

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.
P.O. Box 8511
Boston, Massachusetts 02266-8511

CGM
Mutual Fund

348th Quarterly Report
March 31, 2017

A No-Load Fund

This report has been prepared for the shareholders of the Fund and is not authorized for distribution to current or prospective investors in the Fund unless it is accompanied or preceded by a prospectus.

MQR117

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Investment Adviser

Capital Growth Management
Limited Partnership

To Our Shareholders:

CGM Mutual Fund returned 3.3% during the first quarter of 2017 compared to a return of 6.1% for the Standard and Poor's 500 Index (S&P 500 Index) and 0.9% for the BofA Merrill Lynch U.S. Corporate, Government and Mortgage Bond Index.

The stock market rally that began with the U.S. presidential election continued into the first quarter of this year driven, in part, by the belief that the new administration's fiscal policies would accelerate U.S. economic expansion. A primary driver of stock market performance early in the year was the banking sector which benefitted from the prospects of a more favorable regulatory environment and an upward trend in interest rates. On January 25, the Dow Jones Industrial Average surpassed 20,000 for the first time. Labor Department figures released in January demonstrated continued wage and employment improvements for American workers, including an increase in average hourly earnings in December, up 2.9% from a year earlier, and a year-end unemployment rate of 4.7%. The Commerce Department reported retail sales in 2016 increased by a healthy 3.3% over the previous year. Economic growth also began to push inflation from its historical lows and the Consumer Price Index increased 2.1% in December from December of the previous year. Growth has not been limited to the U.S. as European stock markets continued to advance at the beginning of the year in response to an expanding manufacturing sector and a drop in the jobless rate for the Eurozone to a seven year low.

The steadily improving U.S. labor market helped to further increase consumer spending in the first quarter. The Commerce Department reported strong January retail sales, an increase of 5.6% from a year earlier. Prices also continued to climb and the Labor

Department again reported the Consumer Price Index grew 0.6% in January, the largest monthly inflationary gain in almost four years. Higher energy prices were a key contributor. OPEC members and other oil producing nations generally adhered to an agreement to cut global oil production, which held the price of oil over \$50 per barrel, well above the \$30-\$40 range of a year ago.

Higher commodity prices and improved global economic conditions boosted foreign and U.S. stock indexes including the Dow Jones Industrial Average, which reached another milestone by exceeding the 21,000 mark on March 1. The manufacturing sector continued to rebound and on March 1, the Institute For Supply Management reported its Purchasing Managers' Index increased in February from 56.0% to 57.7%. Confidence in domestic and global growth led the Federal Reserve ("Fed") to raise interest rates in mid-March with plans for two further rate increases in 2017. Stocks surged and bond yields retreated in response to the Fed's decision. This rally was short-lived when stocks pulled back as the quarter came to a close. The sell-off may have been triggered, in part, by the failure of the Trump administration and congressional Republicans to pass a health care bill to replace the Affordable Care Act and the market's concern that the new administration may have trouble implementing its agenda which includes increased fiscal spending, tax cuts and reduced federal regulations.

Despite the stock market's lackluster performance at the end of the quarter, improving corporate earnings and global growth indicators pushed the Conference Board's Consumer Confidence Index up to 125.6, which is its highest level since December 2000. In another healthy sign for the U.S. economy, the

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Commerce Department reported on March 31 that the February personal consumption expenditure index (the index the Fed consults when planning interest rate adjustments) increased 2.1% from a year earlier. This is the first time in five years that consumer inflation surpassed the Fed's target of a 2% annual gain, increasing the probability of further interest rate increases this year.

The yield on the 10 year U.S. Treasury bond began the year at 2.5% and reached a high of 2.6% on March 13. Bond yields rose during the quarter in response to solid jobs reports, the European Central Bank's decision to keep its rates unchanged and the Fed's indication that it intends to migrate towards a more traditional interest rate policy going forward. The strong Consumer Confidence reading, which lifted stocks, depressed the 10 year U.S. Treasury bond yield to 2.4% at quarter end. The S&P 500 Index was priced at 24.8 times the trailing twelve month earnings as of March 31. Despite this high valuation, continued global economic growth has the potential to increase corporate earnings and create stock buying opportunities.

On March 31, 2017, CGM Mutual Fund was 26.0% invested in short-term U.S. Treasury Notes. The three largest industry positions in the equity portion of the portfolio were in commercial banks, electronic components and housing and building materials. The Fund's three largest equity holdings were Citigroup Inc. (commercial banks), Vale S.A. ADR (metals and mining) and Bank of America Corporation (commercial banks).



