Exchange-Traded Fund Dividend and Capital Gain Distributions
Frequently Asked Questions

Q. What is the difference between an exchange-traded fund dividend and a capital gain distribution?
A. An exchange-traded fund dividend is income earned by the fund from dividends and interest paid by the fund's holdings. A capital gain distribution occurs when the fund sells assets during the year and the gains on those sales exceed the losses.

Q. How do exchange-traded funds pay dividends and capital gains to fund shareholders?
A. Shareholders will receive cash for any dividend or capital gain distributions . Certain brokers may offer shareholders an option to reinvest. Contact your broker for more information.

Q. What are the tax implications of distributions to shareholders?
A. Exchange-traded fund shareholders in tax-sheltered accounts such as IRAs (Individual Retirement Accounts), 401(k) and 403(b) accounts do not pay taxes on distributions. Shareholders with taxable accounts are required to pay taxes on distributions, whether the distributions are paid out in cash or reinvested in additional shares. These gains are classified as long or short-term gains and are taxed differently. Gains on the sale of investments owned for more than one year are taxed at long-term capital gains tax rates. Gains on the sale of investments owned for one year or less are considered short-term capital gains and are taxed as ordinary income. Interest and dividends are also taxed at ordinary income tax rates which generally are higher than long-term capital gains tax rates.

Q. Why do exchange-traded funds pay dividends and distributions?
A. U.S. tax law requires that exchange-traded funds pay substantially all net investment income and net capital gains to their shareholders once a year.

Q. If I receive a capital gains distribution, but owned my shares less than a year, how is it taxed?
A. Because the gains relate to the securities owned by the fund, a distribution of long-term gains by the fund is subject to long-term capital gains tax rates, even if you held the shares for less than a year.

Q. If I reinvest all my fund distributions, will they still be subject to income taxes?
A. Yes. Distributions of dividends and capital gains in non-retirement accounts are subject to income tax regardless of whether you receive them in cash or reinvest them in additional shares. Distributions in retirement accounts are not taxed.

Q. How will I know what dividends and short- and long-term capital gains distributions to report on my tax return?
A. The fund will mail you a Form 1099-DIV in mid-February, identifying all the distributions paid to you during the tax year, with a breakdown between ordinary income dividends and long-term capital gains distributions.

Q. How is a fund's share price affected when a distribution is paid?
A. Capital gains and dividend distributions will reduce the fund's net asset value per share (NAV) by the amount of the distribution on the ex-dividend date. For example, if an exchange-traded fund were to pay a distribution of $1.00 per share and the fund's net asset value (NAV) was $10.00 per share prior to the distribution, on the ex-dividend date the NAV would be reduced by $1.00 per share. Market activity may also impact the fund's NAV on the ex-dividend date, so the total change in a fund's NAV may be more or less than the dividend and capital gain distributions. Similar to the NAV, market price will be reduced by the distribution amount at market open on ex-dividend date.

Q. How do a fund's dividend and capital gains distributions affect its total return?
A. Distributions do not impact total return.

Q. Have the Mairs & Power Funds made capital gains distributions every year?
A. Generally, the Funds have made capital gains distributions every year. A ten year history of distributions and dividends is available on the Funds' website under each Fund's Distribution History page.

Q. Do fund managers try to limit capital gain distributions?
A. Mairs & Power has always managed investments with tax efficiency in mind. Our basic long-term investment philosophy helps limit the amount of gains realized in any period. In addition, the firm utilizes available tax-minimizing strategies allowed by law. While taxes are an important consideration, securities will be sold when it is appropriate for investment reasons.

All investments have risks.
Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Because the Fund invests substantially in Minnesota municipal instruments, it is more exposed to the impact of negative political, economic and legislative factors within Minnesota than a fund that invests more widely. Because the Fund is "non-diversified," it may invest a greater percentage of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. The fund is also subject to risks associated with investments in the municipal bond market, municipal mortgage back securities, and other investment companies. The Fund is a recently organized, management investment company with no operating history. As a result, prospective investors have a limited track record on which to base their investment decision. There is also a risk that the Fund will not grow to or maintain an economically viable size, in which case it could ultimately liquidate without shareholder approval.

The fund may trade at a premium or discount to NAV. Shares of any ETF are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Although the Fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes. Monthly income distributions are not guaranteed.

The Fund's investment objective, risks, charges and expenses must be considered carefully before investing. The summary prospectus or prospectus contains this and other important information about the Fund and they may be obtained by calling 888-204-3346. Read the summary prospectus or prospectus carefully before investing.

Mairs & Power, Inc. and Foreside Fund Services, LLC. do not provide legal, tax or accounting advice to their clients. All investors are encouraged to consult with their legal, tax or accounting consultants.

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