

## 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

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## TELEPHONE NUMBERS

*For information about:*

- Account Procedures
- Purchases
- Redemptions
- Exchanges  
Call 800-343-5678
- New Account Procedures and Status
- Prospectus & SAI
- Performance
- Proxy Voting Policies and Voting Records
- Complete Schedule of Portfolio Holdings  
for the 1st & 3rd Quarters  
Call 800-345-4048

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## MAILING ADDRESS

The CGM Funds  
P.O. Box 219252  
Kansas City, MO 64121-9252

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## WEBSITE

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

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# CGM Focus Fund

99<sup>th</sup> Quarterly Report  
June 30, 2022

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.



*Investment Adviser*

**Capital Growth Management  
Limited Partnership**

## To Our Shareholders:

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CGM Focus Fund decreased -16.8% during the second quarter of 2022 compared to a return of -16.1% for the Standard and Poor's 500 Index ("S&P 500 Index"). For the first six months of the year, CGM Focus Fund decreased -10.9% and the S&P 500 Index decreased -20.0%.

Economic uncertainties that emerged early in the year continued to impact stocks into the second quarter. Stocks slumped in early April as the market anticipated aggressive steps by the Federal Reserve to combat rising inflation and the Russian invasion of Ukraine drove up energy prices. Ongoing global supply disruptions were exacerbated by renewed lockdowns in China to combat a resurgence of COVID-19 cases. U.S. employment remained a bright spot in the economy. The Labor Department reported that the March unemployment rate dropped to 3.6% and initial jobless claims in early April fell to their lowest level since 1968. In a separate report, the Labor Department indicated that the Producer Price Index jumped 11.5% in March for its fourth consecutive month of double-digit gains and further evidence of escalating inflation. Earnings reports generally signaled surprisingly strong corporate profits, briefly propping up the market in mid-April. Supply chain constraints, reduced inventory investment and diminishing government stimulus contributed to the contraction of U.S. GDP at a 1.6% annual rate in the first quarter. Rising bond yields and plummeting technology stocks pushed the S&P 500 Index down 8.7% in April for its worst monthly performance since the onset of the pandemic in 2020.

In early May, the Fed aggressively responded to escalating inflation with the approval of a 0.5% interest rate increase and the announcement of plans to begin reducing its \$9 trillion asset portfolio starting in June. Stocks initially surged in response but plunged over the following several days as technology and bank stocks suffered. Another strong employment report from the Labor Department stated that in April the U.S. economy added in excess of 400,000 jobs for the twelfth straight month. But the market selloff continued through the first half of the month on indications of widespread inflationary pressures, disappointing earnings reports from large retailers and concern that China's COVID restrictions would reduce demand for oil and

other commodities. Stocks recovered much of their losses late in the month as the consumer discretionary and financial sectors rallied. In late May the Commerce Department reported that consumer spending increased in April for the fourth consecutive month. The news boosted the market to its best weekly performance of the year before stocks pulled back on May 31 resulting in a modest 0.2% monthly increase for the S&P 500 Index.

Volatility persisted into June as the market weighed conflicting indications of consumer strength and a stagnating economy. Recession fears increased when the Labor Department reported the Consumer Price Index for May increased 8.6% from the previous year. Accelerating prices for energy and groceries were the main contributors to the CPI's expansion to its highest level since 1979. The market plummeted in response and on June 13, the S&P 500 Index entered into its first bear market since 2020, closing more than 20% below its January record. Stocks briefly rebounded when the Fed raised interest rates 0.75%, bringing the benchmark rate back to its pre-pandemic level. But by the middle of the month, the market suffered its worst weekly performance since March 2020 as the energy sector plunged and falling home construction and retail spending figures projected diminishing economic growth. Stocks sagged through the end of the month as the University of Michigan reported its consumer sentiment index dropped to a record low and the Conference Board followed with its report that consumer expectations for the short-term outlook on income, business and labor market conditions fell to the worst level in over nine years. By quarter-end Commerce Department figures suggested a slowdown in consumer spending and the S&P 500 Index closed with its worst performance for the first six months of the year since 1970.

The 10-year U.S. Treasury bond yielded 2.3% at the beginning of the quarter and climbed as high as 3.5% on June 15 before finishing the quarter at 3.0%. The yield rose in response to rising inflation and pulled back late in the quarter as stock market declines drove investment to the safety of government bonds. The S&P 500 was priced at 24.1 times the trailing twelve-month earnings at the end of the quarter. Despite the market downturn, stocks remain expensive, but we believe that companies

## CGM FOCUS FUND

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with low valuations in several market sectors offer substantial growth opportunities.

