MAIRS & POWER

GROWTH *fund*

Fourth Quarter Results

December 31, 2018

FOCUSED INVESTING FOR THE LONG-TERM

MAIRS & POWER

GROWTH *fund* *(MPGFX)*

Fourth Quarter Market Overview - December 31, 2018

2018 was like a tale of two years with first and second halves presenting very different markets and investment results. In the first half of the year the market continued its historic decade-long bull run, remaining focused on a narrow group of large cap growth stocks primarily in the Technology sector while value, Industrials and Health Care stocks remained out of favor. But when the market turned down as Technology reversed course, volatility returned with a vengeance and investor confidence was severely tested. There was no Santa Claus rally this year as the fourth quarter of 2018 posted the worst December in decades.

For the fourth quarter, the S&P 500 Total Return (TR) Index fell 13.52%, pulling it down 4.38% for the full year. Similarly, the Dow Jones Industrial Average TR was down 11.31% and 3.48% and the Bloomberg Barclays U.S. Government/Credit Bond Index return was up 1.46% and down 0.42% over the same periods.

Future Outlook

As we turn the page from 2018 to 2019, the questions looming in investors' minds are: "Is this the start of a bear market or is it merely a correction, an interruption but not an end, to the longest bull market in history?" "Is this economic expansion nearing an end or can economic growth continue into 2019 and beyond?" We don't predict market swings and we cannot predict when a recession will occur. However, we remain cautious for 2019 as we are seeing a number of yellow flags signaling an increasing risk of a recession. In addition, the continuing trade tiff, a year-end government shutdown and overall political uncertainty are unnerving the markets and shaking investor confidence.

Our first area of concern is interest rates. In December, The Federal Reserve (Fed) raised the Fed funds rate for the fourth time this year and the ninth time since beginning a normalization process that began three years ago. They have signaled the possibility of two more hikes in 2019, but are watching the data closely and have indicated a willingness to change course as appropriate. It takes time for the broader economy to feel the effect of rising interest rates and we are now starting to see the impact. Small and mid-sized businesses, the primary engines of job creation, are less confident in the outlook. Mortgage rates and consumer loan rates have risen. As a result, construction activity, new home sales and auto sales have declined slightly versus the past year.

Our second area of concern is growth. Where last year saw synchronized global growth, now we are seeing a synchronized global slowdown. GDP (gross domestic product) growth in the U.S. is projected between 1.75% and 2% for 2019, down from 3%+ in 2018[1]. The ISM-Manufacturing Index, while still in expansion mode, has turned down. Two measures that track truck tonnage and shipments, considered reliable barometers of the U.S. economy, have fallen sharply in the past three months and are now projecting a decline in activity. Both Europe and China are experiencing slower growth and some emerging economies are struggling.

Finally, we are watching both the level and quality of corporate profits. S&P 500 earnings per share grew more than 20% in 2018, but we are now projecting it to grow 8% in 2019[1]. Federal tax cuts benefited earnings growth in 2018 but that tailwind disappears this year. In addition, we are seeing signs of inflation in wages, transportation and other input costs. The impact of higher tariffs is becoming evident as manufacturers see materials costs rising, especially for steel. Some report being able to pass along price increases, but pricing-driven earnings growth is generally less valuable to the market than growth from selling more units. Valuation measures such as dividend yield, price-to-earnings and price-to-cash flows have declined and are now at levels inline with long-term averages. However, equity valuations remain vulnerable in a rising rate environment and could have room for further contraction, particularly if earnings growth disappoints.

[1] Source FactShet Research Systems Inc.

Dividend yield is the ratio of a company's annual dividend compared to its share price.

Price-to-earnings is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Price-to-cash flow ratio is a stock valuation indicator that measures the value of a stock's price to its cash flow per share.

Earnings per share is the portion of a company's profit allocated to each share of common stock.

Institute for Supply Management (ISM)-Manufacturing Index monitors employment, production, inventories, new orders and supplier deliveries and is based on surveys of more than 300 manufacturing firms by the ISM .

Growth Fund Performance Review

In our Semi-Annual Report this year we noted that the Mairs & Power Growth Fund "has performed well over the long-term in part because it has tended to perform better when the market is performing poorly." The year just ended presents a textbook case as the Fund performed as expected, besting both its peer group index and the overall market in the second half to finish a difficult year ahead of both. In the fourth quarter, the Mairs & Power Growth Fund declined 11.76%, the S&P 500 TR benchmark fell 13.52% and the Lipper Multi Cap Core Funds Index of peers lost 14.96%. For the full year 2018, the Growth Fund was down 4.34%, while the S&P 500 TR benchmark was down 4.38% and the Lipper Multi Cap Core Funds was down 7.72%.

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 0.64%.

Our Market Commentary above describes "a tale of two years" with very different first and second halves. The market focus on a narrow group of large cap growth stocks primarily in the Technology sector presented significant headwinds to the Fund's relative performance that continued through the first half. But when the market turned, the Fund performed much better than the market during a difficult second half, a hallmark of our conservative approach. The ensuing volatility also provided us with an opportunity to increase positons in stocks we like which we believe will benefit investors over the long term.

