DECEMBER 31, 2023

Growth Fund

FOURTH QUARTER RESULTS

MAIRS & POWER

Focused Long-term Investing

Market Overview | Fourth Quarter 2023

The market's performance for most of 2023 was driven by the "Magnificent 7" Technology stocks. However, in the fourth quarter, we saw signs that the market is broadening. The market rallied from its third-quarter plunge, with much of recovered ground due to stabilizing interest rates and moderating inflation. The S&P 500 Total Return (TR) rose 11.69% for the quarter and 26.29% for the year, the Dow Jones Industrial (TR) gained 13.09% in the quarter and 16.18% in 2023, and the Bloomberg U.S. Government/Credit Bond Index returned 6.63% in the fourth quarter and 5.72% for the year.

Economic indicators were generally mixed throughout 2023. The labor market has remained resilient to lulls in the market, with unemployment remaining close to record lows. Jobless claims have gone up-and-down from week-to-week, but they've stayed at very low levels. However, the housing market is struggling, with sales of existing homes down substantially. On the other hand, new construction is increasing, and prices are holding up. Finally, despite consumer confidence being soft throughout much of the year, household spending still grew at a moderate pace.

Looking back at 2023, inflation was the central theme throughout and continued its gradual slow down. There were some nervous moments, particularly in the third quarter when oil prices spiked higher and economic growth temporarily accelerated. Market worries that inflation was rising once again led to a sell-off. But as the fourth quarter progressed, those trends reversed, and the inflation news continued to improve. In November, the Federal Reserve (Fed) delivered an early Christmas present, declaring that interest rate cuts are likely in 2024.

More glad tidings about inflation arrived just before Christmas. In December, the federal government reported that the personal-consumption expenditures (PCE) price index, an index closely monitored by the Fed, fell 0.1% in November. That's the first time that the PCE index had declined since April 2020. The government also reported that core inflation dropped to an annualized rate of 1.9%.

Other economic data provided additional comfort and joy during the holiday season. Overall personal income rose 0.4% in November, compared to a 0.3% gain in October. What's more, consumer spending rose 0.2% in November, higher than 0.1% in October, though lower than September's 0.7% increase. All this may be why the Conference Board's Consumer Confidence Index rose significantly in December, with early signs suggesting that shoppers boosted their holiday spending. All this upbeat news led the economy and the market to end the year mostly merry and bright.

Future Outlook

Early in 2023, the outlook for earnings deteriorated. In January, the consensus was that earnings would grow 8% for the year. By April, the expectation was no growth at all. But from there, earnings growth expectations began to climb. Now, the consensus for 2023 is that earnings grew 7% and are expected to grow 6% in 2024. The positive trends in earnings, interest rates, and of course inflation all provide support to the market outlook for 2024.

With earnings growth expectations improving, many stocks that lagged the market last year have brighter prospects in 2024. Value stocks could become in vogue again. In 2022, value stocks outperformed growth by about 23%, but that more than reversed last year, with growth outperforming value by 37%. We anticipated that growth stocks would perform better due to a dampening earnings picture. Now, the trends suggest that sectors dominated by value holdings could come back powerfully in the coming year.

The future also looks sunnier for mid-cap stocks. While the gap between large-cap and mid-cap valuations has widened in the past few years, it's worth noting that mid-cap earnings growth has kept pace with the S&P 500. We believe many mid-caps are trading at a discount, and we expect the valuation gap to close at least a little bit.

However, there is one dark cloud on the horizon in consumer spending. While consumers seemed more upbeat at the end of 2023, the gloom they felt through most of last year hasn't completely lifted. Despite a resilient economy, many people still feel that their finances are tight. One reason: While inflation is slowing and wages have been rising, the prices of goods remain well above their pre-pandemic levels. In other words, while the cost of dinner at a favorite restaurant may not have increased since September, it could still be 20 percent higher than in 2021. Those kinds of elevated prices can cause a lasting gloom that takes a while to dissipate. To be sure, some items did drop in price during the fourth quarter, but many families are still finding it difficult to make ends meet.

As we look forward to 2024, we remain committed to investing in companies with durable competitive advantages for the long-term. Whether we experience a soft landing or a recession, we invest for entire economic cycles and not the short-term. We will continue with the same investment process and philosophy that has served our clients well for more than 90 years.

Past performance is not a guarantee of future results.

