SEPTEMBER 30, 2020

Growth Fund

THIRD QUARTER RESULTS

MAIRS & POWER

Focused Long-term Investing

Market Overview | Third Quarter 2020

In the past six months, we've experienced the fastest stock market recovery ever, following the bottom of a bear market. As cooler days arrive, it wouldn't be surprising to see the market cool off a bit as well. We hope that the economic recovery picks up some of the vigor we have seen in the market. There are many reasons for optimism going forward, but there are also some concerns as well. And COVID-19 isn't yet under control, though there are promising reports of vaccines in development.

The equities index numbers reflect the market's ongoing recovery. The S&P 500 Total Return (TR) Index rose 8.93% for the third quarter, and is up 5.57% year-to-date. In the last quarter, the Dow Jones Industrial Average TR Index was up 8.22%, and is off just slightly (-0.91%) for the first nine months of 2020. Overall, the biggest gainers so far this year have been Consumer Discretionary and Technology, while Financial and Energy remain the weakest sectors.

In the fixed income market, the Bloomberg Barclays U.S. Government/Credit Bond Index returned 0.78% and 8.04% for the third quarter and first nine months, respectively.

Future Outlook

During the third quarter, the economic recovery proceeded at an undramatic pace. While the economy hasn't returned to January levels, most major macroeconomic indicators show continuing improvement. The Institute for Supply Management's manufacturing and services indices, for instance, were both well above 50% in September, indicating continuing recovery. Further support has come from mortgage rates, which are at all-time lows, fueling a strong housing market. In the third quarter, about 3.9 million jobs were created, and the unemployment rate declined from 11.1% to 7.9% after peaking at 14.7% in April, which lost 20 million jobs that month.[1] That noted, low-wage earners, particularly in the hospitality and retail industries are continuing to struggle. Higher-wage earners have largely remained employed, even if working from home.

Retail sales have been recovering, though that recovery has also been uneven. In general, consumers are consolidating their shopping to a few retailers rather than multiple stores. They are also doing more shopping online. That's been good news for the big box retailers and for certain specialty chains with robust e-commerce operations. Department stores, small shops, and others that rely on walk-in traffic are struggling.

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. **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.

[1] FactSet Research Systems, Inc.

Future Outlook continued

The market, now near an all-time high, has significantly outpaced the economic recovery. The current price-to-earnings (P/E) valuation is about 22 times, far above the 10-year average of 16 times. The biggest winner has been the Technology sector, which is up 28% for the year. With people working from home and students learning remotely, demand for tech products has been very strong. Despite strong fundamentals, we believe that many Technology stocks have overshot and are currently valued at levels not justified by the fundamentals.

A sector with more modest returns has been Healthcare, up 5% through the third quarter. Despite some uncertainty, a potential Biden victory doesn't appear to be worrying investors. The consensus seems to be that he would seek to fix the Affordable Care Act (ACA) rather than pursue a "Medicare for All" type of approach. Shoring up Obamacare would most likely add to the number of insured people, which could provide a tailwind for the sector. The Industrial sector is down 4% year-to-date and Financials are down 20%. We believe the market is currently undervaluing the long-term potential of some companies in those sectors. As for the fixed income market, returns have remained steady. Interest rates were generally stable in the third quarter, and the corporate bond outlook has continued to improve.

The big event in the coming quarter is, of course, the election. Historically, the party that wins the White House has had little or no effect on long-term market returns. That noted, the upcoming election combined with the results of COVID-19 vaccine trials could have a dramatic impact on the stock market. Like everyone else, we are hopeful that trial results will be positive, and that enough people will chose to inoculate to limit the virus's future impact. That would certainly benefit the market. Whatever the outcomes, we will continue to focus our investments in companies with a durable competitive advantage that we believe are well positioned for the long-term.

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

Mairs & Power Investment Committee Meeting

Performance Review

The Mairs & Power Growth Fund gained 7.56% in the third quarter, and was up 2.45% for the first nine months of 2020. The S&P 500 Total Return (TR) benchmark was up 8.93% and 5.57% over the same periods, while the Lipper Multi Cap Core Funds Index of peers has posted gains of 8.52% in the third quarter and 4.77% year-to-date through September.

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 0.65%.

Many of the same macro headwinds that led the Growth Fund to underperform its benchmarks earlier in the year persisted through the third quarter. The Fund's heavier weighting in smaller stocks and lighter weight in Technology hampered relative performance. Relative performance in other sectors somewhat reversed from earlier in the year, with Industrial companies making a strong comeback and Healthcare stocks lagging somewhat. With the Fund overweight in both these sectors, the Industrial sector's outperformance helped relative performance in the quarter while Healthcare's underperformance hurt it.

Overall, sector weightings had little impact on relative performance to the index in the quarter. Once again, it was stock picking that drove relative results.

