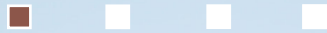


MARCH 31, 2026



Balanced Fund

FIRST QUARTER RESULTS

MAIRS & POWER

— Focused Long-term Investing —

Market Overview | First Quarter 2026

Just as markets began to grow more confident about the path forward for inflation and interest rates, an unexpected variable took center stage. Escalating conflict in the Middle East disrupted global energy markets, driving oil prices higher and reintroducing inflation risks that had largely faded to the background. As energy costs ripple through transportation, manufacturing, and consumer spending, uncertainty around the economic outlook increased, and with it, market volatility.

Similar to sudden tariff announcements last year, the conflict in Iran and broader instability across the Middle East injected a new layer of uncertainty into the outlook for the economy and financial markets. These external shocks have complicated the inflation picture, driven volatility, and left the Federal Reserve (the Fed) in wait-and-see mode as the future path of policy has become less clear.

While we cannot predict how long these disruptions will last or how markets will react in the near term, we can prepare for the inevitable surprises. That means continuing to emphasize our long-term discipline: focusing on business quality, valuation, and risk management, while avoiding the temptation to react to short-term headlines. Energy shocks may alter the path of the economy, but we believe a consistent investment process remains the most reliable way to navigate periods like this.

Inflation measures were steady leading up to the war in Iran, but disruption from the conflict is already creating upward pressure, with the March consumer price index (CPI) jumping to 3.3%, the highest reading since May 2024. Rising energy and commodity prices pose a real threat to the inflation and economic outlook, particularly given the unpredictable nature of the conflict.

Prior to the escalation in the Middle East, economic conditions were generally encouraging. GDP growth remained positive, manufacturing indicators showed improvement, and the job market held steady. Capital expenditures, particularly spending on data-center infrastructure, continued at a robust pace, supporting productivity gains across the economy. These positive trends were making their way into company outlooks, and analysts' earnings estimates, which are the primary driver of stock prices.

Valuations, while stretched earlier in the year, moved back toward historical averages as market volatility increased. Notably, valuation compression was not limited to any single sector as Information Technology, and other growth-oriented areas, also came back in line with long-term norms. Small-cap stocks showed improved earnings trends and outperformed large-cap stocks early in the quarter. Value stocks also outperformed growth, signaling a healthier, more balanced market environment before the conflict escalated.

Looking at the indices for the first quarter, the S&P 500 Total Return (TR) was -4.33% for the quarter, the S&P 600 (TR) was 3.75%, and the Bloomberg U.S. Government/Credit Bond Index was -0.20%.

The Consumer Price Index (CPI) measures the average change over time in the prices paid by consumers for a representative basket of consumer goods and services.

Past performance is not a guarantee of future results.

Future Outlook

Against this backdrop, the Fed has reverted to a cautious stance. Expectations for interest-rate cuts have been downgraded from 1-2 at the start of the year to the potential of no cuts at all, or even the potential of a rate increase. Higher interest rates and inflation would represent an additional headwind for consumers and small businesses, which continue to contend with uncertainty and subdued confidence levels.

It is worth noting that the U.S. and global economy are less energy-reliant than they were in past decades. Since the Gulf War in the early 1990s, energy intensity (which is a measure of the energy efficiency of an economy) has improved by roughly 50%, due to renewables and advances in energy-related technology. Additionally, the United States is now a net exporter of oil and natural gas. This shift reduces the likelihood of a 1970s-style energy crisis and tempers some of the effects from higher prices.

However, while oil and gas prices have captured much of the media's attention, a broad range of critical commodities transit through the Strait of Hormuz, providing the risk of more widespread economic impacts. These include petroleum derivatives such as ethylene, propylene, helium, and phosphate fertilizers, which are key inputs for many products used in agriculture, health care, semiconductors, and construction. A prolonged conflict with damage to regional infrastructure could create broader and more persistent inflationary pressure than gas prices alone would suggest.

Much now depends on how long the conflict persists and how deeply it affects commodity markets and global trade. A quick resolution could limit the economic fallout, while a longer disruption could result in more lasting challenges for businesses and consumers alike.

The outlook for corporate earnings has remained a bright spot and continues to show signs of broadening beyond the large technology companies. Earnings estimates for 2026 have continued to move higher for both large and small companies, with the S&P 500 projected to see 17% growth this year and 16% growth for the S&P 600. While today's environment is not without risk, corporate balance sheets, pricing power, and innovation capacity are quite different than previous eras in our view.

