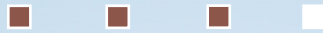


SEPTEMBER 30, 2025



Balanced Fund

THIRD QUARTER RESULTS

MAIRS & POWER

— Focused Long-term Investing —

Market Overview | Third Quarter 2025

The market's concentration continues in 2025. Much of the positive performance has been carried by a small group of mega cap stocks associated with artificial intelligence (AI).

In fact, since the 2022 launch of ChatGPT, a generative AI chatbot developed by OpenAI, the 40 AI-related stocks in the S&P 500 have accounted for around 75 percent of the market's return. Additionally, a significant share of new economic spending is tied to the same theme with roughly 40 percent of capital expenditures linked to AI. With this slice of businesses experiencing outsized returns, valuations are also reaching levels we haven't seen since the turn of the century.

On the consumer side, spending is similarly concentrated. The wealthiest 10 percent have accounted for nearly 50 percent of consumer spending. These high-income households have benefited from asset appreciation (e.g., homes, stock market, inflation) while middle and lower income households are spending more cautiously.

The result looks like a top spinning by the power of its point. It looks impressive while in motion but hard to trust it will spin forever. The top keeps turning because a select group of businesses and consumers have the wind at their back, while the rest of the economy muddles along.

For the Federal Reserve (the Fed), the third quarter delivered a familiar inflation story. Inflation continued to ease but remains above the Fed's long-term target, while the labor market showed clearer signs of cooling. In response to a weakening jobs report, the Fed decided to cut rates at its September meeting and further cuts are anticipated before the end of the year. However, the Fed is still walking a tightrope between its dual mandate of managing inflation and full employment, and the mixed data is producing equally mixed sentiment. Business surveys edged higher even as consumer confidence remained subdued, leaving investors to navigate a landscape where the headline numbers look steady, but the underlying currents feel unsettled.

Looking at the indices for the third quarter, the S&P 500 Total Return (TR) was 8.12% for the quarter and is 14.83% for the year. Meanwhile, the Russell 2000 (TR) was 12.39% in the quarter and is 10.39% year-to-date, and the Bloomberg U.S. Government/Credit Bond Index was 1.91% in the second quarter and is 5.93% so far in 2025.

Future Outlook

The current market narrowness can be thrilling on the way up, but unforgiving when momentum shifts. The most expensive stocks are dominating returns, and have done so for quite some time, even as key economic markers continue to show some fatigue. When leadership is this concentrated and valuations this hot, the risk isn't missing out; it's assuming it will always last.

In such an environment, we believe the right response is the same one that has guided us for decades: stay focused on durable competitive advantages, insist on discipline around valuation, and manage risk with the long run in view. Keeping a long-term view can present a short-term headwind when the most expensive stocks lead, but we believe it is a reliable way to grow assets over full cycles.

A softer dollar and the backdrop of elevated federal deficits complicate the outlook, but lower rates also created incremental tailwinds for businesses that are sensitive to financing costs. As a result, earnings showed signs of life beyond the mega-cap leaders, with a notable rebound within small caps during the quarter.

Tariff uncertainty is also clouding the picture. Currently, clear data is lacking on how tariffs are working through the system, including what will happen in the court system and how companies will navigate potential impacts. One area of concern is that PPI data is moving higher, so inflationary pressures do seem to be on the upswing, but it's too early to make any definitive statements. Despite this, companies have managed the costs thus far, while the total impact on inflation and GDP remains a wild card.

An area where we continue to see durable momentum is investment in the infrastructure required to power, cool, and connect a more data-intensive economy. The AI and data-center buildout is fueling a multi-year capital-expenditure cycle that extends beyond semiconductors to power generation, transmission and distribution, nuclear capacity, thermal management, and the components (pumps, valves, connectors) that make the system work.

We remain focused on our valuation discipline to find opportunities in the market. We are staying patient and selective, prepared to take advantage of opportunities as they emerge rather than chase what has already run.

The Producer Price Index (PPI) is a measure of the average change in the prices domestic producers receive for their output..

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period..

Past performance is not a guarantee of future results.