On June 30, 2022, CGM Focus Fund was 27.8% invested in oil and gas – independent production, 15.0% invested in metals and mining and 13.6% invested in commercial banks. The Fund's three largest holdings were Antero Resources Corporation (oil and gas – independent production), AMN Healthcare Services, Inc. (health care services) and Signet Jewelers Limited (retail).



David C. Fietze  
President

July 1, 2022

## INVESTMENT PERFORMANCE

(unaudited)

Total Returns for Periods Ended June 30, 2022

		<b>The Fund's Cumulative Total Return (%)</b>		<b>The Fund's Average Annual Total Return (%)</b>
10 Years .....	+	52.2	+	4.3
5 Years .....	-	14.9	-	3.2
1 Year .....	-	7.2	-	7.2
3 Months .....	-	16.8		—

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 FOCUS FUND

## PORTFOLIO DIVERSIFICATION as of June 30, 2022

(unaudited)

### COMMON STOCKS

Industry	Percent of Net Assets
Oil and Gas - Independent Production	27.8 %
Metals and Mining	15.0
Commercial Banks	13.6
Health Care Services	11.9
Oil Service	9.1
Oil Refining	6.9
Retail	6.1
Drugs	3.5
Miscellaneous	1.6

## SCHEDULE OF INVESTMENTS as of June 30, 2022

(unaudited)

### COMMON STOCKS — 95.5% OF TOTAL NET ASSETS

	Shares	Value(a)
<b>Commercial Banks — 13.6%</b>		
Bank of America Corporation .....	500,000	\$ 15,565,000
Citigroup Inc. ....	380,000	17,476,200
Wells Fargo & Company .....	300,000	11,751,000
		<u>44,792,200</u>
<b>Drugs — 3.5%</b>		
Bristol-Myers Squibb Company .....	40,000	3,080,000
Merck & Co., Inc. ....	60,000	5,470,200
Pfizer Inc. ....	60,000	3,145,800
		<u>11,696,000</u>
<b>Health Care Services — 11.9%</b>		
AMN Healthcare Services, Inc. (b) .....	200,000	21,942,000
Tenet Healthcare Corporation (b) .....	330,000	17,344,800
		<u>39,286,800</u>
<b>Metals and Mining — 15.0%</b>		
Alpha Metallurgical Resources, Inc. ....	80,000	10,330,400
Arch Coal, Inc. ....	80,000	11,447,200
CONSOL Energy Inc. (b) .....	280,000	13,826,400
Peabody Energy Corporation (b) .....	650,000	13,864,500
		<u>49,468,500</u>
<b>Miscellaneous — 1.6%</b>		
Cheniere Energy, Inc. ....	40,000	5,321,200

See accompanying notes to financial statements.

# CGM FOCUS FUND

## SCHEDULE OF INVESTMENTS as of June 30, 2022 (continued)

(unaudited)

### COMMON STOCKS (continued)

	Shares	Value(a)
<b>Oil and Gas - Independent Production — 27.8%</b>		
Antero Resources Corporation (b) .....	900,000	\$ 27,585,000
Coterra Energy Inc. ....	650,000	16,763,500
Ovintiv Inc. ....	100,000	4,419,000
Range Resources Corporation (b) .....	700,000	17,325,000
SM Energy Company .....	230,000	7,863,700
Southwestern Energy Company (b) .....	2,900,000	18,125,000
		92,081,200
<b>Oil Refining — 6.9%</b>		
CVR Energy, Inc. ....	180,000	6,030,000
Delek US Holdings, Inc. (b) .....	300,000	7,752,000
HF Sinclair Corporation .....	200,000	9,032,000
		22,814,000
<b>Oil Service — 9.1%</b>		
Halliburton Company .....	560,000	17,561,600
Schlumberger Limited .....	350,000	12,516,000
		30,077,600
<b>Retail — 6.1%</b>		
Signet Jewelers Limited .....	378,400	20,229,264
		20,229,264
<b>TOTAL INVESTMENTS — 95.5%</b> (Identified cost \$330,925,884) .....		315,766,764
Cash and receivables .....		37,004,963
Liabilities .....		(22,029,184)
<b>TOTAL NET ASSETS — 100.0%</b> .....		\$ 330,742,543

(a) See Note 2A.

(b) Non-income producing security.

See accompanying notes to financial statements.

