Commerce Kansas Tax-Free Intermediate Bond Fund

9/30/26

Commerce Funds

TICKER SYMBOL	CUSIP	INCEPTION DATE
KTXIX	200626786	12/26/00

FUND OBJECTIVE

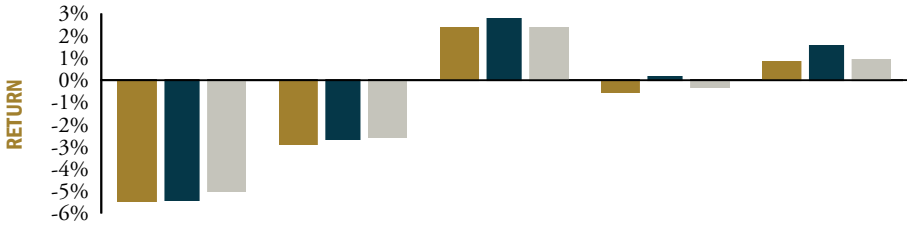
Seeks current income exempt from federal, and to the extent possible, from Kansas income taxes, consistent with the preservation of capital. The Fund pursues this objective through investment primarily in municipal securities exempt from regular federal income tax, federal alternative minimum taxes, and Kansas income tax.

KANSAS TAX-FREE INTERMEDIATE BOND UPDATE

Long-term Treasury yields rose sharply during the quarter as resilient economic growth, persistent inflation, heavy government borrowing and strong demand for capital from the AI investment cycle pushed the term premium higher. The 10-year Treasury yield climbed to its highest level since 2002, creating a challenging backdrop for fixed income markets and particularly longer-duration securities. Geopolitical tensions involving Iran and the Strait of Hormuz added to inflationary pressures as Brent crude again moved above $100 per barrel. Against this backdrop, the Federal Reserve raised its target rate by 25 basis points (bps) to 3.75–4.00% in September, its first increase since 2023, while maintaining a higher projected path for rates and inflation. Despite tighter financial conditions, economic growth remained resilient, supported by business investment and consumer spending. The Treasury curve steepened 11 bps and the municipal (muni) curve flattened by 23 bps during the quarter. The 10-year Treasury yield increased by 82 bps from 4.47% to 5.29% and the 10-year muni yield increased by 115 bps from 2.95% to 4.10%. The 10-year muni/treasury ratio increased to 78%. Demand for municipal bonds continued at a strong pace, supported by nearly $75 billion in net fund inflows year-to-date, according to JP Morgan. A healthy supply of tax-exempt debt persisted with roughly $163 billion issued in Q3, now at $458 billion for the year. New issuance is up over 4.5% year-over-year. Refunding deals made up over 28% of new supply and taxable supply comprised over 5%. In Q3, long-term maturities underperformed shorter maturities, and lower-quality bonds outpaced higher-quality counterparts. Revenue bonds underperformed while credit spreads finished tighter for the quarter. Bloomberg's high yield muni index outperformed their investment grade index by 80 bps.

For the third quarter, The Commerce Kansas Tax-Free Fund's return of -5.45% underperformed the Bloomberg 3-15 Year Blend benchmark of -5.40%. Longer durations detracted the most. The Fund's cash position and exposures to the higher education and housing sectors performed the best. Power, water/sewer, and GO sectors lagged.

TOTAL RETURNS (%) AS OF 9/30/26

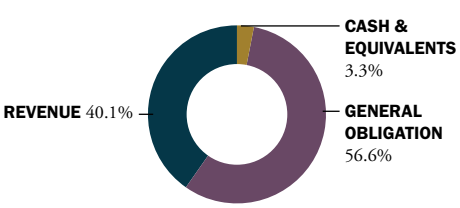


	Qtr.	1 Yr.	3 Yrs.*	5 Yrs.*	10 Yrs.*
Fund	-5.45	-2.88	2.39	-0.56	0.84
Bloomberg 3-15 Yr Blend[3]	-5.40	-2.66	2.80	0.16	1.56
Lipper Category 2nd Quartile Total Return Ranking[4]	-5.00	-2.58	2.39	-0.34	0.95

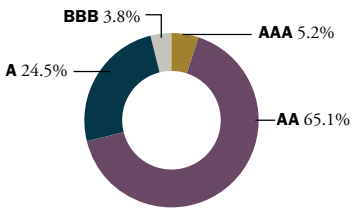
Lipper Category: Other States Intermediate Muni Debt Funds

**** 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 https://commercefunds.com/fund-information/fund-performance.***

SECURITY TYPE[5] (%)



CREDIT RATING[5] (%)



FINANCIAL INFORMATION

Total Fund Assets	$78,189,041
Net Asset Value[1]	$17.38

EXPENSE RATIO[6]

Current (net)	0.65%
Before Waiver (gross)	0.65%

MANAGER PROFILE

The Fund is managed by the Fixed Income Team, a group of senior-level investment professionals who average 31 years of experience.

PORTFOLIO CHARACTERISTICS

Effective Duration[2]	6.84 Yrs
Number of Holdings	95

MATURITY DISTRIBUTION[5]

Less than 2 Years	4.0%
2–5 Years	13.7%
6–11 Years	35.8%
12–17 Years	43.1%
17+ Years	3.5%

SUBSIDIZED 30-DAY YIELD[7]

30-Day Subsidized Yield	3.58%
30-Day Unsubsidized Gross Yield	3.44%

LIPPER TOTAL RETURN RANKINGS**

Lipper Other States Intermediate Muni Debt Funds as of 9/30/26

1 Year	27 out of 42
5 Years	32 out of 41
10 Years	24 out of 39

MORNINGSTAR RISK ADJUSTED RATINGS***

Muni Single State Interm Funds Category as of 9/30/26

Overall	★★★	out of 103 funds
3-Year	★★★	out of 103 funds
5-Year	★★★	out of 103 funds
10-Year	★★★	out of 96 funds

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NOTES

1. *The Net Asset Value (NAV) 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 Bloomberg 3-15 Yr Blend 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, MidCap Value, Bond, 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, 2027. 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.*

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.

Economic and market forecasts presented herein reflect our judgment 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 has no obligation to provide updates or changes to these forecasts. Case studies and examples are for illustrative purposes only.

FOOTNOTES

Investments in fixed income securities are subject to the risks associated with debt securities including credit and interest rate risk. 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.

** **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.* *©2026 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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Goldman Sachs & Co. LLC is the distributor of The Commerce Funds.

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