridges' Estimated 5Y Returns (Annualized)	5 Year Historic Returns*	Historic 1Y Volatility*	Historic 5Y Volatility*
Treasury Bills	0.25%	4.3%	3.0%	2.7%
Intermediate Treasury Bonds	1.5%	5.8%	5.0%	3.3%
Domestic Inv Grade Corp Bonds	2.5%	7.6%	6.7%	3.8%
U.S. Large Cap Equities (S&P 500 Index)	7.5%	11.1%	16.3%	7.3%
U.S. Small/Mid Cap Equities (Russell 2000 Index)	8.5%	10.5%	20.3%	6.2%
Foreign Developed Equities (EAFE Stock Index)	7.0%	9.8%	21.5%	9.9%
Foreign Emerging Markets	9.0%	9.1%	27.9%	11.5%
Private Equity (Cambridge Private Equity Index)	11.0%	14.0%	15.0%	6.0%

Capital Market Forecast | Key Assumptions

1. The timing and shape of the economic recovery from the pandemic is highly uncertain over the short-term; we expect normalization of economic activity and capital market conditions over the next several years.
2. U.S. GDP growth resumes in 2021.
3. U.S. corporate profits decline in 2020 (we expect slight acceleration as we exit the year).
4. Fed policy remains decidedly accommodative for the foreseeable future.
5. U.S. equities are attractive long-term with implied nominal total returns of 7-8% but not without risk.
6. Equity selection focus: high quality, growing, durable business franchises at attractive valuations.
7. Volatility: expect continued levels of above average price volatility. (Risk Factors: pandemic, political, credit, economic)
8. In general, we believe stocks are materially more attractive than bonds over a five- to ten-year time horizon based on current valuations and implied forward returns.

*Sources include Factset financial data and analytics; Crandall, Pierce & Co., Bridges Investment Management

Sources identified as "Bridges" are estimates and/or forecasts provided by Bridges Investment Management

*Historic returns and volatility reference median rolling period returns from 1950 - 8/30/2020

All forward-looking forecasts, estimates, expectations and assumptions involve uncertainty and the risk of loss. Past performance is no guarantee of future results.

