DECEMBER 31, 2019

Growth Fund

FOURTH QUARTER RESULTS

MAIRS & POWER

Focused Long-term Investing

Market Overview | Fourth Quarter 2019

2019 was a year for the record books! On the heels of the worst December since the Great Depression, U.S. markets started 2019 with the best January performance in three decades and finished at record highs, posting returns that were among the best in the past 50 years.

Looking at its performance over the past three years illustrates the market's incredible ability to predict market fundamentals. In 2017, with the new Trump administration and a Republican controlled Congress enacting large tax cuts, investors anticipated tax-fueled earnings growth driving the market up 22% that year. Sure enough, in 2018 S&P 500 earnings were up 24%, driven by tax cuts and a strong economy. In 2018 however, despite strong earnings growth, the market was down 4% on the expectation that in 2019 companies would face tough comparisons as the tax induced earnings tail wind faded. Sure enough, 2019 earnings were down slightly through the first three quarters. But in 2019, despite no earnings growth, investors drove the market to record highs and one of the strongest finishes in recent memory in anticipation of a return to better growth in 2020.

For the fourth quarter and full year, the S&P 500 Total Return (TR) was 9.07%, and 31.49% respectively, the Dow Jones Industrial (TR) was 6.67% and 25.34%, and the Bloomberg Barclay's U.S. Government/Credit Bond Index was -0.01% and 9.71% respectively.

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. **Bloomberg Barclay's 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. **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. **Dividend Yield** is the ratio of a company's annual dividend compared to its share price. **Price-to-cash flow ratio** is a stock valuation indicator that measures the value of a stock's price relative to its operating cash flow per share. **Price-to-earnings ratio** is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

Future Outlook

The mood among investors is certainly confident, or should we say less worried.

For most of 2019, short term rates exceeded long term rates (an inverted treasury yield curve), creating fears of a recession. But in the fourth quarter, as the yield on longer maturity bonds moved up and the Fed (Federal Reserve) cut short term rates, we saw a return to a more familiar, positively sloped treasury yield curve, reducing investor anxiety. At the same time, several economic indicators began to improve. The Institute for Supply Management's (ISM) Index for the service sector, which represents two-thirds of the U.S. economy, is signaling continued expansion. Measures of consumer confidence remain high, job growth remains strong and confidence among homebuilders recently hit a 20-year high. An easing of trade tensions and fewer tariff barriers as the Phase One deal with China promises, should further support the earnings growth the market is counting on.

Not every sign is positive, however. A measure of large company CEO confidence hit its lowest level since Q1 of 2009, before recovering some recently. A similar survey of small and mid-sized company CEO confidence reported hitting an 8-year low. The ISM Manufacturing Index took an encouraging slight uptick late in the quarter, but remains stuck below 50%, indicating little growth in the manufacturing sector. Total vehicle sales (autos and light trucks) have remained flat since 2015. Valuations such as dividend yield, price-to-cash flow (PCF), and price-to-earnings (PE) remain above historic averages, making stocks overall somewhat expensive and putting a premium on stock selection.

One additional word of caution is in order. Given the strong finish to 2019, the market may be pricing in earnings growth for 2020 even higher than the consensus of 8%, making the stock market vulnerable to disappointment or negative economic surprises.

Inverted Treasury Yield Curve represents a situation in which long-term debt instruments have lower yields than short-term debt instruments of the same credit quality.

ISM Manufacturing Index measures manufacturing output nationwide.

Consumer Confidence Index measures the degree of optimism on the state of the U.S. economy through savings and spending activities.

Mairs & Power Investment Committee Meeting

Performance Review

The Mairs & Power Growth Fund gained 8.65% for the fourth quarter and was up 28.39% for the full year. The S&P 500 Total Return (TR) benchmark was up 9.07% and 31.49% while the Lipper Multi-Cap Core Funds Index was up 8.71% and 29.09% for the fourth quarter and full year respectively.

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 underperformed compared to its benchmark and peers, this is typical in a strong market given our conservative approach. In fact, we only slightly lagged and view 2019 as a good year. Our overweight position in the Health Care sector, which has been under pressure, and our underweight position in Information Technology, which has been the top performing sector, hurt performance on a relative basis. Good stock selection in Health Care, Consumer Discretionary and Materials sectors contributed positively to performance for the full year. For the first time in recent memory value stocks outperformed growth stocks in the second half of the year, a positive sign which benefited the Fund. Conversely, small and midcap stocks underperformed large caps on a relative basis. With the Fund's multi-cap approach, this factor muted performance somewhat.

