

# THE CGM FUNDS

**PROSPECTUS — MAY 1, 2022**

## **CGM FOCUS FUND**

A No-Load Fund

The Fund's investment objective is long-term growth of capital.

Ticker Symbol: **CGMFX**

## **CGM MUTUAL FUND**

A No-Load Fund

The Fund's investment objective is reasonable long-term capital appreciation with a prudent approach to protection of capital from undue risks.

Ticker Symbol: **LOMMX**

## **CGM REALTY FUND**

A No-Load Fund

The Fund's investment objective is to provide a combination of income and long-term growth of capital.

Ticker Symbol: **CGMRX**

*The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.*

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# CGM FOCUS FUND

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## INVESTMENT OBJECTIVE

The Fund's investment objective is long-term growth of capital.

## FEE TABLE

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and example below.

Schedule of Fees	
Shareholder fees (fees paid directly from your investment)	
Maximum sales charge (Load) Imposed on Purchases	None
Maximum sales charge (Load) Imposed on Reinvested Dividends	None
Redemption fee	None
Exchange fee	None
Annual Fund Operating Expenses (expenses you pay each year as a percentage of the value of your investment)	
Management fees	1.00%
Distribution (12b-1) fees	None
Other expenses	0.30%
Total annual Fund operating expenses	1.30%

## Example

The example that follows is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<i>Number of years:</i>	1	3	5	10
<i>Cost (with or without redemption):</i>	\$132	\$412	\$713	\$1,568

## Portfolio Turnover

The Fund pays transaction costs such as commissions, when it buys and sells securities (or "turns over" the portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 905% of the average value of its portfolio.

## INVESTMENT STRATEGIES, RISKS, AND PERFORMANCE

### Summary of Principal Investment Strategies

The Fund's investment objective is long term growth of capital. The Fund intends to pursue its objective by investing a significant portion of the Fund's assets in a smaller number of companies, industries and/or sectors than other diversified mutual funds. The Fund typically invests in stocks of between 20-40 companies at one time. Up to 25% of the Fund's total assets may be invested in securities issued by companies within a single industry. The Fund may invest in securities of U.S. and foreign issuers. There is no limit on the extent to which the Fund may invest in foreign companies or be exposed to issuers from any particular country.

The Fund may invest in securities of issuers of any size. If market conditions so warrant, the Fund may establish short positions in specific securities or stock indices. While the Fund expects to invest primarily in equity securities, the Fund may also invest in debt and fixed income securities, including below investment grade debt and/or fixed income securities, commonly referred to as

“junk bonds.” The Fund's investment adviser employs a flexible investment style and seeks to take advantage of opportunities as they arise. As a consequence of the Fund's investment strategy, the Fund generally has a high rate of portfolio turnover.

## Summary of Principal Risks

The Fund has a long-term approach to achieve its investment objective and is not appropriate for investors that do not intend to hold the fund over a long term. You may lose money if you invest in the Fund. The following is a summary description of certain risks of investing in the Fund:

**Market Risk.** You may lose money on your investment due to a fall in prices of stocks or periods of below-average performance in the stock market or due to specific conditions that affect particular industries or issuers.

**Short Sale Risk.** 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.

**Industry/Sector Exposure Risk.** The Fund's performance could be negatively affected if it invests heavily in an industry or in a sector that performs poorly.

**Risk of Investing in Fewer Issuers.** If the Fund invests in larger positions in a smaller number of issuers, the Fund will be more susceptible to events negatively affecting those issuers. The Fund may invest in issuers whose securities react similarly to specific economic, market, political or other developments, which increases the risk associated with investing in fewer issuers.

**Management Risk.** The Fund is subject to management risk because it is actively managed and the Fund is generally invested in a small number of securities and industries. Factors that may be difficult to predict, like changes in interest rates or securities valuations, may not lead to the results intended by the investment adviser and may have an adverse effect on the value or performance of the Fund.

**Foreign Securities Risk.** Investments in foreign issuers are subject to risks of possible adverse political and economic developments abroad. Foreign securities markets may be less liquid and more volatile than U.S. markets. Foreign investments may also involve risks of changes in foreign currency exchange rates. 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.

**Small and Medium-Sized Companies Risk.** The Fund's investments in small and medium-sized companies involve greater risk than is typically associated with larger, more established companies because these securities may be more volatile and are more likely to have returns that vary significantly from the overall markets.

**Key Personnel Risk.** If one or more key individuals become unavailable to the investment adviser, including the Fund's portfolio manager, who is important to the management of the Fund's assets, the Fund could suffer material adverse effects, including substantial share redemptions that could require the Fund to sell portfolio securities at times when markets are not favorable and/or result in increased expenses to the Fund.

**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 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.

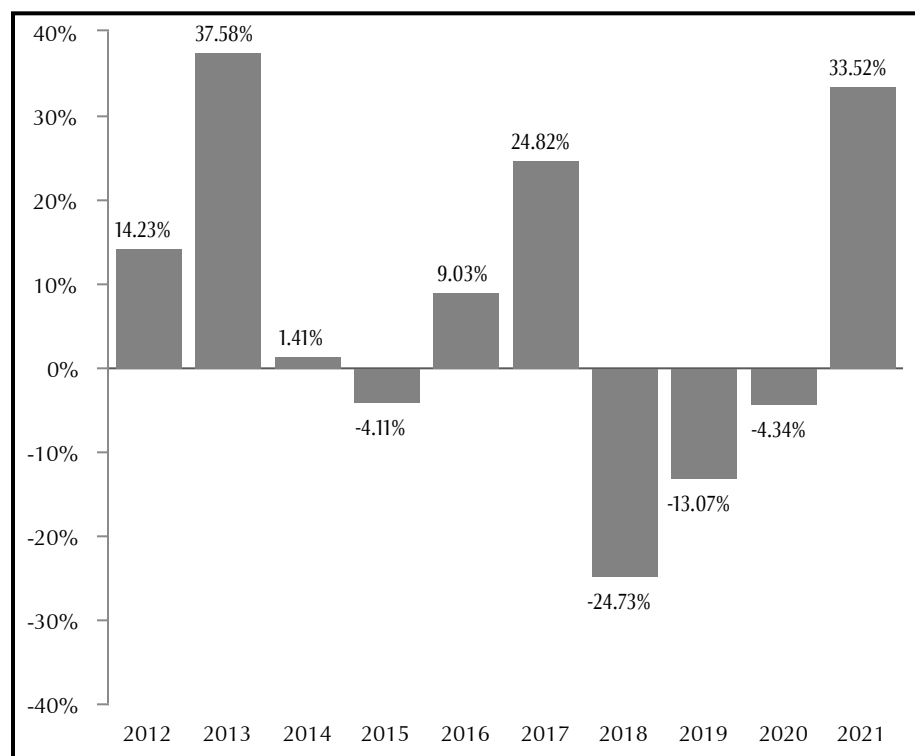
The Russian invasion of Ukraine and the possibility of wider conflict may increase volatility and uncertainty in certain financial markets and may adversely affect regional and global economies, certain sectors of the economy and individual issuers. The conflict may also further contribute to the ongoing 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.

## Past Performance

The following total return information provides some indication of the risks of investing in the Fund by showing the changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5, and 10 years compared to the Standard & Poor's 500 Index ("S&P 500 Index"), a broad based measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available by calling 800-345-4048.

During the 10-year period shown in the bar chart, the highest quarterly return was 24.11% for the quarter ended 3/31/2021 and the lowest quarterly return was -40.34% for the quarter ended 3/31/2020.

Year-by-Year Total Return (as of 12/31 each year)



#### Average Annual Total Returns (for the periods ended 12/31/21)

	One Year	Five Years	Ten Years
<b>FUND</b>			
Return before taxes	33.52%	0.85%	5.68%
Return after taxes on distributions	33.18%	0.74%	5.63%
Return after taxes on distributions and sale of Fund shares	20.09%	0.64%	4.56%
<b>S&amp;P 500 INDEX</b> (reflects no deduction for fees, expenses or taxes)	28.71%	18.47%	16.55%

After-tax returns are calculated using the historical highest individual federal marginal tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

## FUND MANAGEMENT

The Fund's investment adviser is Capital Growth Management Limited Partnership. Ken Heebner is the portfolio manager and has managed CGM Focus Fund since its inception in 1997.

## PURCHASE AND SALE OF FUND SHARES

The minimum initial investment is \$2,500 for regular accounts and \$1,000 for retirement plans and UGMA/UTMA accounts. Subsequent investments must be at least \$50.

You may sell shares of the Fund by sending a written request for a check, wire transfer or Automated Clearing House ("ACH") redemption to your bank or by making a telephone request (if you have elected this option) for redemption by check, wire transfer or ACH to your bank.

## TAX INFORMATION

Distributions you receive from the Fund may be taxed as ordinary income, qualified dividend income or capital gains, unless you are investing through a tax-advantaged retirement account, such as an individual retirement account or employer sponsored retirement plan.

## **PAYMENTS TO BROKER-DEALERS AND OTHER FINANCIAL INTERMEDIARIES**

If you purchase Fund shares through a broker-dealer or other financial intermediary, the Fund's investment adviser may pay the intermediary periodic maintenance fees for establishing and maintaining accounts through which Fund shares are held. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary or their personnel to recommend the Fund over another investment. Please contact CGM Funds at 800-345-4048 for more information.

# CGM MUTUAL FUND

## INVESTMENT OBJECTIVE

The Fund's investment objective is reasonable long-term capital appreciation with a prudent approach to protection of capital from undue risks.

## FEE TABLE

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and example below.

Schedule of Fees	
Shareholder fees (fees paid directly from your investment)	
Maximum sales charge (Load) Imposed on Purchases	None
Maximum sales charge (Load) Imposed on Reinvested Dividends	None
Redemption fee	None
Exchange fee	None
Annual Fund Operating Expenses (expenses you pay each year as a percentage of the value of your investment)	
Management fees	0.90%
Distribution (12b-1) fees	None
Other expenses	0.29%
Total annual Fund operating expenses	1.19%

## Example

The example that follows is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<i>Number of years:</i>	1	3	5	10
<i>Cost (with or without redemption):</i>	\$121	\$378	\$654	\$1,443

## Portfolio Turnover

The Fund pays transaction costs such as commissions, when it buys and sells securities (or "turns over" the portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 657% of the average value of its portfolio.

## INVESTMENT STRATEGIES, RISKS, AND PERFORMANCE

### Summary of Principal Investment Strategies

The Fund seeks to attain its objective by investing in a managed mix of equity and debt securities with 75% of assets invested in equity securities and 25% of its assets in debt or fixed income securities under normal circumstances. However, the Fund is flexibly managed so that the weighting in debt or fixed income securities may be heavier, depending on the investment adviser's outlook. The fixed income securities the Fund invests in will generally have a maturity of 30 days to more than 30 years and may be of any credit quality.

The Fund may invest in securities of issuers of any size. The Fund may, from time to time, invest a significant portion of the Fund's assets in a small number of companies, industries and/or sectors. Up to 25% of the Fund's total assets may be invested in securities issued by companies within a single industry. The Fund may invest in securities of U.S. and foreign issuers. There is no

limit on the extent to which the Fund may invest in foreign companies or be exposed to issuers from any particular country. The Fund's investment adviser employs a flexible investment style and seeks to take advantage of opportunities as they arise. As a consequence of the Fund's investment strategy, the Fund generally has a high rate of portfolio turnover.

## Summary of Principal Risks

The Fund has a long-term approach to achieve its investment objective and is not appropriate for investors that do not intend to hold the fund over a long term. You may lose money if you invest in the Fund. The following is a summary description of certain risks of investing in the Fund:

**Market Risk.** You may lose money on your investment due to a fall in prices of stocks or periods of below-average performance in the stock market or due to specific conditions that affect particular industries or issuers.

**Industry/Sector Exposure Risk.** The Fund's performance could be negatively affected if it invests heavily in an industry or in a sector that performs poorly.

**Risk of Investing in Fewer Issuers.** If the Fund invests in larger positions in a smaller number of issuers, the Fund will be more susceptible to events negatively affecting those issuers. The Fund may invest in issuers whose securities react similarly to specific economic, market, political or other developments, which increases the risk associated with investing in fewer issuers.

**Management Risk.** The Fund is subject to management risk because it is actively managed and the Fund is generally invested in a small number of securities and industries. Factors that may be difficult to predict, like changes in interest rates or securities valuations, may not lead to the results intended by the investment adviser and may have an adverse effect on the value or performance of the Fund.

**Foreign Securities Risk.** Investments in foreign issuers are subject to risks of possible adverse political and economic developments abroad. Foreign securities markets may be less liquid and more volatile than U.S. markets. Foreign investments may also involve risks of changes in foreign currency exchange rates. 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.

