



Midcap Value Fund

12/31/23

Commerce Funds

TICKER SYMBOL	CFMVX	CUSIP	200626711	INCEPTION DATE	11/13/23
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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.

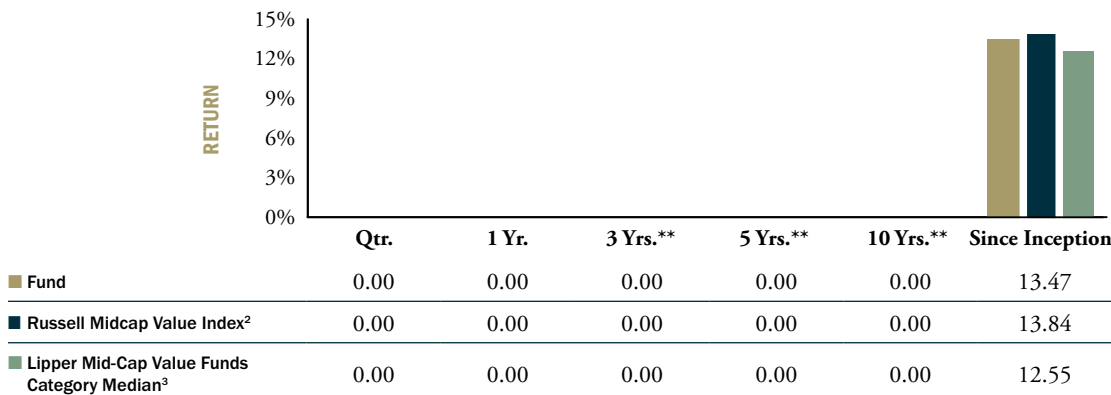
MIDCAP VALUE FUND UPDATE

After a weak beginning to the quarter, equity prices found their footing in November supported with continued positive economic news. The rally was provided a further lift in December with unanticipated comments from the Federal Reserve regarding a potential pivot from increasing to decreasing short interest rates in 2024. As we closed the quarter, most equity indices were posting 52-week highs. The Commerce MidCap Value Fund was first invested on November 13, 2023, and therefore does not have return data for the full quarter. The Commerce MidCap Value's return from the inception date to the end of the quarter was 13.46% which was in line with the Russell MidCap Value Index return of 13.56%.

Stock selection detracted from the Fund's performance. The Fund's strongest contributors were MKS Instruments, Inc. (1.41%), Invesco Ltd. (1.37%), and Blackstone Inc. (1.33%), returning 48.20%, 37.65%, and 33.96%, respectively. The Fund's top detractors were Texas Pacific Land Corporation (1.18%), Omega Healthcare Investors, Inc. (1.16%), and Archer-Daniels-Midland Company (1.13%), returning -5.17%, -2.42%, and -0.52%, respectively.

The Fund's sector allocation positively contributed to performance for the quarter. The Fund's 0.58% underweight in the Energy sector, which returned 1.75%, added to performance as it was a weaker sector. The Index had an 5.38% weight in the Energy sector. However, the Fund's 0.63% underweight position in the Health Care sector hurt performance as it was a stronger sector, gaining 15.89% for the quarter. The Index had an 6.75% weight in the Health Care sector.

TOTAL RETURNS (%) AS OF 12/31/23



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 <https://commercefunds.com/fund-information/fund-performance>.

SECTOR DIVERSIFICATION ⁴ (%)					
Sector ⁹	Fund	Index*	Sector ⁹	Fund	Index*
Communication Services	2.45%	3.23%	Industrials	18.22%	19.15%
Consumer Discretionary	9.91%	9.46%	Information Technology	10.15%	9.47%
Consumer Staples	3.46%	3.75%	Materials	7.23%	7.61%
Energy	4.78%	5.15%	Real Estate	10.99%	10.47%
Financials	17.46%	17.55%	Utilities	6.89%	7.15%
Health Care	6.16%	6.83%	Unassigned	2.30%	0.18%

