

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name The Commerce Funds - The Short-Term Government Fund		2 Issuer's employer identification number (EIN) 36-3969259	
3 Name of contact for additional information The Commerce Funds	4 Telephone No. of contact 1-800-995-6365	5 Email address of contact commercefunds@commercebank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact P.O. Box 219525		7 City, town, or post office, state, and ZIP code of contact Kansas City, MO 64121-9525	
8 Date of action 12/10/2021		9 Classification and description Regulated Investment Company shares	
10 CUSIP number 200626109	11 Serial number(s) N/A	12 Ticker symbol CFSTX	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ The Commerce Funds-The Short-Term Government Fund paid monthly income distributions to shareholders from January 2021 to October 2021. 5.90% of the distributions are a return of capital. See attached statement for more details.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The amount shown as a return of capital in the attached statement represents a reduction of the shareholder's tax basis on shares held.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ At the close of the Fund's fiscal year end of October 31, 2021, the Fund's earnings and profits were calculated under IRC section 312 as modified by section 852(c) applicable to regulated investment companies. Total earnings and profits were compared to the Fund's fiscal year distributions to shareholders. Distributions in excess of earnings and profits were recharacterized as a return of capital that reduces each shareholder's tax basis in applicable shares.

Part II **Organizational Action** *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____
IRC section 301(c)(2) - Basis reduction for distributions in excess of earnings and profits
IRC section 316(b)(4) - Special rule for allocation of distributions in excess of earnings and profits for a fiscal year regulated investment company

18 Can any resulting loss be recognized? ▶ No loss can be recognized by shareholders for the non-taxable return of capital distributions received.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ This organizational action is reportable with respect to tax year 2021. This information will also be reported on the shareholders 2021 Form 1099-DIV, Box 3.

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ _____ Date ▶ _____

Print your name ▶ A signed copy is maintained by the issuer Title ▶ _____

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

The Commerce Funds - The Short-Term Government Fund
Supplemental Attachment to Form 8937

Part II, Question 14

CUSIP: 200626109

Ticker: CFSTX

Record Date	Ex-Date	Payable Date	Per share Distribution	Per Share Taxable Dividend	Per Share Nontaxable Return of Capital
Daily	Daily	01/29/2021	0.0208	0.0196	0.0012
Daily	Daily	02/26/2021	0.0194	0.0183	0.0011
Daily	Daily	03/31/2021	0.0256	0.0241	0.0015
Daily	Daily	04/30/2021	0.0216	0.0203	0.0013
Daily	Daily	05/28/2021	0.0258	0.0243	0.0015
Daily	Daily	06/30/2021	0.0225	0.0212	0.0013
Daily	Daily	07/30/2021	0.0229	0.0215	0.0014
Daily	Daily	08/31/2021	0.0216	0.0203	0.0013
Daily	Daily	09/30/2021	0.0197	0.0185	0.0012
Daily	Daily	10/29/2021	0.0178	0.0167	0.0011