MARCH 31, 2020

Growth Fund

FIRST QUARTER RESULTS

MAIRS & POWER

Focused Long-term Investing

Market Overview | First Quarter 2020

On Feb. 19, the S&P 500 closed at an all-time high of 3,386. Not many days before, on Feb. 12, the Dow Jones Industrial Average (DJIA) set a new closing record of 29,551. Then the astounding 11-year bull market came to a screeching halt. We are all too familiar with the reasons. The novel coronavirus and the COVID-19 illness it caused was the trigger, as the entire world came face to face with a pandemic whose length and breadth remain uncertain. The social distancing, shelter-in-place orders, closing of retailers and restaurants, and massive layoffs are wreaking havoc on the domestic and global economies. In addition, Saudi Arabia decided to start a price war with Russia for crude oil. And then there is the additional uncertainty caused by the upcoming Presidential election.

All that noted, there are two factors in particular that have given us a great deal of reassurance during the first quarter's market tumult. Government response is one. The Federal Reserve (FED) has been acting very aggressively to support the U.S. financial system. Cutting the federal funds rate to near zero has been just one of them. On March 19, for instance, the FED backstopped the market for unsecured promissory notes issued by businesses to meet short-term liabilities. That same day, it created a "liquidity facility" to ensure that money market funds could withstand sudden redemptions by investors. The central bank has indicated that it will use all its resources to ensure that the country's financial system continues to function properly. In addition, the Federal government has passed a stimulus package of $2 trillion, an unprecedented commitment to help support the economy.

Another factor providing reassurance is the underlying strength of the banking system. Banks aren't over levered now, as they were in 2008-'09. Capital levels are much higher, and stricter lending standards mean that loan portfolios are of much higher quality. In fact, several of the larger banks have announced a "no layoff" policy.

Despite these positive factors, we don't see any way the economy can avoid two quarters of negative gross domestic product (GDP) growth, the technical definition of a recession. But history suggests that this recession, while it might be very deep, is also likely to be relatively short. That has often been the case when a major disruption triggers a downturn. A good example is the Gulf War recession of 1990-'91. The market sold off very hard. But the recession was short, and the market recovered fairly quickly.

Certainly, there is a wide range of possible outcomes, a longer downturn with a slower recovery being one of them. But we expect that as the pandemic recedes, pent-up demand will help the economy snap back quickly.

We also want to emphasize that the Funds we manage are designed with the intent to successfully maneuver through the storm. We can point to our long history, our commitment to long-term investing, and the quality of the companies we hold.

Past performance is not a guarantee of future results.

Dow Jones Industrial Average TR Index is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. **S&P 500 TR Index** is an unmanaged index of 500 common stocks generally considered representative of the U.S. stock market. It tracks both the capital gains of a group of stocks over time and assumes that any cash distributions, such as dividends, are reinvested back into the index. It is not possible to invest directly in an index.

Future Outlook

The market is likely to remain volatile through the second quarter.

For many investors, this will be unnerving. But we believe the broad-based, somewhat indiscriminate selloff has created a lot of attractive investment opportunities. With these opportunities, we will be building upon the Fund's fundamental strengths. We believe this will allow us to pass through this downturn and emerge more strongly positioned to prosper.

Those strengths start with the companies we hold. The Fund's investment philosophy continues to be focused on investing in companies with strong competitive positions for the long term. With that in mind, we are taking advantage of what we think is short term volatility in the stocks of companies that we know very well. In some cases, we have selectively added to positions in companies we have followed for years and even decades. We believe we have a good understanding of how their businesses and their end markets will be impacted in a downturn. In the last quarter, we have also added a few new names. These are companies we've been following closely over the past few years and waiting for a pullback in their share price for an attractive entry point. Based on our research, we've determined that these companies may have the competitive advantages and financial durability to come through a downturn stronger than before.

In addition, we continually and closely monitor the underlying strength of the companies in which we invest. We regularly assess the balance sheet quality of all the stocks in all of our funds. We focus on the operating leverage the companies have exhibited in past market downturns, and the amount of financial leverage they currently have. We identify which companies are more highly levered than is appropriate, and limit our positions in them, sometimes quite meaningfully.