Performance Review

The Mairs & Power Growth Fund posted solid 2024 results and outperformed the S&P 500 TR Index. The Fund returned 27.70% for the year while the S&P 500 TR Index increased 26.29%. The Growth Fund also outperformed its peer group as measured by the Morningstar Core Index, which was up 22.13%.

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 worth more or less than their original cost. Current performance of the Fund 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 0.63%.

The S&P 500's returns were dominated by just a handful of stocks, the so-called "Magnificent 7" that consists of Alphabet (GOOGL), Amazon (AMZN), Apple (AAPL), Meta (META), Microsoft (MSFT), Nvidia (NVDA), and Tesla (TSLA). These stocks were buoyed by investors' enthusiasm for AI and increased prospects of lower interest rates as inflation subsides. Thanks to our concerted effort to diversify into technology stocks over the past few years, we benefited from this upswell. The Fund's largest holding—Microsoft—was up more than 58%. Alphabet, another large holding for the Growth Fund, was up 58%. Amazon increased more than 80% and Nvidia was up a stunning 239%. Unsurprisingly, these stocks were the main contributors to the Fund's outperformance.

All of our Materials holdings—Ecolab (ECL), HB Fuller (FUL), and Sherwin Williams (SHW)—also posted strong results in 2023, a stark reversal from the prior year. After oil prices spiked above $100 in 2022 due to the Ukraine-Russia Conflict, oil has since pulled back to the low $70s. Oil and its by-products are major inputs for all of our Materials holdings; as such, lower oil prices have led to a rebound in profits. For example, our largest Materials holding—Ecolab—is expected to increase earnings more than 15% this year after declining 5% last year.

Lower oil prices also hurt Energy stocks, which was a significant boon to relative performance, since the Fund has zero exposure to this sector. Elsewhere, sector selection was a major headwind; notably, the Fund's overweight positions in Healthcare and Industrials hurt relative performance, as these Sector's lagged the market.

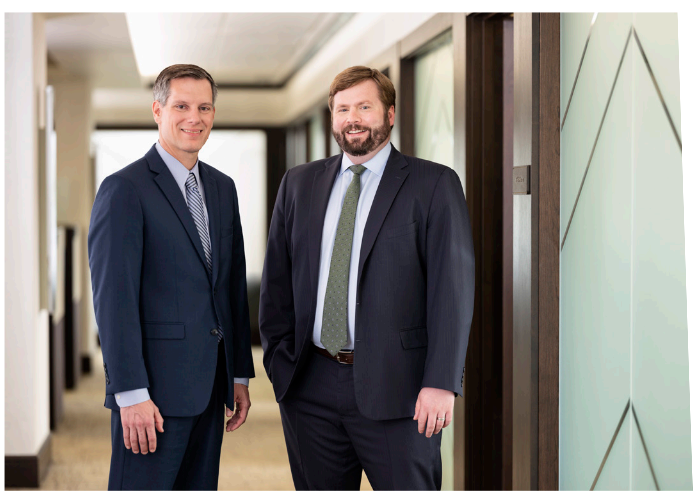
The Fund's relative performance was negatively impacted by what we didn't own as well. In particular, not holding Apple for most of the year cost the Fund more than 300bps (basis points) of performance. Apple may be the best-known company in the world and its seemingly ubiquitous iPhone holds a dominant share of the global cell phone market. Apple is even more dominant among Millennials and Gen Zers, which should lead to even greater market share as these cohorts age. This loyal user base should pay huge dividends for shareholders as Apple continues to monetize this ecosystem, especially

Basis Points (bps) is one hundredth of a percent and shows the change in value or rate of a financial instrument.

as the company delves deeper into services, payments, and AI. We initiated a position in Apple during the fourth quarter and await a more attractive entry point to add to our position.

We added two smaller positions to the portfolio in the fourth quarter as well—Piper Sandler (PIPR) and Best Buy (BBY)--both of which are Minnesota-based. Piper Sandler, founded in 1895, is a leading investment bank based right in our backyard in Minneapolis. Piper's management has done an excellent job of expanding its merger and acquisitions (M&A) expertise and growing its share of M&A deals. Due to higher interest rates, the M&A environment has slowed considerably but should re-accelerate as companies adjust to the new interest rate regime. We also initiated a position in Best Buy, a leading electronics retailer with more than 1,000 stores nationwide. We've been impressed with management's ability to navigate a difficult retail landscape, gaining share amongst its offline competitors. The consumer electronics market is suffering from a spending hangover after the Pandemic, but we are starting to see green shoots of a recovery; in the meantime, Best Buy offers a 5% dividend.

