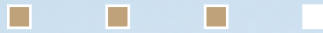


SEPTEMBER 30, 2025



Small Cap 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 underperformed its benchmark due to stock selection.
- Inspire Medical (INSP), MGP Ingredients (MGPI), and Knife River (KNF) were three prominent detractors that impacted relative performance.
- Medpace Holdings, Inc. (MEDP), AAR (AIR), and nVent Electric (NVT) were three prominent contributors to relative performance.
- The Fund added Patrick Industries (PATK) and Trex Company, Inc. (TREX), during the third quarter. The Fund also started a position in James Hardie Industries (JHX) after the company's acquisition of our long-term holding, AZEK Company (AZEK).
- Small cap stocks are trading at a significant discount, despite signs of earnings growth estimate stabilization, which presents an attractive opportunity for investors focused on the long term.

Performance Review

Thus far in 2025, the Mairs & Power Small Cap Fund is up 2.06%, underperforming the Russell 2000 Total Returns (TR) Index which is up 10.39%, the S&P Small Cap 600 TR which is up 4.24%, and its peer group, the Morningstar U.S. Fund Small Blend, which returned 6.15%.

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 0.94%.

Macro conditions impact smaller companies more than their larger peers, as smaller companies have less scale, less breadth of products, generally less pricing power, and fewer "shock absorbers" overall to smooth out bumps in the road. Despite those headwinds, earnings estimates for small companies appear to have stabilized, owing to more favorable labor conditions, more normal supply chains, inventory levels, and lead times, and the prospects for lower interest rates. These improved conditions are being appreciated by investors as smaller cap stocks edged out the large caps during the third quarter. Time will tell if there is follow-through in the coming quarters, but we are finding what we believe are good opportunities in small cap companies still trading at discounts to the broader market.

Through the third quarter of 2025, Fund underperformance was due to stock selection, with negative relative performance experienced primarily in the Materials and Information Technology sectors. Slightly offsetting negative performance was relative strength in Consumer Discretionary and Consumer Staples sectors. Overall, sector allocation has contributed positively, but not enough to overcome the headwinds from individual holdings.

Notable detractors from relative performance during the period were **Inspire Medical, MGP**

Ingredients, and **Knife River**. Inspire Medical had a difficult quarter due to challenges related to GLP-1 usage increases, as well as rolling out a new product version, and delays with billing software and reimbursement codes. Also impacted by GLP-1s was MGP Ingredients, which continues to work through excess inventory, particularly in bourbon, and shifts in consumer consumption levels across the alcohol industry. Knife River, a provider of aggregates and construction services, experienced a slowdown due to concerns related to federally funded construction programs, weather-related slowdowns, and concerns around environmental delays.

Notable positive contributors for the Fund were **Medpace Holdings, Inc.**, **AAR**, and **nVent Electric**. Medpace outperformed due to an improvement in clinical trial cancellation trends within its pipeline. AAR's strength in both new and used airplane parts drove outperformance in revenue and margins, as did the continued growth in its software product for digital hangars. nVent has had a positive 2025 as surging data center demand related to liquid cooling of servers, as well as company acquisitions, have improved revenue.

During the third quarter of 2025, the Fund initiated a position in **Patrick Industries** and **Trex Company, Inc.** Patrick is a manufacturer and distributor of components and materials for RV, marine, manufactured housing, and residential construction markets that is benefiting from an ongoing outsourcing trend across these end markets. Tariff and inventory concerns caused a pullback in shares to a valuation we found attractive. Trex is a leading manufacturer of wood-alternative composite decking, railing, and outdoor living goods that combines recycled plastic and reclaimed wood to deliver durable, low-maintenance outdoor building products. Trex has a renowned brand, and has benefited from a secular shift to composite materials away from wood. Trex stock had been weak, after concerns regarding slowing housing industry due to elevated rates, and was at a valuation we viewed as attractive.

The Fund also started a position in **James Hardie Industries** after the company's acquisition of our long-term holding, **AZEK Company**. James Hardie is a leading provider of fiber-cement building solutions, producing and selling siding, and cement-bonded boards for residential and commercial construction, and should benefit from shared innovation with and cross-selling of the acquired AZEK product portfolio.

Despite similar earnings growth expectations for the Russell 2000 and S&P 500, the Russell 2000 is trading at a notable discount to the S&P 500, which is valued above its 5-and-10-year averages. This valuation gap in the midst of earnings estimate stabilization presents an attractive opportunity for investors focused on the long term.



Chris D. Strom
Co-Manager
Left

Mike C. Marzolf
Lead Manager
Middle

Andrew R. Adams
Co-Manager
Right

Mairs & Power Small Cap Fund Contributors

Year-to-Date (%) 12/31/2024—9/30/2025

LARGEST CONTRIBUTORS TO RELATIVE PERFORMANCE

Medpace Holdings, Inc.
AAR Corp.
nVent Electric PLC
Casey's General Stores, Inc.
Clearfield, Inc.

LARGEST DETRACTORS FROM RELATIVE PERFORMANCE

Inspire Medical Systems, Inc.
MGP Ingredients, Inc.
Knife River Corp.
Hub Group, Inc. Class A
Workiva, Inc. Class A

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 Small Cap Fund as of September 30, 2025: AAR Corp. 4.63%, AZEK Company Inc. 0.00%, Casey's General Stores Inc. 2.05%, Clearfield Inc. 3.12%, Hub Group, Inc. 3.58%, Inspire Medical Systems 1.81%, James Hardie Industries PLC 0.19%, Knife River Corp. 3.76%, Medpace Holdings, Inc. 3.30%, MGP Ingredients, Inc. 1.73%, nVent Electric PLC 3.20%, Patrick Industries Inc. 0.98%, The Trex Company 1.33%, Workiva, Inc. 4.36%.

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 Small Cap Fund¹	0.46	10.06	10.86	8.78	11.36
Russell 2000 TR Index ²	10.76	15.21	11.56	9.77	10.78
S&P Small Cap 600 TR Index ³	3.64	12.82	12.94	10.03	11.57
Morningstar U.S. Small Blend Category ⁴	6.07	14.15	12.60	8.91	-
Expense Ratio 0.94%				Inception 8/11/2011	

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

³ 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.

⁴ Morningstar U.S. Small Blend Category, as defined by Morningstar are stocks in the bottom 10% of the capitalization of the U.S. equity market which are defined as small cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. Earnings growth is the change in an entity's reported net income over a period of time.

Cash flow is the amount of cash that comes in and goes out of a company.

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.

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 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 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 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 Small Cap 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. The Fund may invest in initial public offerings by small cap companies, which can involve greater risks than investments in companies which are already publicly traded.

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-825708-2025-10-21

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