# CGM FOCUS FUND

## STATEMENT OF ASSETS AND LIABILITIES

June 30, 2022

(unaudited)

### Assets

Investments in securities, at value:		
(Identified cost \$330,925,884) .....	\$	315,766,764
Cash .....		11,827,376
Deposits with brokers for short sales .....		57,365
Receivable for:		
Securities sold .....	\$25,030,045	
Shares of the Fund sold .....	(30,595)	
Dividends and interest .....	120,772	25,120,222
<b>Total assets</b> .....		<u>352,771,727</u>

### Liabilities

Payable for:		
Securities purchased .....	21,466,569	
Shares of the Fund redeemed .....	112,123	
Tax withholding .....	1,375	21,580,067
Accrued expenses:		
Management fees .....	313,584	
Trustees' fees .....	23,795	
Accounting, administration and compliance expenses .....	11,205	
Transfer agent fees .....	41,373	
Other expenses .....	59,160	449,117
<b>Total liabilities</b> .....		<u>22,029,184</u>

**Net Assets** .....

\$ 330,742,543

Net Assets consist of:

Capital paid-in .....	\$	478,305,496
Accumulated loss .....		(147,562,953)
<b>Net Assets</b> .....	\$	<u>330,742,543</u>
Shares of beneficial interest outstanding, no par value .....		<u>8,518,043</u>
Net asset value per share* .....		<u>\$38.83</u>

\* Shares of the Fund are sold and redeemed at net asset value (\$330,742,543 ÷ 8,518,043).

## STATEMENT OF OPERATIONS

Six Months Ended June 30, 2022

(unaudited)

### Investment Income

Income:

Dividends (net of withholding tax of \$16,286) .....	\$	3,810,214
Interest .....		20
		<u>3,810,234</u>

Expenses:

Management fees .....	1,933,886
Trustees' fees .....	47,988
Accounting, administration and compliance expenses .....	206,064
Custodian fees and expenses .....	42,509
Transfer agent fees .....	196,941
Audit and tax services .....	29,526
Legal .....	52,084
Printing .....	23,724
Registration fees .....	13,290
Miscellaneous expenses .....	2,752
	<u>2,548,764</u>

Less expense waiver .....

(129,481)

**Net expenses** .....

2,419,283

**Net investment income** .....

1,390,951

### Realized and Unrealized Gain (Loss) on Investments

Net realized losses on investments and foreign currency transactions .....

(4,218,974)

Net change in unrealized depreciation on investments .....

(37,083,116)

Net realized and unrealized losses on investments and foreign currency transactions .....

(41,302,090)

### Change in Net Assets from Operations

\$ (39,911,139)

See accompanying notes to financial statements.

# CGM FOCUS FUND

## STATEMENT OF CHANGES IN NET ASSETS

	<b>Six Months Ended June 30, 2022 (unaudited)</b>	<b>Year Ended December 31, 2021</b>
<b>From Operations</b>		
Net investment income .....	\$ 1,390,951	\$ 5,958,833
Net realized gains (losses) on investments and foreign currency transactions .....	(4,218,974)	125,114,413
Net change in unrealized depreciation on investments .....	(37,083,116)	(20,996,257)
Change in net assets from operations .....	<u>(39,911,139)</u>	<u>110,076,989</u>
<b>From Distributions to Shareholders</b>		
Total distributions .....	—	(4,171,298)
<b>From Capital Share Transactions</b>		
Proceeds from sale of shares .....	962,766	2,381,278
Net asset value of shares issued in connection with reinvestment of distributions .....	—	3,798,021
	<u>962,766</u>	<u>6,179,299</u>
Cost of shares redeemed .....	(16,382,764)	(68,217,722)
Change in net assets derived from capital share transactions .....	<u>(15,419,998)</u>	<u>(62,038,423)</u>
Total change in net assets .....	<u>(55,331,137)</u>	<u>43,867,268</u>
<b>Net Assets</b>		
Beginning of period .....	386,073,680	342,206,412
End of period .....	<u>\$ 330,742,543</u>	<u>\$ 386,073,680</u>
<b>Number of Shares of the Fund:</b>		
Issued from sale of shares .....	21,090	58,564
Issued in connection with reinvestment of distributions .....	—	87,191
	<u>21,090</u>	<u>145,755</u>
Redeemed .....	(365,846)	(1,661,191)
Net change .....	<u>(344,756)</u>	<u>(1,515,436)</u>

See accompanying notes to financial statements.