Executive Summary

- The Fund has underperformed its benchmark by 4.9% year-to-date due to equity underperformance.
- UnitedHealth Group (UNH) underperformed and is a large holding in the Fund. The stock was hampered by financial missteps, reduced earnings guidance, and an abrupt CEO departure. We have confidence going forward but have not meaningfully adjusted our position.
- Fiserv (FI) also underperformed and is a large holding in the Fund. Lower guidance on the growth of its Clover cloud-based payment platform was to blame, but we remain convinced that Fiserv is well-positioned long-term.
- During the first nine months of 2025, the Fund added new positions in WEC Energy Group (WEC) and Amazon (AMZN), while it trimmed existing positions in Alphabet (GOOG) and US Bank (USB). The Fund exited its positions in Honeywell (HON), Principal Financial Group (PFG), Neogen (NEOG), and Target (TGT).
- Fixed income outperformed due to credit selection and shorter maturities in the Fund, in general, which benefited from curve steepening (short-term rates down, long-term rates up).

Performance Review

The Mairs & Power Balanced Fund finished the first nine months of 2025 up 6.47%. The Fund underperformed both the benchmark composite index (60% S&P 500 Total Return Index and 40% Bloomberg U.S. Government/Credit Bond Index), which was up 11.35%, and the Morningstar Moderate Allocation peer group, which rose 10.73%.

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 0.71%.

Asset allocation was favorable to performance as the Fund was overweight equities during a period in which stocks sharply outperformed bonds. However, performance in the equity portion of the portfolio lagged its asset class benchmark due to securities selection during the first nine months. The bond portion of the portfolio produced positive mid-single-digit total returns and outperformed its asset class benchmark.

The Information Technology sector was the largest contributor to the underperformance of equities during the period. A handful of companies witnessed outsized share price performance driven by enthusiasm around artificial intelligence (AI), while the Fund largely lacked exposure to these companies. Additionally, several technology companies the Fund has exposure to also underperformed the market, specifically **Entegris** (ENTG), **Motorola Solutions** (MSI), and **Texas Instruments** (TXN). For Entegris, while earnings beat, guidance was below estimates as margin pressure from expansionary efforts, combined with lackluster demand, helped contribute to lower expectations. For Motorola Solutions, underlying results

remain quite positive, but an acquisition will dilute earnings and an expectation for tariff headwinds helped to dampen performance. For Texas Instruments, the lackluster demand environment continues, and while we are confident that this will turn at some point, the uncertainty introduced from tariffs is hanging over the stock for the time being.

The Fund's overweight stance in the Financials sector aided year-to-date performance but was substantially offset by adverse stock selection. **Fiserv** revised guidance lower for its Clover product, a cloud-based payment platform, which is at the core of its growth in merchant acceptance. The company had performed well in recent years, and the Clover product had been a meaningful part of that growth. Although we remain confident in the company's future, the revision downward of expectations had an outsized impact on stock performance. Offsetting this headwind, **JPMorgan & Chase (JPM)** and **Wells Fargo (WFC)** outperformed due to an improving outlook for credit conditions as well as a trend toward deregulation which should benefit the largest banks. Wells Fargo further benefited as several consent decrees, which outline specific reforms and improvements, were lifted by various regulators. With these restrictions aside, the company is now in a much better position for future growth. Separately, the Fund trimmed its holdings in U.S. Bancorp due to a declining competitive advantage position which we expect will weigh on long-term growth expectations.

The Fund's overweight to Health Care, combined with its exposure to specific names in the sector, negatively impacted relative performance during the first nine months of 2025. **UnitedHealth** lagged during the period as the company experienced higher than expected medical loss ratios which led to a significant decline in earnings expectations. The company is likely to fix its pricing issues for new members, while it has some work ahead to improve its Medicare Advantage managed care business. In addition, the company experienced an abrupt management change when it announced that former CEO Stephen Hemsley would return to the role to "steady the ship." The company still has an enviable earnings profile and historically has demonstrated an ability to manage through temporary disturbances. We continue to hold our UnitedHealth position and will look to add when valuation opportunities present themselves. **BioTechne (TECH)**, which makes high quality ingredients for biopharmaceutical research and production, underperformed due to uncertainty around the funding environment for biopharmaceuticals and biotech research given recent federal funding cuts and a weak venture capital funding environment. We have taken advantage of the recent weakness to add to our Bio-Techne holdings. Offsetting these impacts, **Abbott Laboratories**



Brent S. Miller
Co-Manager
Left

Kevin V. Earley
Lead Manager
Right

(ABT), **Johnson & Johnson** (JNJ), and **Medtronic** (MDT) all outperformed as medical devices performed better across the board.