FINANCIAL INFORMATION	
Total Fund Assets	\$254,160,868
Net Asset Value ¹	\$29.69
EXPENSE RATIO ⁵	
Current (net)	0.70%
Before Waiver (gross)	0.84%
MANAGER TEAM	
The Fund is managed by the Equity Strategy Team, a group of senior-level investment professionals who average 37 years of experience.	
ASSET ALLOCATION	
Equities	99.4%
Cash	0.6%
PORTFOLIO CHARACTERISTICS	
Weighted Avg. Mkt. Capitalization	\$24.8 Billion
Price/Earnings Ratio ⁶	16.6x
Number of Holdings	81
TOP TEN HOLDINGS ⁴	
1 iShares Russell MidCap Value	2.3%
2 MKS Instruments Inc	1.4%
3 Invesco Ltd	1.4%
4 Blackstone Inc	1.3%
5 Weyerhaeuser Company	1.3%
6 Rockwell Automation Inc	1.3%
7 Evercore Inc	1.3%
8 Littelfuse Inc	1.3%
9 Essex Property Trust Inc	1.3%
10 Ralph Lauren Corporation	1.3%
DIVIDENDS ⁸	
12.26.23	0.0925
SUBSIDIZED 30-DAY YIELD ⁷	
30-Day Subsidized Yield	N/A
30-Day Unsubsidized Gross Yield	N/A
LIPPER TOTAL RETURN RANKINGS ^{***}	
Lipper Large-Cap Growth Funds as of 12/31/23	
1 Year	N/A
5 Years	N/A
10 Years	N/A
MORNINGSTAR RISK ADJUSTED RATINGS ^{****}	
Large Growth Funds Category as of 12/31/23	
Overall	N/A
3-Year	N/A
5-Year	N/A
10-Year	N/A



NOTES

1. The Net Asset Value represents the assets of the Fund (ex dividend) divided by the total number of shares.
2. The Russell Midcap Value Index is an unmanaged index that measures the performance of those Russell Midcap 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. Fund holdings and allocations shown are unaudited, and may not be representative of current or future investments. Fund 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. Current and future holdings are subject to risk. Diversification does not protect an investor from market risk and does not ensure a profit.
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, 2024. 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 method of calculation of the 30-Day Standardized Subsidized Yield is mandated by the Securities Exchange Commission and is determined by dividing the net investment income per share earned during the last 30 days of the period by the maximum public offering price of the Fund ("POP") per share on the last day of the period. This number is then annualized. The 30-Day Standardized Subsidized Yield reflects fee waivers and/or expense reimbursements recorded by the Fund during the period. Without waivers and/or reimbursements, yields would be reduced. 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 adjust for any fee waivers and/or expense reimbursements in effect. If the Fund does not incur any fee waivers and/or expense reimbursements during the period, the 30-Day Standard Subsidized Yield and 30-Day Standardized Unsubsidized Yield will be identical.
8. All or a portion of the Fund's distributions may be treated for tax purposes as a return of capital, however, the final characterization of such distributions will be reported annually on Form 1099-DIV. The final tax status of the distributions may differ substantially from the above dividend information.
9. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and S&P Global Market Intelligence ("S&P") and is licensed for use by Goldman Sachs. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

A basis point (bp) is equal to 1/100th of 1%, or 0.01% (0.0001). For example: 1% change = 100 basis points, and 0.01% = 1 basis point.

FOOTNOTES

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.

* Russell Midcap Value Index

**** 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.**

*** 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.

**** The Morningstar RatingTM is calculated for funds with at least a 3-year history based on a risk-adjusted return measure that accounts for variation in a fund's monthly excess returns. Exchange-traded funds and open-ended mutual funds are considered a single population. In each category, the top 10% = 5 stars, next 22.5% = 4 stars, next 35% = 3 stars, next 22.5% = 2 stars, and bottom 10% = 1 star. Overall rating is derived from a weighted average of the returns associated with its 3-, 5-, and 10-year (if applicable) rating, excluding all sales charges. Weights are based on the # of months of total returns: 100% 3-year rating for 36-59 months, 60% 5-year rating/40% 3-year rating for 60-119 months, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months. ©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **Past performance does not guarantee future results, which may vary.**

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

1-800-995-6365

or by visiting our website at:

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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