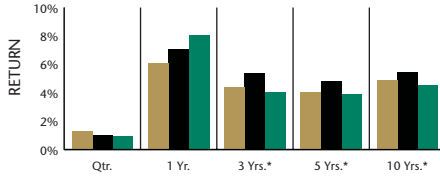




**Fund Objective:** Seeks current income exempt from federal income tax consistent with the preservation of capital. The Fund pursues this objective through investment in municipal securities exempt from regular federal income tax and federal alternative minimum taxes.

**TOTAL RETURNS (%) AS OF 3/31/10**

Inception Date: 2/21/95



Period	Fund	Barclays Capital 3-15 Year Blend Index <sup>3</sup>	Lipper Category 2nd Quartile Total Return Ranking <sup>4</sup>
Qtr.	1.27	1.02	0.97
1 Yr.	6.06	7.05	8.09
3 Yrs.*	4.37	5.41	4.08
5 Yrs.*	4.03	4.85	3.88
10 Yrs.*	4.86	5.47	4.54

Lipper Category: Intermediate Municipal Debt 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.

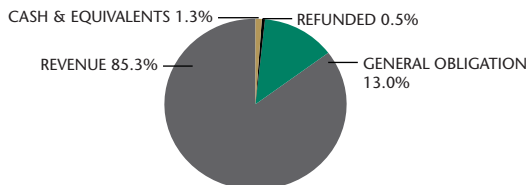
Investments in fixed-income securities are subject to the risks associated with debt securities including credit and interest rate risk. When interest rates rise, the prices of bonds and therefore the value of the fixed income mutual fund shares can decrease and an investor can lose principal value. The Fund is non-diversified. Due to the smaller number of bonds generally held in the portfolio, the Fund may be subject to greater risks than a more diversified fund. A change in the value of any single holding may affect the overall value more than it would affect a diversified fund that holds more investments. In addition, the Fund's investments may subject shareholders to federal alternative minimum tax. The investment income from this Fund may be subject to state income taxes.

**NATIONAL TAX-FREE INTERMEDIATE BOND FUND UPDATE**

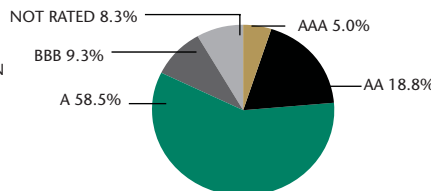
The great bear flattener of 2010 has officially arrived! The short and intermediate portions of the municipal ("muni") yield curve experienced the biggest pullback, with rates jumping 0.10% to 0.30%. This upward pressure on yields (downward pressure on prices) should continue throughout the year based on our view of an improving domestic economy. Long muni bond yields so far have held remarkably steady despite the increases in shorter-term munis and long-term treasury yields. This is purely the result of a supply/demand imbalance created from an overall lack of tax-exempt supply. The Build America Bond (BAB) program, through which the Federal Government encourages municipalities to issue taxable bonds by subsidizing their interest cost, siphoned over \$30 billion in new issuance away from the tax-exempt market during the first quarter. Much of this taxable issuance is concentrated in long-term maturities where the federal subsidy provides the greatest savings to the issuer. From a credit perspective, we feel the overwhelming negative media reports, some predicting Armageddon for the muni bond market, is incredibly overblown. In fact, we believe all the attention has created some great buying opportunities. Many of the positions we added to the Fund during the quarter have been lower rated or even non-rated. The difference in yield on these issues versus the highest quality issues more than compensates investors for the added credit risks, in our opinion.

For the first quarter, the Fund outperformed its benchmark and its peers as measured by the Lipper Intermediate Municipal Debt Funds Category 2nd Quartile Total Return Ranking. Our holdings in high grade short bonds were a drag on performance, while our holdings in longer, lower-rated bonds helped to offset that underperformance.

**SECURITY TYPE<sup>5</sup> (%)**



**CREDIT RATING<sup>5</sup> (%)**



**FUND FACTS**

Ticker Symbol:	CFNLX
CUSIP:	200626703

**FINANCIAL INFORMATION**

Total Fund Assets	\$178,448,210
Net Asset Value <sup>1</sup>	\$18.93

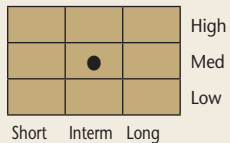
**EXPENSE RATIO<sup>6</sup>**

Current (net)	0.70%
Before Waiver (gross)	0.86%

**MANAGER PROFILE**

Brian P. Musielak, CFA	
• Joined Commerce in 1995	
• 15 years of experience	
• Fund manager since 1999	

**MORNINGSTAR STYLE BOX**



**PORTFOLIO CHARACTERISTICS**

Effective Duration <sup>2</sup>	6.63 Yrs.
Number of Holdings	233

**MATURITY DISTRIBUTION<sup>5</sup>**

Less than 2 Years	4.6%
2-5 Years	25.2%
6-11 Years	40.1%
12-17 Years	25.5%
17+ Years	4.6%



## LIPPER RANKINGS

Lipper Intermediate Municipal Debt Funds as of 3/31/10

1 Year	131 out of 160
5 Years	47 out of 126
10 Years	17 out of 75 (top 23%)

**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

Muni National Intermediate Funds Category as of 3/31/10

Overall ★★★	out of 210 fund
3-Year ★★★★★	out of 210 funds
5-Year ★★★	out of 189 funds
10-Year ★★★	out of 122 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. Duration is the method of determining a bond's price sensitivity, given changes in interest rates.
3. The Barclays Capital 3-15 Year Blend Index is an unmanaged index comprised of investment-grade municipal securities ranging from 1 to 17 years in maturity. The Index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an unmanaged index.
4. The Lipper Category 2nd Quartile Total Return Ranking represents the lowest performing fund in the second quartile within the respective Lipper investment category. The returns are net of expenses and do not take into account sales charges.
5. 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.
6. 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 Growth, 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 October 31, 2010. In the case of the Value and Bond Funds, the Adviser has voluntarily agreed to limit the total annual operating expenses (excluding interest, taxes and extraordinary expenses) of the Funds and reserves the right to discontinue the expense reimbursement at any time. A Fund's total annual operating expenses may increase without shareholder approval.

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.**

**Please read the prospectus carefully before investing.**

Date of first use: May 3, 2010. 35373.MF.OTU