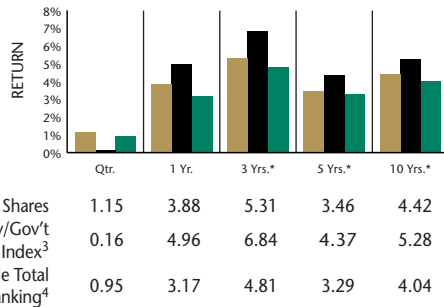


# COMMERCE FUNDS: Commerce Short-Term Government Fund – 3/31/09

**Fund Objective:** Seeks current income consistent with preservation of principal. The Fund pursues this objective primarily through investment in short-term obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities.

**TOTAL RETURNS (%) AS OF 3/31/09** Inception Date: 12/12/94



Lipper Category: Short U.S. Government 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 Institutional Shares do not involve 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. The guarantee on U.S. government securities applies only to the underlying securities of the Fund if held to maturity and not to the value of the Fund's shares. Mortgage-backed securities are subject to prepayment risks. These risks may result in greater share price volatility.

**SHORT-TERM GOVERNMENT UPDATE**

Economic problems persisted throughout the quarter as the Federal Reserve (the "Fed") and treasury scrambled to stabilize the debt markets. A number of programs to stimulate the credit markets were introduced by the U.S. government to get the economy back on track. While unemployment numbers worsened, new and existing home sales started to show some promise. Efforts to spark a housing-market recovery pushed mortgage rates to record lows and helped induce a wave of refinancing. By the end of March, the tone of the investment markets began to slightly improve.

Interest rates moved higher for the first half of the first quarter and then trended sideways for the second half, ending up 10-20 basis points at the short end of the yield curve. Upward pressure on treasury yields was largely due to concerns that there will be insufficient demand to soak up the coming surge in government bond issuance. The Fed Funds rate was left unchanged at 0.00% - 0.25% after both of its meetings in the quarter. They commented that inflation is expected to remain subdued.

The Short-Term Government Fund's return for the first quarter exceeded the Citigroup 1-5 Year Treasury/Government Sponsored Index. An underweight in treasuries relative to the benchmark contributed positively to performance. Also, the Fund's strategic overweight of mortgage-backed securities and agencies helped the Fund outperform. Only the portfolio's maturity structure hindered performance.

The government's assortment of policy initiatives are gradually helping the economy regain its footing. We believe low mortgage rates should continue to benefit the housing market and contribute to the recovery.

FUND FACTS	
Ticker Symbol:	CFSTX
CUSIP:	200626109

FINANCIAL INFORMATION	
Total Fund Assets	\$78,859,637
Net Asset Value <sup>1</sup>	\$17.89

EXPENSE RATIO <sup>6</sup>	
Current (net)	0.68%
Before Waiver (gross)	0.90%

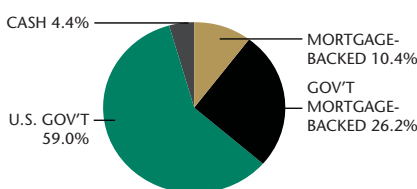
MANAGER PROFILE	
Scott M. Colbert, CFA	
<ul style="list-style-type: none"> <li>Joined Commerce in 1993</li> <li>22 years of experience</li> <li>Fund manager since Fund inception</li> </ul>	

MORNINGSTAR STYLE BOX		
●	High	
	Med	
	Low	
Short	Interm	Long

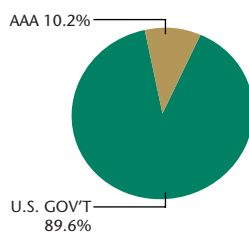
PORTFOLIO CHARACTERISTICS	
Effective Duration <sup>2</sup>	2.23
Number of Holdings	115

MATURITY DISTRIBUTION <sup>5</sup>	
0-2 Years	35.3%
2-3 Years	30.5%
3-5 Years	25.8%
5-7 Years	6.4%
7-10 Years	1.6%
10-20 Years	0.5%
20+ Years	0.0%

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



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



**COMMERCE FUNDS: Commerce Short-Term Government Fund** — Page 2**LIPPER RANKINGS — Institutional***Lipper Short Government Funds as of 3/31/09*

1 Year	32 out of 89
5 Years	25 out of 78
10 Years	11 out of 53 (top 21%)

**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 — Institutional***Short Government Funds Category as of 3/31/09*

Overall ★★★	out of 146 funds
3-Year ★★★	out of 146 funds
5-Year ★★★	out of 138 funds
10-Year ★★★	out of 102 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 Citigroup Treasury/Government Sponsored 1-5 Year Index, formerly known as the Salomon Brothers 1-5 Year Treasury/Government Sponsored Index, is an unmanaged index comprised of Treasury securities with a minimum principal amount of \$1 billion and U.S. Government Securities with a minimum principal amount of \$100 million. The securities range in maturity from one to five years. The Index figures do not reflect any deduction for fees, taxes or expenses. 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, 2009. 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.**

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