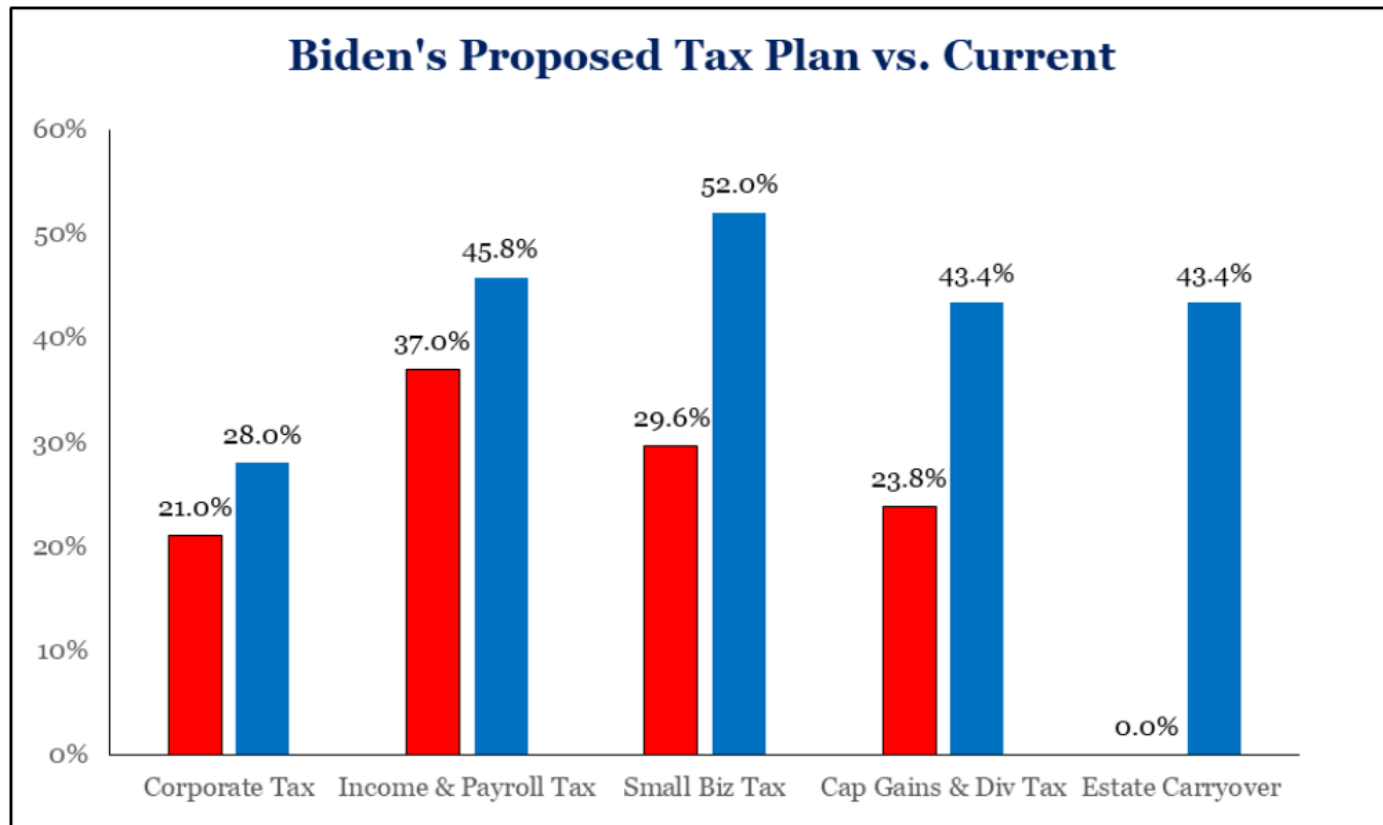
FEATURED GUEST | STRATEGAS

Jason Trennert

STRATEGAS | CEO & Chairman

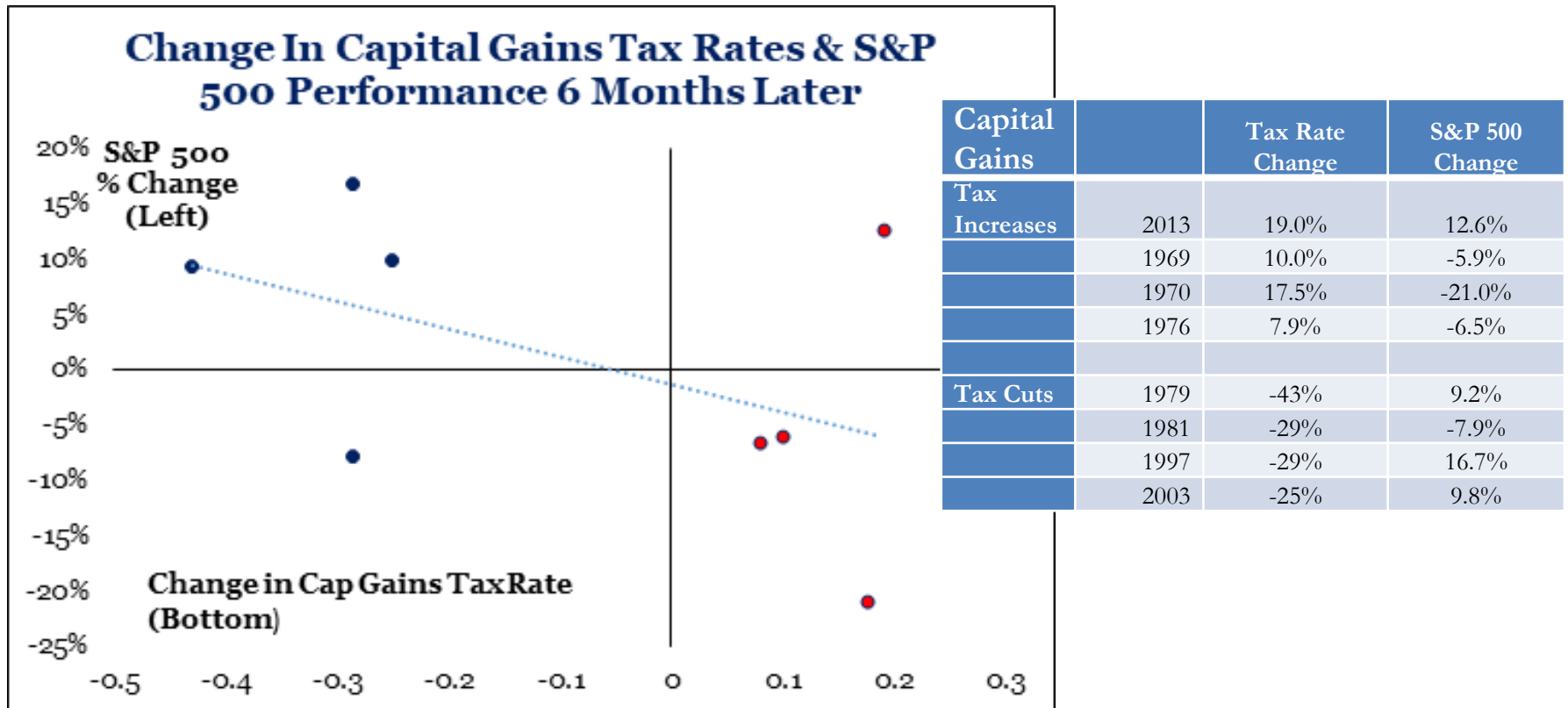


Is a “Blue Wave” Really Priced-In?