# CGM FOCUS FUND

## FINANCIAL HIGHLIGHTS

	Six Months Ended June 30, 2022 (unaudited)	For the Year Ended December 31,				
		2021	2020	2019	2018	2017
For a share of the Fund outstanding throughout each period:						
Net asset value at beginning of period .....	\$ 43.56	\$32.97	\$ 34.48	\$40.06	\$53.35	\$42.74
Net investment income (loss) (a)(b) .....	0.16	0.63 (c)	(0.08)	0.22	(0.12) (d)	(0.67)
Net realized and unrealized gains (losses) on investments and foreign currency transactions .....	(4.89)	10.43	(1.42)	(5.50)	(13.03)	11.28
Total from investment operations .....	(4.73)	11.06	(1.50)	(5.28)	(13.15)	10.61
Dividends from net investment income .....	—	(0.47)	(0.01)	(0.30)	(0.14)	—
Net increase (decrease) in net asset value .....	(4.73)	10.59	(1.51)	(5.58)	(13.29)	10.61
Net asset value at end of period .....	<u>\$ 38.83</u>	<u>\$43.56</u>	<u>\$ 32.97</u>	<u>\$34.48</u>	<u>\$40.06</u>	<u>\$53.35</u>
Total return (%) .....	(10.9)	33.5	(4.3)	(13.1)	(24.7)	24.8
Ratios:						
Net operating expenses after waiver (%)** .....	1.25 *	1.20	1.33	1.32	1.18	1.16
Dividend and Interest expenses on short positions (%)** .....	— *	—	0.32	0.44	1.27	1.92
Total net expenses after waiver (%)** .....	<u>1.25 *</u> (e)	<u>1.20</u> (e)	<u>1.65</u> (e)	<u>1.76</u>	<u>2.45</u>	<u>3.08</u>
Total operating expenses before waiver (%)** .....	1.32 *	1.30	1.40	1.32	1.18	1.16
Dividend and interest expenses on short positions (%)** .....	— *	—	0.32	0.44	1.27	1.92
Total expenses before waiver (%)** .....	<u>1.32 *</u> (e)	<u>1.30</u> (e)	<u>1.72</u> (e)	<u>1.76</u>	<u>2.45</u>	<u>3.08</u>
Net investment income (loss) (%)** .....	0.72 *	1.51 (c)	(0.28)	0.60	(0.24) (d)	(1.38)
Portfolio turnover (%) .....	766 *	905	884 (f)	451 (g)	403 (g)	388 (g)
Net assets at end of period (in thousands) (\$)	330,743	386,074	342,206	439,086	650,199	997,714
(a) Net investment income per share excluding all related short sale income and expenses (\$)	0.16	0.63	0.01	0.38	0.51	0.26

(b) Per share net investment income (loss) has been calculated using average shares outstanding during the period.

(c) Net Investment income per share reflects non-recurring dividends which amounted to \$0.38 per share. Excluding these non-recurring dividends, the ratio of net investment income to average net assets would have been 0.59%.

(d) Net Investment loss per share reflects non-recurring dividends which amounted to \$0.17 per share. Excluding these non-recurring dividends, the ratio of net investment loss to average net assets would have been (0.58)%.

(e) The expense waiver was in effect from May 1, 2020 through April 30, 2022.

(f) The increase in the turnover ratio from prior year was due to the decrease in the average market value.

(g) Includes short sale bond transactions.

\* Calculated on an annualized basis.

\*\* Calculated based on average net assets.

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS — June 30, 2022

(unaudited)

**1. Organization** — CGM Focus Fund (the "Fund") is a diversified series of CGM Trust (the "Trust") which is organized as a Massachusetts business trust under the laws of Massachusetts pursuant to an Agreement and Declaration of Trust. The Trust is registered under the Investment Company Act of 1940 as an open-end management investment company and is following accounting and reporting guidance in the Financial Accounting Standards Board's ("FASB") Topic 946 "*Financial Services—Investment Companies*". The Trust has two other funds whose financial statements are not presented herein. The Fund commenced operations on September 3, 1997. The Fund's investment objective is long-term growth of capital. The Fund intends to pursue its objective by investing in a smaller number of companies, and/or in a more limited number of sectors than other diversified mutual funds. In addition, should the investment outlook of the Fund's investment adviser so warrant, the Fund may engage in a variety of investment techniques including short sales designed to capitalize on declines in the market price of specific securities of one or more companies, or declines in market indexes or government securities.

