

INVESTMENT ADVISER

CAPITAL GROWTH MANAGEMENT
LIMITED PARTNERSHIP
Boston, Massachusetts 02110

CUSTODIAN OF ASSETS

STATE STREET BANK AND TRUST COMPANY
Boston, Massachusetts 02111

TRANSFER AGENT

DST ASSET MANAGER SOLUTIONS, INC.
P.O. Box 219252
Kansas City, Missouri 64121-9252

CGM

Mutual Fund

354th Quarterly Report
September 30, 2018

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.

MQR318

Printed in U.S.A.



Investment Adviser

Capital Growth Management
Limited Partnership

To Our Shareholders:

CGM Mutual Fund increased 6.5% during the third quarter of 2018 compared to a return of 7.7% for the Standard and Poor's 500 Index (S&P 500 Index) and 0.0% for the ICE BofAML U.S. Corporate, Government & Mortgage Index*. For the first nine months of the year, CGM Mutual Fund decreased -3.2% while the S&P 500 Index increased 10.6% and the ICE BofAML U.S. Corporate, Government & Mortgage Index decreased -1.6%.

International trade issues have been at the forefront of the news for much of the year and continued to impact markets around the world into the third quarter. In early July the U.S. imposed a new round of tariffs on \$34 billion of Chinese goods and threatened additional charges in the months ahead. China retaliated with corresponding levies on U.S. goods and vowed to match all U.S. tariffs. Meanwhile, trade tensions between the U.S. and Europe subsided as the two economies agreed to refrain from new tariffs and to consider easing existing trade barriers. U.S. stocks reacted favorably to the economic truce between the U.S. and Europe and continued to rise through the quarter while markets around much of the rest of the world struggled. Inflationary pressures continued to build and the Labor Department reported its Consumer Price Index for June (released in July) reached its highest rate in more than six years, increasing 2.9% from the previous year. This followed the Labor Department's June Producer Price Index report (also released in July) which registered a 3.4% increase for the year, the largest annual increase in prices for goods and services since November 2011. Late in July the Commerce Department reported Gross Domestic

Product increased at a 4.2% annual rate in the second quarter reflecting healthy consumer spending, strong business investment and rising export activity that continues to fuel the U.S. economy.

By mid-August evidence of robust consumer spending was surfacing in solid quarterly retail sales reports. The Commerce Department confirmed the trend, reporting retail sales in July increased from the previous year by 6.4%. Consumer spending accounts for approximately two-thirds of U.S. economic output and rising employment and wages have contributed to the increase in spending. While wage growth has been modest throughout the economic expansion, in August the Labor Department reported the longest sustained stretch of increases in nine years, with growth at a 2.7% rate or better for three straight months. U.S. stocks briefly retreated on August 10 in response to a heightened economic crisis in Turkey that impacted markets around the world. A revised trade agreement between the U.S. and Mexico boosted stocks and the S&P 500 reached a new high on August 24, setting the record for the longest bull run ever. The Commerce Department's Personal Consumption Expenditures Index (which is the Federal Reserve's preferred inflation gauge) increased for the twelve months ended in July by 2.3%. This surpassed the Fed's 2% inflation target and is the largest annualized increase in more than six years. U.S. consumer confidence continued to improve in August and the Conference Board's Consumer Confidence Index rose to its highest level since October 2000.

CGM MUTUAL FUND

In early September, the Labor Department reported the U.S. economy enjoyed a record 95th consecutive month of job growth in August with the addition of 201,000 jobs. The unemployment rate dropped to 3.9% and wages increased by 2.9% from a year earlier. This was the largest annualized wage increase since 2009 but also an indicator of increasing inflationary pressure. Inflation could also be seen in rising oil prices. In September, Brent crude, the global benchmark for oil, reached its highest settlement since November 2014, closing at \$81.20 a barrel. Oil prices steadily rose through September in response to a weakening dollar, impending U.S. sanctions that may curtail Iranian oil exports and the decision by OPEC and other major producers to refrain from increasing production. Rising inflation likely encouraged the Fed to raise short term interest rates by 0.25% on September 26 and to indicate that it anticipates gradually raising rates with one more increase in 2018 and additional increases through 2019. U.S. financial stocks dropped 1.3% on news of the rate increase. However overall, U.S. stocks enjoyed a strong third quarter with the Dow Jones Industrial Average, S&P 500 Index and NASDAQ all closing within 1% of their all-time highs.

The 10-year U.S. Treasury bond yielded 2.9% at the start of the quarter and 3.1% at the end. The yield moved slightly lower in August in response to uncertainty in emerging markets and trade tensions but gradually rose through the end of the quarter on mounting evidence of U.S. economic strength and improving conditions in the European economy. The S&P 500 Index was priced at 22.9 times the trailing twelve month earnings at the end of the third quarter. Stock valuations remain high, but we believe that positive corporate earnings and

favorable economic data in the U.S. will continue to provide investment opportunities.

On September 30, 2018, CGM Mutual Fund was 26.2% invested in short-term U.S Treasury Notes. The three largest industry positions in the equity portion of the portfolio were in leisure, money center banks and oil - independent production. The Fund's three largest equity holdings were Vale S.A. ADR (metals and mining), Royal Caribbean Cruises Ltd. (leisure) and Petroleo Brasileiro S.A. - Petrobras ADR (oil-independent production).



David C. Fietze
President

October 1, 2018

*The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its Third Party Suppliers and has been licensed for use by Capital Growth Management LP. ICE Data and its Third Party Suppliers accept no liability in connection with its use. See prospectus for a full copy of the Disclaimer.