Our technology investments have paid off handsomely and we are well positioned to take advantage of the growing interest in artificial intelligence. Outside of the "Magnificent 7," most other stocks experienced muted returns in 2023, especially in mid-caps and so-called old economy industries. Consequently, we are finding compelling opportunities and are particularly interested in companies that can utilize AI to improve sales and profitability. When JP Morgan was once asked what the market will do, he famously responded "It will fluctuate." However, as 2024 unfolds, we will remain true to our valuation discipline as well as our long-term focus and take advantage of any short-term fluctuations that may occur.



Andrew R. Adams, CFA
Lead Manager

Pete J. Johnson, CFA
Co-Manager

Mairs & Power Growth Fund Contributors

Year-to-Date (%) 12/31/2022—12/31/2023

LARGEST CONTRIBUTORS TO RELATIVE PERFORMANCE		LARGEST DETRACTORS FROM RELATIVE PERFORMANCE	
NVIDIA Corporation	239.02	Hormel Foods Corporation	-27.48
Amazon.com, Inc.	80.88	Charles Schwab Corp	-15.96
Alphabet Inc. Class C	58.83	Toro Company	-13.96
Microsoft Corporation	58.19	Johnson & Johnson	-8.60
Graco Inc.	30.63	Bio-Techne Corporation	-6.49

Largest relative contributors and detractors are securities that were selected based on their contribution to the portfolio as of December 31, 2023. The performance number shown is total return of the security for the period and includes only securities held for the entire period. Total return is the amount of value an investor earns from a security over a specific period and when distributions are reinvested. 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, 2023: Alphabet, Inc. 4.79%, Amazon.com, Inc. 5.27%, Apple Inc. 1.55%, Best Buy Inc. 0.76%, Bio-Techne Corp. 2.49%, Charles Schwab Corp. 1.21%, Ecolab Inc. 2.25%, Graco Inc. 3.77%, HB Fuller Co. 1.94%, Hormel Foods Corp. 2.01%, Johnson & Johnson 1.72%, JPMorgan Chase & Co. 4.28%, Meta Platforms Inc. 0.00%, Microsoft Corp. 9.85%, NVIDIA Corp. 4.02%, Piper Sandler Companies 0.23%, Tesla Inc. 0.00%, Toro Company 3.26%, Sherwin Williams Co. 2.02%.

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 12/31/2023

Fund/Index	1 YR	5 YR	10 YR	25 YR	SINCE INC
Mairs & Power Growth Fund[1]	**27.70**	**14.31**	**10.15**	**9.97**	**11.36**
S&P 500 TR Index[2]	26.29	15.69	12.03	7.56	10.42
Morningstar Large Blend Category[3]	22.13	13.50	9.83	6.31	—

Expense Ratio 0.63% Inception 11/7/1958

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 worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. For most recent month-end performance figures call Shareholder Services at (800) 304-7404.

[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] Morningstar large-blend portfolio are fairly representative of the overall U.S. stock marketing in size, growth rates, and price. Stocks in the to 70% of the capitalization of the U.S equity market are defined as large-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of U.S. industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index.

S&P Small Cap 600 TR Index is an index of small-company stocks managed by Standard and Poor's that covers a broad range of small cap stocks in the U.S. The index is weighted according to market capitalization and covers 3-4% of the total market for equities in the U.S. 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 in the index.

Bloomberg 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.

The Dow Jones Industrial (TR) is a price-weighted index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange (NYSE) and Nasdaq.

The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms.

The Russell 1000 Index represents the top 1000 companies by market capitalization in the United States. The Growth index is composed of large- and mid-capitalization U.S. equities that exhibit value characteristics . The Value index is composed of large- and mid-capitalization U.S. equities that exhibit value characteristics.

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.

Foreside Fund Services, LLC. is the Distributor for Mairs & Power Funds.

M&PI-481024-2024-01-12

mairsandpower.com

MAIRS & POWER

30 East 7th Street, Suite 2500
St. Paul, MN 55101

Tel 800-304-7404