MAIRS & POWER

BALANCED *fund*

First Quarter Results

March 31, 2018

FOCUSED INVESTING FOR THE LONG-TERM

BALANCED *fund* (MAPOX)

First Quarter Market Overview - March 31, 2018

With the bull market entering its 9th year, the first quarter exhibited some recurring themes as both the economy and market fundamentals continued strong. Consumer confidence is at a 17-year high while unemployment is at a 17-year low, business confidence remains high and small business confidence is at an all-time high. Corporate earnings growth remains strong and revenue growth has been accelerating for seven quarters. We expect this momentum to continue, helped by lower tax rates, strong job growth and accelerating wage growth.

Countering those positive trends, Q1 also saw the return of volatility to the stock market. The S&P 500 finished the quarter 8% below its January 26th all-time high.* After eight sequential quarters of gains, the broad market fell in the first quarter of 2018. The S&P 500 Total Return (TR) finished down 0.76 percent, the Dow Jones Industrial Average TR Index was down 1.96% and our other key benchmark, the Bloomberg Barclays U.S. Government/Credit Bond Index Return was down 1.58% for the period.

The Trump administration's recently announced steel and aluminum tariffs raised concerns over rising costs for industrial companies and the potential for a trade war that could cause meaningful damage to the economy and corporate profits if China and other countries retaliate. The first quarter also saw the new Federal Reserve (Fed) chairman, Jerome Powell, implement a widely anticipated rate hike in his first meeting as Chair. The market sold off sharply following the Fed signaling at least three rate hikes this year and further rate increases in 2019 and 2020. While most equities bounced back from the sell-off, rising rates have already had a negative impact on fixed income securities and fixed income substitutes such as Real Estate Investment Trusts (REITs) and Utilities.

In addition to those macro worries, sector-specific news headlines added volatility to stock prices as well. Many healthcare stocks fell on news of an effort by Amazon (AMZN), J.P. Morgan (JPM) and Berkshire Hathaway (BRK.A) to create a private health insurance association for their employees. While a handful of Information Technology (Tech) names continued to drive market returns in Q1, the sector lost momentum late in the quarter driven by negative comments from the President about Amazon and revelations about Facebook's activities during the 2016 election, fueling concerns over increased government scrutiny and regulation in the sector. Despite those worries, the sector finished the quarter up 3.5%. The only other sector with gains for the quarter was Consumer Discretionary, up 3.1%, largely due to strength in Amazon. Nine of the eleven market sectors posted negative returns for the quarter with Telecom and Consumer Staples bringing up the rear, falling 7.5% and 7.1%, respectively - volatility is back.

*The closing price of the S&P 500 Index on January 26, 2018 was 2,872.87.

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. It is not possible to invest directly in an index.

Bloomberg Barclays U.S. Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index. It includes investment-grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities. It is not possible to invest directly in an index.

The S&P 500 TR Index is an unmanaged index of 500 common stocks that is 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.

Corporate Earnings Growth is the percentage change in a firm's earnings per share in a period, as compared with the same period from the previous year.

Future Outlook

We remain cautious in our outlook for 2018. Per FactSet Market Aggregate, earnings for the S&P 500 may grow in the range of 15 – 20% this year, helped significantly by lower tax rates, but this expectation appears to be largely factored into current stock prices. The weaker dollar, strong job and wage growth, lower tax rates and high levels of confidence all provide a tailwind for revenue and earnings growth. However, margins are likely to come under pressure from increased labor and transportation costs, a cautionary note we've heard from several companies. In addition, a rising rate environment puts downward pressure on equity valuations, which are currently at the high-end of their historic ranges.

As we begin our 87th year, our investment philosophy remains unchanged. While market volatility has increased recently we know that, regardless of the economic and market environment, what's most important is to maintain a disciplined long-term investment approach that has served our investors well over the long-term. We intend to do just that.

Balanced Fund Performance Review

The Balanced Fund finished the quarter down 3.59% compared to its benchmark composite index (60% S&P 500 Total Return Index and 40% Bloomberg Barclays U.S. Government/Credit Bond Index) which was down 1.01% and the Morningstar Moderate Target Risk Index which was down 0.87%.

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 visit www.mairsandpower.com or call Shareholder Services at (800)304-7404. Expense Ratio 0.72%.

As discussed in the Market Overview above, while we share investor concerns that a trade war could damage economic growth and corporate profits, we remain optimistic over the long-term outlook for global trade. We believe that the current stock volatility related to concerns over a trade war is only temporary as the U.S. seeks to improve its trade arrangements through some difficult negotiations.