These unsettled markets highlight the importance of downside mitigation, not by attempting to time markets, but by constructing portfolios that can better withstand the inevitable ups and downs of market cycles. During the recent period of stretched market prices, that discipline pointed us toward opportunities beyond highly priced growth companies, focusing on more reasonably valued, high-quality businesses in sectors such as Utilities, Industrials, and Health Care. These areas helped provide outperformance during the first quarter, highlighting the importance of remaining disciplined during times of ambiguity.

Executive Summary

- The Fund outperformed its year-to-date benchmark by 0.91% due to equity outperformance.
- Littelfuse (LFUS), Entegris (ENTG), and Toro (TTC) positively impacted performance on improved outlooks for end markets across the three organizations.
- Abbott Laboratories (ABT) and UnitedHealth Group (UNH) negatively impacted performance as Abbott saw a deceleration in its nutrition segment and UnitedHealth will have to navigate lower than expected reimbursement rates after the Center for Medicare & Medicaid Services released a flat increase for 2027.
- During the quarter, the Fund added new positions in Palo Alto Networks (PANW) and Waste Management (WM) while eliminating its position in Salesforce (CRM).
- Rising interest rates and wider credit spreads weighed on bond prices, but security selection and income from the portfolio helped offset those pressures, resulting in performance in line with the benchmark.

Performance Review

In the first quarter of 2026, the Mairs & Power Balanced Fund returned -1.77%. The Fund outperformed the benchmark composite index (60% S&P 500 Total Return Index and 40% Bloomberg U.S. Government/Credit Bond Index), which fell -2.68%, but it underperformed the Morningstar Moderate Allocation peer group which returned -1.20%.

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 0.72%.

The first three months of 2026 saw the markets reposition toward companies with durable earnings power, while those perceived to be susceptible to advances in artificial intelligence (AI) were summarily written off. This approach to investing, which is thematic in nature, produces opportunities for fundamentally driven organizations such as ours. Our focus on companies with a durable competitive advantage and reasonable valuation resulted in equity outperformance during the quarter. The fixed income portion of the Fund matched index performance as security selection offset our preference for corporate bonds during a spread widening environment.

The Information Technology sector was the largest contributor to the outperformance of equities during the quarter. While a portion of this was attributable to the underweight allocation to the sector, the majority of relative outperformance came from stock selection. **Littelfuse** (LFUS) performed particularly well due to increased demand for its data center products as technology companies rush to invest in projects to power advances in Generative AI. Both **Entegris** (ENTG) and **Texas Instruments** (TN) also added meaningfully to relative performance due to an improved spending outlook for the semiconductor sector.

The Industrials sector aided relative performance during the quarter as an overweight to the sector was more impactful than security selection. **Toro** (TTC) performed well on the back of strong sales from its professional business and an uplift in earnings guidance as the company's product offerings are gaining traction. **Fastenal** (FAST) delivered relative outperformance as the company continues to gain significant market share, posting double-digit revenue growth even as end markets remain sluggish. Offsetting this, fears around AI impacting software pricing and jobs into the future negatively affected **ADP** (ADP). We reassessed our position on ADP and continue to be confident in the company's position going forward.

Our build-up in exposure to Utilities in the last year aided relative performance in the quarter as the generally defensive sector overweight helped in a market that proved relatively choppy. The Fund owns both **Xcel Energy** (XEL) and **WEC Energy Group** (WEC) which we believe should benefit from stable and visible earnings growth from attractive service areas with favorable regulatory oversight.

Conversely, the Fund's lack of exposure to the Energy sector negatively impacted relative performance as the recent 77% rise in oil prices has improved the industry's profitability profile, at least on a temporary basis.

Also negatively impacting performance during the quarter was the Fund's exposure to Health Care. **Abbott Laboratories** (ABT) impacted performance as guidance in the nutrition business flagged and growth decelerated elsewhere. **UnitedHealth Group** (UNH), which has had a series of missteps over the past year, received further pressure as the Center for Medicare & Medicaid Services released a flat increase for 2027 versus the roughly 5% level for 2026. UnitedHealth management noted a need to cut benefits to offset this reimbursement shock, but the anticipation is that this will result in volume loss and thus lower profitability.

The Financial sector also weighed on performance due to our overweight allocation as well as unfavorable security selection. **Fiserv** (FISV) continues to face issues with its Clover product, a cloud-based payment platform, which has caused decelerating growth. Finally, **Visa** (V) had a difficult quarter with U.S. volume growth down, geopolitical volatility impacting currency exchange, and regulatory uncertainty.