**2. Significant accounting policies** — Management has evaluated the events and transactions from June 30, 2022 through the date of issuance of the Fund's financial statements. For the Fund, there were no material subsequent events that required disclosure in the financial statements or footnotes.

**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 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 held long 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:

- 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.

# CGM FOCUS FUND

## NOTES TO FINANCIAL STATEMENTS (continued)

(unaudited)

- 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 June 30, 2022:

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* .....	\$ 315,766,764	—	—
Total .....	<u>\$ 315,766,764</u>	<u>—</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.

**B. Security transactions and related investment income** — Security transactions are accounted for on the trade date plus one basis for daily NAV calculations. However, for financial reporting purposes, investment transactions are reported on the trade date (date the order to buy or sell is executed). Dividend income and expense is recorded on the ex-dividend date net of applicable foreign taxes and fees, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable based upon its current interpretations of the tax rules and regulations that exist in the markets in which it invests. Interest income and expense is recorded on an accrual basis and includes amortization of premium and discount. Net gain or loss on securities sold is determined on the identified cost basis and may include proceeds from litigation. Dividend payments received by the Fund from its investment in real estate investment trusts ("REITs") may consist of ordinary income, capital gains, and return of capital and as such are recorded as dividend income, capital gains or a reduction to security cost, as appropriate. Distributions from publicly traded partnerships are generally recorded based on the characterization reported on the Fund's schedule K-1 received from the partnership. Non-cash dividend payments, if any, are recorded at the fair market value of the securities received.

NOTES TO FINANCIAL STATEMENTS (continued)

(unaudited)

**C. Federal income taxes** — It is the Fund's policy to comply with the requirements of the Internal Revenue Code ("IRC") applicable to regulated investment companies, and to distribute to its shareholders all of its taxable income and net realized capital gains, within the prescribed time period.

Capital accounts within the financial statements are adjusted for permanent book/tax differences. These adjustments have no impact on the Fund's net assets or results of operations. Temporary book/tax differences, if any, will reverse in a subsequent period. Any difference between book basis and tax basis unrealized depreciation is attributable primarily to the temporary book/tax difference of tax deferral of losses on wash sales.

As of June 30, 2022, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income	Undistributed Long-term Capital Gains	Net Unrealized Appreciation/ (Depreciation)
\$973,673	—	\$(19,632,878)

The identified cost of investments in securities owned by the Fund for federal income tax purposes, and their respective gross unrealized appreciation and depreciation at June 30, 2022 was as follows:

Identified Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Depreciation
\$335,399,642	\$16,080,034	\$(35,712,912)	\$(19,632,878)

The Fund is permitted to carry forward capital losses for an unlimited period, and such losses, when carried forward, retain their character as either short-term or long-term capital losses. As of December 31, 2021, the capital loss carryforwards utilized and the accumulated net realized loss on sales of investments for federal income tax purposes which are available to offset future taxable gains, prior to distributing such gains to shareholders, are shown in the table below:

Short-term Capital Loss Carryforward Utilized	Long-term Capital Loss Carryforward Utilized	Total	Remaining Short-term Capital Loss Carryforward	Remaining Long-term Capital Loss Carryforward	Total
\$135,525,301	—	\$135,525,301	\$111,965,577	—	\$111,965,577

Management has concluded that there are no significant uncertain tax positions for the open tax years as of December 31, 2021 that would require recognition in the financial statements. However, management's conclusion may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Generally, the Fund's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**D. Dividends and distributions to shareholders** — Dividends and distributions are recorded by the Fund on the ex-dividend date. The classification of income and capital gains distributions is determined in accordance with income tax regulations. Distributions from net investment income and short-term capital gains are treated as ordinary income for income tax purposes. Permanent book/tax differences relating to shareholder distributions may result in reclassifications to paid-in capital or accumulated realized gain/(loss). The Fund also may utilize earnings and profits distributed to shareholders on redemption of shares as a part of the dividend deduction for income tax purposes. Undistributed net investment income or accumulated net investment loss may include temporary book/tax differences such as tax deferral of losses on wash sales and disallowed interest expense deduction, which will

## NOTES TO FINANCIAL STATEMENTS (continued)

(unaudited)

reverse in a subsequent period. Any taxable income or gain remaining at fiscal year end is distributed in the following year.