However, volatility certainly had an impact on the Balanced Fund portfolio, presenting us with both opportunities and challenges. We remain underweight in the Information Technology (Tech) sector, where it has been hard to find companies with long-term durable competitive advantages and reasonable valuations. Alphabet (GOOG), the parent company of Google, is an exception and represents an attractively valued Tech stock. We believe the company is well positioned long-term based on its core fundamentals. The company historically dominated PC search engines, has done the same on mobile devices and phones and now, as voice-based search emerges as the next important trend, Google continues to maintain its leadership position. The company also is pursuing additional opportunities outside its core search platform in areas such as cloud computing, leveraging its technology leadership and strong market position.

Donaldson Company (DCI) fell as investors reacted to a disappointing quarter. As the company's end markets have improved, a changing sales mix and raw material inflation have put pressure on gross margins. In addition, Donaldson is increasing investments in technology development, launching an e-commerce site and expanding capacity. We believe the market has over-reacted to Donaldson's short-term challenges and we welcome the investments the company is making for the long-term.

Bio-Techne (TECH) is a local Minneapolis-based company that exemplifies the characteristics we seek in smaller company investments. The company built a solid position in raw materials used for research of new drug development such as proteins and antibodies. However, as that market has become more competitive the company has strengthened its competitive advantage by offering significantly improved ease-of-use and time-savings with multiple lab platforms utilizing its protein content, fueling strong demand from customers looking to utilize their time more effectively. As a result, organic revenue growth has accelerated to above ten percent. While the strategy has shown strong initial success recently recognized by investors, we believe there is a long runway ahead for the company to continue to leverage its acquisitions.

As the largest contributor to relative underperformance in the quarter, United Parcel Service (UPS) stock was hit by news of Amazon's intentions to build out a package delivery capability. While the market may have over-reacted to that news, longer-term the company has announced its intention to ramp up investments to capture fast-growing

Mairs & Power Balanced Fund Performers

TOP PERFORMERS

FIRST QUARTER (12/31/17 - 3/31/18)	
Abbott Laboratories	21.97%
C.H. Robinson Worldwide, Inc.	14.49%
Ecolab Inc.	12.88%
Target Corp.	10.80%
Bio-Techne Corp.	10.72%

WEAK PERFORMERS

FIRST QUARTER (12/31/17 - 3/31/18)	
United Parcel Service, Inc. Class B	-35.81%
Principal Financial Group, Inc.	-33.56%
General Mills, Inc.	-31.46%
Patterson Companies, Inc.	-24.58%
Johnson & Johnson	-24.02%

Performance shown is relative to the S&P 500 TR Index as of March 31, 2018. 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.

e-commerce shipments. We are concerned that the level of increased investment may be an ongoing and continuous drag on both earnings and return on capital and so have begun to lighten our position.

In the Financial sector, deregulation is expected to benefit the large money center banks such as Goldman Sachs (GS) and J.P. Morgan (JPM) more than small regional banks and more consumer-oriented banks such as U.S. Bancorp (USB). However, deregulation is likely to help the merger and acquisition environment and could benefit the shares of smaller regional banks should they become acquisition targets.

General Mills (GIS) stock, continuing under pressure, was hit by a one-two punch in the quarter. First, the market reacted negatively to the announced $8 billion cash acquisition of Blue Buffalo Pet Products (BUFF), to be funded through a secondary stock offering. Late in the quarter the company reduced its outlook for the full year due to higher than previously projected transportation and logistics costs. General Mills faces significant long-term challenges from changing consumer tastes, increased competition and disruption in distribution channels. We currently view the stock as inexpensive providing an attractive yield and will continue to closely monitor management's attempts to work through those issues.

We lightened our position in General Electric (GE) in the first quarter as the stock continues to be under pressure. While much of the company's troubles revolve around a secular decline in its power business as gas-fired power generation loses out to renewables, GE faces serious issues in its financial segment as well. GE Capital will make several large payments to shore up its insurance business over the next several years, bringing the valuation of this business to virtually zero. Management missteps and aggressive accounting have added to our concerns, causing us to reassess the long-term outlook for the company.

Our portfolio of fixed income securities declined in the quarter. The Bloomberg Barclays U.S. Government/Credit Bond Index was down 1.58%. Our portfolio, which remains biased toward shorter duration (shorter maturity) instruments, performed better than the longer duration investment grade corporate debt index, Bloomberg Barclays U.S. Corporate Bond Index, which fell 2.3%.

