CGM Mutual Fund

346th Quarterly Report
September 30, 2016

A No-Load Fund

Investment Adviser
Capital Growth Management
Limited Partnership

INVESTMENT ADVISER
CAPITAL GROWTH MANAGEMENT
LIMITED PARTNERSHIP
Boston, Massachusetts 02110

TRANSFER AND DIVIDEND PAYING AGENT AND CUSTODIAN OF ASSETS
STATE STREET BANK AND TRUST COMPANY
Boston, Massachusetts 02111

SHAREHOLDER SERVICING AGENT FOR STATE STREET BANK AND TRUST COMPANY
BOSTON FINANCIAL DATA SERVICES, INC.
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MQR316

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To Our Shareholders:

CGM Mutual Fund increased 3.2% during the third quarter of 2016 compared to a return of 3.9% for the Standard and Poor's 500 Index (S&P 500 Index) and 0.4% for the BofA Merrill Lynch U.S. Corporate, Government and Mortgage Index.

The third quarter began with U.S. stocks continuing to move up from their lows of early February. We believe much of this growth can be attributed to sustained positive employment numbers and depressed bond yields. The Labor Department reported on July 8 that U.S. employers added an additional 287,000 jobs in June. The unemployment rate for June was 4.9%, which was up slightly from May's unemployment rate of 4.7%, but this increase was likely due to workers who had dropped out of the workforce for an extended period who now resumed their job searches as employment conditions improved. The Labor Department's June labor force participation rate bears this out with a slight increase to 62.7%. In addition, private industry wages in June increased 2.6% from a year earlier, which is the fastest annual growth since 2009. Improving employment conditions and increasing wages helped keep consumer spending strong. Consumer spending accounts for approximately two-thirds of U.S. economic output and has continued to be the primary driver of growth since the end of the recession. On July 29, the Commerce Department reported that consumer spending grew 4.2% in the second quarter. Meanwhile overseas, central banks in Europe and Japan continued their policies of low and even negative interest rates in an attempt to boost economic growth. These policies helped hold U.S. government bond yields down making U.S. stocks seem more desirable.

U.S. stock prices largely stagnated in August amid mixed economic reports and minimal inflationary pressure. On August 12 the Labor Department released the Producer Price Index, which showed a drop of 0.4% for the month of July. Similarly, the August 16 Labor Department release of the Consumer Price Index showed no change for the month of July on a seasonally adjusted basis. U.S. corporate earnings reports for the second quarter were generally mediocre as energy companies continued to struggle and industrial production remained relatively weak. The Commerce Department reported in late August that orders for durable goods increased a seasonably adjusted 4.4% for the month of July, which is also an indicator of a strengthening manufacturing sector. The U.S. consumer continued to sustain economic expansion. The Commerce Department reported a seasonally adjusted increase of 0.3% in consumer spending for the month of July. Sustained consumer spending should encourage expanding business investment which, in turn should increase U.S. worker productivity and economic growth.

Through the end of the quarter, U.S. stock prices tended to move on news and speculation regarding whether the Federal Reserve would raise short term interest rates at its September meeting. The Fed ultimately left rates unchanged, pushing stocks higher and bond yields lower. Indicating that it still expects short term interest rates to rise before year-end, the Fed set forth a generally positive outlook for the U.S. economy, citing expanding growth since the first half of the year, a growing U.S. labor force and rising incomes. The Census Bureau provided encouraging evidence of improving household incomes with a September 13 report indicating median household incomes increased 5.2% from a year earlier, after adjustments for inflation. This is the first significant rise in household income in several years and an apparent consequence of continued job growth. Improving household incomes also suggest the potential for continued strength in consumer spending. An additional sign that the U.S. consumer continues to sustain economic growth arrived with the Conference Board's September Consumer Confidence Index reading, which reached its highest level in nine years with an increase to a seasonally adjusted 104.1. Global central bank economic stimulus policies also affected stock prices through the end of the third quarter. The stock market reacted poorly to the European Central Bank's decision to maintain and not expand its current bond buying and interest rate policy. Meanwhile the market welcomed the Bank of Japan's aggressive measures to fuel inflation, which was announced the same day that the Fed announced it would leave interest rates unchanged. Overall, the positive consumer outlook and rising investor confidence pushed stocks up at the end of the quarter, driven in part, by increases in the banking sector, which started to recover from its rough ride through the first half of 2016.

The yield on the 10 year U.S. Treasury was 1.46% on July 1 and on July 5 briefly dropped to its lowest level ever at 1.37%. Historically low global government bond yields and stimulative central bank activities including aggressive bond purchasing and negative yield policies, have propelled government bond investment to U.S. Treasuries. The 10-year U.S. Treasury closed the quarter with a 1.60% yield. On September 30, the S&P 500 Index was priced at 24.8 times the trailing twelve month earnings. While stock prices remain above their ten-year averages, sustained low bond yields continue to make stocks more attractive for investment.

