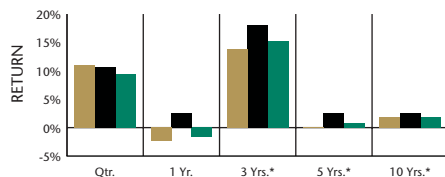


**Fund Objective:** Seeks capital appreciation. The Fund pursues this objective through investment in equity securities of companies with the potential for above-average growth in earnings.

## TOTAL RETURNS (%) AS OF 12/31/11

Inception Date: 12/12/94



	Qtr.	1 Yr.	3 Yrs.*	5 Yrs.*	10 Yrs.*
■ Fund	11.05	-2.40	13.82	0.13	1.87
■ Russell 1000 Growth Index <sup>2</sup>	10.61	2.64	18.02	2.50	2.59
■ Lipper Category 2nd Quartile Total Return Ranking <sup>3</sup>	9.35	-1.71	15.25	0.88	1.89

Lipper Category: Large-Cap Growth Funds

\* Returns for periods over one year are annualized. The returns represent past performance. Past performance does not guarantee future results. The Fund's investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted above. To obtain the most recent month-end returns, please visit our website at [www.commercefunds.com/fund\\_is\\_SharePerf.shtm](http://www.commercefunds.com/fund_is_SharePerf.shtm).

The Total Returns are average annual total returns or cumulative total returns (only if the performance period is one year or less) as of the most recent calendar quarter-end. They are net of expenses and assume reinvestment of all distributions at net asset value. Because the Fund is not subject to a sales charge, such a charge is not applied to their Total Returns.

The Fund invests in mid-capitalization securities. The securities of mid-capitalization companies involve greater risks than those associated with larger, more established companies and may be subject to more abrupt or erratic price movements.

## GROWTH FUND UPDATE

Stocks came roaring back in the fourth quarter, capping off a volatile year in the equity markets. Improving labor market trends, lower odds of a double-dip recession in the U.S. and gradual progress in European sovereign debt problems provided a needed respite from recent headlines. The Fund posted a return of 11.05% in the quarter outperforming the 10.61% return of the Russell 1000 Growth Index (Index).

Energy-related companies were among the best performing during the quarter and the Fund's modest overweight to this sector was beneficial. Occidental Petroleum (1.65%) and Exxon Mobil (5.31%) performed particularly well, climbing 31% and 17%. Among energy commodities, coal was the laggard in the quarter. Consequently, Arch Coal (0.59%) was flat for the period. Technology Services companies comprise the largest weight in the Index and while the Fund reduced its overweight in the quarter, it also remains the largest sector position in the Fund. This proved detrimental to performance as technology stocks underperformed the broader market. Software companies were the weakest among the group and stock selection compounded the sector underperformance with names like BMC Software (1.02%) (down -15%), Rovi Corp. (0.40%) (down -43%) and Oracle Corp. (2.04) (down -11%).

One of the best contributors to the Fund's performance during the quarter was its stock selection in the retail trade sector. The Fund was underweight this underperforming group, however its holdings managed to outperform the overall retail sector with the best being Lowe's (1.76%), up 31%. Also of benefit was security selection in the process industries sector. The two best performers were purchased in the Fund mid-year and each gained over 30% in the quarter; these include Solutia (0.82%) and W.R. Grace (0.90%).

SECTOR DIVERSIFICATION<sup>4</sup> (%)

SECTOR	Fund	Index**
Technology Services	17.36%	15.21%
Electronic Technology	15.09%	13.32%
Energy Minerals	10.94%	7.89%
Consumer Non-Durables	10.45%	10.62%
Health Technology	8.98%	8.02%
Consumer Services	7.30%	7.03%
Producer Manufacturing	7.28%	7.95%
Retail Trade	6.28%	7.10%
Process Industries	2.96%	4.37%
Industrial Services	2.28%	3.71%

SECTOR	Fund	Index**
Finance	2.25%	4.60%
Non-Energy Minerals	2.25%	1.18%
Transportation	2.08%	2.08%
Other	1.53%	0.00%
Communications	1.23%	1.29%
Consumer Durables	0.93%	1.24%
Commercial Services	0.81%	1.26%
Health Services	0.00%	1.75%
Distribution Services	0.00%	1.29%
Utilities	0.00%	0.09%