BioTechne (TECH) was a top contributor to performance for the year. After a period of declines or no growth, the company has posted a consistent 10%-plus growth rate over the past several quarters, and the stock has responded. The new management team has done an exceptional job in transforming the Minneapolis-based bio-tech firm over the last seven years by expanding its addressable market through acquisitions. One recent tuck-in acquisition, Exosome Diagnostics, introduced a new fluid (blood and urine) bioassay test for prostate cancer that they believe will improve diagnostic accuracy before a tissue biopsy is called for. Company management is enthusiastic about extending this diagnostic platform to cover other medical conditions. As we've said before, we believe the company has a long runway ahead of it.

Fiserv (FISV), a long time holding, was another top performer for the year. The Wisconsin-based financial services technology company successfully integrated its recent acquisition of First Data Corp. (FDC), resulting in strong financial performance and a solid move in the stock. This acquisition makes Fiserv a global leader in digital banking solutions, payment card processing, network services and e-commerce solutions for small regional and community banks.

On the flip side, two industrial sector names, 3M Company (MMM) and C.H. Robinson (CHRW), were among the major factors hurting performance for the year. 3M, one of the Fund's largest holdings, has struggled since it lowered its outlook early in the year due to slowing end markets, particularly automotive, China, and in consumer electronics. In addition, investors have expressed concerns about the company's ongoing environmental liabilities.

C.H. Robinson, a leading third-party logistics firm based in the Twin Cities, was hurt by market concerns that larger, better funded companies like Amazon (AMZN) and Uber (UBER), have announced moves into this space. We have been attracted to C.H. Robinson because we see their strategic investments in technology as giving them durable competitive advantages in operating efficiencies and customer retention. C.H. Robinson's asset light business model sets it apart in the space by focusing on technology and not capital spend on trucks, planes and distribution centers. We see the large tech companies as disruptive to traditional asset intense shippers, like UPS, but not C.H. Robinson and its asset light model.

We added a new name to the portfolio, Rockwell Automation (ROK), with a small position due to its leadership position in factory automation. As we have made the rounds of manufacturing companies as part of our research process, we noted that many were making capital investments in automation to help them deal with labor shortages and as a way to increase production with fewer workers. We think increasing automation is a permanent feature of ushering manufacturing companies into the future and Rockwell currently occupies a sweet spot in this space.

As we finish year 11 of the longest bull market in history at all-time highs, we are by some measures in unprecedented territory. Even so, the tools we have relied on in the past to evaluate risk and reward have continued to work and provide us with what we feel are attractive investment opportunities.

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

Fourth Quarter (%) 9/30/2019—12/31/2019		Year-to-Date (%) 12/31/2018—12/31/2019	
UnitedHealth Group Inc.	26.73	Microsoft Corporation	26.08
NVIDIA Corporation	26.20	Fiserv, Inc.	25.85
Microsoft Corporation	4.75	Bio-Techne Corporation	21.18
Johnson & Johnson	4.46	QUALCOMM Inc.	29.18
Generac Holdings Inc.	19.33	Target Corporation	68.67

WEAK RELATIVE PERFORMERS

Fourth Quarter (%) 9/30/2019—12/31/2019		Year-to-Date (%) 12/31/2018—12/31/2019	
Ecolab Inc.	-11.37	3M Company	-35.75
C.H. Robinson Worldwide	-16.22	C.H. Robinson Worldwide	-36.20
CoreSite Realty Corporation	-16.04	Hormel Foods Corporation	-23.63
Principal Financial Group, Inc.	-11.83	Johnson & Johnson	-15.28
Core Laboratories NV	-27.21	Pfizer Inc.	-38.41

Performance shown is relative to the S&P 500 TR Index as of December 31, 2019. 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, 2019: 3M Company 4.00%, Amazon 0.00%, Bio-Techne Corp. 2.72%, C.H. Robinson 2.20%, CoreLaboratories 0.57%, CoreSite Realty Corp.1.86%, Ecolab Inc. 3.90%, First Data Corp. 0.00%, Fiserv, Inc. 2.51%, Generarc Holdings 0.68%, Hormel Foods Corp 3.08%, Johnson & Johnson 3.68%, Microsoft Corp 3.83%, NVIDIA Corp 1.88%, Pfizer Inc. 1.23%, Principal Financial Group 2.28%, QUALCOMM Inc. 1.25%, Rockwell Automation 0.22%, Target Corp. 0.67%, UBER 0.00%, UPS 0.00%, UnitedHealth Group Inc. 3.34%.

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 12/31/2019

Fund/Index	1 YR	5 YR	10 YR	20 YR	SINCE INC
Mairs & Power Growth Fund[1]	**28.39**	**9.86**	**12.97**	**9.89**	**11.38**
S&P 500 TR Index[2]	31.49	11.70	13.56	6.06	10.31
Lipper Multi-Cap Core Index[3]	29.09	9.70	11.80	6.09	—

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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