INVESTMENT PERFORMANCE

(unaudited)

Total Returns for Periods Ended September 30, 2018

	The Fund's Cumulative Total Return (%)	The Fund's Average Annual Total Return (%)
10 Years	+ 61.8	+ 4.9
5 Years	+ 34.6	+ 6.1
1 Year	+ 2.5	+ 2.5
3 Months	+ 6.5	—

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.

CGM MUTUAL FUND

SCHEDULE OF INVESTMENTS as of September 30, 2018

(unaudited)

COMMON STOCKS — 73.2% OF TOTAL NET ASSETS

	Shares	Value (a)
Banks - Money Center — 10.5%		
Banco Bradesco S.A. ADR (b)	2,735,000	\$ 19,363,800
Itau Unibanco Holding S.A. ADR (b)	1,830,000	20,093,400
		39,457,200
Chemicals - Specialty — 3.0%		
Celanese Corporation	100,000	11,400,000
Commercial Banks — 4.6%		
Bank of America Corporation	280,000	8,248,800
JPMorgan Chase & Co.	80,000	9,027,200
		17,276,000
Drugs — 2.6%		
Eli Lilly and Company	90,000	9,657,900
Electronic and Communication Equipment — 3.1%		
Zebra Technologies Corporation (c)	66,000	11,670,780
Leisure — 17.1%		
Carnival Corporation (b)	310,000	19,768,700
Norwegian Cruise Line Holdings Ltd. (b)(c)	360,000	20,674,800
Royal Caribbean Cruises Ltd. (b)	185,000	24,038,900
		64,482,400
Machinery — 4.2%		
United Rentals, Inc. (c)	97,000	15,869,200
Metals and Mining — 6.6%		
Vale S.A. ADR (b)	1,675,000	24,857,000
Oil - Independent Production — 7.4%		
Petroleo Brasileiro S.A. - Petrobras ADR (b)	1,800,000	21,726,000
Pioneer Natural Resources Company	35,000	6,096,650
		27,822,650

CGM MUTUAL FUND

SCHEDULE OF INVESTMENTS as of September 30, 2018 (continued)

(unaudited)

COMMON STOCKS (continued)

	Shares	Value (a)
Oil Refining — 4.6%		
BP PLC ADR (b)	170,000	\$ 7,837,000
Chevron Corporation	40,000	4,891,200
PBF Energy Inc.	90,000	4,491,900
		<u>17,220,100</u>
Railroad — 1.6%		
CSX Corporation	80,000	5,924,000
Retail — 4.5%		
Tiffany & Co.	130,000	16,766,100
Textile and Apparel — 3.4%		
lululemon athletica inc. (c)	10,000	1,624,900
V.F. Corporation	120,000	11,214,000
		<u>12,838,900</u>
TOTAL COMMON STOCKS (Identified cost \$277,890,379)		<u>275,242,230</u>

BONDS — 26.2% OF TOTAL NET ASSETS

	Face Amount	
United States Treasury — 26.2%		
United States Treasury Notes, 0.750%, 10/31/2018	\$ 4,500,000	4,495,215
United States Treasury Notes, 1.125%, 01/31/2019	26,000,000	25,897,406
United States Treasury Notes, 1.250%, 12/15/2018	41,500,000	41,419,735
United States Treasury Notes, 1.250%, 05/31/2019	7,000,000	6,942,031
United States Treasury Notes, 1.250%, 08/31/2019	4,000,000	3,949,844
United States Treasury Notes, 1.875%, 12/15/2020	14,000,000	13,711,250
United States Treasury Notes, 2.250%, 02/29/2020	2,000,000	1,986,094
TOTAL BONDS (Identified cost \$98,867,227)		<u>98,401,575</u>

SHORT-TERM INVESTMENT — 0.9% OF TOTAL NET ASSETS

Tri-party Repurchase Agreement with Fixed Income Clearing Corporation, dated 09/28/2018 at 0.42% to be repurchased at \$3,295,000 on 10/01/2018 collateralized by \$3,650,000 U.S. Treasury Bond, 2.75% due 08/15/2047 valued at \$3,355,290 including interest. (Cost \$3,295,000)(d)	3,295,000	3,295,000
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------	-----------

TOTAL INVESTMENTS — 100.3% (Identified cost \$380,052,606)(e)		376,938,805
Cash and receivables		4,757,965
Liabilities		(5,944,171)
TOTAL NET ASSETS — 100.0%		<u>\$375,752,599</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 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.).

CGM MUTUAL FUND

- 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, 2018:

Classification	Valuation Inputs		
	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs
Investments in Securities-Assets			
Common Stocks*	\$ 275,242,230	—	—
Bonds			
United States Treasury Notes	—	\$ 98,401,575	—
Short-Term Investment			
Repurchase Agreement	—	3,295,000	—
Total:	<u>\$ 275,242,230</u>	<u>\$ 101,696,575</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, 2018, there were no transfers among Levels 1, 2 and 3.

- (b) At September 30, 2018, the Fund had approximately 22.9% of net assets invested in companies incorporated in Brazil, approximately 6.4% of net assets invested in a company incorporated in Liberia, approximately 5.5% of net assets invested in a company incorporated in Bermuda, approximately 5.3% of

CGM MUTUAL FUND

net assets invested in a company incorporated in Panama and was less than 5% invested in a company incorporated in United Kingdom.

- (c) Non-income producing security.
- (d) 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, 2018, the Fund had an investment in a repurchase agreement for which the value of the related collateral exceeded the value of the repurchase agreement.
- (e) Federal Tax Information: At September 30, 2018, the net unrealized depreciation on investments based on cost of \$383,416,093 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	\$ 15,469,673
Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value	(21,946,961)
	<u>\$ (6,477,288)</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.

MAILING ADDRESS

The CGM Funds
c/o DST Asset Manager Solutions, Inc.
P.O. Box 219252
Kansas City, MO 64121-9252

WEBSITE

www.cgmfunds.com