

## **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**

364<sup>th</sup> Quarterly Report  
March 31, 2021

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.

MQR121

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*Investment Adviser*

**Capital Growth Management**  
*Limited Partnership*

## To Our Shareholders:

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CGM Mutual Fund increased 18.6% during the first quarter of 2021 compared to the Standard and Poor's 500 Index (S&P 500 Index) which increased 6.2% and the BofA Merrill Lynch U.S. Corporate, Government and Mortgage Index\* which decreased -3.7%.

The market enjoyed a strong start to the new year with stocks closing at record levels at the end of the first week of January. An uptick in new orders for goods and early signs of recovery in global trade at the end of 2020 fueled a rise in global factory output into the new year. The Federal Reserve Board reported industrial production rose 1.6% in December while the Institute for Supply Management disclosed U.S. manufacturing activity grew to its highest level in more than two years. Rising government bond yields and the prospect of more government spending to fight the effects of the COVID-19 pandemic, in addition to the \$900 billion stimulus already passed in December, raised the possibility of inflation, and boosted cyclical stocks like banks and energy companies. Though the Commerce Department reported the U.S. economy contracted by 3.5% in 2020, its first annual decline in eleven years, the fourth quarter of the year delivered an impressive 4.3% increase in GDP. But, by the end of January 2021, a resurgence in virus cases prompted the renewal of some state business restrictions and stocks pulled back to end the month slightly lower.

Stocks rebounded quickly in early February as corporate earnings reports exceeded expectations and employment numbers began to show improvement. In early February, the Labor Department reported weekly unemployment claims dropped for a third consecutive week as layoffs started to ease. Some state pandemic restrictions

were lifted and vaccine production ramped up dramatically. The Commerce Department announced retail sales grew at a 7.6% pace in January and household income also rose by 10%. The market surged as budding consumer demand was bolstered by the potential for additional spending following congressional approval of President Biden's \$1.9 trillion economic stimulus plan. The Fed reaffirmed that it intends to continue supporting the economy by holding interest rates near zero and continuing its bond purchase program for the foreseeable future. The likelihood of massive government spending and the growth in corporate earnings continued to push bond yields up from their historic lows. Rising yields and inflation worries, despite Fed reassurance, drove investors away from technology stocks, which had powered the market recovery in 2020. A sharp downturn in the technology sector ultimately expanded to most of the market and stocks briefly retreated from their highs.

Government bond yields continued to impact the market through the end of the quarter. As yields stalled briefly at the start of March, stocks jumped to their best one-day performance in nearly nine months. Strengthening gains in the labor market increased optimism. The Labor Department reported the unemployment rate dropped to 6.2% and employers added 379,000 jobs in February. The report also revised the estimated number of jobs added in January from 49,000 to 166,000. February's job growth was the best since last fall and driven largely by hiring at restaurants and other hospitality businesses. While the service sector lagged early in the economic recovery, rising vaccinations numbers and easing business restrictions led to more bookings at restaurants and

## CGM MUTUAL FUND

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hotels and growth in consumer spending on services. In early March, the Institute for Supply Management described a steadily expanding U.S. service sector in both January and February. Stocks reached new records in response to accelerated vaccine production and wider vaccination eligibility along with the passage of the government's virus relief package. The final legislation provides in part for \$1,400 in stimulus payments to most Americans and an extension of unemployment aid and the child tax credit for one year as well as funding for schools, local governments and vaccine distribution. At the close of the quarter, growing consumer confidence and improving economic conditions pushed the market to close near its record high.

The 10-year U.S. Treasury bond yielded 0.9% at the beginning of the quarter and climbed steadily to finish the quarter at 1.7%. The yield rose in response to increased government spending and the expectation of economic growth and potential inflation. The S&P 500 was priced at 39.9 times the trailing twelve-month earnings at the end of the quarter. While the market is priced at a historically high level, there are still companies with low valuations that we believe will provide significant growth opportunities in an expanding economy.

On March 31, 2021 CGM Mutual Fund was 26.9% invested in short-term U.S. Treasury Notes. The three largest industry positions in the equity portion of the portfolio were in commercial banks, health care services and steel. The Fund's three largest equity holdings were Bank of America Corporation (commercial banks), Academy Sports and Outdoors, Inc. (retail) and JPMorgan Chase & Co. (commercial banks).



David C. Fietze  
President

April 1, 2021

\*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 Limited Partnership. ICE Data and its Third Party Suppliers accept no liability in connection with its use. See prospectus for a full copy of the Disclaimer.

