



Ticker Symbol	CFAGX	CUSIP	200626505	Inception Date	12/12/94
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**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**

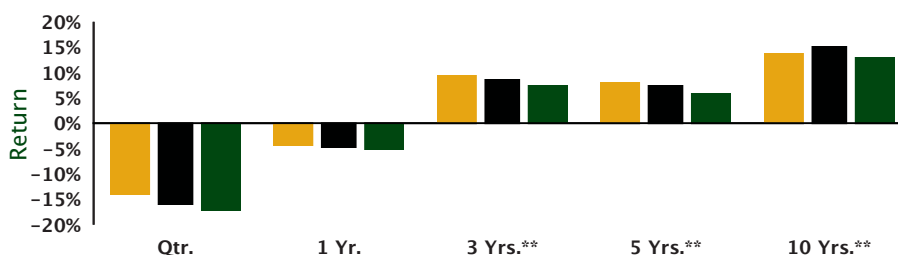
The Russell MidCap Growth Index fell from its all-time high in September to levels not seen since Summer of 2017. We believe the sharp selloff resulted from signs of a slowing global economy paired with concerns that the US Federal Reserve (Fed) was tightening policy too fast. The Commerce MidCap Growth Fund finished the quarter down -14.14%, outperforming the Russell MidCap Growth Index return of -15.99%

The Fund's sector allocations supported the Fund's relative performance. The Fund's 1% underweight to the Energy Minerals sector (down 31%) benefitted the Fund's performance. However, the Fund's 2% underweight to the Retail Trade sector (only down -13%), slightly hurt the Fund's performance.

Stock selection contributed to the Fund's relative performance. The strongest stocks were Church & Dwight Co (1.33%), McCormick & Company (1.24%), and Extra Space Storage (1.26%), up 11%, 6%, and 5%, respectively. The Fund's weakest stocks for the period were Best Buy Co. (1.15%), Eaton Vance Corp (1.22%), and BWX Technologies (0.00%) down -33%, -32%, and -31%, respectively.

During the quarter the Fund increased its position in the Producer Manufacturing sector from 8.4% to 10.1%, with the purchase of Armstrong World Industries (1.21%), which increased the Fund's overweight to the sector. The Fund decreased its position to the Technology Services sector from 22.5% to 20.3% through the sale of RealPage Inc (0.00%) and ServiceNow (0.00%), eliminating the Fund's overweight to the sector.

**TOTAL RETURNS (%) AS OF 12/31/18**



	Qtr.	1 Yr.	3 Yrs.**	5 Yrs.**	10 Yrs.**
Fund	-14.14	-4.35	9.38	8.08	13.85
Russell Midcap Growth Index <sup>2</sup>	-15.99	-4.75	8.59	7.42	15.12
Lipper Category 2nd Quartile Total Return Ranking <sup>3</sup>	-17.32	-5.19	7.58	5.90	13.09

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.asp>.

**SECTOR DIVERSIFICATION<sup>4</sup> (%)**

Sector	Fund	Index*	Sector	Fund	Index*
Producer Manufacturing	10.13%	6.50%	Other	1.20%	0.00%
Commercial Services	9.86%	6.66%	Health Services	2.45%	2.03%
Finance	8.75%	8.31%	Process Industries	3.70%	2.57%
Technology Services	20.32%	21.27%	Distribution Services	1.25%	2.13%
Consumer Services	8.24%	6.71%	Communications	0.00%	0.20%
Health Technology	9.91%	10.82%	Transportation	2.54%	1.97%
Retail Trade	5.15%	7.85%	Energy Minerals	0.00%	0.79%
Electronic Technology	10.14%	13.76%	Industrial Services	0.00%	0.81%
Consumer Durables	0.00%	2.04%	Utilities	0.00%	0.00%
Consumer Non-Durables	6.36%	4.52%	Non-Energy Minerals	0.00%	1.07%

**FINANCIAL INFORMATION**

Total Fund Assets	\$145,848,765
Net Asset Value <sup>1</sup>	\$34.23

**EXPENSE RATIO<sup>5</sup>**

Current (net)	83.0%
Before Waiver (gross)	83.0%

**MANAGEMENT TEAM**

The Fund is managed by the Equity Strategy Team, a group of senior-level investment professionals who average 32 years of experience.

**ASSET ALLOCATION**

Equities	99.4%
Cash	0.6%

**PORTFOLIO CHARACTERISTICS**

Weighted Avg. Mkt. Capitalization	\$12.7 Billion
Price/Earnings Ratio <sup>6</sup>	21.8x
Number of Holdings	81

**TOP TEN HOLDINGS<sup>7</sup>**

1 Dollar General Corporation	1.4%
2 Nordson Corporation	1.4%
3 Ross Stores, Inc	1.4%
4 Black Knight, Inc.	1.4%
5 Sealed Air Corporation	1.4%
6 Church & Dwight Co, Inc.	1.3%
7 FleetCor Technologies	1.3%
8 SS&C Technologies Holdings, Inc.	1.3%
9 Cadence Design Systems, Inc.	1.3%
10 International Flavors & Fragrance	1.3%

**LIPPER RANKINGS<sup>8,9</sup>**

Lipper Mid-Cap Growth Funds as of 12/31/18

1 Year	150 out of 386
5 Years	61 out of 330 (top 19%)
10 Years	80 out of 228

**MORNINGSTAR RATINGS<sup>10,11</sup>**

Mid-Cap Growth Funds Category as of 12/31/18

Overall	★★★★	out of 542 funds
3-Year	★★★★	out of 542 funds
5-Year	★★★★	out of 489 funds
10-Year	★★★★	out of 341 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, 2019. 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.

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. ©2019 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](http://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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