**Small and Medium-Sized Companies Risk.** The Fund's investments in small and medium-sized companies involve greater risk than is typically associated with larger, more established companies because these securities may be more volatile and are more likely to have returns that vary significantly from the overall markets.

**Fixed Income Securities Risk.** Debt and fixed income securities are subject to risks including credit risk (that the obligor may default), interest rate risk (that the value of securities will decline if interest rates increase), prepayment and extension risk (that the obligor will prepay payments due on a security when interest rates decrease or will extend payments when interest rates increase), and maturity risk (that the value of investments with long-term maturities will decline if long-term interest rates increase).

**Key Personnel Risk.** If one or more key individuals become unavailable to the investment adviser, including the Fund's portfolio manager, who is important to the management of the Fund's assets, the Fund could suffer material adverse effects, including substantial share redemptions that could require the Fund to sell portfolio securities at times when markets are not favorable and/or result in increased expenses to the Fund.

**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 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.

## Past Performance

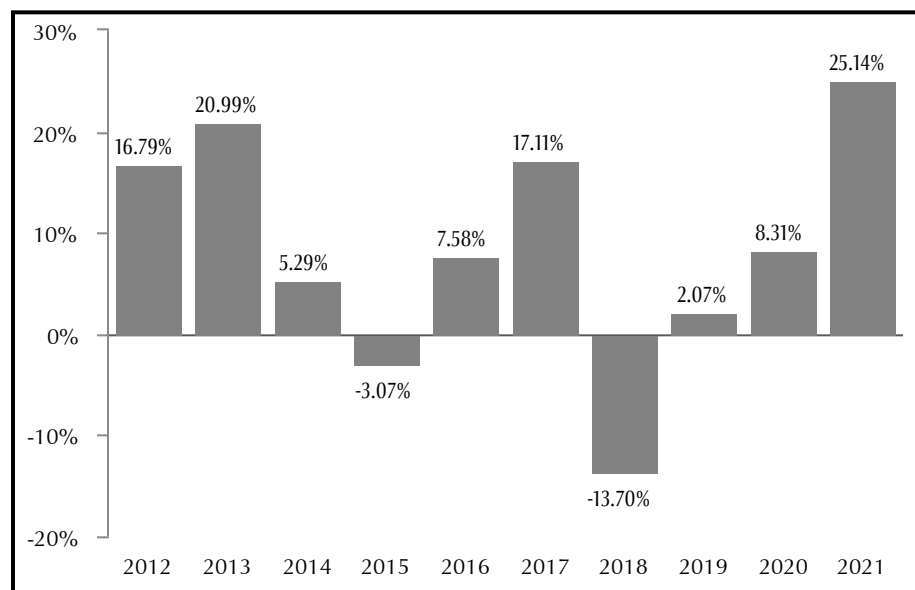
The following total return information provides some indication of the risks of investing in the Fund by showing the changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5, and 10 years compared to the Standard & Poor's 500 Index ("S&P 500 Index"), a broad based measure of market performance, and the ICE BofAML U.S. Corporate, Government & Mortgage Index. The ICE BofAML U.S. Corporate, Government & Mortgage Index tracks



the performance of U.S. dollar denominated investment grade debt publicly issued in the U.S. market, including U.S. Treasuries, quasi-governments, corporates, covered bonds and residential mortgage pass-throughs. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available by calling 800-345-4048.

During the 10-year period shown in the bar chart, the highest quarterly return was 20.67% for the quarter ended 6/30/2020 and the lowest quarterly return was -27.79% for the quarter ended 3/31/2020.

Year-by-Year Total Return (as of 12/31 each year)



Average Annual Total Returns (for the periods ended 12/31/21)			
	One Year	Five Years	Ten Years
<b>FUND</b>			
Return before taxes	25.14%	6.93%	8.05%
Return after taxes on distributions	14.54%	3.77%	5.75%
Return after taxes on distributions and sale of Fund shares	15.27%	4.10%	5.55%
<b>S&amp;P 500 INDEX</b> (reflects no deduction for fees, expenses or taxes)			
	28.71%	18.47%	16.55%
<b>ICE BofAML U.S. CORPORATE, GOVERNMENT &amp; MORTGAGE INDEX</b> (reflects no deduction for fees, expenses or taxes)			
	(1.62)%	3.64%	2.96%

After-tax returns are calculated using the historical highest individual federal marginal tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. "Return after taxes on distributions and sale of Fund shares" may be higher than other figures for the same period if a capital loss occurs upon redemption that results in an assumed tax deduction for the shareholder. ICE BofAML U.S. Corporate, Government & Mortgage Index: ICE Data Indices, LLC ("ICE DATA"), is used with permission. ICE DATA, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE DATA, its affiliates nor their respective third party providers shall be subject to any damages or liability with respect to the adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and your use is at your own risk. ICE DATA, its affiliates and their respective third party suppliers do not sponsor, endorse, or recommend Capital Growth Management Limited Partnership, or any of its products or services.

## FUND MANAGEMENT

The Fund's investment adviser is Capital Growth Management Limited Partnership. Ken Heebner is the portfolio manager and has managed CGM Mutual Fund or its predecessor since 1981.

## PURCHASE AND SALE OF FUND SHARES

The minimum initial investment is \$2,500 for regular accounts and \$1,000 for retirement plans and UGMA/UTMA accounts. Subsequent investments must be at least \$50.

You may sell shares of the Fund by sending a written request for a check, wire transfer or Automated Clearing House (“ACH”) redemption to your bank or by making a telephone request (if you have elected this option) for redemption by check, wire transfer or ACH to your bank.

## **TAX INFORMATION**

Distributions you receive from the Fund may be taxed as ordinary income, qualified dividend income or capital gains, unless you are investing through a tax-advantaged retirement account, such as an individual retirement account or employer sponsored retirement plan.

## **PAYMENTS TO BROKER-DEALERS AND OTHER FINANCIAL INTERMEDIARIES**

If you purchase Fund shares through a broker-dealer or other financial intermediary, the Fund’s investment adviser may pay the intermediary periodic maintenance fees for establishing and maintaining accounts through which Fund shares are held. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary or their personnel to recommend the Fund over another investment. Please contact CGM Funds at 800-345-4048 for more information.

# CGM REALTY FUND

## INVESTMENT OBJECTIVE

The Fund's investment objective is to provide a combination of income and long-term growth of capital.

## FEE TABLE

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and example below.

Schedule of Fees	
Shareholder fees (fees paid directly from your investment)	
Maximum sales charge (Load) Imposed on Purchases	None
Maximum sales charge (Load) Imposed on Reinvested Dividends	None
Redemption fee	None
Exchange fee	None
Annual Fund Operating Expenses (expenses you pay each year as a percentage of the value of your investment)	
Management fees	0.85%
Distribution (12b-1) fees	None
Other expenses	0.24%
Total annual Fund operating expenses	1.09%

### Example

The example that follows is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<i>Number of years:</i>	1	3	5	10
<i>Cost (with or without redemption):</i>	\$111	\$347	\$601	\$1,329

### Portfolio Turnover

The Fund pays transaction costs such as commissions, when it buys and sells securities (or "turns over" the portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 473% of the average value of its portfolio.

## INVESTMENT STRATEGIES, RISKS, AND PERFORMANCE

### Summary of Principal Investment Strategies

The Fund invests primarily in equity securities of companies in the real estate industry, including real estate investment trusts ("REITs"). Under normal circumstances, the Fund expects to invest at least 80% of its assets in these securities. The Fund considers a company to be in the real estate industry if construction, ownership, management, financing or sales of residential, commercial or industrial real estate account for at least 50% of its gross revenues or net profits. Companies in the real estate industry include those with significant real estate holdings, such as hotel chains and mining, lumber and paper companies. The Fund may invest up to 20% of its assets in equity or debt securities of companies outside the real estate industry. For example, the Fund has invested in financial institutions and manufacturers of consumer goods. The debt and fixed income securities in which the Fund may invest may be of any credit quality (including below investment grade securities commonly referred to as "junk bonds") and of any maturity.

The Fund may invest in securities of issuers of any size. The Fund may invest in the securities of U.S. and foreign issuers. There is no limit on the extent to which the Fund may invest in foreign companies or be exposed to issuers from any particular country. The Fund may, from time to time, invest a significant portion of the Fund's assets in a small number of companies. The Fund's investment adviser employs a flexible investment style and seeks to take advantage of opportunities as they arise. As a consequence of the Fund's investment strategy, the Fund generally has a high rate of portfolio turnover.

## Summary of Principal Risks

The Fund has a long-term approach to achieve its investment objective and is not appropriate for investors that do not intend to hold the fund over a long term. You may lose money if you invest in the Fund. The following is a summary description of certain risks of investing in the Fund:

**Real Estate Industry and Market Risk.** Fund performance may be negatively affected by factors with an adverse effect on companies in the real estate industry, such as changes in property values, taxes, interest rates, occupancy rates, government regulations, potential liability under environmental and hazardous waste laws, and, for companies engaged in activities relating to natural resources, factors affecting the value of the products they extract or produce.

**Industry/Sector Exposure Risk.** The Fund's performance could be negatively affected if it invests heavily in an industry or in a sector that performs poorly.

**Market Risk.** You may lose money on your investment due to a fall in prices of stocks or periods of below-average performance in the stock market or due to specific conditions that affect particular industries or issuers.

**Risk of Investing in Fewer Issuers.** If the Fund invests in larger positions in a smaller number of issuers, the Fund will be more susceptible to events negatively affecting those issuers. The Fund may invest in issuers whose securities react similarly to specific economic, market, political or other developments, which increases the risk associated with investing in fewer issuers.

**Management Risk.** The Fund is subject to management risk because it is actively managed and the Fund is generally invested in a small number of securities and industries. Factors that may be difficult to predict, like changes in interest rates or securities valuations, may not lead to the results intended by the investment adviser and may have an adverse effect on the value or performance of the Fund.

**Foreign Securities Risk.** Investments in foreign issuers are subject to risks of possible adverse political and economic developments abroad. Foreign securities markets may be less liquid and more volatile than U.S. markets. Foreign investments may also involve risks of changes in foreign currency exchange rates. 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.

**Small and Medium-Sized Companies Risk.** The Fund's investments in small and medium-sized companies involve greater risk than is typically associated with larger, more established companies because these securities may be more volatile and are more likely to have returns that vary significantly from the overall markets.

**Key Personnel Risk.** If one or more key individuals become unavailable to the investment adviser, including the Fund's portfolio manager, who is important to the management of the Fund's assets, the Fund could suffer material adverse effects, including substantial share redemptions that could require the Fund to sell portfolio securities at times when markets are not favorable and/or result in increased expenses to the Fund.

**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 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.

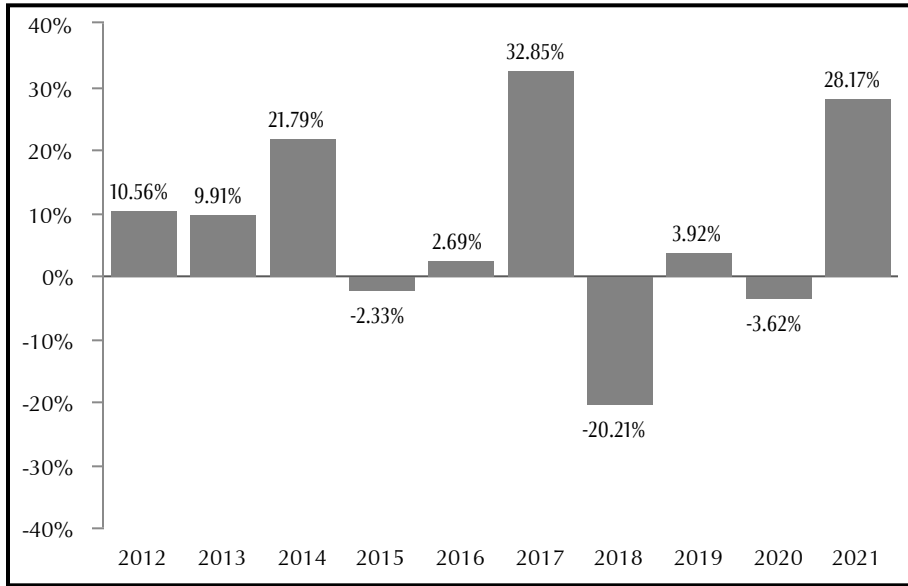
The Russian invasion of Ukraine and the possibility of wider conflict may increase volatility and uncertainty in certain financial markets and may adversely affect regional and global economies, certain sectors of the economy and individual issuers. The conflict may also further contribute to the ongoing 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.

## Past Performance

The following total return information provides some indication of the risks of investing in the Fund by showing the changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for 1, 5, and 10 years compared to the Standard & Poor's 500 Index ("S&P 500 Index"), a broad based measure of market performance and the Standard & Poor's United States REIT Index ("S&P U.S. REIT Index"). The S&P U.S. REIT Index defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available by calling 800-345-4048.