\*\* Russell 1000 Growth Index

## FUND FACTS

Ticker Symbol:	CFGRX
CUSIP:	200626406

## FINANCIAL INFORMATION

Total Fund Assets	\$93,685,200
Net Asset Value <sup>1</sup>	\$25.36

EXPENSE RATIO<sup>5</sup>

Current (net)	1.13%
Before Waiver (gross)	1.25%

## MANAGER PROFILE

Joseph C. Williams III, CFA
• Joined Commerce in 1975
• 34 years of experience
• Fund manager since Fund inception

## ASSET ALLOCATION

Equities	99.4%
Cash	0.6%

## PORTFOLIO CHARACTERISTICS

Avg. Mkt. Capitalization	\$65.7 Billion
Price/Earnings Ratio <sup>6</sup>	15.4x
Number of Holdings	75

TOP TEN HOLDINGS<sup>4</sup>

1. Apple Inc.	6.9%
2. Exxon Mobil Corp.	5.3%
3. International Business Machines Corp.	5.0%
4. Google Inc.	3.7%
5. Microsoft Corp.	2.9%
6. United Technologies Corp.	2.7%
7. Philip Morris International	2.7%
8. Abbott Labs	2.4%
9. Coca-Cola Co.	2.2%
10. Oracle Corp.	2.0%



## LIPPER RANKINGS

*Lipper Large-Cap Growth Funds as of 12/31/11*

1 Year	433 out of 756
5 Years	374 out of 569
10 Years	177 out of 362

**Lipper Total Return Rankings** — Lipper Analytical Services, Inc. is an independent publisher of mutual fund rankings, records rankings for these and other Commerce Funds for one-year, three-year, five-year, and ten-year total returns periods. Lipper compares mutual funds within a universe of funds with similar investment objectives, including dividend reinvestment. Lipper rankings are based on **total return** at net asset value and do not reflect sales charges. Lipper rankings do not imply that the fund had a high total return.

## MORNINGSTAR RATINGS

*Large Growth Funds Category as of 12/31/11*

Overall ★★★	out of 1478 funds
3-Year ★★★	out of 1478 funds
5-Year ★★★	out of 1279 funds
10-Year ★★★	out of 804 funds

**Morningstar Risk-Adjusted Ratings:** The Overall Rating is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating Metrics. Morningstar, Inc. is an independent publisher of mutual fund research and ratings. Ratings reflect a fund's risk-adjusted 3-, 5-, and 10-year total returns, including any sales charge. A Fund is rated against all other funds in its category. 5 stars are assigned to the top 10%; 4 stars to the next 22.5%; 3 stars to the next 35%; 2 stars to the next 22.5%; and 1 star to the bottom 10%. Morningstar only rates funds with at least a 3-year history. Past performance is not a guarantee of future results.

## Notes:

1. The Net Asset Value represents the assets of the Fund (ex dividend) divided by the total number of shares.
2. The Russell 1000 Growth Index is an unmanaged index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.
3. The Lipper Category 2nd Quartile Total Return Ranking represents the lowest performing fund in the second quartile within the respective Lipper investment category.
4. Holdings and allocations shown are unaudited, and may not be representative of current or future investments. Holdings and allocations may not include the Fund's entire investment portfolio, which may change at any time. Fund holdings should not be relied on in making investment decisions and should not be construed as research or investment advice regarding particular securities.
5. The total annual operating expenses of the Funds, both current (net of any fee waivers or expense limitations) and before waivers (gross of any fee waivers or expense limitations), are as set forth above. In the case of the Value, Growth, Bond, Short-Term Government, National Tax-Free Intermediate, Missouri Tax-Free Intermediate and Kansas Tax-Free Intermediate Funds, the Adviser has contractually agreed to limit each Fund's total annual operating expenses (excluding interest, taxes and extraordinary expenses) until March 1, 2012. After that date, the Adviser or a Fund may terminate the contractual arrangement. A Fund's total annual operating expenses may increase without shareholder approval. Percentages may not sum to 100% due to rounding.
6. The price-earnings ratio (PE Ratio) is the market value per share of a company, divided by its earnings per share (EPS). The PE Ratio is used as a measure of valuation of a company's stock price.

Goldman, Sachs & Co. is the distributor of The Commerce Funds.

**A current Commerce Funds prospectus or additional information regarding The Commerce Funds may be obtained by:**

- calling: 1-800-995-6365
- visiting our website at [www.commercefunds.com](http://www.commercefunds.com)
- or by writing to:

The Commerce Funds  
P.O. Box 219525  
Kansas City, MO 64121-9525

**Please consider a fund's objectives, risks and charges and expenses, and read the prospectus carefully before investing. The prospectus contains this and other information about the Fund.**

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