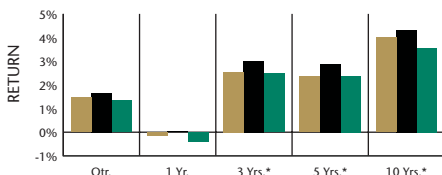


COMMERCE FUNDS: Commerce National Tax-Free Intermediate Bond Fund – 3/31/17

Fund Objective: Seeks current income exempt from federal income tax consistent with the preservation of capital. The Fund pursues this objective through investment in municipal securities exempt from regular federal income tax and federal alternative minimum taxes.

TOTAL RETURNS (%) AS OF 3/31/17 Inception Date: 2/21/95



Period	Fund	Barclays 3-15 Year Blend Index ³	Lipper Category 2nd Quartile Total Return Ranking ⁴
Qtr.	1.46	1.65	1.35
1 Yr.	-0.15	0.02	-0.42
3 Yrs.*	2.54	3.01	2.49
5 Yrs.*	2.36	2.88	2.37
10 Yrs.*	4.00	4.31	3.55

Lipper Category: Intermediate Municipal Debt 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.

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.

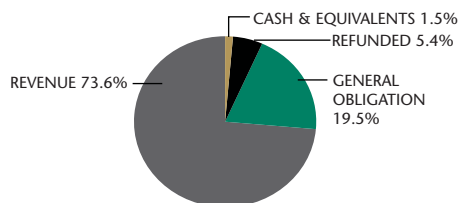
Investments in fixed-income securities are subject to the risks associated with debt securities including credit and interest rate risk. When interest rates rise, the prices of bonds and therefore the value of the fixed income mutual fund shares can decrease and an investor can lose principal value. The Fund is non-diversified. Due to the smaller number of bonds generally held in the portfolio, the Fund may be subject to greater risks than a more diversified fund. A change in the value of any single holding may affect the overall value more than it would affect a diversified fund that holds more investments. In addition, the Fund's investments may subject shareholders to federal alternative minimum tax. The investment income from this Fund may be subject to state income taxes.

NATIONAL TAX-FREE INTERMEDIATE BOND FUND UPDATE

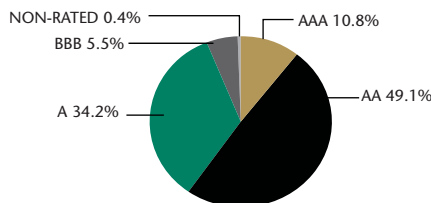
Equity prices continued to move higher on improved earnings and a seemingly greater confidence that positive fiscal changes are coming. Bond investors clearly took a more skeptical view. The Federal Reserve (Fed) raised rates 25 basis points (bps) in March as was anticipated. Though the equity markets digested this move as the Fed perceiving the economy as strong enough to absorb higher rates, the 10-year Treasury yield actually decreased 6bps from 2.45% to 2.39% while the 10-year municipal yield decreased 6bps from 2.31% to 2.25%. Longer bonds outperformed shorter bonds and General Obligation (GO) bonds and revenue bonds performed in-line for the quarter. The municipal curve steepened 8bps in the 10-to-30 year segment during the quarter as yields came down in the short-end, while the 30-year municipal bond was essentially flat. Lower quality bonds beat higher quality counterparts. Bloomberg Barclay's high yield municipal index beat their investment grade index by over 260bps for the quarter.

For the first quarter, the Fund's return of 1.46% underperformed the Bloomberg Barclays' 3-15 Year Blend benchmark of 1.65%. The Fund's exposures to the GO and limited-tax sectors hampered returns. Housing and water/sewer sectors supported returns, as did the Fund's longer-duration and lower-quality issues.

SECURITY TYPE⁵ (%)



CREDIT RATING⁵ (%)



FUND FACTS	
Ticker Symbol:	CFNLX
CUSIP:	200626703

FINANCIAL INFORMATION	
Total Fund Assets	\$316,296,698
Net Asset Value ¹	\$19.31

EXPENSE RATIO ⁶	
Current (net)	0.63%
Before Waiver (gross)	0.88%

MANAGER PROFILE	
Brian P. Musielak, CFA	
<ul style="list-style-type: none"> Joined Commerce in 1995 22 years of experience Fund manager since 1999 	

PORTFOLIO CHARACTERISTICS	
Effective Duration ²	5.82 yrs
Number of Holdings	276

MATURITY DISTRIBUTION ⁵	
Less than 2 Years	7.9%
2-5 Years	16.9%
6-11 Years	52.2%
12-17 Years	15.8%
17+ Years	7.4%

STANDARDIZED 30-DAY YIELD ⁷	
30-Day Yield	1.86%
30-Day Gross Yield	1.86%



LIPPER RANKINGS

Lipper Intermediate Municipal Debt Funds as of 3/31/17

1 Year	62 out of 216 (top 29%)
5 Years	88 out of 165
10 Years	13 out of 110 (top 12%)

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

Muni National Intermediate Funds Category as of 3/31/17

Overall ★★★★★	out of 256 funds
3-Year ★★★	out of 256 funds
5-Year ★★★	out of 224 funds
10-Year ★★★★★	out of 150 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 Barclays 3-15 Year Blend Municipal Bond Index is an unmanaged index comprised of investment-grade municipal securities ranging from 2 and 17 years in maturity. The Index figures do not reflect any deduction for fees, expenses or taxes. 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.
5. 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.

This fund has not been rated by an independent rating agency. Commerce may receive credit quality ratings on the Fund's underlying securities from at least one of three major rating agencies - S&P, Moody's and Fitch. The underlying security may be unrated but deemed by Commerce to be of comparable quality. Commerce develops the credit quality breakdown by taking the highest rating if more than one agency rates a security. Commerce will use a single rating if that is the only one available. Securities that are not rated by the agency are reflected as such in the breakdown. Commerce converts all ratings to the equivalent S&P major rating category when illustrating the Fund's credit rating breakdown. Ratings and portfolio credit quality may change over time. Unrated securities do not necessarily indicate low quality, and for such securities the investment adviser will evaluate the credit quality.

Non-Rated (NR) includes holdings of securities not rated by any major rating agency. Unrated securities held in the fund may be of higher, lower, or comparable credit quality to securities that have a credit rating from a Nationally Recognized Statistical Rating Organization (NRSRO). Therefore, investors should not assume that the unrated securities in the fund increase or decrease the fund's overall credit quality. Percentages may not sum to 100% due to rounding.

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 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, 2018. 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.
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. 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.

Goldman, Sachs & Co. is the distributor of The Commerce Funds.

Economic and market forecasts presented herein reflect a series of assumptions and judgments as of the date of this presentation and are subject to change without notice. These forecasts do not take into account the specific investment objectives, restrictions, tax and financial situation or other needs of any specific client. Actual data will vary and may not be reflected here. These forecasts are subject to high levels of uncertainty that may affect actual performance. Accordingly, these forecasts should be viewed as merely representative of a broad range of possible outcomes. These forecasts are estimated, based on assumptions, and are subject to significant revision and may change materially as economic and market conditions change. Commerce Funds has no obligation to provide updates or changes to these forecasts. Case studies and examples are for illustrative purposes only. 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
- 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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