During the 10-year period shown in the bar chart, the highest quarterly return was 25.83% for the quarter ended 6/30/2020 and the lowest quarterly return was -35.40% for the quarter ended 3/31/2020.

Year-by-Year Total Return (as of 12/31 each year)



Average Annual Total Returns (for the periods ended 12/31/21)			
	One Year	Five Years	Ten Years
<b>FUND</b>			
Return before taxes	28.17%	6.35%	7.28%
Return after taxes on distributions	27.36%	4.28%	5.44%
Return after taxes on distributions and sale of Fund shares	16.87%	4.12%	5.21%
<b>S&amp;P 500 INDEX</b> (reflects no deduction for fees, expenses or taxes)	28.71%	18.47%	16.55%
<b>S&amp;P U.S. REIT INDEX</b> (reflects no deduction for fees, expenses or taxes)	43.05%	10.57%	11.21%

After-tax returns are calculated using the historical highest individual federal marginal tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown. After-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

## FUND MANAGEMENT

The Fund's investment adviser is Capital Growth Management Limited Partnership. Ken Heebner is the portfolio manager and has managed CGM Realty Fund since its inception in 1994.

## PURCHASE AND SALE OF FUND SHARES

The minimum initial investment is \$2,500 for regular accounts and \$1,000 for retirement plans and UGMA/UTMA accounts. Subsequent investments must be at least \$50.

You may sell shares of the Fund by sending a written request for a check, wire transfer or Automated Clearing House ("ACH") redemption to your bank or by making a telephone request (if you have elected this option) for redemption by check, wire transfer or ACH to your bank.

## **TAX INFORMATION**

Distributions you receive from the Fund may be taxed as ordinary income, qualified dividend income or capital gains, unless you are investing through a tax-advantaged retirement account, such as an individual retirement account or employer sponsored retirement plan.

## **PAYMENTS TO BROKER-DEALERS AND OTHER FINANCIAL INTERMEDIARIES**

If you purchase Fund shares through a broker-dealer or other financial intermediary, the Fund's investment adviser may pay the intermediary periodic maintenance fees for establishing and maintaining accounts through which Fund shares are held. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary or their personnel to recommend the Fund over another investment. Please contact CGM Funds at 800-345-4048 for more information.

# **ADDITIONAL INFORMATION AND FINANCIAL HIGHLIGHTS**

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## **ADDITIONAL INFORMATION ON STRATEGIES AND RISKS CGM FOCUS FUND**

The Fund's objective and principal investment strategies, and the main risks of investing in the Fund, are summarized at the beginning of this prospectus. More information on investment strategies, investments and risks appears in this section. These are the strategies that, in the opinion of the Fund's investment adviser, are most likely to be important in trying to achieve the Fund's investment objective. There can, of course, be no assurance that the Fund will achieve its investment objective. The Fund's objective and investment strategies may be changed without shareholder approval.

The Fund may also use strategies and invest in securities that are not described below but which are described in the Statement of Additional Information ("SAI"). The Fund's investment adviser may decide, as a matter of investment strategy, not to use the investments and investment techniques described below and in the SAI at any particular time.

The Fund may also depart from its principal investment strategies by taking temporary defensive positions in response to adverse market, economic or political conditions. When doing so, the Fund may hold a substantial portion of its assets in cash or investment grade fixed-income securities and may not be pursuing its investment objective.

### **Additional Information on Principal Investment Strategies**

The Fund intends to pursue its objective by focusing on equity investments in a smaller number of companies, industries and/or sectors, than other diversified mutual funds. The Fund typically invests in stocks of between 20-40 companies at one time. The equity securities that the Fund may invest in include, but are not limited to, common and preferred stocks, convertible securities and warrants. Up to 25% of the Fund's total assets may be invested in securities issued by companies within a single industry. The Fund may invest in securities of U.S. and foreign issuers. There is no limit on the extent to which the Fund may invest in foreign companies or be exposed to issuers from any particular country.

The Fund may invest in securities of issuers of any size. While the Fund expects to invest primarily in equity securities, the Fund may also invest in debt and fixed income securities, including below investment grade debt and/or fixed income securities, commonly referred to as "junk bonds." The Fund's investment adviser employs a flexible investment style and seeks to take advantage of opportunities as they arise. As a consequence of the fund's investment strategy, the Fund generally has a high rate of portfolio turnover.

Should the investment outlook of the investment adviser so warrant, the Fund may seek to capitalize on declines in the prices of equity or debt securities or declines in market indexes. For example, the Fund may establish short positions in specific securities or stock indexes through short sales of those specific securities or securities that track specific stock indexes. A short sale is a transaction in which the Fund sells securities it has borrowed in anticipation of a decline in the market price of the securities.

The Fund's compliance with percentage investment limitations is determined at the time of investment. If a percentage or other investment limitation is complied with at the time of an investment, any subsequent change, such as a change in values or assets or a change in credit quality, will not constitute a violation of that limitation.

### **Additional Information on Other Investment Strategies**

The Fund may establish long positions in specific securities or stock indexes through options, financial futures contracts and options on futures and other derivatives. The Fund may seek to profit from changes in currency exchange rates using currency futures contracts, currency forward contracts and other derivatives.

**Management Style.** Rather than following a particular investment style, the Fund's investment adviser employs a flexible approach and seeks to take advantage of opportunities as they arise. In making an investment decision, the Fund's investment adviser will generally employ the following method:

- a top-down approach, meaning that it first analyzes the overall economic factors that may affect a potential investment;
- the investment adviser then conducts a thorough analysis of certain industries and companies, evaluating the fundamentals of each on a case-by-case basis and focusing on companies that it determines are attractively valued; and
- the investment adviser will sell a security if it determines that its investment expectations are not being met, better opportunities are available, or its price objective has been attained.

**Portfolio Turnover.** Although the Fund's objective is long-term growth of capital, it frequently buys and sells securities to respond to changes in market, industry, or individual company conditions or outlook, and it may only hold those securities for

a short period. Frequent trading involves higher securities transaction costs, which may adversely affect the Fund's performance. To the extent that this policy results in the realization of gains on investments, the Fund will make distributions to its shareholders. These distributions will generally be subject to taxes.

Investments in short sales that management intends to maintain for less than one year and investments in options and futures contracts that mature in less than one year are excluded for purposes of computing the Fund's portfolio turnover.

### **Additional Information on Principal Risks**

Investing in a mutual fund involves risk. Before investing, you should consider the risks you will assume. Some of these risks are described below. More information about risks appears in the Fund's SAI. Remember that you may receive little or no return on your investment in the Fund. You may lose money if you invest in the Fund.

**Market Risk.** The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental actions or intervention, actions taken by the U.S. Federal Reserve or foreign central banks, market disruptions caused by trade disputes or other factors, political developments, investor sentiment, the global and domestic effects of a pandemic, and other factors that may or may not be related to the issuer of the security or other asset. Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, natural disasters and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the fund's investments may be negatively affected. The value of the Fund's shares will change daily as the value of the Fund's investments changes. This means that your Fund shares may be worth less when you sell them than when you bought them. Historically, equity securities have been more volatile than debt or fixed-income securities.

**Short Sales Risk.** The Fund's use of short sales involves additional investment risks and transaction costs. While short sales can be used to further the Fund's investment objective, under certain market conditions, they can increase the volatility of the Fund and decrease the liquidity of the Fund. If the Fund uses short sales at inappropriate times or judges market conditions incorrectly, such investments may lower the Fund's return or result in a loss.

The Fund's potential loss from an uncovered short position in a security or stock index resulting from a short sale or the sale of a futures contract is unlimited. The Fund also could experience losses if these investment techniques were poorly correlated with its other investments, or if the Fund were unable to liquidate its position because of an illiquid secondary market.

**Industry/Sector Exposure Risk.** The Fund's investment in any given industry or sector exposes the Fund to risks relating to that industry or sector. The Fund's performance could be negatively affected if it invests heavily in an industry or in a sector that performs poorly. An industry or a sector's performance, over any period of time, may be quite different from that of the overall market. Certain sectors, such as technology, financial services, energy or materials, can be highly volatile. Certain industries within these or other sectors (for example, the banking, insurance and broker-dealer industries in the financial services sector) can also be highly volatile.

**Risk of Investing in Fewer Issuers.** If the Fund invests in larger positions in a smaller number of issuers, the Fund will be more susceptible to events negatively affecting those issuers. The Fund may invest in issuers whose securities react similarly to specific economic, market, political or other developments, which increases the risk associated with investing in fewer issuers.

**Management Risk.** The Fund is subject to management risk because it is actively managed and the Fund is generally invested in a small number of securities and industries. Factors that may be difficult to predict, like changes in interest rates or securities valuations, may not lead to the results intended by the investment adviser and may have an adverse effect on the value or performance of the Fund.

**Foreign Securities Risk.** 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 generally 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 generally 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 generally 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. In general, there is less overall governmental supervision and regulation of foreign securities markets, broker-dealers and issuers than in the U.S. 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.

**Small and Medium-Sized Companies Risk.** The securities of small and medium capitalization companies may have more risks than those of larger, more seasoned companies. They may be particularly susceptible to market downturns because of limited product lines, markets, distribution channels or financial and management resources. Also, there may be less publicly available information about small and medium capitalization companies. Investments in small and medium capitalization companies may be in anticipation of future products or services to be provided by the companies. If those products or services are delayed, the prices of the securities of the companies may drop. Sometimes, the prices of the securities of small and medium capitalization companies rise and fall based on investor perception rather than economics. Securities of small and medium capitalization companies may be thinly traded, making their disposition more difficult. For all these reasons, the prices of the securities of small and medium capitalization companies may be more volatile, causing the Fund's share price to be volatile. Funds that invest a higher percentage of their assets in small and medium capitalization companies are generally more volatile than funds investing a higher percentage of their assets in larger, more established companies.

**Key Personnel Risk.** If one or more key individuals become unavailable to the investment adviser and, in particular, the Fund's portfolio manager, who is important to the management of the Fund's assets, the Fund could suffer material adverse effects, including substantial share redemptions that could require the Fund to sell portfolio securities at times when markets are not favorable. If there were changes in key personnel, there might be changes in the manner in which the investment objective and policies of the Fund, as set forth in this prospectus, are implemented.

**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 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.

## **Portfolio Holdings**

A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the SAI.

# FINANCIAL HIGHLIGHTS

## CGM FOCUS FUND

The following Financial Highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been examined by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, whose report, along with the Fund's financial statements, is included in the Fund's Annual Report, which may be obtained from the Fund free of charge.

### CGM FOCUS FUND

### 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 the beginning of period	\$32.97	\$34.48	\$40.06	\$53.35	\$42.74
Net investment income ( loss) (a)(b)	0.63 (c)	(0.08)	0.22	(0.12) (d)	(0.67)
Net realized and unrealized gains (losses) on investments and foreign currency transactions	10.43	(1.42)	(5.50)	(13.03)	11.28
Total from investment operations	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	10.59	(1.51)	(5.58)	(13.29)	10.61
Net asset value at end of period	\$43.56	\$32.97	\$34.48	\$40.06	\$53.35
Total return (%)	33.50	(4.30)	(13.10)	(24.70)	24.80
Ratios:					
Net operating expenses after waiver (%)*	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 (%)*	1.20	1.65 (e)	1.76	2.45	3.08
Total operating expenses before waiver (%)*	1.30	1.40	1.32	1.18	1.16
Dividend and interest on short positions (%)*	—	0.32	0.44	1.27	1.92
Total expenses before waiver (%)*	1.30	1.72 (e)	1.76	2.45	3.08
Net investment income (loss) (%)*	1.51 (c)	(0.28)	0.60	(0.24) (d)	(1.38)
Portfolio turnover (%)	905	884 (f)	451 (g)	403 (g)	388 (g)
Net assets at end of period (in thousands) (\$)	386,074	342,206	439,086	650,199	997,714
(a) Net investment income (loss) per share excluding all related short sale income and expenses (\$)	0.63	0.01	0.38	0.51	0.26

(b) Per share net investment income (loss) has been calculated using the 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) Effective date of the expense waiver was May 1, 2020.

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

(g) Includes short sale bond transactions.

\* Calculated based on average net assets.

## **ADDITIONAL INFORMATION ON STRATEGIES AND RISKS**

### **CGM MUTUAL FUND**

The Fund's objective and principal investment strategies, and the main risks of investing in the Fund, are summarized at the beginning of this prospectus. More information on investment strategies, investments and risks appears in this section. These are the strategies that, in the opinion of the Fund's investment adviser, are most likely to be important in trying to achieve the Fund's investment objective. There can, of course, be no assurance that the Fund will achieve its investment objective. The Fund's objective and investment strategies may be changed without shareholder approval.

