

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
Focus Fund

80th Quarterly Report
September 30, 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.

FQR317

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Investment Adviser

Capital Growth Management
Limited Partnership

To Our Shareholders:

CGM Focus Fund increased 10.1% during the third quarter of 2017 compared to a return of 4.5% for the Standard and Poor's 500 Index ("S&P 500 Index"). For the first nine months of the year, CGM Focus Fund increased 20.3% while the S&P 500 Index increased 14.2%.

U.S. economic growth accelerated in the third quarter, despite ongoing low inflation. In mid-July, the Labor Department reported the Consumer Price Index was unchanged for the month of June. The Commerce Department reported retail sales fell for the second consecutive month, dropping 0.2% in June. Still, retail sales for the first half of the year outpaced the first half of 2016 by 3.9%, helping to sustain slow but steady expansion. Along with consumer spending, strong employment numbers and improving wage data provided further stimulus for growth. The Labor Department reported the addition of 222,000 jobs in June and, in a sign of reduced labor market slack, indicated that workers at the bottom of the pay scale were seeing their earnings increase at a faster rate than the median rate for all workers. The Institute for Supply Management reported additional growth in both manufacturing and non-manufacturing activity in June, and healthy corporate earnings reports and rising oil prices pushed stock prices higher through the end of July.

A persistently weak dollar also benefited stocks and helped drive many raw materials to their highest prices in years. With the Eurozone economy growing slightly faster than the U.S. and Japan reporting 4% growth for the second quarter, the global market exhibited accelerating strength. U.S. stocks responded and the Dow Jones Industrial Average topped 22,000 for the first time on August 2. Retail sales rebounded and the Commerce Department reported a higher than

expected increase of 0.6% for the month of July. The Labor Department announced July's unemployment rate dropped to 4.3%. Although wages continue to increase slowly, factoring in the low inflation rate, July wages were up 2.5% from last year. Stubbornly low rates were reflected in the Commerce Department's June Personal Consumption Expenditure Index (the index the Federal Reserve consults when considering interest rate adjustments) which was unchanged for the second month in a row and only 1.4% higher than the June reading from last year. Global inflation rates also remain historically low. According to the Organization for Economic Cooperation and Development, the 20 largest economies realized consumer price increases of only 2% in June from a year earlier. This news may slow down global central bank efforts to unwind economic stimulus policies enacted during the financial crisis.

In early September the impact of hurricanes Harvey and Irma along with rising tensions between the U.S. and North Korea weighed on stock prices and further reduced the value of the dollar. While a weak dollar can contribute to economic growth by increasing export sales, a dollar that falls too far too fast could raise concerns about the high valuations of U.S. stocks. However, by the middle of the month the market was back in record territory, led by banks and their prospects for increased profit margins thanks to rising long term bond yields. The Labor Department reported the Consumer Price Index increased 0.4% in August, the biggest monthly increase since January. The Federal Reserve expressed confidence in robust growth going forward but left interest rates unchanged at its September meeting while announcing plans to begin unwinding its economic stimulus plan. The market barely noticed the Fed's announcement and

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finished the quarter strong. The Dow Jones Industrial Average had nine consecutive days of record closes through the middle of the month and the S&P 500 Index closed on September 29 at an all-time high. The Commerce Department's quarter-end GDP report revised second quarter growth up to 3.1%, the largest quarterly growth in two years and evidence of solid expansion heading into the end of the year.

The yield on the 10-year U.S. Treasury bond started the quarter at 2.3% and dropped to 2.1% on September 7 before finishing the quarter back at 2.3%. Weak inflation numbers and geopolitical tensions have both contributed to low bond yields. Towards the end of the quarter, yields began to bounce back from their recent lows in response to accelerating growth in the global economy and strong U.S. labor numbers. The S&P 500 Index was priced at 23.3 times the trailing twelve month earnings as of quarter end. Despite the high valuation, we believe that the expanding global economy combined with favorable earnings and economic data in the U.S. should continue the momentum in stock prices.

On September 30, 2017, CGM Focus Fund was 17.3% invested in commercial banks, 15.2% invested in leisure and 13.2% invested in metals and mining. The Fund's three largest holdings were Citigroup Inc., Bank of America Corporation (commercial banks) and Morgan Stanley (broker/dealer). Approximately 57.8% of the portfolio was invested in securities sold short.



David C. Fietze
President

October 1, 2017

INVESTMENT PERFORMANCE

(unaudited)

Total Returns for Periods Ended September 30, 2017

	The Fund's Cumulative Total Return (%)	The Fund's Average Annual Total Return (%)
10 Years	+ 10.8	+ 1.0
5 Years	+ 88.9	+ 13.6
1 Year	+ 43.3	+ 43.3
3 Months	+ 10.1	—

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 September 30, 2017

(unaudited)

COMMON STOCKS — 101.8% OF TOTAL NET ASSETS

	Shares	Value (a)
Auto Parts — 2.8%		
Lear Corporation	160,000	\$ 27,692,800
Banks - Money Center — 7.3%		
Banco Bradesco S.A. ADR (b)	3,500,000	38,745,000
Itau Unibanco Holding S.A. ADR (b)	2,450,000	33,565,000
		<u>72,310,000</u>
Broker/Dealers — 11.9%		
Morgan Stanley (c)	1,390,000	66,956,300
The Charles Schwab Corporation (c)	1,180,000	51,613,200
		<u>118,569,500</u>
Chemical - Specialty — 3.4%		
The Chemours Company	665,000	33,655,650
Commercial Banks — 17.3%		
Bank of America Corporation (c)	3,210,000	81,341,400
Citigroup Inc.	1,240,000	90,197,600
		<u>171,539,000</u>
Electronic Components — 10.9%		
Applied Materials, Inc.	950,000	49,485,500
Micron Technology, Inc. (d)	1,500,000	58,995,000
		<u>108,480,500</u>
Home Products — 3.3%		
Thor Industries, Inc.	90,000	11,331,900
Whirlpool Corporation	115,000	21,210,600
		<u>32,542,500</u>
Housing and Building Materials — 4.4%		
Lennar Corporation	100,000	5,280,000
NVR, Inc. (d)	13,300	37,971,500
		<u>43,251,500</u>
Insurance — 4.8%		
Prudential Financial, Inc. (c)	450,000	47,844,000