On September 30, 2016, CGM Mutual Fund was 25.5% invested in short-term U.S. Treasury Notes. The three largest industry positions in the equity portion of the portfolio were in commercial banks, basic materials and light capital goods. The Fund's three largest equity holdings were Morgan Stanley (broker/dealers), Citigroup Inc. and Bank of America Corporation (commercial banks).

David C. Fietze
President

October 3, 2016

INVESTMENT PERFORMANCE
(unaudited)

Total Returns for Periods Ended September 30, 2016

	The Fund's Cumulative Total Return (%)	**The Fund's Average Annual Total Return (%)**
10 Years	+ 58.9	+ 4.7
5 Years	+ 46.4	+ 7.9
1 Year	- 2.6	- 2.6
3 Months	+ 3.2	—

The performance data contained in the report represent past performance, which is no guarantee of future results. The table above does not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares and assumes the reinvestment of all Fund distributions.

The investment return and the principal value of an investment in the Fund will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted.

SCHEDULE OF INVESTMENTS as of September 30, 2016
(unaudited)

COMMON STOCKS — 74.0% OF TOTAL NET ASSETS

	Shares	Value (a)
Basic Materials — 9.5%		
Martin Marietta Materials, Inc.	90,000	$ 16,119,900
Vulcan Materials Company	155,000	17,628,150
		33,748,050
Biotechnology — 5.3%		
Mallinckrodt public limited company (b)	270,000	18,840,600
Broker/Dealers — 7.9%		
Morgan Stanley	750,000	24,045,000
The Charles Schwab Corporation	130,000	4,104,100
		28,149,100
Commercial Banks — 17.8%		
Bank of America Corporation	1,350,000	21,127,500
Citigroup Inc.	500,000	23,615,000
JPMorgan Chase & Co.	285,000	18,978,150
		63,720,650
Computer Software and Services — 2.4%		
Adobe Systems Incorporated (b)	78,000	8,466,120
Electronic Components — 5.0%		
Micron Technology, Inc. (b)	1,010,000	17,957,800
Health Care Services — 2.1%		
Herbalife Ltd. (b)	120,000	7,438,800
Home Products — 2.5%		
Whirlpool Corporation	55,000	8,918,800
Insurance — 2.0%		
MetLife, Inc.	160,000	7,108,800
Light Capital Goods — 9.0%		
Applied Materials, Inc.	660,000	19,899,000
Lam Research Corporation	75,000	7,103,250
The Middleby Corporation (b)	42,000	5,192,040
		32,194,290

SCHEDULE OF INVESTMENTS as of September 30, 2016 (continued)

(unaudited)

COMMON STOCKS (continued)

	Shares	Value (a)
Oil - Independent Production — 3.0%		
Parsley Energy, Inc. (b)	150,000	$ 5,026,500
Petroleo Brasileiro S.A. - Petrobras ADR (b)	600,000	5,598,000
		10,624,500
Packaging — 0.5%		
WestRock Company	40,000	1,939,200
Peripherals — 3.9%		
Western Digital Corporation	238,000	13,915,860
Technology —3.1%		
Alphabet Inc. (b)	14,200	11,037,518
TOTAL COMMON STOCKS (Identified cost $261,257,153)		264,060,088

BONDS — 25.5% OF TOTAL NET ASSETS

United States Treasury — 25.5%	Face Amount	
United States Treasury Notes, 0.375%, 10/31/2016	$ 32,000,000	32,005,952
United States Treasury Notes, 0.500%, 01/31/2017	34,000,000	34,019,890
United States Treasury Notes, 0.625%, 06/30/2018	1,000,000	997,812
United States Treasury Notes, 0.750%, 07/31/2018	5,500,000	5,498,499
United States Treasury Notes, 1.250%, 12/15/2018	18,500,000	18,673,437
TOTAL BONDS (Identified cost $91,052,488)		91,195,590

SHORT-TERM INVESTMENT — 0.6% OF TOTAL NET ASSETS

Tri-party Repurchase Agreement with Fixed Income Clearing Corporation, dated 09/30/2016 at 0.03% to be repurchased at $2,140,000 on 10/03/2016 collateralized by $2,135,000 U.S. Treasury Note, 1.500% due 05/31/2020 valued at $2,182,286 including interest. (Cost $2,140,000)(c)	2,140,000	2,140,000
TOTAL INVESTMENTS — 100.1% (Identified cost $354,449,641)(d)		357,395,678
Cash and receivables		8,988,874
Liabilities		(9,410,910)
TOTAL NET ASSETS — 100.0%		$356,973,642

(a) Security valuation — Equity securities are valued on the basis of valuations furnished by a pricing service, authorized by the Board of Trustees (the “Board”). Equity securities listed or regularly traded on a securities exchange or in the over-the-counter (“OTC”) market are valued at the last quoted sale price or, for certain markets, the official closing price at the time the valuations are made. A security that is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. For securities with no sale reported, the last reported bid price is used. Corporate debt securities (other than short-term obligations purchased with an original or remaining maturity of sixty days or less) are valued on the basis of valuations furnished by a pricing service, authorized by the Board, which determines valuations for normal, institutional-size trading units of such securities using market information, transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders. United States government debt securities are valued at the current closing bid, as last reported by a pricing service approved by the Board. Short-term investments purchased with an original or remaining maturity of sixty days or less are valued at amortized cost, which approximates value.