The Fund may also use strategies and invest in securities that are not described below but which are described in the Statement of Additional Information ("SAI"). The Fund's investment adviser may decide, as a matter of investment strategy, not to use the investments and investment techniques described below and in the SAI at any particular time.

The Fund may also depart from its principal investment strategies by taking temporary defensive positions in response to adverse market, economic or political conditions. When doing so, the Fund may hold a substantial portion of its assets in cash or investment grade fixed-income securities and may not be pursuing its investment objective.

#### **Additional Information on Principal Investment Strategies**

The Fund seeks to attain its objective by investing in a managed mix of equity and debt securities. Under normal circumstances the Fund expects to invest approximately 75% of its assets in equity securities and 25% of its assets in debt or fixed income securities. However, the Fund is flexibly managed so that, depending on the investment manager's view of the economy and investment outlook, it sometimes will be more heavily invested in debt or fixed-income securities. The fixed income securities the Fund invests in will generally have a maturity of 30 days to more than 30 years and may be of any credit quality. The Fund may not invest more than 35% of its total assets in below investment grade debt and fixed income securities, commonly referred to as "junk bonds."

The Fund may invest in securities of issuers of any size. The Fund may, from time to time, invest a significant portion of the Fund's assets in a small number of companies, industries and/or sectors. The Fund may invest up to 25% of its total assets in securities issued by companies in any single industry. The Fund may invest in securities of U.S. and foreign issuers. There is no limit on the extent to which the Fund may invest in foreign companies or be exposed to issuers from any particular country. The Fund's investment adviser employs a flexible investment style and seeks to take advantage of opportunities as they arise. As a consequence of the Fund's investment strategy, the Fund generally has a high rate of portfolio turnover.

The Fund's compliance with percentage investment limitations is determined at the time of investment. If a percentage or other investment limitation is complied with at the time of an investment, any subsequent change, such as a change in values or assets or a change in credit quality, will not constitute a violation of that limitation.

#### **Additional Information on Other Investment Strategies**

Other securities in which the Fund may invest include preferred stock, convertible securities, stock options, stock futures, publicly traded partnerships and stock indices. The Fund's investments may include real estate investment trusts ("REITs") and other real estate companies. The Fund may invest up to 35% of its total assets in debt or fixed-income securities of a quality below investment grade (i.e. securities rated lower than Baa by Moody's Investors Service, Inc. or lower than BBB by Standard & Poor's Ratings Services, or their equivalent as determined by the investment manager), including up to 10% of its total assets in debt or fixed-income securities rated at the time of investment Caa or lower by Moody's or CCC or lower by S&P, or their equivalent as determined by the investment manager. These securities are commonly referred to as "junk bonds." Investing in junk bonds is an aggressive approach to income investing.

**Management Style.** Rather than following a particular investment style, the Fund's investment adviser employs a flexible approach and seeks to take advantage of opportunities as they arise. In making an investment decision, the Fund's investment adviser will generally employ the following method:

- a top-down approach, meaning that it first analyzes the overall economic factors that may affect a potential investment;
- the investment adviser then conducts a thorough analysis of certain industries and companies, evaluating the fundamentals of each on a case-by-case basis and focusing on companies that it determines are attractively valued; and
- the investment adviser will sell a security if it determines that its investment expectations are not being met, better opportunities are available, or its price objective has been attained.

**Portfolio Turnover.** Although the Fund's objective is reasonable long-term capital appreciation, it frequently buys and sells securities to respond to changes in market, industry, or individual company conditions or outlook, and it may only hold those

securities for a short period. Frequent trading involves higher securities transaction costs, which may adversely affect the Fund's performance. To the extent that this policy results in the realization of gains on investments, the Fund will make distributions to its shareholders. These distributions will generally be subject to taxes.

### **Additional Information on Principal Risks**

Investing in a mutual fund involves risk. Before investing, you should consider the risks you will assume. Some of these risks are described below. More information about risks appears in the Fund's SAI. Remember that you may receive little or no return on your investment in the Fund. You may lose money if you invest in the Fund.

**Market Risk.** The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental actions or intervention, actions taken by the U.S. Federal Reserve or foreign central banks, market disruptions caused by trade disputes or other factors, political developments, investor sentiment, the global and domestic effects of a pandemic, and other factors that may or may not be related to the issuer of the security or other asset. Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, natural disasters and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the fund's investments may be negatively affected. The value of the Fund's shares will change daily as the value of the Fund's investments changes. This means that your Fund shares may be worth less when you sell them than when you bought them. Historically, equity securities have been more volatile than debt or fixed-income securities.

**Industry/Sector Exposure Risk.** The Fund's investment in any given industry or sector exposes the Fund to risks relating to that industry or sector. The Fund's performance could be negatively affected if it invests heavily in an industry or in a sector that performs poorly. An industry or a sector's performance, over any period of time, may be quite different from that of the overall market. Certain sectors, such as technology, financial services, energy or materials, can be highly volatile. Certain industries within these or other sectors (for example, the banking, insurance and broker-dealer industries in the financial services sector) can also be highly volatile.

**Risk of Investing in Fewer Issuers.** If the Fund invests in larger positions in a smaller number of issuers, the Fund will be more susceptible to events negatively affecting those issuers. The Fund may invest in issuers whose securities react similarly to specific economic, market, political or other developments, which increases the risk associated with investing in fewer issuers.

**Management Risk.** The Fund is subject to management risk because it is actively managed and the Fund is generally invested in a small number of securities and industries. Factors that may be difficult to predict, like changes in interest rates or securities valuations, may not lead to the results intended by the investment adviser and may have an adverse effect on the value or performance of the Fund.

**Foreign Securities Risk.** 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 generally 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 generally 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 generally 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. In general, there is less overall governmental supervision and regulation of foreign securities markets, broker-dealers and issuers than in the U.S. 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.

**Small and Medium-Sized Companies Risk.** The securities of small and medium capitalization companies may have more risks than those of larger, more seasoned companies. They may be particularly susceptible to market downturns because of limited product lines, markets, distribution channels or financial and management resources. Also, there may be less publicly available information about small and medium capitalization companies. Investments in small and medium capitalization companies may be in anticipation of future products or services to be provided by the companies. If those products or services are delayed, the prices of the securities of the companies may drop. Sometimes, the prices of the securities of small and medium capitalization companies rise and fall based on investor perception rather than economics. Securities of small and medium capitalization companies may be thinly traded, making their disposition more difficult. For all these reasons, the prices of the securities of small

and medium capitalization companies may be more volatile, causing the Fund's share price to be volatile. Funds that invest a higher percentage of their assets in small and medium capitalization companies are generally more volatile than funds investing a higher percentage of their assets in larger, more established companies.

**Fixed Income Securities Risk.** Debt and fixed income securities are subject to risks including credit risk (that the obligor may default), interest rate risk (that the value of securities will decline if interest rates increase), prepayment and extension risk (that the obligor will prepay payments due on a security when interest rates decrease or will extend payments when interest rates increase), and maturity risk (that the value of investments with long-term maturities will decline if long-term interest rates increase).

**Key Personnel Risk.** If one or more key individuals become unavailable to the investment adviser and, in particular, the Fund's portfolio manager, who is important to the management of the Fund's assets, the Fund could suffer material adverse effects, including substantial share redemptions that could require the Fund to sell portfolio securities at times when markets are not favorable. If there were changes in key personnel, there might be changes in the manner in which the investment objective and policies of the Fund, as set forth in this prospectus, are implemented.

**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 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.

## **Portfolio Holdings**

A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the SAI.

# FINANCIAL HIGHLIGHTS

## CGM MUTUAL FUND

The following Financial Highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been examined by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, whose report, along with the Fund's financial statements, is included in the Fund's Annual Report, which may be obtained from the Fund free of charge.

CGM MUTUAL FUND	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 the beginning of period	\$29.01	\$26.81	\$26.54	\$31.02	\$30.76
Net investment income (a)	0.47 (b)	0.02	0.27 (c)	0.25 (d)	0.13
Net realized and unrealized gains (losses) on investments and foreign currency transactions	6.82	2.20	0.27	(4.48)	5.13
Total from investment operations	7.29	2.22	0.54	(4.23)	5.26
Dividends from net investment income	(0.49)	(0.02)	(0.27)	(0.25)	(0.13)
Distribution from net short-term realized gains	(7.30)	—	—	—	(4.33)
Distribution from net long-term realized gains	—	—	—	—	(0.54)
Total distributions	(7.79)	(0.02)	(0.27)	(0.25)	(5.00)
Net increase (decrease) in net asset value	(0.50)	2.20	0.27	(4.48)	0.26
Net asset value at end of period	\$28.51	\$29.01	\$26.81	\$26.54	\$31.02
Total return (%)	25.1	8.3	2.1	(13.70)	17.1
Ratios:					
Net operating expenses after waiver (%)*	1.16 (e)	1.19 (e)	1.22	1.15	1.15
Total operating expenses before waiver (%)*	1.19 (e)	1.26 (e)	1.22	1.15	1.15
Net investment income (%)*	1.36 (b)	0.09	0.97 (c)	0.82 (d)	0.38
Portfolio turnover (%)	657	686 (f)	442	362	423
Net assets at end of period (in thousands) (\$)	315,885	283,254	295,720	325,037	415,584

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

(b) Net Investment income per share reflects non-recurring dividends which amounted to \$0.30 per share. Excluding these non-recurring dividends, the ratio of net investment income to average net assets would have been 0.48%.

(c) Net Investment income per share reflects non-recurring dividends which amounted to \$0.05 per share. Excluding these non-recurring dividends, the ratio of net investment income to average net assets would have been 0.77%.

(d) Net Investment income per share reflects non-recurring dividends which amounted to \$0.08 per share. Excluding these non-recurring dividends, the ratio of net investment income to average net assets would have been 0.56%.

(e) Effective date of the expense waiver was May 1, 2020 through April 30, 2021.

(f) The increase in the turnover ratio from prior year is due to the decrease in the average market value and an increase in trading activity.

\* Calculated based on average net assets.

## **ADDITIONAL INFORMATION ON STRATEGIES AND RISKS CGM REALTY FUND**

The Fund's objective and principal investment strategies, and the main risks of investing in the Fund, are summarized at the beginning of this prospectus. More information on investment strategies, investments and risks appears in this section. These are the strategies that, in the opinion of the Fund's investment adviser, are most likely to be important in trying to achieve the Fund's investment objective. There can, of course, be no assurance that the Fund will achieve its investment objective. The Fund's objective and investment strategies may be changed without shareholder approval.

The Fund may also use strategies and invest in securities that are not described below but which are described in the Statement of Additional Information ("SAI"). The Fund's investment adviser may decide, as a matter of investment strategy, not to use the investments and investment techniques described below and in the SAI at any particular time.

The Fund may also depart from its principal investment strategies by taking temporary defensive positions in response to adverse market, economic or political conditions. When doing so, the Fund may hold a substantial portion of its assets in cash or investment grade fixed-income securities and may not be pursuing its investment objective.

### **Additional Information on Principal Investment Strategies**

The Fund pursues its objective by investing primarily in equity securities of companies in the real estate industry. Under normal circumstances the Fund expects to invest at least 80% of its assets in these securities. Shareholders of the Fund will be provided with at least 60 days prior notice of any change in this 80% policy. Equity securities in which the Fund may invest include common and preferred stocks, convertible securities and warrants.

In deciding whether or not to purchase these securities, the investment manager considers:

- the issuer's prospects for growth of cash flow or earnings per share;
- the issuer's management; and
- the security's potential yield.

The Fund considers a company to be in the real estate industry if construction, ownership, management, financing or sales of residential, commercial or industrial real estate account for at least 50% of its gross revenues or net profits. Companies in the real estate industry include the following:

- REITs that own properties or make or invest in construction, development or long-term mortgage loans;
- housing and building materials companies;
- real estate brokers or developers; and
- companies with significant real estate holdings, including hotel chains and mining, lumber and paper companies.

REITs are sometimes informally characterized as equity REITs, mortgage REITs and hybrid REITs. An equity REIT owns or leases real estate and derives its income primarily from rental income. An equity REIT may also realize capital gains (or losses) by selling real estate properties in its portfolio. A mortgage REIT invests primarily in loans secured by real estate and generally derives its income primarily from interest payments on those mortgage loans. A hybrid REIT combines the characteristics of both equity REITs and mortgage REITs, generally by holding both ownership and mortgage interests in real estate. The Fund anticipates that under normal circumstances a majority of its investments in REITs will consist of equity REITs, but this is not a requirement.

Equity REITs may be further classified as operating companies or financing companies. An operating company generally exercises some degree of control over the operation of its real estate assets, including selecting tenants, establishing lease terms and arranging for property maintenance and repair. Conversely, a financing company will generally not have control over the operations that are conducted on its real estate assets. The Fund anticipates that under normal circumstances a majority of its equity REIT investments will consist of securities issued by operating companies, but this is not a requirement.