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SCHEDULE OF INVESTMENTS as of September 30, 2017 (continued)

(unaudited)

COMMON STOCKS (continued)

Leisure — 15.2%	Shares	Value (a)
Carnival Corporation	770,000	\$ 49,718,900
Norwegian Cruise Line Holdings Ltd. (c)(d)	900,000	48,645,000
Royal Caribbean Cruises Ltd. (c)	440,000	52,157,600
		<u>150,521,500</u>
Light Capital Goods — 3.5%		
Lam Research Corporation	190,000	35,157,600
Metals and Mining — 13.2%		
Grupo México, S.A.B. de C.V.	5,400,000	16,470,000
Turquoise Hill Resources Ltd. (c)(d)	16,625,000	51,537,500
Vale S.A. ADR (b)(c)	6,250,000	62,937,500
		<u>130,945,000</u>
Peripherals — 2.0%		
Western Digital Corporation	230,000	19,872,000
Steel — 1.8%		
POSCO ADR	265,000	18,391,000
TOTAL COMMON STOCKS (Identified cost \$870,667,315)		<u>1,010,772,550</u>

SHORT-TERM INVESTMENT — 0.7% OF TOTAL NET ASSETS

	Face Amount	
Tri-party Repurchase Agreement with Fixed Income Clearing Corporation, dated 09/29/2017 at 0.12% to be repurchased at \$6,520,000 on 10/02/2017 collateralized by \$6,400,000 U.S. Treasury Bond, 3.00% due 11/15/2044 valued at \$6,664,726 including interest. (Cost \$6,520,000)(e)	\$ 6,520,000	6,520,000
TOTAL INVESTMENTS — 102.5% (Identified cost \$877,187,315)(f)		1,017,292,550
Cash and receivables		568,323,639
Liabilities		(593,037,130)
TOTAL NET ASSETS — 100.0%		<u>\$ 992,579,059</u>

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SECURITIES SOLD SHORT — 57.8% OF TOTAL NET ASSETS

(unaudited)

COMMON STOCK — 33.4% OF TOTAL NET ASSETS

Food - Retailers/Wholesalers — 1.9%

	Shares	Value (a)
Chipotle Mexican Grill, Inc. (d)	60,000	\$ 18,469,800

Leisure — 3.1%

Netflix, Inc. (d)	170,000	30,829,500
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Retail — 23.3%

Amazon.com, Inc. (d)	54,000	51,912,900
General Growth Properties, Inc.	2,420,000	50,263,400
Macy's, Inc.	1,100,000	24,002,000
Simon Property Group, Inc.	330,000	53,133,300
The Macerich Company	950,000	52,221,500
		231,533,100

Technology — 5.1%

Snap Inc. (d)	3,500,000	50,890,000
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TOTAL COMMON STOCK (Proceeds \$351,268,897)		331,722,400
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BONDS — 24.4% OF TOTAL NET ASSETS

United States Treasury — 24.4%

	Face Amount	
United States Treasury Bonds, 2.750%, 08/15/2042	\$ 35,000,000	34,596,680
United States Treasury Bonds, 2.875%, 11/15/2046	100,000,000	100,398,438
United States Treasury Bonds, 3.000%, 02/15/2047	40,000,000	41,164,062
United States Treasury Bonds, 3.125%, 02/15/2043	40,000,000	42,229,688
United States Treasury Bonds, 3.750%, 11/15/2043	20,000,000	23,453,906

TOTAL BONDS (Proceeds \$227,779,323)		241,842,774
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TOTAL SECURITIES SOLD SHORT — 57.8% (Proceeds \$579,048,220)(f)		\$ 573,565,174
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- (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 for long positions and the last reported ask price for short positions. 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

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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 held long are valued at the current closing bid and if held short are valued at the current closing ask, 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

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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, 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*	\$ 1,010,772,550	—	—
Short-Term Investment			
Repurchase Agreement	—	\$ 6,520,000	—
Total:	<u>\$ 1,010,772,550</u>	<u>\$ 6,520,000</u>	<u>—</u>
Investments in Securities-Liabilities			
Common Stocks*	\$ 331,722,400	—	—
Bonds			
United States Treasury Bonds	—	\$ 241,842,774	—
Total:	<u>\$ 331,722,400</u>	<u>\$ 241,842,774</u>	<u>—</u>

* 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, 2017, there were no transfers among Levels 1, 2 and 3.

- (b) The Fund has approximately 13.6% of its net assets at September 30, 2017 invested in companies incorporated in Brazil.
- (c) A portion of this security has been segregated as collateral in connection with short sale investments. The market value of securities held in a segregated account at September 30, 2017 was \$382,289,500 and the value of cash held in a segregated account was \$546,133,857.
- (d) Non-income producing security.

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- (e) 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, 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.
- (f) Federal Tax Information: At September 30, 2017, the net unrealized appreciation on investments based on cost of \$306,767,696 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	\$171,714,830
Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value	(34,755,150)
	<u>\$136,959,680</u>

The cost basis has been reduced by the proceeds of the short positions (\$579,048,220) at September 30, 2017. 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.cgmfund.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.cgmfund.com