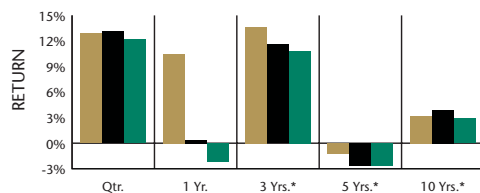


**Fund Objective:** Seeks capital appreciation and, secondarily, current income. The Fund pursues this objective through investment in equity investments of companies that are selling below fair market value compared to their future potential.

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

Inception Date: 3/3/97



Period	Fund	Russell 1000 Value Index <sup>2</sup>	Lipper Category 2nd Quartile Total Return Ranking <sup>3</sup>
Qtr.	12.86	13.11	12.20
1 Yr.	10.46	0.39	-2.20
3 Yrs.*	13.66	11.55	10.81
5 Yrs.*	-1.19	-2.63	-2.61
10 Yrs.*	3.18	3.89	2.91

Lipper Category: Large-Cap Value 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 is subject to market risk so that the value of the securities in which it invests may go up or down in response to the prospects of individual companies, particular industry sectors and/or general economic conditions.

## VALUE FUND UPDATE

The fourth quarter produced strong results for equity markets and moved most large cap domestic equity index returns back into positive territory for the year. The Commerce Value Fund returned 12.86% for the fourth quarter slightly underperforming the Russell 1000 Value Index (Index) return of 13.11% by 25 basis points.

The Fund's underweight in financials and overweight in process industries contributed positively to the Fund's returns while an overweight position in consumer non-durables offset much of this positive impact during the quarter.

Security selection in financials continued to be a strong contributor to the Fund's returns with strength in names such as Bank of Hawaii (1.92%), Cullen Frost Bankers (1.84%), AFLAC (1.74%) and BlackRock (1.82%). Offsetting this strength was security selection in industrial services and consumer services with weak performance from Waste Management (1.86%) and Darden Restaurants (1.94%) respectively.

The Fund continues to focus on a portfolio of about 50 stocks that are solid companies with a history of steady and increasing dividends to provide both capital appreciation and current income.

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

SECTOR	Fund	Index**
Finance	18.00%	24.90%
Consumer Non-Durables	12.00%	6.40%
Energy Minerals	11.40%	11.00%
Health Technology	10.50%	10.20%
Utilities	10.00%	8.10%
Electronic Technology	8.00%	8.50%
Communications	6.20%	4.70%
Producer Manufacturing	5.60%	5.10%
Distribution Services	4.00%	0.50%
Technology Services	3.90%	0.90%

SECTOR	Fund	Index**
Retail Trade	2.20%	4.20%
Health Services	2.10%	2.30%
Consumer Services	2.10%	4.30%
Process Industries	2.00%	1.90%
Industrial Services	2.00%	2.10%
Commercial Services	0.00%	0.50%
Transportation	0.00%	1.70%
Consumer Durables	0.00%	1.40%
Non-Energy Minerals	0.00%	1.20%
Other	0.00%	0.10%

\*\* Russell 1000 Value Index

## FUND FACTS

Ticker Symbol:	CFVLX
CUSIP:	200626828

## FINANCIAL INFORMATION

Total Fund Assets	\$85,226,530
Net Asset Value <sup>1</sup>	\$21.73

EXPENSE RATIO<sup>5</sup>

Current (net)	0.70%
Before Waiver (gross)	0.95%

## MANAGEMENT TEAM

The Fund is managed by the Equity Strategy Team, a group of senior-level investment professionals who average 25 years of experience.

## ASSET ALLOCATION

Equities	94.8%
Cash	5.2%

## PORTFOLIO CHARACTERISTICS

Avg. Mkt. Capitalization	\$46.07 Billion
Price/Earnings Ratio <sup>6</sup>	13x
Number of Holdings	45

TOP TEN HOLDINGS<sup>4</sup>

1. Chevron Corporation	4.6%
2. ConocoPhillips	4.1%
3. Pfizer Inc	3.0%
4. Merck & Company Inc	2.9%
5. Verizon Communications	2.9%
6. A T & T Inc	2.8%
7. Home Depot Inc	2.0%
8. HCP Inc	2.0%
9. Darden Restaurants Inc	1.9%
10. Bank of Hawaii Corporation	1.9%

## DIVIDENDS

12.31.11	\$0.153
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STANDARDIZED 30-DAY YIELD<sup>7</sup>

30-Day Subsidized Yield	2.89%
30-Day Unsubsidized Yield	2.89%



## LIPPER RANKINGS

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

1 Year	3 out of 520 (top 1%)
5 Years	88 out of 419 (top 21%)
10 Years	100 out of 251

**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 Value Funds Category as of 12/31/11*

Overall ★★★★★	out of 1127 funds
3-Year ★★★★★	out of 1127 funds
5-Year ★★★★★	out of 996 funds
10-Year ★★★	out of 571 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 Value Index is an unmanaged market capitalization weighted index of the 1,000 largest U.S. companies with lower price-to-book ratios and lower 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.
7. The 30-Day Standardized Subsidized Yield of the Fund is calculated by dividing the net investment income per share (as defined by securities industry regulations) earned by the Fund over a 30-day period (ending on the stated month-end date) by the maximum public offering price ("POP") per share of the Fund on the last day of the period. This number is then annualized. This yield does not necessarily reflect income actually earned and distributed by the Fund and, therefore, may not be correlated with the dividends or other distributions paid to shareholders. The 30-Day Standardized Unsubsidized Yield does not reflect any applicable expense reductions.

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: January 25, 2012. 66414.MF.MED.OTU