The Fund's relative performance was aided by a positive contribution from the Consumer Discretionary sector which benefited both from favorable allocation and selection. The Fund initiated a new position in **Amazon**, which is well positioned to continue capturing market share in retail distribution while also growing its market-leading cloud business. The Fund took advantage of weakness in the stock during April to start the position as tariff news and a precipitous market decline provided an attractive valuation opportunity.

Relative performance was also aided by a positive contribution from the Utilities sector. The Fund initiated a new position in **WEC Energy** earlier this year for two reasons: First, WEC operates in a stable service area with one of the most balanced regulatory environments for a utility. Second, their Wisconsin service territory is seeing considerable investment in AI-related data centers which should provide a tailwind to rate base growth as well as long-term earnings growth.

For fixed income, since the beginning of the year, looking through the volatility and shifting narratives, treasury interest rates out to 10 years have fallen meaningfully while 20-30 year interest rates have fallen to a far lesser extent. This has benefited the Fund as there are very few longer-term securities held in the Fund. Credit spreads, which were reflective of a benign credit environment at the beginning of the year, expanded with the market selloff in April but quickly retreated at the end of June and have since hovered at the lowest levels of this millennia. We have found fewer opportunities to find excess spread lately and have generally been raising credit quality in the portfolio in small increments, most recently trimming some of our preferred bank positions which are sensitive to the credit cycle. 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.

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. We will use market volatility to invest at reasonable valuation levels as we did to initiate new positions in Amazon and WEC Energy or by adding to existing positions as we did with **H.B. Fuller** (FUL), Entegris, and BioTechne. In an environment of shifting geopolitical dynamics, we have a general preference for domestic equities and domestic fixed income which we believe leaves us less exposed to emerging risks. While we do not make big calls on interest rates or credit cycles, we have increasingly positioned the fixed income portfolio to be less volatile in a credit cycle and continually work to improve the portfolio quality for the long run. This should allow us to take advantage of dislocations in the marketplace should they occur. 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 (%) 12/31/2024—9/30/2025

LARGEST CONTRIBUTORS TO RELATIVE PERFORMANCE	LARGEST DETRACTORS FROM RELATIVE PERFORMANCE
Casey’s General Stores, Inc. Fastenal Company JP Morgan Chase & Co. Xcel Energy Inc. Ecolab, Inc.	Fiserv, Inc. UnitedHealth Group, Inc. Bio-Techne Corp. Hormel Foods Corp. Toro Company

Largest relative contributors and detractors are securities that were selected based on their contribution to the portfolio as of September 30, 2025. 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 September 30, 2025: Abbott Laboratories 2.16%, Alphabet Inc. 2.83%, Amazon.com 1.87%, Bio-Techne Corp. 0.84%, Casey's General Stores Inc. 1.28%, Ecolab Inc. 2.38%, Entegris, Inc. 0.92%, Fastenal Co. 1.81%, Fiserv Inc. 1.84%, Honeywell 0.00%, Hormel Foods Corp. 0.82%, Johnson & Johnson 1.26%, JP Morgan Chase & Co. 2.29%, Medtronic PLC 1.82%, Motorola Solutions, Inc. 1.50%, Neogen 0.00%, Principal Financial 0.00%, Target Corp. 0.00%, Texas Instruments 2.32%, Toro Company 1.74%, UnitedHealth Group Inc. 1.90%, US Bancorp 0.63%, WEC Energy Group 1.61%, Wells Fargo & Co 1.28%, Xcel Energy Inc. 2.11%.

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 9/30/2025

Fund/Index	1 YR	3 YR	5 YR	10 YR	SINCE INC
Mairs & Power Balanced Fund¹	5.10	11.99	7.96	8.27	9.36
Composite Index ²	11.58	16.69	9.55	10.06	9.13
Morningstar Category ³	9.82	13.96	8.63	7.88	—
S&P 500 TR Index ⁴	17.60	24.94	16.47	15.30	—
Bloomberg Bond Index ⁵	2.67	4.87	-0.61	1.99	—
Expense Ratio 0.71%				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.

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.

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

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.

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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