From time to time, the Fund may invest a substantial portion of its portfolio in real estate companies, including housing and building materials companies, that do not pay significant dividends. As a result, the dividends paid by the Fund may be reduced or eliminated during these periods.

The Fund may invest in securities of issuers of any size. The Fund may invest in the securities of U.S. and foreign issuers. There is no limit on the extent to which the Fund may invest in foreign companies or be exposed to issuers from any particular country. The Fund may, from time to time, invest a significant portion of the Fund's assets in a smaller number of companies. The Fund's investment manager employs a flexible investment style and seeks to take advantage of opportunities as they arise. As a consequence of the Fund's investment strategy, the Fund generally has a high rate of portfolio turnover.

Under normal market circumstances the Fund may invest up to 20% of its assets in equity or debt securities of companies outside the real estate industry. The debt and fixed income securities in which the Fund may invest may be of any credit quality (including below investment grade securities) and of any maturity.

The Fund's compliance with percentage investment limitations is determined at the time of investment. If a percentage or other investment limitation is complied with at the time of an investment, any subsequent change, such as a change in values or assets or a change in credit quality, will not constitute a violation of that limitation.

### **Additional Information on Other Investment Strategies**

The Fund may invest up to 20% of its total assets in debt or fixed-income securities of a quality below investment grade (i.e. securities rated lower than Baa by Moody's Investors Service, Inc. ("Moody's") or lower than BBB by Standard & Poor's Ratings Services ("S&P"), or their equivalent as determined by the investment manager), provided that the Fund may not invest in securities rated lower than Caa by Moody's or CCC by S&P, or their equivalent as determined by the investment adviser. These may include securities commonly referred to as "junk bonds." Investing in junk bonds is an aggressive approach to income investing.

The Fund may also invest up to 20% of its assets in repurchase agreements, by which the Fund buys securities with the understanding that the seller will buy them back with interest at a later date.

**Management Style.** Rather than following a particular investment style, the Fund's investment adviser employs a flexible approach and seeks to take advantage of opportunities as they arise. In making an investment decision, the Fund's investment adviser will generally employ the following method:

- a top-down approach, meaning that it first analyzes the overall economic factors that may affect sectors of the real estate industry and potential investments;
- the investment adviser then conducts a thorough analysis of certain realty industries and companies that the investment manager believes have stable or improving prospects, evaluating the fundamentals of each on a case-by-case basis and focusing on companies that it determines are attractively valued based on price to earnings ratios and growth rates; and
- the investment adviser will sell a security if it determines that its investment expectations are not being met, better opportunities are available, or its price objective has been attained.

**Portfolio Turnover.** Although the Fund's objective is to provide a combination of income and long-term growth of capital, it frequently buys and sells securities to respond to changes in market, sector, or individual company conditions or outlook, and it may only hold those securities for a short period. Frequent trading involves higher securities transaction costs, which may adversely affect the Fund's performance. To the extent that this policy results in the realization of gains on investments, the Fund will make distributions to its shareholders. These distributions will generally be subject to taxes.

### **Additional Information on Principal Risks**

Investing in a mutual fund involves risk. Before investing, you should consider the risks you will assume. Some of these risks are described below. More information about risks appears in the Fund's SAI. Remember that you may receive little or no return on your investment in the Fund. You may lose money if you invest in the Fund.

**Risks of Real Estate and REITs.** The Fund invests primarily in companies in the real estate industry, including REITs, and is, therefore, subject to the special risks associated with the real estate industry and market. Securities of companies in the real estate industry are sensitive to factors such as changes in real estate values, property taxes, interest rates, cash flow of underlying real estate assets, occupancy rates, government regulations affecting zoning, land use and rents, laws permitting courts to modify the terms of mortgage loans without consent of the mortgage holder, and the management skill and creditworthiness of the issuer. Companies in the real estate industry may also be subject to liabilities under environmental and hazardous waste laws. Changes in underlying real estate values may have an exaggerated effect to the extent that REITs concentrate investments in particular geographic regions or property types.

Investments in REITs may be adversely affected by rising interest rates. Rising interest rates may cause investors in REITs to demand a higher annual yield, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Fund's investments to decline. During periods of declining interest rates, many mortgages may be refinanced. This may reduce the yield from mortgage REITs. REITs depend on payments under their mortgage loans and leases to generate cash to make distributions to their shareholders. Accordingly, REITs may be affected by defaults on their mortgage loans or leases.

Some REITs have relatively small market capitalizations, which tends to increase the volatility of the market price of securities issued by these REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects.



By investing in REITs indirectly through the Fund, a shareholder will bear expenses of the REITs in addition to expenses of the Fund.

Certain companies in the real estate industry with significant natural resource holdings, such as mining, lumber and paper companies, are subject to changes in commodity prices, fluctuations in industrial and commercial supply and demand, resource availability and other factors affecting the value of the products they extract or produce. Securities of companies engaged in activities related to metals and minerals are particularly susceptible to worldwide economic, financial and political issues, including: economic cycles; changes in inflation or expectations about inflation in various countries; interest rates; currency fluctuations; metals sales by governments, central banks or international agencies; investment speculation; and governmental regulation of particular industries or restrictions on the ownership of particular metals and minerals.

**Industry/Sector Exposure Risk.** The Fund's investment in any given industry or sector exposes the Fund to risks relating to that industry or sector. The Fund's performance could be negatively affected if it invests heavily in an industry or in a sector that performs poorly. An industry or a sector's performance, over any period of time, may be quite different from that of the overall market. Certain sectors, such as technology, financial services, energy or materials, can be highly volatile. Certain industries within these or other sectors (for example, the banking, insurance and broker-dealer industries in the financial services sector) can also be highly volatile.

**Market Risk.** The market values of securities or other assets will fluctuate, sometimes sharply and unpredictably, due to changes in general market conditions, overall economic trends or events, governmental actions or intervention, actions taken by the U.S. Federal Reserve or foreign central banks, market disruptions caused by trade disputes or other factors, political developments, investor sentiment, the global and domestic effects of a pandemic, and other factors that may or may not be related to the issuer of the security or other asset. Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, public health events, terrorism, natural disasters and other circumstances in one country or region could have profound impacts on global economies or markets. As a result, whether or not the fund invests in securities of issuers located in or with significant exposure to the countries directly affected, the value and liquidity of the fund's investments may be negatively affected. The value of the Fund's shares will change daily as the value of the Fund's investments changes. This means that your Fund shares may be worth less when you sell them than when you bought them. Historically, equity securities have been more volatile than debt or fixed-income securities.

**Risk of Investing in Fewer Issuers.** If the Fund invests in larger positions in a smaller number of issuers, the Fund will be more susceptible to events negatively affecting those issuers. The Fund may invest in issuers whose securities react similarly to specific economic, market, political or other developments, which increases the risk associated with investing in fewer issuers.

**Management Risk.** The Fund is subject to management risk because it is actively managed and the Fund is generally invested in a small number of securities and industries. Factors that may be difficult to predict, like changes in interest rates or securities valuations, may not lead to the results intended by the investment adviser and may have an adverse effect on the value or performance of the Fund.

**Foreign Securities Risk.** 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 generally 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 generally 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 generally 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. In general, there is less overall governmental supervision and regulation of foreign securities markets, broker-dealers and issuers than in the U.S. 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.

**Small and Medium-Sized Companies Risk.** The securities of small and medium capitalization companies may have more risks than those of larger, more seasoned companies. They may be particularly susceptible to market downturns because of limited product lines, markets, distribution channels or financial and management resources. Also, there may be less publicly available information about small and medium capitalization companies. Investments in small and medium capitalization companies may be in anticipation of future products or services to be provided by the companies. If those products or services are delayed, the prices of the securities of the companies may drop. Sometimes, the prices of the securities of small and medium capitalization

companies rise and fall based on investor perception rather than economics. Securities of small and medium capitalization companies may be thinly traded, making their disposition more difficult. For all these reasons, the prices of the securities of small and medium capitalization companies may be more volatile, causing the Fund's share price to be volatile. Funds that invest a higher percentage of their assets in small and medium capitalization companies are generally more volatile than funds investing a higher percentage of their assets in larger, more established companies.

**Key Personnel Risk.** If one or more key individuals become unavailable to the investment adviser and, in particular, the Fund's portfolio manager, who is important to the management of the Fund's assets, the Fund could suffer material adverse effects, including substantial share redemptions that could require the Fund to sell portfolio securities at times when markets are not favorable. If there were changes in key personnel, there might be changes in the manner in which the investment objective and policies of the Fund, as set forth in this prospectus, are implemented.

**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 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.

## **Portfolio Holdings**

A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the SAI.

# FINANCIAL HIGHLIGHTS

## CGM REALTY FUND

The following Financial Highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been examined by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, whose report, along with the Fund's financial statements, is included in the Fund's Annual Report, which may be obtained from the Fund free of charge.

### CGM REALTY FUND

### 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 the beginning of period	<u>\$24.51</u>	<u>\$25.68</u>	<u>\$25.31</u>	<u>\$32.19</u>	<u>\$29.67</u>
Net investment income (a)	0.32	0.19	0.61	0.44	0.19
Net realized and unrealized gains (losses) on investments and foreign currency transactions	<u>6.56</u>	<u>(1.17)</u>	<u>0.39</u>	<u>(6.92)</u>	<u>9.52</u>
Total from investment operations	<u>6.88</u>	<u>(0.98)</u>	<u>1.00</u>	<u>(6.48)</u>	<u>9.71</u>
Dividends from net investment income	(0.36)	(0.19)	(0.63)	(0.40)	(0.24)
Distribution from net short-term realized gains	(0.23)	—	—	—	(6.54)
Distribution from net long-term realized gains	—	—	—	—	<u>(0.41)</u>
Total distributions	<u>(0.59)</u>	<u>(0.19)</u>	<u>(0.63)</u>	<u>(0.40)</u>	<u>(7.19)</u>
Net increase (decrease) in net asset value	<u>6.29</u>	<u>(1.17)</u>	<u>0.37</u>	<u>(6.88)</u>	<u>2.52</u>
Net asset value at end of period	<u>\$30.80</u>	<u>\$24.51</u>	<u>\$25.68</u>	<u>\$25.31</u>	<u>\$32.19</u>
Total return (%)	28.2	(3.6)	3.9	(20.2)	32.8
Ratios:					
Net operating expenses after waiver (%)*	1.02 (b)	1.05 (b)	1.04	0.98	0.97
Total operating expenses before waiver (%)*	1.09 (b)	1.12 (b)	1.04	0.98	0.97
Net investment income (%)*	1.13	0.83	2.27	1.50	0.57
Portfolio turnover (%)	473	567 (c)	264	239	269
Net assets at end of period (in thousands) (\$)	511,854	462,658	592,005	685,914	1,004,793

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

(b) Effective date of the expense waiver was May 1, 2020. The expense waiver was renewed at a reduced rate on May 1, 2021.

(c) The increase in the turnover ratio from prior year is due to the decrease in the average market value and an increase in trading activity.

\* Calculated based on average net assets.

# GENERAL FUND INFORMATION

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## INFORMATION ON MANAGEMENT

### The Investment Adviser

The Funds' investment adviser is Capital Growth Management Limited Partnership ("CGM"), One International Place, Boston, Massachusetts, 02110. CGM, an investment advisory firm founded in 1990, manages the Funds' daily investment and business affairs subject to the policies established by the Funds' Board of Trustees. CGM currently manages the portfolios of three mutual funds.

In 2021, the CGM Focus Fund paid 1.00%, the CGM Mutual Fund paid 0.90%, and the CGM Realty Fund paid 0.85% of their average daily net assets in management fees to CGM. The investment adviser agreed to waive its fees and/or reimburse expenses of each Fund to the extent necessary to reduce each Fund's total annual operating expenses by 0.10%, effective May 1, 2020 through April 30, 2021. For the period from May 1, 2021 through April 30, 2022, CGM waived its fees and/or reimbursed expenses for CGM Focus Fund and CGM Realty Fund to the extent necessary to reduce those Funds' total annual operating expenses by 0.10% and 0.05%, respectively. As a result of the agreed waivers in 2021 CGM waived \$395,454 of its management fee for the CGM Focus Fund, \$103,104 for the CGM Mutual Fund and \$328,158 for the CGM Realty Fund.

A discussion regarding the basis for the Board of Trustees' approval of the Funds' investment management agreement is available in the Funds' Semi-Annual Reports for the period ended June 30, 2021.