The tax characterization of distributions is determined on an annual basis. The tax character of distributions paid during the periods ended December 31, 2021 and 2020 were as follows:

Year	Ordinary Income	Long-term Capital Gains	Total
2021	\$ 4,171,298	—	\$ 4,171,298
2020	\$ 52,305	—	\$ 52,305

- E. Short sales** — The Fund engages in short sales of securities. A short sale is a transaction in which the Fund sells a security it does not own in anticipation that the market price of that security will decline. When the Fund makes a short sale, it must borrow the security sold short to make delivery to the buyer. The Fund is then obligated to replace the security borrowed by purchasing the security at the market price at the time of the replacement. The Fund is liable for any fees, dividends or interest paid on securities sold short, which are recorded as expenses on the Statement of Operations. The net amount of income and/or fees are included as interest expense on short sales on the Statement of Operations. While the short sale is outstanding, the Fund is required to collateralize its obligations, which has the practical effect of limiting the extent to which the Fund may engage in short sales. Under certain market conditions, short sales can increase the volatility of the Fund and may lower the Fund's return or result in losses, which potentially may be unlimited. The market value of securities held in a segregated account at June 30, 2022 was \$0 and the value of cash held in a segregated account at June 30, 2022 was \$57,365. As of June 30, 2022, the Fund did not have any open short sales.
- F. Guarantees and indemnifications** — Under the Trust's organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties for the Fund. Additionally, in the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. The risk of material loss from such claims is considered remote.
- G. Foreign currency translation** — All assets and liabilities initially expressed in terms of foreign currencies are translated into U.S. dollars each day at the prevailing exchange rate. Transactions affecting Statement of Operations accounts and net realized gain or loss on investments are translated at the rates prevailing at the dates of the transactions. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Reported net realized foreign exchange gains or losses arise from sales of foreign currency, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains or losses arise from changes in the value of assets and liabilities other than investments in securities at the end of the period, resulting from changes in the exchange rate.
- H. Repurchase agreements** — 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

## NOTES TO FINANCIAL STATEMENTS (continued)

(unaudited)

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 June 30, 2022, the Fund was not a party to any repurchase transactions.

- I. **Use of estimates** — The preparation of financial statements in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
3. **Risks and uncertainties**
  - A. **Risks associated with focused investing** — The Fund, although diversified, takes a focused approach to investing within particular industries or sectors of the economy and may invest in a relatively small number of individual holdings. Therefore, the Fund may be subject to greater price volatility and may be more adversely affected by the performance of particular industries, sectors, or individual holdings than would a more diversified fund. In addition, funds that invest more heavily in certain industries, sectors or individual holdings are particularly susceptible to the impact of market, economic, regulatory and other factors affecting those investments.
  - B. **Risks associated with foreign investments** — The Fund may invest in securities issued by institutions, corporations, and governments established by or located in foreign countries, which may be developed or undeveloped countries. Investing in foreign securities may involve significant risks. For example, there is often less publicly available information about foreign companies, particularly those not subject to the disclosure and reporting requirements of the U.S. securities laws. Foreign issuers are often not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to domestic issuers. Investments in foreign securities also involve the risk of possible adverse changes in investment or exchange control regulations, expropriation or confiscatory taxation, political or financial instability or diplomatic and other developments which could affect such investments. Foreign stock markets, while growing in volume and sophistication, are often not as developed as those in the U.S., and securities of some foreign issuers (particularly those located in developing countries) may be less liquid and more volatile than securities of comparable U.S. companies. There may also be less overall governmental supervision and regulation of foreign securities markets, broker-dealers and issuers than in the U.S. Additionally, because some foreign securities the Fund may acquire are purchased with and payable in foreign currencies, the value of these assets as measured in U.S. dollars may be affected favorably or unfavorably by changes in currency exchange rates and exchange control regulations. There is no limit on the amount that the Fund may invest in issuers located in a single country or in foreign countries in the aggregate. To the extent the Fund focuses its investments in a single country or only a few countries in a particular geographic region, economic, political, regulatory or other conditions affecting such country or region may have a greater impact on Fund performance relative to a more geographically diversified fund.
  - C. **Recent events** — The novel coronavirus (COVID-19) pandemic and related government and public responses have impacted and may continue to impact markets around the world, and could adversely affect the financial performance of certain sectors of the economy and individual issuers. The adverse consequences and long-term

## NOTES TO FINANCIAL STATEMENTS (continued)

(unaudited)

effect of the pandemic cannot be accurately predicted and could negatively impact the Fund's performance and the value of an investment in the Fund.