When current market prices or quotations are not readily available or do not accurately reflect fair value, valuations may be determined in accordance with procedures adopted by the Board. For example, when developments occur between the close of a market and the close of the New York Stock Exchange ("NYSE") that may materially affect the value of some or all of the securities, or when trading in a security is halted, these procedures may be used. The frequency with which these procedures are used is unpredictable. These valuation procedures may result in a change to a particular security’s assigned level within the fair value hierarchy described below. The value of securities used for net asset value (“NAV”) calculation under these procedures may differ from published prices for the same securities.

The Fund may use valuation techniques consistent with the market, income, and cost approach to measure fair value. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts (cash flows, earnings) to a single present amount. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset. To increase consistency and comparability in fair value measurements and related disclosure, the Fund utilizes a fair value hierarchy which prioritizes the various inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 - Prices determined using: quoted prices in active markets for identical securities that the Fund has the ability to access at the measurement date. Valuation adjustments are not applied to Level 1 investments.
- Level 2 - Prices determined using: other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

- Level 3 - Prices determined using: significant unobservable inputs, including the Fund's own assumptions and judgment in determining the fair value of investments. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available in the circumstances. Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models rely on one or more significant unobservable inputs and/or significant assumptions by Capital Growth Management Limited Partnership, the Fund's investment adviser ("CGM"). Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Fund's investments as of September 30, 2016:

	Valuation Inputs		
Classification	**Level 1 - Quoted Prices**	**Level 2 - Other Significant Observable Inputs**	**Level 3 - Significant Unobservable Inputs**
Investments in Securities-Assets			
Common Stocks*	$ 264,060,088	—	—
Bonds			
United States Treasury Notes	—	$ 91,195,590	—
Short-Term Investment			
Repurchase Agreement	—	2,140,000	—
Total	$ 264,060,088	$ 93,335,590	—

* All common stocks held in the Fund are Level 1 securities. For a detailed break-out of common stocks by major industry classification, please refer to the Schedule of Investments.

For the nine months ended September 30, 2016, there were no transfers among Levels 1, 2 and 3.

(b) Non-income producing security.

(c) The Fund enters into repurchase agreements, under the terms of a Master Repurchase Agreement, secured by U.S. Government or Agency securities, which involve the purchase of securities from a counterparty with a simultaneous commitment to resell the securities at an agreed upon date and price. Certain repurchase agreements are tri-party arrangements whereby the collateral is held in a segregated account for the benefit of the Fund and on behalf of the counterparty. Repurchase agreements afford the Fund the opportunity to earn a return on temporarily available cash at minimal market risk. While the underlying security may be a bill, certificate of indebtedness, note or bond issued by an agency, authority or instrumentality of the U.S. Government, the obligation of the seller is not guaranteed by the U.S. Government and there is a risk that the seller may fail to repurchase the underlying security. Consequently, there may be possible delays or restrictions upon the Fund's ability to dispose of the underlying securities. Upon an event of default under the Master Repurchase Agreement, the Fund would attempt to exercise its rights with respect to the underlying security, including taking possession of the cash and/or collateral provided by the seller. At September 30, 2016, the Fund had an investment in a repurchase agreement for which the value of the related collateral exceeded the value of the repurchase agreement.

(d) Federal Tax Information: At September 30, 2016, the net unrealized appreciation on investments based on cost of $354,968,138 for Federal income tax purposes was as follows:

Aggregate gross unrealized appreciation for all investments in which there is an excess of value over tax cost	$ 6,926,348
Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value	(4,498,808)
	$ 2,427,540

The cost basis and unrealized appreciation/(depreciation) for the Schedule of Investments and tax purposes differ due to differing treatments of wash sale losses deferred.

ADR: American Depositary Receipt - a certificate issued by a U.S. bank representing the right to receive securities of the foreign issuer described. The values of ADRs are significantly influenced by trading on exchanges not located in the United States or Canada.

TELEPHONE NUMBERS

For information about:

- Account Procedures
- Purchases
- Redemptions
- Exchanges

Call 800-343-5678

- New Account Procedures and Status
- Prospectuses
- Performance
- Proxy Voting Policies and Voting Records
- Complete Schedule of Portfolio Holdings for the 1st and 3rd Quarters (as filed on Form N-Q)

Call 800-345-4048

Proxy voting policies also appear in the Fund's Statement of Additional Information, which can be found on the CGM Fund's website, www.cgmfunds.com, and the SEC's website, www.sec.gov. The voting records can also be found on the SEC's website on the Fund's Form N-PX filing.

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

MAILING ADDRESS

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WEBSITE

www.cgmfunds.com