### The Portfolio Manager

Mr. Ken Heebner has been the portfolio manager of the CGM Focus Fund since its inception in 1997, the CGM Mutual Fund or its predecessor since 1981 and the CGM Realty Fund since its inception in 1994. In 1990, Mr. Heebner founded CGM with his partner Mr. Robert L. Kemp. Prior to establishing CGM, Mr. Heebner managed mutual fund portfolios at Loomis, Sayles & Company, Incorporated. CGM relies to a considerable extent on the expertise of Mr. Heebner, who may be difficult to replace in the event he ceases to work for CGM. The SAI provides additional information about Mr. Heebner's compensation, and his ownership of Fund securities.

## HOW TO PURCHASE SHARES

The Funds sell their shares directly to investors without any sales load.

### New Accounts

You may make a purchase of Fund shares in a new account by submitting a completed application form and check (see "Payment by Check" section). Make your check payable to the specific fund in which you are investing. CGM makes available retirement plan applications and forms and prototype plan documents for Traditional and Roth IRAs, SEP-IRAs, and Money Purchase Pension and Profit Sharing plans ("CGM Retirement Plans"). In this prospectus, CGM Retirement Plans other than Traditional IRAs, Roth IRAs and SEP-IRAs are referred to as "CGM Qualified Retirement Plans."

Mail to:

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

or by overnight mail to:

The CGM Funds  
430 W 7th Street, STE 219252  
Kansas City, MO 64105-1407

The minimum initial investment is \$2,500 for regular accounts and \$1,000 for retirement plans (see "Shareholder Services-Retirement Plans") and accounts set up under the Uniform Gifts to Minors Act ("UGMA") or the Uniform Transfers to Minors Act ("UTMA").

Typical account registrations include:

- . Individual
- . Joint
- . Transfer on Death ("TOD")
- . UGMA/UTMA
- . Trust
- . Estate
- . Partnership
- . Corporation
- . IRA/Roth/SEP
- . Qualified Retirement Plan
- . Omnibus\*

\*Omnibus accounts require a 22c-2 Shareholder Information Agreement.

## **Customer Identification Program**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When you open a new account to buy shares of a Fund, the Fund or your financial intermediary may ask for your name, address, date of birth, and other information that will allow the Fund to identify you. If the Fund or your financial intermediary is unable to adequately identify you within the time frames set forth in the law, your shares may be automatically redeemed. If the net asset value per share has decreased since your purchase, you will lose money as a result of this redemption.

## **Existing Accounts**

After your account has been established, you may send subsequent investments at any time directly to CGM Shareholder Services at:

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

or by overnight mail to:

The CGM Funds  
430 W 7th Street, STE 219252  
Kansas City, MO 64105-1407

You must include either the Additional Investment Stub detached from an account statement or a note containing sufficient information to identify the account (i.e. the Fund name, your account number, your name and your telephone number, should additional information be required). Subsequent investments must be at least \$50.

## **Payment by Check**

When you pay for Fund shares by check, your check must be in U.S. dollars and made payable to the specific fund in which you are investing. Checks drawn on U.S. banks and money market accounts are generally accepted. However, cash, starter checks, money orders, third party checks (i.e. checks not payable to the specific fund in which you are investing), and checks drawn on credit card accounts or accounts with foreign financial institutions are not accepted. The Funds may terminate your ability to make additional purchases to your account by check in the event that any two checks submitted to purchase Fund shares are returned unpaid (in a calendar year) by your financial institution.

## **Payment by Wire**

You may also make subsequent investments by federal funds wire. Instruct your bank to wire federal funds to:

- . State Street Bank and Trust Company
- . ABA #011000028

The text of the wire should read as follows:

- . DDA99046336
- . Dollar Amount
- . STATE ST BOS ATTN Mutual Funds
- . Credit CGM \_\_\_\_\_ Fund (insert Fund name)
- . Shareholder Name
- . Shareholder Account Number

Your bank may charge you a fee for transmitting funds by wire.

## **Market Timing**

The Funds are not intended as a vehicle for market timing or trading on short term fluctuations in securities markets. Frequent purchases and redemptions of mutual fund shares may interfere with the efficient management of a Fund's portfolio by its investment adviser, increase portfolio transaction costs, and have a negative effect on a Fund's long term shareholders. For example, in order to handle large flows of cash into and out of a Fund, the investment adviser may need to allocate more assets to cash or other short-term investments or sell securities, rather than maintaining full investment in securities selected to achieve a Fund's investment objective, which could detract from a Fund's performance. Frequent trading may cause a Fund to sell securities at less favorable prices. In addition, the return received by long term shareholders may be reduced when trades by other shareholders are made in an effort to take advantage of possible pricing discrepancies (for example, when a shareholder believes that a Fund's share price, which is determined at the close of the regular trading session of the New York Stock Exchange, does not accurately reflect the value of a Fund's portfolio securities). The Funds are permitted to invest in foreign securities and funds that invest in foreign securities have been particularly susceptible to this form of arbitrage.

The Funds' Board of Trustees has adopted policies and procedures designed to reduce the risk of market timing by Fund shareholders. In accordance with these policies and procedures, the Funds limit the number of exchanges you can make to four exchanges (or two round trips out of a Fund and back again) per calendar year. These limits apply to every account, whether an individual account or an account established through a financial intermediary where the intermediary holds Fund shares for a number of its customers in one omnibus account.

The Funds may postpone remitting redemption proceeds (including exchange redemption proceeds) from accounts for up to seven calendar days if those proceeds are equal to or greater than \$50,000. This restriction is intended to discourage investors seeking to capture gains from short-term fluctuations in the market, as the proceeds are not immediately available for reinvestment.

The Funds may postpone the remittance of redemption proceeds to omnibus accounts for up to seven calendar days regardless of the amount of proceeds. Therefore, the remittance of redemption proceeds to investors who purchased Fund shares through omnibus accounts may be delayed. This restriction is intended to discourage investors who hold Fund shares through an omnibus account from seeking to capture gains from short-term fluctuations in the market, as the proceeds are not immediately available for reinvestment. The Funds have also entered into Shareholder Information Agreements with each of their financial intermediaries that have established omnibus accounts. Pursuant to these agreements, upon a Fund's request, financial intermediaries agree to provide that Fund with transaction information of investors who hold shares of that Fund through omnibus accounts. CGM may review this transaction information in an effort to determine whether any investor who holds Fund shares through an omnibus account has engaged in market timing activity. The Funds will not permit purchases through the omnibus account of a financial intermediary that has not entered into a Shareholder Information Agreement. There may be limitations on the ability of the Funds to identify or terminate frequent trading activity within the various types of omnibus accounts.

The Funds may also rely on the market timing policies of a financial intermediary (e.g. broker-dealers, insurance company separate accounts and retirement plan administrators) that establishes an omnibus account with the Funds, even if those policies are different than the policies adopted by the Funds' Board of Trustees. The Funds will only rely on a financial intermediary's market timing policies if CGM concludes that the financial intermediary's frequent trading policies sufficiently protect Fund investors. Under these circumstances, the Funds would seek assurances from the financial intermediary that its market timing policies are effectively enforced.

In addition, the Funds reserve the right to prohibit exchanges during the first 15 days following an investment.

## **Restrictions on the Availability of Shares to Investors Outside the United States**

The offering and sale of Fund shares is only registered in the United States. Regulations outside of the United States may restrict the sale of Fund shares to certain non-U.S. residents or subject certain shareholder accounts to additional regulatory requirements. This prospectus and the offer of Fund shares hereunder are not directed at persons outside the United States and do not constitute an offer or solicitation in any jurisdiction where such offer or solicitation is unlawful, where the person making an

offer or solicitation is not authorized to make it or a person receiving an offer or solicitation may not lawfully receive it or may not lawfully invest in Fund shares. Investors should inform themselves as to the legal requirements within their own country before investing in Fund shares.

Individuals residing in a Member State of the European Union are not eligible to invest in Fund shares. However, each Fund reserves the right, at its sole discretion, to sell shares to certain other non-U.S. investors in compliance with applicable law. If a current shareholder in a Fund provides a non-U.S. address, this will be deemed a representation and warranty from such investor that he/she is not a U.S. resident and will continue to be a non-U.S. resident unless and until the Fund is notified of a change in the investor's resident status. Any current shareholder that has a resident address outside of the United States may be restricted from purchasing additional shares.

## **Additional Information**

If you wish transactions in your account to be effected by another person under a power of attorney from you, special rules apply. Please contact CGM Shareholder Services at 800-343-5678 for details.

The Funds may accept telephone orders from certain broker-dealers or service organizations which have been previously approved by the Funds. It is the responsibility of such broker-dealers or service organizations to promptly forward purchase orders and payments for shares to the Funds.

The price you pay will be the per share net asset value next calculated after your proper investment order is received by CGM Shareholder Services. However, shares of the Funds may be purchased through certain broker-dealers or service organizations who may charge a transaction fee or other fee for their services at the time of purchase and/or redemption. Such fees would not otherwise be charged if the shares were purchased or redeemed directly from the Funds.

Instructions and transaction requests by facsimile or email are not accepted.

The Funds may reject any purchase order and may suspend, change or withdraw the offering of their shares.

Once a purchase request is received in good order, it cannot be revoked.

Please be sure to keep copies of any documents you send to the Funds. Once received, these documents become the property of the Funds and will not be returned.

The Funds enter into contractual arrangements with various parties, including the Funds' investment manager, who provide services to the Funds. Shareholders are not parties to, or intended (or "third-party") beneficiaries of those contractual arrangements.

This Prospectus and the SAI provide information concerning the Funds that you should consider in determining whether to purchase shares of a Fund. A Fund may make changes to this information from time to time. Neither this Prospectus nor the SAI is intended to give rise to any contract rights or other rights in any shareholder, other than any rights conferred explicitly by federal or state securities laws that may not be waived.

## **SHAREHOLDER SERVICES**

The Funds offer the following shareholder services as more fully described in the SAI for each Fund. Explanations and forms are available at [www.cgmfund.com](http://www.cgmfund.com) or by calling 800-345-4048.

### **Exchange Privilege**

You may exchange shares of your CGM Fund for shares of other CGM Funds. All exchanges are free of charge, except exchanges of all shares from a CGM Retirement Plan account, which will incur a \$5 account close-out fee and, if not yet paid, a \$15 annual maintenance fee. You may make an exchange by written instruction using a CGM Redemption and Exchange Form or by telephone if a written authorization for telephone exchange is on file with CGM Shareholder Services. The telephone exchange privilege is automatic unless this option is declined on the application or otherwise in writing (see "Telephone Transactions" section). The telephone exchange option can be added to your existing account over the telephone by calling CGM Shareholder Services at 800-343-5678. Exchange requests cannot be revoked once they have been received in "good order". Under certain circumstances, before an exchange can be made, additional documents may be required to verify the authority or legal capacity of the person seeking the exchange. The exchange price you receive will be the per share net asset value next calculated after your exchange request (in good order) is received by CGM Shareholder Services.

Exchanges must be for amounts of at least \$1,000. If you wish to make an exchange into a new fund, the exchange must satisfy the applicable minimum initial investment requirement.

You should not view the exchange privilege as a means for taking advantage of short-term swings in the market. As described in the section titled "Market Timing", frequent trading can negatively impact Fund performance and shareholders. Therefore, the

Funds limit the number of exchanges you can make to four exchanges per account (or two round trips out of a Fund and back again) per calendar year. The Funds also reserve the right to prohibit exchanges during the first 15 days following an investment.

For federal income tax purposes, an exchange constitutes a sale of shares, which may result in a taxable gain or loss.

Instructions and transaction requests by facsimile or email are not accepted.

The Funds may terminate or change the terms of the exchange privilege at any time.

### **Systematic Withdrawal Plan (“SWP”)**

If the value of your non-fiduciary account is at least \$10,000 and your dividends and capital gains are reinvested, you may have periodic cash withdrawals automatically paid to you or any person you designate. For federal income tax purposes, a withdrawal under the SWP constitutes a sale of shares, which may result in a taxable gain or loss. If checks are returned as “undeliverable” or remain uncashed for more than six months, the SWP will be canceled. Any undeliverable or uncashed check(s) will be canceled and the amount(s) will be reinvested in your account at the per share net asset value determined as of the date of cancellation of the check(s). No interest will accrue on amounts represented by uncashed distribution or redemption checks. The Funds may terminate or modify the SWP at any time. You may select this option by completing a CGM Service Options Form (available at [www.cgmfund.com](http://www.cgmfund.com)). You may receive SWP payments by ACH to a bank account that has been predesignated, provided that the amount to be redeemed is not more than \$50,000. The SWP is not available to omnibus accounts. Systematic withdrawals taken from CGM Retirement Plans require specific instruction. Please contact CGM Shareholder Services at 800-343-5678.

### **Automatic Investment Plan (“AIP”)**

Once your account has been established, voluntary monthly or bi-monthly investments of at least \$50 may be made automatically by preauthorized withdrawals from your checking account. You must select the AIP privilege when you fill out your initial application or you may select the option later by completing a CGM Service Options Form (available at [www.cgmfund.com](http://www.cgmfund.com)).