The Russian invasion of Ukraine and the possibility of wider conflict may increase volatility and uncertainty in certain financial markets and may adversely affect regional and global economies, certain sectors of the economy and individual issuers. The conflict may also further contribute to the ongoing disruption of global supply chains for various goods and commodities, including oil and natural gas. Economic sanctions imposed on Russia and its supporters, along with any retaliatory actions or countermeasures, may exacerbate the effects of the conflict. The extent and duration of the conflict cannot be accurately predicted. The conflict and related events could negatively impact the Fund's performance and the value of an investment in the Fund, even if the Fund does not invest in issuers in countries affected by the invasion.

**4. Purchases and sales of securities** — For the period ended June 30, 2022, purchases and sales of securities other than U.S. Government or Agency obligations and short-term investments aggregated \$1,392,003,638 and \$1,404,786,846, respectively.

### **5. Fees and expenses**

**A. Management fees** — During the period ended June 30, 2022, the Fund incurred management fees of \$1,933,886, paid or payable monthly to CGM, certain officers and employees of which are also officers and trustees of the Fund. The management agreement provides for a fee at the annual rate of 1.00% on the first \$500 million of the Fund's average daily net assets, 0.95% of the next \$500 million of the Fund's average daily net assets and 0.90% on amounts in excess of \$1 billion of the Fund's average daily net assets.

The investment adviser agreed to waive its fees and/or reimburse expenses of the Fund through April 30, 2022 to the extent necessary to reduce the Fund's total annual operating expenses by 0.10%. As a result of the agreed waiver, CGM waived \$129,481 of its management fee for the period ended June 30, 2022.

**B. Other expenses** — The majority of expenses are directly attributable to the Fund. Expenses that are not readily attributable to the Fund are allocated among each of the three funds comprising the Trust in an equitable manner, taking into consideration, among other things, the nature and type of expense and the funds' respective net assets. CGM performs certain administrative, accounting, compliance and other services for the Fund. The expenses of those services, which are paid to CGM by the Fund, include the following: (i) expenses for personnel performing bookkeeping, accounting and financial reporting and clerical functions relating to the Fund; (ii) expenses for services required in connection with the preparation of registration statements and prospectuses, shareholder reports and notices, proxy solicitation material furnished to shareholders of the Fund or regulatory authorities and reports and questionnaires for Securities and Exchange Commission ("SEC") compliance; (iii) registration, filing and other fees in connection with requirements of regulatory authorities and (iv) compliance in connection to the Investment Company Act of 1940 and the Sarbanes-Oxley Act of 2002. The accounting, administration and compliance expenses of \$206,064, for the period ended June 30, 2022, are shown separately in the Statement of Operations. These expenses include the reimbursement of a portion of the compensation expenses incurred by CGM for its employees who provide these administrative, accounting, compliance, and other services to the Fund, including \$157,189 of the salaries of CGM employees who are officers of the Fund.

**C. Trustees fees and expenses** — The Fund does not pay any compensation directly to any trustees who are "interested persons" (as defined in the Investment Company Act of 1940) of CGM or any affiliate of CGM (other than registered investment companies). For the period ending December 31, 2022, each disinterested trustee will be compensated by the Trust with an annual fee of \$90,000 plus travel expenses when applicable for each meeting attended. The disinterested trustees are responsible for the audit committee functions of the Trust's Board and

# CGM FOCUS FUND

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## NOTES TO FINANCIAL STATEMENTS (continued)

(unaudited)

have designated a disinterested trustee to lead the Board's efforts in overseeing those functions, who receives an additional \$30,000 annually for the performance of such services. Of these amounts, the Fund is responsible for \$10,000 per trustee annually, plus an annual variable fee calculated based on the proportion of the Fund's average net assets relative to the aggregate average net assets of the Trust.



## ADDITIONAL INFORMATION

(unaudited)

### Availability of proxy voting information:

Proxy voting policies and information regarding how the Fund voted proxies relating to portfolio securities during the twelve month period ended June 30, 2022 are available without charge, by calling 800-345-4048. The policies also appear in the Fund's Statement of Additional Information, which can be found on the CGM Funds' website, [www.cgmfunds.com](http://www.cgmfunds.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 N-PX filing.

### Portfolio holdings:

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). Portfolio holdings are also disclosed in the Fund's quarterly reports. The Fund's four most recent quarterly reports can be obtained on the CGM Funds' website, [www.cgmfunds.com](http://www.cgmfunds.com).

The Fund's Prospectus and Statement of Additional Information contain additional information on other risks and uncertainties relating to the Fund's investments. The Fund's Prospectus and Statement of Additional Information can be obtained on the CGM Funds' website, [www.cgmfunds.com](http://www.cgmfunds.com), and the SEC's website, [www.sec.gov](http://www.sec.gov) or by calling 800-345-4048.

