



Commerce Midcap Growth Fund

9/30/23

Commerce Funds

| | | | | | |
|---------------|-------|-------|-----------|----------------|----------|
| TICKER SYMBOL | CFAGX | CUSIP | 200626505 | INCEPTION DATE | 12/12/94 |
|---------------|-------|-------|-----------|----------------|----------|

FUND OBJECTIVE Seeks capital appreciation. The Fund pursues this objective through investment in equity investments of mid-cap issuers that show the potential for above-average growth in earnings.

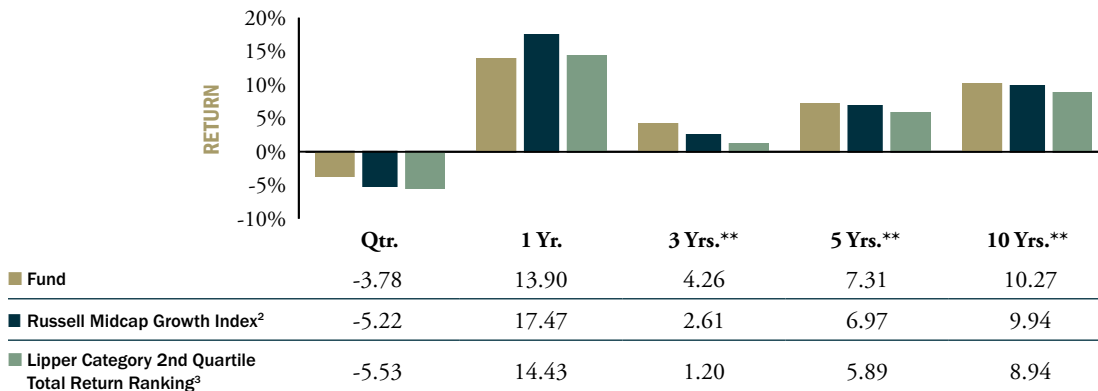
MIDCAP GROWTH FUND UPDATE

July started off strong, only to falter in August and September, producing negative returns for equities in the third quarter. The pickup in economic growth caught many investors off guard sending interest rates higher despite the Federal Reserve pausing and not hiking interest rates at both meetings during the quarter. With higher interest rates, investors feared the economy could fall into a recession in 2024, producing uncertainty for future earnings growth. The Commerce MidCap Growth Fund's return of -3.78% outperformed the Russell Mid Cap Growth Index return of -5.22%.

Stock selection added to the Fund's performance. The Fund's strongest stocks were Texas Pacific Land Corporation (1.20%), Black Knight, Inc. (0.00%), and Tradeweb Markets Inc. Class A (1.19%), returning 38.75%, 26.84%, and 17.24%, respectively. The Fund's top detractors were Insulet Corporation (0.00%), FMC Corporation (1.19%), and Keysight Technologies Inc. (1.23%), returning -46.00%, -35.25%, and -20.99% respectively.

The Fund's sector allocations slightly detracted from performance for the quarter. The Fund's 1.64% underweight to the Healthcare sector, returning -12.64%, added to performance as it was the worst performing sector. The Index had a 20.98% weight in the Healthcare sector. The Fund's 2.32% underweight to the Financials sector, returning 2.51%, detracted from performance as it was a stronger sector. The Index had a 10.23% weight in the Financials sector.

TOTAL RETURNS (%) AS OF 9/30/23



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

SECTOR DIVERSIFICATION⁴ (%)

| Sector ⁷ | Fund | Index* | Sector ⁷ | Fund | Index* |
|------------------------|--------|--------|------------------------|--------|--------|
| Communication Services | 1.23% | 4.15% | Industrials | 21.86% | 19.37% |
| Consumer Discretionary | 12.29% | 12.73% | Information Technology | 20.61% | 22.17% |
| Consumer Staples | 3.56% | 2.98% | Materials | 2.41% | 1.28% |
| Energy | 3.63% | 4.40% | Real Estate | 2.36% | 1.61% |
| Financials | 9.55% | 10.55% | Utilities | 0.00% | 0.35% |
| Health Care | 19.68% | 20.20% | Unassigned | 2.82% | 0.21% |

FINANCIAL INFORMATION

| | |
|------------------------------|---------------|
| Total Fund Assets | \$213,931,209 |
| Net Asset Value ¹ | \$41.49 |

EXPENSE RATIO⁵

| | |
|-----------------------|-------|
| Current (net) | 0.78% |
| Before Waiver (gross) | 0.78% |

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 | 97.9% |
| Cash | 2.1% |

PORTFOLIO CHARACTERISTICS

| | |
|-----------------------------------|----------------|
| Weighted Avg. Mkt. Capitalization | \$19.2 Billion |
| Price/Earnings Ratio ⁶ | 24.9x |
| Number of Holdings | 81 |

TOP TEN HOLDINGS⁴

| | | |
|----|-------------------------------|------|
| 1 | iShares Russell MidCap Growth | 2.8% |
| 2 | Five Below Inc | 1.3% |
| 3 | ResMed Inc | 1.3% |
| 4 | Ionis Pharmaceuticals Inc | 1.3% |
| 5 | Cheniere Energy Inc | 1.2% |
| 6 | Toro Company | 1.2% |
| 7 | BrightHouse Financial Inc | 1.2% |
| 8 | Lincoln Electric Holdings Inc | 1.2% |
| 9 | Skechers U.S.A. Inc | 1.2% |
| 10 | BioMarin Pharmaceutical Inc | 1.2% |

LIPPER TOTAL RETURN RANKINGS^{**}

Lipper Mid-Cap Growth Funds as of 9/30/23

| | |
|----------|-------------------------|
| 1 Year | 209 out of 390 |
| 5 Years | 79 out of 340 (top 24%) |
| 10 Years | 55 out of 275 (top 20%) |

MORNINGSTAR RISK ADJUSTED RATINGS^{***}

Mid-Cap Growth Funds Category as of 9/30/23

| | | |
|---------|-------|------------------|
| Overall | ★★★★★ | out of 520 funds |
| 3-Year | ★★★★ | out of 520 funds |
| 5-Year | ★★★★ | out of 491 funds |
| 10-Year | ★★★★★ | out of 390 funds |



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 Growth Index is an unmanaged index that measures the performance of those Russell Midcap 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. 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 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 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.

* Russell Midcap Growth 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 Rating™ 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. ©2023 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

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by visiting our website at:

www.commercefunds.com

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or by writing to:

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

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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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Please read the prospectus carefully before investing.
Date of first use: October 30, 2023. 340778-OUT-10/2023