Today, there is a lot of uncertainty. We expect the situation to be clearer in three to six months. In the meantime, we will continue to think and act for the long term. Our managers' actions reflect the fact that we are extremely confident in the economy and its ability to recover.

Mairs & Power Investment Committee Meeting

Performance Review

The Mairs & Power Growth Fund was down 18.84% in terms of total return (TR) in the first quarter of 2020. The S&P 500 TR benchmark was down 19.60%, while the Lipper Multi-Cap Core Funds Index was down 21.60% in the first quarter.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be lower or higher than the performance quoted. For the most recent month-end performance figures, please call Shareholder Services at (800) 304-7404. Expense Ratio 0.64%.

While the Fund outperformed the index and peer group in the quarter, we would like to have seen a larger margin of victory. However, the Fund has always had a significant weight in smaller companies relative to the S&P 500. This was a significant headwind in the first quarter as the S&P 400 midcap index was down 29.70% and weighed on relative performance. Over the long term, small- and mid-cap stocks have outperformed the large-caps, but that hasn't been the case so far this year. On cash flow and earnings-based valuation measures, smaller stocks are now trading at a significant discount to their larger brethren. In fact, on some measures we haven't seen relative valuations at this level since the internet bubble of 1999-2000. This valuation gap is encouraging us to aggressively buy the smaller companies that we believe have been disproportionately hit.

Two sectors that helped the Fund in the last quarter were Energy and Healthcare. In the first quarter, the Energy sector more or less collapsed, thanks not only to the novel coronavirus but the inability of petroleum producers to slow supply. We have been underweight in Energy for a long time, and that benefited the Fund's relative performance. In Healthcare, where we've been overweight, our stock selection allowed us to modestly outperform the index. One notable Healthcare performer in the Fund is Roche (RHHBY). The company's pharmaceutical business focuses primarily on biologic and biotech treatments for cancers and immunological diseases—conditions where delaying treatment isn't an option. Roche also has business units in diagnostics. One of its recently released products is a COVID-19 test with a four-hour turnaround.

By contrast, Financials experienced a difficult quarter. Case in point is Principal Financial Group (PFG), whose focus is small business retirement plans. A sustained recession will likely cause small business failures and therefore fewer customers and remaining customers may need to cut benefits. That said, we still like the company's long-term outlook, and we have added to this holding selectively during the quarter's downturn. We believe it should be well positioned as the economy recovers.

Let's turn to stock selection. Hormel (HRL) was a strong contributor to the Fund's first quarter performance. Since people were dining out less and buying more at the supermarket, this should come as no surprise. It's well positioned for this downturn. CoreSite (COR) was another strong performer. The Denver-

S&P 400 MidCap TR Index is an unmanaged index of 400 common stocks generally considered representative of companies with midrange market capitalization (market valuation of between 200 million and 5 billion) in the U.S. stock market. It tracks both the capital gains of a group of stocks over time and assumes that any cash distributions, such as dividends, are reinvested back into the index. It is not possible to invest directly in an index.

based REIT (real estate investment trust) is an IT outsource provider operating multiple data centers across eight large U.S. metropolitan areas. In other words, it owns real estate supporting the backbones of the Internet and its list of customers include Comcast, AT&T, and Verizon. With people staying home to work, play, teleconference, take classes, and watch streaming movies, CoreSite's real estate has clearly grown in demand.

Early in the quarter, we added a couple companies to the Fund. One is Workiva (WK), whose suite of enterprise applications provides data sharing and regulatory reporting via a software-as-a-service model. We believe its business should continue to sustain through a recession. Another newcomer is Activision (ATVI), a video game company.

During the quarter, we exited Generac Holdings (GNRC), Badger Meter (BMI), and Associated Banc-Corp (ASB). Generac and Badger had both been strong contributors to the Fund's portfolio over the long term, but their valuations had become too expensive to warrant their continued inclusion.

The Fund will continue to take advantage of buying opportunities in this volatile market. As always, we will add to positions in long-established, well-run companies that have the competitive and financial advantages we seek.