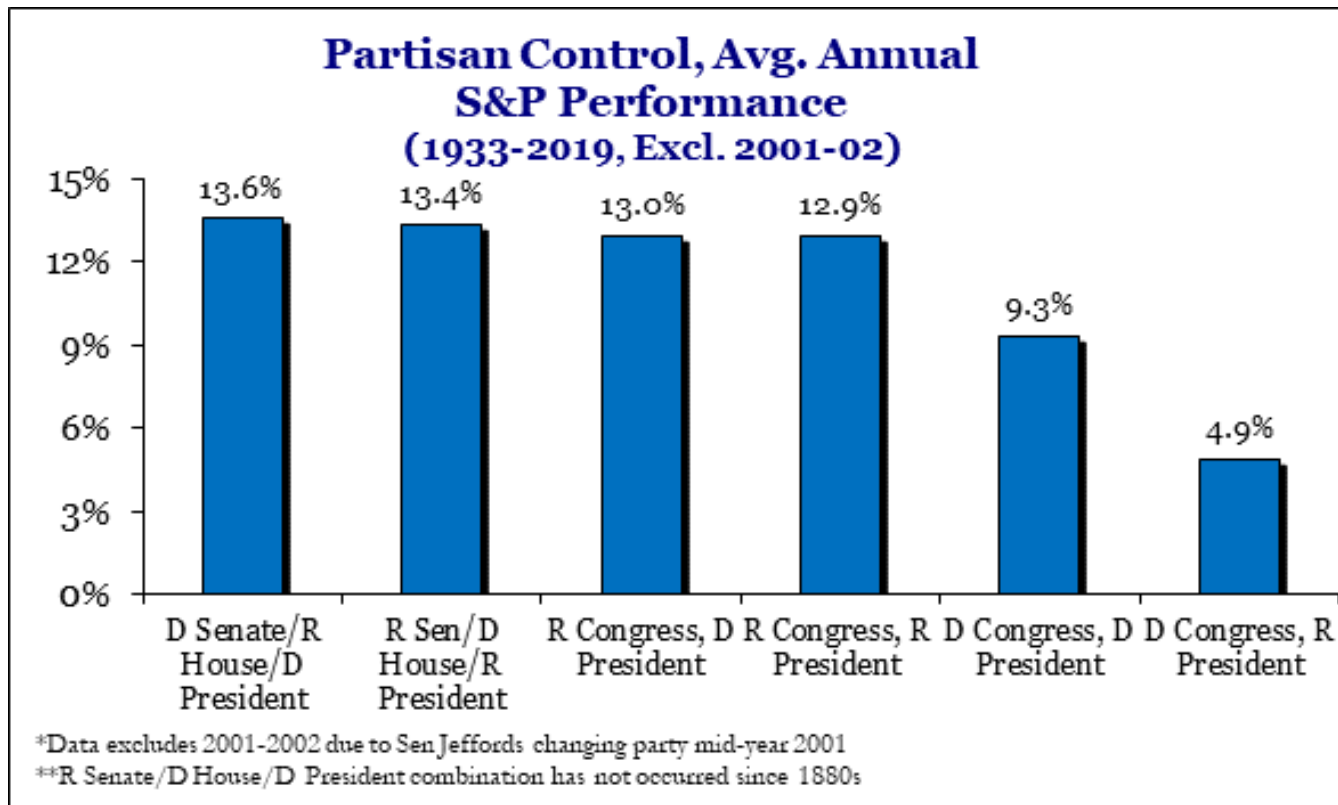


Capital Gains Tax Increased Limit Market Returns





Market Returns by Election Outcome





FOCUS ON THE LONG-TERM PICTURE

NORMALIZATION WILL TAKE TIME

ECONOMY > ELECTION

JOIN US | PART TWO | BRIDGES TRUST WEBINAR SERIES

POST-ELECTION CAPITAL MARKETS UPDATE

Watch for the registration via email.

BRIDGES | TRUST

THANK YOU