



Ticker Symbol	CFVLX	CUSIP	200626828	Inception Date	3/3/97
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**FUND OBJECTIVE**

Seeks capital appreciation and, secondarily, current income. The Fund pursues this objective through investment in equity investments of companies that are selling below fair market value compared to their future potential.

**VALUE FUND UPDATE**

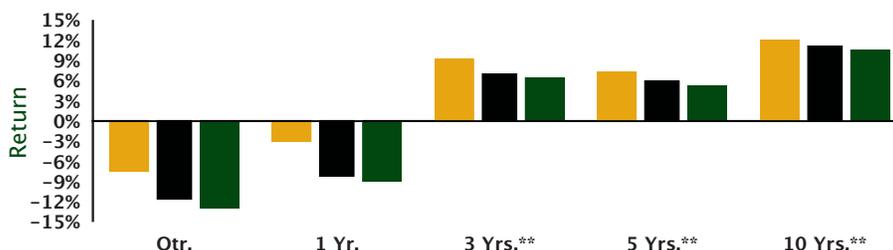
Equity markets declined early in the fourth quarter as fears increased that the Federal Reserve (Fed) was showing no signs of slowing interest rate hikes as well as the continued effort to unwind its bank balance sheet. By the end of the quarter selling intensified producing the worst December since the early 1930's. The Commerce Value Fund outpaced the Russell 1000 Value Index with a return of -7.44% compared to -11.72% for the index.

Strong security selection had the greatest impact on the Fund's ability to outperform the Index during the quarter. The fund's top contributors for the period were CME Group Inc. Class A (3.06%), Eli Lilly and Company (2.03%), and W. P. Carey Inc. (1.97%) returning 11.99%, 8.39% and 3.21%, respectively. In addition, strong security selection within the Consumer Services sector with Starbucks (0.00%) and McDonalds Corporation (1.97%) returning 17.89% and 6.80% helped the Fund return 9.93% for the sector versus -6.40% for the Index. Poor performance from Ryder System, Inc. (0.00%) and Lockheed Martin Corporation (1.87%) detracted from results returning -26.12% and -23.76%.

The Fund's sector allocation also had a small positive effect on the Fund's fourth quarter outperformance. An overweight to one of the better performing sectors, Health Technology, which was only down -5.95% boosted outperformance. The Utilities sector was the best performing sector for the quarter returning 1.13%. However, the fund's underweight position of 3.99% versus the benchmark's 6.04% weight detracted performance for the period.

The Fund maintains a portfolio of around 45 stocks with a history of solid earnings and dividends to provide both capital appreciation and current income.

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



	Qtr.	1 Yr.	3 Yrs.**	5 Yrs.**	10 Yrs.**
Fund	-7.44	-3.10	9.25	7.37	12.08
Russell 1000 Value Index <sup>2</sup>	-11.72	-8.27	6.95	5.95	11.18
Lipper Category 2nd Quartile Total Return Ranking <sup>3</sup>	-12.92	-9.01	6.45	5.32	10.54

Lipper Category: Large-Cap Value 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*
Finance	26.39%	27.55%	Process Industries	3.90%	3.72%
Energy Minerals	7.32%	7.95%	Consumer Durables	0.00%	1.41%
Health Technology	15.05%	12.95%	Industrial Services	1.82%	1.74%
Utilities	3.91%	6.44%	Consumer Services	1.97%	5.20%
Producer Manufacturing	5.79%	4.02%	Other	3.50%	0.00%
Technology Services	1.93%	2.48%	Distribution Services	1.89%	0.75%
Electronic Technology	7.76%	7.20%	Commercial Services	0.00%	0.96%
Communications	4.85%	4.09%	Health Services	0.00%	1.70%
Retail Trade	6.04%	3.79%	Transportation	1.88%	1.49%
Consumer Non-Durables	6.00%	5.81%	Non-Energy Minerals	0.00%	0.75%

**FINANCIAL INFORMATION**

Total Fund Assets	\$209,525,303
Net Asset Value <sup>1</sup>	\$27.08

**EXPENSE RATIO<sup>2</sup>**

Current (net)	0.71%
Before Waiver (gross)	0.75%

**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	99.9%
Cash	0.1%

**PORTFOLIO CHARACTERISTICS**

Weighted Avg. Mkt. Capitalization	\$120.46 Billion
Price/Earnings Ratio <sup>6</sup>	15.0x
Number of Holdings	45

**TOP TEN HOLDINGS<sup>4</sup>**

1 Chevron Corporation	3.8%
2 Exxon Mobil Corporation	3.5%
3 Pfizer Inc	3.5%
4 iShares Russell 1000 Value ETF	3.3%
5 Wells Fargo & Company	3.2%
6 CME Group Inc	3.1%
7 Amgen Inc	3.0%
8 A T & T Inc	2.9%
9 J P Morgan Chase & Company	2.8%
10 Johnson and Johnson	2.7%

**DIVIDENDS**

12.27.18	0.2102
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**SUBSIDIZED 30-DAY YIELD<sup>7</sup>**

30-Day Subsidized Yield	2.70%
30-Day Unsubsidized Gross Yield	2.63%

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

Lipper Large-Cap Value Funds as of 12/31/18

1 Year	26 out of 466 (top 6%)
5 Years	20 out of 364 (top 6%)
10 Years	46 out of 279 (top 17%)

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

Large Value Funds Category as of 12/31/18

Overall	★★★★ out of 1100 funds
3-Year	★★★★ out of 1100 funds
5-Year	★★★★ out of 937 funds
10-Year	★★★★ out of 686 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 1000 Value Index is an unmanaged market capitalization weighted index of the 1,000 largest U.S. companies with lower price-to-book ratios and lower 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.
  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.

**FOOTNOTES**

The Fund is subject to market risk so that the value of the securities in which it invests may go up or down in response to the prospects of individual companies, particular industry sectors and/or general economic conditions.

\* Russell 1000 Value 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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