Andrew R. Adams, CFA, CIC
Lead Manager
above middle

Mark L. Henneman, CFA, CIC
Co-Manager
above right

Pete J. Johnson, CFA
Co-Manager
above left

Mairs & Power Growth Fund Top & Bottom Performers

TOP RELATIVE PERFORMERS

First Quarter (%) 12/31/2019—3/31/2020

Roche Holdings Ltd. ADR	21.25
Hormel Foods Corporation	23.53
CoreSite Realty Corporation	24.07
NVIDIA Corporation	31.70
Graco Inc.	13.62

WEAK RELATIVE PERFORMERS

First Quarter (%) 12/31/2019—3/31/2020

U.S. Bancorp	-21.62
Principal Financial Group, Inc.	-22.70
H.B. Fuller Company	-26.06
Donaldson Company, Inc.	-13.09
Walt Disney Company	-13.61

Performance shown is relative to the S&P 500 TR Index as of March 31, 2020. Relative return is the difference between the absolute return and the performance of the market, in which the position is held. Relative contribution is used for ranking, which considers average daily weightings for each holding. Past performance does not guarantee future results.

The Fund's investment objective, risks, charges and expenses must be considered carefully before investing. The summary prospectus or full prospectus contains this and other important information about the Fund and they may be obtained by calling Shareholder Services at (800) 304-7404 or by visiting www.mairsandpower.com. Read the summary prospectus or full prospectus carefully before investing.

The stocks mentioned herein represent the following percentages of the total net assets of the Mairs & Power Growth Fund as of March 31, 2020: Activision Blizzard Inc. 0.82%, Associated Banc-Corp 0.00%, AT&T 0.00%, Badger Meter 0.00%, Comcast 0.00%, CoreSite Realty Corp. 2.77%, Donaldson Inc. 2.47%, Generarc Holdings 0.00%, Graco Inc. 3.15%, H.B. Fuller Company 1.31%, Hormel Foods Corp 2.90%, NVIDIA Corp 2.68%, Principal Financial Group 1.76%, Roche Holdings Ltd. 3.65%, US Bancorp 4.10%, Verizon 0.00%, Walt Disney Company 2.86%, Workiva Inc. 0.07%.

All holdings in the portfolio are subject to change without notice and may or may not represent current or future portfolio composition. The mention of specific securities is not intended as a recommendation or an offer of a particular security, nor is it intended to be a solicitation for the purchase or sale of any security.

Average Annualized Returns (%) as of 3/31/2020

Fund/Index	1 YR	5 YR	10 YR	20 YR	SINCE INC
Mairs & Power Growth Fund[1]	**-7.85**	**5.20**	**9.79**	**8.72**	**10.95**
S&P 500 TR Index[2]	-6.98	6.73	10.53	4.79	9.88
Lipper Multi-Cap Core Index[3]	-11.09	4.07	8.53	4.44	—

Expense Ratio 0.64%

Inception 11/7/1958

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[1] Performance information shown includes the reinvestment of dividend and capital gain distributions, but does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

[2] S&P 500 TR Index is an unmanaged index of 500 common stocks that is generally considered representative of the U.S. stock market.

[3] Lipper Multi-Cap Core Funds Index measures performance of the 30 largest mutual funds that invest in a variety of capitalization ranges, without concentrating 75% or more of their equity assets in any one market capitalization range over an extended period of time.

One cannot invest in an index.

Risks: All investments have risks. Mairs & Power Growth Fund is designed for long-term investors.

Equity investments are subject to market fluctuations and the Fund's share price can fall because of weakness in the broad market, a particular industry or specific holdings. Investments in small and mid-cap companies generally are more volatile. International investing risks include among others political, social or economic instability, difficulty in predicting international trade patterns, taxation, and foreign trading practices and greater fluctuations in price than U.S. corporations.

This commentary includes forward-looking statements such as economic predictions and portfolio manager opinions. The statements are subject to change at any time based on market and other conditions. No predictions, forecasts, outlooks, expectations or beliefs are guaranteed.

ALPS Distributors, Inc. is the Distributor for Mairs & Power Funds.

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