Stock selection built on our conservative investment framework was the key to the Fund's second half outperformance. The Health Care sector returned to investor favor in the second half and outperformed the overall market. The names that worked for us included Abbott Laboratories (ABT), Medtronic PLC (MDT), and Bio-Techne Corp. (TECH), each of which outpaced both the market and the sector. In the volatile Tech sector, Apple Inc. (AAPL) and Facebook, Inc. (FB) fell particularly hard in the second half. The Fund does not hold these names and so neither rode them up nor down. Names in the Fund that held up relatively well include Alphabet Inc. Class C (GOOG) in the Communication Services sector and two Tech stocks new to the Fund, Microsoft Corporation (MSFT) and VISA Inc. (V).

Microsoft has successfully navigated a difficult transition from a stagnant revenue base back to growth by shifting focus from its core Office product to a subscription and expanding its cloud platform called Azure. We see this as a great opportunity for Microsoft to compete successfully against Amazon Web Services. Visa, not just a credit card company, is categorized in the Tech sector for a reason. The company is the leader in digital payments and much better positioned than competitors to facilitate movement of money both within the U.S. and globally. Another new name to the Fund is Illinois-based Littelfuse, Inc. (LFUS), a specialty electronics supplier in the automotive industry. As cars in general and electric powered vehicles in particular become more computerized, automobiles need a greater number of specialty fuses per vehicle, which Littelfuse provides. Even if vehicle unit sales were flat, the component piece would still continue to grow. Littelfuse is a great example of a company looking forward to where the world is going and establishing a durable competitive advantage in their market. It is the kind of company we like to own. Other strong second half performers we have discussed in the past included Ecolab Inc. (ECL) in the Materials sector and Hormel Foods Corp. (HRL) in Consumer Staples.

General Electric Company (GE), Patterson Companies, Inc. (PDCO), Stratasys Ltd (SSYS), and The Western Union Company (WU) were eliminated from the Fund during 2018 as we determined that each company had lost their respective durable competitive advantage.

We remain cautious on the market outlook near-term and believe there is an increasing risk of a recession occurring sometime in the next few years. As the Fund's second half performance illustrates, however, we remain confident that we are well positioned to weather whatever challenges the market may present.

Mark L. Henneman	Andrew R. Adams
Lead Manager	Co-Manager

Mairs & Power Growth Fund Performers

TOP RELATIVE PERFORMERS

FOURTH QUARTER (9/30/18 - 12/31/18)		YEAR-TO-DATE (12/31/17 - 12/31/18)	
Hormel Foods Corp.	22.33%	Abbott Laboratories	33.42%
Roche Holdings Ltd.	16.57%	Hormel Foods Corp	24.07%
Abbott Laboratories	12.51%	Medtronic PLC	19.57%
Ecolab Inc.	7.79%	Ecolab Inc.	15.47%
Johnson & Johnson	7.51%	Pfizer Inc.	29.20%

WEAK RELATIVE PERFORMERS

FOURTH QUARTER (9/30/18 - 12/31/18)		YEAR-TO-DATE (12/31/17 - 12/31/18)	
Donaldson Company	-11.71%	Schlumberger NV	-40.25%
Bio-Techne Corp.	-15.45%	Principal Financial Group, Inc.	-30.61%
Schlumberger NV	-26.58%	General Mills, Inc.	-27.17%
Tennant Company	-17.62%	3M Company	-12.53%
Principal Financial Group, Inc.	-10.27%	U.S. Bancorp	-7.98%

Performance shown is relative to the S&P 500 TR Index as of December 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.

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 December 31, 2018: 3M Company 4.47%, Abbott Laboratories 3.17%, Alphabet Inc. 4.68%, Amazon.com 0.00%, Apple Inc. 0.00%, Bio-Techne Corp. 2.57%, Donaldson Company 3.22%, Ecolab Inc. 4.77%, Facebook, Inc. 0.00%, General Electric Company 0.00%, General Mills, Inc. 1.44%, Hormel Foods Corp. 3.86%, Johnson & Johnson 3.86, Littelfuse Inc. 0.78, Medtronic PLC 4.07%, Microsoft Corp. 2.58, Pfizer Inc. 1.62%, Principal Financial Group 1.73%, Roche Holdings Ltd. 2.74%, Schlumberger NV 1.20%, Stratasys Ltd. 0.00%, Patterson Companies 0.00%, U.S. Bancorp 4.75%, Visa Inc. 1.12%, Western Union Company 0.00%.

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 12/31/18	1 Year	3 Year	5 Year	10 Year	Since Inception
Mairs & Power Growth Fund[(1)]	-4.34	8.75	6.15	12.44	11.12
S&P 500 TR Index[(2)]	-4.38	9.26	8.49	13.12	9.80
Lipper Multi-Cap Core Funds Index[(3)]	-7.72	7.69	6.25	12.33	N/A
Expense ratio 0.64%				Inception: 11/07/1958	

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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) The S&P 500 Total Return (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.

(3) Lipper Multi-Cap Core Funds Index measures the 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, as determined by Lipper, Inc. It is not possible to invest directly in an index.

All investments have risks. Mairs & Power Growth 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.

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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