### **Telephone Investment Plan (“TIP”)**

Once your account has been established, periodic investments of at least \$50 may be made by telephone by calling CGM Shareholder Services at 800-343-5678. A telephone purchase is made with funds drawn via ACH from your predesignated U.S. bank account. The trade date for a telephone purchase will generally be the business/banking day of your request, provided your request is received by CGM Shareholder Services prior to the close of the New York Stock Exchange, normally 4 p.m. Eastern time. If you telephone your purchase request after the Exchange closes or on a day when the Exchange is not open for business, the Fund cannot accept your request and a new request will be necessary. You must select the TIP privilege when you fill out your initial application or you may select the option later by completing a CGM Service Options Form (available at [www.cgmfund.com](http://www.cgmfund.com)).

You may terminate or change your participation in the AIP or TIP by sending written notice to CGM Shareholder Services or by calling CGM Shareholder Services at 800-343-5678 more than 14 days prior to the next scheduled debit date. Instructions and transaction requests by facsimile or email are not accepted. The Funds may terminate your participation in the AIP or TIP immediately in the event that any item is unpaid by your financial institution. The Funds may terminate or modify the AIP or TIP privileges at any time.

### **Retirement Plans**

Shares of the Funds may be purchased by CGM Retirement Plans. CGM Retirement Plan fees currently include a \$5 set-up fee per plan type, a \$15 annual maintenance fee per account and a \$5 close-out fee per account. CGM may receive a portion of the annual maintenance fee and close-out fee as reimbursement for its administration and maintenance of certain fiduciary retirement plan accounts. Information and other communications that you may receive from the Funds are for informational purposes only and are not intended to be a recommendation or investment advice. Please consult your own adviser before making all investment decisions.

### **Confirmation Statements**

Shareholders will receive statements confirming all purchases, redemptions and changes of address. You may call CGM Shareholder Services at 800-343-5678 and request duplicate statements for the last two years without charge. A fee will be charged for any duplicate information requested for additional years.



## Shareholder Reports

Shareholders will receive Fund financial statements and a listing of Fund investments at least semi-annually. You may obtain copies of shareholder reports by visiting our website, [www.cgmfunds.com](http://www.cgmfunds.com), by notifying the Fund in writing or by calling 800-345-4048.

## HOW TO SELL SHARES

You can sell (redeem) all or part of your shares (including shares held in an IRA account) in four different ways:

- by sending a written request or the appropriate CGM distribution form for a check, wire or ACH redemption representing the proceeds;
- except for CGM Qualified Retirement Plans, by making a telephone request for redemption by check provided that:
  - the amount to be redeemed is not more than \$50,000, and
  - the check is being sent to you at your address of record, which has not changed in the prior 60 days (does not apply to required minimum distributions ("RMDs"));
- except for CGM Qualified Retirement Plans, by making a telephone request for redemption proceeds of any amount to be wired to a bank account that you have predesignated; or
- except for CGM Qualified Retirement Plans, by making a telephone request for redemption by ACH to a bank account that you have predesignated, provided that the amount to be redeemed is not more than \$50,000.

The redemption price will always be the net asset value per share next determined after the redemption request is received by CGM Shareholder Services in "good order" (including any necessary documentation) prior to the close of the New York Stock Exchange, normally 4 p.m. Eastern time. Necessary documentation may include, in certain circumstances, documents verifying the authority or legal capacity of the person seeking to redeem shares.

Instructions and transaction requests by facsimile or email are not accepted.

Redemption requests cannot be revoked once they have been received in "good order". For federal income tax purposes, a redemption is a taxable event and may result in a taxable gain or loss.

## Medallion Signature Guarantees

A Medallion Signature Guarantee is a widely accepted way to protect shareholders and the Funds by verifying the signatures of those signing the request. A Medallion Signature Guarantee Stamp may be obtained from an eligible guarantor of the Medallion Guarantee Program, which includes commercial banks, trust companies, savings associations and credit unions, as defined by the Federal Deposit Insurance Act. Also included are member firms of a domestic stock exchange. Non bar coded guarantees are not acceptable. For those signing in a capacity other than the account owner, a capacity must be indicated beside or beneath the signature. Prior to signing, contact the guarantor to determine what documentation is needed and confirm the guarantor will insure the amount of the transaction.

## Written Redemption Requests

If you elect to redeem shares in writing, send your written request or the appropriate CGM distribution form to:

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

or by overnight mail to:

The CGM Funds  
430 W 7th Street, STE 219252  
Kansas City, MO 64105-1407

The written request must include:

- name of the Fund
- your account number
- exact name(s) in which your shares are registered
- number of shares, dollar amount or percentage of account to be redeemed
- mailing, wiring or ACH instructions (unless wire or ACH instructions have already been established on your account)

All owners of shares must sign the request in the exact name(s) in which the shares are registered (which appear(s) on your confirmation statement) and should indicate any special capacity in which they are signing (such as trustee or custodian or on

behalf of a partnership, corporation or other entity). If you are signing in a special capacity, you may wish to contact CGM Shareholder Services at 800-343-5678 in advance to determine whether additional documentation will be required before you send a redemption request.

Redemption requests from CGM Retirement Plans must contain additional information. Please contact CGM Shareholder Services for instructions and forms. Complete information, including tax withholding instructions, must be included in your redemption request.

If you are redeeming shares worth more than \$50,000 or requesting that the proceeds check be made payable to someone other than the registered owner(s), or be sent to an address other than your address of record, or sent to your address of record if such address has been changed within the previous 60 days (does not apply to RMDs), or requesting that the proceeds be sent by ACH or wired to a bank account that you have not predesignated, you must obtain a Medallion Signature Guarantee.

The Funds no longer issue certificates representing Fund shares. If you hold certificates representing your investment, you must enclose the certificates and a properly completed CGM Redemption and Exchange Form and/or instructions for redeposit to your CGM account. You bear the risk of loss of such certificates; consequently, you may wish to send your certificates by registered mail. If a certificate has been lost, you will be required to (a) pay a surety bond of 2% of the current value of the lost certificate or a minimum of \$50, and (b) complete, sign (with all signatures notarized) and return an Affidavit of Loss Form X-17F-1A. The Affidavit of Loss is available by contacting CGM Shareholder Services at 800-343-5678.

### **Telephone Redemption Requests**

If you elect to redeem shares (including shares held in an IRA account) by telephone, call CGM Shareholder Services directly at 800-343-5678 (see "Telephone Transactions" section). Telephone redemptions are not available for CGM Qualified Retirement Plans. When you make a redemption request by telephone, you may choose to receive redemption proceeds:

- by having a check mailed to the address of record on the account, provided the address has not changed within the previous 60 days (does not apply to RMDs), and you are redeeming \$50,000 or less;
- by having a wire sent to a bank account you have predesignated; or
- by having a credit sent by ACH to a bank account you have predesignated, provided you are redeeming \$50,000 or less.

Telephone redemptions by check are available to all shareholders of the Funds (except CGM Qualified Retirement Plans) automatically unless this option is declined on the application or otherwise in writing. You may select the telephone redemption by wire privilege and/or telephone redemption by ACH privilege when you complete your initial application. To add these options, or change the banking information associated with them on your existing account, you must submit a completed CGM Service Options Form (available at [www.cgmfund.com](http://www.cgmfund.com)).

A telephone redemption request must be received by CGM Shareholder Services prior to the close of the New York Stock Exchange, normally 4 p.m. Eastern time. If you telephone your request to CGM Shareholder Services after the Exchange closes or on a day when the Exchange is not open for business, your request cannot be accepted and a new request will be necessary.

Wire redemptions by telephone may be made only if your bank is a member of the Federal Reserve System or has a correspondent bank that is a member of such System. If your account is with a savings bank, it must have only one correspondent bank that is a member of the Federal Reserve System. A wire fee (currently \$5) will be deducted from the CGM account proceeds. Please check with your banking institution as they may also charge a wire fee.

ACH redemptions by telephone may be made only if your bank offers such a service and is a member of the Federal Reserve System or has a correspondent bank that is a member of such System. If your account is with a savings bank, it must have only one correspondent bank that is a member of the Federal Reserve System. Additionally, you should verify the routing number that your bank uses for ACH transactions as it may differ from the routing number used for federal funds wires.

### **Redemption Proceeds**

Following receipt of a written or telephone redemption request in "good order", redemption proceeds requested by check will be mailed to you and redemption proceeds requested by wire or ACH will be sent to your bank normally within six days, but in any event within seven calendar days. Normally redemption requests will be paid out of a Fund's holdings of cash or cash equivalents or the sale of portfolio assets.

If you purchased your Fund shares by check (or through an AIP or TIP) and elect to redeem shares within 15 days of the purchase, you may experience delays in receiving redemption proceeds. The Funds will generally postpone sending your redemption proceeds from an investment until it is verified that your check (or AIP or TIP purchase) has been or will be collected. There will be no such delay for redemptions following investments paid for by federal funds wire or by bank cashier's check, certified check or treasurer's check.

If checks representing redemption proceeds are returned “undeliverable” or remain uncashed for six months, the checks may be canceled and the proceeds reinvested in your account at the per share net asset value determined as of the date of cancellation of the checks. No interest will accrue on amounts represented by uncashed distribution or redemption checks. If wire or ACH redemption proceeds are rejected by the predesignated bank the Fund may, in its discretion: rewire or resend the proceeds; issue a check for the proceeds; or reinvest the proceeds in your account at the per share net asset value determined as of the date of reinvestment.

### **Postponement of Redemption Proceeds or Suspension of Redemption Rights**

In order to deter market timing, the Funds generally postpone remitting redemption proceeds from an account for up to seven calendar days if those proceeds are equal to or greater than \$50,000. The Funds may also postpone remitting redemption proceeds to omnibus accounts for up to seven calendar days. However, the Funds also reserve the right to postpone payment of redemption proceeds of any amount for up to seven calendar days from the date of the redemption. The Funds may not postpone payment for more than seven calendar days or suspend the right of redemption, except: when the New York Stock Exchange is closed for business other than weekends or holidays; when trading on the Exchange is restricted; during an emergency (as determined by the SEC) which makes it impracticable for the Funds to dispose of securities or to fairly determine net asset value; or during any other period permitted by the SEC for the protection of investors. The Funds may also postpone payment for more than seven calendar days if you purchased your Fund shares by check (or through an AIP or TIP) and redeem shares within 15 calendar days of the purchase as described in the preceding section.

### **Redemption in Kind**

The Funds reserve the right to pay the redemption price wholly or partly in kind (by giving you securities) if the Board of Trustees determines it to be advisable in the interests of the remaining shareholders. During periods of deteriorating or stressed market conditions, when an increased portion of a Fund's portfolio may be comprised of less-liquid investments, or during extraordinary or emergency circumstances, the Fund may be more likely to pay redemption proceeds by giving you securities. If portfolio securities are distributed in lieu of cash, the shareholder will normally incur brokerage commissions upon subsequent disposition of any such securities, and the shareholder may not be able to dispose of such securities at the price at which they were valued for purposes of the redemption.

### **Minimum Account Balance and Automatic Redemption**

Because the expense of maintaining small accounts is disproportionately high, the Funds may close accounts with 20 shares or less, and mail the proceeds to the shareholder. Shareholders who are affected by this policy will be notified of a Fund's intention to close the account and will have 60 days immediately following the notice in which to acquire the requisite number of shares. The minimum does not apply to CGM Retirement Plans or accounts set up under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act.

## **TELEPHONE TRANSACTIONS**

You may initiate five types of transactions by telephone once your account has been established:

- . telephone purchases
- . telephone exchanges
- . telephone redemptions by check
- . telephone redemptions by wire
- . telephone redemption by ACH

The terms and provisions for each of these services are explained fully in the preceding sections.

Once a telephone transaction request has been placed, it cannot be revoked.

You may select the telephone purchase privilege, the telephone redemption by wire privilege and/or the telephone redemption by ACH privilege when you fill out your initial application or you may select such option later by completing a CGM Service Options Form (available at [www.cgmfund.com](http://www.cgmfund.com)). The telephone redemption by check privilege and the telephone exchange privilege are available automatically unless you decline this option on the application or otherwise in writing.

The telephone redemption privileges are not available for CGM Qualified Retirement Plans.

The Funds will employ reasonable procedures to confirm that instructions received by telephone (including instructions with respect to changes in addresses) are genuine, such as requesting personal identification information that appears on your account application and recording the telephone conversation. You will bear the risk of loss due to unauthorized or fraudulent instructions regarding your account, although a Fund may be liable if reasonable procedures are not employed.