### Advisory agreement approval:

In considering renewal of the CGM Focus Fund Advisory Agreement, the Board considered the following factors and came to the following conclusions:

1. The Board considered the nature, extent, quality and scope of the investment advisory and administrative services provided by CGM to the Fund. The Board agreed that the quality of the CGM professional team working on the Fund was very high, and was satisfied with the quality of the services provided by CGM's advisory and administrative personnel. The Board also considered the investment performance of the Fund and reviewed information regarding the performance of the Fund as compared to market indices and two universes of other funds (capital appreciation funds and multi-cap value funds) provided by Broadridge, Inc., an independent provider of investment company data. The Board noted the above average performance of the Fund for the one-year period and the below average performance of the Fund for the three-, five-, and ten-year periods ended December 31, 2021 in each case as compared with the Broadridge Capital Appreciation Fund universe. The Board also noted the above average performance of the Fund for one-year period ended December 31, 2021, and the below average performance of the Fund for the three-, five-, and ten-year periods ended December 31, 2021, as compared with the Broadridge Multi-Cap Value Fund universe. The Board also considered more recent information indicating that the Fund's performance had exceeded the average performance of funds in the Broadridge Capital Appreciation Fund universe for the quarter ended March 31, 2022. The Board considered that CGM manages the Fund's investments with a focus on global trends and developments, and noted both the risks and the potential benefits of such an investment strategy. The Board concluded that, overall, the nature, extent and quality of services provided by CGM under the Advisory Agreement were sufficient for its renewal.
2. The Board discussed the costs of the services provided and profits realized by CGM from its relationship with the Fund. The Board also compared the profit margin of CGM with public information on the profit margins of a number of publicly held investment advisory firms. The Board found that CGM's profit margin was reasonable and not excessive.
3. The Board considered whether economies of scale might be realized with growth in the Fund, but in light of the fact that the Fund continued to experience net redemptions in 2021 and the relatively small size of the Fund, the Board determined that there was no need to seek adjustments to the break point structure of the advisory fees paid by the Fund at this time.

## ADDITIONAL INFORMATION (continued)

(unaudited)

4. The Board received and considered information comparing the advisory fees paid by the Fund and the overall expenses borne by the Fund with those of funds in the relevant expense universe as selected and provided by Broadridge, Inc. The Board noted that the overall expense ratio of the Fund was above the median overall expense ratios of mutual funds included in the Broadridge expense universe. The Board considered that the advisory fee paid by the Fund was above the median for the mutual funds included in the Broadridge expense universe, and concluded this was reasonable in light of CGM's active investment style and the flexibility of the Fund to sell securities short and to leverage positions, which are strategies that many other capital appreciation mutual funds lack the flexibility to pursue. The Board concluded that the advisory fees paid by the Fund and the overall expenses borne by the Fund were reasonable and competitive.

In addition to the foregoing, the Board reviewed the brokerage commissions paid by the Fund and concluded that they were reasonable, particularly given CGM's focus on best execution. The Board also considered possible fall-out benefits to CGM from its relationship with the Fund. The Board did not find any such fall-out benefits to be unreasonable or inconsistent with CGM's role as investment adviser to the Fund.

The Independent Trustees evaluated the considerations discussed above in light of the legal advice furnished to them by their independent counsel, including as to the legal standards applicable to their considerations, and acted in the exercise of their business judgment.

# CGM FOCUS FUND

## FUND EXPENSES

(unaudited)

As a shareholder of CGM Focus Fund, you incur two types of costs: (1) transaction costs, which could include, among other charges, wire fees and custodial maintenance fees for certain types of accounts and (2) ongoing costs, including management fees and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period January 1, 2022 to June 30, 2022.

### **Actual return and expenses**

The first line of the table below provides information about actual account values and actual expenses.

You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

### **Hypothetical example for comparison purposes**

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs such as any wire fees or custodial maintenance fees that may be payable. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<i>Beginning Account Value 01/01/22</i>	<i>Ending Account Value 06/30/22</i>	<i>Expenses Paid During Period* 01/01/22 - 06/30/22</i>
Actual	\$1,000.00	\$ 891.18	\$5.87
Hypothetical (5% return before expenses)	\$1,000.00	\$1,018.59	\$6.26

\* Expenses are equal to the Fund’s annualized expense ratio of 1.25%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

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