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## INVESTMENT PERFORMANCE

(unaudited)

Total Returns for Periods Ended March 31, 2021

	<b>The Fund's Cumulative Total Return (%)</b>	<b>The Fund's Average Annual Total Return (%)</b>
10 Years.....	+ 72.9	+ 5.6
5 Years.....	+ 50.1	+ 8.5
1 Year.....	+ 78.0	+ 78.0
3 Months.....	+ 18.6	—

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 March 31, 2021

(unaudited)

### COMMON STOCKS — 72.1% OF TOTAL NET ASSETS

	Shares	Value(a)
<b>Auto and Related — 5.4%</b>		
Asbury Automotive Group, Inc. (b).....	30,000	\$ 5,895,000
Avis Budget Group, Inc. (b).....	160,000	11,606,400
		<u>17,501,400</u>
<b>Business Services — 3.0%</b>		
FEDEX Corporation.....	35,000	9,941,400
<b>Commercial Banks — 14.4%</b>		
Bank of America Corporation.....	460,000	17,797,400
Citigroup Inc.....	195,000	14,186,250
JPMorgan Chase & Co.....	100,000	15,223,000
		<u>47,206,650</u>
<b>Consumer Products — 3.9%</b>		
Best Buy Co., Inc.....	110,000	12,629,100
<b>Financial Services - Miscellaneous — 4.3%</b>		
OneMain Holdings, Inc.....	260,000	13,967,200
<b>Food - Agribusiness — 3.2%</b>		
Bunge Limited.....	130,000	10,305,100
<b>Health Care Services — 6.2%</b>		
HCA Holdings, Inc.....	30,000	5,650,200
Tenet Healthcare Corporation (b).....	280,000	14,560,000
		<u>20,210,200</u>
<b>Home Products — 5.0%</b>		
Thor Industries, Inc.....	65,000	8,758,100
Winnebago Industries, Inc.....	100,000	7,671,000
		<u>16,429,100</u>
<b>Insurance — 3.6%</b>		
Chubb Limited.....	20,000	3,159,400
Prudential Financial, Inc.....	95,000	8,654,500
		<u>11,813,900</u>

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## SCHEDULE OF INVESTMENTS as of March 31, 2021 (continued)

(unaudited)

### COMMON STOCKS (continued)

	<u>Shares</u>	<u>Value(a)</u>
<b>Leisure — 2.4%</b>		
Polaris Inc.....	60,000	\$ 8,010,000
<b>Packaging — 3.4%</b>		
WestRock Company.....	215,000	11,190,750
<b>Paper Products/Consumer — 2.7%</b>		
Domtar Corporation.....	240,000	8,868,000
<b>Retail — 5.1%</b>		
Academy Sports and Outdoors, Inc. (b).....	615,000	16,598,850
<b>Steel — 5.7%</b>		
ArcelorMittal ADR (b).....	100,000	2,917,000
Companhia Siderurgica Nacional ADR.....	1,050,000	7,035,000
Gerdau S.A. ADR.....	1,600,000	8,544,000
		<u>18,496,000</u>
<b>Vehicle Assembly — 3.8%</b>		
Stellantis N.V.....	700,000	12,453,000
<b>TOTAL COMMON STOCKS</b> (Identified cost \$207,921,998) .....		<u>235,620,650</u>

### BONDS — 26.9% OF TOTAL NET ASSETS

	<u>Face Amount</u>	
<b>United States Treasury - 26.9%</b>		
United States Treasury Notes, 0.125%, 07/31/2022.....	\$ 9,000,000	9,001,055
United States Treasury Notes, 0.125%, 11/30/2022.....	32,000,000	31,991,250
United States Treasury Notes, 0.125%, 01/31/2023.....	21,500,000	21,487,402
United States Treasury Notes, 0.125%, 01/15/2024.....	7,000,000	6,963,906
United States Treasury Notes, 0.375%, 03/31/2022.....	14,000,000	14,040,469
United States Treasury Notes, 1.375%, 01/31/2022.....	2,000,000	2,021,484
United States Treasury Notes, 1.500%, 11/30/2021.....	2,500,000	2,524,024
<b>TOTAL BONDS</b> (Identified cost \$88,005,372) .....		<u>88,029,590</u>

# CGM MUTUAL FUND

## SCHEDULE OF INVESTMENTS as of March 31, 2021 (continued)

(unaudited)

	Value(a)
<b>TOTAL INVESTMENTS — 99.0%</b> (Identified cost \$295,927,370)(c) .....	\$ 323,650,240
Cash and receivables .....	8,917,802
Liabilities .....	(5,756,968)
<b>TOTAL NET ASSETS — 100.0%</b> .....	\$ 326,811,074

(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 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.

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:

## CGM MUTUAL FUND

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- 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 March 31, 2021:



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Classification	Valuation Inputs		
	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs
<b>Investments in Securities-Assets</b>			
Common Stocks*.....	\$ 235,620,650	—	—
Bonds			
United States Treasury Notes.....	—	\$ 88,029,590	—
Total:.....	\$ 235,620,650	\$ 88,029,590	—

\* 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.

(b) Non-income producing security.

(c) Federal Tax Information: At March 31, 2021, the net unrealized appreciation on investments based on cost of \$298,539,106 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.....	\$ 26,551,512
Aggregate gross unrealized depreciation for all investments in which there is an excess of tax cost over value.....	(1,440,378)
	\$ 25,111,134

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

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*For information about:*

- Account Procedures
- Purchases
- Redemptions
- Exchanges

Call 800-343-5678

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

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](http://www.cgmfund.com), and the SEC's website, [www.sec.gov](http://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-PORT, which is available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Fund's four most recent quarterly reports can be obtained on the CGM Funds' website, [www.cgmfund.com](http://www.cgmfund.com).

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## MAILING ADDRESS

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## WEBSITE

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[www.cgmfund.com](http://www.cgmfund.com)