David C. Fietze
President

April 3, 2017

INVESTMENT PERFORMANCE

(unaudited)

Total Returns for Periods Ended March 31, 2017

	The Fund's Cumulative Total Return (%)	The Fund's Average Annual Total Return (%)
10 Years	+ 78.9	+ 6.0
5 Years	+ 38.9	+ 6.8
1 Year	+ 16.9	+ 16.9
3 Months	+ 3.3	—

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.

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SCHEDULE OF INVESTMENTS as of March 31, 2017

(unaudited)

COMMON STOCKS — 73.5% OF TOTAL NET ASSETS

	Shares	Value (a)
Banks - Money Centers — 2.6%		
Itau Unibanco Holding S.A. ADR.....	830,000	\$ 10,018,100
Broker/Dealers — 9.0%		
Morgan Stanley	390,000	16,707,600
The Goldman Sachs Group, Inc.....	80,000	18,377,600
		35,085,200
Commercial Banks — 15.8%		
Bank of America Corporation.....	850,000	20,051,500
Citigroup Inc.	400,000	23,928,000
JPMorgan Chase & Co.....	200,000	17,568,000
		61,547,500
Electrical Equipment — 2.5%		
Teradyne, Inc.....	320,000	9,952,000
Electronic and Communication Equipment — 4.2%		
NetEase Inc ADR	58,000	16,472,000
Electronic Components — 11.8%		
Analog Devices, Inc.	75,000	6,146,250
Microchip Technology Incorporated	30,000	2,213,400
Micron Technology, Inc. (b)	650,000	18,785,000
NVIDIA Corporation	175,000	19,062,750
		46,207,400
Housing and Building Materials — 9.6%		
D.R. Horton, Inc.....	400,000	13,324,000
Lennar Corporation	310,000	15,868,900
Toll Brothers, Inc.	230,000	8,305,300
		37,498,200
Insurance — 4.0%		
Prudential Financial, Inc.....	145,000	15,468,600

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SCHEDULE OF INVESTMENTS as of March 31, 2017 (continued)

(unaudited)

COMMON STOCKS (continued)

	Shares	Value (a)
Light Capital Goods — 4.7%		
KLA-Tencor Corporation.....	70,000	\$ 6,654,900
Lam Research Corporation.....	90,000	11,552,400
		<u>18,207,300</u>
Metals and Mining — 5.3%		
Vale S.A. ADR.....	2,200,000	20,900,000
Peripherals — 4.0%		
Western Digital Corporation.....	190,000	15,680,700
TOTAL COMMON STOCKS (Identified cost \$264,620,364).....		<u>287,037,000</u>

BONDS — 26.0% OF TOTAL NET ASSETS

	Face Amount	
United States Treasury — 26.0%		
United States Treasury Notes, 0.750%, 07/31/2018.....	\$ 5,500,000	5,471,213
United States Treasury Notes, 0.750%, 10/31/2018.....	28,500,000	28,299,616
United States Treasury Notes, 1.125%, 01/31/2019.....	26,000,000	25,948,208
United States Treasury Notes, 1.250%, 12/15/2018.....	41,500,000	41,522,701
TOTAL BONDS (Identified cost \$101,510,955).....		<u>101,241,738</u>

SHORT-TERM INVESTMENT — 0.6% OF TOTAL NET ASSETS

Tri-party Repurchase Agreement with Fixed Income Clearing Corporation, dated 03/31/2017 at 0.09% to be repurchased at \$2,300,000 on 04/03/2017 collateralized by \$2,615,000 U.S. Treasury Bond, 2.50% due 02/15/2046 valued at \$2,350,617 including interest. (Cost \$2,300,000)(c).....	2,300,000	2,300,000
TOTAL INVESTMENTS — 100.1% (Identified cost \$368,431,319)(d).....		390,578,738
Cash and receivables.....		6,081,378
Liabilities.....		<u>(6,278,690)</u>
TOTAL NET ASSETS — 100.0%		<u>\$390,381,426</u>

(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

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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

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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 March 31, 2017:

Classification	Valuation Inputs		
	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs
Investments in Securities-Assets			
Common Stocks*	\$ 287,037,000	—	—
Bonds			
United States Treasury Notes	—	\$ 101,241,738	—
Short-Term Investment			
Repurchase Agreement	—	2,300,000	—
Total	\$ 287,037,000	\$ 103,541,738	—

* 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 three months ended March 31, 2017, 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

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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 March 31, 2017, 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 March 31, 2017, the net unrealized appreciation on investments based on cost of \$368,866,891 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.....	\$ 24,571,034
Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value	(2,859,187)
	<u>\$21,711,847</u>

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