We added NVIDIA Corporation (NVDA) to the Fund in April 2019. And so far, it has been a tremendous addition. This California company is the market leader in providing graphic processing cards to the PC industry. The cards' ability to calculate many processes simultaneously makes them well-suited to artificial intelligence and machine learning applications. This has created a strong new leg of company growth in large data centers. Meanwhile, demand for graphics cards by consumers remains robust, and Nvidia has delivered a significant boost in performance with its latest designs. NVDA is now over a 4% position in the Fund.

Minnesota-based Graco (GGG) has been a Fund holding since 2001. The company, which holds a dominant position in the commercial paint spraying industry, is experiencing good demand during the current residential real estate boom. Graco's management team also has done an exceptional job managing costs through the overall economic downturn. It seems likely people will continue to migrate out of city centers and into the suburbs for a long time following this lockdown experience, so demand for Graco products should hold up well along with housing demand.

The strong showing by holdings like NVIDIA and Graco weren't enough to offset short-term laggards such as Ecolab (ECL) and Bio-Techne (TECH). Ecolab has taken market share from smaller companies that weren't prepared for the pandemic, thanks in large part to its powerful digital ordering system. But in the third quarter, it gave up some of its strong second-quarter performance. Investors are concerned about when and how quickly the company's crucial restaurant and hotel end markets will come back.

Bio-Techne has been a longtime Fund holding and, like Ecolab, is based here in Minnesota. And like Ecolab, it had been a top performer before relinquishing some of that performance in the third quarter. That was due partially to a tough environment for its customer base of commercial and academic laboratories, which have been limiting operations during the pandemic. However, the pandemic also is likely to boost spending in global healthcare research, so the company's long-term outlook remains very strong. Bio-Techne recently opened a new contract biologics manufacturing facility, which could add another significant leg of growth in the longer term.

The Fund also added another innovative local company during the quarter. JAMF Holdings (JAMF), which went public in July, focuses on helping corporations and institutions manage Apple devices through a software solution. While management systems for Windows-based PCs have been in place for years, organizations have been seeking an effective tool for managing the Apple-based devices many younger workers prefer. One of JAMF's customers is Apple itself, which uses JAMF's solution in its stores.

Besides adding JAMF, the Fund took a small position in Madison, Wisconsin-based Alliant Energy (LNT), a company we've followed closely for years. We had always judged LNT as too expensive while investors were drawn to the Utility sector's dividend yield and growth prospects. With that sector underperforming significantly this year, we took the opportunity to start a position. Growth should come as Alliant expands its rate base while adopting renewable energy solutions.

As a reminder: We expect to report a 2020 capital gains estimate in mid-November, please check our website then for the estimate.

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above middle

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Co-Manager
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Pete J. Johnson, CFA
Co-Manager
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Dividend Yield is the ratio of a company's annual dividend compared to its share price.

Mairs & Power Growth Fund Top & Bottom Performers

TOP RELATIVE PERFORMERS

Third Quarter (%) 6/30/2020—9/30/2020

NVIDIA Corporation	33.57
Graco Inc.	19.34
Toro Company	18.00
C.H. Robinson Worldwide	21.00
QUALCOMM Inc.	20.77

Year-to-Date (%) 12/31/2019—9/30/2020

NVIDIA Corporation	124.75
C.H. Robinson Worldwide	27.61
Fastenal Company	18.80
Graco Inc.	13.63
QUALCOMM Inc.	30.57

WEAK RELATIVE PERFORMERS

Third Quarter (%) 6/30/2020—9/30/2020

Bio-Techne Corporation	-15.00
U.S. Bancorp	-10.41
Roche Holdings LTD	-10.24
Ecolab Inc.	-8.25
CoreSite Realty Corporation	-9.73

Year-to-Date (%) 12/31/2019—9/30/2020

U.S. Bancorp	-42.96
Principal Financial Group, Inc.	-29.36
Donaldson Company, Inc.	-23.99
Wells Fargo & Company	-60.33
Walt Disney Company	-19.78

Performance shown is relative to the S&P 500 TR Index as of September 30, 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 September 30, 2020: Alliant Energy Corp. 0.24%, Bio-Techne Corp. 2.66%, C.H. Robinson Worldwide Inc. 1.47%, CoreSite Realty Corp. 2.35%, Donaldson Inc. 1.88%, Ecolab Inc. 3.91%, Fastenal Co. 1.88%, Graco Inc. 3.16%, JAMF Holdings Corp. 0.66%, NVIDIA Corp 4.13%, Principal Financial Group 2.05%, Toro Co. 3.00%, US Bancorp 3.91%, Walt Disney Company 2.74%, Wells Fargo Company & Company 1.42%.

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 9/30/2020

Fund/Index	1 YR	5 YR	10 YR	25 YR	SINCE INC
Mairs & Power Growth Fund[1]	**11.32**	**12.42**	**12.52**	**10.93**	**11.28**
S&P 500 TR Index[2]	15.15	14.15	13.74	9.31	10.28
Lipper Multi-Cap Core Index[3]	14.09	12.15	11.83	8.55	—

Expense Ratio 0.65%

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.

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