The Fed has signaled at least three rate hikes this year and continued rates increases in 2019, putting pressure on fixed income securities. While we expect to see lower returns for fixed income, a portfolio of high-quality bonds still provides a good counterbalance should we experience a difficult equity market environment. In this circumstance, we continue to favor a defensive posture with high quality corporate debt of shorter duration, allowing us the potential to capture excess yield over Treasuries. Our portfolio currently earns an average yield of 4.5% and, as long as the economy remains in good shape, we beleive it should continue to perform well.

As the quarter came to a close, we announced the planned retirement of Ron Kaliebe, lead manager of the Balanced Fund, at the end of June 2019. As part of a succession plan established by Mairs & Power, Inc., the investment adviser to the Mairs & Power Balanced Fund, Kevin V. Earley has been named lead portfolio manager of the Fund effective April 1, 2018. Ronald L. Kaliebe, the lead portfolio manager of the Fund, will remain as co-manager of the Fund in preparation for his retirement. Mr. Earley has served as co-manager of the Fund since 2015. In addition, Robert W. Thompson has been named as co-manager of the Fund effective April 1, 2018. A press release with further details about the change is available on our website at www.mairsandpower.com.

Kevin V. Earley	Ronald L. Kaliebe	Robert W. Thompson
Lead Manager	Co-Manager	Co-Manager

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 Balanced Fund as of March 31, 2018: Abbott Laboratories 2.47%, Alphabet Inc. 2.04%, Amazon.com, Inc. 0.00%, Berkshire Hathaway 0.00%, Bio-Techne Corp. 0.46%, Blue Buffalo Pet Products 0.00%, C.H. Robinson Worldwide, Inc. 1.56%, Donaldson Inc. 0.86%, Ecolab, Inc. 2.88%, General Electric Co. 0.67%, General Mills, Inc. 0.81%, Goldman Sachs 0.00%, Johnson & Johnson 2.33%, JP Morgan 0.00%, Patterson Companies 0.33%, Principal Financial Group, Inc. 1.80%, Target Corp. 0.72%, United Parcel Service, Inc. Class B 2.12%, U.S. Bancorp 2.90%.

Bloomberg Barclays U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It is not possible to invest directly in an index.

Return on Capital is profitability ratio. It measures the return that an investment generates for capital contributors.

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 Annual Total Returns (%)

As of 3/31/2018	QTR[1]	1 Year	3 Year	5 Year	10 Year
Mairs & Power Balanced Fund[2]	-3.59	4.62	5.14	6.95	7.66
Morningstar Moderate Target Risk Index [3]	-0.87	9.09	6.13	6.69	6.12
Composite Index [4]	-1.01	8.89	7.00	8.72	7.43
S&P 500 TR Index [5]	-0.76	13.99	10.78	13.31	9.49
Bloomberg Barclays U.S. Government/Credit Bond Index [6]	-1.58	1.38	1.22	1.84	3.65

Expense ratio 0.72% **Inception: 11/10/1961**

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(1) Periods less than one year are not annualized.

(2) 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.

(3) Morningstar Moderate Target Risk Index is designed to benchmark target-date and target-risk investment products. Index is based on well-established asset allocation methodology from Ibbotson Associates, a Morningstar company. Index has 60% global equity exposure and 40% global bond exposure. It is not possible to invest directly in an index.

(4) The Composite Index reflects an unmanaged portfolio of 60% of the S&P 500 TR Index and 40% of the Bloomberg Barclays U.S. Government/Credit Bond Index. It is not possible to invest directly in an index.

(5) The S&P 500 TR (Total Return) Index is an unmanaged index of 500 common stocks that is 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.

(6) Bloomberg Barclays U.S. Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index. It includes investment-grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities. It is not possible to invest directly in an index.

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

The Fund's share price can fall because of weakness in the broad market, a particular industry or specific holdings. Investments in small and midcap 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. The Balanced Fund is subject to yield and share price variances with changes in interest rates and market conditions. Investors should note that if interest rates rise significantly from current levels, bond total returns will decline and may even turn negative in the short-term. There is also a chance that some of the Balanced Fund's holdings may have their credit rating downgraded or may default.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower rated and non-rated securities present a greater risk of loss to principal and interest than higher rated securities.

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.

MAIRS & POWER

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