During the quarter, the Fund added two new names: **Palo Alto Networks** (PANW) and **Waste Management** (WM). Palo Alto provides information security products and services for organizations of all sizes. As the variety of cyber threats continues to grow, spending on IT security is poised to increase, and Palo Alto provides best-in-class tools to help protect companies. Our research strongly suggests AI proliferation should only prove the necessity of the company's services, not supplant what Palo Alto provides.



Brent S. Miller
Co-Manager
Left

Kevin V. Earley
Lead Manager
Right

Waste Management collects, transports, recycles, and disposes residential, commercial, industrial, and municipal waste. The company sets itself apart thanks to its scale, route density, and landfill/recycling facilities.

After experiencing a loss of confidence in the company's ability to sustain its competitive advantage, we sold the Fund's remaining holdings in **Salesforce** (CRM).

Overall, the Fund's fixed income performed in line with the index. Entering the year, markets had priced in several interest rate cuts for 2026, and the 10-year Treasury rate fell 20 basis points through late February. This all reversed in March as war in the Middle East introduced a new specter of inflationary pressure through rapidly rising oil prices. By the end of the quarter, the resulting shock caused interest rates to be slightly higher than at the beginning of the year. The move higher was even more impactful in the intermediate portion of the curve, which negatively impacted the Fund's fixed income portfolio on a relative basis, where the portfolio is largely invested inside of 20 years. Credit spreads also widened during the quarter, which negatively impacted relative performance due to our overweight allocation toward corporate credit. However, the Fund's focus on bottom-up credit analysis helped offset these headwinds as many of the recently impacted areas of credit spread underperformance are absent from the portfolio. The credit spread provides a yield advantage over the long term, and during the first quarter it helped shield the impact of the rate and spread moves. We will continue to execute our strategy in fixed income, whereby we seek pockets of value and selectively research and buy bonds to help us achieve long-term outperformance.

Finally, our equity investment process leads us to select companies with durable competitive advantages and attractive growth prospects which we believe will lead to sustainable long-term investment returns. While we do not make big calls on interest rates or credit cycles, we have increasingly positioned the fixed income portfolio to be optimized for a balanced portfolio allowing for effective reallocation in a market dislocation. We continue to believe that our consistent investment approach to both stocks and bonds will deliver sustainable performance over the long haul.

Mairs & Power Balanced Fund Contributors

Year-to-Date (%) 12/31/2025—3/31/2026

LARGEST CONTRIBUTORS TO RELATIVE PERFORMANCE

Entegris, Inc.
Littelfuse, Inc.
Casey's General Stores, Inc.
Toro Company
Texas Instruments, Inc.

LARGEST DETRACTORS FROM RELATIVE PERFORMANCE

Automatic Data Processing, Inc.
Abbott Laboratories
UnitedHealth Group, Inc.
Fiserv, Inc.
Visa, Inc. Class A

Largest relative contributors and detractors are securities that were selected based on their contribution to the portfolio as of March 31, 2026. The performance is based on 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.

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, 2026: Abbott Laboratories 1.96%, Automatic Data Processing, Inc. 1.08%, Casey's General Stores Inc. 0.91%, Entegris, Inc. 1.36%, Fastenal Co. 1.89%, Fiserv Inc. 0.88%, Littelfuse, Inc. 1.16%, Palo Alto Networks, Inc. 0.55%, Salesforce, Inc. 0.00%, Texas Instruments 2.50%, Toro Company 1.82%, UnitedHealth Group, Inc. 1.21%, Visa, Inc. Class A 2.28%, Waste Management, Inc. 1.15%, WEC Energy Group, Inc. 1.87%, Xcel Energy, Inc. 2.21%.

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 3/31/2026

Fund/Index	1 YR	3 YR	5 YR	10 YR	SINCE INC
Mairs & Power Balanced Fund¹	4.68	8.18	4.54	7.31	9.25
Composite Index ²	12.14	12.26	7.38	9.30	9.05
Morningstar Category ³	11.93	10.74	5.84	7.59	—
S&P 500 TR Index ⁴	17.80	18.32	12.06	14.16	—
Bloomberg Bond Index ⁵	3.86	3.41	0.24	1.79	—
Expense Ratio 0.72%					Inception 1/10/1961

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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 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.

³ Morningstar Moderate Allocation Category seeks to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than conservative-allocation portfolios. These portfolios typically have 50% to 70% of assets in equities and the remainder in fixed income and cash. It is not possible to invest directly in an index.

⁴ 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 is not possible to invest directly in an index.

⁵ 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.

Russell 2000 TR Index is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000 Index.

One cannot invest in an index.

Risks: 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.

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

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