During periods of unusual market activity, severe weather or other abnormal circumstances, it may be difficult for you to reach a representative of the Funds or CGM Shareholder Services by telephone. In this case, please consider mailing written instructions. Instructions and transaction requests by facsimile or email are not accepted.

## **DIVIDENDS, CAPITAL GAINS AND TAXES**

### **Dividends and Capital Gains**

Any income dividends and capital gains distributions for CGM Focus Fund are normally made annually in December but may be made more frequently as deemed advisable by the Board of Trustees.

The CGM Mutual and CGM Realty Funds generally declare and pay out quarterly, substantially all of their net investment income, if any, as dividends. Any capital gains distributions are normally made annually in December but may be made more frequently as deemed advisable by the Board of Trustees.

You may elect to receive income dividends or capital gains distributions, or both, in additional shares of a Fund or in cash. However, if you elect to receive capital gains distributions in cash, your income dividends must also be received in cash. CGM Retirement Plan accounts must generally have all dividends and capital gains distributions reinvested.

You can elect to receive payments of cash dividends and capital gains distributions either by check or by direct deposit to a bank account that you have predesignated. These elections may be made at the time your account is opened and may be changed at any time by submitting a completed CGM Service Options Form (available at [www.cgmfund.com](http://www.cgmfund.com)) to CGM Shareholder Services or by calling CGM Shareholder Services at 800-343-5678. Changes in bank account information for direct deposits of cash dividends and capital gains distributions must also be made by submitting a completed CGM Service Options Form. In order for a change to be effective for any dividend or distribution, it must be received by CGM Shareholder Services at least five business days before the record date for such dividend or distribution. Instructions and transaction requests by facsimile or email are not accepted.

If you elect to receive distributions in cash and checks are returned "undeliverable" or remain uncashed for six months, your cash election will be changed automatically and your future dividend and capital gains distributions will be reinvested in your account at the per share net asset value determined as of the date of payment of the distribution. In addition, following the six-month period, any undeliverable or uncashed checks may be canceled and the amounts will be reinvested in your account at the per share net asset value determined as of the date of cancellation of the checks. No interest will accrue on amounts represented by uncashed distribution or redemption checks.

### **Taxes**

**Taxation of Distributions.** As long as the Funds qualify for treatment as regulated investment companies (which they have in the past and intend to do in the future), they pay no federal income tax on the earnings distributed to shareholders. You will normally have to pay federal income taxes, and any applicable state, local or Medicare contribution taxes, on the distributions you receive from a Fund, whether you take the distributions in cash or reinvest them in additional shares.

Non-corporate shareholders may qualify for a reduced tax rate on distributions reported by a Fund as "qualified dividend income" ("QDI") provided that certain holding periods are satisfied. QDI generally is income derived from dividends from U.S. corporations (other than, in general, REITs) or certain foreign corporations that are either incorporated in a U.S. possession or eligible for benefits under certain U.S. income tax treaties. In addition, dividends that a Fund receives in respect of stock of certain foreign corporations will be QDI if that stock is readily tradable on an established U.S. securities market. Distributions of net capital gain reported by a Fund as capital gain dividends are taxable as long-term capital gains, regardless of how long you have owned your shares of that Fund. Other distributions are generally taxable as ordinary income. If a Fund's income includes dividends paid by U.S. corporations other than REITs, a portion of the dividends paid by that Fund will normally be eligible for the dividends-received deduction for corporate shareholders. To the extent that a Fund makes a distribution in excess of its current and accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing your tax basis in your shares, and then, to the extent the distribution exceeds your tax basis, as a taxable gain from the sale of your shares.

If a Fund receives a dividend (other than a capital gain dividend) in respect of any share of U.S. REIT stock, then Fund dividends attributable to that REIT dividend income (as reduced by certain fund expenses) may be reported by the Fund as eligible for the 20% deduction for "qualified REIT dividends" generally available to "non-corporate" shareholders. In order to qualify for this deduction, the "non-corporate" shareholders and the applicable Fund would need to meet minimum holding period requirements.

A distribution will be treated as paid by a Fund and received by you on December 31st of a given calendar year if it is declared by that Fund in October, November or December of that year and payable to shareholders of record in such a month and is paid by that Fund in January of the subsequent year.

Fund distributions will reduce a Fund's net asset value per share. Therefore, if you buy shares shortly before the record date of a distribution, you may pay the full price for the shares and then effectively receive a portion of the purchase price back as a taxable distribution.

A 3.8 percent Medicare contribution tax is imposed on all or a portion of the net investment income, generally including interest, dividends, and certain capital gains, of U.S. individuals with adjusted gross income exceeding certain thresholds and of certain estates and trusts.

**Foreign Taxes.** If a Fund invests in foreign issuers, it may be subject to foreign taxes on income earned on those securities. If a Fund meets certain requirements with respect to its holdings, it may elect to "pass through" to shareholders foreign taxes that it pays, in which case each shareholder will include the amount of such taxes in computing gross income, but will be eligible to claim a credit or deduction for such taxes, subject to generally applicable limitations on such deductions and credits. If a Fund does not so elect, the foreign taxes paid or withheld will nonetheless reduce the Fund's taxable income.

**Disposition of Shares.** The sale or other disposition of shares of a Fund, including a redemption of shares or an exchange for shares of another fund, is generally a taxable event and may result in a short-term or long-term capital gain or loss, generally depending upon how long you held your shares. You are responsible for any tax liabilities generated by your sales or other dispositions of Fund shares.

**Non-U.S. Persons.** If you are neither a citizen nor a resident of the United States, the Funds will withhold U.S. federal income tax at the rate of 30% on taxable dividends and other payments that are subject to such withholding. You may be able to arrange for a lower withholding rate under an applicable tax treaty if you supply the appropriate documentation required by the Funds. The Funds may be required to withhold as much as 21% of certain other distributions otherwise payable to a non-U.S. individual or corporation that held more than 5% of a Fund's shares at any time during the one-year period ending on the date of the distribution. A non-U.S. individual or corporation may be required to file a U.S. federal income tax return as a result of distributions received from a Fund. Currently, the Funds are not accepting new accounts for non-U.S. persons.

**Backup Withholding.** The Funds are required, in certain circumstances, to apply backup withholding on dividends, capital gains distributions, redemption proceeds and certain other payments that are paid to individuals and certain other classes of shareholders if they fail to provide their correct taxpayer identification number and certain certifications regarding their tax status, or if they are otherwise subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld may be credited against a shareholder's federal income tax liability if the shareholder files a timely return. Backup withholding will not be applied to payments that have been subject to the 30% withholding tax on shareholders who are neither citizens nor residents of the United States. The backup withholding rate is currently 24%.

## General Information

As required by federal law, CGM Shareholder Services will send you and the Internal Revenue Service ("IRS") an annual statement detailing federal tax information, including dividends, distributions and redemption proceeds paid to you during the preceding year, generally on or before January 31st of the succeeding year or, if a Fund files for an extension with the IRS, on or before March 2nd of the succeeding year. Your annual statement generally will also include information as to the cost basis of shares redeemed or exchanged during the year and the gain or loss realized. Be sure to keep these statements as permanent records. A fee may be charged for any duplicate information that you request.

For shares purchased on or after January 1, 2012 ("covered shares"), the basis reported for the year in which a sale or exchange occurs will be subject to IRS regulations for mutual fund companies, and you will generally be required to report the same basis on your tax return. For shares purchased prior to January 1, 2012 ("non-covered shares"), cost basis information is provided for your reference (on eligible accounts), but you may be entitled to use a different basis computation method.

You must select a cost basis computation method on the CGM Funds Application when establishing a new account. If you do not elect a cost basis method CGM will by default apply the Average Cost ("ACST") method to calculate your basis on any redemption or exchange. You may change the cost basis method on an existing account by completing a CGM Service Options Form (available at [www.cgmfund.com](http://www.cgmfund.com)). In applying any basis computation method, shares purchased on or after January 1, 2012 will be treated as held in a separate account from shares acquired before that date. The application of a method other than ACST may be affected by the timing of your election and, particularly, whether shares in your account have been redeemed or exchanged prior to making the election. Consult your tax adviser to determine which method best suits your individual tax situation. For additional information please call CGM Shareholder Services at 800-343-5678.

Dividend distributions, capital gains distributions and gains on redemptions and exchanges may also be subject to state, local, foreign and Medicare contribution taxes. A portion of a Fund's income derived from certain U.S. Government obligations may be exempt from state and local taxes. Each year the Funds will indicate the portion of their income, if any, which is derived from such obligations.

The tax discussion set forth in this prospectus applies only to those shareholders who hold Fund shares as capital assets and is included for general information only. You should consult your own tax adviser concerning the tax consequences of an investment in the Funds.

## PRICING OF SHARES

The share price or “net asset value” per share of each Fund is computed daily by dividing the total value of the investments and other assets of the Fund, less any liabilities, by the total outstanding shares of the Fund. The net asset value per share of each Fund is determined as of the close of the regular trading session of the New York Stock Exchange (normally 4 p.m. Eastern time) on each day the Exchange is open for trading. Portfolio securities are generally valued at their market value. Equity securities are generally valued on the basis of valuations furnished by a pricing service approved by the Board of Trustees. For equity securities that are traded on an exchange, the market value is usually the closing sale or official closing price on that exchange. However, for securities traded on non-U.S. exchanges, the closing sale or official closing price may be adjusted to reflect a security’s value as of the close of regular trading on the New York Stock Exchange. Other assets and securities which are not readily marketable will be valued in good faith at fair value using methods determined by the Board of Trustees which generally require a Fund to fair value its portfolio securities when (i) a significant event occurs and (ii) market quotations are unavailable, invalid or unreliable.

**Significant Events.** Whether a particular event is a significant event depends on whether the event is likely to affect the value of a portfolio security held by a Fund. Significant events may include new developments in the securities markets or major occurrences outside of the securities markets, such as economic, financial or political events, trading and tariff arrangements, public health events, terrorism, armed conflicts and natural disasters. In particular, the value of foreign securities may be materially affected by significant events occurring after the close of the market on which they are traded, but before a Fund prices its shares. In accordance with the fair value procedures adopted by the Board of Trustees, the investment manager is responsible for monitoring the securities markets and new developments for significant events that might require a Fund to fair value its securities.

**Availability, Validity and Reliability of Market Quotations.** Examples of circumstances which may require further consideration to be given to whether market quotations are available, valid or reliable, include the lack of reported trades for or infrequent sales of a portfolio security, the suspension of trading on an exchange on which a portfolio security was traded, and markets closing early. In addition, while the Funds do not generally invest in thinly traded securities, in the event that any fund does, such securities may be valued at fair value.

Valuing securities at fair value involves greater reliance on judgment than valuation of securities based on readily available market quotations. A Fund, when using fair value methods to price securities, may value those securities higher or lower than another fund using market quotations or fair value to price the same securities. There can be no assurance that a Fund could obtain the fair value assigned to a security if it were to sell the security at approximately the time at which it determines its net asset value. The valuation of portfolio securities is more fully described in the SAI and the Fund’s financial reports.

Trading may take place in foreign issuers held by a Fund on days when that Fund is not open for business. As a result, the Fund’s net asset value may change on days on which it is not possible to purchase or sell shares of the Fund.

## CONTACT INFORMATION

### CGM Shareholder Services

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

Call 800-343-5678 for information about:

- Account procedures
- Purchases
- Redemptions
- Exchanges

### Investment Adviser

Capital Growth Management  
Limited Partnership  
One International Place  
Boston, MA 02110

### Custodian of Assets

State Street Bank and Trust Company  
Boston, MA 02111

### Transfer Agent

DST Asset Manager Solutions, Inc.  
Kansas City, MO 64121

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More information about the CGM Funds is available free of charge by calling 800-345-4048, including the following:

### Annual/Semi-Annual/Quarterly Reports

Additional information about the Funds' investments is available in each Fund's annual, semi-annual and quarterly reports to shareholders. In each Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected each Fund's performance during its last fiscal year.

### Statement of Additional Information (SAI)

The CGM Funds' SAI provides more detailed information about each Fund and is incorporated by reference into this prospectus (i.e. is legally considered a part of this prospectus).

### The CGM Funds

38 Newbury St., 8th Fl.  
Boston, MA 02116

Call 800-345-4048 for information about:

- New account procedures and status
- Prospectus & SAI
- Annual/Semi-Annual/Quarterly Reports
- Performance
- Proxy Voting Policies and Voting Records
- Other Information about the Funds

The Funds' annual, semi-annual and quarterly reports to shareholders, summary and statutory prospectus and SAI are available, free of charge, on the Funds' website, [www.cgmfund.com](http://www.cgmfund.com). Hard copies of these documents are available free of charge by calling 800-345-4048.

Information about the Funds (including the SAI and annual reports) is also available from the Securities and Exchange Commission. You can find it on the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of this information may be obtained for a duplicating fee by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).